



JASON E. MUMPOWER
Comptroller

Agenda
Tennessee Board of Utility Regulation
March 13, 2025
10:00 AM

- I. Call to Order
- II. Conflict of Interest Statement
- III. Approval of Minutes
- IV. Public Comment
- V. Customer Complaints
- VI. Annual Information Report Cases
- VII. Delinquent Audit Cases
- VIII. Deficit Unrestricted Net Position Cases
- IX. Water Loss Cases
- X. Cases to Place in Update Cycle
- XI. Open Cases in Update Cycle
- XII. Release Cases
 - a. Annual Information Report
 - b. Financial Distress
 - c. Water Loss
- XIII. East Tennessee
 - a. Financial Distress Cases
 - b. Water Loss Cases
 - c. Training Cases
 - d. Administrative Review
- XIV. Middle Tennessee
 - a. Financial Distress Cases
 - b. Water Loss Cases
 - c. Training Cases
 - d. Administrative Review
- XV. West Tennessee
 - a. Financial Distress Cases
 - b. Water Loss Cases
 - c. Training Cases
 - d. Administrative Review
- XVI. Manager Cases
- XVII. TBOUR Rules
- XVIII. Utility Manual
- XIX. TBOUR Annual Report

- XXI. Changes to Annual Information Report
- XXII. Proposed Salary Study
- XXIII. Board Discussion



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MINUTES
of the
TENNESSEE BOARD OF UTILITY REGULATION MEETING
July 18, 2024
10:00 am

Greeting:

Chairman Moody detected a quorum and called to order the first meeting of the Tennessee Board of Utility Regulation (“TBOUR”) in the Volunteer Conference Center on the 2nd Floor of the Cordell Hull Building in Nashville, TN at 10:00 a.m. (CDT).

Board Members Present and Constituting A Quorum:

Greg Moody, Chairman
Tom Moss, Vice-Chairman
Eugene Hampton
David Purkey
Steve Stone
Bruce Giles
Anthony Pelham
Candace Vannasdale

Staff Present:

Ross Colona, Comptroller’s Office
Ben Johnson, Comptroller’s Office
Meghan Huffstutter, Comptroller’s Office
Nate Fontenot, Comptroller’s Office
Charlie Lester, Comptroller’s Office

Counsel Present:

Seth May, Comptroller’s Office

Others present and Addressing the Board:

Steve Osborne, Assistant Director, LGF, Comptroller's Office
 Sheila Reed, Director, LGF, Comptroller's Office
 Jean Suh, Audit Review Manager, LGA, Comptroller's Office
 Don Scholes, Tennessee Association of Utility Districts
 Ethan Carter, Tennessee Association of Utility Districts
 Nick Newman, Tennessee Association of Utility Districts
 Eric W. Reeher, Elliot Lawson & Minor Attorneys at Law
 Britt Dye, Fayetteville Public Utilities
 Melaine Lawson, Ocoee Utility District Customer (virtual)
 Steve Wyatt, Melanie Lawson Representative (virtual)
 Tim Lawson, Ocoee Utility District (virtual)
 Allison Williams, Huntingdon Customer
 Nina Smothers, Town of Huntingdon
 Mark Maddox, City of Dresden
 Jennifer Branscum, City of Dresden
 Carla Edwards, City of Dresden
 Rick Johnson, Clearfork Utility District
 Ms. Annie Chiodo, Communities Unlimited
 Ms. Samantha Crites, Town of Centerville Customer

Conflict of Interest Statement:

Counsel Seth May read the following statement: “The Board was created to act for the public welfare and in furtherance of the legislature’s intent that utility systems be operated as self-sufficient enterprises. Board members are not authorized to participate in the discussion of or to vote on matters involving entities in which the Board member has a financial interest, with which the Board member has a conflict of interest, with which the Board member has a contract of employment, or if there is any appearance of impropriety.”

Mr. Pelham recused himself from discussions regarding the Town of Spencer.

Adopt and Review Minutes

Chairman Moody opened the Board to discussion and review of the previous TBOUR minutes.

Vice Chairman Moss asked to amend page 10 of the minutes, to note the relevance of Alliance Water Resources’s issues with the management of East Sevier County Utility District.

Previous TBOUR minutes were adopted as amended. Mr. Stone made a motion to accept the minutes as amended. Mr. Giles seconded the motion which passed unanimously

Public Comment Period

There were no requests to speak during the public comment period.

MERGER HEARINGS

South Fork Utility District and Bristol-Bluff Utility District

Mr. Colona explained the history and current standing of the merger between the South Fork Utility District and Bristol-Bluff Utility District.

Mr. Colona discussed the results of June 12, 2024, public hearing in Blountville, TN, and explained the concerns brought up by those attending.

Mr. Colona summarized the benefits and the opposed opinions and stated that Board staff believe the merger is within the best interest of the respective communities.

Mr. Eric Reeher with Elliot Lawson & Minor Attorneys at Law, who represents South Fork Utility District as their attorney, was introduced by Mr. Colona.

Mr. Reeher explained that the South Fork Utility District opposes the merger and questions the legal authority of the Board. Mr. Reeher summarized the Utility's opinion and lists the reasons they question the authority of the Board for this case.

Chairman Moody opens the floor for the Board to address Mr. Reeher.

The Board had a number of questions for Mr. Colona and Mr. Reeher regarding the size, location, board structure, rates, the merger agreement, and other operations of the two utility districts.

Mr. Colona summarized the Board staff recommendation found in the Board packet.

Mr. Hampton questioned whether 60 days is sufficient for the Utility to complete the order.

Mr. Giles asked whether the Board has the authority to order the merger. Further discussion was held regarding this topic.

Mr. Pelham proposed extending the due date of the current staff recommendation to 120 days, and to encourage the utilities to facilitate the merger on their own. Mr. Pelham motioned to order the staff recommendation with proposed changes. Vice Chairman Moss seconded the motion which passed unanimously.

Town of Petersburg's utility system and City of Fayetteville

Mr. Colona summarized the current status of the merger between the Town of Petersburg's utility and the City of Fayetteville's utility system, noting that there has been no opposition to the merger from either system and that a feasibility study conducted determined the merger is feasible.

Mr. Colona stated that Mr. Britt Dye with Fayetteville Public Utilities is present at the meeting and is available for questions. The Board had no questions for Mr. Dye.

Mr. Colona pointed out a typo in the order that needs to be corrected and proposed extending the due date of the order to December 31st, 2024.

Mr. Giles motioned to accept the staff recommendation with the extended due date, Ms. Vannasdale seconded the motion which passed unanimously.

CUSTOMER COMPLAINTS

Melanie Lawson, Ocoee Utility District

Ms. Melanie Lawson joined the meeting online via teams and stated she was joined by her representative, Steve Wyatt, online as well. Ms. Lawson then requested an update from the Board on her case.

Mr. Colona reminded the Board that Ms. Lawson explained her complaint at the prior TBOUR meeting, and that the Ocoee Utility District should have a representative online as well.

Vice Chairman Moss asked Mr. May whether the Servline Line Protection Program stands as a legitimate leak adjustment policy, considering it does not cover the costs incurred by the leak and only covers the pipe damage. Mr. May explained that it was deemed they did not have a leak adjustment policy.

Mr. Tim Lawson joined online to represent the Ocoee Utility District. Mr. Lawson explained their leak adjustment policy to the Board. The Board had questions for Mr. Lawson, and the Board further discussed the district's leak adjustment policy.

Mr. Colona explained the powers of the Board as they relate to this case, and stated that the Board probably doesn't have jurisdiction to accommodate Ms. Lawsons sought resolution.

Mr. Hampton asked Mr. Lawson if any changes had been made to the intake application regarding leak adjustment policies since Ms. Lawsons utility bill being discovered. Mr. Lawson explained that no changes have been made to the application and that Servline Line Protection Program has a separate form signed by the customer.

Mr. Pelham asked Mr. Lawson if the Utility notified Ms. Lawson of the leak, and if so, why it took seven days. Mr. Lawson explained that with their current system, they did not have the capability to notify her any sooner than they did.

Ms. Lawson stated that she is requesting for policies and procedures to be put in place.

Mr. Giles asked Mr. May if the Board has the authority to order Ocoee to review their policies and procedures and report back to the Board as to why they believe their policies are adequate. Mr. May responded, saying that under a Customer Complaint, he does not think the Board has the jurisdiction to order that action.

Mr. Pelham described his utility's policies and procedures regarding customer leaks and further stated that the 7-day delay in Ocoee Utility District notifying the customer concerned him. He further proposed that the Board ask for a written response from the utility on their policies to this customer.

Mr. May explained that he believed this would be expanding past the jurisdiction of the Board to hear the customer complaint.

Ms. Vannasdale expressed her concern that this does not seem like a TBOUR issue.

Mr. Colona said that the Board could open an administrative review case and task TBOUR staff with identifying any best practices or changes that they would recommend.

Vice Chairman Moss asked if Board staff could request information regarding the frequency of leak issue like this one from the utility. Mr. Colona confirmed Board staff could complete this if the utility was placed under administrative review.

Mr. Purkey stated he does not believe this is a situation where an administrative review is necessary. He further stated that he would like this case to move off the agenda after this

meeting, explaining that the Board has heard the complaint and is not in the position to order relief for this customer.

Mr. Pelham stated that in the past the Board has requested that a utility revisit the issue and attempt to resolve the issue.

Mr. Colona proposed the following recommendations:

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

Mr. Pelham motioned to accept this recommendation. Mr. Purkey seconded the motion which passed unanimously.

Allison Williams, Huntington

Mr. Colona requested from the Board that they give precedence to individuals here in person to address the Board before proceeding with the other cases. Mr. Colona introduced Ms. Allison Williams to the Board.

Ms. Williams presented her complaint to the Board.

Mr. Colona stated that representatives from the City of Huntington were in attendance to answer any questions.

Ms. Nina Smothers, Mayor of Huntingdon, introduced herself to the Board. Mayor Smothers was joined by Ms. Kim Carter, the recorder for the town. Mayor Smothers explained what happened and stated that the town followed their policies and procedures. Ms. Carter gave additional details to the Board regarding Ms. Williams bills.

Mr. Giles asked Mayor Smothers and Ms. Carter if the employees related to the complaint were still employed by the town, Ms. Carter confirmed they were not. Additionally, Mr. Giles asked if the policies and procedures that affected Ms. Williams' bills were equally enforced across all customers. Ms. Carter confirmed that they were.

Mr. Purkey asked Mayor Smothers and Ms. Carter if the customers were notified of the under and over billing when this was discovered. Ms. Carter explained that they did not notify the customers, but explained the situation to the customers as they called in. Mr. Purkey asked

Mayor Smothers if the town offered any relief to their customers for the under billing. Mayor Smothers replied, stating that the town did not offer relief to any customers.

Mr. Hampton asked Ms. Carter and Mayor Smothers how many customers were under billed and how many customers the utility has total. Ms. Carter stated that the utility has 2,400 customers and she did not know how many customers were underbilled at that time. Mr. Hampton stated that the policy the town followed was designated for water leaks and this issue was due to mismanagement, not water leaks. Mr. Pelham added to this, stating that this situation was due to staff negligence and not a water leak, according to the policy they followed.

Mr. Purkey asked Mayor Smothers if the town sought criminal investigation or if they handled it internally. Mayor Smothers stated that the town met with a lawyer to discuss this matter and decided to let go of the employees.

Mr. Purkey asked Mayor Smothers if the town felt any responsibility for the under and over billing. Mayor Smothers explained that she felt like the town handled the billing discrepancies appropriately.

Ms. Vannasdale then asked for some clarity on the Anonymous Donor that helped to cover some of the bills, asking specifically why Ms. Williams felt like she was not being helped by this as others were. Mayor Smothers responded saying the anonymous donor acted with a specific customer, but this was not an action made by the city. Ms. Vannasdale followed this question by asking if any rate payer dollars were used to adjust any customers bills. Mayor Summers responded, No, to that question.

Mr. Giles asked why this scenario did not fall under Section 2 of their policies. Ms. Carter explained that the section he was referring to was for “unexplainable” circumstances, and since this situation had an explanation, that this did not apply.

Mr. Purkey stated that as a government, there is a higher responsibility in these cases to take care of those affected by the fault of the government.

Mr. Stone asked Ms. Carter how many adjustments needed to make to customers’ bills. Ms. Carter stated that she did not have a total number but that there were 90 in March and 81 in April of 2024.

Vice chairman Moss asked if the under and over billings balanced pretty equally or if it was weighted in one way. Ms. Carter responded saying that it was weighted pretty equally.

Ms. Vannasdale asked Board staff what the Comptrollers Offices’ expectations are in situations like this when a meter is misread. Mr. Colona explained that there is no official recommendation,

but that the best practice in this case might be to take care of the customer when it's based on the mismanagement of the utility.

Mr. May then stated that determining the best practice in this situation is in the jurisdiction of the Board.

Mr. Pelham motioned to have Board staff draft a letter to the town requesting they reconsider the policy in question. This was seconded by Mr. Hampton. Mr. Colona then summarized the order as the following:

1. The Entity shall review Huntingdon Municipal Code 18-131.
2. The Entity shall apply Huntingdon Municipal Code 18-131 to instances where water meters are misread or not read by Entity employees.
3. The Entity will report its findings and any remedial actions taken to Board staff, to be presented to the Board its next regular meeting.

The motion passed unanimously.

WEST TENNESSEE

Dresden

Mr. Colona recommended moving on to the city of Dresden financial distress case since they are in person to address the Board.

Mr. Fontenot explained that the city has had 2 consecutive years of statutory decrease in net position. Mr. Fontenot also stated that Board staff recommends a rate study for the city of Dresden. Mr. Fontenot noted that the city has not had rate study in the past 5 years, the utility structure is heavily weighted towards outside city customers and discussed the addition of a large capital project identified in the most recent years audit. Mr. Fontenot then gave the Board the recommendation. Mr. Fontenot noted that city officials were present to address the Board and welcomed them to the podium.

Mayor Mark Maddox introduced himself to the Board and noted that he was joined by Ms. Jennifer Branscum, the city recorder, and Ms. Carla Edwards, the finance director of the city of Dresden.

Mayor Maddox noted missing information in the Financial Distress Questionnaire that the City submitted. Mayor Maddox stated that Ms. Edwards recognized the issue in the Utility department and city has raised rates by 15% for the current Fiscal Year. The mayor noted that the city is currently looking for an entity to perform a rate study.

Ms. Edwards gave the Board additional details regarding the changed in net position, stating that this negative statutory change was primarily due to the restatement of certain capital items which was suggested by their auditor and by the state.

Mr. Hampton questions Board staff as to why, given the situation, this is still considered a financially distressed case, since the primary issue is due to restatements.

Mr. Colona stated that this is not abnormal to other financial distress cases, further stating that the city has taken appropriate steps and Board staff has confidence in the direction of this case.

Mr. Giles motioned to accept staff recommendations; Mr. Stone seconded the motion which passed unanimously.

Mr. Purkey requested that Board staff speak with Mr. Kelton before he leaves to ensure he understands what the Board ordered.

EAST TENNESSEE

Clearfork Utility District

Mr. Johnson explained the history and current status of the Clearfork Utility District financial distress case, stating that the biggest issue at this point is getting the audits completed. Mr. Johnson noted that Mr. Rick Johnson was present and would like to address the Board.

Mr. Rick Johnson gave an update to the Board regarding the status of their audits and actions being made to resolve their financial distress case.

No action was taken by the Board.

WEST TENNESSEE

Leoma Utility District

Mr. Fontenot reminded the Board about the Board's prior meeting and corresponding orders, noting the origin of this case was due to an investigation completed by the Comptrollers Division of Investigations. Mr. Fontenot stated that the utility has complied with all of the due dates to this point. Mr. Fontenot welcomed Mr. Herbert Kelton with Leoma Utility District to address the Board.

Mr. Kelton described the events that lead to the investigation report.

Mr. Pelham asked about the size of the current board, and whether the utility reviews monthly financial reports. Mr. Kelton explained that the board currently has 4 members, and they are looking for a 5th member. Mr. Kelton further explained that they have hired a CPA that gives the board financial updates at each board meeting.

Mr. Hampton asked Mr. Kelton if he was the only member of the board currently present.

Mr. Kelton stated he was the only board member present.

Mr. Fontenot stated that the Board ordered Leoma's board to be present at this meeting during the March 2024 TBOUR meeting.

Mr. Hampton asked Mr. Kelton, given the vacancies in the board, if the board still has regular meetings. Mr. Kelton responded, stating that the board meets every 2nd Monday night.

Mr. Giles asked Mr. Kelton how many customers the utility has. Mr. Kelton responded, stating the utility has around 1,300 customers. Mr. Giles asked further how the utility produces their water. Mr. Kelton responded, stating that they use a well. Vice Chairman Moss stated that they are required to have a second well by TDEC regulations. Mr. Kelton stated they are looking at multiple options as far as getting a second well.

Mr. Giles asked if there are any nearby utilities that would be a possible merger opportunity. Mr. Kelton responded by saying that the community is fighting the idea of a merger, and that nobody wants that. Mr. Giles stated that this situation is similar to the South Fork utility situation that occurred a few years ago when a feasibility study was ordered due to the finding of an investigation report. Mr. Giles stated further that he believes this would be the appropriate next step. Mr. Colona stated that the Board would need to order Leoma to conduct a feasibility study with surrounding utilities including Lawrenceburg.

Mr. Pelham asked Mr. Kelton if they have Licensed full time staff for the well, water treatment, and for distribution. Mr. Kelton stated that they have a part time worker seeking a license. Mr. Colona stated that it sounds like they do not have licensed staff.

Mr. Colona further stated that, given the new information gathered at the meeting, staff recommendation would be to order a feasibility study with surrounding utilities and Lawrenceburg.

Ms. Vannasdale motioned to accept staff recommendations; Mr. Giles seconded the motion.

Mr. May stated that due dates need to be decided for the order. The Board discussed due dates associated with the order. The motion then passed unanimously.

West Point Utility District

Mr. Fontenot described the status of the case. Mr. Fontenot explained that Board staff is concerned about the management of the utility and recommended a feasibility study, further stating that a merger may be a good solution. Mr. Fontenot explained that the utility does not have records past four or five years ago. Mr. Fontenot stated that the manager of the utility has had health issues, which is another reason for bringing this to the Board. Mr. Fontenot mentioned that members of Communities Unlimited, who have been working with the utility are present to answer any questions.

Mr. Pelham asks Mr. Fontenot what role Communities Unlimited plays in regard to West Point Utility District. Mr. Fontenot replied, stating that they serve a role similar to TAUD, advising and training the utility.

Mr. Pelham asked if anyone from West Point Utility District is present. Mr. Fontenot responded, stating no one is present. Mr. Pelham asked if Communities Unlimited had any comments, they had none.

Mr. Pelham motioned to accept staff recommendations. Mr. Purkey seconds the motion which passes unanimously.

CUSTOMER COMPLAINTS

Patricia Powers, Mason

Mr. Colona checked online to see if Ms. Patricia Powers is available online to address the Board with her complaint. Mr. Colona stated that she is no longer present online.

Mr. Pelham motions drafting a letter to the utility, to be consistent with the other customer complaints discussed.

Mr. Colona explained to those that did not hear Mr. Pelham that Board staff would be tasked with drafting a letter on behalf of the Board encouraging the Town to revisit the complaint and make sure all of their policies and procedures were adequately followed. Further stating that Board staff would update the Board at the following TBOUR meeting.

Mr. Stone seconded the motion which passed unanimously.

Lyndsey Mosley, Jonesborough

Mr. Colona explained that Board staff does not have a recommended action for this case. He explained that this has turned into more of a criminal matter and there is nothing more for the Board to do here. Mr. Colona also added that there was never an official case opened, and no further action is necessary.

Samantha Crites, Centerville

Mr. Colona checked to see if Ms. Samantha Crites is available online to address her complaint.

Ms. Samantha Crites was available and began to address the Board with her complaint. Ms. Crites states that she requested to speak at the town's monthly meeting and was denied by the mayor. She further explained she believes the sewer access fee being charged is not reasonable.

Mr. Colona explained that the remedy being sought here is for the sewer access fee to be reduced to the monthly flat fee, instead of the variable rate, and that refunds are issued to the customers of Centerville's system.

Mr. Colona checked online to see if anyone was present from Centerville to address the complaint. None were present.

Mr. Giles stated that he believes that this fee is unreasonable, and that the city should be required to do some sort of cost-of-service study to justify this fee. He further added that he believes it would be a good idea for a section to be added to the Annual Information Report, requiring utilities to report how they address sewer access fees. Mr. Colona stated that the Board would need to vote on adding this to the report.

Mr. Colona then gave some context about sewer access fees for those who may be unfamiliar with this practice. He stated that he does not understand how you justify charging a variable rate for a service that is not being provided. He further states that he would be comfortable with ordering the Town to complete a cost-of-service survey to determine what the flat fee should be for all the customers, and to further implement this as the flat fee in place of the variable rate. Mr. Colona states that this will be the staff's new recommendation.

Mr. Colona questioned what to do in the meantime while the study is being completed, stating that he is concerned that ordering them to drop the variable rate today might cause financial issues.

Mr. Pelham asked Mr. May if he is familiar with the state statute that authorizes the charge of a sewer access fee.

Mr. Stone asked Ms. Crite if she can choose to access the sewer system if she chooses too. She stated that she believes that she can.

Mr. Colona then restated Board staff's recommendation.

Vice Chairman Moss motioned to accept the staff recommendation. Mr. Giles seconded the motion.

Mr. Hampton asked how many customers there are in the district. Mr. Colona stated he believes there are 1,400 customers. Mr. Hampton asked if they received ARP funds for sewer infrastructure. Mr. Colona states that they should have.

Mr. Colona restated the staff recommendation.

Ms. Vannasdale asked whether or not the refunds requested by Ms. Crite will be addressed in the cost of service study. Mr. Colona responds, stating that he thinks the Board should make that determination.

Mr. Pelham described the complexity of this issue. Stating that there may be homeowners that believe they are on septic, but believe they are using the sewer system due to the variable rate being charged.

Mr. Giles reminded the Board that she was denied the ability to speak at a public meeting and asks whether or not this is a problem.

Mr. Colona stated, for the record, that the complaint questioned the justness and reasonableness of the rate being charged to the customer.

Mr. Hampton stated, that in addition to the cost of service study, he would like to see documentation regarding why they chose to implement this variable rate and to defend their policy.

Mr. Giles explained that some bond covenants require you to have a base fee, but has not seen the requirement of a variable rate.

Mr. Stone said he has seen this variable rate practice used before, further stating that this practice is used to incentivize customers to use the sewer system and to get people off the septic. Mr. Pelham adds that he has seen this practice as well.

Ms. Vannasdale pointed out the issues Mr. Pelham stated earlier regarding homeowners believing they are paying to use the sewer system when they are not, further adding that this may also cause issues for the utility internally when determining who is actually using the sewer system.

Ms. Vannasdale added that she believes there should be some consideration given to the idea are issuing refunds and making sure they have a good tracking system to identify who is and is not on the sewer system.

Mr. Giles expressed that he hopes adding this to the Annual Information Report brings light to the subject and helps protect customers in the future.

Chairman Moody reminded the Board that there is an existing motion and second. Further asking if any changes would like to be made. Mr. Hampton retracts his earlier suggestion.

Mr. Colona restated the outstanding Board recommendation to require Centerville to conduct a cost of service study, to determine the flat fee and variable cost of running the system and to implement the finding so that customers not using the service pay the flat fee. By September 30th, the town will have sent Board staff a copy of the contract, by December 31st they will have sent Board staff the results and proof of implementation of that study. Board staff will update the Board at the next TBOUR meeting. Board staff can grant a six-month extension if the utility shows good cause to do so.

Mr. Colona stated there will be an additional vote to add this section to the Annual Information Report.

The Board voted on the aforementioned motion and second which passed unanimously.

The Board then discussed the addition to the Annual Information Report.

Mr. Colona stated that he is looking for the authority from the Board to update the Annual Information Report to reflect what utilities charge a fixed and variable rate for sewer access.

Mr. Giles motions to accept staff recommendations. Mr. Stone seconds the motion which passed unanimously.

UPDATE CYCLE CASES

Mr. Colona stated that the entities listed in this section have followed all Board directives and Board staff recommend moving them into the update cycle.

Mr. Pelham motioned to accept staff recommendations. Mr. Giles seconded the motion which passed unanimously.

RELEASED CASES

Mr. Colona explained that the cases found in this section are the cases Board staff recommend release from Board oversight.

Mr. Stone motions to accept staff recommendation. Vice Chairman Moss seconds the motion.

Mr. Pelham asked for a short update on the cases.

Mr. Colona states the following:

Cold Springs Utility District is being released because they have merged with Mountain City Utility District.

Blountville is a normal case; they are being released because they have reported two years of positive statutory change.

Oliver Springs administrative review case is being closed because there is a financial distress case now open, and the administrative review case is no longer needed.

Tiptonville is another typical financial distress case that has reported two years of positive statutory change.

Tarpley Shop Utility District has merged with South Giles Utility District so the case can now be closed.

Tuchalechee Utility District are under new contract management and everything is looking positive, so the open case is no longer needed.

Mr. Colona then gave the board an outline of what happened with the Watertown Administrative Review case, and states that there is an open Financial Distress case open for the town and the administrative review case is no longer needed.

Vice Chairman Moss noted they have an order out for Watertown as well, stating that the order signed against them is dated August 16th, 2022, and the agreed order is signed April 9th, 2024.

Mr. Colona advised the Board that the mayor of Watertown also serves as the county attorney.

Mr. Colona stated the following:

For Webb Creek Utility District, Board staff wanted to make sure the commissioners were appointed properly. Their attorney has reported they were appointed properly.

Witt Utility District was previously brought in front of the Board regarding the Division of Investigations report. Ben Harris has been let go from the utility. Things at the utility has been moving in a positive direction and there is nothing left to do regarding this case.

The aforementioned motion and second was voted on which passed unanimously.

DELINQUENT AUDIT CASES

Mr. Colona stated that the cases in this category have late outstanding audits and Board staff recommend ordering the entities to have their delinquent audits submitted to LGA by December 31st. Mr. Colona then states that he would like to amend the recommendation to require the entity to submit all outstanding audits by December 31st. Additionally, the entity is required to provide a written statement to LGA and Board staff describing why they have failed to submit the audits timely. Mr. Colona further stated that the entities are not allowed to issue any debt or receive grants until the audits are received. Lastly, Mr. Colona stated that Board staff can issue an extension if needed.

Mr. Giles motioned to accept staff recommendations. Mr. Pelham seconded the motion.

Mr. Hampton asked if the Decherd case is related to the recent news regarding Decherd alderman. Ms. Huffstutter stated that this is unrelated to the news Mr. Hampton is referring to.

The aforementioned motion and second were voted on and passed unanimously.

MANAGER CASES

Alexandria

Mr. Colona requested that the Board place Alexandria under Administrative Review due to managerial and technical concerns, but not necessarily financial concerns. Mr. Colona further explained that Board staff have received a number of complaints about Alexandria and believes it would be appropriate to place them under administrative review and report back to the Board at the next meeting.

Vice Chairman Moss explains that they have received a dozen complaints since January and double that the year before regarding water pressure. He further explained that their operator was fired and that they had until July 30th to hire another certified operator and believe they may not meet that requirement.

Mr. Giles motioned to accept staff recommendations. Ms. Vannasdale seconded the motions which passed unanimously.

Mason

Mr. Colona explained that the Board had previously ordered Mason to complete a feasibility study. The study concluded that it is feasible for Mason to hook onto Poplar Grove Utility District, however the Town of Mason has contracted with Alliance Water Resources to manage the utility and would need to pay a large amount of money to terminate their contract. Mr. Colona stated that this makes sense as long as Alliance can turn things around and this takes care of the customers. Mr. Colona stated that as of July 5th, Alliance sent a letter terminating the contract due to cause with the Town of Mason. The letter states there are staffing challenges, hostile environment, budget overruns, vendor reluctance, safety concerns, mitigating operational issues, equipment deficiencies and lack of investment. Mr. Colona stated that he has a huge concern with what is going to happen to the customers of Mason once Alliance leaves. Mr. Colona noted that part of the reason they were brought under the Board was because TDEC was having issues with them in staffing a certified operator. Mr. Colona stated that he is concerned but does not have a current recommendation.

Mr. Pelham asks if Poplar Grove is apposed to the merger. MR. Colona stated that he has not spoken with the board of Poplar Grove, further stating that in the past they were willing to do what's right for the community.

Vice Chairman Moss states that for the past 6 months, they have not been submitting monthly reports on sewer or drinking water. Additionally, he noted that their sewer system lacks the ability for them to know whether they are in compliance with TDEC regulations. Vice Chairman Moss recommended pursuing a merger with Poplar Grove.

Mr. Colona discussed the logistics of moving forward with a merger. Mr. Colona suggest the Board order staff to hold a public hearing regarding this prior to the October 2024 meeting.

Mr. Giles stated that he completely concurs with Vice Chairman Moss and seconds his motion which passes unanimously.

Spencer

Mr. Colona explained that Mr. Pelham would recuse himself from this referral because Warren County Utility District, which he works for, is seeking to merge with Spencer. Mr. Colona explained that the Warren County UD had requested a few items from the Board before the potential merger took place.

The first request was for a million-dollar grant from the Utility Revitalization fund. Mr. Colona explained that the money in the Utility Revitalization fund was directed to be used elsewhere by the General Assembly. Mr. Colona explained that he would like to request that the Board provide a positive recommendation that if the funds were available the Board would provide them to Warren County to help with the merger.

The second request was to approve Warren County UD's asset valuation of nearly 2.8 million dollars of the Spencer utility system. Mr. Colona explained that when there is a merger the acquiring utility system gets to revalue the assets of the system that they are acquiring, and working with an engineer 2.8 million is what they came up with. Mr. Colona explained that Board staff does not dispute this valuation.

The third request was to approve Warren County UD's request to utilize the modified approach of depreciation for the newly created TDEC ARP infrastructure is placed into service. Mr. Colona explained that there is a lot of work needed at Spencer and as long as Warren County was using an accounting system that is approved by GAAP and GASB, then Board staff does not have an issue with it.

The fourth request was to resend the pending August 2024 rate increase that was issued against Spencer by the Board. Mr. Colona explained that Warren County does not think the rate increase will be necessary going forward.

Mr. Pelham explained that Warren County UD would be amending their charter because they will be taking over the Spencer sewer system in the merger and stated that he would be happy to take any questions regarding the new sewer system.

Mr. Hampton asked Board staff about the first request, specifically if the funds would be returned to the utility revitalization fund within the next six months.

Mr. Colona explained that the funds could only be made available in the next legislative session and that he was not sure if a new request would be made for the funds to be made available.

Mr. Moss asked if the SRF fund had some available funds set aside for mergers.

Mr. Colona explained that they kind of do and he has been discussing it with them , but it takes a long time to receive funds from this program and things need to be moving forward sooner.

Mr. Giles stated that appropriating money for the Utility Revitalization fund annually would be a good thing because there are so many entities across the state that could use this funding.

Mr. Pelham explained that there are many ancillary costs that are going to have to be covered and that if the Utility Revitalization funds do become available that they would hope to be recouped for those costs using the funds.

Mr. Hampton stated that for request number two he did not feel comfortable with the Board voting on the asset valuation.

Mr. Colona explained that instead of approving the asset valuation the recommendation could say the Board doesn't oppose the valuation but the Board also does not have a positive recommendation of the asset valuation either.

Mr. Hampton stated that he was okay with that recommendation. He also asked how long the modified depreciation approach would last.

Mr. Pelham explained that it would be for Fiscal Years 2027 and 2028.

Mr. Hampton asked about recommendation number four regarding the rate increase and when would a rate study take place.

Mr. Pelham stated that it would be in fiscal year 2026.

Mr. Colona asked that we keep the staff recommendation as it is written.

Mr. Hampton moved the Board to accept recommendations 1,2,3 and 5. That was seconded by Mr. Moss. The motion passed unanimously.

Mr. Colona explained the recommendation for the town of Spencer. Mr. Stone motioned to pass that recommendation and Mr. Hampton seconded. The motion passed unanimously.

The Board went into recess for 5 minutes

EAST TENNESSEE

Brownlow Utility District

Mr. Johnson explained that Brownlow is behind on audits and is financially distressed for fiscal years 2021 and 2022. Mr. Johnson explained that Board staff is recommending a rate study be carried out with a contract in place for the study by October 31, 2024 and a completed rate study by March 31, 2025.

Mr. Pelham asked if the March 31, 2025 deadline would fall before or after the first Board meeting of calendar year 2025.

Mr. Colona explained that a March 31, 2025 deadline would probably fall after the first Board meeting of 2025.

Mr. Johnson stated that the recommendation could be changed for the rate study to be due by the end of February and that 6 month extension language could also be added to the recommendation.

Mr. Pelham made the motion to pass the recommendation with the revisions and Ms. Vannasdale seconded the motion. The motion passed unanimously.

Luttrell

Mr. Johnson explained that Luttrell has been under the Board going back to 2016 with continued negative net position on all of their new audits. Mr. Johnson explained the recommendation would be to have an updated rate study carried out and a feasibility study to be carried out for the potential merger with Luttrell Blaine Coryton Utility District and other surrounding utility systems.

Mr. Pelham asked if the due dates for the recommendation could be moved forward to reflect the due dates for Brownlow utility district.

Mr. Johnson stated that the recommendation could be updated with a completion date of the end of February 2025 with 6 month extension language.

Mr. Pelham motioned to pass the revised recommendation. Mr. Stone seconded the motion. The motion passed unanimously.

MIDDLE TENNESSEE

Decherd

Ms. Huffstutter stated that Decherd has been under the Board since 2021 and they are missing audits for Fiscal years 2022 and 2023. Ms. Huffstutter explained that she has been in contact with Mr. Jim Marshall from Jackson Thornton while working on the recommendation of extending the deadline for their order till December 31, 2025 for their rate study.

Mr. Giles motioned to pass the recommendation. Mr. Stone seconded the motion.

Mr. Pelham noted that there was a large drop in statutory net position and asked what that was related to.

Ms. Huffstutter stated that Board staff is unsure at this time due to the issues Decherd has had with record keeping.

The motion passed unanimously.

Huntland

Ms. Huffstutter explained that this was an administrative review case that was related to a sewer project that was started and has gone over budget and was done all at once instead of in stages. Ms. Huffstutter explained that Board staff is concerned about the sewer fund and its ability to self-sustain . Ms. Huffstutter provided the recommendation to order a rate study .

Mr. Porter from the town of Huntland asked for a few minutes to provide an update.

Chairman Moody stated that he could have 5 minutes to provide an update.

Mr. Porter explained that 230 of the planned 260 sewer customers are hooked up to the system and SRF funds were becoming available, and they are hoping that the \$300,000 loan would not be necessary.

Mr. Giles motioned to accept the staff recommendation. Mr. Stone seconded the motion. The motion passed unanimously.

WEST TENNESSEE

At this time the West Tennessee Utility Analyst, Nate Fontenot, started the presentations of staff recommendations of West Tennessee.

First Utility District of Hardin County

Mr. Fontenot briefly described the current state of the utility as it has a 2 year decrease in net position (2022-2023) and has not completed a rate study in the last 5 years. The Board order is for a rate study to be performed.

Mr. Pelham made a motion to accept the staff's recommendation. Mr. Purkey seconded the motion, which passed unanimously with no discussion or questions.

Promulgation of Rules - revisions

At this time the presentation was turned over to Seth May. Mr. May stated that there has been a revision of the rules since the last meeting and opened it up for questions or comments from the Board, at which there were none. There was no vote on this item.

Utility Manual

Mr. Colona stated that this is a relatively new utility manual that will be a good resource for utilities to utilize and how TBOUR operates. He asked for a positive vote to adopt this manual that will be available on the Comptroller's website for utilities to benefit from. Mr. Colona noted that this manual can be amended in the upcoming meetings if needed.

Vice Chair Tom Moss requested if public water systems and sewer systems be added in some fashion in the TDEC section of page 272 because a lot of other states have the drinking water program in the health department. Mr. Colona stated that this can be added. At that, Vice Chair motions to approve the manual.

Mr. Hampton noted that there was a comment left in the manual on page 244 that still needed to be removed before being published. Mr. Hampton then seconded the motion to approve the manual.

The motion to approve the utility manual passed unanimously with no further discussion.

Fast Growing Utility Exception Discussion

Mr. Colona opened this item of discussion by stating that this proposal is a way of handling growth for Tennessee utilities. This proposal lays out what the Board staff would want to see from utilities regarding deferring action to support their utility growth, especially as it relates to depreciation. He asks for a positive vote and says this is a lenience action they can offer to utilities based on growth in unique situations.

Mr. Pelham stated that he understands the goal of this but is concerned that the utilities are still going to undergo a negative hit as soon as the asset is booked and starts to depreciate. Yet, he motioned approval for handling growth in Tennessee utilities. The motion was seconded.

This motion carries unanimously with no further discussion.

Board Discussion

Mr. Colona closed by saying that he has ideas on how to speed up these meetings in the future that he plans to discuss with the Board members individually. Lastly, he expressed appreciation for the Board staff for their time and work.

There were no further comments or discussions.

Board Adjournment

Chairman Moody entertains a motion to adjourn the meeting, and Mr. Hampton seconds the motion.



Jason E. Mumpower
Comptroller

Entity Referred: **Bean Station Utility District**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

Staff Summary:

The Bean Station Utility District ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for a customer complaint from August 2024 pursuant to Tenn. Code Ann. §7-82-702(b)(2). In August 2024, Ms. Mildred Jones contacted Board staff with a complaint regarding the Utility's failure to offer or extend utility service to her home. Ms. Jones informed Board staff that she believes she cannot access the Utility's tap that was installed in front of her home. Ms. Jones attended the Utility's monthly board of commissioners meeting on August 13th, 2024 to seek a resolution regarding her complaint. The Utility board of commissioners stated that they believed the tap was placed in an area where there shouldn't be issues and asked Ms. Jones to have a plumber contact them if the placement was unreasonable.

Ms. Jones is not satisfied with the Utility's resolution and believes the Utility should move the tap to a more accessible location or refund her for expenses incurred.

Staff Recommendation:

Board staff recommend that the Board conduct an informal hearing of this matter.

Bean Station Utility District

	Category: Water		County: Grainger	
	2020	2021	2022	2023
Net Assets	\$9,703,496.00	\$9,690,196.00	\$9,744,648.00	\$9,759,248.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$2,216,307.00	\$2,061,522.00	\$2,289,431.00	\$2,081,471.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$7,487,189.00	\$7,628,674.00	\$7,455,217.00	\$7,677,777.00
Operating Revenues	\$1,803,639.00	\$1,996,072.00	\$1,998,614.00	\$2,327,084.00
Net Sales	\$1,586,202.00	\$1,686,051.00	\$1,696,749.00	\$1,967,225.00
Operating Expenses	\$1,734,287.00	\$1,803,620.00	\$2,127,729.00	\$2,175,951.00
Depreciation Expenses	\$271,929.00	\$281,311.00	\$291,178.00	\$306,026.00
Non Operating Revenues	-\$65,734.00	-\$50,967.00	-\$44,342.00	-\$49,524.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$120,951.00
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	\$3,618.00	\$141,485.00	-\$173,457.00	\$222,560.00
Statutory Change In Net Position	\$3,618.00	\$141,485.00	-\$173,457.00	\$101,609.00

BEAN STATION UTILITY DISTRICT BOARD OF COMMISSIONERS
REGULAR BOARD MEETING: August 13th, 2024

2:00 P.M. Roll Call: Roll call by Superintendent Jeffrey Atkins.

Present: Keith Rich, Melissa Wells, Randy Morgan, Tammy Wilson, and Attorney Matthew Sexton

President Keith Rich called the meeting to order.

A motion was made by Melissa Wells to approve the July 9th, 2024, meeting minutes, Randy Morgan second the motion.

Customer Toney Elkins was not present.

Customer Mildred Jones was present to speak with the board about the placement of her tap. According to Superintendent Atkins, the tap was placed where most taps are, and there should not be a problem running the lines. Attorney Sexton gave Ms. Jones his number, and the board asked that a plumber contact him if the lines are unreasonable or impossible to run.

General Manager Update:

- 3,657 Customers Billed in July 2024
- 18- Line Locates for 811
- 3- Mainline Breaks
- 7- Service Tubing Repairs
- ServLine has paid a total of \$4,042.26 on customer accounts

Old Business:

- Vice President Randy Morgan made a motion to accept Fleet Safety Policy as written, Melissa Wells second the motion.
- Superintendent Atkins will bring a quote for repeater next meeting.

New Business:

- President Keith Rich made the motion to accept the 2024-2025 Budget as written, Melissa Wells second the motion.

Project Updates:

- Still working on Lead and Copper Inventory

Other Business:

- Attorney Matthew Sexton mentioned to the Board that a Labor Law change regarding salary employees receiving overtime may affect the utility.

President Keith Rich asked for a motion to adjourn the meeting, Melissa Wells made the motion, Randy Morgan second the motion.

Keith Rich, President

Randy Morgan, Vice President

Missy Wells, Sec./Treasurer











Jason E. Mumpower
Comptroller

Entity Referred: **Ocoee Utility District**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

Staff Summary:

Ocoee Utility District (the "Utility") was before the Tennessee Board of Utility Regulation ("the Board") during the public comment segment of the March 14th, 2024 board meeting. During this meeting Ms. Melanie Lawson expressed concerns with the entity's impact fund, leak detection issues, payment plans, and regulation. An informal hearing was held at the July 2024 Board meeting. The Board ordered Board staff to draft and send a letter to the Utility encouraging them to review their leak adjustment policy and to engage with members of the community to determine whether the policy adequately protects the customers.

The Utility reviewed their leak adjustment policy at a regularly scheduled meeting of its board of commissioners. The Utility found that the current leak adjustment policy is adequate, as it mirrored the Tennessee Association of Utility District's example policy at the time it was drafted. The Utility declined the request to hold a public meeting to allow Utility customers to express concerns with the current leak adjustment policy as it did not believe customers would provide useful feedback. The Utility's full response to the Board is included in the packet.

Board staff believes that the Utility should continue to review and update their leak adjustment policy. Board staff has determined that the Utility utilizes the ServLine leak protection program, which is different than a traditional leak adjustment policy. Board staff believes that the Utility should create an updated policy that addresses the following:

1. Explanation of how the Utility utilizes ServLine for leak protection.
2. Qualifications to receive leak protection through the ServLine protection program.
3. ServLine leak protection benefit amount.
4. Fees associated with ServLine leak protection.
5. Any additional protection coverage available.
6. Board staff believes that Utility should also review if the current \$2,500 leak protection benefit coverage is adequate.
7. A clear and prominent statement that the Utility does not offer any adjustment to billing for leaks.

Staff Recommendation:

The Board should order the following:

1. The Utility should provide an updated Leak Protection Policy to Board staff by July 31, 2025.
2. Once the Utility provides the updated Leak Protection Policy to Board staff, Board staff and Counsel are permitted to close the case.

Ocoee Utility District

	Category: Water		County: Bradley	
	N/A	N/A	N/A	N/A
Net Assets	N/A	N/A	N/A	N/A
Deferred Outflow Resources	N/A	N/A	N/A	N/A
Net Liabilities	N/A	N/A	N/A	N/A
Deferred Inflow Resources	N/A	N/A	N/A	N/A
Total Net Position	N/A	N/A	N/A	N/A
Operating Revenues	N/A	N/A	N/A	N/A
Net Sales	N/A	N/A	N/A	N/A
Operating Expenses	N/A	N/A	N/A	N/A
Depreciation Expenses	N/A	N/A	N/A	N/A
Non Operating Revenues	N/A	N/A	N/A	N/A
Capital Contributions	N/A	N/A	N/A	N/A
Transfers In	N/A	N/A	N/A	N/A
Transfers Out	N/A	N/A	N/A	N/A
GAAP Change In Net Position	N/A	N/A	N/A	N/A
Statutory Change In Net Position	N/A	N/A	N/A	N/A

ADJUSTMENTS TO BILLS/LEAK ADJUSTMENTS

The General Manager and Board of Commissioners are responsible for administering this policy.

Background and Purpose

Generally, the customer must pay for all water which passes through the customer's meter. When a customer does not pay for all water metered, the cost of such water must be recovered from other customers. Because an unknown leak may cause an undue burden on individual customers, this policy balances these interests by allowing the customer a leak adjustment under certain circumstances.

The Ocoee Utility District is run for the benefit of all present and future customers. While no customer shall be treated unfairly intentionally, no customer shall be treated in any way that compromises the interests of other current and future customers.

Limitations

The Ocoee Utility District is subject to various county, state, federal and other governmental agency requirements and has no discretion to adjust bills in a manner which would violate these regulations.

Record Keeping Duration

All records of billing adjustments shall be kept for a minimum of ten years.

Omissions

In special circumstances not covered by this Policy, the disposition of billing adjustments shall be made by the Governing Board in accordance with its usual and customary practices.

POLICY STATEMENT

Determination of Need for Adjustment

1. As of 05/21/2014, the District will cease all adjustments to customer water billings due to customer leaks. All residential customers with a standard size meter will have the option of participating in a third party insurance program called the Servline Program.
2. The need to adjust a utility bill may be evident by a customer complaint of excessive billing or evidence of leakage on the customer side of the meter. At such time, participating customers shall follow the most current procedures for obtaining an adjustment to their bill through the external Servline Program.

Notice of Possible Leaks

2. It is the customer's responsibility to keep his plumbing system in good working order. When it is apparent to District personnel that a leak or unusually high consumption has occurred, the District will make an attempt to notify the customer via door tag, telephone call, or other electronic communication. The District has no obligation to notify customers of potential problems nor will District personnel assist in the repairs of any such problems.

Frequency of Adjustments

3. No adjustments to customer billings shall be made after 05/21/2014 directly by the District, other than action by the Board of Commissioners.

Improper Meter Reading

4. The Ocoee Utility District will first determine that the meter was properly read. If an investigation of the meter and meter records establishes that the meter was misread or that there was a failure of District equipment, a new bill will be issued using an estimated reading based on an average of the past 12 months billings for this period. There will be no penalty assessed in the event the adjustment procedure delays payment past the penalty date.
5. If an investigation of the meter and meter record establishes that the meter was properly read and that there was no failure of utility equipment, the bill will remain valid and payable.

Testing of Customer Meter

6. If the customer questions the accuracy of the meter, he may pay the utility bill in question plus a meter testing deposit as listed in the Ocoee Utility District Schedule of Rates and Fees. There will be a separate charge for commercial meters and residential meters. The District will remove the meter and ship it to the manufacturer or AWWA

approved testing facility. The District will pay all costs associated with the testing of the meter.

If the meter proves to be accurate within the guidelines established for used meters by the American Water Works Association (AWWA), it is deemed to be accurate. If the meter tests accurate, the customer forfeits the meter testing deposit. If the meter does not meet AWWA accuracy standards by registering a higher amount of water than AWWA specifications allow, the District will refund the meter testing deposit and adjust up to three billings according to the test results.

Payment Arrangements

1. Any customer provided the privilege of payment arrangements will be charged a \$10.00 set up fee for the arrangements. (see individual payment arrangement policy).

Amount of Time for Adjustment

10. The Ocoee Utility District shall not be obligated to make adjustments of any bills not contested within ninety days (90) from the billing date.

Customer Disputes

11. The District shall be under no obligation to extend the discount or the due date or the time for paying any bills because the customer disputes the amount of the bill.

Requests for Adjustments

12. All requests for billing adjustments must be accompanied by a leak adjustment request form properly completed and submitted to the staff of the District. Leak adjustment forms must include sufficient documentation as to the exact nature of the leak prior to approval of adjustment.

Written Documentation

13. Ocoee Utility District staff will notify customer of results of request within three days of submittal of leak adjustment form or simple request of adjustment.

14. District staff will log the adjustment in the Standard Adjustments Log and will include all pertinent information such as customer name and account number, address, and total amount of monetary adjustment, including adjusted taxes.

Adoption Date: 05/21/14

Effective Date: 05/21/14



Jason E. Mumpower
Comptroller

Entity Referred: **Witt Utility District**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

Staff Summary:

The Witt Utility District ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for a customer complaint from October 2024 pursuant to Tenn. Code Ann. §7-82-702(b) (2). Board staff were initially contacted by State Senator Steve Sutherland's office in October of 2024 regarding a complaint they received from Mr. James Glenn against the Utility. Board staff reached out to Mr. Glenn and determined that the complaint was for the justness of the monthly minimum fee set by the Utility.

Mr. Glenn informed Board staff that he believes the Utility is including a \$24 minimum fee when the customers base bill is greater than \$24. Mr. Glenn believes this represents a surcharge, not a minimum. Mr. Glenn further explained that the minimum charge is not identified on the bill in any capacity.

Mr. Glenn attended a Utility board meeting regarding his complaint and was told by the Utility board that the Utility charges a minimum fee of \$24 and it was included in his bill.

Mr. Glenn was not satisfied with the decision from the Utility board. Mr. Glenn would like to see that monthly usage rates are being charged consistently. Mr. Glenn stated that he believes the minimum bill should be removed and not added to the monthly bill if the customer exceeds the minimum amount. Additionally, Mr. Glenn believes that the rate being charged should be listed on the bill each month.

Staff Recommendation:

Board Discussion

Witt Utility District

	Category: Water		County: Hamblen	
	2020	2021	2022	2023
Net Assets	\$7,607,380.00	\$7,782,738.00	\$9,213,903.00	\$9,139,317.00
Deferred Outflow Resources	\$0.00	\$0.00	\$937.00	\$798.00
Net Liabilities	\$3,921,747.00	\$3,862,549.00	\$5,167,293.00	\$5,070,341.00
Deferred Inflow Resources	\$0.00	\$0.00	\$2,870.00	\$3,942.00
Total Net Position	\$3,685,633.00	\$3,920,189.00	\$4,044,677.00	\$4,065,832.00
Operating Revenues	\$1,620,030.00	\$2,225,844.00	\$2,084,776.00	\$2,029,380.00
Net Sales	\$1,219,327.00	\$1,242,092.00	\$1,339,660.00	\$1,534,337.00
Operating Expenses	\$1,232,628.00	\$1,865,172.00	\$1,839,575.00	\$2,167,859.00
Depreciation Expenses	\$230,908.00	\$252,398.00	\$255,349.00	\$283,516.00
Non Operating Revenues	-\$147,550.00	-\$126,116.00	-\$120,713.00	\$60,891.00
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	\$239,852.00	\$234,556.00	\$223,231.00	-\$77,588.00
Statutory Change In Net Position	\$239,852.00	\$234,556.00	\$223,231.00	-\$77,588.00



TBOUR Customer Complaint Form

Your Name JAMES (JIM) GLENN

Name of Utility System WITT UTILITY DIST. WATER

Have You Brought This Matter Before Your Utility's Governing Body? YES

Today's Date 1-28-25

Date that Complaint was Brought Before your Local Utility's Board 1-16-25

Select type of Complaint :

- The justness and reasonableness of a utility system's rates, fees, or charges.
- The justness and reasonableness of a utility system's requirement that a customer build infrastructure to be dedicated to the utility system.
- The failure of a utility system to adopt and enforce policies necessary for the efficient and financially responsible operation.
- The inadequacy of a utility system's policies regarding ethics or financial controls.
- The failure of a utility system to offer or extend utility service to a customer.

Email Address blu bird 922@YAHOO.COM

Phone Number 423-307-9858

Summary of Complaint

(Please use the following pages to describe your complaint)

To whom it may concern,

My name is James W. Glenn and I have a complaint about the justness of my billing by Witt Utility District. A random surcharge of \$21.00 → \$27.00 a month is added to each and every bill, but is not noted on the bills themselves. If they need more money, they need to go to the rate commission and request a higher rate, rather than hiding this charge in the bill totals. I attended a meeting with the Board of Directors and was told there is a "Minimum Charge" per month. (Mr Brad Collier, Mr Terry Schultz, and Mr Jim Bewley make up the Board.)

I understood that if I used 8 gallons, I would be charged a minimum fee which they said was \$24.00. However, it does not matter that I am going over this minimum amount, they are still hiding it in my total bill, and this represents a surcharge, not a minimum.

For instance:

In 11-24 the previous meter reading was 1007300, the current reading was 1010700 leaving a usage of 3400g.

At the meeting they gave me their rate (which they said increased last year) of 0.008¢
 $3400g \times 0.008 = \$27.00$. Obviously \$27.00 is more than \$25.00 which is the minimum, yet I was billed \$56.04, which is an additional \$29.04 (not the \$24.00 minimum obviously!)

(Please use this page to continue your complaint)

Yet the \$29.04 appeared on my bill, even though I went over the minimum. This was also added ~~without~~ without notice or explanation.

They did tell me at the meeting about the rate increase as I mentioned, but this would mean the rate ~~increased~~ ^{increased} to .05 per gallon. However, this does not explain why when in July, after I complained about the bill totals not matching my usage, my August bill suddenly increased by almost \$50.00. I was told that that month (and that month only) I had a "leak" and that the meter reading was ~~correct~~ correct. However, without any service whatsoever, the "leak" had mysteriously corrected itself by my September bill, which had a usage amount consistent with previous amounts. They did not, at this time, tell me about the "minimum charge."

All in all, it appears that they are randomly charging what they want to, instead of charging per the rate approved by the board, or charging for usage only. There is no competition for WWT, as a customer residing in this area, I must either use them, or dig a well, so they have the ability to charge whatever they want and we, the customers, don't even know why there are upcharges on our bills.

If they need more money they should not be hiding these "fees" on our bills, nor should the amount charged per consumption vary by random amounts each month.

(See the additional sheet, each month varies from a rate of .010 in February and August, to a high of 0.017 in June and September without explanation.)

At the meeting on January 16th, 2025 I was informed that they would change my meter. I did call McAllister the next day to tell him that I did not believe that this remedy suited my problem. **Remedy Being Sought**
— Thank you.

(Please use the following area to describe the remedy being sought)

- The rate should be a fixed amount, negotiated with the board not a random amount.
- The \$25 minimum should not be added into bills that go above \$25. (I.E. My \$27.00 bill was charged \$56.04 meaning the \$25 minimum was upcharged/ surcharged onto my bill which went over the minimum, it is the same EVERY month, regardless of how much I use) This is not a minimum, it is a surcharge, yet it is not noted on our bills.)
- They need to post the rate you are being charged @ each month on each month's bill.

Summary of Boards Decision in Regard to Complaint

(Please use the following area to describe the summary of the board's decision in regard to your complaint)

They will change the meter.

DATE	PREV METER	PREV METER	USAGE	RATE	COST
7-23	947400	942300	5100	.010	\$ 54.75
8-23	950000	947400	2600*	.013	\$ 36.00
9-23	955800	950000	5800	.010	60.00
10-23	959500	955800	3700	.011	44.25
11-23	963300	959500	3800	.011	45.00
12-23	968000	963300	4700	.011	51.75
1-24	971500	968000	3500	.012	42.75
2-24	976300	971500	4800	.010	52.50
3-24	980300	976300	4000*	.011	46.50
4-24	983700	980300	3400	.012	42.00
5-24	987300	983700	3600	.014	52.66
6-24	989900	987300	2600*	.017	44.70
7-24	992100	989900	2200	.020	45.50
8-24	1000700	992100	8600	.010	92.46
09-24	1003300	1000700	2600*	.017	44.70
10-24	1007300	1003300	4000*	.013	55.84
11-24	1010700	1007300	3400*	.016	56.04

Witt Utility District

P. O. Box 486
Morristown, TN 37815

Phone: (423) 581-4895

Office Hours: 8:00 am to 5:00 pm
Monday - Friday

ACCOUNT NAME	
JIM & CAROLE GLENN	
ACCOUNT #	SERVICE ADDRESS
0002-34800-000	2059 VALLEY HOME ROAD


DESCRIPTION	METER	READING DATES	PREVIOUS	PRESENT	USAGE	CHARGES
W1 Water	15274069	7/11/24 - 8/15/24	992100	1000700	8600	\$92.46
F1 Yearly State Fee			↑	↑		\$0.00
TX State Tax						\$9.01
	SEPT			SEPT	- 2600 6000	
		check #				

Board Meeting will be September 19, 2024 at 4:30 PM

Net Due On or Before 09/09/2024	\$101.47
Amount Due After 09/09/2024	\$110.72


METER CHANGE? NO

Simplify your utility experience



Pay online, go paperless, sign up for autopay, and access usage and payment history 24/7 by creating a web portal account!

Scan the QR code to get started! →



 Y N

Board Meeting 1/16/2025

The meeting was called to order by Mr. Sellars and he lead prayer.

Mr. Jim Glenn addressed the board with a complaint. He asked them what the rate per gallon of water is in which Mr. Collier replied .008, Mr. Glenn asked why his usage varies so much throughout the months. Mr. Collier stated that his usage varies every single month. Mr. Glenn stated that he believes that his rates are changing due to being charged different amounts this past year for the same amount has changed. Mr. Collier explained to him that this is due to a rate change. Mr. Glenn stated that his big concern is that in August of 2024 his usage was doubled and he does not understand how this has happened due to absolutely no change in his usage as well as him having water saving features in his home and trying to conserve water.

Mr. Collier stated that the usage was recorded in August and the readings line up currently and there is no way to verify if the reading was correct due to four months of additional usage being on the meter.

Mr. Glenn asked how the meters are calibrated.

Mr. Collier stated that meters usually do not run faster usually just run slower.

Mr. Sellars stated that he cannot explain where the water went, but the reading seem to line up. He asked would Mr. Glenn be okay moving forward with the meter being changed out.

Mr. Glenn stated as long as it is a new meter he would be okay with that and he has spoke with a member of the TBOARD and he was told to present this to the board and then report back to him.

Mr. Parks made a motion to approve last months meeting.

Mr. Bewlwey seconded the moition.

Passed 3-0

Mr. Collier informed the board that the employees are gathering information from the auditos and once that is finshed they will be here to start the audit.

Mr. Collier informed the board that he spoke to someone about the ARPA grant and in Late February we should be able to accept bids for the meters and start working with diamond maps for mapping the system.

Mr. Sellars asked Ms. Ramsey what the Randy Goan situation was in whic she said that the

customer called infuriated that their water was cutoff and requested the \$50 be took off her account. She informed her that due to Christmas all customers had an additional seven daysto pay their bill before cutoffs and she could not do that for one customer and not the others. The customer stated that she would be at this board meeting.

Mr. Collier informed the board that the ACH bank draft fees have been removed from all accounts after they made the vote to do so last month.

Mr. Collier informed the board that the fleet vehicle still has not ETA on delievery.

Mr. Sellars stated that he was presented a proposal from ESCUD to try to resolve the lawsuit by offering to pay \$30,000 and be done with the lawsuit. ESCUD feels like with everything that went on there were things such as water samples that were not done properly and on time and they have aquired \$60,000 in fines due to these errors caused by Witt Utility. He states that if we do not accept this offer that ESCUD has informed him that they told they will be counter suing us for \$300,000 to \$400,000.

Employee Kelsey Ramsey and former employee Vicki Lawson informed the board that they worked here during this time and they do not believe that there would be enough evidence to go to court as everything was not kept up with correctly even though they begged for former manager Ben Harris to keep better track of these items.

Mr. Parks made a motion to accept the offer of \$30,000.

Mr. Sellars Seconded.

Passed 3-0

Mr. Aaron Cutshaw spoke to the board on behalf of Ardurra and stated that his firm helped Mr. Harris with the waterline relocation and it was by word of mouth and not with a contract. He stated that \$21000 is still owed to his company due to this job and his company is requesting that this be paid in full.

Mr. Collier stated that he informed the board that we only owed \$77000 and that had been paid in three payments and the board is concerned that more invoices will be brought forward.

Mr. Cutshaw explained that his company had overlooked these payments.

Mr. Parks asked how this has been missed for this long.

Mr. Cutshaw explained that the \$77,000 that they paid is a different project number, and the total that is still outstanding right now is for an entirely different project number, and that is why it was not included in the \$77,000 total.

Mr. Sellars made a motion to pay this bill in full.

Mr. Parks Seconded the motion.

Passed 3-0

Mr. Collier informed the board that we are halfway through the project for the booster pump station in Baneberry and this is hopefully going to be completed the last week of January.

Mr. Bewley informed the board that he needed an additional month to get the personell policy together.

Mr. Collier informed the board that he met with the owner of the land adjacent to the pumo station in Baneberry and they are requesting \$50,000 per lot.

Mr.Collier asked the board if he could hire an additional employee in the office.

Mr. Sellars informed the board that he believes that this would be beneficial to the utility in the occasion that both employees are sick.

The board agreed that they all needed more time to think about this because they do not see this as a necessity.

Mr. Collier informed the board that employee Anthony Lee that was injured at work is waiting on a call from the surgeon.

Mr. Collier asked the board did they still want to pursue crediting all customers accounts that have a deposit on it.

Ms. Ramsey explained the only dilemma that she would run into would be that the inactive cusgtomers who still have a credit on their account would be reimbursed that money again if they have already received it and the process was not done correctly.

Mr. Parks made a motion for all money to be dispursed by Ms. Ramsey to all accounts.

Mr. sellars seconded.

Passed 3-0

Mr. Sellars made a moition to adjourn at 5:54

Mr. Parks seconded.

Passed 3-0



CHARGES & POLICIES

For a standard connection of ¾ inch there is a tapping fee of \$1500.00

One inch and two inch tapping fees are \$4,950.00.

For **ALL** new connections a \$200.00 activation fee and a \$50.00 service charge will be charged.

¾ inch connections:

Minimum bill of \$24.00

\$7.50 per thousand gallons of water used

A facility fee of \$0.46 per 1,000 gallons

1 inch, 2 inch, & 3 inch connections:

\$150.00 minimum bill

\$7.25 per thousand

\$0.46 facility fee per thousand gallons

6 inch connections:

First 50,000 gallons- \$2.82 per thousand

Next 50,000 gallons- \$4.54 per thousand

Over 100,000 gallons- \$2.28 per thousand

\$0.46 facility fee per thousand gallons

Fire line tap on a one lane road is \$5,000.00 for a 6" pipe plus road bore, and \$150.00 for every foot after.

A fire line tap on a 4-lane road is \$5,000.00 for an 8" pipe plus road bore, and \$150.00 for every foot after.

All of the above are subject to local and state tax.

TO ALL CUSTOMERS: Bills should be received by the first day of the month. WUD IS NOT RESPONSIBLE IF YOU DO NOT RECEIVE YOUR BILL. It is the customer's responsibility to contact WUD to inquire about the amount of the bill. If you fail to pay your bill by the tenth of the month, you will be charge a penalty of 10% of your balance due. Failure to pay your bill by the 19th of each month will result in a \$50.00 service charge and water will be shut off on the 20th of each month. THE \$50 SERVICE CHARGE WILL STILL BE OWED EVEN IF WATER SERVICE IS NOT INTERRUPTED. The full amount of the bill (including all fees) will be owed in order for water service to not be interrupted or turned back on. No water will be turned back on after 3:00 p.m. daily, weekends, or holidays. There will be a \$30 service charge for all returned checks. These charges are subject to change at any given date by the board of directors.

Cross Connection Meters- Witt Utility does not remit any connections with our water such as well, with the city, etc. Not only is this very dangerous for you as well as our other customers, but the Witt Utility Board of Commissioners also prohibits it. This policy grants Witt Utility authorization to inspect customer's premises annually. If anyone should violate this policy, their service with Witt Utility will be corrected, or terminated. One meter is required per household. No exceptions. Duplex and apartments require one meter per unit.

Customers are responsible for a shut off valve in their home. The meter shut off is property of Witt Utility and not to be tampered with by customers.

Board meetings are the third Thursday of each month at 4:30 P.M.

By my signature below, I agree to abide by and understand the above policies:

Tennessee Board of Utility Regulation

Complainant: Deana Douglas

Utility System: Nolensville-College Grove Utility District

Date Brought Before Local Utility Board: 20-May-24

Date Submitted to TBOUR Staff: 3-May-24

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

Summary of Complaint: I want to clarify, we went before the NCGUD board on April 9, but were not given a decision until receipt of their letter dated May 20, 2024. I received written notification from your office that we could not file this complaint until we had received a formal decision from NCGUD. To summarize our complaint, we received a bill from NCGUD in March for over \$13,000. We were unaware there was any problem with our water until NCGUD sent someone to turn off our water on March 7. I was able to speak to the technician after hours and he explained that he was told to shut off our water due to an apparent leak as evidenced by your records of continuous water usage since January 24. He stated we had been notified on February 6, but had not had any prior notification of a problem. On February 6, I was out of state dealing with my elderly parents who are both critically ill. I did not see any notification. After the March 7 notification, I went back and looked through my text messages and learned of the February 6 notification. The notification that was sent started with a "courtesy notification" with a click through link. It was not flagged as an ALERT or urgent notice. Had it been flagged as an ALERT I would have contacted your office immediately to find out what steps to take. Over the last 13 years in Nolensville we have had minor leaks in the past and you will see we have contacted your office immediately upon notification and without dispute. On the morning of March 8, I had a plumbing company come out immediately to find the problem. They discovered that the irrigation line that comes off the water meter had failed. However, we had taken all proper winterizing steps and had an irrigation company turn off our system and remove the back flow device for the winter months. According to the latest bill, we leaked over 1,000,000 gallons of water, yet there was no evidence of this water anywhere. There was no ponding or pooling of water on our sidewalk, no saturated grass, no sinkholes, etc. Absolutely nothing going on within our property that would suggest we had a leak. We understand from receipt of their data log report for our property that a continuous use of water began on January 24 and existed daily until the meter was shut off on March 7. While I can accept responsibility for not seeing the notification of an issue from NCGUD, this 44 day run of water is egregious and NCGUD bears shared responsibility for not stepping in sooner when their records indicate it was aware of continuous water usage since January. The decision letter was written and mailed on May 20, 2024. In their decision, NCGUD admits that our bill is extremely high and also acknowledges

that it imposes a clear financial burden on us, yet refuses to adjust their policy to allow for any type of adjustment to our bill.

Summary of Board's Decision: The board admits our bill is extremely high and that they are clearly aware of the financial burden an unadjusted bill represents to us, and that they discussed this matter over the course of 2 monthly meetings because they were troubled by the circumstances of the matter, but nonetheless, refused to make an exception to their Leak Adjustment Policy.

Remedy Being Sought: We respectfully request that given the circumstances and NCGUD own knowledge of a leak at our property, NCGUD work with us to adjust our bill to a more fair and reasonable amount that would allow them to recoup the expense of the water on their part but would modify the excess charge due to the continuous leak.



JASON E. MUMPOWER
Comptroller

Centerville Customer Complaint

Board staff will provide a verbal summary and update.



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Huntingdon**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

Staff Summary:

A customer complaint against the Town of Huntingdon ("the Utility") was presented to the Tennessee Board of Utility Regulation ("the Board") at the July 18, 2024, meeting pursuant to Tenn. Code Ann. § 7-82-702(b)(2). The Board requested that the Town review their Municipal Code § 18-131 and apply said code to instances where water meters are misread or not read by the Town employees. Furthermore, the Board requested that Board staff present any findings and remedial actions taken by the Town to the Board at its next regularly scheduled meeting.

On October 4, 2024, the Town's council contacted Board staff and provided a brief overview of all actions taken by the Town in regard to the customer's complaint. The correspondence outlined that the Town adjusted Ms. Williams' March 23, 2024, utility bill in accordance with HMC § 18-131. Board staff concurred with this finding.

At this time Board staff believes that the Town has complied with all outstanding TBOUR requests.

Staff Recommendation:

The Board should order the following:

1. The Utility is officially released from the Board's oversight.
2. Staff and Counsel shall close the case.

Huntingdon

	Category: Water And Sewer		County: Carroll	
	2020	2021	2022	2023
Net Assets	\$12,007,222.00	\$12,803,252.00	\$13,992,928.00	\$14,587,875.00
Deferred Outflow Resources	\$27,375.00	\$29,779.00	\$48,753.00	\$60,179.00
Net Liabilities	\$1,300,048.00	\$1,343,151.00	\$1,175,235.00	\$1,158,667.00
Deferred Inflow Resources	\$11,811.00	\$8,511.00	\$50,707.00	\$16,477.00
Total Net Position	\$10,722,738.00	\$11,481,369.00	\$12,815,739.00	\$13,472,910.00
Operating Revenues	\$2,305,642.00	\$2,493,755.00	\$2,779,982.00	\$2,674,427.00
Net Sales	\$2,240,059.00	\$2,443,749.00	\$2,724,659.00	\$2,638,386.00
Operating Expenses	\$1,658,498.00	\$1,788,504.00	\$1,900,723.00	\$2,165,725.00
Depreciation Expenses	\$443,946.00	\$396,827.00	\$388,465.00	\$409,352.00
Non Operating Revenues	\$24,606.00	-\$9,746.00	-\$4,189.00	\$139,592.00
Capital Contributions	\$640,021.00	\$118,535.00	\$514,000.00	\$54,350.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	-\$55,409.00	-\$54,700.00	-\$45,473.00
GAAP Change In Net Position	\$1,311,771.00	\$758,631.00	\$1,334,370.00	\$657,171.00
Statutory Change In Net Position	\$671,750.00	\$640,096.00	\$820,370.00	\$602,821.00

LAW OFFICES
ROBERT T. KEETON, JR., PLLC
 20240 EAST MAIN ST.
 HUNTINGDON, TENNESSEE 38344

Please Respond to P.O. Box 647
 e-mail: KeetonLawOffices@KeetonLaw.net

ROBERT T. KEETON, JR. 1937-2024
ROBERT T. KEETON III
LAURA A. KEETON *
 * Rule 31 Listed General/Family Mediator**
 **Specially trained in Domestic Violence Issues

AREA CODE 731
OFFICE 986-4444
FAX 986-9347

October 4, 2024

J. Seth May
 Assistant General Counsel, Comptroller of the Treasury
 Office of General Counsel
 Cordell Hull Building
 425 Rep. John Lewis Way North
 Nashville, TN 37243-4847

RE: TBOUR order

Mr. May,

I am the attorney for the Town of Huntingdon. In regard to the above, customer Allison Williams 03/25/24 billing will be adjusted to \$139.87. This adjustment will apply a credit to her account of \$461.13. The adjustment was calculated pursuant to HMC § 18-131 using an eight (8) month consumption average from 07/25/23 - 02/25/24. This time frame was utilized because the last water/sewer rate increase prior to the March, 2024 billing was effective with the July, 2023 billing.

Finance office staff are reviewing prior month billing reports to determine other customers whose billing may have been affected due to incorrect meter readings. The staff is also consulting with our software support team at Local Government Corporation for assistance with available reports to verify accounts requiring additional review. This process is ongoing and may require an extended time frame to complete.

Additional actions taken by Utility Department to prevent future occurrences include:

- New Kamstrup Meters - Installation scheduled begin date Oct. 7, 2024
- Automatic read of water usage from the meter to the computer in City Hall once installation is completed
- Termination of four employees - as noted at July, 2024 hearing
- Hiring of four new employees

- Aspire to send new employees to obtain certifications in drinking and waste water post one year experience
 - Water: Distribution, Water Treatment
 - Wastewater: Biological/Natural Systems; Collections
- Posted open Public Works Director position on TAUD and MTAS websites

Does this suffice for a response to the board or does it need to be more formalized like a responsive pleading? Additionally, does the board want or expect a Town representative at the meeting on October 24? And if so, what time does the meeting begin?

Thanking you in advance, I look forward to hearing from you.

I am,

Sincerely,



Robert T. Keeton III

RTKIII/lbm



JASON E. MUMPOWER
Comptroller

Memphis Customer Complaint

Board staff will provide a verbal summary, and the Board will hear from interested parties.



RE: Complaint - Tennessee Board of Utility Regulation

From Ross Colona <Ross.Colona@cot.tn.gov>
Date Tue 10/29/2024 11:19 AM
To Joe Jarratt <joe@twinbridgesinvestments.com>
Cc Nate Fontenot <Nate.Fontenot@cot.tn.gov>

Joe,

I've spoken with the attorney of the TBOUR for the matter. We believe one extra step might be necessary before the TBOUR is able to hear this complaint. The Tennessee Code is direct when it says the TBOUR is meant to essentially hear an appeal of a decision by the local governing body, not just its principal officer (which in this case is the Mayor). While I understand the Mayor has rendered a decision on the matter, the complaint should be brought forth to the Memphis City Council to hear the complaint and render a decision- if you are not satisfied with the City Council's decision, then that should be brought forth to the TBOUR.

I think the only scenario in which this won't be necessary is if the process you followed in receiving the Mayor's decision was the City's "official" complaint procedure with the Mayor having the authority to render that decision as the final "say" of the city without the input of the City Council. I do not know Memphis' policies, so I can't comment on whether this is the case or not.

I apologize if this is making the matter even more confusing. It isn't my intent to add more bureaucracy to this issue. I just wouldn't want the TBOUR to take any action that could be challenged in a court because we didn't allow the City to have its proper complaint process followed in hearing the complaint at the local level- which is how the law is designed.

I have cc'd Nate Fontenot on this matter, he serves as the analyst for the West Tennessee utilities. Please include him on future emails that you have regarding this. He will serve as your point of contact on the matter, but please feel free to keep me in the loop as well.

Thanks,

Ross

Ross Colona

Assistant Director
 Comptroller of the Treasury
 Local Government Finance
 425 Rep. John Lewis Way North | Nashville, TN 37243
Ross.Colona@cot.tn.gov | Utilities Line 615.747.5260 | Direct Line 615.401.7943



Mission: To Make Government Work Better

From: Joe Jarratt <joe@twinbridgesinvestments.com>
Sent: Tuesday, October 29, 2024 9:30 AM
To: Ross Colona <Ross.Colona@cot.tn.gov>
Subject: RE: Complaint - Tennessee Board of Utility Regulation

I completely understand. Please let me know if you need anything from me.

Thank you.

Joseph W. Jarratt, SIOR, CCIM
 744 South White Station Road
 Memphis, TN 38117
 (O) 901-761-0058 (M) 901-573-5150
joe@twinbridgesinvestments.com



From: Ross Colona <Ross.Colona@cot.tn.gov>
Sent: Tuesday, October 29, 2024 9:29 AM

To: Joe Jarratt <joe@twinbridgesinvestments.com>
 Subject: RE: Complaint - Tennessee Board of Utility Regulation

Joe,

Thanks for following up. I'm currently discussing with my attorney whether this needs to be brought forth at a City Council meeting or if this response from the Mayor suffices as a decision by the City. We just don't want to end up in a predicament where any action by the TBOUR is considered invalid if the legal process in the code isn't followed.

Thanks!

Ross

Ross Colona
 Assistant Director
 Comptroller of the Treasury
 Local Government Finance
 425 Rep. John Lewis Way North | Nashville, TN 37243
Ross.Colona@cot.tn.gov | Utilities Line 615.747.5260 | Direct Line 615.401.7943



Mission: To Make Government Work Better

From: Joe Jarratt <joe@twinbridgesinvestments.com>
Sent: Monday, October 28, 2024 12:28 PM
To: Ross Colona <Ross.Colona@cot.tn.gov>
Subject: FW: Complaint - Tennessee Board of Utility Regulation

Mr. Colona – I hope you are doing well. Please let me know if you need any additional information related to our complaint.

Thank you.

Joseph W. Jarratt, SIOR, CCIM
 744 South White Station Road
 Memphis, TN 38117
 (O) 901-761-0058 (M) 901-573-5150
joe@twinbridgesinvestments.com

-



TWIN BRIDGES INVESTMENTS

From: Joe Jarratt
Sent: Friday, October 18, 2024 9:40 AM
To: Ross Colona <Ross.Colona@cot.tn.gov>; Utilities@cot.tn.gov
Cc: kvaughan@townshipdev.com
Subject: Complaint - Tennessee Board of Utility Regulation

Mr.Colona - Thank you for the information regarding the Tennessee Board of Utility Regulation. Our complaint is related to the City of Memphis' denial of a sewer connection for a property located in unincorporated Shelby County. We would like to connect to a sewer line that is existing on our property. We would like to be heard before the TBOUR.

We own a 110-acre site at the southwest corner of Walnut Grove and Houston Levee Road (survey attached). An easement was conveyed through the western portion of our property (over 1,600 feet in length from north to south) to allow construction of the Gray's Creek Sewer Outfall. The easement was granted without compensation. Our entire site can be gravity fed to the Gray's Creek interceptor on the west side of our property. No additional sewer extension is required and there is not a capacity issue in this area. We are not asking for an extension of sewer, but simply a connection to an existing line that is located on our property.

We are being denied connection to this sewer while neighboring properties are allowed access and are moving forward with development projects. The City of Memphis Public Works denied our access citing Mayor Strickland's sewer moratorium. The moratorium restricted the extension of sewer outside of the City of Memphis. Once Mayor Strickland was out of office, we appealed the decision to Mayor Young. On September 20, 2024, Mayor Young sent a letter stating his new administration was reaffirming the decision to not authorize our sewer connection request based on "the City's existing Sewer Policy, effective as of August 18, 2017, (which) precludes the extension of sewer infrastructure outside the City's corporate boundaries..." A copy of the letter is attached.

The City of Memphis does not have a formal board to directly oversee sewer services. We believe the Mayor is the final decision on this issue. Therefore, we are requesting relief from the TBOUR.

There are development opportunities and retail prospects that we are at risk of losing if this is not resolved in a timely manner.

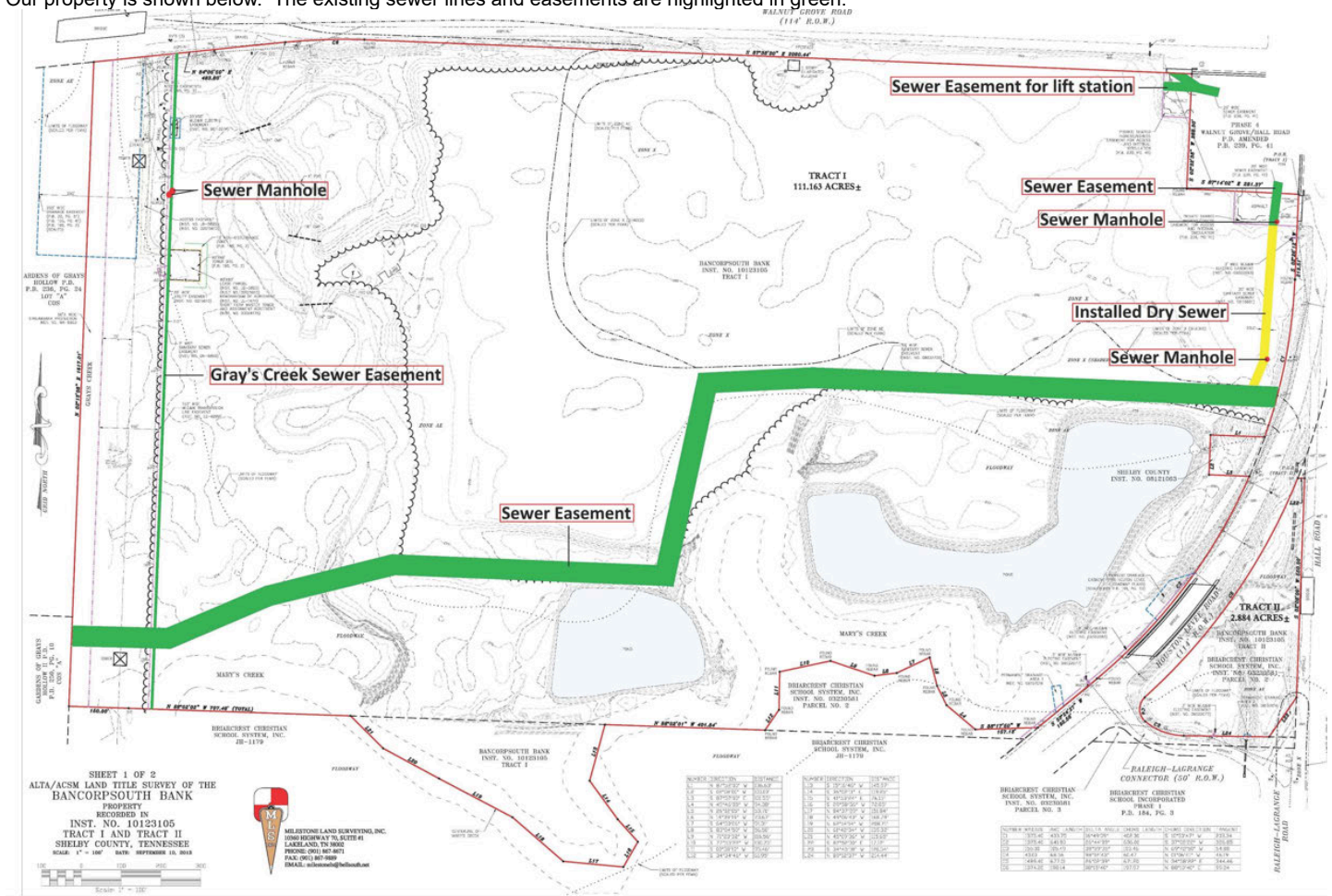
The following bullet points further illustrate the facts surrounding this issue:

- The City required construction of over 400' of dry line with two manholes on our property, that belongs to the City of Memphis, along Houston Levee frontage at the Owners sole and considerable expense. This was obviously in anticipation of future service that can still be developed.
- We have sewer credits totaling \$18,000 currently held by the City.
- An additional sewer easement over 2,000 feet in length from east to west was obtained by the City of Memphis on our property at a later date.
- We have a PUD in place with at least three (3) phases recorded.
- The convenience store on our hard corner is currently connected to the same line with a temporary sewer force main over 2,000 feet in length along Walnut Grove Road that we are now being denied access .
- The City will incur no expense related to our project and the fee income will be considerable. Significant property taxes will be generated for the County.
- The neighboring development to our east and three developments to the north have been granted sewer rights since our initial request. Each of these developments and our site are adjacent to the Gray's Creek Sewer Interceptor.
- The Canale PD to the north did not have any sewer credits or public improvements on their property and have been granted sewer rights for development and are in unincorporated Shelby County.
- A large amount of the Canale property drains onto our property and does not drain to the east where they will be getting their sewer service.
- Our Planned Development was on the September 7, 2017, and October 4, 2017, summary of projects affected by the sewer policy, and we were highlighted in pink as those that are entitled, just like the surrounding developments.

Please let this email serve as our filing of an official complaint to the Board Staff. We are more than willing to discuss any aspect of our complaint in more detail with Board Staff.

Let us know how you wish for us to proceed or if you need any additional information. Thank you for your assistance.

Our property is shown below. The existing sewer lines and easements are highlighted in green.



Joseph W. Jarratt, SIOR, CCIM
 744 South White Station Road
 Memphis, TN 38117
 (O) 901-761-0058 (M) 901-573-5150
joe@twinbridgesinvestments.com





Paul A. Young
MEMPHIS MAYOR

March 10, 2025

Tennessee Board of Utility Regulation
Comptroller of the Treasury
Cordell Hull Building
425 Rep. John Lewis Parkway North
Nashville, Tennessee 37243

via email: utilities@cot.tn.gov

Re: City of Memphis response to Joe Jarratt's Customer Complaint

Dear TBOUR Members:

This letter is in response to the October 18, 2024 Customer Complaint submitted by Joe Jarratt ("Mr. Jarratt") regarding the decision of the City of Memphis ("City") to deny Mr. Jarratt's request for a sewer connection for property located in unincorporated Shelby County, Tennessee. The following is provided in support of the City's denial of Mr. Jarratt's request.

As an initial matter, the City is not required to extend sewer services beyond its municipal boundaries. Pursuant to Tenn. Code Ann. § 7-51-401, the City is authorized to extend its sewer services beyond its municipal boundaries, but there is **no requirement** to provide such sewer services. Likewise, the City of Memphis Code of Ordinances imposes no requirement for sewer services beyond the City's municipal boundaries. See Section 13-16-4.

In addition to applicable laws, the City fortified its position with the adoption of a Sanitary Sewer Policy (the "Policy"), which became effective August 18, 2017. The Policy expressly precludes the extension of sanitary sewer infrastructure outside the corporate boundaries of the City and the acceptance of additional flow to its sanitary sewer system from residential or commercial/industrial developments outside the existing corporate boundaries of the City. Notwithstanding the Policy exclusions, in some instances, the Policy does not impact developers that have been granted sewer credits for future sewer taps or connections based upon the developer's prepayment or overpayment of sewer development fees, provided there exists documented proof of such payments.

When evaluating sewer connection requests for property outside of the City's municipal boundaries, numerous factors are considered such as: proximity to existing sewer infrastructure, sewer capacity, cost to the City, stage of City sewer contract approval process, equitable considerations, prior payment of sewer development fees, and sewer credits.

As it relates to the instant matter, in or around April 2020, Mr. Jarratt, through his representative, requested information from the City regarding the application of the Policy to a proposed phase of the Walnut Grove/Hall Road Planned Development ("PD") in unincorporated Shelby County, Tennessee. At that time, the City was unable to make a determination regarding Mr. Jarratt's sewer connection request based on the limited information provided. However, the City invited Mr. Jarratt to submit additional information for the City to consider, and stated, in relevant part, the following:

In making its decision, the City will utilize factors including but not limited to available sewer capacity, proximity to existing sewer infrastructure, cost to the City, stage of City sewer contract approval process, and equitable or other pertinent considerations. Factors such as capacity and prior payment of sewer development fees or the existence of sewer credits with the City will weigh heavily in the decision. To the extent any sewer capacity or sewer availability issues are to be resolved through construction of new infrastructure, under no circumstances will the City exclusively bear the cost of such construction, but any construction plans must nonetheless be approved by the City Engineer.

See Letter from the City, dated April 22, 2020.

Thereafter, on May 20, 2020, Mr. Jarratt supplemented his request and the City sent its response on July 28, 2020. See Letter from the City, dated July 28, 2020. In connection with the City's evaluation of Mr. Jarratt's request, the City determined the following:

- (a) The City's records reflect two recorded phases¹ of the PD which have been developed, Phase 2 and Phase 4;
- (b) Phase 2 is a cellular tower located near Gray's Creek. The City has not located any Standard Improvements Contract related to Phase 2;
- (c) Phase 4 is a gas service station with a Dairy Queen restaurant and is located at the southwest corner of Houston Levee and Walnut Grove Road;
- (d) The final plat for Phase 4 was recorded after approval by the Memphis City Council of a Standard Improvements Contract on June 17, 2008, per Council Resolution, CR-5110. The Standard Improvements Contract does not include any obligation of the City to approve sewer connections for future phases of the PD;
- (e) The Standard Improvements Contract for Phase 4 acknowledged that the site is located in the Mary's Creek Basin/Special Sewer District and required payment of Mary's Creek special sewer district infrastructure surcharge development fees in the amount of \$29,948.60 for dry sewers that were to benefit Phase 4 not additional/future phases of the overall PD. The dry gravity sewers were subsequently installed to benefit Phase 4 only. The dry gravity sewers would have eventually connected to the Mary's Creek Interceptor, but it was never constructed. Payment of development fees in the amount of \$29,948.60 is not applicable to Mr. Jarratt's proposed phase of the PD;

¹ The City recently located records which evidence four phases of the Walnut Grove/Hall Road P.D. Upon review of such records, Land Development staff within the City of Memphis Engineering Division have determined that no contract was required for Phases 1, 2, and 3. Phase 1 records include the Resolution of the Memphis City Council which affirms the approval of the outline plan for the planned development by the Memphis and Shelby County Land Use Control Board on June 8, 2000 and dedication of a portion of Houston Levee and Raleigh LaGrange Road. Phase 3 records reflect the review of the final plat for Phase 3 by the Office of Planning and Development. Phase 3 has a sewer plan but has not been constructed and does not have a recorded plat.

- (f) The Phase 4 Standard Improvements Contract authorizes construction of a private temporary force main and pump station to serve the Phase 4 development and connection to Gray's Creek force main on the east side of Gray's Creek;
- (g) The City has no record of an existing contract or final plat for the proposed phase of the PD which obligates the City to provide sewer services; and
- (h) The existing Outline Plan for the PD reflects the proposed phase, but primarily addresses the cell tower construction for Phase 2, and provides that septic tanks shall be used until sewer becomes available.

Based on the above criteria, the City evaluated Mr. Jarratt's request for a sewer connection with regards to the proposed phase of the PD ("subject site") as follows:

- (a) The City reviewed the topographic survey provided by Mr. Jarratt, which reflects that a vast majority of the subject site lies within Mary's Creek Basin, not the Gray's Creek Basin. See Site Survey prepared by Milestone Land Surveying, Inc., dated September 10, 2013;
- (b) Less than 10% of the subject site drains directly to Gray's Creek – that portion is a 250 ft. wide strip along the west property line;
- (c) The easement on the east side of Gray's Creek is for two existing force mains;
- (d) Approximately 200 feet of the wide strip along the west property line includes the creek and an easement for an electric transmission line. As a result, the portion of the subject site that is developable is located within the Mary's Creek basin;
- (e) An extension to City sewer, specifically, the Mary's Creek Interceptor is needed to serve the subject site;
- (f) On March 19, 2013, the Memphis City Council voted to not construct the Mary's Creek Interceptor;
- (g) Cypress Creek Holdings Company purchased the subject site on September 20, 2013, after the City Council's public decision to not construct the Mary's Creek Interceptor;
- (h) As it relates to other developments:
 - (i) Only Phase 4 of the PD has been allowed to connect to the City's sewer system, no other developments in the Mary's Creek Basin have been allowed to connect;
 - (ii) Phase 4 was only authorized to connect to Gray's Creek as a temporary solution based on the City's intent to construct the Mary's Creek Interceptor; however, based on the decision of the Memphis City Council, the Mary's Creek Interceptor will not be constructed.
 - (iii) The Amherst Planned Development, formerly known as Canale Planned Development, was officially determined to be located in the Gray's Creek Basin. The final plat recorded for Phase I was recorded prior to the adoption of the City's Policy and contemplated future phases and the approval of an overall sewer plan for the site; and
 - (iv) The adjacent properties previously approved for sewer services are located in the Gray's Creek Basin where existing sewer is available and were approved based on an existing

contract with the City for the provision of sewer services or due to other equitable factors in accordance with the City's established criteria. Mr. Jarratt also states that the City has granted sewer to a "neighboring development" located east of the subject property. Assuming Mr. Jarratt is referring to the property located at the northeast corner of Walnut Grove and Houston Levee Road, the site is a storage facility that is not connected to the City's sewer and uses a septic tank.

- (v) There is no record of any sewer credits paid by Mr. Jarratt for sewer connections at the site. The City's records reflect payment of infrastructure surcharge development fees associated with Mary's Creek Special Sewer Service Area in the amount of \$29,948.60, which was paid by the developer of Phase 4 pursuant to the requirements of the Standard Improvements Contract.

After receiving the City's Letter dated July 28, 2020, Mr. Jarratt requested additional information from the City to clarify its decision, and the City provided its response via Letter dated October 22, 2020. See Letter from City, dated October 22, 2020.

Thereafter, by letter dated February 11, 2021, then Mayor Jim Strickland responded to Mr. Jarratt's sewer connection request, and affirmed the City's initial determination that public sewer is not available to the subject site. See Letter from Mayor Jim Strickland, dated February 11, 2021. Following the February 11, 2021 letter, Mr. Jarratt renewed his sewer extension request to current Mayor Paul Young. By letter dated September 25, 2024, Mayor Young responded to Mr. Jarratt's request after reevaluation by the Public Works staff and reaffirmed the City's decision to deny the sewer connection request. See Letter from Mayor Young, dated September 25, 2024.

As stated above, the City is not required to extend its sewer services beyond its boundaries and Mr. Jarratt's request is for a sewer connection in unincorporated Shelby County, Tennessee; thus, the City properly denied Mr. Jarratt's request. Notwithstanding, in accordance with Tenn. Code Ann. § 7-82-702 (b)(1)(E)(ii), the City has established that it does not have the capacity to serve Mr. Jarratt due to much of the subject site being located in Mary's Creek Basin and the City Council's 2013 vote not to construct the Mary's Creek Interceptor. Of paramount importance, it should be noted that Mr. Jarratt purchased the property located at the subject site on September 30, 2013, after the City's Council's public decision in March 2013 to not construct the Mary's Creek Interceptor. Presumably, Mr. Jarratt engaged in some form of pre-acquisition due diligence and was made aware of the City's decision to not construct the Mary's Creek Interceptor and the lack of sewer availability for the subject site.

Mr. Jarratt maintains that the entire site can be gravity fed to the Gray's Creek Interceptor on the west side of his property and that no additional sewer extension is required. However, the Gray's Creek Interceptor is not located on Mr. Jarratt's property. Moreover, Mr. Jarratt fails to understand that there is no gravity sewer system on the subject site and therefore, a sewer extension would be required. The easement on the east side of Gray's Creek is for two existing force mains. A gravity line cannot be connected to a force main. The gravity solution for the subject site would require the construction of the Mary's Creek Interceptor which, had it been constructed, would have crossed Gray's Creek, and connected to the existing Gray's Creek Interceptor on the west side of Gray's Creek. In sum, the sewer infrastructure that is needed to serve the subject site is not in place and would require a sewer extension outside of the City's municipal boundaries.

For the reasons stated herein, the City's decision to deny Mr. Jarratt's request for a sewer connection outside the existing corporate boundaries of the City should be affirmed by TBOUR.

In support of the City's response to Mr. Jarratt's complaint, please find attached the following:

- Tennessee Code Annotated § 7-51-401
- Memphis Municipal Code of Ordinances, Section 13-16-4
- City of Memphis Sanitary Sewer Policy, effective August 18, 2017
- Site Survey prepared by Milestone Land Surveying, Inc., dated September 10, 2013
- Letter from the City, dated April 22, 2020
- Letter from the City, dated July 28, 2020
- Letter from the City, dated October 22, 2020
- Letter from (former) City Mayor Jim Strickland, dated February 11, 2021
- Letter from City Mayor Paul Young, dated September 24, 2024

If you need any additional information or clarification, please do not hesitate to contact me.

Sincerely,



Scott Morgan, P.E.
Director of Public Works

cc: Mayor Paul Young
Tannera Gibson, Chief Legal Officer

West's Tennessee Code Annotated

Title 7. Consolidated Governments and Local Governmental Functions and Entities

Local Government Functions

Chapter 51. Miscellaneous Governmental and Proprietary Functions

Part 4. Utility Service Extension, Collection Agreements

T. C. A. § 7-51-401

§ 7-51-401. Authorization; charges; limitations on extension

Currentness

(a) Except as provided in § 7-82-302, each county, utility district, municipality or other public agency conducting any utility service specifically including waterworks, water plants and water distribution systems and sewage collection and treatment systems is authorized to extend such services beyond the boundaries of such county, utility district, municipality or public agency to customers desiring such service.

(b) Any such county, utility district, municipality or public utility agency shall establish proper charges for the services so rendered so that any such outside service is self-supporting.

(c) No such county, utility district, municipality or public utility agency shall extend its services into sections of roads or streets already occupied by other public agencies rendering the same service, so long as such other public agency continues to render such service.

Credits

1949 Pub.Acts, c. 23, §§ 1 to 3; 1959 Pub.Acts, c. 166, § 3.

Formerly 1950 Code Supp., § 3695.47; Williams' Code, §§ 3695.45 to 3695.47; § 6-604.

Notes of Decisions (15)

T. C. A. § 7-51-401, TN ST § 7-51-401

Current with Chapters 1 to 4 and 6 to 7 of the 2025 First Extraordinary Session of the 114th Tennessee General Assembly. Some sections may be more current; see credits for details. Pursuant to §§ 1-1-110, 1-1-111, and 1-2-114, the Tennessee Code Commission certifies the final, official version of the Tennessee Code and, until then, may make editorial changes to the statutes. References to the updates made by the most recent legislative session should be to the Public Chapter and not to the T.C.A. until final revisions have been made to the text, numbering, and hierarchical headings on Westlaw to conform to the official text. Unless legislatively provided, section name lines are prepared by the publisher.

Sec. 13-16-4. - Sewer extensions.

- A. The city may permit the orderly extension of its sanitary sewer system to provide gravity sewer service of adequate capacity to unsewered properties and to properties not served by sewers of adequate capacity following the comprehensive plan and policies of the city for gravity sewer system expansion.
- B. No person shall undertake to extend city sanitary sewer service to his property without entering into a sewer extension contract with the city.
- C. In order for a property to be eligible for city participation in the cost of a gravity sewer extension, all of the following criteria must be met:
 - 1. The capacity, location and design of the proposed gravity sewer extension shall conform to the city's comprehensive plans and policies for extension of the sanitary sewer system.
 - 2. The portion of the property or contiguous properties under one ownership being the subject of the request for a sewer extension shall neither be served by gravity sanitary sewer at the time of the request, nor have previously been part of a parcel or tract of property which was served by gravity sanitary sewers; i.e., for the purposes of determining eligibility for city funding participation, once a property or contiguous properties under one ownership is served by gravity sewers, it cannot be disassociated from that sewer service by the sale of all or part of the property.
 - 3. The property shall not be situated within the corporate limits or within the recognized annexation reserve area of another municipality unless the sewer extension will be used to serve other properties that would otherwise be eligible for city funding participation. The city shall participate in funding only those portions of the sewer extension, which will serve such other properties.
- D. Whenever the city enters into a contract with an owner/developer relative to extending a sanitary sewer to his property, a reasonable estimated time shall be indicated in the contract for the completion of this service by the city.

(Code 1985, § 33-64; Ord. No. 4023, § 1, 3-26-1991; Ord. No. 5793, § 2, 8-17-2021)



JIM STRICKLAND
MAYOR

DIVISION OF ENGINEERING

TENNESSEE

August 18, 2017

Tom Needham, P.E.
Director of Public Works
Shelby County Government
160 North Main St., #801
Memphis, TN 38103

RE: Sanitary sewers in unincorporated Shelby County

Dear Mr. Needham:

As part of the City of Memphis' effort to better manage, monitor and provide services throughout its current and future boundaries, effective immediately, the City of Memphis will not approve any new connections to its sanitary sewer system outside of the Memphis corporate limits. The only exception to this policy is that a proposed phase of a planned development, subdivision, or sewer extension with an existing executed contract with approved plans, (burden of proof will be upon the developer) will be allowed to connect to the Memphis sewer system as designed.

The City of Memphis will continue to accept and treat sewerage from existing permitted connections within unincorporated Shelby County and municipalities that have current interjurisdictional agreements. However, in follow-up to our conversation regarding this matter, it is the City of Memphis' desire to work with Shelby County to initiate a sanitary sewer infrastructure operation and maintenance program which will include the transfer of all sewer assets outside the Memphis corporate limits. It is anticipated that the terms and conditions of the transfer can mutually be agreed upon by both parties. City of Memphis staff will work with your designated staff to facilitate this transition and establish a timeline for completion. Should you have any questions regarding this matter, please feel free to give me a call.

Sincerely,

Manny Belen, P.E., City Engineer

Robert Knecht, Public Works Director

cc: Doug McGowen, Chief Operating Officer
Paul Patterson, Administrator of Environmental Engineering
Jack Stevenson, Administrator--Land Development/Budget



JIM STRICKLAND
MAYOR

DIVISION OF PUBLIC WORKS

22 April 2020

Via e-mail

Ms. Cindy Reaves
SRConsulting, LLC
5909 Shelby Oaks Drive, Suite 200
Memphis, TN 38134
cindy.reaves@srce-memphis.com

Re: Walnut Grove/Hall Road PD

Dear Ms. Reaves,

Thank you for your recent inquiry regarding the Sanitary Sewer Policy instituted by the City of Memphis which became effective August 18, 2017. As you know, the Policy precludes the extension of sanitary sewer infrastructure outside the corporate boundaries of Memphis as well as acceptance of additional flow to its sanitary sewer system from residential or commercial/industrial developments outside the existing corporate boundaries of Memphis. This Policy does not affect existing contractual agreements for wastewater collection and treatment services. We understand that you have questions related specifically to how the Policy may apply to your sewer connection request for your planned development project in unincorporated Shelby County.

Based on the information received, the City cannot make a determination regarding your sewer connection request at this time. The City is, however, willing to further evaluate the sewer connection request, provided that you deliver sufficient information necessary for the City's consideration. In making its decision, the City will utilize factors including but not limited to available sewer capacity, proximity to existing sewer infrastructure, cost to the City, stage of City sewer contract approval process, and equitable or other pertinent considerations. Factors such as capacity and prior payment of sewer development fees or the existence of sewer credits with the City will weigh heavily in the decision. To the extent any sewer capacity or sewer availability issues are to be resolved through construction of new infrastructure, under no circumstances will the City exclusively bear the cost of such construction, but any construction plans must nonetheless be approved by the City Engineer.

In order for your request to be further evaluated, please forward any and all relevant information to my attention within thirty (30) days of this letter. Please be as detailed as possible and, where applicable, provide such information as the particular phase of your planned development, any relevant and recorded Final Plat, including Plat Book and Page Number, any records evidencing communications with the City of Memphis, Shelby County, or the Office of Planning and Development, and any records which relate to the factors above. Upon receipt of additional information, the request will then be evaluated within thirty (30) days.

Please do not hesitate to contact me with questions at 901.636.7109 or via email at Robert.Knecht@memphistn.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Knecht', with a long horizontal stroke extending to the right.

Robert Knecht
Director of Public Works

cc: Jim Strickland, Mayor
Doug McGowen, Chief Operating Officer
Scott Morgan, Senior Environmental Administrator
Gary Vaden, Administrator of Environmental Construction
Jack Stevenson, Administrator Land Development
Faraedoon Qaladize, Sewer Design Engineer



JIM STRICKLAND
MAYOR

DIVISION OF PUBLIC WORKS

28 July 2020

Via e-mail

Mr. Joseph W. Jarratt
Jarratt Realty & Development Company
P.O. Box 772628
Memphis, TN 38177
Joej@cypressfund.com

Re: Walnut Grove/Hall Road PD

Dear Mr. Jarratt,

Thank you for your recent request dated May 20, 2020, regarding a sewer connection for the above-referenced parcel in the Gray's Creek Sewer Basin. As you are aware, the City has adopted a Sanitary Sewer Policy that became effective August 18, 2017, which precludes the extension of sanitary sewer infrastructure outside the corporate boundaries of Memphis as well as acceptance of additional flow to its sanitary sewer system from residential or commercial/industrial developments outside the existing corporate boundaries of Memphis. However, the City will continue to provide sanitary sewer services to all areas that it currently serves in unincorporated Shelby County and carefully review requests for new connections to its system within these areas.

Our records reflect two phases of this PD have been developed. One phase, phase 2, is a cellular tower and is located near Gray's Creek. The other phase, phase 4, is a service station with a Dairy Queen restaurant and is located at the southwest corner of Houston Levee and Walnut Grove Rd. You have outlined numerous factors for our consideration in your request and in response we state as follows:

Proximity—We have reviewed the topographic survey that you provided, and the overwhelming majority of your site lies within the Mary's Creek Basin, not the Gray's Creek Basin as stated in your letter. There is a relatively small portion of your site that drains directly to Gray's Creek. That portion is roughly a 250 ft. wide strip along your west property line. Of this 250 ft. wide strip, approximately 200 feet includes the creek and an easement for an electric transmission line. However, the developable portion of your site drains to Mary's Creek.

An extension of City sewer, specifically the Mary's Creek Interceptor, is needed to serve this site but as you are likely aware, the Mary's Creek Interceptor will not be constructed. Therefore, sewer service is not available to this site.

Equitable Considerations— You have also stated there are Sewer Credits in the amount of \$18,000.00 available for this proposed development. However, we checked our records and have not been able to verify the availability of *any* sewer credits for this development.

Additional information—While other developments in unincorporated Shelby County may have been approved based on an exception to the 2017 policy, there are no developments in the Mary's Creek Basin, other than Phase 4 of this P.D., that have been allowed to connect to the City's sewer system. It is important to note that at the time, Phase 4 was only authorized to connect to Gray's Creek as a temporary solution based on the City's intent to construct the Mary's Creek Interceptor. As previously stated, the Mary's Creek interceptor will not be constructed.

In the event you and Ms. Reaves disagree with our determination and are able to provide additional information related to the factors above in support of your request, please forward such information to my attention and be as detailed as possible. Upon receipt of such additional information, the request will be further evaluated by the City within thirty (30) days. Please do not hesitate to contact me with questions at 901.636.7109 or via email at Robert.Knecht@memphistn.gov.

Sincerely,



Robert Knecht
Director of Public Works

cc: Jim Strickland, Mayor
Doug McGowen, Chief Operating Officer
Scott Morgan, Senior Environmental Administrator
Gary Vaden, Administrator of Environmental Construction
Jack Stevenson, Administrator Land Development
Faraedoon Qaladize, Sewer Design Engineer
Cindy Reaves, SR Consulting LLC

JIM STRICKLAND
MAYOR

DIVISION OF PUBLIC WORKS

22 October 2020

Via e-mail

Mr. Joseph W. Jarratt
Jarratt Realty & Development Company
P.O. Box 772628
Memphis, TN 38177
Joej@cypressfund.com

Re: Walnut Grove/Hall Road PD

Dear Mr. Jarratt,

In your response to the letter I sent dated July 28, 2020 denying your request to connect to the City's sewer system, you had two subsequent requests.

1. How is your office determining that the bulk of our property is in the Mary's Creek basin? Are you using something other than the basin maps? The basin map below shows the bulk of our property in Gray's Creek (WN-8).
2. On what basis is Canale Grove (just to our north) being granted sewer and we are not? Our acreage in each basin is almost identical.

In response to your first request, we used the property survey provided by Ms. Cindy Reaves to determine the appropriate basin for your site. The site survey was prepared by Milestone Land Surveying, Inc. and is dated September 10, 2013. Based on our review of this site survey, there is a relatively small portion, less than 10%, of the site that drains directly to Gray's Creek. That portion is approximately a 250 ft. wide strip along the west property line. Of this 250 ft. wide strip, approximately 200 feet includes the creek and an easement for an electric transmission line. However, in our evaluation the only developable portion of the site would be identified as within Mary's Creek basin.

In response to your second request, the Canale Grove PD was officially determined to be located within the Gray's Creek basin. As previously stated above, we have officially determined your site is located within the Mary's Creek basin, not Gray's Creek.

An extension of City sewer, specifically the Mary's Creek Interceptor, is needed to serve this site but as you are likely aware, the Mary's Creek Interceptor will not be constructed. Therefore, sewer service is not available to this site.

In the event you and Ms. Reaves continue to disagree with our determination and desire to further discuss this matter, please do not hesitate to contact me at 901.636.7109 or via email at Robert.Knecht@memphistn.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Knecht', with a long horizontal stroke extending to the right.

Robert Knecht
Director of Public Works

cc: Jim Strickland, Mayor
Doug McGowen, Chief Operating Officer
Scott Morgan, Senior Environmental Administrator
Gary Vaden, Administrator of Environmental Construction
Jack Stevenson, Administrator Land Development
Faraedoon Qaladize, Sewer Design Engineer
Cindy Reaves, SR Consulting LLC



JIM STRICKLAND
MAYOR

February 11, 2021

Mr. Joseph W. Jarrett
Jarratt Realty & Development Company
P.O. Box 772628
Memphis, TN 38177
joej@cypressfund.com

Re: Sewer Connection Request—Walnut Grove/Hall Road P.D.

Dear Mr. Jarrett:

Thank you for contacting the City of Memphis concerning a sewer connection for the proposed development of the Walnut Grove/Hall Road P.D. The City has carefully reconsidered your request based on the information provided by you and Ms. Reaves and confirmed its initial determination that public sewer is not available to this site.

As previously stated in Mr. Knecht's letter dated October 22, 2020, the proposed development is located in unincorporated Shelby County with the bulk of the proposed development located in the Mary's Creek Basin. Since the City does not intend to construct the Mary's Creek Interceptor or any new sewer infrastructure to accommodate the development, sewer service to this site from the City of Memphis is not available.

Additionally, our records reflect that infrastructure surcharge development fees associated with the Mary's Creek Special Sewer Service Area in the amount of \$29,948.60 were paid by the developer of Phase 4. These fees will be refunded to the current owner of that parcel which is listed as Bee Ridge Associates Ltd., according to property and tax records made available through the Shelby County Register's Office and Shelby County Trustee.

Lastly, we are considering abandoning the sewer easements associated with this site since we will not be constructing the Mary's Creek Interceptor. I trust that this response satisfactorily concludes this matter.

Sincerely,

A handwritten signature in black ink that reads "Jim Strickland". The signature is written in a cursive style with a large initial "J".

Jim Strickland
Mayor

cc: Cindy J. Reaves
Robert Knecht



PAUL A. YOUNG
MAYOR

September 25, 2024

Joseph W. Jarratt
Jarratt Realty & Development Company
744 South White Station Road
Memphis, Tennessee 38117

Re: Sewer Extension Request – Walnut Grove/Hall Road P.D.

Dear Mr. Jarratt:

Thank you for your renewed sewer extension request concerning the above-referenced matter. It is my understanding that your original request was thoroughly reviewed by the prior administration. However, this matter has also been reevaluated by the existing Public Works staff in light of recent correspondence provided to my attention.

As you well know, the City's existing Sewer Policy, effective as of August 18, 2017, precludes the extension of sanitary sewer infrastructure outside the City's corporate boundaries as well as acceptance of additional flow to the City's sanitary sewer system from residential or commercial/industrial developments outside the existing corporate boundaries. The City's policy does not apply to existing legal agreements with entities for wastewater collection and treatment services, and in some instances, does not affect developers that have been granted sewer credits by the City for future sewer taps or connections based upon the developer's prepayment or overpayment of sewer development fees for a planned development; provided there exists documented proof of such payments. Each sewer connection or extension request related to a site located in unincorporated Shelby County is evaluated according to criteria established by the City. In the absence of factors that support such criteria which include equitable considerations, the City is not able to deviate from its policy.

The City has reconsidered your request based on the information that you have provided to date and determined the following:

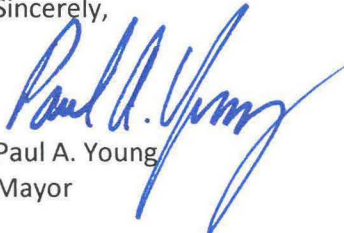
1. The majority of the property is located in Mary's Creek Basin with only a very small portion located in the Gray's Creek Basin;
2. The City does not have any record of an existing contract or final plat for the proposed phase of the planned development which binds the City to provide sewer services. A final plat for Phase 4 was recorded, subject to the terms discussed below. The outline plan that was produced reflects the proposed planned development but primarily addresses the construction of a cell tower for Phase 2;
3. The Phase 4 sewer extension was granted pursuant to a contract approved by the Memphis City Council on June 17, 2008, as certified by Council Resolution, CR-5110. The contract does

not include any provision that addresses the obligation of the City to approve sewer connections for future phases of the planned development. The construction of a temporary force main and pump station was authorized to serve Phase 4 and temporarily connect to the Gray's Creek force main in anticipation of the construction of the Mary's Creek Interceptor. The contract acknowledged that Phase 4 was located in Mary's Creek Basin/Special Sewer District and required payment of Mary's Creek special sewer district infrastructure surcharge development fees, which were paid by the Developer in the amount of \$29,900. This amount was payment for dry sewers that were to benefit Phase 4 not additional/future phases of the overall planned development. Therefore, the payment is not applicable to your proposed phase;

4. The 12" pipe that is currently proposed for construction would violate the City's Sewer Use Ordinance which requires that sewers must be installed large enough to serve the City's upstream customers;
5. The adjacent properties previously approved for sewer service are all located in the Gray's Creek Basin where existing sewer is available and were approved based on an existing contract with the City for the provision of such services or due to other factors in accordance with our established criteria; and
6. The City's final decision to not proceed with the construction of the Mary's Creek Interceptor was addressed during the public meeting held by the Memphis City Council on March 19, 2013. According to public records, Cypress Realty Holdings Company ("Cypress Realty") purchased the site on September 20, 2013. Presumably, Cypress Realty conducted due diligence prior to acquisition of the site and evaluated sewer availability with knowledge of the City's decision.

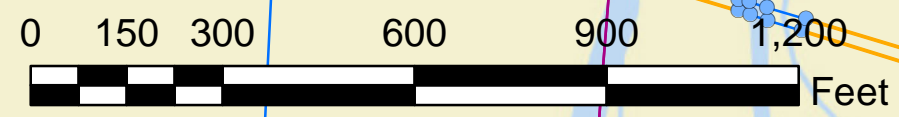
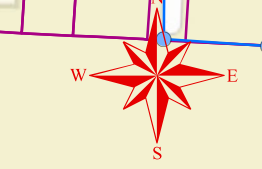
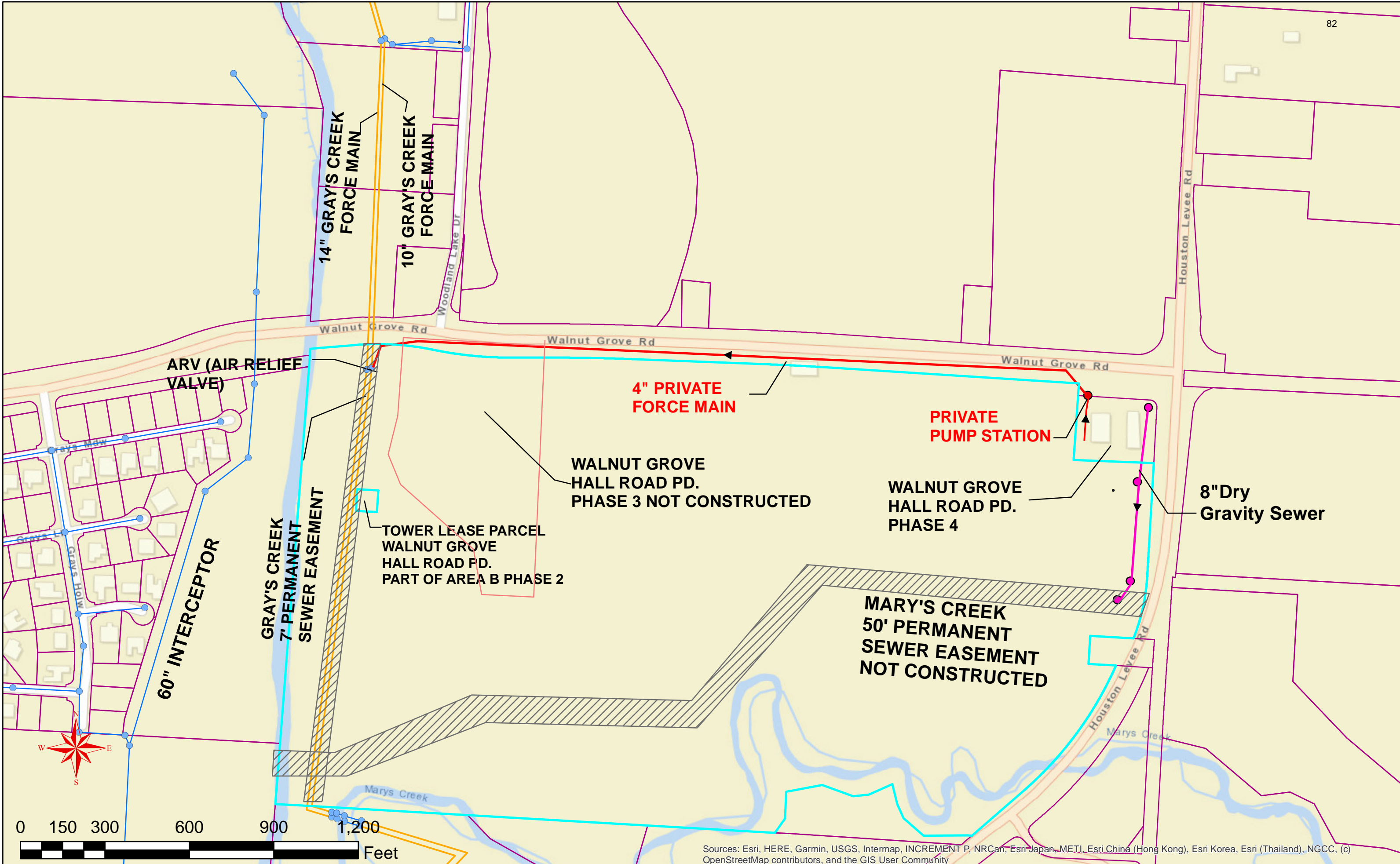
The City maintains sole discretion over the connections to its sanitary sewer system and, in the absence of an existing contract, is not obligated to extend its sewer services beyond its municipal boundaries. Upon further consideration based on our findings above, the City reaffirms its decision to not authorize this sewer connection request.

Sincerely,



Paul A. Young
Mayor

cc: Cindy J. Reaves
Joy Touliafos
Scott Morgan
Tannera Gibson



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri-Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

Walnut Grove Hall Rd PD



Jason E. Mumpower
Comptroller

Entity Referred: **Water & Wastewater Authority of Wilson County**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water And Sewer**

Staff Summary: The Water & Wastewater Authority of Wilson County ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for a customer complaint from March 10, 2025 pursuant to Tenn. Code Ann. §7-82-702(b)(2). On March 10, 2025 Mr. Ken Young contacted Board staff with a complaint regarding the Utility's failure adjust the water pressure at his home. Mr. Young attended the Utility's monthly board of commissioners meeting on June, September, October, December, 2024, and January, 2025 to seek a resolution regarding his complaint. Mr. Young is not satisfied with the Utility's resolution.

Board staff has not had time to substantiate the complaint as it was presented on March 10, 2025.

Staff Recommendation:

Board staff recommends that this complaint be addressed at the next TBOUR meeting to give Board staff and the Utility time to research and respond accordingly.

Water & Wastewater Authority of Wilson County

	Category: Water And Sewer		County: Wilson	
	2020	2021	2022	2023
Net Assets	\$57,625,215.00	\$59,618,484.00	\$61,116,140.00	\$64,657,924.00
Deferred Outflow Resources	\$184,685.00	\$157,586.00	\$421,501.00	\$431,677.00
Net Liabilities	\$14,907,284.00	\$14,126,583.00	\$13,213,747.00	\$12,930,359.00
Deferred Inflow Resources	\$222,611.00	\$193,107.00	\$642,352.00	\$216,364.00
Total Net Position	\$42,680,005.00	\$45,456,380.00	\$47,681,542.00	\$51,942,878.00
Operating Revenues	\$7,563,306.00	\$8,084,145.00	\$8,220,809.00	\$9,366,531.00
Net Sales	\$7,364,337.00	\$7,710,369.00	\$7,802,234.00	\$8,947,185.00
Operating Expenses	\$6,317,296.00	\$7,128,279.00	\$7,257,187.00	\$7,867,390.00
Depreciation Expenses	\$1,343,004.00	\$1,644,676.00	\$1,677,420.00	\$1,715,143.00
Non Operating Revenues	-\$380,786.00	-\$400,569.00	-\$354,639.00	-\$197,289.00
Capital Contributions	\$1,825,577.00	\$2,221,079.00	\$1,616,179.00	\$2,959,484.00
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	\$2,690,801.00	\$2,776,376.00	\$2,225,162.00	\$4,261,336.00
Statutory Change In Net Position	\$865,224.00	\$555,297.00	\$608,983.00	\$1,301,852.00

Ross Colona
Assistant Director, Local Government Finance
TN Board of Utility Regulation
425 Rep. John Lewis Way North
Nashville, TN 37243

March 5, 2025

1221 Shop Springs Road
Watertown, TN 37184

Dear Mr. Colona,

I reviewed your email of January 22, 2025 and did my best to comply with your complaint process. As requested, please see the attached minutes of the December 12, 2024, Water and Wastewater Authority of Wilson County (WWAWC) board meeting.

You will see I was in attendance, and I requested that this utility, in the words of its secretary, incorporate ideas on "how the Authority could operate better". Central to "operating better" is having bylaws and rules of procedure. **I am appealing the WWAWC's ongoing decision not to comply with TN code requiring bylaws and rules of procedure.**

In the report I emailed today, I allege many things I know are outside your purview. I allege waste, fraud, and abuse, violations of TDEC rules, violation of the open meetings and open records act. I know whose purview those fall under and have acted on all but the open records/meeting issue.

The only thing I am asking TBOUR to do is within its purview. It is to help "the Authority operate better" by supervising their adoption of bylaws and rules of procedure.

The fact that the WWAWC doesn't have bylaws and governing rules makes it difficult to even file this complaint. What rules should I follow in a dispute with my utility, if the utility has no rules? In a meeting where the dispute is heard, what constitutes a quorum? Who sets the agenda? How would my advocate on the board make a motion and take a vote representing my interest if he/she does not know the rules of procedure? How would I appeal a decision if a decision isn't made that can be appealed?

How can anyone operate a public institution without governance policies?
How can state regulators allow this to continue?

I appreciate your looking into this unusual situation and seeing you next week.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Young', with a long horizontal flourish extending to the right.

Ken Young

Attached: Minutes of Dec 12, 2024
Email from Jan 22, 2025

WATER AND WASTEWATER AUTHORITY
OF
WILSON COUNTY, TENNESSEE

MINUTES (PROPOSED BY SECRETARY)

The Board of Commissioners of the Water and Wastewater Authority of Wilson County, Tennessee, met in regular session on December 12, 2024 at 4:00 p.m. at the office of the Authority in Lebanon, Tennessee, pursuant to notice published in the *Wilson Post*.

Those members present were: Donald G. Chambers, Jimmy Comer, Mike Kurtz, Jeff Joines and Zendel Murphy constituting all of the members of the Board. Also present were Executive Director Chris Leauber, Attorney and Secretary Robert Rochelle, Treasurer Robert Boyd, Engineer John Smith and Elliott Benson, attorney with Mr. Rochelle's firm.

On motion duly made, seconded and unanimously carried, the minutes of the previous meeting on October 24, 2024 were approved. It was noted that Vice Chairman Comer had presided over the meeting for the first few minutes of the meeting. However, no motions were acted upon during that period.

The Chairman then asked if any citizens would like to appear before the Board.

Mr. Ken Young appeared before the Board and gave his ideas on how the Authority could operate better. Mr. Jeff Tunk of Watertown appeared before the board in regard to a lot on Sparta Pike. He agreed to meet with staff to try to resolve the issue. Mr. Chad Smiley of Roberts Road appeared before the Board and expressed his interest in the water project planned for Roberts Road. Mr. Ken Young sought recognition for the second time to state that the Authority should have acted sooner on the matter.

No applications for decentralized sewer systems have been filed.

Engineer John Smith reviewed the Engineer's Report and a copy was placed in the minutes.

Requests for Qualifications were advertised for professional engineering services for the ARP Competitive Grant Regionalization Project and the Reuse Project.

Six firms submitted Statements of Qualifications for the Regionalization project. The statements were reviewed, scored according to stated criteria and then ranked. J.R. Wauford & Company was ranked highest and chosen by management to recommend approval by the Board.

youngtug788@gmail.com

From: Ross Colona <Ross.Colona@cot.tn.gov>
Sent: Wednesday, January 22, 2025 10:41 AM
To: youngtug788@gmail.com
Subject: Re: Water And Wastewater Authority of Wilson County Governance and Leadership Issues

Mr. Young,

The law is very explicit that you must attend a meeting with the complaint before you can bring it before the TBOUR. That is the correct advice. If you have not attended a meeting and attempted to bring a complaint to us within 30 days of the local decision, we would be ineligible to hear it assuming it even falls under our purview. You have to have a direct, specific complaint along with a desired remedy to appeal to us. If you aren't satisfied with the remedy, then you may appeal that to us.

You're more than welcome to cc the information to the members of the TBOUR. I'd have no problem forwarding information to them as well, but that doesn't alter the fact that we can't hear your complaint unless the statutory complaint process is followed. Further, the TBOUR does not hear Fraud, Waste, and Abuse cases. They may be interested in the information that you have to provide. The FWA complaint would go to our Division of Investigations for determination.

Thanks,

Ross

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 | Utilities Line 615.747.5260 | Direct Line 615.401.7943



From: youngtug788@gmail.com <youngtug788@gmail.com>
Sent: Wednesday, January 22, 2025 10:34:35 AM
To: Ross Colona <Ross.Colona@cot.tn.gov>
Subject: RE: Water And Wastewater Authority of Wilson County Governance and Leadership Issues

Thanks for getting back with me.

I will just CC: TBOUR board members directly after I file the FWA complaint with the comptroller. You can see what falls under your purview then.

YI. Several times Mr. Huffstutter recommended me attend the commission meetings before I filed a complaint. That is great boiler plate advice for someone complaining about a water bill. But in this case, it was

Mr. Chris Leauber, Executive Director
Water and Wastewater Authority of Wilson County (WWAWC)
680 Maddox Simpson Parkway
P.O. Box 545
Lebanon, TN 37088

Hand delivered, January 22, 2025

1221 Shop Springs Road
Watertown, TN 37184
401-965-7254
Youngtug788@gmail.com

Dear Mr. Leauber,

Please ensure that the public record request coordinator of Water and Wastewater Authority of Wilson County (WWAWC) is aware of this request.

This request is for public records the WWAWC maintains.

I am not seeking any record revealing critical infrastructure. If you determine that a record responsive to this request contains critical infrastructure information, please redact that portion, and state this as the reason for redaction.

I am seeking the following records:

1. Approved minutes from WWAWC's commissioner meeting on October 24 and December 12, 2024.
2. Records pertaining to the Shop Springs pump station and the Coe Lane Waterline Extension projects. The records sought are the dated and signed construction contracts for each project including general conditions including, but not limited to, section 4.05.C.
3. Bylaws, rules of order, or similar records pertaining to the rules and regulations addressing the conduct of WWAWC meetings, and governance of the authority by its commissioners.

Thank you,

Ken Young

Attached: Photocopy of Young's TN driver's license

CC: Don Chambers, Board Chairman

WATER AND WASTEWATER AUTHORITY OF WILSON COUNTY, TENNESSEE

RECORDS REQUEST DENIAL LETTER

KEN YOUNG
1221 SHOP SPRINGS ROAD
WATERTOWN, TN 37184

Dear Sir or Madam:

On 8/22/25, I received your open records request to inspect/receive copies of 3. BYLAWS, RULES OF ORDER OR SIMILAR RECORDS PERTAINING TO THE RULES AND REGULATIONS ADDRESSING THE CONDUCT OF WWAOWC MEETINGS, AND GOVERNANCE OF THE AUTHORITY BY ITS COMMISSIONERS.

After reviewing the request, this Office is unable to provide you with either all or part of the requested record(s). The basis for this denial is:

No such record(s) exists *I FIND NO DOCUMENTS LISTING BYLAWS RULES OF ORDER, ETC. REFERENCING YOUR REQUEST. DOCUMENTS ARE CREATED ON A CASE-BY-CASE BASIS THE WWAOWC WAS CREATED BY STATUTE AND OPERATES PURSUANT TO STATUTE.*

This office does not maintain record(s) responsive to your request.

Additional information is needed to identify the requested record(s):

The following law (citation and brief description why access denied):

Tenn. Code Ann. Section: _____
Court Rule: _____
Common Law Provision: _____
Federal Law (HIPAA, FERPA, etc.): _____

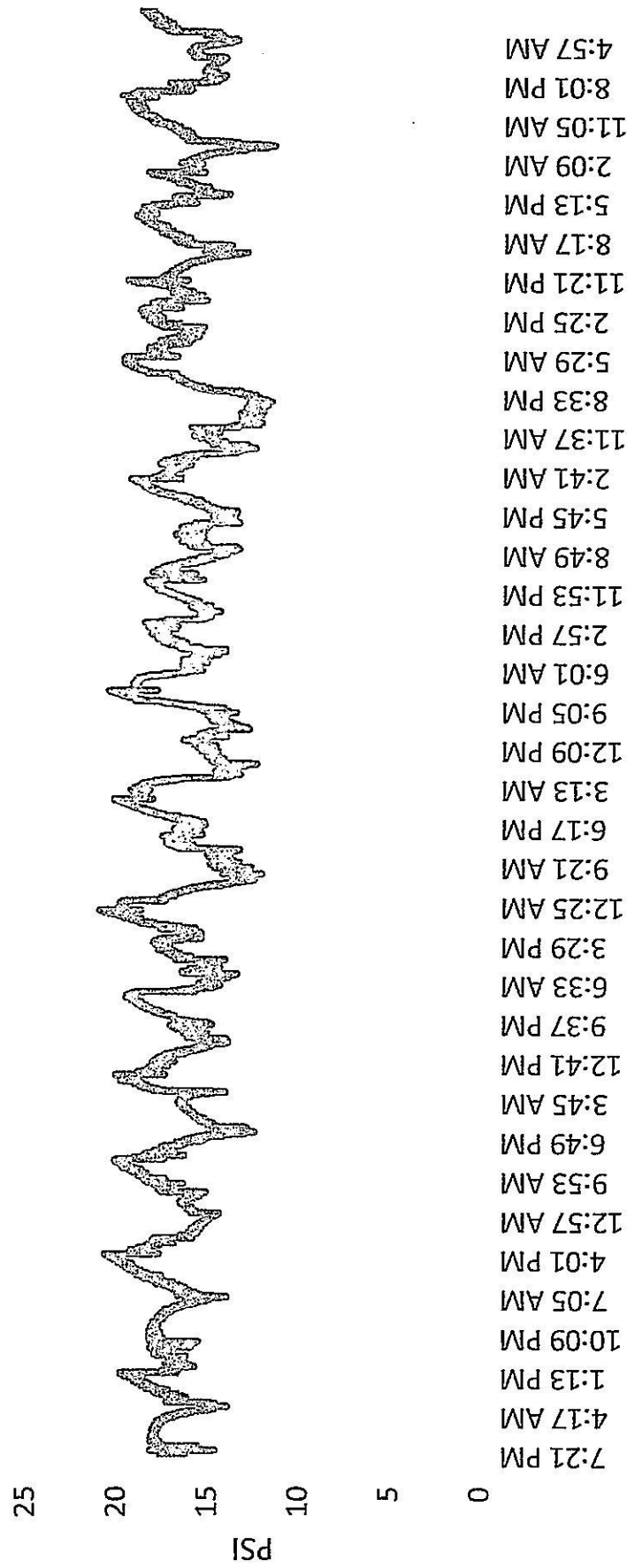
If you have any additional questions please contact
CHRIS LEUBER 615-449-2951

Sincerely,



EXECUTIVE DIRECTOR

Pressure Logging on Meter Setter @ 1221 Shop Springs Rd Acct
#60118000, Elevation = 803'



May 5 - 19, 2022

2

Mr. Chris Leauber, Director
Water and Wastewater Authority of Wilson County
680 Maddox Simpson Parkway
P.O. Box 545
Lebanon, TN 37088

April 29, 2024

1221 Shop Springs Road
Watertown, TN 37184
401-965-7254
Youngtug788@gmail.com

Dear Mr. Leauber,

Please ensure that the public record request coordinator of Water and Wastewater Authority of Wilson County (WWAWC) is made aware of this request.

This request is for written copies of public records WWAWC maintains.

I am not seeking any record revealing critical infrastructure. If you determine that a record responsive to this request contains critical infrastructure information, please redact that portion, and state this reason for the redaction.

Thank you for your timely reply to my April 11, 2024, request.

However, I did not find records corresponding to these specific items.

Engineering plans, drawings, open-to-bid for equipment and infrastructure (pumps, motors, electrical support, pressure regulators, tanks, towers, etc.), submission of plans to the state, financial planning projections, and/or proposals to the Board of Directors, for the Shop Springs line between April 1, 2014, and April 1, 2024.

If they were included in the electronic files you sent, and I simply could not locate them, please contact me to focus my search.

To clarify the requests of April 25, 2023, and April 11, 2024, I am again asking for correspondence, email, texts, engineering working papers, plans, drawings, lists of equipment, (pumps, motors, electrical support, pressure regulators, tanks, towers, etc.), and financial planning projections for the Shop Springs line created between April 1, 2014, and April 29, 2024.

3a

To aid your memory, I met with you, John Smith, and Chris Baenziger, on April 25, 2023, at 10:15 am, in your conference room. We four discussed low pressure on the Shop Springs line. You and John Smith produced and referred to documents that described features of the Shop Springs line. You told us that there were plans for pressure improvements and that recent grant money was available to execute these plans.

At the end of this meeting, I asked for the pressure log of my meter at 1221 Shop Springs Road, dated May 5-19, 2022. You required me to complete a TPRA records request form to obtain the data from my own meter. I mentioned this formality seemed unusual and at that very instant, I asked for copies of the records you had just relied on during the meeting. You declared that these documents were "working documents" and were not subject to TPRA.

This is the third time I have asked for these public records.

I believe you have three options:

1. Produce the records.
2. Declare that the records do not exist.
3. Identify each record, deny public access, and claim a specific exception for each.

Thank you,

Ken Young

Attached: Photocopy of Young's TN driver's license

CC: Chris Baenziger, Distribution Manager
John Smith, P.E. Senior Engineer

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STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Nashville Environmental Field Office
711 R.S. Gass Blvd.

Nashville, Tennessee 37216

Phone 615-687-7000

Statewide 1-888-891-8332

Fax 615-687-7078

April 22, 2024

Mr. Ken Young
eCopy: Youngtug788@gmail.com
1221 Shop Springs Road
Watertown, TN 37184

RE: Water Pressure Complaint Investigation
Wilson County Water and Wastewater Authority (PWSID# TN0000790)
Wilson County

Dear Mr. Young:

Thank you for allowing me to assist you with your drinking water quality concerns. On April 17, 2024, I traveled to Water and Wastewater Authority of Wilson County (WWA WC) to investigate your concerns regarding pressure at your water meter. During the visit I was provided documentation from May 2022 indicating that pressures at the meter were consistently below 20 PSI and showed a low of 4 PSI. Division Rule requires the water system to maintain a minimum of 20 PSI at your meter. According to WWA WC staff, water pressure in your area has not been improved since 2022. Failure to provide 20 PSI of pressure to your meter is a violation of the rules of the Division of Water Resources and WWA WC will be required to address this issue. You should also be aware that Division Rule requires all water service connections that use a booster pump to must have a low-pressure cut-off mechanism to turn the pump off when pressure in the line is less than 20 PSI.

If you have either questions or comments concerning this letter or the sample results, please feel free to contact me at (615) 687-7059 or Thomas.killion@tn.gov.

Sincerely,

Thomas A. Killion

Thomas Killion
Environmental Scientist
Division of Water Resources

CC: Chris Leuber, Executive Director, WWA WC, cleauber@WWA WC.com
Chris Baenziger, Distribution Manager, WWA WC, Cbaenziger@WWA WC.com
Michael Murphy, TDEC-DWR, michaelp.murphy@tn.gov

Efile

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April 2024



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Nashville Environmental Field Office
711 R.S. Gass Blvd.

Nashville, Tennessee 37216

Phone 615-687-7000

Statewide 1-888-891-8332

Fax 615-687-7078

February 4, 2025

Don Chamber, Chairman
Water and Wastewater Authority of Wilson County
680 Maddox-Simpson Parkway
Lebanon, TN 37088

RE: Notice of Violation

Water and Wastewater Authority of Wilson County
PWSID #00000790
Wilson County

Dear Mr. Chambers:

On July 31, 2024, Mr. Chris Leauber met with Division of Water Resources staff Tim Jennette, Michael Murphy, and me in a Compliance Review meeting to discuss the low-pressure issues in the distribution system that Water and Wastewater Authority of Wilson County (WWA WC) has been experiencing along Ford Road and Shop Springs Road.

During this meeting Division staff and WWA WC agreed to complete the projects to increase pressure in the known low-pressure areas no later than January 31, 2025. A corrective action plan was submitted by WWA WC and approved for implementation. As of the date of this correspondence WWA WC has not finished the projects to increase pressure at either Shop Springs Road or Ford Road.

By failing to complete these projects, WWA WC is still in violation of Division Rule 0400-45-01-.17 (9) which requires all public water systems to maintain at least 20 PSI pressure in all parts of the distribution system. Failure to maintain at least 20 PSI in the distribution system can lead to a Cross-Connection and create a hazardous condition within the water system.

WWA WC staff must continue to provide updates to the Division regarding these two projects monthly. Additionally, WWA WC must have a solution in place and operational to increase pressure to at least 20 PSI throughout the water system within sixty (60) days of receipt of this correspondence.

If you have any questions or need additional information, please contact Thomas Killion at (615) 347-6912 or Thomas.killion@tn.gov.

Sincerely,



Michael Murphy
Program Coordinator
Nashville Environmental Field Office
Division of Water Resources

Ecopy: Tom Moss, TDEC Enforcement Unit, tom.moss@tn.gov
Jessica Murphy, TDEC Enforcement Unit, Jessica.murphy@tn.gov
Thomas Killion, TDEC-DWR, Nashville Field Office, thomas.killion@tn.gov
Chris Leauber, General Manager, WWAWC, cleauber@wwawc.com
Tim Jennette, Manager, TDEC-DWR, Nashville Field Office, tim.jennette@tn.gov

Efile

Chris Leauber

From: Chris Leauber
Sent: Thursday, June 30, 2022 11:17 AM
To: 'Thomas Killion'
Cc: Chris Baenziger
Subject: RE: Pressure Logging at 1780 Ford Road

Thomas,

It appears our first awareness was in September 2018 when customer contacted us for 1946 Ford Road stating that their water stopped running. This was at the present location address of 1780 Ford Road. Apparently once their home was built then a 911 address was assigned as 1780 Ford Road. Our personnel responded and there was water and he ran 30 gallons through the meter.

Since that time we have had additional calls one of which was for a main break which occurred on February 19, 2022. 1780 Ford Road is a high elevation and will typically loss pressure during an emergency main break, etc. There were other apparent non-emergency events since 2018 in which low pressure existed at the 1780 Ford Road location. On June 3, 2022, a manual pressure reading was taken just prior to installing a pressure logger. The manual reading was 16 psi. The logged data now confirms we have an on-going pressure issue at this location and cannot maintain 20 psi.

In late 2020, I became aware of potential ARP funds which could be used for water system improvements. In April 2021, I met with Wilson County Mayor Hutto to see if Wilson County would consider providing a portion of the ARP funds allocated to Wilson County to the Water & Wastewater Authority of Wilson County (WWAWC) for water system improvements. In May 2021, I provided a Priority List to Mayor Hutto to request funding which included system upgrades in our Trousdale Ferry DMA which is an adjoining higher pressure zone to the Ford Road area. These upgrades could then allow us to engineer a solution to maintain 20 psi at 1780 Ford Road. I had various discuss with the Mayor and others about the funding and then on February 22, 2022 I was requested to present our Priority List to the Wilson County Public Works Committee. The Public Works Committee was very supportive of our funding request and plans to forward our request to the Wilson County Budget Committee for their consideration for funding. It is my understanding that the Wilson County Budget Committee will consider the funding request at an upcoming meeting. If funded, it is my understanding that the ARP grant funds requested will be transferred from Wilson County to the WWAWC and we will then be able to proceed with finalizing project design, TDEC plans approval, bidding, award & construction.

Feel free to contact me if you have any additional questions or need more information.

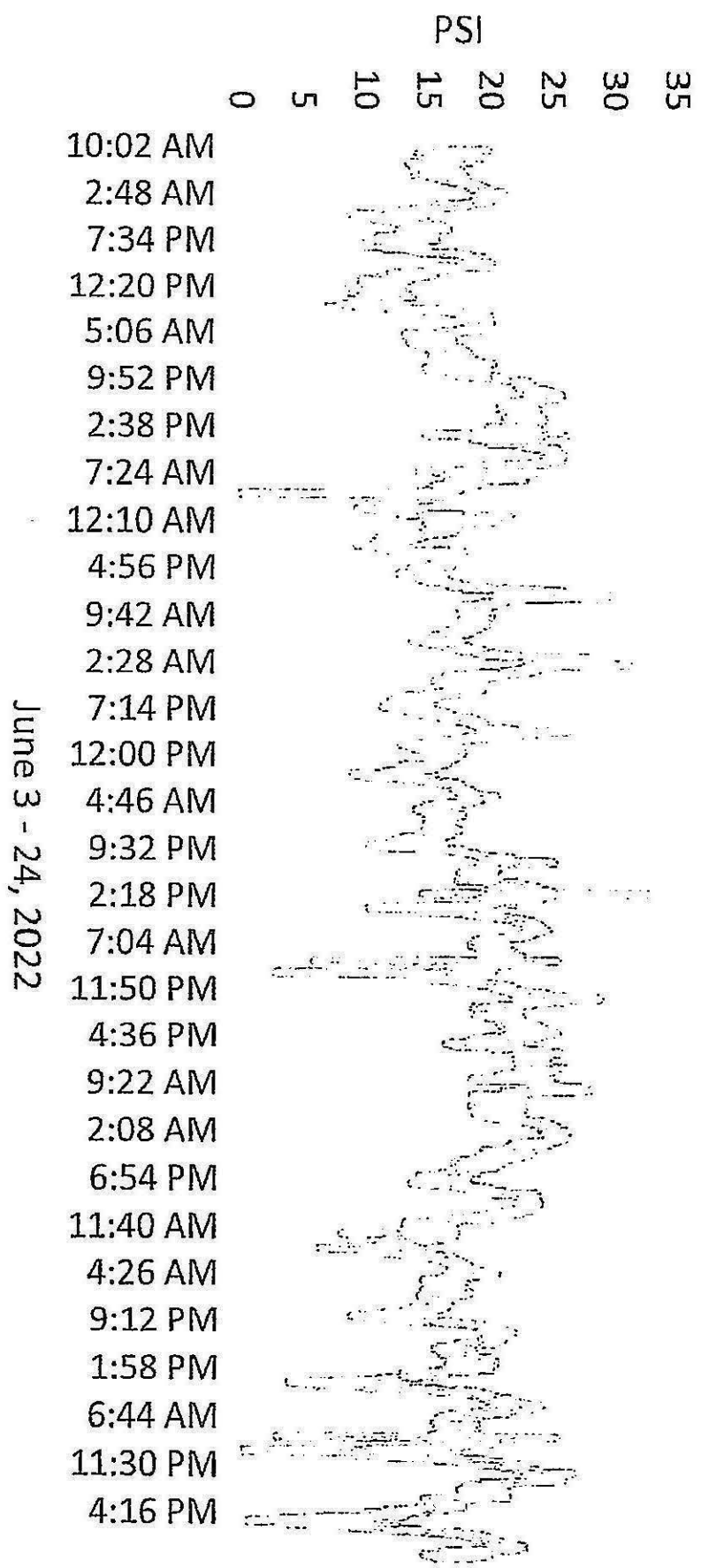
Thank you,
 Chris Leauber
 Executive Director
 Water & Wastewater Authority of Wilson County, Tennessee
 680 Maddox Simpson Parkway, P.O. Box 545
 Lebanon, TN 37088
 615-449-2951



WATER & WASTEWATER AUTHORITY

4

Pressure Logging at 1780 Ford Road





STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Nashville Environmental Field Office
711 R.S. Gass Blvd.

Nashville, Tennessee 37216

Phone 615-687-7000

Statewide 1-888-891-8332

Fax 615-687-7078

July 25, 2022

Don Chamber, Chairman
Water and Wastewater Authority of Wilson County
680 Maddox-Simpson Parkway
Lebanon, TN 37088

RE: **Notice of Violation**
Water and Wastewater Authority of Wilson County
PWSID #00000790
Wilson County

Dear Mr. Chambers:

This letter serves as a notice of violation for failure maintain 20 pounds per square inch (PSI) pressure in the distribution system and reporting of inaccurate information to the Division of Water Resources (Division). The details of the violations are listed below.

On May 31, 2022, the Division of Water Resources (Division) received a complaint from a customer at 1729 Ford Road regarding low pressure. After receiving the complaint, the Division contacted Water and Wastewater Authority of Wilson County (WWAWC) to schedule a time to attach a pressure recording device to the complainant's meter. The General Manager of WWAWC informed the Division that a pressure recorder would be placed at the location in advance of the Division's recorder to get as much information as possible. After the Division placed and removed its recording device WWAWC was asked to also provide theirs but only provided the information for the time the Division's device was placed. Following the close of the complaint the Division asked for more information for the area and was provided with all of the data for 1729 Ford Road and additional readings for 1780 Ford Road. Both of the recordings from WWAWC revealed that pressures had fallen below 20 PSI on 1729 and several readings below 20 PSI at 1780 Ford Road.

Failure to meet 20 PSI in the distribution system under normal operation is a violation of Division Rule 0400-45-01-.17(9) which states, in pertinent part "All community water systems shall be operated and maintained to provide a minimum of twenty (20) PSI throughout the distribution system.

By failing to provide accurate information to the Division during the complaint investigation WWAWC is in violation of Division Rule 0400-45-01-.18 (8) which states in pertinent part "It shall be a violation of these regulations for any person, public water system, engineer, operator, or laboratory to ... Report any data or information that is inaccurate, misleading, or false because the person recording has not used

Ja

reasonable care, judgement or the application of his knowledge in preparation of the report”, and “Provide inaccurate or false information to the Department.

WWAC must provide the Division with a plan of action for resolving the low-pressure situation in the area no later than August 31, 2022.

If you have any questions or need additional information, please contact Thomas Killion at (615) 347-6912 or Thomas.killion@tn.gov.

Sincerely,



Michael Murphy
Program Coordinator
Nashville Environmental Field Office
Division of Water Resources

Ecopy: Tom Moss, TDEC Enforcement Unit, tom.moss@tn.gov .
Jeff Bagwell, TDEC Compliance Unit, jeff.bagwell@tn.gov
Thomas Killion, TDEC-DWR, Nashville Field Office, Thomas.killion@tn.gov
Chris Leauber, General Manager, WWAWC, cleauber@wwawc.com

Efile

youngtug788@gmail.com

From: Jordan Fey
Sent: Thursday, October 17, 2019 2:34 PM
To: Marshall Fall; Chris Leauber
Cc: Tim Jennette; Brad Harris
Subject: Cedar Grove CRM Followup

Mr. Leauber and Mr. Fall,

I would like to thank both of you for taking the time to meet with us on Monday, Sept 9. To summarize the meeting, the Division expressed concern regarding the submittal of inaccurate documentation, and concern that in the past, corrective actions have been proposed and approved without being carried out in a timely manner. To the first, Mr. Leauber indicated that the Authority has tasked their own engineer to conduct a final review of plans developed by Adenus prior to submittal to the Division. To the second, Mr. Fall indicated that Adenus had been working to acquire property to correct the loading issues at Cedar Grove prior to the 2019 inspection. All parties acknowledged that a lapse in communication may have led to the perception by the Division that the Authority and Adenus were not making diligent efforts to correct issues at the facility.

Mr. Fall submitted a copy of a contract for the purchase of land by Adenus via e-mail on September 13. The contract was signed on the 14th of August, 2019, and additionally submitted the plat and deed for the property by e-mail on October 16, 2019. While I appreciate this documentation and the evidence that corrective actions are now moving forward, what was specifically requested at the meeting was documentation demonstrating a good-faith effort to acquire the property *prior* to the inspection carried out in May, 2019. Please submit any such documentation within 15 days.

Once again, I appreciate your time and look forward to working with the Authority and Adenus to bring Cedar Grove into compliance.

Thank you,

Jordan Fey | Environmental Consultant



Division of Water Resources
Nashville Field Office
711 R.S. Gass Blvd, Nashville, TN 37216
615-687-7114



**STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
Division of Water Resources**

Nashville Environmental Field Office
711 R.S. Gass Blvd.

Nashville, Tennessee 37216

Phone 615-687-7000

Statewide 1-888-891-8332

Fax 615-687-7078

February 10, 2025

Chris Leauber, Executive Director
Water and Wastewater Authority of Wilson County
Ecop: cleauber@wwawc.com
PO Box 545
Lebanon, TN 37088

RE: Complaint Investigation and Notice of Violation
Water and Wastewater Authority of Wilson County
SOP-04015 – Cedar Grove Treatment Facility
Wilson County

Dear Mr. Leauber,

On January 28, 2025, the Nashville Environmental Field Office was notified of an odor complaint by residents in the Woodland Ridge Subdivision. On January 29, 2025, Mr. Britton Dotson and Mrs. Teri Horsley from the Division of Water Resources (Division) conducted a site visit to the Cedar Grove Treatment Facility State Operating Permit (SOP) # 04015 as part of the complaint investigation. Division personnel were accompanied on site by you and Mr. Lucas Green of Adenus, the contract operator of the site.

The following observations and findings were noted during the site visit:

1. The original drip field was constructed along an elevated levee of the lagoon, and the south-facing slope was saturated with visible ponding of effluent observed (Photo A).
2. Mr. Green indicated that no drip lines were located on the eastern perimeter of the lagoon. An attempt to mow this slope had been made recently resulting in damage to the surface, and exposed drip lines were identified in the disturbed area (Photo B). It was apparent the attempt to mow this area had been abandoned. Additionally, numerous stands of cattails were noted around the lagoon levee, indicating persistently saturated conditions (Photo C). This is a relatively steep sloping levee and difficult to climb.

10a

3. Investigation of the area where the Division was told there were drip fields, found most of the areas inundated with liquid (Photos D1 and D2). The area was overgrown with briars, cattails and tall grass. Saturated and flooded conditions in most of the area would not allow for mowing.

Upon completing our walkthrough of the lagoon and drip field(s) immediately adjacent to the lagoon, Mr. Dotson informed you that the conditions of the drip field were not acceptable, and the inability of the operator to inform us as to exactly where drip field was, and was not, located was not acceptable. You acknowledged his statements. Mr. Dotson also pointed out that the conditions noted during this visit were comparable to conditions noted in historic visits made and in no instances have the operators been able to confidently tell Mr. Dotson where the drip lines were located. NOAA Online Weather Data indicated that the area has received over 2 inches less precipitation than normal for January 2025.

Division personnel also drove to the newer drip field (identified as E on the property map). We walked through this drip field and did not see any indications of hydraulic overload. There was minimal indication that this drip field was being utilized.

The complaint that the Division was responding to was specific to odor and indicated that the wastewater system may be the source. Minimal odor was noticed during this visit; however, Mr. Dotson did detect some odor close to Photo C when walking around the lagoon levee. The street name mentioned in the complaint (Jonathan Drive) is located less than 200 yards from the northern lagoon levee and less than 100 yards from the location of Photo D. The absence of significant odor during this visit does not preclude the system from being the source of odor. Many factors such as wind speed and direction, barometric pressure, time of day, timing of dosing events, and influent flow timing into the lagoon could be involved such that odor may or may not be present. In any event, our authority does not extend to odors that may be associated with wastewater treatment and dispersal.

Conclusions:

Division authority does extend to oversight of the operation and maintenance of the wastewater system in keeping with permit conditions. Observations of permit noncompliance were identified and discussed with the Permittee. Lack of appropriate communication to operators on exactly where drip field systems are located, ponding and saturated soils on drip fields, and exposed drip line, are violations of your permit, Section A, General Requirements:

This permit allows the operation of a wastewater collection, treatment, and storage system with disposal of treated wastewater through approved land application areas. There shall be no discharge of wastewater to any surface waters or to any location where it is likely to enter surface waters. There shall be no discharge of wastewater to any open throat sinkhole. In addition, the drip irrigation system shall be operated in a manner preventing the creation of a health hazard or a nuisance.

The land application component shall be operated and maintained to ensure complete hydraulic infiltration within the soil profile, transmission of the effluent away from the point of application, and full utilization of the soil profile as a portion of the treatment system.

Instances of surface saturation, ponding or pooling within the land application area as a result of system operation are prohibited. Instances of surface saturation, ponding or pooling shall be promptly investigated and noted on the Monthly Operations Report. The report shall include details regarding location(s), determined cause(s), the actions taken to eliminate the issue, and the date the corrective actions were made. Any instances of surface saturation, ponding or pooling not associated with a major precipitation event not corrected within three days of discovery shall be reported to the local Environmental Field Office at that time for investigation. Surface saturation, ponding or pooling resulting in the discharge of treated wastewater into Waters of the State or to locations where it is likely to move to Waters of the State shall be immediately reported to the local Environmental Field Office, unless the discharge is separately authorized by a NPDES permit."

As such, this letter serves as a **Notice of Violation**.

Action Items:

Please send a written response to the following action items within 30 days of this letter, or by March 10, 2025, whichever comes first. The response should be sent to Mrs. Horsley at her email address below.

1. Submit a "to scale" drawing for all drip dispersal areas supporting this system to the Division.
2. Provide a Corrective Action Plan including at a minimum:
 - a. How the facility will be operated in a way as to not violate permit parameters for ponding water on the drip fields.
 - b. An accounting of all system repairs or operational changes made to remedy noncompliance such as: infrastructure piping repair, pump replacement, drip line repair, replacing/repairing system controls, dosing adjustments, changes in the inspection frequency or processes, etc.

The Division would like to thank you and Mr. Green again for your courtesy and cooperation shown during the site investigation. If you have any questions or concerns, please call Mrs. Teri Horsley at (615) 961-3240, or email her at teri.horsley@tn.gov.

Sincerely,



Michael Murphy
Program Coordinator
Division of Water Resources

cc: Britton Dotson, TDEC DWR, britton.dotson@tn.gov
Timmy Jennette, TDEC DWR, tim.jennette@tn.gov
Brad Harris, TDEC DWR, brad.harris@tn.gov
Ryne Ruddock, TDEC Compliance and Enforcement, ryne.ruddock@tn.gov



109 Pennsylvania Avenue
 Lebanon, Tennessee 37087
 615-444-2996
 WWW.WTCIVIL.COM

AGREEMENT FOR PROFESSIONAL SERVICES

Project Information

Project Name: General Consulting Engineering and Technical Assistance Services

Project Location: Water and Wastewater Authority of Wilson County, Tennessee

Description of Services: General engineering services on an as-needed basis for projects where technical assistance may be required.

Compensation for Services: Fees will be billed on a cost-plus sum basis in accordance with Warren and Tuggle Civil Engineering, PLLC proposal, Schedule of Standard Charges (copy attached and incorporated herein by reference).

Client Information

Company Name: Water and Wastewater Authority of Wilson County

Attention: Mr. Chris Leauber

Mailing Address: 680 Maddox Simpson Parkway


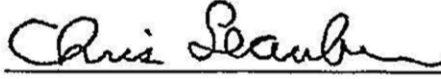
City, State, Zip Code: Lebanon, TN 37090

Telephone: 615-449-2951 **Email:** cleauber@wwawc.com

Special Instructions/Information

The scope of services to be provided under this Agreement may be expanded if agreed upon in advance in writing by both parties.

The Terms and Conditions of this agreement, Standard Rate Schedule, and our proposal letter attached hereto are part of this Agreement.

Offered by:	Warren & Tuggle Civil Engineering, PLLC	Accepted by:	Water and Wastewater Authority of Wilson County
By:	<u></u>	By:	<u></u>
Title:	<u>PRESIDENT / MANAGING PARTNER</u>		<u>Mr. Chris Leauber</u>
Address:	<u>109 Pennsylvania Avenue</u>	Address:	<u>680 Maddox Simpson Parkway</u>
	<u>Lebanon, Tennessee 37087</u>		<u>Lebanon, TN 37090</u>
Date:	<u>5/6/2024</u>	Date:	<u>5/3/2024</u>

lla



109 Pennsylvania Avenue
 Lebanon, Tennessee 37087
 615-444-2996
 WWW.WTCIVIL.COM

Water and Wastewater Authority of Wilson County

April, 2024

ARP Projects for WWAWC - Preliminary Budgets for Engineering Fees

	Project Budget	Quantity	Unit	Unit Price	Amount
1	Hearn Hill Water Tank	1	Each	\$625,000.00	\$625,000.00

Design/Other Engineering Services		
a.	Engineering - Design Services	\$42,000.00
b.	Other Engineering - Engineering Report	\$4,000.00
c.	Other Engineering - Surveying*	\$5,000.00
d.	Permitting Application Assistance/Coordination**	\$3,500.00
e.	Submittal Fees/Copies/ Expenses	\$1,500.00
	Total	\$56,000.00

Hearn Hill \$56,000.00

	Project Budget	Quantity	Unit	Unit Price	Amount
2	Coe Lane Tank Connection	1	Each	\$800,000.00	\$800,000.00

Design/Other Engineering Services		
a.	Engineering - Design Services	\$52,000.00
b.	Other Engineering - Engineering Report	\$4,000.00
c.	Other Engineering - Surveying*	\$5,000.00
d.	Permitting Application Assistance/Coordination**	\$3,500.00
e.	Submittal Fees/Copies/ Expenses	\$1,500.00
	Total	\$66,000.00

Coe Lane \$66,000.00

	Project Budget	Quantity	Unit	Unit Price	Amount
3	Clever Creek Road (Partial Water Line Extension)	1	Each	\$960,000.00	\$960,000.00

Design/Other Engineering Services		
a.	Engineering - Design Services	\$63,000.00
b.	Other Engineering - Engineering Report	\$3,500.00
c.	Other Engineering - Surveying*	\$5,000.00
d.	Permitting Application Assistance/Coordination**	\$5,000.00
e.	Submittal Fees/Copies/ Expenses	\$1,500.00
	Total	\$78,000.00

Clever Creek \$78,000.00

*If surveying done by WWAWC, these amounts may be deleted. Actual survey fees will be based upon actual time spent. These budget amounts are provided as information.

** Estimated fees based upon TDEC Permitting Applications for stormwater, ARAP's and similar. Additional fees would be required if any TDOT Permitting required.

*** Geotechnical fees for tank sites have not been included. We can assist with coordination for these services, but would request these services be provided through WWAWC, with copies provided for our use in design.

11B

October 24 2024
WWAWC Board Meeting

Warren & Tuggle Civil Engineering, PLLC was awarded a professional services contract for engineering services for county ARP fund projects and other miscellaneous services on an as needed basis as per minutes of the Board meeting on February 29, 2024. Subsequently, confusion arose concerning the requirements for contracting for engineering services. Management asks the Board to confirm management's selection of Warren & Tuggle to provide engineering services connected with the U.S. Treasury funded State and Local Fiscal Recovery Funds (SLFRF) received by Wilson County Government and provided to the WWAWC via Wilson County Government Resolution No. 22-8-3.

On motion of Mr. Murphy, seconded by Mr. Kurtz and unanimously carried, the selection of Warren and Tuggle for the purposes stated, was approved.

Mr. Leauber, Mr. Smith and Mr. Warren then reviewed the proposed award of the Shop Springs Water Booster Pump Station contract. On motion of Mr. Murphy, seconded by Mr. Kurtz, and unanimously carried, the contract was awarded to the low bidder, Cliff Carey General Contractors for the base bid of \$269,152.00 contingent upon TDEC approving the plans, acquisition of the land for the site and with the understanding that the start and completion dates will depend on the availability of a vendor constructed pump station.

Mr. Leauber, Mr. Smith and Mr. Warren then reviewed the proposed award of the Coe Lane Waterline Extension contract. On motion of Mr. Kurtz seconded by Mr. Murphy and unanimously carried, the contract was awarded to the low bidder, Mofield Brothers Construction, for the base bid of \$1,597,704.00 and including the Alternate in the amount of \$140,700.00 for a total amount of \$1,738,404.00, with the understanding that the start and completion dates will depend on the availability of pipe and TDEC approval.

Mr. Leauber then presented the Executive Director's report.

Mr. Leauber presented the Board the unaudited Income and Expense Statement as of FY 2024 June 30th year end, and the Balance of Accounts statement.

Mr. Leauber presented an update on the Shop Springs Road and Ford Road NOV for low pressure. TDEC has approved the CAP. Both projects have been approved for construction as evidenced by the above actions of the Board. Our completion target date remains at the end of January of 2025 but notes that the completion dates will depend on the availability of the pump station and pipe.

The TDEC has done a statewide survey of 420 land application areas for 360 wastewater systems with 50% exhibiting noncompliance issues. We have 35 active



A.R.P. Water Projects Priority List – 7/28/2022
Water & Wastewater Authority of Wilson County

PROJECT	PRELIMINARY COST & DESCRIPTION	
1. Hearn Hill Water Tank	\$625,000	Fire protection, emergency storage. Required by T.D.E.C.
2. Shorter Road	\$160,000	Provide public water to unserved area and required to facilitate required Poplar Hill Tank Rehabilitation.
3. Poplar Hill Tank Rehab.	\$305,000	Required maintenance per tank inspection report.
4. Coe Lane Tank Connect.	\$800,000	Provide public water to unserved area and provide needed tank connector line.
5. Carthage Hwy. /T. Ferry	\$500,000	Provide required system upgrade to adequately meet current system peak demands.
6. Roberts Road	\$710,000	Provide public water to unserved area.
7. Clever Creek Road (Partial)	\$960,000	Provide public water to unserved area as feasible.
8. Young Road	\$ 55,000	Provide public water to unserved area.
9. St. John Road	\$300,000	Provide public water to unserved area.
10. County Line Road	\$175,000	Provide public water to unserved area.
11. Knee Road	\$225,000	Provide public water to unserved area.
12. Alsup Mill Road (Partial)	\$185,000	Provide public water to unserved area.
<hr/>		
Total:		\$5,000,000

Note:

1) Engineering design and inspection costs to be provided by WWAWC.

7.**PUBLIC NOTICE**

The Board of Commissioners of the Water & Wastewater Authority of Wilson County will meet Thursday October 24, 2024, at 3:00 PM at the office of the Authority, located at 680 Maddox Simpson Parkway, Lebanon, TN. Visitors are welcome and can provide public comment at the beginning of the meeting.

Chris Leuber
Executive Director

**WATER & WASTEWATER AUTHORITY OF WILSON COUNTY
AGENDA****October 24, 2024**

- 1. Reading of Minutes**
- 2. Visitors – Open for Public Comment**
- 3. Attorney's Report**
- 4. Engineer's Report**
- 5. Executive Director's Report**
- 6. Old Business**
- 7. New Business**
- 8. Set next board meeting**

BOARD MEETING

Stormwater receipt
13724

097

WILSON COUNTY PLANNING COMMISSION

APPLICATION FOR SITE PLAN OR PLAT

Site Plan Sketch Plan Preliminary X Final Combination Plat Soils Amendment

Title: BOUNDARY SURVEY OF A PORTION OF THE JOHNSON LIVING TRUST

Total Acreage 0.18 AC (70' x 110') Number of Lots 1

Street Location: Shop Springs Road

Tax Map # 090 Group Parcel 019.00 Zoning A-1

Voting District # 7 Scroggs Is request in Flood Plain? (Yes) (No)

Utilities Proposed: public water public sewer
indiv. well septic tank

OWNER/DEVELOPER: NAME Water and Wastewater Authority of Wilson County

Chris Leauber, Exec. Dir. ADDRESS 680 Maddox Simpson Parkway

cleauber@WWAWC.com

CITY Lebanon STATE TN ZIP CODE 37090

PHONE (615) 449-2951 FAX (615) 449-8310

SURVEYOR/ENGINEER NAME: K and A Land Surveying - Brian Keith, RLS

ADDRESS: 1012 Sparta Pike

CITY Lebanon STATE TN ZIP CODE 37087

PHONE (615) 443-7796 FAX () bkeith@kalandsurvey.com

FEE CHARGED \$ 60⁰⁰ RECEIPT NUMBER 4927

→ SIGNATURE OWNER/REPRESENTATIVE Chris Leauber

APPLICATION DATE 11 / 05 / 2024 MEETING DATE 11 / 22 / 2024

Health Dept. approval Required: Yes No

ACTION: AFFIRMED APPROVED DENIED DEFERRED

NOTES:

15A

Stormwater receipt
13725

111
2024-098

WILSON COUNTY PLANNING COMMISSION

APPLICATION FOR SITE PLAN OR PLAT

Site Plan Sketch Plan Preliminary Final Combination Plat Soils Amendment 1-56

Title: Proposed Shop Springs Booster Pump Station al

Total Acreage 0.18 AC (70' x 110') Number of Lots 1

Street Location: Shop Springs Road

Tax Map # 090 Group Parcel 019.00 Zoning A-1

Voting District # Is request in Flood Plain? (Yes) (No)

Utilities Proposed: public water public sewer
indiv. well septic tank

OWNER/DEVELOPER: NAME Water and Wastewater Authority of Wilson County

Chris Leauber, Excc. Dir. ADDRESS 680 Maddox Simpson Parkway
cleauber@WWAWC.com

CITY Lebanon STATE TN ZIP CODE 37090

PHONE (615) 449-2951 FAX (615) 449-8310

SURVEYOR/ENGINEER NAME: Warren and Tuggle Civil Engineering, PLLC - Jerry B. Warren, PE

ADDRESS: 109 Pennsylvania Ave.

CITY Lebanon STATE TN ZIP CODE 37087

PHONE (615) 444-2996 FAX () jerry@wtcivil.com

FEE CHARGED \$ 100⁰⁰ RECEIPT NUMBER 4928

→ SIGNATURE OWNER/REPRESENTATIVE Chris Leauber

APPLICATION DATE 11 / 05 / 2024 MEETING DATE 11 / 22 / 2024

Health Dept. approval Required: Yes No

ACTION: AFFIRMED APPROVED DENIED DEFERRED

NOTES:

EXHIBIT B

15B

**IN THE CIRCUIT COURT FOR WILSON COUNTY, TENNESSEE
AT LEBANON**

**WATER AND WASTEWATER AUTHORITY)
OF WILSON COUNTY, TENNESSEE,)
Plaintiff,)
v.)
MARK F. JOHNSTON, TRUSTEE OF)
THE WILLIAM DONNELL JOHNSTON)
LIVING TRUST U/A DATED OCTOBER)
21, 2009,)
Defendant.)**

**Docket No. 24CV777
Map 90, Parcel 19.00
(Part of)
JURY DEMAND**

1:56
al

DECLARATION OF DEFENDANT MARK F. JOHNSTON

I, Mark F. Johnston, am an adult over 18 years of age, and if called to testify, I could and would testify to the following:

1. I am the owner and Trustee of the Wilson County tract that is the subject of this eminent domain action. The property address is Shop Springs Road at Map 090, Parcel 019.00.

2. On December 12, 2024, I sent an email to Thomas Killion of the Tennessee Department of Environment and Conservation ("TDEC") asking whether or not the site plans for the water pump house that Plaintiff desires to put on my land had been fully approved by TDEC. As the email chain attached as Exhibit A indicates, which includes the response from Mr. Killion, TDEC has not yet approved the final site plan.

3. Also attached as Exhibit B to this Declaration is an Application for Site Plan or Plat pertaining to my property that was apparently presented to the Wilson County Planning Commission by Chris Leuber, Executive Director of the Water and Wastewater Authority of

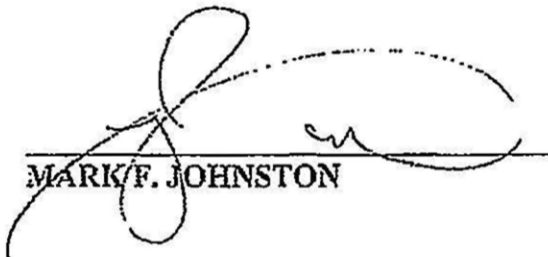
EXHIBIT A

16A

Wilson County ("WWAWC"). I never signed this document, but rather, Mr. Leuber signed it as the property owner without my knowledge. On information and belief, this form must be submitted and signed by the actual landowner. It is very concerning that the Wastewater Authority of Wilson County would be claiming ownership of my land prior to the filing of the Petition for Condemnation and therefore, prior to the Circuit Court judge granting possession to that entity.

I declare under the penalty of perjury under the laws of the State of Tennessee that the foregoing is true and correct to the best of my knowledge, information and belief.

This 23 day of December, 2024.


MARK F. JOHNSTON

16B

1 WILSON COUNTY PLANNING COMMISSION

2 MEETING HELD DECEMBER 20, 2024

3 -----
4 Members Present:

- 5 Gene Jones, Chairman
- 6 Gary Nokes
- 7 Gary Renfro
- 8 John Jewell
- 9 Terry Ashe
- 10 Randall Hutto
- 11 Jamie Nicholson
- 12 Eric Thompson
- 13 Jeffrey Turner
- 14 (Diane Weathers & James Woods absent)

15 -----

16 CASE: Subdivision of Johnston Living Trust

17 Property -- Shop Springs Road

18 Site Plan - Shop Springs Road Booster

19 Pump Station - Shop Springs Road

20 -----

21 Teresa D. Hatcher

22 Wilson County Court Reporting

23 631 Five Oaks Boulevard

24 Lebanon, Tennessee 37087

25

1 representative.

2 MR. YOUNG And I suppose you could contort
3 some sort of motion to sort of pretend that that's not
4 case. But, that's the case. There can only be two
5 people sign that, the owner or the representative.
6 And if you go forward, it's a dangerous precedent.
7 And there's no telling what's going to come next.
8 Who's going to put in a site plan or plat without the
9 owner's notification. Thank you for your time.

10 MR. ASHE: Mr. Chairman, I have a
11 motion.

12 MR. YOUNG: I'll take any questions.

13 *Commission Lawyer* MR. JENNINGS: I'm going to make a
14 couple of comments here. It may not help things at
15 all. But, I've sit here and listened to this now for
16 two months. This group right here is being asked to
17 be judges. And you're not judges. You're here. And,
18 you're sitting as a board. And these fights that are
19 going on need to be resolved in a room like this, but
20 not with us as judges.

21 Now, I'm going to ask the
22 second question, and maybe I shouldn't. But, does the
23 owner of this property know this is going on? Yeah,
24 somebody give me an answer on that. That's pretty
25 critical. I want to hear from these guys.

1 MR. LEAUBER: So, we have been in
2 negotiations with the owner; okay? And negotiations,
3 you know, the appraisals are way out of line.

4 MR. JENNINGS: Does she know that
5 y'all are here today seeking this?

6 MR. LEAUBER: I don't know about here
7 today. He knows that we're in the filing for the
8 condemnation.

9 MR. JENNINGS: Okay. Condemnation is
10 separate from what we're doing here.

11 MR. LEAUBER: Yes.

12 MR. JENNINGS: Has somebody
13 authorized y'all to come up here and do this today?

14 MR. LEAUBER: I have not had a
15 discussion with the property owner.

16 MR. JENNINGS: Okay. That makes it
17 kind of easier.

18 CHAIRMAN JONES: Okay. Thank you,
19 sir.

20 MR. ASHE: Mr. Chairman?

21 CHAIRMAN JONES: Yes, sir, Mr. Ashe?

22 MR. ASHE: I make a motion that we
23 take no action based on the fact that there is civil
24 pending litigation as it relates to this very issue,
25 which is what we would normally do if it was a case

WILSON COUNTY PLANNING COMMISSION APPLICATION FOR SITE PLAN OR PLAT

Stormwater Receipt # _____

Site Plan _____ Sketch Plan _____ Preliminary _____ Final _____ Combination Plat _____ Soils Amendment _____

Title: _____

Total Acreage _____ Number of Lots _____ Zoning _____

Street Location: _____

Tax Map # _____ Group _____ Parcel _____

Voting District # _____ Commissioner _____

Is request in Flood Plain? (Yes) (No)

Utilities Proposed: public water _____ public sewer _____
indiv. well _____ septic tank _____

Health Dept. approval Required: Yes _____ No _____

OWNER/DEVELOPER: NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP CODE _____

PHONE () _____

EMAIL ADDRESS _____

SURVEYOR/ENGINEER NAME: _____

MAILING ADDRESS: _____

CITY _____ STATE _____ ZIP CODE _____

PHONE () _____

EMAIL ADDRESS _____

FEE CHARGED \$ _____ RECEIPT NUMBER _____

REQUIRED SIGNATURES PROPERTY OWNER(S) OR AUTHORIZED AGENT: I/we certify under penalty of law that I am/we are the owner(s) of the property or I/we are the authorized agent that is the subject of this application and that I/we have read this application and consent to its filing. I understand that the Surveyor/Engineer listed above is the point of contact for the Planning Office concerning this application.

APPLICATION DATE ____ / ____ / ____

MEETING DATE ____ / ____ / ____

ACTION: AFFIRMED APPROVED DENIED DEFERRED

NOTES: _____



RE: Water And Wastewater Authority of Wilson County Governance and Leadership Issues

From youngtug788@gmail.com <youngtug788@gmail.com>

Date Wed 1/22/2025 10:34 AM

To Ross Colona <Ross.Colona@cot.tn.gov>

Thanks for getting back with me.

I will just CC: TBOUR board members directly after I file the FWA complaint with the comptroller. You can see what falls under your purview then.

FYI. Several times Mr. Huffstutter recommended me attend the commission meetings before I filed a complaint. That is great boiler plate advice for someone complaining about a water bill. But in this case, it was after I said I had attended and spoken at meetings for a year, had video tapes of those meetings, and was named in the minutes. It never sunk in.

Thanks,

ken

From: Ross Colona <Ross.Colona@cot.tn.gov>

Sent: Wednesday, January 22, 2025 10:26 AM

To: youngtug788@gmail.com

Subject: Re: Water And Wastewater Authority of Wilson County Governance and Leadership Issues

Ken,

Ms. Huffstutter is a colleague of mine, and she is responsible for the oversight of this specific utility. She is more than capable of handling this request- did she share with you the complaint process? The TBOUR cannot hear complaints that do not follow the process as outlined in the law.

I'm unsure if and when I'll have the opportunity to reach out for a phone call. Feel free to respond to this email with any complaints you have with the conversation with Meghan or any clarification you may need about the complaint process for the utility.

Thanks,

Ross

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 | Utilities Line 615.747.5260 | Direct Line 615.401.7943

 signature_53013356

From: youngtug788@gmail.com <youngtug788@gmail.com>
Sent: Wednesday, January 22, 2025 10:21:53 AM
To: Ross Colona <Ross.Colona@cot.tn.gov>
Subject: RE: Water And Wastewater Authority of Wilson County Governance and Leadership Issues

Sir,

Ms. Huffstutter responded to this request. I don't believe she understood the nature of my inquiry.

I would appreciate speaking with you about the matter.

Thank you

Ken

From: youngtug788@gmail.com <youngtug788@gmail.com>
Sent: Wednesday, January 22, 2025 9:16 AM
To: 'Ross Colona' <Ross.Colona@cot.tn.gov>
Subject: FW: Water And Wastewater Authority of Wilson County Governance and Leadership Issues

Ross,

This was sent to 25 county commissioners and the mayor this morning.

This is just the tip of the iceberg of malfeasance at the Water and Wastewater Authority of Wilson County. The citizens are in real trouble here.

Depending on the issue, I have exhausted my resources. I have spoken with the WWAWC executive director. I have attempted to speak with the water authority's board chairman. I have spoken with my elected representatives. I have spoken with the district attorney. Because of the way the authority is structured, these resources can do very little to improve the performance of the authority.

I would like an appointment with you to discuss the best way to submit a formal complaint with the purpose of bringing these issues out in the open so they can be addressed. This can be on the phone or in person. I believe TBOUR is the last best hope to improve the authority.

Thank you,

Ken Young
401-965-7254

https://youtu.be/hNZ9DsYbU_k?si=reTB5yQzItm8kWAU&t=2149

(Above is time-stamped link to Jan 17 planning commission meeting.
Attachments: Reports to TDEC on Shop Springs Rd and Ford Rd projects, ARP vote and projects, CAP.)

Commissioners,

You've listened to recipients of ARP-funded projects deliver progress reports. You obligated those funds 28 months ago.

Last night, you heard two more organizations report they completed projects that provided beneficial new services to your constituents. Often you funded broadband or drinking water to areas not previously served. With one exception, these organizations have been remarkably consistent in the speed their projects were completed. That exception is the Water and Wastewater Authority of Wilson County (WWAWC).

The TN Dept of Environment and Conservation (TDEC) Division of Water Resources issued notices of violations for two of WWAWC's lines. WWAWC's executive director then signed a binding agreement, a corrective action plan (CAP), to complete two projects which should eliminate those hazardous conditions. WWAWC agreed to complete both projects by January 31, 2025.

One project (Ford Rd) is funded with ARP money. The other project (Shop Springs Rd) is funded with WWAWC reserve funds. WWAWC had 6 full months to complete the projects, yet construction has not even begun. Because of this delay, the hazards remain and citizens you intended to provide water still do not have it.

Ford Rd actual expenditures will exceed the two-year old financial estimates. It is likely the \$5 million you gave WWAWC will be exhausted before all itemized projects are completed.

Worse yet is how WWAWC proceeded on the Shop Springs project. They convened a non-regularly scheduled meeting to vote to take a citizen's property by condemnation, however they

did not adequately notify the public of that purpose. Then they¹²¹ withdrew the site plan from the planning commission. The result is your constituents never had an opportunity for public comment on the taking, or on the design, or on the location of the project. It is the worst possible example of the abuse of raw government power.

To ensure the county's bright future, and for the health of its current citizens, County Commissioners must soon act to solve the governance problem at the WWAWC. If you don't, problems will surely multiply.

I will answer any question. Thank you for your service.

Ken Young
1221 Shop Springs Road



JASON E. MUMPOWER
Comptroller

Entity Referred: **Multiple Entities**
Referral Reason: **Annual Information Report Compliance**

Staff Summary:

The following utilities have failed to complete an Annual Information Report to be filed with our office pursuant to Tenn. Code Ann. § 7-82-707.

1. Clearfork Utility District
2. Cold Springs Utility District
3. Moscow
4. Whiteville

Staff Recommendation:

The Board should order the following:

1. By April 30, 2025, the utility shall file its Annual Information Report.
2. 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 of this order.
3. Should the Utility submit an Annual Information Report and there is no other reason the Entity's case should remain open, Board staff may close the Entity's case and release any outstanding subpoenas.



JASON E. MUMPOWER
Comptroller

Entity Referred: **Multiple Entities**

Referral Reason: **Late Audits (2 Years)**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The following Utilities have been referred to the Tennessee Board of Utility Regulation (the "Board") for delinquent audits, pursuant to Tenn. Code Ann. § 7-82-703. The office of Local Government Audit has not received financial reports from these Utilities for Fiscal Years 2024 and 2023.

1. Big Sandy
2. Decherd
3. Friendship
4. Gibson
5. Livingston
6. Lynnville
7. Moscow
8. Sharon
9. Tennessee Ridge
10. South Fulton

Staff Recommendation:

The Board should order the following:

1. The Utility must submit delinquent audits to the Comptroller's Division of Local Government Audit by May 31, 2025.
2. The Utility shall not issue any debt or receive any grants without express consent of Board staff. Board staff must respond to requests for funding permission within 15 business days of receipt. If Board staff does not respond timely, the funding request is considered to be approved.
3. Board staff has the authority to issue up to two extensions of 180 days upon a showing of good cause by the Utility. Board staff has the discretion to determine good cause.
4. Should the Utility fail to comply with, or indicate it will not comply with, any directive in this order, Board staff may issue subpoenas for members of the Entity's governing body, manager, and any other necessary staff to appear in-person before the Board during its next meeting.



Jason E. Mumpower
Comptroller

Entity Referred: **Jackson Energy Authority**
Referral Reason: **Negative Unrestricted Net Position**
Utility Type Referred: **Water**

Staff Summary:

Jackson Energy Authority ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2024 audit pursuant to Tenn. Code Ann. § 7-82-703. For fiscal year 2024 the Utility has a negative unrestricted net position of \$2,078,789. Board Staff determined that the negative value is caused by pension and OPEB liabilities. Without pension and OPEB the Utility would have a positive unrestricted net position of \$14,972,929. The Utility has a pension trust as well as an OPEB trust. The Utility's cash as a percent of expenses is well above the Comptroller's definition of distress.

Board Staff recommends that the Utility continue to fund its pension plan in line with public chapter 990 and Treasury Department requirements and to continue funding its OPEB trust. Board Staff should request an update of the funding status annually. Board staff believes the Utility should be released from Board oversight.

Staff Recommendation:

1. The Utility is officially released from the Board's oversight.
2. Staff and Counsel shall close the case.

Jackson Energy Authority

	Category: Water		County: Madison	
	2021	2022	2023	2024
Net Assets	\$128,792,541.00	\$131,558,174.00	\$134,782,253.00	\$136,905,322.00
Deferred Outflow Resources	\$6,977,113.00	\$6,150,986.00	\$8,596,865.00	\$5,992,277.00
Net Liabilities	\$30,429,815.00	\$21,944,982.00	\$27,385,811.00	\$22,401,644.00
Deferred Inflow Resources	\$2,909,174.00	\$6,501,115.00	\$2,551,186.00	\$2,946,775.00
Total Net Position	\$102,430,665.00	\$109,263,063.00	\$113,442,121.00	\$117,549,180.00
Operating Revenues	\$18,551,417.00	\$18,835,866.00	\$19,420,400.00	\$20,168,700.00
Net Sales	\$18,551,417.00	\$18,835,866.00	\$19,420,400.00	\$20,168,700.00
Operating Expenses	\$14,209,783.00	\$12,468,765.00	\$16,205,262.00	\$16,903,504.00
Depreciation Expenses	\$3,250,905.00	\$3,501,825.00	\$3,656,463.00	\$3,774,015.00
Non Operating Revenues	-\$350,394.00	-\$351,755.00	-\$16,381.00	\$189,308.00
Capital Contributions	\$1,397,524.00	\$817,052.00	\$980,301.00	\$652,555.00
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	\$5,388,764.00	\$6,832,398.00	\$4,179,058.00	\$4,107,059.00
Statutory Change In Net Position	\$3,991,240.00	\$6,015,346.00	\$3,198,757.00	\$3,454,504.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Lexington**

Referral Reason: **Negative Unrestricted Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The City of Lexington ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its 2024 fiscal year audit, pursuant to Tenn. Code Ann. § 7-82-703. For fiscal year 2024 the Utility reported a negative unrestricted net position of \$1,182,674. The negative value is caused by pension and OPEB liabilities. Without pension and OPEB the Utilities Water and Sewer fund would have a positive unrestricted net position of \$557,049. The Water and Sewer Fund has a pension trust but does not have an OPEB trust. The Utility's Water and Sewer fund's unrestricted cash as a percent of expenses is 6% which is defined as distress by the Comptroller's budget and debt manuals.

Board staff believes that the Utility should make changes needed to increase unrestricted cash to a level not indicative of distress. The Utility should adopt a cash management policy. The Utility should research the benefits of an OPEB trust and work with the Comptrollers division of State Government Finance to have one approved by the State Funding Board. The system should report updates to board staff in 6 months.

Staff Recommendation:

The Board should order the following:

1. The Utility should provide an update to board staff that includes the following:
 - a. The status of a Cash Management Policy.
 - b. The status of an OPEB trust working in conjunction with the Comptrollers Division of State Government Finance.
2. The Utility should provide board staff with an update on the requirements listed in paragraph 1 by September 30, 2025.

Lexington

	Category: Water And Sewer		County: Henderson	
	2021	2022	2023	2024
Net Assets	\$35,592,626.00	\$36,617,410.00	\$35,846,967.00	\$37,069,460.00
Deferred Outflow Resources	\$385,110.00	\$213,557.00	\$516,738.00	\$393,560.00
Net Liabilities	\$19,630,736.00	\$18,244,407.00	\$18,212,861.00	\$18,143,930.00
Deferred Inflow Resources	\$534,999.00	\$1,676,091.00	\$1,070,431.00	\$857,409.00
Total Net Position	\$15,812,001.00	\$16,910,469.00	\$17,080,413.00	\$18,461,681.00
Operating Revenues	\$7,338,313.00	\$7,283,975.00	\$7,801,380.00	\$8,874,782.00
Net Sales	\$7,334,899.00	\$7,281,316.00	\$7,799,761.00	\$8,873,760.00
Operating Expenses	\$6,316,914.00	\$6,458,995.00	\$7,400,065.00	\$7,729,914.00
Depreciation Expenses	\$1,286,675.00	\$1,390,296.00	\$1,407,345.00	\$1,421,198.00
Non Operating Revenues	-\$315,107.00	-\$167,575.00	-\$188,120.00	-\$163,453.00
Capital Contributions	\$0.00	\$554,015.00	\$122,131.00	\$523,732.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	-\$106,071.00	-\$112,952.00	-\$165,382.00	-\$123,879.00
GAAP Change In Net Position	\$600,221.00	\$1,098,468.00	\$169,944.00	\$1,381,268.00
Statutory Change In Net Position	\$600,221.00	\$544,453.00	\$47,813.00	\$857,536.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Lobelville**

Referral Reason: **Negative Unrestricted Net Position**

Utility Type Referred: **Gas**

Staff Summary:

The City of Lobelville ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since their Fiscal Year 2024 audit, pursuant to Tenn. Code Ann. § 7-82-703. The Utility's gas system has faced at least 6 years of declining statutory net position and only the 2024 audit showed an increase in actual net position due to a grant from the county. The utilities accounts payable balance is one and half times higher than their current cash balance, which is considered in distress according to the Comptroller budget and debt manual. The Utility has a structural imbalance in revenues sufficient to cover expenses.

Board staff believes that the Utility needs a rate study to help set a rate sufficient to cover costs and rebuild cash sufficient to not be considered in distress.

Staff Recommendation:

The Board should order the following:

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. and verification that all governing body members of the utility are in compliance with all relevant training requirements.
2. By **April 30, 2025** 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 **June 30, 2025** 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 the foregoing deadlines upon a showing of good cause by the Utility.

Lobelville

	Category: Gas		County: Perry	
	2021	2022	2023	2024
Net Assets	N/A	N/A	\$320,431.00	\$804,099.00
Deferred Outflow Resources	N/A	N/A	\$63,958.00	\$60,753.00
Net Liabilities	N/A	N/A	\$170,850.00	\$270,128.00
Deferred Inflow Resources	N/A	N/A	\$4,895.00	\$47,975.00
Total Net Position	N/A	N/A	\$208,644.00	\$546,749.00
Operating Revenues	N/A	N/A	\$275,077.00	\$296,953.00
Net Sales	N/A	N/A	\$275,077.00	\$295,259.00
Operating Expenses	N/A	N/A	\$421,251.00	\$358,929.00
Depreciation Expenses	N/A	N/A	\$26,656.00	\$8,302.00
Non Operating Revenues	N/A	N/A	-\$2,643.00	\$81.00
Capital Contributions	N/A	N/A	\$0.00	\$400,000.00
Transfers In	N/A	N/A	\$0.00	\$0.00
Transfers Out	N/A	N/A	\$0.00	\$0.00
GAAP Change In Net Position	N/A	N/A	-\$148,817.00	\$338,105.00
Statutory Change In Net Position	N/A	N/A	-\$148,817.00	-\$61,895.00



Jason E. Mumpower
Comptroller

Entity Referred: **Paris Utility Authority**

Referral Reason: **Negative Unrestricted Net Position**

Utility Type Referred: **Water & Sewer**

Staff Summary:

The Paris Utility Authority ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its 2024 Fiscal Year audit, pursuant to Tenn. Code Ann. 7-82-703. The Utility reported a negative unrestricted net position of \$247,705 for the water system and a negative unrestricted net position of \$252,369 for the sewer system. The negative values for both water and sewer are caused by pension and OPEB liabilities. Without pension and OPEB the water system would have a positive unrestricted net position of \$367,344 and the sewer would have a positive unrestricted net position of \$335,407.

The Utility's water system's unrestricted cash as a percent of expenses is 10% which is defined as concern by the Comptroller's budget and debt manuals. The Utility's sewer system unrestricted cash as a percent of expenses is 13%, current assets are insufficient to cover current liabilities, and accounts payable are greater than cash on hand. The sewer cash position is defined as a concern and the amount of accounts payable related to cash is a distress as stated in the Comptroller's budget and debt manuals.

Board staff believes that the Utility should adopt a cash management policy in line with Comptroller recommendations and fund unrestricted cash position at a level above distress concern. The Utility should also research the benefits of an OPEB trust and work with State Government Finance to have one approved by the State Funding Board.

Staff Recommendation:

The Board should order the following:

1. By August 31, 2025, the Utility will conduct a review of their cash management policy and will provide board staff with an update of the changes that have been implemented.
2. By August 31, 2025, the Utility will research the benefits of an OPEB trust and work with State Government Finance to have one approved by the State Funding Board.

Paris Utility Authority

	Category: Water		County: Henry	
	2021	2022	2023	2024
Net Assets	\$21,792,438.00	\$21,135,387.00	\$20,843,188.00	\$20,735,227.00
Deferred Outflow Resources	\$585,330.00	\$360,843.00	\$585,880.00	\$429,463.00
Net Liabilities	\$13,237,701.00	\$11,444,481.00	\$11,627,150.00	\$11,250,612.00
Deferred Inflow Resources	\$21,434.00	\$372,993.00	\$20,165.00	\$12,657.00
Total Net Position	\$9,118,633.00	\$9,678,756.00	\$9,781,753.00	\$9,901,421.00
Operating Revenues	\$2,764,465.00	\$2,840,133.00	\$2,878,207.00	\$3,083,046.00
Net Sales	\$2,617,231.00	\$2,681,391.00	\$2,716,315.00	\$2,936,950.00
Operating Expenses	\$2,243,222.00	\$2,127,488.00	\$2,644,781.00	\$2,837,603.00
Depreciation Expenses	\$422,931.00	\$428,198.00	\$592,772.00	\$666,927.00
Non Operating Revenues	-\$161,809.00	-\$152,522.00	-\$130,429.00	-\$125,775.00
Capital Contributions	\$1,000,000.00	\$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	\$1,359,434.00	\$560,123.00	\$102,997.00	\$119,668.00
Statutory Change In Net Position	\$359,434.00	\$560,123.00	\$102,997.00	\$119,668.00



JASON E. MUMPOWER
Comptroller

AWWA 6.0 and Water Loss Plan Completion

Entity Referred: Multiple Entities

Distress Type: Water Loss

Staff Summary:

The following entities should contract with a third party to complete the AWWA Free Audit Software version 6.0 as a result of their excess water loss:

Grandview Utility District
Huntsville Utility District

Staff Recommendation:

The Board should order the following:

1. By April 30, 2025, the Utility shall provide Board staff proof of engagement with a third party to complete the AWWA Free Audit Software version 6.0.
2. By May 30, 2025, the Utility shall submit the AWWA Free Audit Software version 6.0.



JASON E. MUMPOWER
Comptroller

AWWA 6.0 and Water Loss Plan Completion

Water Loss Compliance Referrals

The following utilities were referred to the Tennessee Board of Utility Regulation (“the Board”) for water loss pursuant to Tenn. Code Ann. § 7-82-702(a)(5). The utilities failed to provide a water loss plan to board staff for review.

1. McKenzie
2. Newbern
3. Ridgely
4. Lynnville
5. New Market Utility District
6. Ocoee Utility District
7. Mooresburg Utility District

Staff Recommendations:

The board should order the following:

1. By May 31, 2025, the utility will provide a water loss plan to board staff.
2. Should the Entity fail to comply with the directive of this order, the utility shall be prohibited from issuing debt or receiving grants.



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.

1. Adamsville
2. Brownlow Utility District
3. First Utility District of Hardin County
4. Hohenwald
5. Red Boiling Springs
6. Tennessee Ridge
7. Intermont Utility District

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

Distress Type: Water Loss

Summary:

The following Utilities are under the Tennessee Board of Utility Regulation (TBOUR) for excessive water loss, pursuant to § 7-82-702(a)(5). The Utilities have completed an AWWA 6.0 and have provided board staff with a water loss plan. Board staff believes that these utilities should be added to the update cycle.

Adamsville
Alamo
Alpha-Talbott Utility District
Arthur-Shawanee Utility District
Bean Station Utility District
Benton
Bethel Springs
Big Sandy
Bloomingtondale Utility District
Bon De Croft Utility District
Bruceton
Byrdstown
Camden
Cedar Grove Utility District
Celina
Centerville
Chapel Hill
Cherokee Hills Utility District
Clearfork Utility District
Clinton
Collinwood
Copper Basin Utility District
County Wide Utility District
Cross Anchor Utility District
Cumberland Utility District of Roane and Morgan Counties
Dresden

Dunlap
Dyersburg Suburban Consolidated Utility District
East Sevier County Utility District
Elizabethton
Englewood
Erin
Etowah
Fall Creek Falls Utility District
First Utility District of Carter County
First Utility District of Hardin County
First Utility District of Hawkins County
Friendsville
Gibson
Gibson County Municipal Water District
Gleason
Grand Junction
Graysville
Griffith Creek Utility District
Hallsdale-Powell Utility District
Harriman
Henry
Hollow Rock
Huntingdon
Iron City Utility District
Jackson County Utility District
Jasper
Jellico
LaFollette
Lakeview Utility District
Lawrenceburg
Lenoir City
Lexington
Linden
Livingston
Lobelville
Lone Oak Utility District
Madisonville
Mason
McEwen

McLemoresville
Metropolitan Government of Lynchburg and Moore County
Mount Pleasant
Mountain City
North Stewart Utility District
North West Utility District
Northwest Dyersburg Utility District
Northwest Henry Utility District
Obion
Oliver Springs
Oneida
Perryville Utility District
Pikeville
Portland
Puryear
Roan Mountain Utility District
Rockwood
Rocky Top
Rogersville
Samburg Utility District
Savannah Valley Utility District
Smithville
Sneedville Utility District
South Carroll Utility District
South Elizabethton Utility District
South Fork Utility District
South Fulton
South Pittsburg
Spring City
Springfield
Surgoinsville Utility District
Tellico Plains
Tennessee Ridge
Tracy City
Trenton
Troy
Waverly
Waynesboro
Westmoreland

**White Pine
Woodbury**

Staff Recommendation:

The Board should order the following:

1. The utility is placed into the water loss update cycle.
2. The utility is required to continue to report water loss through submission of the Annual Information Report.
3. The utility shall be released upon board staff receiving evidence that the utility has lowered water loss to an acceptable range for two consecutive years.



JASON E. MUMPOWER
Comptroller

Entity Referred: Multiple Entities

Distress Type: Financial Distress

The below entities are currently in the update cycle. Board staff is reviewing their cases for progress to release from TBOUR oversight in the future.

Benton	Decrease In Net Position
Benton-Decatur Special Sewer District	Decrease In Net Position
Bethel Springs	Decrease In Net Position
Brighton	Decrease In Net Position
Bristol-Bluff City Utility District	Decrease In Net Position
Celina	Decrease In Net Position
Cheatham County Water and Wastewater Authority	Decrease In Net Position
Clarksburg	Decrease In Net Position
Copperhill	Decrease In Net Position
Cumberland Gap	Decrease In Net Position
Gallaway	Decrease In Net Position
Gates	Decrease In Net Position
Gleason	Decrease In Net Position
Gordonsville	Decrease In Net Position
Grand Junction	Decrease In Net Position
Graysville	Decrease In Net Position
Harriman	Decrease In Net Position
Harrogate	Decrease In Net Position
Henning	Decrease In Net Position
Hornsby	Decrease In Net Position
Iron City Utility District	Decrease In Net Position
Obion	Decrease In Net Position
Oneida	Decrease In Net Position
Roan Mountain Utility District	Decrease In Net Position
Rogersville	Decrease In Net Position

Rutherford	Decrease In Net Position
Rutledge	Decrease In Net Position
Sharon	Decrease In Net Position
Sneedville	Decrease In Net Position
Stanton	Decrease In Net Position
Sunbright	Decrease In Net Position
Tellico Plains	Decrease In Net Position
Toone	Decrease In Net Position
Trezevant	Decrease In Net Position
Trimble	Decrease In Net Position
Watertown	Decrease In Net Position



JASON E. MUMPOWER
Comptroller

Entity Referred: Multiple Entities

Distress Type: Annual Information Report

Summary:

The following Utilities were referred to the board for failure to submit an Annual Information Report, pursuant to Tenn. Code Ann. § 7-82-707. Since being referred, these Utilities have completed and submitted an Annual Information Report.

1. Alexandria
2. Anderson County Water Authority
3. Arlington
4. Athens
5. Bell Buckle
6. Bells
7. Benton
8. Big Creek Utility District
9. Blaine
10. Bluff City
11. Brighton
12. Brownsville Energy Authority
13. Bulls Gap
14. Byrdstown
15. Charlotte
16. Cheatham County Water and Wastewater Authority
17. Claiborne Utilities District
18. Clarksburg
19. Collierville
20. Columbia
21. Cookeville Boat Dock Road Utility District
22. Cowan
23. Cross Anchor Utility District
24. Crossville
25. Cumberland City
26. Cunningham-East Montgomery Water Treatment Plant
27. Decaturville

28. Decherd
29. Dunlap
30. Dyer
31. Eastview
32. Elkton
33. Erwin Utilities Authority
34. Friendship
35. Gallatin
36. Gallaway
37. Gates
38. Gordonsville
39. Greenbrier
40. Greeneville
41. Grundy County
42. Harbor Utility District
43. Harriman
44. Haywood County Utility District
45. Henderson
46. Hendersonville Utility District
47. Henning
48. Hiwassee Utilities Commission
49. Hollow Rock
50. Hornbeak
51. Humboldt Utilities Authority
52. Huntland
53. Huntsville
54. Jackson County Utility District
55. Jefferson City
56. Jonesborough
57. Knox-Chapman Utility District
58. Lafayette
59. Lake County Utility District
60. Lakeland
61. Luttrell
62. Luttrell-Blaine-Corryton Utility District
63. Manchester
64. Maryville
65. Mason
66. Maury City

67. McLemoresville
68. Memphis
69. Metropolitan Government of Hartsville and Trousdale County
70. Metropolitan Government of Nashville and Davidson County
71. Millersville
72. Monteagle
73. Monterey
74. Mount Pleasant
75. Northwest Clay Utility District
76. Oak Ridge Utility District
77. Obion
78. Ocoee Utility District
79. Parrottsville
80. Petersburg
81. Piperton
82. Plateau Utility District
83. Powell-Clinch Utility District
84. Ridgely
85. Ripley
86. Rives
87. Roane County
88. Rossville
89. Russellville-Whitesburg Utility District
90. Savannah
91. Sevierville
92. Sneedville
93. Somerville
94. South Elizabethton Utility District
95. South Fulton
96. Spring Hill
97. Stanton
98. Sunbright
99. Tracy City
100. Trenton
101. Trezevant
102. Trimble
103. Tusculum
104. Union City
105. Wartrace

- 106. Water & Wastewater Treatment Authority of Coffee County
- 107. Watertown
- 108. West Cumberland Utility District
- 109. West Stewart Utility District of Stewart County
- 110. White Pine

Staff Recommendation:

The Board should order the following:

1. The Utility is officially released from the Board's oversight.
2. Staff and Counsel shall close the case.



JASON E. MUMPOWER
Comptroller

Entity Referred: Multiple Entities

Distress Type: Annual Information Report

Staff Summary:

The following utilities were referred to the Tennessee Board of Utility Regulation ("the Board") for water loss based on their 2022 Annual Information Report submissions pursuant to Tenn. Code Ann. §7-82-702(a)(5)

1. Claiborne Utilities District
2. Dover
3. Madison Suburban Utility District
4. Sardis

Since coming under the Board for water loss, the Utilities have provided water loss plans to board staff and have had consecutive years below 40% water loss. Board staff believes that the Utility should be released from Board oversight.

Staff Recommendation:

The Board should order the following:

1. The Utility is officially released from the Board's oversight.
2. Staff and Counsel shall close the case.



Jason E. Mumpower
Comptroller

Entity Referred: **Clearfork Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Clearfork Utility District (the "Utility") is under supervision of the Tennessee Board of Utility Regulation ("the Board") for financial distress. Since 2022, the Utility has been ordered to bring its audits current, contract with professionals to complete a rate study and a feasibility study, and to provide those completed studies to the Board. The Utility has completed its 2023 audit and has contracted with a professional to complete a rate study, but has not complied with those other provisions. The Utility has not been communicative with Board staff.

Staff Recommendation:

The Board should find that the Utility has failed to comply with all Board orders; specifically, the Utility has not brought its audits current, has not completed a rate study, has not contracted with a professional to complete a feasibility study, and has not completed a feasibility study.

The Board should order as follows:

1. All previous Board orders are rescinded.
2. By May 31, 2025, the Utility shall bring all outstanding audits current; this includes its FY 2024 audit.
3. 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;
4. By June 30, 2025 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.
5. The Utility shall contract with a qualified expert as approved by Board staff to study the feasibility of a merger with surrounding utility systems.

6. By April 30, 2025 the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the the feasibility study ordered in paragraph 5. ¹⁴⁷

7. By September 30, 2025 the Utility shall provide Board staff with the completed feasibility study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

8. If the Utility does not comply with the above provisions, Board staff may refer the Utility the Office of the Attorney General for enforcement.

Clearfork Utility District

	Category: Water		County: Claiborne	
	2020	2021	2022	2023
Net Assets	\$1,895,395.00	\$1,816,534.00	N/A	\$2,132,991.00
Deferred Outflow Resources	\$0.00	\$0.00	N/A	\$0.00
Net Liabilities	\$18,131.00	\$11,323.00	N/A	\$48,370.00
Deferred Inflow Resources	\$0.00	\$0.00	N/A	\$0.00
Total Net Position	\$1,877,264.00	\$1,805,211.00	N/A	\$2,084,621.00
Operating Revenues	\$312,090.00	\$327,750.00	N/A	\$593,500.00
Net Sales	\$307,588.00	\$315,186.00	N/A	\$535,356.00
Operating Expenses	\$438,554.00	\$405,177.00	N/A	\$686,787.00
Depreciation Expenses	\$82,186.00	\$81,040.00	N/A	\$114,483.00
Non Operating Revenues	\$8,295.00	\$5,374.00	N/A	\$1,936.00
Capital Contributions	\$17,035.00	\$0.00	N/A	\$424,761.00
Transfers In	\$0.00	\$0.00	N/A	\$0.00
Transfers Out	\$0.00	\$0.00	N/A	\$0.00
GAAP Change In Net Position	-\$101,134.00	-\$72,053.00	N/A	\$333,410.00
Statutory Change In Net Position	-\$118,169.00	-\$72,053.00	N/A	-\$91,351.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Luttrell**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Sewer**

Staff Summary:

The City of Luttrell ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its 2016 audit pursuant to Tenn. Code Ann. § 7-82-703. The Utility has continued to experience negative change in net position, most recently for fiscal years 2023 and 2024. At the July 2024 Board meeting, the Utility was ordered to contract with a qualified third party to conduct a rate and feasibility study. The Utility has been in contact with Board staff and has requested a 6 month extension to complete these studies.

Staff Recommendation:

The Board should order the following:

1. The Board's August 7, 2024 Order required the Utility to contract with a third party to conduct a rate study. By **August 28, 2025**, 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.
2. The Board's August 7, 2024 Order required the Utility to contract with a third party to conduct a study as to the feasibility of a merger with another utility, including the Luttrell-Blaine-Corryton Utility District. By **April 31, 2025**, the Utility shall provide Board staff with a copy of the Utility's contract with a third party to conduct the feasibility study.
3. By **August 28, 2025**, the Utility shall provide Board staff with the completed feasibility study.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

Luttrell

	Category: Sewer		County: Union	
	2021	2022	2023	2024
Net Assets	\$5,824,394.00	\$5,812,718.00	\$5,570,961.00	\$5,886,345.00
Deferred Outflow Resources	\$15,477.00	\$21,110.00	\$33,086.00	\$26,373.00
Net Liabilities	\$148,482.00	\$103,608.00	\$90,595.00	\$107,299.00
Deferred Inflow Resources	\$6,092.00	\$66,310.00	\$29,174.00	\$284,009.00
Total Net Position	\$5,685,297.00	\$5,663,910.00	\$5,484,278.00	\$5,521,410.00
Operating Revenues	\$805,082.00	\$770,857.00	\$690,999.00	\$809,589.00
Net Sales	\$685,691.00	\$684,427.00	\$647,199.00	\$753,939.00
Operating Expenses	\$759,666.00	\$786,893.00	\$867,456.00	\$900,319.00
Depreciation Expenses	\$205,007.00	\$219,520.00	\$227,852.00	\$233,173.00
Non Operating Revenues	-\$6,342.00	-\$5,351.00	-\$3,175.00	\$2,567.00
Capital Contributions	\$306,170.00	\$0.00	\$0.00	\$65,660.00
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	\$345,244.00	-\$21,387.00	-\$119,997.00	-\$22,503.00
Statutory Change In Net Position	\$39,074.00	-\$21,387.00	-\$119,997.00	-\$88,163.00



Jason E. Mumpower
Comptroller

Entity Referred: **Mooresburg Utility District**

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

Utility Type Referred: **Water**

Staff Summary:

The Mooresburg Utility District ("the Utility") is under 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 issued an order regarding the entity in 2021. The Board issued a new order in December of 2022. The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Utility in 2024. The investigation was limited to selected records for the period July 2022 through September 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 3rd Judicial District. There were numerous deficiencies noted in the accompanying report.

The Utility has partially complied with the December 2022 order. The Utility contracted with Jackson Thornton for a rate study that was completed in July of 2023. The governing body at the time decided not to follow the recommendations outlined in the rate study. The December 2022 order required the Utility to implement the results of the rate study by September 1st, 2023 and the Board most recently ordered the Utility to implement the results by April 1, 2024. The former utility board failed to comply with this order.

At the March 2024 Board meeting, the Utility was ordered to contract with a qualified third party to conduct a review of internal controls & policies by May 15th, 2024, and to provide Board staff with proof that proper controls and policies are in place by September 1st, 2024. The Utility has failed to comply with this order.

In October of 2024, Board staff started receiving reports that the Utility was having internal issues between Utility management and the Utility board of commissioners. At this time, the Utility began operating without a General Manager. In the meantime, the Utility hired part-time staff to keep the Utility operating. It was reported to Board staff, that as of December 18th, 2024, Commissioners Jim Murray, Rick Brewer, along with two staff employees resigned from their positions. As of January 7th, 2025, two new commissioners have been appointed, and as of January 9th, 2025 the General Manager was brought back on staff with the Utility. It has been communicated to Board staff that the new commissioners are aware of the outstanding board orders and plan to take action in the future.

Pursuant to Tenn. Code Ann. § 7-82-704, utilities in financial distress are considered ailing and the board may order the utility to merge with another utility system. The utility currently has interconnections with Bean Station Utility District.

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 an updated 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. and a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;

2. The Utility shall have the Tennessee Association of Utility districts, or another qualified expert as approved by board staff, perform a review of any possible mergers with surrounding utilities including a preliminary judgement on whether any merger options are feasible and should be explored further.

2. By **April 30, 2025**, 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 and 2.

3. By **September 30, 2025**, the Utility shall provide Board staff with the completed rate study and proof of implementation of the resulting recommendations or a proposed plan of implementation.

4. By **September 30, 2025**, the Utility shall provide Board staff with the completed review of possible mergers with surrounding utilities.

5. 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

	Category: Water		County: Hawkins	
	2019	2020	2021	2022
Net Assets	\$3,738,196.00	\$3,665,810.00	\$3,595,682.00	\$3,551,019.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$2,129,213.00	\$2,103,001.00	\$2,045,093.00	\$1,995,112.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$1,608,983.00	\$1,562,809.00	\$1,550,589.00	\$1,555,907.00
Operating Revenues	\$344,489.00	\$364,391.00	\$384,750.00	\$463,999.00
Net Sales	\$316,420.00	\$331,151.00	\$347,665.00	\$370,699.00
Operating Expenses	\$331,164.00	\$339,257.00	\$329,397.00	\$393,914.00
Depreciation Expenses	\$140,267.00	\$138,207.00	\$138,357.00	\$138,201.00
Non Operating Revenues	-\$75,259.00	-\$71,308.00	-\$67,573.00	-\$64,767.00
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	-\$61,934.00	-\$46,174.00	-\$12,220.00	\$5,318.00
Statutory Change In Net Position	-\$61,934.00	-\$46,174.00	-\$12,220.00	\$5,318.00



Jason E. Mumpower
Comptroller

Entity Referred: **Ocoee Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Ocoee Utility District ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its 2023 audit pursuant to Tenn. Code Ann. § 7-82-703. The Utility has returned its financial distress questionnaire to Board staff. Board staff has identified the following weaknesses or findings: The Utility is currently purchasing excessive amounts of water from other utilities due to the degradation of their current infrastructure. The Utility reported they are issuing a \$30,000,000 USDA Rural Development Loan and have received a grant of \$5,000,000 to go towards the development of a new water plant that should alleviate the amount of water purchased. The Utility plans to adjust rates quarterly over the next year. The Utility currently has a rate study underway that incorporates these new projects.

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. and a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist.
2. By **April 30th, 2025**, 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 **June 30th, 2025**, 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 the foregoing deadlines upon a showing of good cause by the Utility.

Ocoee Utility District

	Category: Water And Sewer		County: Bradley	
	2021	2022	2023	2024
Net Assets	\$29,808,254.00	\$39,412,108.00	\$36,725,839.00	\$36,758,066.00
Deferred Outflow Resources	\$1,498,480.00	\$1,246,131.00	\$1,157,769.00	\$1,069,406.00
Net Liabilities	\$19,904,675.00	\$29,430,405.00	\$28,846,889.00	\$28,740,184.00
Deferred Inflow Resources	\$79,696.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$11,322,363.00	\$11,227,834.00	\$9,036,719.00	\$9,087,288.00
Operating Revenues	\$5,139,200.00	\$5,437,496.00	\$6,091,925.00	\$6,563,500.00
Net Sales	\$4,622,551.00	\$4,885,965.00	\$5,579,587.00	\$5,968,742.00
Operating Expenses	\$4,015,455.00	\$4,677,841.00	\$5,426,458.00	\$5,386,692.00
Depreciation Expenses	\$893,107.00	\$885,805.00	\$993,191.00	\$1,091,273.00
Non Operating Revenues	-\$522,902.00	-\$867,680.00	-\$1,415,789.00	-\$755,675.00
Capital Contributions	\$325,154.00	\$13,496.00	\$99,673.00	\$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	\$925,997.00	-\$1,634,995.00	-\$1,021,213.00	\$421,133.00
Statutory Change In Net Position	\$600,843.00	-\$1,648,491.00	-\$1,120,886.00	\$421,133.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Oliver Springs**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Water And Sewer**

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 July 2023 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 March 31st, 2024. The Utility has partially complied with this order by contracting with a qualified third party but failed to have a completed copy to Board staff by the aforementioned due date. The Utility doesn't have a completed audit for Fiscal Year 2024, which will affect the completion of the feasibility study. Board staff has determined that the Fiscal Year 2024 audit should be completed by 5/31/25.

Staff Recommendation:

1. At the July 2023 Board Meeting, the Utility was ordered to contract with a 3rd party professional to study the feasibility of a merger between the Utility (which is only Oliver Springs' utility system) and the utility system of the City of Oak Ridge, in addition to any surrounding utility systems. The study was ordered to be complete and to have a copy submitted to the Board by March 31, 2024. This order will be extended to October 31, 2025.

Oliver Springs

	Category: Water And Sewer		County: Anderson; Morgan; Roane	
	2020	2021	2022	2023
Net Assets	\$18,197,587.00	\$18,266,874.00	\$18,005,807.00	\$17,707,504.00
Deferred Outflow Resources	\$67,662.00	\$78,114.00	\$233,414.00	\$204,183.00
Net Liabilities	\$7,913,518.00	\$7,413,216.00	\$7,647,862.00	\$7,045,081.00
Deferred Inflow Resources	\$46,689.00	\$20,769.00	\$190,669.00	\$3,720.00
Total Net Position	\$10,305,042.00	\$10,911,003.00	\$10,400,690.00	\$10,862,886.00
Operating Revenues	\$1,868,625.00	\$1,940,079.00	\$1,974,686.00	\$2,301,394.00
Net Sales	\$1,747,651.00	\$1,831,735.00	\$1,858,566.00	\$2,135,287.00
Operating Expenses	\$2,106,446.00	\$2,409,627.00	\$2,442,937.00	\$2,710,765.00
Depreciation Expenses	\$464,336.00	\$522,819.00	\$549,925.00	\$551,614.00
Non Operating Revenues	-\$77,580.00	-\$74,865.00	-\$79,059.00	-\$77,185.00
Capital Contributions	\$2,388,351.00	\$1,150,374.00	\$36,997.00	\$642,994.00
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	\$2,072,950.00	\$605,961.00	-\$204,555.00	\$156,438.00
Statutory Change In Net Position	-\$315,401.00	-\$544,413.00	-\$241,552.00	-\$486,556.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Parrottsville**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Sewer**

Staff Summary:

The Town of Parrottsville ("the Utility") is under supervision of the Tennessee Board of Utility Regulation ("the Board") for financial distress following its 2017 fiscal year audit pursuant to Tenn. Code Ann. §7-82-703. In March of 2023 the Board issued an order to the Utility requiring them to conduct a feasibility study of a potential merger with the City of Newport. The City of Newport is currently providing sewer billing services for the Utility.

The Utility contracted with the Tennessee Association of Utility Districts (TAUD) to carry out the feasibility study and the study was completed in January of 2024. The Utility failed to meet the Implementation deadline. At the March 2024 Tennessee Board of Utility Regulation meeting, the board granted to extend the deadline of the feasibility study implementation to August 31st, 2024. The Utility failed to meet the extended deadline.

Based on the feasibility analysis, the Utility's most viable option would be to decommission the existing treatment plant and construct a new pump station and force main to convey sewage to Newport Utilities existing wastewater treatment plant. The Engineers preliminary Opinion of Probable Construction Cost for this project is \$7,319,520. Board staff has been informed that Newport Utilities does not want to take on the cost of this project and to date the Utility has not secured funding for this project. Board staff believes that the Board should have an open discussion on possible recommendations for the Utility.

Staff Recommendation:

Board Discussion

Parrottsville

	Category: Sewer		County: Cocke	
	2020	2021	2022	2023
Net Assets	\$805,989.00	\$796,582.00	\$782,530.00	\$791,757.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$248,761.00	\$230,830.00	\$220,295.00	\$234,682.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$557,228.00	\$565,752.00	\$562,235.00	\$557,075.00
Operating Revenues	\$39,138.00	\$49,782.00	\$34,140.00	\$45,427.00
Net Sales	\$39,138.00	\$42,521.00	\$45,703.00	\$43,476.00
Operating Expenses	\$49,123.00	\$62,150.00	\$35,581.00	\$48,946.00
Depreciation Expenses	\$24,244.00	\$24,499.00	\$24,863.00	\$25,002.00
Non Operating Revenues	-\$1,466.00	-\$1,908.00	-\$2,076.00	-\$1,641.00
Capital Contributions	\$0.00	\$22,800.00	\$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	-\$11,451.00	\$8,524.00	-\$3,517.00	-\$5,160.00
Statutory Change In Net Position	-\$11,451.00	-\$14,276.00	-\$3,517.00	-\$5,160.00



Jason E. Mumpower
Comptroller

Entity Referred: **East Sevier County Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The East Sevier County Utility District ("the Utility") has been placed under administrative review with the Tennessee Board of Utility Regulation ("the Board") in August of 2022 pursuant to Tenn. Code Ann. § 7-82-705. The Entity has a long history of frequent service outages, customer complaints, and water quality issues. The Entity has a similarly long history of excessive water loss. The Entity has come under new management in the past year and is making strides to turn things around. The Entity's lack of adequate accounting and billing systems has slowed the progress of the Entity completing the ordered study, as they do not have all the required information needed to complete an accurate study. The Entity has contracted with a third party to complete a rate study and feasibility analysis and anticipates a completion date of December 31 2025.

Staff Recommendation:

The Board should order the following:

1. By **April 30, 2025** the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks identified in the July 2023 order.
2. By **December 31, 2025** the Entity shall provide Board staff with the completed rate & feasibility study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
3. 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.

East Sevier County Utility District

	Category: Water And Sewer		County: Sevier	
	2020	2021	2022	2023
Net Assets	\$2,785,428.00	\$3,218,680.00	\$3,898,454.00	\$3,468,016.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$794,489.00	\$1,189,730.00	\$1,444,160.00	\$1,341,936.00
Deferred Inflow Resources	\$30,421.00	\$33,070.00	\$35,675.00	\$0.00
Total Net Position	\$1,960,518.00	\$1,995,880.00	\$2,418,619.00	\$2,126,080.00
Operating Revenues	\$977,798.00	\$981,707.00	\$1,181,097.00	\$1,148,363.00
Net Sales	\$766,876.00	\$864,336.00	\$888,344.00	\$986,696.00
Operating Expenses	\$824,541.00	\$921,244.00	\$1,155,240.00	\$1,468,994.00
Depreciation Expenses	\$124,548.00	\$145,029.00	\$175,563.00	\$149,268.00
Non Operating Revenues	-\$33,524.00	-\$25,101.00	-\$48,118.00	-\$37,708.00
Capital Contributions	\$443,000.00	\$0.00	\$445,000.00	\$65,800.00
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	\$562,733.00	\$35,362.00	\$422,739.00	-\$292,539.00
Statutory Change In Net Position	\$119,733.00	\$35,362.00	-\$22,261.00	-\$358,339.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Alexandria**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Alexandria ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for Administrative Review since 2024 pursuant to Tenn. Code Ann. § 7-82-705. Board staff received complaints about the quality of the utility services provided by the Utility. On September 5, 2024, Board staff met with the Mayor and all staff and governing body members involved in the Utility. Board staff does not have any significant concerns about the managerial or operational capacity of the Utility. The Town has experienced an administrative change and with that comes an adjustment period. Board staff reviewed the Town's Annual Information Report for 2024, however, and noted the following:

- The Town has not completed a rate study in over 4 years;
- The Town has approximately 998 customers. Board staff cannot determine how fiscally sustainable the Utility is.

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. and a feasibility study to evaluate whether merger with a surrounding utility system is feasibility and beneficial.
2. By **April 30, 2025** 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 **June 30, 2025**, 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 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 may 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.

Alexandria

	Category: Water And Sewer		County: DeKalb	
	2020	2021	2022	2023
Net Assets	\$2,959,165.00	\$3,127,981.00	\$3,415,070.00	\$3,666,901.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$782,414.00	\$749,648.00	\$760,232.00	\$750,182.00
Deferred Inflow Resources	\$0.00	\$0.00	\$138,293.00	\$288,430.00
Total Net Position	\$2,176,751.00	\$2,378,333.00	\$2,516,545.00	\$2,628,289.00
Operating Revenues	\$829,413.00	\$873,240.00	\$935,980.00	\$916,831.00
Net Sales	\$785,095.00	\$837,395.00	\$878,980.00	\$902,055.00
Operating Expenses	\$773,219.00	\$723,103.00	\$774,696.00	\$806,224.00
Depreciation Expenses	\$156,846.00	\$157,741.00	\$160,796.00	\$158,842.00
Non Operating Revenues	-\$28,150.00	\$20,095.00	-\$23,072.00	\$1,137.00
Capital Contributions	\$10,450.00	\$31,350.00	\$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	\$38,494.00	\$201,582.00	\$138,212.00	\$111,744.00
Statutory Change In Net Position	\$28,044.00	\$170,232.00	\$138,212.00	\$111,744.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Dunlap**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary: The City of Dunlap ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its 2023 audit pursuant to Tenn. Code Ann. §7-82-703. The Utility returned its financial distress questionnaire to Board staff. Board staff has identified the following weaknesses or findings:

- The Utility has not submitted the fiscal year 2024 audited financial information to the Comptroller's Office. The Utility failed to close their accounting records within 2 months after the close of the fiscal year in accordance with Tenn. Code Ann. § 9-2-102. The Utility failed to submit their audit within 6 months after the close of the fiscal in accordance with the Division of Local Government Audit's Audit Manual.
- The Utility has not completed a rate study in the past 5 years. The Utility has engaged with the Municipal Technical Advisory Service ("MTAS") and Rye Engineering to address utility rates and water loss. The Utility passed a water rate increase in November 2024.

Staff Recommendation: The Board should order the following:

1. The Utility shall submit all outstanding delinquent audits to the Board and to the Comptroller's Division of Local Government Audit (at LGA.Web@cot.tn.gov) by **June 15, 2025**.
2. By **April 30, 2025** the Utility shall send Board staff and the Division of Local Government Audit (LGA.Web@cot.tn.gov) a written statement by email explaining the cause of the delinquent audits.
3. The Utility shall have MTAS, or another qualified entity, 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;
 - g. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.

4.. By **April 30, 2025**, 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. 166

5.. By **June 30, 2025**, 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.

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.

7. 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/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

Dunlap

	Category: Water And Sewer		County: Sequatchie	
	2020	2021	2022	2023
Net Assets	\$13,523,137.00	\$13,694,374.00	\$13,540,100.00	\$12,928,766.00
Deferred Outflow Resources	\$154,424.00	\$167,385.00	\$337,307.00	\$304,844.00
Net Liabilities	\$6,209,105.00	\$5,974,787.00	\$5,738,102.00	\$5,514,225.00
Deferred Inflow Resources	\$101,307.00	\$69,029.00	\$373,205.00	\$53,562.00
Total Net Position	\$7,367,149.00	\$7,817,943.00	\$7,766,100.00	\$7,665,823.00
Operating Revenues	\$2,358,214.00	\$2,528,398.00	\$2,502,412.00	\$2,582,719.00
Net Sales	\$2,257,576.00	\$2,436,309.00	\$2,396,802.00	\$2,469,319.00
Operating Expenses	\$2,110,763.00	\$2,068,850.00	\$2,448,261.00	\$2,506,120.00
Depreciation Expenses	\$640,553.00	\$653,800.00	\$689,936.00	\$717,960.00
Non Operating Revenues	-\$90,419.00	-\$8,754.00	-\$105,994.00	-\$176,876.00
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	\$157,032.00	\$450,794.00	-\$51,843.00	-\$100,277.00
Statutory Change In Net Position	\$157,032.00	\$450,794.00	-\$51,843.00	-\$100,277.00



Jason E. Mumpower
Comptroller

Entity Referred: **Grundy County**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Sewer**

Staff Summary: Grundy County "the Utility" has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2016 pursuant to Tenn. Code Ann. § 7-82-703. The Utility has been in the update cycle but is showing signs of continued financial distress in their audited financial information.

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. and a feasibility study to evaluate whether merger with a surrounding utility system is feasibility and beneficial.
2. By **April 30, 2025** 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 **June 30, 2025**, 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 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 may 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.

Grundy County

	Category: Sewer		County: Grundy	
	2020	2021	2022	2023
Net Assets	\$967,210.00	\$920,684.00	\$916,989.00	\$905,014.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$0.00	\$0.00	\$0.00	\$0.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$967,210.00	\$920,684.00	\$916,989.00	\$905,014.00
Operating Revenues	\$57,032.00	\$87,825.00	\$141,748.00	\$146,256.00
Net Sales	\$57,032.00	\$87,825.00	\$141,748.00	\$146,256.00
Operating Expenses	\$139,743.00	\$134,364.00	\$145,443.00	\$158,231.00
Depreciation Expenses	\$68,845.00	\$68,845.00	\$68,845.00	\$68,845.00
Non Operating Revenues	\$39.00	\$13.00	\$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	-\$82,672.00	-\$46,526.00	-\$3,695.00	-\$11,975.00
Statutory Change In Net Position	-\$82,672.00	-\$46,526.00	-\$3,695.00	-\$11,975.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Jamestown**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Gas**

Staff Summary: The City of Jamestown ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its 2023 audit pursuant to Tenn. Code Ann. §7-82-703. The Utility has returned its financial distress questionnaire to Board staff. Board staff has identified the following weaknesses or findings:

- The Utility has not submitted the fiscal year 2024 audited financial information to the Comptroller's Office. The Utility failed to close their accounting records within 2 months after the close of the fiscal year in accordance with Tenn. Code Ann. § 9-2-102. The Utility failed to submit their audit within 6 months after the close of the fiscal in accordance with the Division of Local Government Audit's Audit Manual.
- The Utility has not completed a rate study in the past 5 years.

Staff Recommendation: The Board should order the following:

1. The Utility shall submit all outstanding delinquent audits to the Board and to the Comptroller's Division of Local Government Audit (at LGA.Web@cot.tn.gov) by **June 15, 2025**.
2. By **April 30, 2025** the Utility shall send Board staff and the Division of Local Government Audit (LGA.Web@cot.tn.gov) a written statement by email explaining the cause of the delinquent audits.
3. The Utility shall have a qualified expert 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. and a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
- 4.. By **April 30, 2025**, 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.
- 5.. By **June 30, 2025**, 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.

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.
7. 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/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

Jamestown

	Category: Gas		County: Fentress	
	2020	2021	2022	2023
Net Assets	\$7,595,986.00	\$7,374,088.00	\$6,727,739.00	\$6,088,675.00
Deferred Outflow Resources	\$86,376.00	\$88,484.00	\$133,411.00	\$131,868.00
Net Liabilities	\$315,102.00	\$299,551.00	\$305,653.00	\$236,117.00
Deferred Inflow Resources	\$43,139.00	\$47,617.00	\$192,989.00	\$28,038.00
Total Net Position	\$7,324,121.00	\$7,115,404.00	\$6,362,508.00	\$5,956,388.00
Operating Revenues	\$2,054,094.00	\$2,221,669.00	\$2,268,671.00	\$2,256,091.00
Net Sales	\$2,036,810.00	\$2,192,816.00	\$2,245,132.00	\$2,232,914.00
Operating Expenses	\$1,933,274.00	\$2,359,254.00	\$3,031,062.00	\$2,700,194.00
Depreciation Expenses	\$148,163.00	\$165,770.00	\$207,748.00	\$226,748.00
Non Operating Revenues	\$73,605.00	\$6,681.00	\$9,495.00	\$37,983.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	-\$54,156.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$62,456.00	-\$130,904.00	-\$752,896.00	-\$406,120.00
Statutory Change In Net Position	-\$15,357.00	-\$130,904.00	-\$752,896.00	-\$406,120.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Watertown**

Referral Reason: **Water Loss**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The City of Watertown ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for water loss pursuant to Tenn. Code Ann. § 7-82-702(a)(5). Board staff determined the Utility had excessive water loss based on its 2023 Annual Information Report submission to the Comptroller's Office. Board staff sent correspondence to the Utility requesting the Utility to engage with a third party, such as TAUD, MTAS, or another third party as approved by Board staff for assistance in completing the AWWA Free Audit Software version 6.0. The City provided proof of engagement with Rye Engineering. The City had a due date of 10/31/2024 to supply Board staff with the AWWA report. Board staff has reached out twice requesting an update on where the City is at in the process of completing the AWWA. The City has not provided a response.

Staff Recommendation: The Board should order the following:

1. By May 15, 2025, the Utility shall submit the AWWA Free Audit Software version 6.0.
2. 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.

Watertown

	Category: Water And Sewer		County: Wilson	
	2021	2022	2023	2024
Net Assets	\$2,842,920.71	\$2,863,303.62	\$2,906,472.36	\$8,911,405.50
Deferred Outflow Resources	\$421.61	\$327.96	\$0.00	\$0.00
Net Liabilities	\$209,813.23	\$257,948.67	\$102,246.43	\$6,143,495.95
Deferred Inflow Resources	\$7,511.77	\$6,561.36	\$0.00	\$0.00
Total Net Position	\$2,626,017.32	\$2,599,121.55	\$2,804,225.93	\$2,767,909.55
Operating Revenues	\$579,003.67	\$574,018.33	\$605,883.93	\$651,473.77
Net Sales	\$540,164.24	\$534,138.69	\$553,774.59	\$568,246.50
Operating Expenses	\$587,212.18	\$608,691.04	\$610,915.57	\$637,650.09
Depreciation Expenses	\$84,618.24	\$82,969.47	\$86,434.02	\$90,120.96
Non Operating Revenues	\$780.76	\$510.56	\$10,138.83	-\$50,140.06
Capital Contributions	\$0.00	\$7,266.38	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$199,997.19	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$7,427.75	-\$26,895.77	\$205,104.38	-\$36,316.38
Statutory Change In Net Position	-\$7,427.75	-\$34,162.15	\$5,107.19	-\$36,316.38

From: [Meghan Huffstutter](#)
To: "Michael R. Jennings"
Cc: [Ross Colona](#)
Subject: RE: AWWA
Date: Monday, January 13, 2025 8:54:00 AM
Attachments: [image001.png](#)

Mayor,

Please provide an update on this at your earliest convenience.

Meghan Huffstutter, CFE
Senior Analyst
Comptroller of the Treasury
Division of Local Government Finance
425 Rep. John Lewis Way N. | Nashville, TN 37243
Meghan.Huffstutter@cot.tn.gov | Direct Line 615.747.5379 | Main Line 615.747.5260



Mission: *Make Government Work Better*

From: Meghan Huffstutter
Sent: Monday, January 6, 2025 9:17 AM
To: Michael R. Jennings <mjenningslaw@aol.com>
Cc: Ross Colona <Ross.Colona@cot.tn.gov>
Subject: RE: AWWA

Mr. Jennings,

Please let me know if you were able to follow up and find out the status of the AWWA report.

Meghan Huffstutter, CFE
Senior Analyst
Comptroller of the Treasury
Division of Local Government Finance
425 Rep. John Lewis Way N. | Nashville, TN 37243
Meghan.Huffstutter@cot.tn.gov | Direct Line 615.747.5379 | Main Line 615.747.5260



Mission: **Make Government Work Better**

From: Michael R. Jennings <mjenningslaw@aol.com>
Sent: Monday, December 16, 2024 9:13 AM
To: Meghan Huffstutter <Meghan.Huffstutter@cot.tn.gov>
Cc: Ross Colona <Ross.Colona@cot.tn.gov>
Subject: Re: AWWA

I'm not sure, Meghan, but I will follow up and find out.

Michael R. Jennings
Attorney at Law
326 North Cumberland Street
Lebanon, TN 37087
Phone: (615) 444-0585
Fax: (615) 449-8239

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On Monday, December 16, 2024 at 09:10:13 AM CST, Meghan Huffstutter <meghan.huffstutter@cot.tn.gov> wrote:

Mayor Jennings,

Where is Watertown at in the completion of the AWWA report that was due October 31?

Meghan Huffstutter, CFE

Senior Analyst

Comptroller of the Treasury

Division of Local Government Finance

425 Rep. John Lewis Way N. | Nashville, TN 37243

Meghan.Huffstutter@cot.tn.gov | Direct Line 615.747.5379 | Main Line 615.747.5260



Mission: Make Government Work Better

From: Meghan Huffstutter
Sent: Monday, August 26, 2024 4:12 PM
To: Michael R. Jennings <mjenningslaw@aol.com>
Subject: RE: AWWA

Mayor,

I'm a bit confused. I received the attached letter from Rye dated April 11. I'm a bit confused how a contract was just now signed in August?

Regardless, the **AWWA report is due October 31, 2024.**

Thank you,

Meghan Huffstutter, CFE

Senior Analyst

Comptroller of the Treasury

Division of Local Government Finance

425 Rep. John Lewis Way N. | Nashville, TN 37243

Meghan.Huffstutter@cot.tn.gov | Direct Line 615.747.5379 | Main Line 615.747.5260



Mission: Make Government Work Better

From: Michael R. Jennings <mjenningslaw@aol.com>

Sent: Monday, August 26, 2024 2:41 PM

To: Meghan Huffstutter <Meghan.Huffstutter@cot.tn.gov>

Subject: Re: AWWA

Hi, Meghan.

I have just been presented with a contract a few days ago.

Michael R. Jennings

Attorney at Law

326 North Cumberland Street

Lebanon, TN 37087

Phone: (615) 444-0585

Fax: (615) 449-8239

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On Monday, August 26, 2024 at 02:30:51 PM CDT, Meghan Huffstutter
<meghan.huffstutter@cot.tn.gov> wrote:

Good afternoon Mayor Jennings,

I wanted to follow up with you to see where Rye Engineering is at with the completion of the AWWA.

Please let me know where this is at in the process, and when our office can expect the submission of the AWWA report.

Thank you,

Meghan Huffstutter, CFE

Senior Analyst

Comptroller of the Treasury

Division of Local Government Finance

425 Rep. John Lewis Way N. | Nashville, TN 37243

Meghan.Huffstutter@cot.tn.gov | Direct Line 615.747.5379 | Main Line 615.747.5260



Mission: Make Government Work Better

From: [Michael R. Jennings](#)
To: [Meghan Huffstutter](#); [Ross Colona](#)
Subject: Re: Watertown Water & Sewer
Date: Monday, March 3, 2025 12:48:39 PM
Attachments: [Outlook-signature .png](#)

I will do that.

Michael R. Jennings

Attorney at Law

326 North Cumberland Street

Lebanon, TN 37087

Phone: (615) 444-0585

Fax: (615) 449-8239

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On Tuesday, February 25, 2025 at 12:24:47 PM CST, Ross Colona <ross.colona@cot.tn.gov> wrote:

Mayor Jennings,

The AWWA Water Loss Audit was due to our office by October 31, 2024. Please contact Rye Engineering to find out when the water loss audit will be completed.

Thanks,

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 | Utilities Line 615.747.5260 | Direct Line 615.401.7943



Mission: To Make Government Work Better

From: Michael R. Jennings <mjenningslaw@aol.com>

Sent: Tuesday, February 25, 2025 12:19 PM

To: Ross Colona <Ross.Colona@cot.tn.gov>; Meghan Huffstutter <Meghan.Huffstutter@cot.tn.gov>

Subject: Watertown Water & Sewer

Meghan and Ross,

I wanted to update you on where the City of Watertown is in our efforts to improve our water and sewer service.

I think you know that we are in the process of an approximately \$5,500,000.00 sewer project to update our lines and collection system.

We have contracted with Matthew Rye of Rye Engineering to conduct a water loss survey. That project is ongoing.

And, a couple of weeks ago I contracted with Bob Adams, CPA to do a water & sewer rate study for us to allow us to set our future rates at a level to fund operations, depreciation and pay debt service. Our goal is to have a proposed rate ready for submission to the City Council, for first reading, during the month of April.

Please let me know if you have any questions/comments.

Thanks.

Michael R. Jennings

Attorney at Law

326 North Cumberland Street

Lebanon, TN 37087

Phone: (615) 444-0585

Fax: (615) 449-8239

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Jason E. Mumpower
Comptroller

Entity Referred: **City of Camden**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The City of Camden ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2025 pursuant to Tenn. Code Ann. 7-82-703. The Utility has returned its financial distress questionnaire to Board staff within a timely manner, additionally the Utility has already contracted with a third party expert to conduct a rate study, which should be completed soon. Board staff has worked with the Utility to ensure that the contracted study will meet the requirements if ordered by the Board.

Staff Recommendation:

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;
 - g. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.
2. By June 30, 2025, 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.
 3. 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.

Camden

	Category: Water And Sewer		County: Benton	
	2021	2022	2023	2024
Net Assets	\$26,796,185.00	\$27,301,179.00	\$26,545,625.00	\$25,797,193.00
Deferred Outflow Resources	\$165,140.00	\$290,733.00	\$234,076.00	\$352,940.00
Net Liabilities	\$10,853,078.00	\$10,210,220.00	\$9,820,870.00	\$9,220,978.00
Deferred Inflow Resources	\$126,227.00	\$657,222.00	\$199,434.00	\$156,661.00
Total Net Position	\$15,982,020.00	\$16,724,470.00	\$16,759,397.00	\$16,772,494.00
Operating Revenues	\$3,052,175.00	\$3,156,977.00	\$3,320,876.00	\$3,425,768.00
Net Sales	\$2,896,898.00	\$3,019,027.00	\$3,179,535.00	\$32,570,132.00
Operating Expenses	\$2,734,982.00	\$2,892,164.00	\$3,511,890.00	\$3,715,726.00
Depreciation Expenses	\$822,981.00	\$832,597.00	\$831,630.00	\$784,992.00
Non Operating Revenues	-\$85,956.00	-\$93,530.00	-\$71,940.00	-\$65,395.00
Capital Contributions	\$184,063.00	\$571,167.00	\$297,881.00	\$368,450.00
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	\$415,300.00	\$742,450.00	\$34,927.00	\$13,097.00
Statutory Change In Net Position	\$231,237.00	\$171,283.00	-\$262,954.00	-\$355,353.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Erin**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The City of Erin ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2021 pursuant to Tenn. Code Ann. § 7-82-703. The Utility complied with prior directives of the Board, completed a rate study, and implemented its recommendations; however, the Utility has continued a downward trend in net position. Board staff believes that a new rate study is necessary at this time to reassess the prior study and address any changes that have taken place since the date of the original report.

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;
 - g. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.
2. By April 30, 2025, 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 June 30, 2025, 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 the foregoing deadlines upon a showing of good cause by the Utility.

Erin

	Category: Water And Sewer		County: Houston	
	2021	2022	2023	2024
Net Assets	\$11,773,298.00	\$16,524,601.00	\$17,467,219.00	\$20,361,179.00
Deferred Outflow Resources	\$114,149.00	\$145,924.00	\$102,228.00	\$469,787.00
Net Liabilities	\$3,421,962.00	\$5,115,007.00	\$4,574,051.00	\$5,243,466.00
Deferred Inflow Resources	\$47,541.00	\$154,816.00	\$15,337.00	\$24,943.00
Total Net Position	\$8,417,944.00	\$11,400,702.00	\$12,980,059.00	\$15,562,557.00
Operating Revenues	\$1,800,114.00	\$2,000,789.00	\$2,152,472.00	\$2,113,978.00
Net Sales	\$1,738,758.00	\$1,921,886.00	\$2,066,431.00	\$2,026,083.00
Operating Expenses	\$1,735,985.00	\$1,985,274.00	\$2,403,500.00	\$2,375,978.00
Depreciation Expenses	\$371,025.00	\$364,772.00	\$366,490.00	\$365,451.00
Non Operating Revenues	-\$87,442.00	-\$125,808.00	-\$99,294.00	-\$99,035.00
Capital Contributions	\$32,630.00	\$3,093,051.00	\$1,929,679.00	\$2,943,533.00
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	\$9,317.00	\$2,982,758.00	\$1,579,357.00	\$2,582,498.00
Statutory Change In Net Position	-\$23,313.00	-\$110,293.00	-\$350,322.00	-\$361,035.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Gibson**

Referral Reason: **Decrease In Net Position, Late Audits**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Gibson ("the Entity") is located in Gibson County, in West Tennessee. As of its 2020 audit, they served 179 water customers and 162 sewer customers.

The Entity has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2019 audit pursuant to Tenn. Code Ann. § 7-82-703. At this time, the Entity has not completed its 2021, 2022, 2023, and 2024 audits. Audit contracts for the 2023, 2024, and 2025 have not been submitted to the Comptroller's Division of Local Government Audit.

Pursuant to Tenn. Code Ann. § 7-82-704, utilities in financial distress are considered ailing and the Board may order the utility to merge with another utility system. The series of delinquent audits that has made it extremely difficult to assess the current financial state of the utility, it is not in the best interest of the public to wait for up-to-date audits and Board staff recommends that merger proceedings should be pursued.

Based on current information the Town does not have any direct connections with surrounding utilities; however, it is close to two sizeable, healthy utility systems. The first utility system is the Gibson County Municipal Water District and while they are the closer of the two systems, they do not provide wastewater as a service. The second utility system is the Humboldt Utilities Authority, a newly created authority formed from the City of Humboldt Board of Public Utilities in 2024, offers both water and sewer.

Staff Recommendation:

The Board should order the following:

1. The Entity shall contract with a qualified expert to carry out a feasibility study for a merger with another utility system in the area by April 30, 2025.
2. The Entity shall provide a completed feasibility study to board staff by July 31, 2025.
3. Should the Entity fail to comply with any directive in this order, Board staff and Counsel may issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board during its next meeting following non-compliance of this order. Failure to obey a subpoena issued by the Board may result in being held in contempt of court.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.

Gibson

	Category: Water And Sewer		County: Gibson	
	2017	2018	2019	2020
Net Assets	\$1,134,504.00	\$1,087,823.00	\$1,068,398.00	\$1,061,938.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$123,482.00	\$112,500.00	\$114,628.00	\$110,527.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$1,011,022.00	\$975,323.00	\$953,770.00	\$951,411.00
Operating Revenues	\$170,765.00	\$139,561.00	\$146,442.00	\$145,340.00
Net Sales	\$167,794.00	\$137,058.00	\$142,308.00	\$140,945.00
Operating Expenses	\$155,694.00	\$175,260.00	\$167,995.00	\$147,699.00
Depreciation Expenses	\$42,905.00	\$49,426.00	\$50,819.00	\$51,958.00
Non Operating Revenues	-\$272.00	\$0.00	\$0.00	\$0.00
Capital Contributions	\$127,247.00	\$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	\$142,046.00	-\$35,699.00	-\$21,553.00	-\$2,359.00
Statutory Change In Net Position	\$14,799.00	-\$35,699.00	-\$21,553.00	-\$2,359.00



Jason E. Mumpower
Comptroller

Entity Referred: **Leoma Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Leoma Utility District ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2021 audit. The Entity was the subject of a Comptroller Investigation, which produced an investigative report on January 26, 2024. The Investigation identified the following deficiencies:

1. The Entity's board failed to report suspicions of unlawful conduct to the Comptroller of the Treasury.
2. The Entity's board failed to adequately document labor agreements with the Entity's general manager.
3. The general manager failed to maintain supporting documentation for some disbursements.
4. The Entity's board failed to document internal controls or a formal written purchasing policy.

On July 18, 2024 the Tennessee Board of Utility Regulation ordered the Entity to complete a feasibility study with a qualified third party expert. The feasibility study was completed. Currently the Entity produces their own water; however, they have infrastructure connections with both the City of Lawrenceburg and the City of Loretto. The completed feasibility study outlined that both systems were potential candidates for consolidation.

Staff Recommendations:

The Board should order the following:

1. Board staff should pursue merger proceedings between the Entity and the City of Lawrenceburg.
2. Board staff will schedule a public hearing and report the findings before the Board at the next regularly scheduled meeting.

Leoma Utility District

	Category: Water		County: Lawrence	
	2019	2020	2021	2022
Net Assets	\$2,785,364.00	\$2,744,947.00	\$2,723,001.00	\$2,724,503.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$195,117.00	\$194,130.00	\$182,127.00	\$175,710.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$2,590,247.00	\$2,550,817.00	\$2,540,874.00	\$2,548,793.00
Operating Revenues	\$476,420.00	\$475,546.00	\$515,459.00	\$566,317.00
Net Sales	\$456,348.00	\$449,406.00	\$483,276.00	\$526,055.00
Operating Expenses	\$425,138.00	\$512,832.00	\$512,641.00	\$574,214.00
Depreciation Expenses	\$90,797.00	\$92,925.00	\$92,957.00	\$94,176.00
Non Operating Revenues	\$2,238.00	-\$2,144.00	-\$12,761.00	\$15,816.00
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	\$53,520.00	-\$39,430.00	-\$9,943.00	\$7,919.00
Statutory Change In Net Position	\$53,520.00	-\$39,430.00	-\$9,943.00	\$7,919.00

Leoma Utility District Regionalization Feasibility Study

December 17, 2024



Prepared by

Tommy Ricks, WFX Community Support Director
Jackson Parr, WFX Communications and Programs Manager
Emily Barnett, WFX Project Coordinator
Nicole Ramirez, WFX Communications and Programs Coordinator
Marcia Reuben, WFX Senior Advisor



December 17, 2024

Leoma Utility District
 David Brown, President
 P.O. Box 228
 Leoma, TN 38468-0228

Re: Regionalization Feasibility Study Executive Summary

Dear Mr. Brown:

The Water Finance Exchange (“WFX”) is pleased to present the opportunities and challenges related to Leoma U.D. to implement regionalization strategies with nearby public water utilities in Lawrence County. This report should be submitted by Leoma U.D. to the Tennessee Board of Utility Regulators (“TBOUR”) no later than December 31, 2024 as ordered by TBOUR on August 7th, 2024.

In summarizing this report, WFX acquired information from other public water utilities in Lawrence County by means of researching available public information and through interviews with staff and/or officials from **5** public water utilities including: **Fall River Road Utility District, Lawrenceburg Utility Systems, Loretto Water Department, St. Joseph Water System, Northeast Lawrence Utility District.** Information researched and presented in this report includes 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, and the source of water for these other utilities. Additionally, WFX explored common regionalization strategies including these utilities’ ability to: consolidate governance and ownership; provide shared services including cooperative purchasing agreements, contracted operations and/or maintenance agreements, and contracted administrative operations; and a review and summary of any available professional engineering hydraulic surveys related to physical interconnections by these other utilities to the Leoma U.D. water distribution system for either emergency use in the event of a water outage or a continuous source of potable drinking water for Leoma U.D.

Findings for Regionalization Opportunities:

The following regionalization opportunities for Leoma U.D. to consider include the following:

- Governance / Ownership Consolidation Opportunities: Lawrenceburg Utility Systems, Loretto Water Department, Fall River Road Utility District
- Shared Services Opportunities:
 - Cooperative Purchasing Agreements: Lawrenceburg Utility Systems, Loretto Water Department, St. Joseph Water System
 - Contract Operations and Maintenance: Lawrenceburg Utility Systems, Loretto Water Department, St. Joseph Water System, Fall River Road
 - Contract Administrative Services: Lawrenceburg Utility Systems, Fall River Road Utility District
- Presentation of Hydraulic Interconnections: Hydraulic interconnections currently exist with Lawrenceburg Utility Systems and Loretto Water Department. The interconnections are available for emergency use, but Leoma U.D. has purchased water regularly from Lawrenceburg Utility Systems in the past 12 months. Fall River Road Utility District expressed interest in developing a hydraulic interconnection with Leoma U.D. and has existing treatment capacity available.

In considering regionalization strategies, any strategies that include hydraulic interconnection should consider operational impacts including, but not limited to, differences in source water type and methods of disinfection.

Components of Leoma U.D.'s fiscal standing, including an inadequate operating ratio, financial losses in recent years, increasing cost of water purchased from Lawrenceburg Utility Systems, and capital needs to achieve regulatory compliance, may necessitate an increase in water rates if the system continues to operate independently.

Leoma U.D. maintains the lowest water rates compared to the systems reviewed in this report. Therefore, true consolidation with a neighboring system would likely result in Leoma U.D. customers experiencing a rate increase compared to the current rate structure. However, rate impacts of the fiscal activities Leoma U.D. will need to execute (described in the previous paragraph), will also likely necessitate rate increases. Over the long term, economies of scale achieved through consolidation may result in a larger rate base and lower cost per customerⁱ compared to the status quo scenario where Leoma U.D. continues to operate independently.

Recommendations:

WFX recommends that the Leoma U.D. Board of Directors consider the following regionalization strategies:

1. Conduct a comprehensive rate analysis that considers an adequate operating ratio as well as debt service and depreciation for capital projects that are required to return to regulatory compliance. The analysis should also review a consolidated rate structure considering the rate impact of a full consolidation with one or more neighboring systems.
2. Develop formalized mutual aid agreements with neighboring systems to improve system resilience and resources available to Leoma U.D. in the event of a disaster or emergency need.
3. Pursue funding programs to assist in the installation of automated meters to reduce labor costs of manually reading meters and help align Leoma U.D. meters with that of other systems to facilitate contracting services or consolidation should Leoma U.D. choose to do so.
4. Schedule an introductory meeting with one or more of the following entities to discuss contracted utility management services and/or consolidation: Lawrenceburg Utility Systems, Loretto Water Department, Fall River Road Utility District, Tingle and Sons Inc. (private utility manager).

We appreciate the opportunity to work with Leoma U.D. and the trust in which you have demonstrated in WFX to conduct this regionalization feasibility study and the possibility and other technical assistance for which we are engaged with Leoma U.D. 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, WFX Communications and Programs Manager
Emily Barnett, WFX Project Coordinator
Nicole Ramirez, WFX Communications and Programs Coordinator
Marcia Reuben, WFX Senior Advisor
Hank Habicht, WFX Managing Co-Founder
Brent Fewell, WFX Co-Founder / General Counsel

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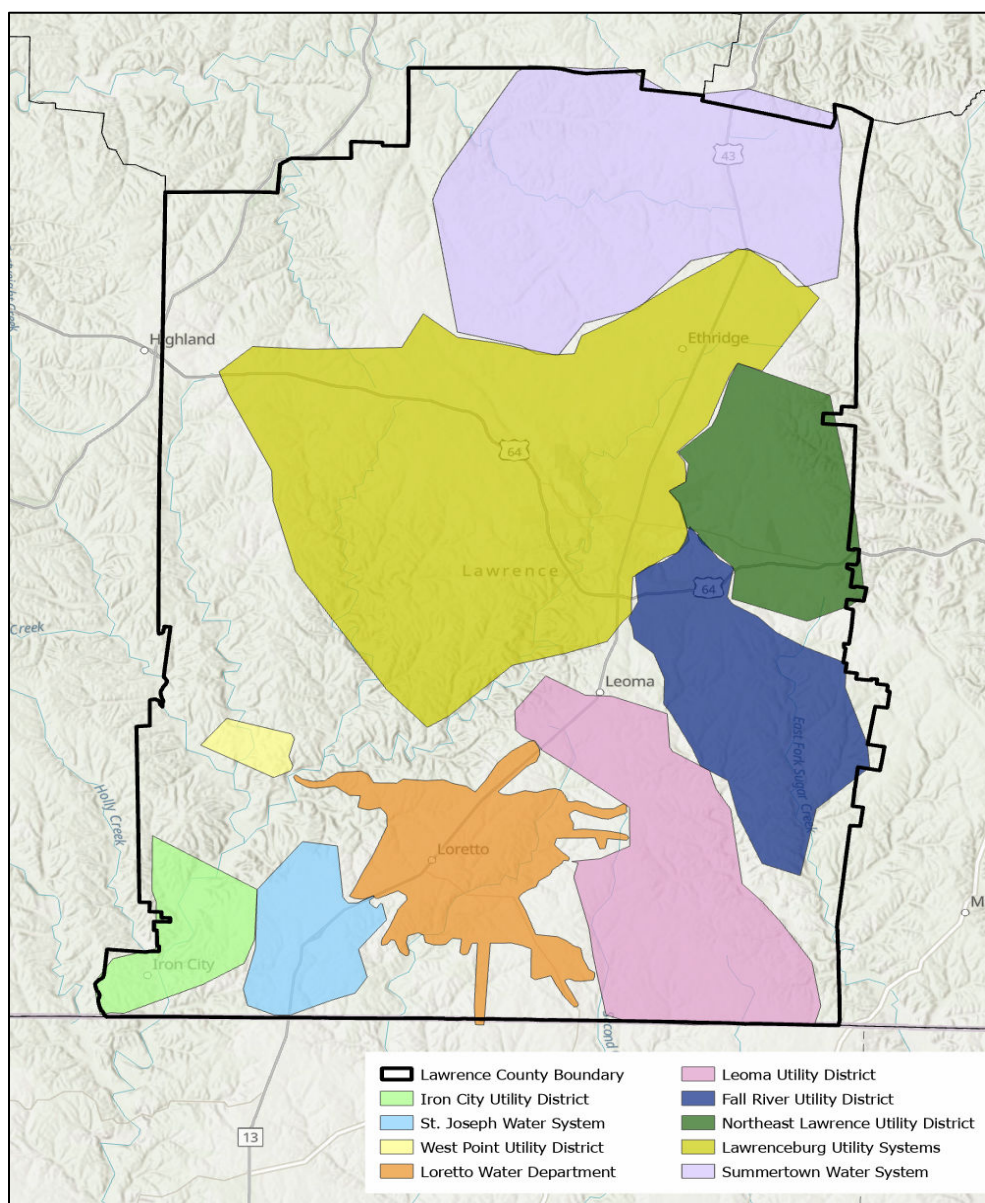
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Lawrence County Overview

Lawrence County is located in the southern part of Middle Tennessee bordering North Alabama. Lawrence County encompasses an area of 617 square milesⁱⁱ with a population of 44,159ⁱⁱⁱ pursuant to the 2020 Decennial Census. Lawrence County is served by 10 active Community Water Systems^{iv} and 2 active Non-Community Water Systems (NCWS) including Transient NCWSs and Non-Transient NCWSs^v. This Regionalization Feasibility Study is limited to focusing only on Community Water Systems. Figure 1 shows the approximate location of the service boundaries of the community water systems in Lawrence County.

Figure 1. Map of Lawrence County Community Water Systems



Leoma U.D. Characteristics

General

The Leoma U.D. was formed in 1968 as a Utility District pursuant to Tennessee Code Annotated §7-82-101 et seq. The Leoma U.D. currently produces, treats, and distributes potable drinking water to approximately 2,320 active consumer connections and a population of approximately 6,218 persons in the Southern area of Lawrence County.

The Leoma U.D. is currently staffed by 2 full-time employees, 1 part-time employee and a contract for operator services. Staffing includes 1 Manager, 1 Service Technician, 1 Secretary, and 1 contract operator.

Current Infrastructure Needs and Capacity Challenges

As a component of this study, WFX conducted an Infrastructure, Financial, Managerial, and Technical (IFMT) Capacity Needs Survey for the Leoma U.D. 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 Leoma U.D. which addresses technical assistance tasks to remedy 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 Leoma U.D. has needs for construction of a new water source as the system only has one operative water well and storage capacity that does not meet the 24-hour storage state regulation. The system is near its design capacity. Leoma also has needs for water distribution system upgrades including distribution gate valves and larger water mains in some areas where substandard-sized lines are present. The Leoma U.D. has engaged with Wauford Engineering and Rye 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

The Leoma U.D. has the following Financial Capacity Challenge (corresponding Technical Assistance Tasks with lead TA provider follows):

1. Leoma U.D. does not have an Operating Ratio equal to or greater than 1.1 as determined by the Year-to-Date Statement of Activities (The Audit for the previous 2023 fiscal year has not been completed yet. Although a rate analysis was completed last fall, the current rates do not sufficiently provide for an acceptable Operating Ratio.)
WFX will develop a rate proposal to increase operating revenues to achieve an Operating Ratio of 1.1 or greater.

Managerial Capacity Challenges

The Leoma U.D. has the following Managerial Capacity Challenges (corresponding Technical Assistance Tasks with lead TA provider follows these challenges):

1. Leoma U.D. does not have Organizing documents available including charter, bylaws, and other governance documents. Leoma U.D.'s registration with the Tennessee Secretary of State is not up to date. –
Communities Unlimited (CU) will assist Leoma U.D. in updating its TNSOS organization registration and research organizing documents and review of bylaws.
2. Leoma U.D. does not have a written Personnel Policy –
CU will assist Leoma U.D. in developing a comprehensive Personnel Policy.
3. Leoma U.D. is not a member of the Tennessee Water / Wastewater Response Network (TnWARN) or other mutual aid compact. –
CU will assist Leoma U.D. in applying for and registering with TnWARN, Water ISAC or other water sector mutual aid compact.

Technical Capacity Challenges

The Leoma U.D. has the following Technical Capacity Challenges (corresponding Technical Assistance Tasks with lead TA provider follows these challenges):

1. Leoma U.D. is currently under a regulatory Administrative Order. –
CU will advise the Board and certified operator on recommendations to return to compliance.
2. Leoma U.D. has been Out of Compliance with drinking water regulations within the last 12 months. –
CU will monitor future compliance deadlines for the duration of the organization's assistance with Leoma and will advise the Leoma U.D. board accordingly.
3. All Regulatory Recommendations / Requirements have not yet been met by Leoma U.D. –
CU will advise and assist Leoma in returning to compliance.
4. Leoma U.D. does not have an adequate meter testing and meter change-out program in place. –
CU will assist with recommendations on adopting an acceptable meter testing / meter change-out program.
5. Water Loss exceeds 25% of water produced by Leoma and purchased from Lawrenceburg Utility Systems. –
CU will conduct a Water Loss Audit with recommendations on reducing unaccounted water loss.

Efficiency and Water Rate Information

Cost of Sales

The Leoma U.D. purchases water on an emergency/as-needed basis from Lawrenceburg Utility Systems at a cost of \$4.50 per thousand gallons, which will increase to \$6.50 per thousand gallons on Jan. 1, 2025, and from the City of Loretto Utilities at a cost of \$5.40 per thousand gallons. The gross cost of sales for Leoma Utility District's own production, treatment, and distribution of water is \$.046 per thousand, which includes the cost of energy, treatment chemicals, and water testing.

Unaccounted Water Loss

The Leoma U.D. purchased 7,675,330 gallons from Lawrenceburg Utility Systems for a cost of \$34,539.43 over the past 12 months. During the same period, Leoma produced 143,551,000

gallons, including sale of 86,775,800 total gallons and flushing of 10,800,000 total gallons. This represents an unaccounted water loss of 35.48 percent which translates into a gross cost of \$35,680.

Leoma U.D. Current Water User Rates

The Leoma U.D. Board of Directors adopted the following rate schedule at the board meeting on November 13, 2023 upon a recommendation made by Hussey Gay Bell engineering pursuant to a rate study completed on October 10, 2023. This rate schedule was implemented January 1, 2024.

Table 1
Residential Water Consumers

Rate Category	Minimum Rate	Minimum Volume Allowance	Volumetric Rate Step
Residential Water Consumers - Single Dwelling	\$11.50	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Residential Water Consumers – House + 1 Trailer	\$23.00	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Residential Water Consumers – House + 2 Trailers	\$34.50	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Residential Water Consumers – House + 2 Apartments	\$30.00	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Residential Water Consumers – 4 Apartments	\$46.00	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Residential Water Consumers – 6 Apartments	\$69.00	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Residential Water Consumers – 8 Apartments	\$92.00	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Residential Water Consumers – Barnett Drive Extension	\$36.80	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Commercial Water Consumers	\$11.50	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Farm / Agricultural Water Consumers - #1 (Tax Exempt)	\$11.50	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Farm / Agricultural Water Consumers - #2 (Tax Exempt)	\$23.00	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals
Campground Water Consumers	\$86.25	1,000 Gals	\$4.60 per 1,000 Gals All Over 1,000 Gals

Rate Considerations

Leoma U.D. does not have an Operating Ratio equal to or greater than 1.1 as determined by the Year-to-Date Statement of Activities. Leoma U.D. is also under a Director's Order from TDEC to construct a new well as a back-up supply and a water storage tank sufficient to meet the 24-hour storage regulation. These capital projects will likely result in additional costs due to debt service and depreciation, which may necessitate an increase in rates. Additionally, Leoma U.D. purchased 7,675,330 gallons from Lawrenceburg Utility Services (LUS) in the previous 12 months. Beginning Jan. 1, 2025, the wholesale rate charged by LUS will increase from \$4.50 per thousand gallons to \$6.50 per thousand gallons. This increased wholesale rate would add a approximately \$15,000 in Leoma U.D.'s annual purchased water costs, which may also necessitate a rate increase. Audits of Leoma U.D. for fiscal years 2021 and 2022 indicated operating expenses that exceeded costs. The 2023 audit is not yet completed and reflects a rate increase that took effect beginning January 1, 2024, therefore it is unclear whether the rate increase provided adequate operating revenue in fiscal year 2023. Water Finance Exchange will work with Leoma U.D. to complete a rate analysis that considers these fiscal impacts.

Rate Comparison

Table 2 lists water rate information for Leoma U.D. and the other systems that are reviewed in this report. For systems that have multiple rate classes, residential rates for residents outside of municipal limits were selected, as these are the rates that would likely be applied to Leoma U.D. residential customers under a consolidated rate model. An estimated monthly bill for use of 5,000 gallons is listed. Leoma U.D. maintains the lowest water rates of the five systems that are reviewed in this report.

Table 2
Water Rate Comparison of Select Lawrence County Systems

	<i>Base Rate</i>	<i>Step Rate</i>	<i>5,000 gallon bill⁺</i>
<i>Leoma</i>	\$ 11.50	\$ 4.60	\$ 29.90
<i>Loretto (outside city)*</i>	\$ 17.50	\$ 5.40	\$ 44.50
<i>LUS (Residential outside city)*</i>	\$ 26.13	\$ 5.34	\$ 52.83
<i>Fall River Road</i>	\$ 23.50	\$ 9.85	\$ 63.89
<i>Northeast</i>	\$ 20.00	\$ 8.50	\$ 54.00
<i>St. Joseph (outside city)</i>	\$ 18.58	\$ 4.60	\$ 41.56

* Rate is set per one hundred gallons

+ May include minimum volume in base rate

Water Source, Treatment, Storage, and Distribution System Information

Leoma U.D. Water Source

The Leoma U.D. sources its water from 1 ground water well, the Big Oak Well. Additionally, Leoma U.D. has a hydraulic connection with Lawrenceburg Utility Systems and Loretto Water Department, both of which are listed as inactive and serve as an emergency source to provide water during emergency incidents. However, Leoma U.D. has purchased water from Lawrenceburg Utility Systems on a regular basis over the past 12 months.

Leoma U.D. Water Treatment

The Leoma U.D. is designated as water treatment Class 2 by the Tennessee Department of Environment and Conservation (TDEC). The Leoma U.D. water system distributes water from 1 water treatment facility employing the following water treatment processes:

- Disinfection – Sodium hypochlorite, 12.5% bleach is injected through a chemical feed pump at the well site. This provides for the required 4-log disinfection process necessary to remove or inactivate 99.99% of viruses, bacteria, and other biological contaminants pursuant to SDWA requirements.
- Corrosion Control – Chemical feed pump injection system utilizing a solution of 50% sodium hydroxide and blended phosphates at a rate of 70% speed and 30% stroke for output of 0.21 gallons per hour. This solution adequately coats the distribution mains therefore sequestering the leaching of any lead and copper contaminants pursuant to SDWA requirements.

Leoma U.D. Water Storage

Finished water storage for the Leoma U.D. water system consists of two elevated water storage tanks with a total storage capacity of 300,000 gallons.

Leoma U.D. Water Distribution System

The water distribution system for the Leoma U.D. consists of approximately 73,100 linear feet of water mains. These mains consist of PVC pipe, ductile iron pipe, and high-density polyethylene pipe. There are approximately 105 gate valves to isolate sections of the distribution system. There are 2,320 service connections on the Leoma U.D.'s water distribution system. These service connections consist of polyethylene service tubing, cross-linked polyethylene service tubing, and copper. Water consumption is metered by 1,465 positive displacement meters. These meters are read monthly.^{vi}

Regulatory Compliance and Water Quality Information

The Leoma U.D. has a 5-year compliance history of four Safe Drinking Water Act (SDWA) violations, of which all were monitoring and/or reporting violations. All violations have been resolved. There have been no regulated contaminant occurrence violations.^{vii} There is currently one Director's Order issued by TDEC dated September 20, 2024 for the Leoma U.D. water system. The Ordering Provisions require the Leoma U.D. water system to engage the services of a professional engineer to create a preliminary engineering report for the construction of a new well as a back-up supply and a water storage tank sufficient to meet the 24-hour storage requirement. In addition, the Leoma U.D. shall contract with a Division-approved qualified individual to conduct a feasibility study for obtaining sufficient water to meet a ten-year projected average daily

demand when the existing well is out of service, and to explore the potential to obtain water from an alternative public water system with the necessary storage to meet the 24-hour storage capacity requirement. Both the preliminary engineering report and feasibility study shall be submitted within 120 days of the date of receipt of the Order^{viii}.

Based on the most recent 2023 Consumer Confidence Report contaminant data of the Leoma U.D. 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. In the CCR year, there were no contaminants of the Leoma U.D. water system that exceeded the MCL/AL.

Table 3
2023 Leoma U.D. Contaminant Data^{ix}

Contaminant Name	Unit of Measurement	Maximum Contaminant Level (or AL)	Reported Occurrence in 2023 CCR	Range of Detections	Violation Yes / No
Total Coliform Bacteria (RTCR)		TT Trigger	0		No
Copper	ppm	AL=1.3	0.0247 90th%		No
Lead	ppb	AL=15	ND		No
Nitrate (as Nitrogen)	ppm	10	1.32		No
Sodium	ppm	N/A	9.99		No
TTHM (Total trihalomethanes)	ppb	80	3.96	ND - 3.96	No
HAA5 Haloacetic Acids	ppb	60	1.28	ND - 1.28	No
Chlorine	ppm	MRDL=4	1.68 Avg.	1.00 - 2.10	No

Current Professional Engineering Assessment (or Preliminary Engineering Report)

The Leoma U.D. has engaged with Wauford Engineering and Rye Engineering for professional engineering services to assess infrastructure needs and develop a corresponding Preliminary Engineering Report.

Summary of Other County Water Systems

Lawrenceburg Utility Systems

General Information

The Lawrenceburg Utility Systems (LUS) currently produces, treats, and distributes potable drinking water to 20,822 consumer connections in the central area of Lawrence County. LUS sources its water from 1 surface water source, Shoal Creek, and 1 spring, Hope Spring. Additionally, LUS has a hydraulic interconnection with Leoma U.D., Summertown Water District, Fall River Road U.D., and the Northeast Lawrence U.D. that it provides wholesale water on an emergency basis at a contracted rate of \$4.50 per thousand gallons, increasing to \$6.50 per thousand gallons on Jan. 1, 2025. Wholesale water provided approximately \$43,000 in revenue to LUS from 9,599,300 gallons sold between July 2023 to June 2024. LUS is currently staffed by 14 full-time employees across their gas, water, and sewer services.

Water Quality and Violations

LUS has a 5-year compliance history of one Safe Drinking Water Act (SDWA) that was a reporting violation of the Consumer Confidence Rule. There were no regulated contaminant occurrence violations.^x There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for LUS. A Sanitary Survey conducted by TDEC in January 2023 identified one significant deficiency that was addressed by plant personnel.

Willingness to Consider Regionalization Strategies with Leoma U.D.

Information related to responses from interviews with LUS staff, the following Regionalization Strategies with the Leoma U.D. may be considered after additional consultation and negotiations:^{xi}

Table 4
Potential Regionalization Strategies for Consideration between
Lawrenceburg Utility Systems and Leoma U.D.

	Regionalization Strategy Description	Potential Consideration (Yes / No)	Context
1	Governance / Ownership Merger-Consolidation	Yes	
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	Dependent on having autonomy to address issues as they arise
5	Contracted Water Operator Services	Yes	Dependent on having autonomy to address issues as they arise
6	Contracted Maintenance and Repairs	Yes	
7	Contracted Billing and Customer Service	Yes	Residents are likely already LUS customers for electric services
8	Contracted Bookkeeping	Yes	Residents are likely already LUS customers for electric services
9	Contracted Meter Reading	Yes	
10	Mutual Aid Agreement for Emergencies	Yes	Already exists, but not formalized
11	Cooperative Purchasing Agreement	Yes	

Loretto Water Department

General Information

The Loretto Water Department currently produces, treats, and distributes potable drinking water to 1,781 consumer connections in the southern area of Lawrence County. Additionally, Loretto Water Department has a hydraulic interconnection with West Point U.D. that it provides wholesale water on a continuous basis. Loretto Water Department also has a hydraulic interconnection with Leoma U.D. and St. Joseph Water System that it can provide wholesale water to on an emergency basis. The wholesale contracted rate is \$0.30 per 100 gallons (\$3.00 per 1,000 gallons). The Loretto Water Department is currently staffed by 3 full-time employees, 2 part-time employees in the field and 3 part-time employees in the administrative office.

Water Quality and Violations

The Loretto Water Department has a 5-year compliance history of two Safe Drinking Water Act (SDWA) violations. One was a Treatment Technique violation for Combined Filter Effluent Turbidity and the other was a reporting violation of the Consumer Confidence Rule. There were no regulated contaminant occurrence violations.^{xiii} There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the Loretto Water Department. A Sanitary Survey conducted by TDEC in February 2024 identified two significant deficiencies. The first significant deficiency identified a hole that had been drilled into the clearwell vent pipe as a sample point for finished water, which has the potential to allow introduction of contamination into the water supply. Plant personnel addressed this when it was brought to their attention. The second significant deficiency related to documentation of disinfection, flushing and sampling for construction and repair of water lines and finished water storage facilities.

Willingness to Consider Regionalization Strategies with Leoma U.D.

Information related to responses from interviews with the Loretto Water Department staff identified the following Regionalization Strategies with the Leoma U.D. may be considered after additional consultation and negotiations.^{xiii}

Table 5
Potential Regionalization Strategies for Consideration between
Loretto Water Department and Leoma U.D.

	Regionalization Strategy Description	Potential Consideration (Yes / No)	Context
1	Governance / Ownership Merger-Consolidation	Yes	Would need infrastructure improvements first
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 need infrastructure improvements first
5	Contracted Water Operator Services	Yes	
6	Contracted Maintenance and Repairs	Yes	
7	Contracted Billing and Customer Service	No	Staffing limitations
8	Contracted Bookkeeping	No	Staffing limitations
9	Contracted Meter Reading	No	Staffing limitations
10	Mutual Aid Agreement for Emergencies	N/A	Already exists
11	Cooperative Purchasing Agreement	Yes	Would not do for daily material; Concern over administrative capacity

St. Joseph Water System

General Information

The St. Joseph Water System currently produces, treats, and distributes potable drinking water to 569 consumer connections in the southern area of Lawrence County. The St. Joseph Water System sources water from 1 spring and has an interconnection with Loretto Water Department, but does not regularly purchase water. Additionally, the St. Joseph Water System has a hydraulic interconnection with Iron City Utility District that it provides wholesale water on a continuous basis.

Water Quality and Violations

The St. Joseph Water System has a 5-year compliance history of eight Safe Drinking Water Act (SDWA) violations including six monitoring and/or reporting violations and two Public Notification Rule violations. There were no regulated contaminant occurrence violations.^{xiv} There is currently one active SDWA enforcement action by TDEC for the St. Joseph Water System. TDEC issued a Director's Order on February 6, 2023, Order DWS22-1024, for violations that include failing to monitor for individual filter turbidity and combined filter turbidity, failure to issue tier 3 public notices, failure to submit an accurate CCR, failure to submit a CCR and certificate of distribution for that CCR, and collecting all of one month's bacteriological samples on the same day. This Order requires to system to continuously monitor and record individual and combined filter effluent turbidity, and maintain compliance with the CCR Rule. The Order has a final compliance end date of July 31, 2025.

Willingness to Consider Regionalization Strategies with Leoma U.D.

Information related to responses from interviews with the St. Joseph Water System staff identified the following Regionalization Strategies with the Leoma U.D. may be considered after additional consultation and negotiations:^{xv}

Table 6
Potential Regionalization Strategies for Consideration between
St. Joseph Water System and Leoma U.D.

	Regionalization Strategy Description	Potential Consideration (Yes / No)	Context
1	Governance / Ownership Merger-Consolidation	No	
2	Hydraulic Interconnection for Emergency Needs	N/A	Would flow through Loretto
3	Hydraulic Interconnection for Continuous Water Supply	N/A	Would flow through Loretto
4	Contracted Management	No	
5	Contracted Water Operator Services	No	Staff limitations
6	Contracted Maintenance and Repairs	No	Staff limitations
7	Contracted Billing and Customer Service	No	Staff
8	Contracted Bookkeeping	No	Staff
9	Contracted Meter Reading	No	Staff limitations
10	Mutual Aid Agreement for Emergencies	Yes	
11	Cooperative Purchasing Agreement	No	Not feasible

Northeast Lawrence Utility District

General Information

The Northeast Lawrence Utility District currently produces, treats, and distributes potable drinking water to 1,464 consumer connections in the eastern area of Lawrence County. Additionally, the Northeast Lawrence U.D. has hydraulic interconnections with Lawrenceburg Utility Systems and Fall River Road Utility District to source water on an emergency basis. The Northeast Lawrence U.D. is currently staffed by 2 full-time employees and contracts Tingle & Sons Inc. for billing, collections, maintenance and leak repair, service connections and disconnections, meter installation.

Water Quality and Violations

The Northeast Lawrence U.D. has a 5-year compliance history of one Safe Drinking Water Act (SDWA) violation including one monitoring and/or reporting violations and no regulated contaminant occurrence violations^{xvi}. There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the Northeast Lawrence U.D. water system. A Sanitary Survey conducted by TDEC in October 2023 identified no deficiencies.

Willingness to Consider Regionalization Strategies with Leoma U.D.

Information related to responses from interviews with the Northeast Lawrence U.D. staff identified the following Regionalization Strategies with the Leoma U.D. may be considered after additional consultation and negotiations:^{xvii}

Table 7
Potential Regionalization Strategies for Consideration between
Northeast Lawrence U.D. and Leoma U.D.

	Regionalization Strategy Description	Potential Consideration (Yes / No)	Context
1	Governance / Ownership Merger-Consolidation	No	
2	Hydraulic Interconnection for Emergency Needs	N/A	Infeasible due to distance and other system interconnects
3	Hydraulic Interconnection for Continuous Water Supply	N/A	Infeasible due to distance and other system interconnects
4	Contracted Management	No	Subcontract with Tingle and Sons Inc.
5	Contracted Water Operator Services	No	Subcontract with independent operator
6	Contracted Maintenance and Repairs	No	Subcontract with Tingle and Sons Inc.
7	Contracted Billing and Customer Service	No	Subcontract with Tingle and Sons Inc.
8	Contracted Bookkeeping	No	Subcontract with Tingle and Sons Inc.
9	Contracted Meter Reading	No	Subcontract with Tingle and Sons Inc.
10	Mutual Aid Agreement for Emergencies	Yes	
11	Cooperative Purchasing Agreement	No	Not purchasing enough to make administrative costs worth it.

Fall River Road Utility District

General Information

The Fall River Road U.D. currently produces, treats, and distributes potable drinking water to 1,437 consumer connections in the eastern area of Lawrence County. The Fall River Road U.D. sources groundwater from 1 well, the Springer Well. Additionally, the Fall River Road U.D. has a hydraulic interconnection with the Lawrenceburg Utility Systems to source water on an emergency basis. The Fall River Road U.D. is currently staffed by 1 part-time employee and contracts Tingle & Sons Inc. for billing, collections, maintenance and leak repair, service connections and disconnections, meter installation.

Water Quality and Violations

The Fall River Road U.D. has a 5-year compliance history of four Safe Drinking Water Act (SDWA) violations including three monitoring and/or reporting violations and one Public Notification Rule violation. There were no regulated contaminant occurrence violations.^{xviii} There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the Fall River Road U.D. water system. A Sanitary Survey conducted by TDEC in October 2023 identified no deficiencies.

Willingness to Consider Regionalization Strategies with Leoma U.D.

Information related to responses from interviews with the Fall River Road U.D. staff, the following Regionalization Strategies with the Leoma U.D. may be considered after additional consultation and negotiations:^{xix}

Table 8
Potential Regionalization Strategies for Consideration between
Fall River Road U.D. and Leoma U.D.

	Regionalization Strategy Description	Potential Consideration (Yes / No)	Context
1	Governance / Ownership Merger-Consolidation	Yes	
2	Hydraulic Interconnection for Emergency Needs	Yes	
3	Hydraulic Interconnection for Continuous Water Supply	Yes	
4	Contracted Management	No	Would instead seek full consolidation
5	Contracted Water Operator Services	No	Staffing limitations
6	Contracted Maintenance and Repairs	Yes	Would depend on contractor capacity
7	Contracted Billing and Customer Service	Yes	Would depend on contractor capacity
8	Contracted Bookkeeping	Yes	Would depend on contractor capacity
9	Contracted Customer Bill Collection	Yes	Would depend on contractor capacity
10	Contracted Service Disconnects	Yes	Would depend on contractor capacity
11	Contracted Meter Reading	No	Fall River Road U.D. has automated meters and does not have staff for manual reading
12	Mutual Aid Agreement for Emergencies	Yes	
13	Cooperative Purchasing Agreement	Yes	

Summary of Regionalization Opportunities

Based on interviews with the 5 interviewed systems surveyed to determine interest in exploring regionalization opportunities with the Leoma U.D., there is interest in the following regionalization strategies.

Table 9
Interest in Exploring Potential Regionalization Strategies

	Regionalization Strategy Description	Water Systems Interested in Exploring Regionalization Strategy
1	Governance / Ownership Merger-Consolidation	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems • Loretto Water Department • Fall River Road Utility District
2	Hydraulic Interconnection for Continuous Water Supply	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems (Already exists) • Loretto Water Department (Already exists) • Fall River Road Utility District
3	Hydraulic Interconnection for Emergency Needs	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems (Already exists) • Loretto Water Department (Already exists) • Fall River Road Utility District
4	Contracted Management	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems • Loretto Water Department
5	Contracted Water Operator Services	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems • Loretto Water Department
6	Contracted Maintenance and Repairs	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems • Loretto Water Department • St. Joseph Water System • Fall River Road Utility District
7	Contracted Billing and Customer Service	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems • Fall River Road Utility District
8	Contracted Bookkeeping	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems • Fall River Road Utility District
9	Contracted Customer Bill Collection	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems • Fall River Road Utility District
10	Contracted Service Disconnects	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems • St. Joseph Water System • Fall River Road Utility District
11	Contracted Meter Reading	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems
12	Mutual Aid Agreement for Emergencies	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems • Loretto Water Department • St. Joseph Water System • Fall River Road Utility District • Northeast Lawrence Utility District
13	Cooperative Purchasing Agreement	<ul style="list-style-type: none"> • Lawrenceburg Utility Systems • Loretto Water Department • Fall River Road Utility District

References

- i [*The Regionalization of Water Utilities \(The National Regulatory Research Institute\)*](#)
- ii [*U.S. Census Data, Lawrence County*](#)
- iii [*U.S. Census Data, Lawrence County*](#)
- iv [*Tennessee Drinking Water Watch search, Lawrence County, Community*](#)
- v [*Tennessee Drinking Water Watch search, Lawrence County, Non-Community*](#)
- vi [*\(October 2024\) Onsite Interview with Jessica Mills, Leoma U.D. Secretary*](#)
- vii [*EPA ECHO Detailed Facility Report – Leoma Utility District*](#)
- viii [*TDEC Director’s Order, Sept. 19, 2024*](#)
- ix [*Leoma U.D. CCR Report*](#)
- x [*EPA ECHO Detailed Facility Report – Lawrenceburg Utility Systems*](#)
- xi [*\(November 2024\) Onsite Interview with Vic Pusser, Utility Manager, Lawrenceburg Utility Systems*](#)
- xii [*EPA ECHO Detailed Facility Report – Loretto Water Department*](#)
- xiii [*\(November 2024\) Onsite Interview with Jesse Turner, City Administrator, City of Loretto and Ronnie “Soapy” Dial, Director of Utilities, City of Loretto*](#)
- xiv [*EPA ECHO Detailed Facility Report – St. Joseph Water System*](#)
- xv [*\(December 2024\) Phone Interview with Lyndon Smith, Operator, St. Joseph Water System*](#)
- xvi [*EPA ECHO Detailed Facility Report – Northeast Lawrence Utility District*](#)
- xvii [*\(December 2024\) Phone interview with Jarvis Curtis, Manager, Northeast Lawrence Utility District*](#)
- xviii [*EPA ECHO Detailed Facility Report – Fall River Road Utility District*](#)
- xix [*\(December 2024\) Phone interview with John Copeland, President, Fall River Road Utility District*](#)

October 15, 2024

Leoma Utility District
David Brown
P.O. Box 228
2573 Hwy 43
Leoma, TN 38468-0228

RE: Summary of Technical Assistance Needs for the Leoma Utility District

Dear Mr. Brown

I have completed a Technical Assistance Needs Assessment for your water and sewer systems with assistance by the following people:

Jessica Mills
Secretary

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 29.6 and your Capacity Building Needs rates 36.7 for an average Technical Assistance Needs rating of 33.1. 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 Leoma Utility District.

Sincerely,



Tommy Ricks
Community Support Director
Water Finance Exchange

(256) 652-2930

TRicks@WaterFX.org
www.WaterFX.org

**Proposed Scope of Technical Assistance Services to be provided by Water Finance Exchange to the
Leoma Utility District**
October 15, 2024

Task #	Identified Need	Technical Assistance Task Description	Anticipated Start Date
1	DW 1	Coordinate with the consulting engineer on addressing needs in project engineering design plans.	12/1/2024
2	FC 7	Conduct a utility rate analysis to and corresponding rate proposal to increase operating revenues.	01/1/2025

This proposed scope of technical assistance tasks to be provided by WFX to the Leoma Utility District 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 Leoma Utility District and the specified tasks may be modified, cancelled, or postponed by either the Leoma Utility District 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.

Note: *Identified Technical and Managerial Capacity technical assistance needs will be addressed by Leoma's lead technical assistance advisor, Communities Unlimited (CU) , unless these needs are not adequately addressed determined by the Leoma U.D.'s satisfaction and WFX is requested to assist with these additional needs.*



1455 Pennsylvania Ave NW, Suite 400, Washington, DC 20004

Infrastructure Development

Infrastructure Needs Score: 29.6 / 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?	N/A	
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?	Yes	
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?	Yes	
GI 8	Does the community require assistance in submitting a Funding Application?	No	
GI 9	Has the community has explored Regionalization Strategies?	No	X
GI 10	Does the community current meet the income threshold for favorable financing?		

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?	N/A	
DW 3	Does the Water Well(s) need upgrades or repairs?	Yes	X
DW 4	Are Water Treatment Plant upgrades necessary?	No	
DW 5	Does the water system need new Water Meters?	No	
DW 6	Does the water system need additional Storage Capacity?	Yes	X
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?	N/A	
WW 2	Does the Outfall Structure need upgrades or repairs?	N/A	
WW 3	Are there any necessary repairs or upgrades at the WWTP?	N/A	
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?	N/A	
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?	N/A	
WW 8	Have Force Mains or Vaccum Lines been Pressure Tested?	N/A	
WW 9	Is there a need to install / rehab Lateral, Trunk, Branch, or Intercept Lines?	N/A	
WW 10	Is there a need replace / rehab Manholes?	N/A	

**Capacity Building Needs****FMT Capacity Needs Score: 36.7 / 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?	Yes	
FC	3 Is the utility compliant with completing required financial Audits?	Yes	
FC	4 Is the balance of aged Accounts Receivable less than 10% of annual revenues?	Yes	
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?	No	X
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?	No	X
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?	No	X
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?	Yes	X
TC	2 Has the utility been Out of Compliance within the last 12 months?	Yes	X
TC	3 Have all regulatory recommendations been addressed since the last inspection?	No	X
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 auxiliary power to operate during a sustained power outage?	Yes	
TC	10 Has the utility had an Energy Audit conducted in the past 10 years?	No	X



Jason E. Mumpower
Comptroller

Entity Referred: **City of Loretto**

Referral Reason: **Decrease In Net Position, Negative Unrestricted Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The City of Loretto ("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. The Utility has returned its financial distress questionnaire to Board staff within a timely manner. The Utility has contracted with a third party expert to conduct a rate study, which should be completed soon. Board staff has worked with the Utility to ensure that the contracted study will meet the requirements if ordered by the Board. Furthermore, the Utility has a negative unrestricted net position due to a large account payable balance of \$1.16 million which is up from \$19,792 in Fiscal Year 2023. This amount is mostly capital. The Utility has had three straight years of statutory decreases in net position and Fiscal Year 2024 cash from operations was negative by \$350,414 which is more than half of operating cash received from customers.

At this time Board staff is recommending the following order be issued.

Staff Recommendation:

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;
 - g. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.
2. By June 30, 2025, 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.
 3. 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.

Loretto

	Category: Water And Sewer		County: Lawrence	
	2021	2022	2023	2024
Net Assets	\$6,132,103.00	\$6,263,253.00	\$6,754,243.00	\$9,365,457.00
Deferred Outflow Resources	\$22,582.00	\$76,514.00	\$112,329.00	\$139,106.00
Net Liabilities	\$1,080,665.00	\$1,093,969.00	\$1,162,937.00	\$3,530,140.00
Deferred Inflow Resources	\$11,945.00	\$316,266.00	\$295,528.00	\$10,784.00
Total Net Position	\$5,062,075.00	\$4,929,532.00	\$5,408,107.00	\$5,963,639.00
Operating Revenues	\$841,412.00	\$868,229.00	\$920,776.00	\$1,176,023.00
Net Sales	\$818,113.00	\$840,428.00	\$869,887.00	\$1,027,299.00
Operating Expenses	\$839,420.00	\$952,385.00	\$1,146,098.00	\$1,429,509.00
Depreciation Expenses	\$274,771.00	\$296,234.00	\$312,871.00	\$336,117.00
Non Operating Revenues	-\$23,701.00	\$3,757.00	\$9,177.00	-\$336.00
Capital Contributions	\$184,320.00	\$82,468.00	\$694,720.00	\$809,354.00
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	\$27,999.00	\$2,069.00	\$478,575.00	\$555,532.00
Statutory Change In Net Position	-\$156,321.00	-\$80,399.00	-\$216,145.00	-\$253,822.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Obion**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Town of Obion ("the Entity") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its fiscal year 2018 audit pursuant to Tenn. Code Ann. § 7-82-703. The Entity complied with prior directives of the Board and completed a rate study; however, the Entity has not shown the necessary improvements to be released from Board oversight. At this time Board staff recommends that a new rate study be completed to account for changes to the Entity and potential oversights in the prior study.

Staff Recommendation:

The Board should order the following:

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
 - g. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.
2. By April 30, 2025, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.
3. By June 30, 2025, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.

Obion

	Category: Water And Sewer		County: Obion	
	2020	2021	2022	2023
Net Assets	\$2,491,418.00	\$2,576,837.00	\$2,666,337.00	\$2,877,268.00
Deferred Outflow Resources	\$17,861.00	\$15,736.00	\$30,792.00	\$27,536.00
Net Liabilities	\$28,805.00	\$35,475.00	\$41,965.00	\$292,431.00
Deferred Inflow Resources	\$15,674.00	\$14,899.00	\$67,140.00	\$10,490.00
Total Net Position	\$2,464,800.00	\$2,542,199.00	\$2,588,024.00	\$2,601,883.00
Operating Revenues	\$616,898.00	\$593,172.00	\$620,031.00	\$647,008.00
Net Sales	\$598,656.00	\$576,900.00	\$600,107.00	\$627,796.00
Operating Expenses	\$467,259.00	\$591,205.00	\$848,462.00	\$681,544.00
Depreciation Expenses	\$82,557.00	\$81,283.00	\$80,066.00	\$87,280.00
Non Operating Revenues	\$3,621.00	\$7,857.00	\$4,903.00	\$5,807.00
Capital Contributions	\$0.00	\$67,575.00	\$266,900.00	\$42,588.00
Transfers In	\$0.00	\$0.00	\$2,453.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$153,260.00	\$77,399.00	\$45,825.00	\$13,859.00
Statutory Change In Net Position	\$153,260.00	\$9,824.00	-\$223,528.00	-\$28,729.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Mason**

Referral Reason: **Water Loss**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Town of Mason ("the Utility") was referred to the Tennessee Board of Utility Regulation ("the Board") for excessive water loss as of the 2023 Annual Information Report pursuant to Tenn. Code Ann. § 7-82-705. The Board ordered that the Utility engage with a qualified third party to complete the AWWA Water Loss Audit Worksheet v. 6.0 by May 31, 2024, and submit a completed worksheet by July 31, 2024. The Utility has not complied with the Board's order.

Staff Recommendation:

The Board should order the following:

1. By April 30, 2025, the Utility shall provide board staff with proof of engagement with a qualified third party to complete the AWWA Water Loss Audit Worksheet v. 6.0.
2. By June 30, 2025, the Utility shall provide Board staff with the completed copy of the AWWA Water Loss Audit Worksheet v. 6.0.
3. If the Utility fails to comply with any part of this order, Board staff may subpoena one or more members of the Utility's governing body to appear at the next regularly schedule TBOUR meeting.

Mason

	Category: Water And Sewer		County: Tipton	
	2020	2021	2022	2023
Net Assets	\$4,337,485.00	\$4,368,416.00	\$4,405,265.00	\$3,984,771.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$499,772.00	\$322,127.00	\$333,847.00	\$402,791.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$3,837,713.00	\$4,046,289.00	\$4,071,418.00	\$3,581,980.00
Operating Revenues	\$786,066.00	\$794,554.00	\$890,435.00	\$743,560.00
Net Sales	\$723,516.00	\$747,028.00	\$794,396.00	\$668,547.00
Operating Expenses	\$691,796.00	\$630,166.00	\$882,951.00	\$1,099,242.00
Depreciation Expenses	\$90,606.00	\$80,427.00	\$81,119.00	\$304,979.00
Non Operating Revenues	\$1,548.00	-\$5,962.00	\$9,360.00	-\$7,890.00
Capital Contributions	\$275,051.00	\$50,150.00	\$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	\$370,869.00	\$216,861.00	-\$109,022.00	-\$363,572.00
Statutory Change In Net Position	\$95,818.00	\$166,711.00	-\$109,022.00	-\$363,572.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Mason**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

Staff Summary:

On November 10, 2021, the Tennessee Board of Utility Regulation (the "Board") ordered an administrative review ("Board investigation") of the financial condition of the Town of Mason's utility system ("the Entity"). After a preliminary administrative review was completed by staff, the Board ordered the Entity to perform a feasibility study using a third party expert, if they did not contract with a certified water and wastewater operator by September 1, 2023. The Entity did not meet this requirement by the set date, therefore, a feasibility study was conducted and completed on March 29, 2024. Shortly after the September 1, 2024, due date, the Entity proceeded to enter into an agreement with Alliance Water Resources ("AWR") to manage the Entity's water and wastewater system. This contract was terminated by AWR on September 6, 2024. On July 18, 2024, the Board considered ordering merger proceedings to begin, however, the original feasibility study no longer appeared to be reliable. The original feasibility study was completed during the period of time that AWR was contracted with the Entity, which led to assumptions by the third party that no longer apply. At this time, Board staff recommends that a new feasibility study be completed by the Entity.

Staff Recommendation:

The Board should order the following:

1. The Entity shall contract with a qualified expert, as approved by Board staff, to carry out a feasibility study for a merger with another utility system in the area. This study should include, but not be limited to the following:
 - a. a review and summary of nearby utilities that are being considered in the feasibility study;
 - b. a review and summary of the utility infrastructure necessary in facilitating the consolidation;
 - c. and the estimated rate or cost increase (or decrease) incurred under consolidation with the nearby utilities.
2. By June 30, 2025, 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, 2025, the Entity shall provide Board staff with the completed feasibility study.
4. Should the Entity fail to comply with any directive in this order, Board staff and Counsel may issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board during its next meeting following non-compliance of this order. Failure to obey a subpoena issued by the Board may result in being held in contempt of court.

Mason

	Category: Water And Sewer		County: Tipton	
	2020	2021	2022	2023
Net Assets	\$4,337,485.00	\$4,368,416.00	\$4,405,265.00	\$3,984,771.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$499,772.00	\$322,127.00	\$333,847.00	\$402,791.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$3,837,713.00	\$4,046,289.00	\$4,071,418.00	\$3,581,980.00
Operating Revenues	\$786,066.00	\$794,554.00	\$890,435.00	\$743,560.00
Net Sales	\$723,516.00	\$747,028.00	\$794,396.00	\$668,547.00
Operating Expenses	\$691,796.00	\$630,166.00	\$882,951.00	\$1,099,242.00
Depreciation Expenses	\$90,606.00	\$80,427.00	\$81,119.00	\$304,979.00
Non Operating Revenues	\$1,548.00	-\$5,962.00	\$9,360.00	-\$7,890.00
Capital Contributions	\$275,051.00	\$50,150.00	\$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	\$370,869.00	\$216,861.00	-\$109,022.00	-\$363,572.00
Statutory Change In Net Position	\$95,818.00	\$166,711.00	-\$109,022.00	-\$363,572.00



Jason E. Mumpower
Comptroller

Entity Referred: **West Point Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water**

Staff Summary

The West Point Utility District (the "Entity") was referred to the Tennessee Board of Utility Regulation (the "Board") for an administrative review on July 18, 2024. The Tennessee Department of Environment and Conservation relayed concerns to Board staff, after confirming these concerns with a third party the Board determined the system lacked technical and managerial capacity to comply with the requirements of federal and state law. The Board ordered for the Entity to contract with a third party expert and complete a feasibility study, the Entity engaged Water Finance Exchange and submitted the finalized report on March 5, 2025. The feasibility study was completed in conjunction with Community Engineering Corp, who provided a preliminary assessment of the Entity, various concerns were identified in the report as shown below:

1. The Entity's governing body has neglected capital improvements for the system and currently there are multiple infrastructure projects that are needed, including a new water storage tank, distribution valves, mains and service lines, and other general system upgrades.
2. The Entity currently does not have an operating budget nor does the governing body review financial statements.
3. The Entity has failed to enact various policies which are necessary in outlining proper procedure.
4. The Entity has failed to remain in compliance with TDEC water quality violations.

Based on the information provided within the feasibility study, Board staff believes that it is in the best interest of the West Point Utility District customers for the Board to move forward with merger proceedings. Additionally, the nearby City of Loretto remains the sole provider for the District, the feasibility study outlined that this system was a potential candidate for consolidation.

Staff Recommendation:

The Board should order the following:

1. Board staff should pursue merger proceedings between the Entity and the City of Loretto.
2. Board staff will schedule a public hearing and report the findings before the Board at the next regularly scheduled meeting.

West Point Utility District

	Category: Water		County: Lawrence	
	2020	2021	2022	2023
Net Assets	\$541,164.00	\$560,859.00	\$569,002.00	\$552,386.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$7,081.00	\$6,014.00	\$6,242.00	\$6,319.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$534,083.00	\$554,845.00	\$562,760.00	\$546,067.00
Operating Revenues	\$54,424.00	\$57,962.00	\$46,420.00	\$52,628.00
Net Sales	\$54,424.00	\$57,962.00	\$46,420.00	\$52,628.00
Operating Expenses	\$37,856.00	\$37,200.00	\$38,505.00	\$69,321.00
Depreciation Expenses	\$9,739.00	\$9,739.00	\$9,739.00	\$13,040.00
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	\$16,568.00	\$20,762.00	\$7,915.00	-\$16,693.00
Statutory Change In Net Position	\$16,568.00	\$20,762.00	\$7,915.00	-\$16,693.00

Westpoint Utility District

Westpoint, TN 38486

westpointwater@gmail.com

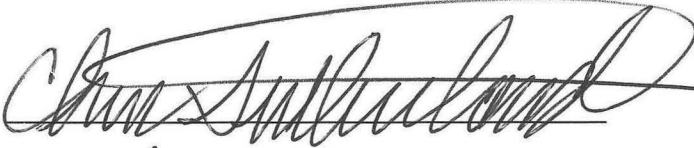
931-321-1182

March 1,2025

,
Tennessee Board of Utility Regulation
425 Rep. John Lewis Way N.
Nashville, TN 37243

RE: West Point Utility District
Feasibility Study

Be it resolved that the board of directors of the West Point Water Board has accepted the regionalization feasibility study proposed and presented by WFX and the recommendations contained therein.

Chris Sutherland, President 

Ray Tidwell 

Judith Weaver, secretary 

West Point U.D.
Regionalization Feasibility Study

Feb. 27th, 2025



Prepared by

Tommy Ricks, WFX Community Support Director

Jackson Parr, WFX Communications and Programs Manager

Emily Barnett, WFX Project Coordinator

Nicole Ramirez, WFX Communications and Programs Coordinator

Marcia Reuben, WFX Senior Advisor



Feb. 27th, 2025

West Point U.D.
 Christopher Sutherland, President
 P.O. Box 2
 West Point, TN 38486

Re: Regionalization Feasibility Study Executive Summary

Dear Mr. Sutherland:

The Water Finance Exchange (“WFX”) is pleased to present the opportunities and challenges related to West Point U.D. to implement regionalization strategies with nearby public water utilities in Lawrence County. This report should be submitted by West Point U.D. to the Tennessee Board of Utility Regulators (“TBOUR”) no later than March 31, 2025 for Feasibility Study as ordered by TBOUR on July 18, 2024 pursuant to the Tennessee Code Annotated §7-82-701 et seq.

In summarizing this report, WFX acquired information from other public water utilities in Lawrence County by means of researching available public information and through interviews with staff and/or officials from **5** public water utilities including: **Loretto Water Department, Lawrenceburg Utility Systems, Leoma Utility District, St. Joseph Water System, and Iron City Utility District.** 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 current design capacity of these other utilities. 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 West Point U.D. water distribution system for either emergency use in the event of a water outage or a continuous source of potable drinking water for West Point U.D.

Findings for Regionalization Opportunities:

The following regionalization opportunities for West Point U.D. to consider include the following:

- Governance / Ownership Consolidation Opportunities: Loretto Water Department, Lawrenceburg Utility Services, Iron City Utility District
- Shared Services Opportunities:
 - Cooperative Purchasing Agreements: Loretto Water Department, Lawrenceburg Utility Services, Iron City Utility District
 - Contract Operations and Maintenance: Loretto Water Department, Lawrenceburg Utility Services, Iron City Utility District
 - Contract Administrative Services: Loretto Water Department, Lawrenceburg Utility Services, Iron City Utility District

- **Presentation of Hydraulic Interconnections:** A hydraulic interconnection currently exists with Loretto Water Department. The interconnection is used for continuous supply and constitutes 100% of the water sold by West Point U.D. Lawrenceburg Utility District expressed interest in developing a hydraulic interconnection with West Point U.D.

In considering regionalization strategies, any strategies that include hydraulic interconnection should consider operational impacts including, but not limited to, differences in source water type and methods of disinfection.

Components of West Point U.D.'s fiscal standing, including an inadequate operating ratio, financial losses in recent years, and capital needs, may necessitate an increase in water rates if the system continues to operate independently. Over the long term, economies of scale achieved through consolidation may result in a larger rate base and lower cost per customer¹ compared to the status quo scenario where West Point U.D. continues to operate independently.

The results of this study indicate that some regionalization strategies, including but not limited to shared service or consolidation, may be feasible dependent on the evaluation of infrastructural, technical, managerial, and financial components of the regional strategies that are agreed upon by all consenting entities.

Recommendations:

WFX recommends that the West Point U.D. Board of Directors pursue the following regionalization strategies:

1. Develop formalized mutual aid agreements with neighboring systems to improve system resilience and resources available to West Point U.D. in the event of a disaster or emergency need.
2. Conduct a comprehensive rate analysis that results in an adequate operating ratio of at least 1.10. A subsequent rate analysis should evaluate a consolidated rate structure under a merger or consolidation with a consenting neighboring system.
3. Pursue funding programs to assist in the installation of automated meters to reduce labor costs of manually reading meters and help align West Point U.D. meters with that of other systems to facilitate contracting services or consolidation should West Point U.D. choose to do so.
4. High levels of water loss in West Point U.D. were cited by neighboring systems as barriers to consolidate. However, West Point U.D. currently sells more water than is purchased from Loretto Water Department, indicating that the master meter between the two systems is in need of calibration, repair, or replacement. West Point U.D. should investigate discrepancies in water purchased and sold to more accurately estimate water loss in the distribution system and prepare for increased wholesale water costs in the event the master meter is replaced.

Schedule an introductory meeting with one or more of the following entities to discuss contracted utility management services and/or consolidation: Loretto Water Department, Lawrenceburg Utility Systems, Iron City Utility District.

We appreciate the opportunity to work with West Point U.D. and the trust in which you have demonstrated in WFX to conduct this regionalization feasibility study and additional technical assistance services for which we are engaged with West Point U.D. If you have any follow-up concerns including additional information sought by TBOUR related to this report, please let us know.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tommy Ricks", with a long horizontal flourish extending to the right.

Tommy Ricks
Community Support Director, Water Finance Exchange

CC: Jackson Parr, WFX Communications and Programs Manager
Marcia Reuben, WFX Senior Advisor
Hank Habicht, WFX Managing Co-Founder
Brent Fewell, WFX Co-Founder / General Counsel

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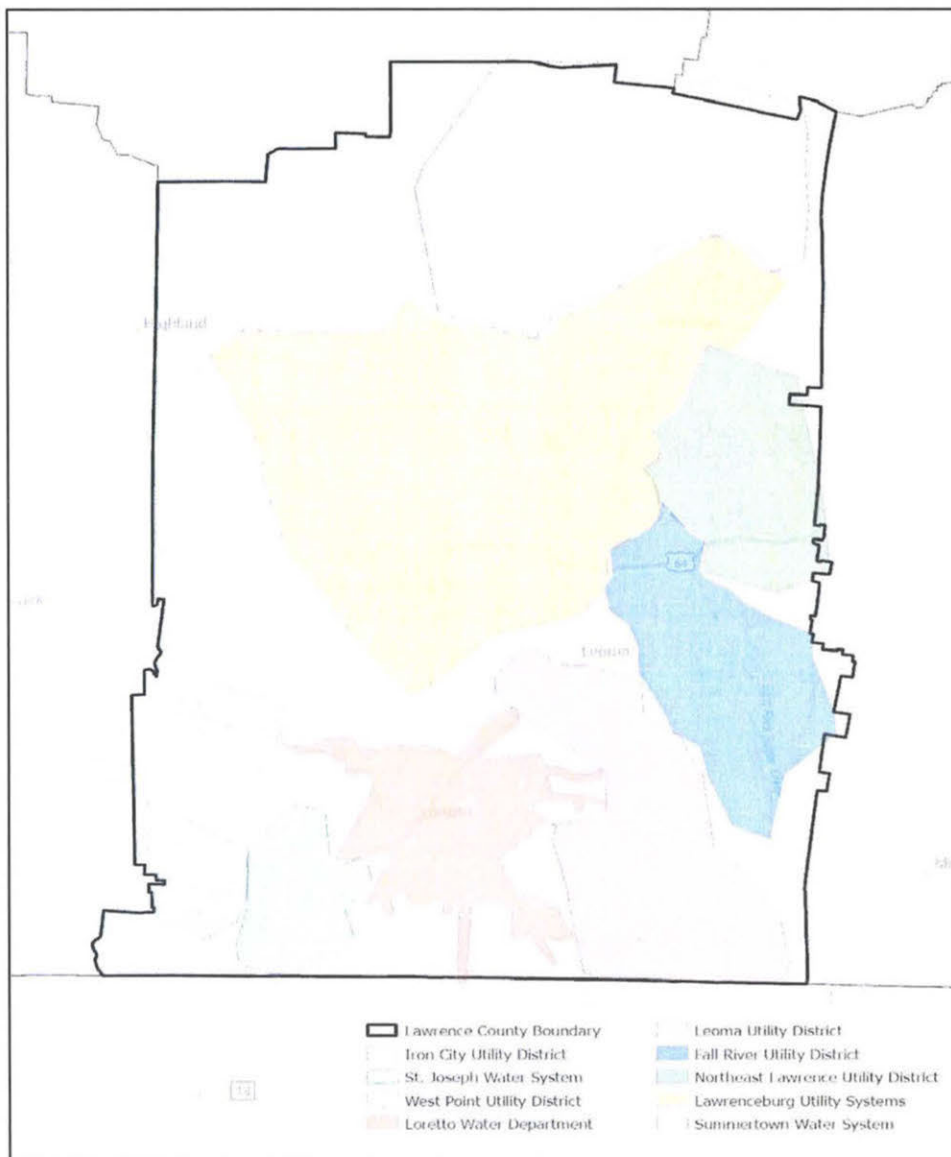
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Lawrence County Overview

Lawrence County is located in the southern part of Middle Tennessee bordering North Alabama. Lawrence County encompasses an area of 617 square milesⁱⁱ with a population of 44,159ⁱⁱⁱ pursuant to the 2020 Decennial Census. Lawrence County is served by 10 active Community Water Systems^{iv} and 2 active Non-Community Water Systems (NCWS) including Transient NCWSs and Non-Transient NCWSs^v. This Regionalization Feasibility Study is limited to focusing only on Community Water Systems. Figure 1 shows the approximate location of the service boundaries of the community water systems in Lawrence County.

Figure 1. Map of Lawrence County Community Water Systems



West Point U.D. Characteristics

General

The West Point U.D. was formed in 1968 as a Utility District pursuant to Tennessee Code Annotated §7-82-101 et seq. The West Point U.D. currently distributes potable drinking water to 130 consumer connections in the central area of Lawrence County.

The West Point U.D. is currently staffed by 2 part-time contractors for billing / bookkeeping and certified operator services.

Current Infrastructure Needs and Capacity Challenges

As a component of this study, WFX conducted an Infrastructure, Financial, Managerial, and Technical (IFMT) Capacity Needs Survey for the West Point U.D. 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 West Point U.D. 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 West Point U.D. has needs for construction of a new water storage tank and water distribution system upgrades. West Point U.D. has engaged with the American Water Works Association Community Engineering Corps^x for professional engineering services to assess these infrastructure needs. A copy of this PER report is included in the Appendix section of this report. West Point U.D. has not engaged a professional engineer to develop a corresponding Preliminary Engineering Report which should provide viable solutions to address these needs. Although the West Point U.D. has not yet engaged a professional engineer to address these infrastructure needs, WFX recommends that the West Point U.D. Board of Directors consider selecting an engineer through a formal Request for Qualifications (RFQ) process that considers the experience and other qualifications, the capacity to complete a professional assessment and corresponding Preliminary Engineering Report within the next 6 – 8 months.

Financial Capacity Challenges

The West Point U.D. has the following Financial Capacity Challenges (corresponding Technical Assistance Tasks with lead TA provider follows these challenges):

1. West Point U.D does not have appropriate Segregation of Duties for financial operations. –
WFX will assist in developing a financial management policy that includes internal controls.
2. West Point U.D. does not have an Operating Ratio equal to or greater than 1.1. –
WFX will develop a rate proposal to increase operating revenues to achieve an Operating Ratio of 1.1 or greater.
3. West Point U.D. does not have a current Operating Budget. –
WFX will assist in preparing an annual budget for the fiscal year 2024 and 2025 periods.
4. The Board of Directors of West Point U.D. do not review and compare Financial Statements with the Annual Budget each month. –

WFX will provide training to administrative professional staff in preparing monthly financial statements.

5. West Point U.D. has not had a Rate Analysis performed within the past 5 years. –
WFX will perform a comprehensive utility rate analysis of the existing West Point rate structure compared to the utility's existing, budgeted, and projected expenditures (and capital outlay).

Managerial Capacity Challenges

The West Point U.D. has the following Managerial Capacity Challenges (corresponding Technical Assistance Tasks with lead TA provider follows these challenges):

1. West Point U.D. does not have a Customer Service Policy. –
CU will assist in developing a Customer Service Policy.
2. West Point U.D. does not have a Personnel Policy. –
CU will assist in developing a Personnel Policy.
3. West Point U.D. does not have an Asset Management Plan. –
CU will assist in developing an Asset Management Plan which meets TDEC requirements.
4. West Point U.D. does not have adequate Insurance Coverage. –
CU will assist in recommending necessary and adequate commercial insurance products to mitigate risks and liability.
5. West Point U.D. does not have an updated Emergency Response Plan. –
CU will assist in updating West Point's existing ERP.
6. West Point U.D. is not a member of the Tennessee WARN Network nor WaterISAC. –
CU will assist in providing contact and registration information for the TNWARN Network.

Technical Capacity Challenges

The West Point U.D. has the following Managerial Capacity Challenges (corresponding Technical Assistance Tasks with lead TA provider follows these challenges):

1. West Point U.D. is currently under a regulatory Administrative Order. –
CU will advise the Board and certified operator on recommendations to return to compliance.
2. West Point U.D. has been Out of Compliance with drinking water regulations within the last 12 months. –
CU will monitor future compliance deadlines for the duration of the organization's assistance with West Point and will advise the West Point U.D. board accordingly.
3. All Regulatory Recommendations / Requirements have Not yet been met by West Point U.D. *CU will advise and assist West Point in returning to compliance.*
4. Water Loss exceeds 25% of water purchased from City of Loretto Utilities. –

CU will conduct a Water Loss Audit with recommendations on reducing unaccounted water loss.

Efficiency and Water Rate Information

Cost of Sales

The West Point U.D. purchases water from the City of Loretto Utilities at a rate of \$3.00 per thousand gallons purchased. Currently, there is no wholesale water contract between the City of Loretto Utilities and West Point Utility District.

Unaccounted Water Lossage

The West Point U.D. was billed for consumption of 8,645,000 gallons supplied by the City of Loretto over the between December 2023 and November 2024. During this same period, the West Point U.D. sold 11,802,100 gallons (roughly 37% more water sold by West Point U.D. to its customers than what was purchased from Loretto). Obviously this net negative water lossage of -36.5% is more than likely due to the inaccuracy of the Loretto master meter and is indicative that Loretto should take steps to calibrate, repair, and / or replace this meter. Until this is done, there is no way to accurately determine water lossage for West Point U.D.

West Point U.D. Current Water User Rates

It is unclear when the current rate structure was initially approved and implemented by the West Point U.D. Board of Directors, but a 2008 audit indicates that West Point U.D. has not altered their current rate (Table 1) since before 2008.

Table 1
All Water Consumers

Minimum Rate	Minimum Volume Allowance	Volumetric Rate <i>(All over 2,000 gal)</i>
\$23.00	2,000 Gals	\$4.50 per 1,000 Gals

Rate Considerations

West Point U.D is also in need of additional water storage capacity as there is no active storage facility, placing the system at risk when the sole hydraulic interconnection with Loretto Water Department is temporarily out of service. This capital project will likely result in additional costs due to debt service and depreciation, which may necessitate an increase in rates. West Point U.D. also does not have an Operating Ratio equal to or greater than 1.1. Audits of West Point U.D. for fiscal year 2023 identified operating expenses that exceeded costs. Water Finance Exchange will work with West Point U.D. to conduct a rate analysis and subsequent recommendations that would achieve an operating ratio of at least 1.1.

Rate Comparison

Table 2 lists water rate information for West Point U.D. and the other systems that are reviewed in this report. For systems that have multiple rate classes, residential rates for residents outside of municipal limits were selected, as these are the rates that would likely be applied to West U.D. customers under a consolidated rate model. An estimated monthly bill for use of 5,000 gallons is listed. West Point U.D. has among the lowest water rates of systems reviewed in this report.

Table 2
Water Rate Comparison of Select Lawrence County Systems

	<i>Base Rate</i>	<i>Step Rate</i>	<i>5,000 gallon bill⁺</i>
<i>West Point U.D.</i>	\$ 23.00	\$ 4.50	\$ 36.50
<i>Loretto (outside city)*</i>	\$ 17.50	\$ 5.40	\$ 44.50
<i>LUS (Residential outside city)*</i>	\$ 26.13	\$ 5.34	\$ 52.83
<i>St. Joseph (outside city)</i>	\$ 18.58	\$ 4.60	\$ 41.56
<i>Leoma U.D.</i>	\$ 11.50	\$ 4.60	\$ 29.90
<i>Iron City U.D.*</i>	\$ 32.00	\$ 11.50	\$ 66.50

* Rate is set per one hundred gallons

+ May include minimum volume in base rate

Water Source, Treatment, Storage, and Distribution System Information

West Point U.D. Water Source

The West Point U.D. is a consecutive community water system which sources its water from the City of Loretto Utilities water system.

West Point U.D. Water Treatment

West Point U.D. purchases treated water from the City of Loretto Utilities and provides no additional treatment. The West Point U.D. water system distributes water from the metered connection south of the Knob Creek bridge on Busby Road.

West Point U.D. Water Storage

Finished water storage for the West Point U.D. water system consists of one abandoned 50,000 ground storage tank which was constructed in 1968. Currently, there is a critical need for water storage at West Point U.D. to keep the system pressurized when the hydraulic connection from Loretto may be temporarily out of service.

West Point U.D. Water Distribution System

The water distribution system for the West Point U.D. consists of approximately 8.49 miles of water mains. These mains are consists of 2,040' of 1" water main, 15,210' of 4" water main, 27,580' of 6" water main. Approximately 10,032' of this 6" trunk line^x was constructed in 1968 and consists of cast iron pipe. The remaining water mains consist of PVC pipe. There are 15 gate valves to isolate sections of the distribution system as well as 2 Pressure Reducer valves. There are 188 Service Connections on the West Point U.D.'s water distribution system which includes 131 active connections and 57 inactive connections. These service connections consist of mostly 3/4" copper tubing but newer services lines installed after 1985 consist of 3/4" polyethylene tubing. Water consumption is metered by 5/8" positive displacement meters. Most of the older meters are Neptune brand meters and newer meters are Zeine brand.^{vi}

Regulatory Compliance and Water Quality Information

The West Point U.D. has a 5-year compliance history of 12 Safe Drinking Water Act (SDWA) violations, all of which were monitoring and/or reporting violations. Two of those violations occurred in 2024 and appear to remain unresolved. There were no regulated contaminant occurrence violations.^{vii} TDEC issued

a Director’s Order on August 10, 2023, Case No. DWS23-0057, citing violations including failure to provide the lead consumer notice for tap sampling, failure to follow the Division approved disinfection byproduct sampling plan for HAA5 and TTHM, failure to submit a timely CCR, along with certification of the distribution of the CCR for calendar year 2020, failure to provide public notification related to violations, and failure to update the water distribution map. The Order requires the West Point U.D. to comply with each of the regulatory requirements that were the subject of the Order, and to submit an updated water distribution map. Additionally, the Order assessed penalties, a portion of which were deferred pending compliance with the Ordering Provisions. There is currently no additional active or pending SDWA enforcement by the U.S. EPA or TDEC for the West Point U.D. water system. A Sanitary Survey conducted by TDEC in September 2023 identified deficiencies in addition to those that were included in the Director’s Order. The corrective actions included a requirement to begin submitting Monthly Operating Reports, and a requirement to submit a Drought Management Plan to the Division by November 30, 2023. The Sanitary Survey noted that the system was requesting an extension to submit the updated water distribution map that was required by the Director’s Order.

Based on the most recent 2023 Consumer Confidence Report contaminant data of the West Point U.D. 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. In the CCR Year, there were no contaminants for the West Point U.D. water system that exceeded an MCL/AL.

Table 3
2023 West Point U.D. CCR Contaminant Data^{viii}

Contaminant Name	Unit of Measurement	Maximum Contaminant Level (or AL)	Reported Occurrence in 2023 CCR	Range of Detections	Violation Yes / No
Total Coliform Bacteria (RTCR)		0	0		No
E. Coli Bacteria		0	0		No
Lead	ppb	AL=15	ND		No
Copper	ppm	AL=1.3	0.0886 90th %	0.00175- 0.0941	No
TTHM (Total trihalomethanes)	ppb	80	17.5 LRAA (highest)	17.5	No
HAA5 (Haloacetic Acids)	ppb	60	1.9 LRAA (highest)	1.9	No
Chlorine	ppm	MRDL=4	0.80-2.20	0.80-2.20	No

Current Professional Engineering Assessment (or Preliminary Engineering Report)

The West Point U.D. does not have a current engagement with a professional consulting engineer. Based on the infrastructure needs identified by WFX in the IFMT Needs Assessment, WFX recommends that the West Point U.D. consider selecting a professional engineer through a Request for Qualifications / Request for Proposal process if a Regionalization Strategy with a nearby water utility will not address these infrastructure needs.

Summary of Other County Water Systems

Loretto Water Department

General Information

The Loretto Water Department currently produces, treats, and distributes potable drinking water to 1,781 consumer connections in the southern area of Lawrence County. Additionally, Loretto Water Department has a hydraulic interconnection with West Point U.D. that it provides wholesale water on a continuous basis. Loretto Water Department also has a hydraulic interconnection with Leoma U.D. and St. Joseph Water System that it can provide wholesale water to on an emergency basis. The wholesale contracted rate is \$0.30 per 100 gallons (\$3.00 per 1,000 gallons). The Loretto Water Department is currently staffed by 3 full-time employees, 2 part-time employees in the field and 3 part-time employees in the administrative office.

Water Quality and Violations

The Loretto Water Department has a 5-year compliance history of two Safe Drinking Water Act (SDWA) violations. One was a Treatment Technique violation for Combined Filter Effluent Turbidity and the other was a reporting violation of the Consumer Confidence Rule. There were no regulated contaminant occurrence violations.^x There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the Loretto Water Department. A Sanitary Survey conducted by TDEC in February 2024 identified two significant deficiencies. The first significant deficiency identified a hole that had been drilled into the clearwell vent pipe as a sample point for finished water, which has the potential to allow introduction of contamination into the water supply. Plant personnel addressed this when it was brought to their attention. The second significant deficiency related to documentation of disinfection, flushing and sampling for construction and repair of water lines and finished water storage facilities.

Willingness to Consider Regionalization Strategies with West Point U.D.

Information related to responses from interviews with the Loretto Water Department staff (“and board” if applicable), the following Regionalization Strategies with the West Point U.D. may be considered after additional consultation and negotiations:^{xi}

Table 4
Potential Regionalization Strategies for Consideration between
Loretto Water Department and West Point U.D.

	Regionalization Strategy Description	Potential Consideration (Yes / No)	Context
1	Governance / Ownership Merger-Consolidation	Yes	Would need infrastructure improvements in West Point first
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 need infrastructure improvements in West Point first
5	Contracted Water Operator Services	Yes	Would need to hire additional distribution operator
6	Contracted Maintenance and Repairs	Yes	Have done previously to address issues impacting Loretto's system
7	Contracted Billing and Customer Service	No	Staffing limitations
8	Contracted Bookkeeping	No	Staffing limitations
9	Contracted Meter Reading	No	Staffing limitations
10	Mutual Aid Agreement for Emergencies	N/A	Already exists
11	Cooperative Purchasing Agreement	Yes	Would not do for daily material; Concern over administrative capacity

Lawrenceburg Utility Systems

General Information

The Lawrenceburg Utility Systems (LUS) currently produces, treats, and distributes potable drinking water to 20,822 consumer connections in the central area of Lawrence County. LUS sources its water from 1 surface water source, Shoal Creek, and 1 spring, Hope Spring. Additionally, LUS has a hydraulic interconnection with Leoma U.D., Summertown Water District, Fall River Road U.D., and the Northeast Lawrence U.D. that it provides wholesale water on an emergency basis at a contracted rate of \$4.50 per thousand gallons, increasing to \$6.50 per thousand gallons on Jan. 1, 2025. Wholesale water provided approximately \$43,000 in revenue to LUS from 9,599,300 gallons sold between July 2023 to June 2024. LUS is currently staffed by 14 full-time employees across their gas, water, and sewer services.

Water Quality and Violations

LUS has a 5-year compliance history of one Safe Drinking Water Act (SDWA) that was a reporting violation of the Consumer Confidence Rule. There were no regulated contaminant occurrence violations.^{xii} There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for LUS. A Sanitary Survey conducted by TDEC in January 2023 identified one significant deficiency that was addressed by plant personnel.

Willingness to Consider Regionalization Strategies with West Point U.D.

Information related to responses from interviews with the Lawrenceburg Utility Systems staff ("and board" if applicable), the following Regionalization Strategies with the West Point U.D. may be considered after additional consultation and negotiations:^{xiii}

Table 5
Potential Regionalization Strategies for Consideration between
Lawrenceburg Utility Systems and West Point U.D.

	Regionalization Strategy Description	Potential Consideration (Yes / No)	Context
1	Governance / Ownership Merger-Consolidation	Yes	
2	Hydraulic Interconnection for Emergency Needs	Yes	
3	Hydraulic Interconnection for Continuous Water Supply	Yes	
4	Contracted Management	Yes	Dependent on having autonomy to address issues as they arise
5	Contracted Water Operator Services	Yes	Dependent on having autonomy to address issues as they arise
6	Contracted Maintenance and Repairs	Yes	
7	Contracted Billing and Customer Service	Yes	Residents are likely already LUS customers for electric services
8	Contracted Bookkeeping	Yes	Residents are likely already LUS customers for electric services
9	Contracted Meter Reading	Yes	
10	Mutual Aid Agreement for Emergencies	Yes	Already exists, but not formalized
11	Cooperative Purchasing Agreement	Yes	

St. Joseph Water System

General Information

The St. Joseph Water System currently produces, treats, and distributes potable drinking water to 569 consumer connections in the southern area of Lawrence County. The St. Joseph Water System sources water from 1 spring and has an interconnection with Loretto Water Department but does not regularly purchase water. Additionally, the St. Joseph Water System has a hydraulic interconnection with Iron City Utility District that it provides wholesale water on a continuous basis.

Water Quality and Violations

The St. Joseph Water System has a 5-year compliance history of eight Safe Drinking Water Act (SDWA) violations including six monitoring and/or reporting violations and two Public Notification Rule violations. Two of those violations occurred in 2024 and appear to remain unresolved. There were no regulated contaminant occurrence violations. There is currently one active SDWA enforcement action by TDEC for the St. Joseph Water System^{xiv}. TDEC issued a Director's Order on February 6, 2023, Order DWS22-1024, for violations that include failing to monitor for individual filter turbidity and combined filter turbidity, failure to issue tier 3 public notices, failure to submit an accurate CCR, failure to submit a CCR and certificate of distribution for that CCR, and collecting all of one month's bacteriological samples on the same day. This Order requires to system to continuously monitor and record individual and combined filter effluent turbidity, and to maintain compliance with the CCR Rule. The Order has a final compliance end date of July 31, 2025.

Willingness to Consider Regionalization Strategies with West Point U.D.

Information related to responses from interviews with the St. Joseph Water System staff (“and board” if applicable), the following Regionalization Strategies with the West Point U.D. may be considered after additional consultation and negotiations:^{xv}

Table 6
Potential Regionalization Strategies for Consideration between
St. Joseph Water System and West Point U.D.

	Regionalization Strategy Description	Potential Consideration (Yes / No)	Context
1	Governance / Ownership Merger-Consolidation	No	
2	Hydraulic Interconnection for Emergency Needs	No	
3	Hydraulic Interconnection for Continuous Water Supply	No	
4	Contracted Management	No	
5	Contracted Water Operator Services	No	Staff limitations
6	Contracted Maintenance and Repairs	No	Staff limitations
7	Contracted Billing and Customer Service	No	Staff limitations
8	Contracted Bookkeeping	No	Staff limitations
9	Contracted Meter Reading	No	Staff limitations
10	Mutual Aid Agreement for Emergencies	Yes	
11	Cooperative Purchasing Agreement	No	Not feasible

Leoma Utility District

General Information

The Leoma Utility District currently produces, treats, and distributes potable drinking water to 6,218 consumer connections in the southeast area of Lawrence County. Additionally, the Leoma Utility District has a hydraulic interconnection with Lawrenceburg Utility Systems that it purchases wholesale water from at a contracted rate of \$6.50 per thousands gallons (effective Jan. 1, 2025). Leoma Utility District also has a hydraulic interconnection with the Loretto Water Department that it purchases water from on an emergency basis at a contracted rate of \$5.40 per thousand gallons. The Leoma Utility District is currently staffed by 2 full-time employees, 1 part-time employee and a contract for operator services.

Water Quality and Violations

The Leoma U.D. has a 5-year compliance history of four Safe Drinking Water Act (SDWA) violations, of which all were monitoring and/or reporting violations. All violations have been resolved. There have been no regulated contaminant occurrence violations^{xvi}. There is currently one Director’s Order issued by TDEC dated September 20, 2024 for the Leoma U.D. water system. The Ordering Provisions require the Leoma U.D. water system to engage the services of a professional engineer to create a preliminary engineering report for the construction of a new well as a back-up supply and a water storage tank sufficient to meet the 24-hour storage requirement. In addition, the Leoma U.D. shall contract with a Division-approved qualified individual to conduct a feasibility study for obtaining sufficient water to meet a ten-year projected average daily demand when the existing well is out of service, and to explore the potential to obtain water from an alternative public water system with the necessary storage to meet

the 24-hour storage capacity requirement. Both the preliminary engineering report and feasibility study shall be submitted within 120 days of the date of receipt of the Order. The feasibility study was approved on Dec. 18th, 2024 and submitted to TBOUR.

Willingness to Consider Regionalization Strategies with West Point U.D.

Information related to responses from interviews with the Leoma Utility District board, the following Regionalization Strategies with the West Point U.D. may be considered after additional consultation and negotiations:^{xvii}

Table 7
Potential Regionalization Strategies for Consideration between
Leoma Utility District and West Point U.D.

	Regionalization Strategy Description	Potential Consideration (Yes / No)	Context
1	Governance / Ownership Merger-Consolidation	No	
2	Hydraulic Interconnection for Emergency Needs	No	Infeasible given existing interconnections
3	Hydraulic Interconnection for Continuous Water Supply	No	Infeasible given existing interconnections
4	Contracted Management	No	Staff limitations
5	Contracted Water Operator Services	No	Staff limitations
6	Contracted Maintenance and Repairs	No	Staff limitations
7	Contracted Billing and Customer Service	No	Staff limitations
8	Contracted Bookkeeping	No	Staff limitations
9	Contracted Meter Reading	No	Staff limitations
10	Mutual Aid Agreement for Emergencies	Yes	
11	Cooperative Purchasing Agreement	Yes	

Iron City Utility District

General Information

The Iron City Utility District currently distributes potable drinking water to 729 consumer connections in the southwest area of Lawrence County. Additionally, the Iron City Utility District has a hydraulic interconnection with St. Joseph Water System that it purchases wholesale water on a continuous basis at a contracted rate of \$2.59 per thousand gallons. The Iron City Utility District is currently staffed by one part-time employees, and contracts for meter reading and operator services on a limited basis.

Water Quality and Violations

The Iron City Utility District has no reported Safe Drinking Water Act (SDWA) violations within the past 5 years^{xviii} There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the Iron City Utility District water system. A Sanitary Survey conducted by TDEC in June 2024 identified the following deficiencies: The system failed to monitor residual chlorine during the weeks of August 12th-20th, 2023, and January 13th – 25th, 2024. Both storage tanks are showing signs of exterior coating deterioration as noted in the 2022 sanitary survey. The system is encouraged to begin planning and budgeting to have

both tanks rehabbed in the near future. Pump station #1 has a significant leak around a pressure gauge. The system failed to collect bacteriological samples after tank inspections in May 2023.

Willingness to Consider Regionalization Strategies with West Point U.D.

Information related to responses from interviews with the Iron City Utility District staff (“and board” if applicable), the following Regionalization Strategies with the West Point U.D. may be considered after additional consultation and negotiations:^{xix}

Table 8
Potential Regionalization Strategies for Consideration between
Iron City Utility District and West Point U.D.

	Regionalization Strategy Description	Potential Consideration (Yes / No)	Context
1	Governance / Ownership Merger-Consolidation	Yes	
2	Hydraulic Interconnection for Emergency Needs	Yes	May be infeasible due to cost
3	Hydraulic Interconnection for Continuous Water Supply	Yes	May be infeasible due to cost
4	Contracted Management	Yes	Limited staff capacity
5	Contracted Water Operator Services	Yes	
6	Contracted Maintenance and Repairs	Yes	Currently do not have dedicated maintenance staff
7	Contracted Billing and Customer Service	Yes	Limited staff capacity
8	Contracted Bookkeeping	Yes	Limited staff capacity
9	Contracted Meter Reading	Yes	
10	Mutual Aid Agreement for Emergencies	Yes	
11	Cooperative Purchasing Agreement	Yes	

Summary of Regionalization Opportunities

Based on interviews with the Number of Water Systems Interviewed surveyed to determine interest in exploring regionalization opportunities with the West Point U.D., there is *some interest* in the following regionalization strategies.

Table 9
Interest in Exploring Potential Regionalization Strategies

	Regionalization Strategy Description	Water Systems Interested in Exploring Regionalization Strategy
1	Governance / Ownership Merger-Consolidation	Loretto Water Department, Lawrenceburg Utility Services, Iron City Utility District
2	Hydraulic Interconnection for Emergency Needs	Lawrenceburg Utility Services, Iron City Utility District
3	Hydraulic Interconnection for Continuous Water Supply	Lawrenceburg Utility Services, Iron City Utility District
4	Contracted Management	Loretto Water Department, Lawrenceburg Utility Services, Iron City Utility District
5	Contracted Water Operator Services	Loretto Water Department, Lawrenceburg Utility Services, Iron City Utility District
6	Contracted Maintenance and Repairs	Loretto Water Department, Lawrenceburg Utility Services, Iron City Utility District
7	Contracted Billing and Customer Service	Lawrenceburg Utility Services, Iron City Utility District
8	Contracted Bookkeeping	Lawrenceburg Utility Services, Iron City Utility District
9	Contracted Meter Reading	Lawrenceburg Utility Services, Iron City Utility District
10	Mutual Aid Agreement for Emergencies	Loretto Water Department, Lawrenceburg Utility Services, St. Joseph Water System, Leoma Utility District, Iron City Utility District
11	Cooperative Purchasing Agreement	Loretto Water Department, Lawrenceburg Utility Services, Leoma Utility District, Iron City Utility District

Appendices

See appendices as attachments at the end of this document.

References

- ⁱ *The Regionalization of Water Utilities (The National Regulatory Research Institute)*
- ⁱⁱ *U.S. Census Data, Lawrence County*
- ⁱⁱⁱ *U.S. Census Data, Lawrence County*
- ^{iv} *Tennessee Drinking Water Watch search, Lawrence County, Community*
- ^v *Tennessee Drinking Water Watch search, Lawrence County, Non-Community*
- ^{vi} *Christopher Sutherland, WPUD President and Jamie English, WPUD Secretary / Treasurer*
- ^{vii} [EPA ECHO Detailed Facility Report – West Point Utility District](#)
- ^{viii} *West Point U.D. 2023 CCR Report*
- ^{ix} *September 4, 2024, AWWA Community Engineering Corps, Preliminary Assessment*
- ^x [EPA ECHO Detailed Facility Report – Loretto Water Department](#)
- ^{xi} *(November 2024) Onsite Interview with Jesse Turner, City Administrator, City of Loretto and Ronnie “Soapy” Dial, Director of Utilities, City of Loretto*
- ^{xii} [EPA ECHO Detailed Facility Report – Lawrenceburg Utility Systems](#)
- ^{xiii} *(November 2024) Onsite Interview with Vic Pusser, Utility Manager, Lawrenceburg Utility Systems*
- ^{xiv} [EPA ECHO Detailed Facility Report – St. Joseph Water System](#)
- ^{xv} *(December 2024) Phone Interview with Lyndon Smith, Operator, St. Joseph Water System*
- ^{xvi} [EPA ECHO Detailed Facility Report – Leoma Utility District](#)
- ^{xvii} *(February 2025) Phone Interview with David Brown, Board President, Leoma Utility District*
- ^{xviii} [EPA ECHO Detailed Facility Report – Iron City Utility District](#)
- ^{xix} *(February 2025) Phone Interview with Margot Sherwood, Board Member, Iron City Utility District*



CECORPS: PRELIMINARY ASSESSMENT

Project Name: West Point Utility District

PWS#: TN0000740

West Point Utility District
764 Busby Road
Westpoint, TN. 38486
Ph: 615-294-8103

Client*: Christopher Sutherland
State: Tennessee

Assessment Type (check one):

Water Wastewater Both Water/Wastewater

Contractor Signature: *Randall Roost*

Client Signature:

A faint, illegible signature in blue ink is written over a horizontal line.

1 General Profile

1.1 Location & System Information

Provide a basic map (attach as Appendix A) using Google Earth or similar open-source software to identify the following location features (where they exist) for the project:

- Municipal Boundary or Service Area.
A map of the water service territory is available in Appendix A.
- Location of the municipal office and/or utility offices (addresses if available)
Westpoint Utility District
106 E. Cherry St
Westpoint, TN 38486

Water Sources

- Including surface water intakes, groundwater well(s), springs, or reservoirs

The Westpoint Utility District purchases 100% of its water supply from the Loretto Water System. The Loretto Water system is a groundwater under the influence of surface water system pulling its water supply from The Stillhouse Spring and from the Osborne Spring. The Loretto Water System also has emergency connections with the Leoma and St Joseph Water Systems.

- The Westpoint system had wells serving the community prior to connection with the Loretto Water System. Both wells have been abandoned.
- Wastewater Discharge Point(s)
 - Identify the location in a receiving water body - *Not applicable*
- Treatment System:
 - Location of most water/wastewater pumping and treatment system, include a description of the treatment process and/or process flow diagram, if available. (See photos in Appendix A)

It seems the source water from the springs in the Loretto water system receives chlorination and is filtered and monitored for turbidity. There is no extra treatment for the water purchased by Westpoint from the Loretto system.

The Westpoint system was originally developed using wells with a small treatment plant and a ground storage tank. All of this was abandoned when the system connected to the Loretto Water System and has not been used since. There is little to no information on any of these facilities that could be found. During the site visit we did conduct a survey of these assets and found that the wells could not be located, the treatment plant was in shambles with all of the doors and windows broken out and all copper and electrical wiring had been stolen from the facility. There was nothing of any value left in the structure. Many system records were found on the floor of the abandoned treatment plant and have been destroyed by rain and animal dropping and are of little to not use. The storage tank is still standing, but it is not known if it could be placed back in service. Based on the condition at the time of the site inspection it does not appear to have any residual value to the system. The level and



type of treatment previously used is not known by current staff. Nor are staff up to date with the distribution system's operation.

This system was abandoned due to rising costs and the Westpoint community determined that rather than continue with paying the costs to operate and maintain the treatment plant. It would be cheaper to simply purchase water from the adjacent system.

- Distribution System:

Distribution system description, if available.

The GIS completed in 2024 did not include all the mains believed to be in the system. In 2009 the Loretto system updated and installed additional water mains. Not all the mains in that proposal appear on the GIS. There are water meter locations, however, that would seem to agree that the additional mains are definitely in place and will need to be added to the GIS. There are also several other points where the GIS indicates parallel water mains, and this is not likely correct.

A "draft" EPANET hydraulic model was developed based on the GIS report and with updates from the 2009 system improvements drawings. The model is not calibrated and does not include any of the service lines. According to the hydraulic model the distribution system consists of

- 2,040' of 1" water main
- 15,210' of 4" water main
- 27,580' of 6" water main
- 15 - Valves
- 10 - Hydrants
- 1 Storage Tank
- 1 - Master Metered Connection
- 127 - Customer Meters (per the meter reading worksheet)

- Large industrial or commercial users:

- Identify current non-residential customers that are supported by the utility services
The Westpoint water system is primarily residential with a few small commercial services. These include 5 churches, a post office, fire department, telephone company, and a market. A copy of the current water connections can be found in Appendix B. It is believed that there are a total of 156 possible taps in the water system of which 127 are currently active.

- Assembly of United Church
- Baptist Church
- Church of Christ
- Methodist Church
- Chinabee Methodist Church
- Post Office
- West Point Fire Department – fill from the Loretto system
- Loretto Telephone Co.



- West Point Market - Closed
 - Nubb Enterprises
- Provide information on neighboring utilities in proximity to the site and locations
As stated, the Westpoint water system is a consecutive system from the Loretto Water System and purchases all their water from Loretto. There are several other water systems near the Westpoint Water System. These include:

Loretto Water Service Territory	0.2 miles
St. Joseph Water Service Territory – Has problems	2.3 miles
Lawrenceburg Water Service Territory - No	3 miles
Iron City Water Service Territory – having problems	3.5 miles

It should be noted that the above distances are not along existing roadways. Nor does it mean that the water distribution systems have sufficient infrastructure to support an interconnection at the nearest point of interconnection. Additional studies would have to review the water distribution networks of each system to see what additional infrastructure would be necessary to facilitate an interconnection. Also, this assumes that the adjacent water system would be willing to enter into an agreement with the Westpoint Utility District for the purchase of water and that the adjacent water system has sufficient capacity to allow for such an interconnection.

1.2 Governance, Stakeholders, Staff

Describe the following governance and organizational structures, if they exist and note key contacts in the table below.

- Elected Positions in Governance:
 - o Identify the local Council, Trustees, Mayor, or other elected positions overseeing the municipality. If the community is private or non-municipal, identify an elected body or representative Board that has signatory and fiduciary authority over the water/wastewater systems.

Westpoint Tennessee is an un-incorporated community located in Lawrence County Tennessee. An unincorporated community is a general term for a geographic area having a common social identity without municipal organization or official political designation.

- Water/Wastewater/Utility Board:
 - o Identify elected Board members and the Chair

Westpoint Utility District is managed by a newly elected Board of Directors. (August 2024)

The Board consists of:

Christopher Sutherland	President	Sf3pilot@aol.com	615-294-8103
Ray Tidwell	Vice President		931-477-0864
Judith Weaver	Commissioner	Msbatt@lorettotel.net	
Jamie English	Sec/Tres.	Englishpcrx@gmail.com	931-321-1182



- Regulatory or Financing Agencies:

- Identify agencies that may be currently engaged with the community water/wastewater system by means of financing, compliance, permitting of current activities. Provide the relevant agency contact or the relevant department. May be State, County, or Regional Authority.

Westpoint is overseen by the Tennessee Department of Environment and Conservation. It is within the Columbia Field Office managed by Lane Smith

Funding Sources - SRF USDA others

- Community Groups or Citizen Stakeholders:

- Identify other relevant community groups that may be incorporated into the planning and consultation process, including oversight committees or nonprofits working in the same/similar space.

Westpoint Community Club meets once monthly. Mary Todd 931-853-6252

- Relevant municipal staff, contract operators, or service providers for the water/wastewater system. Note who is a volunteer, paid staff, part time, etc., note number of staff/FTE

The Designated Operator in Charge of the Distribution System is Keneth Bond – Per Westpoint Staff - Keneth has been a disservice to the system and does not seem to be proactive in keeping them and their reporting current. Kenneth also has possession of most of the limited system records and so they are not available to the system management team. This needs to be corrected. Communities Unlimited is working with the staff to find a replacement certified operator.

- Contractors:

- Any managerial, financial, legal, administrative, technical, or operations and maintenance services

The Westpoint Utility District is receiving assistance currently from Communities Unlimited.

Name	Position/Title, and Affiliated Organization or Employer	Email	Phone
Annie Chiodo	Communities Unlimited	Annie.Chiodo@communitiesU.org	931-332-6579
Brett Capps	Communities Unlimited	Brett.Capps@communitiesU.org	479-595-5059



1.3 Population & Capacity

Provide service size and population statistics for the project area. Where possible, provide the number of anticipated plats or service connections, and the total population related to those connections. In addition, ask for qualitative experience of large population changes related to industry, commerce, schools, or if there are large seasonal variations in usage.

The following information is per the American Community Survey 2022 5-year estimates.

- The population of Westpoint Tennessee is approximately 246 people.
- The entire population identifies as White.
- The population is 134 Male and 112 Female.
- The median age is 46.6 Years
- There are about 86 households with an average household size of 2.86.
- 65% of the housing is owner occupied and the remaining 35% are renter occupied units.
- Approximately 30 individuals report income below the poverty level.
- Median Household Income is \$41,750 and the mean household income is \$35,570

It is believed there are 156 possible taps in the water system, of which 127 are active.

2 General Management and Administration

Assessment focuses on the financial requirements and related issues for small systems, as a continuation of the overall managerial and financial capacity assessment of your system.

Question	Y/N/P	Notes
Do your administrators and governance have a firsthand knowledge of your entire system?	Y	Ray Tidwell has limited knowledge of the system. Other Board members are new as of August 2024.
Is there ongoing public information and outreach to customers and the community at large?	Y	Reporting on a semi-frequent basis. In August of 2024 the system started a Facebook page to assist with the dissemination of information about the system
Does your utility have a strategic plan or capital improvement plan?	N	
Does the utility have current standard operating policies and procedures?	Y	Communities Unlimited has done this.
Do managers contribute to/confirm that the annual Consumer Confidence Reports are accurate and delivered on time?	Y	Believed to be accurate but may not always be on time. 3 years behind
Do you have a system-wide emergency response plan, including communication practices designed for emergency situations? Has a Vulnerability Assessment been conducted?	P	Yes to emergency response plan but no VA- CU to a Risk and Resilience study. CU is working on developing that for the system even though it is not required since the system serves less than 3,300 people.
Do all staff feel their individual roles are well defined?	Y	Operator is not doing his job properly
Is your staff of sufficient size to accomplish the core functions under the organization?	N	Operator in charge is slacking and causing others to pick up the slack
Does everyone get the training they need to maintain their certifications/licenses?	P	The operator in charge received training since they work for Lawrenceburg Utility. All board members need board training
Does everyone receive the proper health and safety training to fit their role(s)?	Y	Operator in Charge gets this from Lawrenceburg
Do you have a high amount of turnover and struggle to retain and/or recruit employees?	Y	Having problems finding certified operators.
Does your system have access to legal and regulatory expertise when necessary?	Y	CU and TDEC
Has your management ensured the safety and security of your system through proper fencing, surveillance, and regular inspection?	P	Nothing to secure
Is there adequate physical security of all assets within the system?	N	Not necessary
Are there cybersecurity policies or processes in place for securing digital information?	N	Not necessary
Has the utility received notifications of non-compliance that are regularly occurring and/or are currently delinquent?	Y	From TDEC
Does all routine monitoring and compliance sampling take place within the parameters of current permitting?	?	Questionable whether the OIC is doing this correctly.

Notes/Follow-up Actions:

3 Finance

Question	Y/N/P	Notes
Do you have adequate mechanisms in place to send out customer bills and properly collect funds?	Y	
Does your utility conduct a financial audit and are recent audit records available?	Y	2022 has been done 2023 to be done soon. Fiscal year Jan-Dec
Have you established adequate methods to address unpaid bills, up to and including disconnecting service, imposing liens, etc.?	Y	They have this under control.
Do you have established charges and fees to cover expenses for services such as new connections, unpaid bills, and service turn on/off?	Y	Yes for rates. \$1,500 for a new tap 1"
Does your system have water meters?	Y	10 years old
Do you have automated meter reading?	N	
Do you provide on-line bill pay services for your customers?	Y	Paid through their banks for individual customers
Does your system manager develop, review, and approve annual budgets and monitor annual spending? Does the capital budget look forward at least 5 years and preferably 10 years?	Yes	Yes to annual budget. No to capital budget
Does your system maintain and use a core set of financial policies and procedures?	Yes	
Does your system set aside reserve funds regularly?	Yes	
Are your rates sufficient to recover operations and maintenance expenses, as well as cover debt service and make reinvestments?	Yes	Loretto Rates increased in July of 2023. The system will need a rate analysis and rate increase to recover the increase in the purchased water rate. Current water rates are \$23.00 for the first 2,000 gallons and then \$4.00 per 1,000 gallons thereafter. Plus taxes.
Are rates evaluated and/or adjusted on an annual or regular basis to ensure costs are covered?	In process	
Do you track and report regularly on how well you are following your established annual budget?	Yes	
Does paying debts (bonds or loans) keep you from paying for other things?	No	
Do you have enough financial reserves to pay for 6 months of O&M expenses?	Yes	
Do you have an established method of communication that helps your customers understand the true costs and value of the water services you provide?	Yes	Meet with local community group monthly. They have also begun using Facebook for communications.



Are there procurement policies in place defining bid thresholds, bidding policies, etc?	N	
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Notes/Follow-up Actions:

1. Communities Unlimited and Westpoint staff will need to verify if there are any procurement policies and procedures in place for the bidding process.
2. The system needs a current rate analysis to see if rates are sufficient to cover costs after the rate increase by their supplier (Loretto).
3. Need to develop a long-range capital budget

4 Asset Management

Question	Y/N/P	Notes
Does the system have an up-to-date schematic map that includes all major physical assets? (examples of major assets include wells, distribution mains, storage facilities, hydrants)	N	GIS scheduled for Feb 20, 2024. This was completed but is not accurate.
Are there SOPs for O&M for any or all of the system assets?	Y	
Are maintenance records kept that include procedures performed, dates completed, and notes on observation of asset condition during maintenance?	N	OIC keeps records but does not provide them to the management
Has the age and condition of production wells been documented?	NA	
Does the system have a complete pipeline inventory that documents size, length, age, location, and materials of construction?	N	
Has the size, age, and materials of constructions been identified for all distribution system storage tanks?	N	
Does the utility have a lead service line inventory/map?	N	The system began in 1966. Most systems had already stopped using lead by this point in time. Rye Engineering has been commissioned by Lawrence County to research and identify all lead service lines and or lead mains within LAWrence County.
Does the utility have an inventory of its pumping facilities, including information on number, capacity, size, age, inspection records, and strategy for redundancy?	N	
Does the system have adequate backup pump capacity?	N	
Do your facilities have backup power for emergencies?	N	
Does the utility have a current inventory of all valves and hydrants, including installation and repair history?	N	
Do valve and hydrant records include what occurred during the last hydrant flush? Are there issues? Do valves close properly and has there been a change to flushing practices?	N	
Does an asset management program exist that includes information such as condition assessment, residual life, replacement cost estimate, level of service targets, criticality, development of a CIP?	N	
Are there any asset replacement projects currently in progress or planned for the near future?	N	
Are there spare and replacement parts for critical devices regularly stocked?	N	

Notes/Follow-up Actions:

1. Communities Unlimited assisted with GIS development in 2024. The GIS was limited to only what they could see above the surface. In 2009 the Loretto system updated and installed additional water mains. Not all the mains in that proposal appear on the GIS. There are water meter locations, however, that would seem to agree that the additional mains are definitely in place and will need to be added to the GIS. There are also several other points where the GIS indicates parallel water mains, and this is not likely correct.
2. Westpoint will need to conduct a lead service line inventory to comply with current regulations.

3. System records cannot be found or the OIC has them and will not release them to the current administration. This needs to be corrected.

5 Water System Evaluation

Question	Y/N/P	Notes
Does the system have a source water protection program/plan? Is there source water sample data that can be examined?	N	
Is a cross-connection control program in place?	Y	CU wrote it
Have potential sources of microbial and chemical contamination of water sources been identified?	N	The previously used wells have been abandoned.
Are all the wells constructed according to AWWA Standard A100-15?	N	
Are your wells maintained to prevent vulnerability to contamination?	N	
Does the utility have sufficient well capacity to meet its current and projected long-range water demand?	N	
Is there master meter or pumping data available to assist in conducting a water loss audit?	Y	Inaccurate and scheduled for replacement.
Does the utility routinely monitor source water level/supply and quality?	NA	
Is the utility meeting its current sampling requirements for select constituents and frequency? (examples include sampling for constituents such as chlorine residual or bacteria)	Y	But with problems for OIC releasing records and time frames. Written revised Total Coliform rule with sampling locations
Are sampling locations representative of the water quality throughout the system?	Y	
Are there exceedances of local regulatory limits (health, secondary, MCL, etc) for certain constituents? (Provide records where available)	Y	See Violations in Appendix
Do sample locations show that disinfectant residual levels meet local regulatory requirements?	P	
Does your system monitor and track main-break events, repairs, and the frequency/location?	P	
Are there SOPs for main break events?	N	
Is pressure monitored at a minimum of 2 critical sites (high and low)?	N	No pressure monitoring
Measured or anecdotally, are there customers that do not have sufficient pressure or too much?	Y	Times of low or no water pressure
Are distribution system storage tanks regularly inspected?	NA	

Notes/Follow-up Actions:

1. Need to add pressure monitoring. This should be done at the interconnect with Loretto and at high and low points in the distribution system.
2. Need to track main breaks, leaks and repairs.
3. Need to develop procedures for what to do during loss of pressure events. They do not currently issue boil water notices during and after loss of pressure events.
4. Need to have storage tank inspected to see if it can be returned to service.



6 Top 3 Engineering Needs

Based on the evaluation above, identify the top 3 engineering needs the community might have that could be reasonably completed within a period of 1 year, for the approximate cost of \$30,000. An engineering need may be related to a response to a compliance violation, an engineering study supporting a critical decision, an administrative need for planning (emergency response, capital improvement, alternatives analysis, business plan).

1. Complete hydraulic model calibration and run model scenarios to determine all hydraulic issues and concerns. This should include whether or not the system will continue to provide fire protection services, whether or not mains are adequately sized or if there is sufficient looping to allow for proper operations, evaluation of a new storage tank to allow for peak shaving or to allow for disruptions in service from Loretto.
2. Complete Asset Management Plan to allow for access to funding for system improvements. A draft asset management plan has been developed based on the assumed accuracy of the hydraulic model. The asset management plan is in the TDEC format but needs verification of some of the data assumptions.
3. Complete lead and copper service line inventory and other activities to remain compliant with regulations. This is currently under contract with Rye Engineering to be completed for all of Lawrence County.

Based on the evaluation above, identify the top 5 **non-engineering** needs for the community, which may include training, public communication, staffing, management, financial analysis, etc. This would be for a subject where an engineering firm would not typically be hired.

1. Enter into a purchased water agreement with the Loretto water system.
2. Complete a financial audit for the past three years.
3. Document the current water system along with the policies and procedures for system operation.
4. Hire a new certified water operator
5. Become current with regulatory compliance

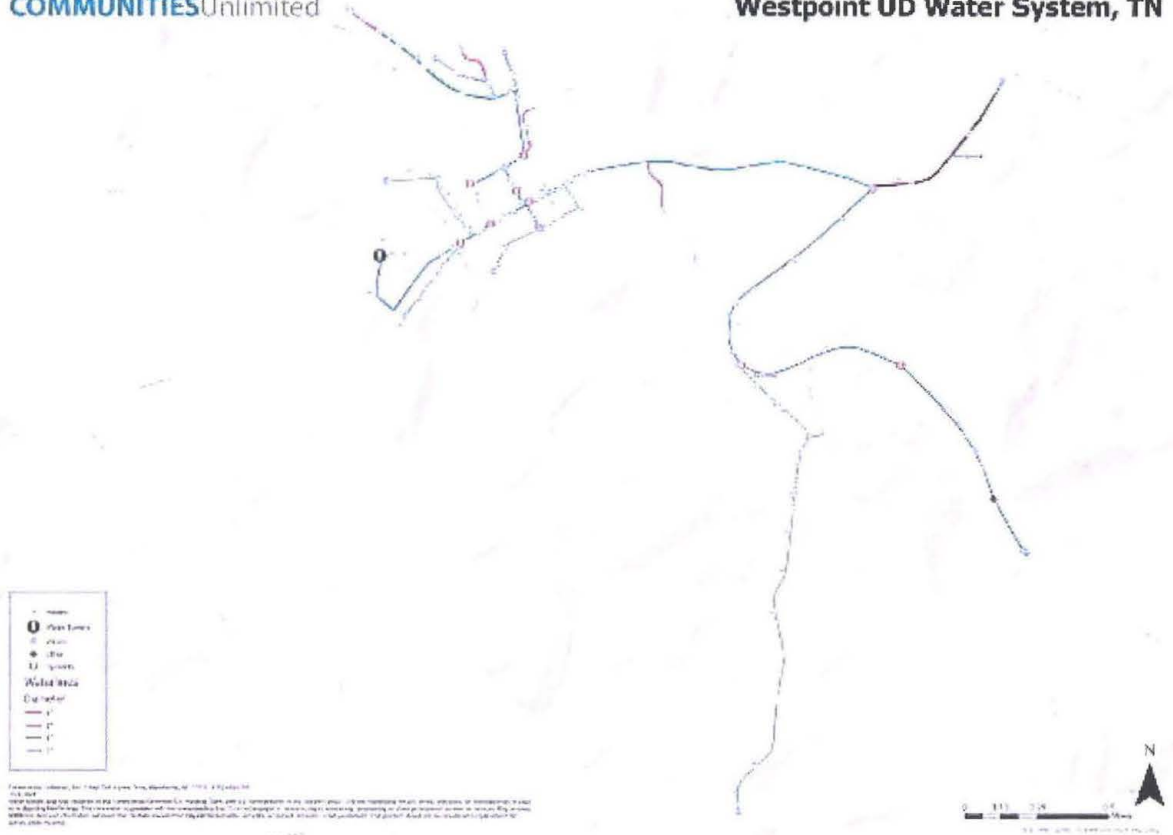
Appendices

Appendix A

Municipal Boundary Map

COMMUNITIESUnlimited

Westpoint UD Water System, TN







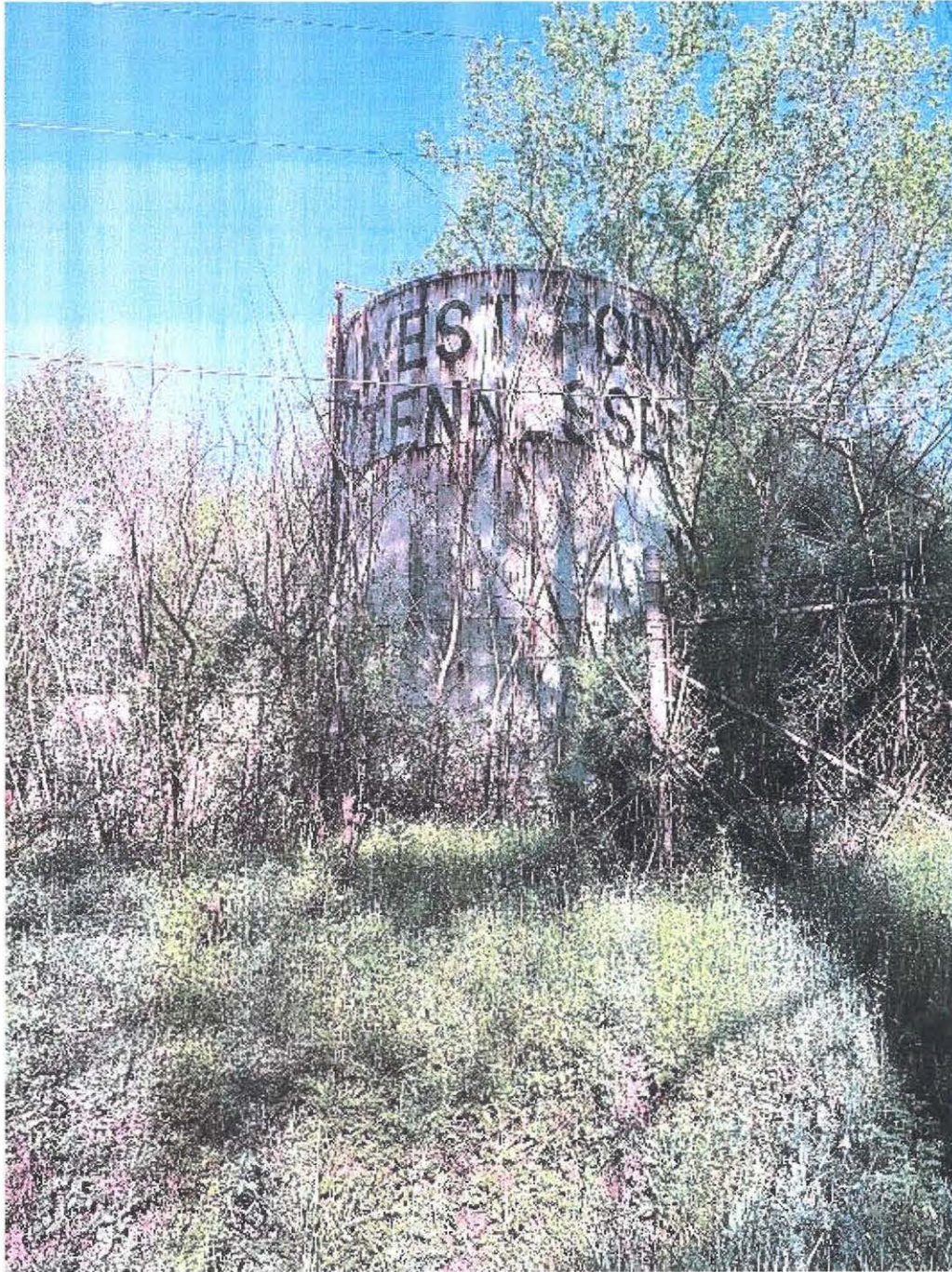
This is a picture of the master meter for purchased water from Loretto. It is located below grade in a vault. There is no lock on the hatch of the vault. The meter is not measuring accurately and is scheduled for replacement. Loretto had not found the time to replace it. There is no pressure monitoring at this location, but it could be easily added.







This is a picture of the abandoned and dilapidated water treatment plant. The plant is not functional, and all interior wiring and mechanicals have been removed.



This photo is of the ground storage tank located outside of the treatment plant. The tank is approximately 20 feet in diameter and 27 feet tall with an estimated capacity of about 8,500 cu ft or 63,500 gallons. The tank is in poor condition and has not been used for many years, since the community began purchasing water from Loretto. A tank inspection should be performed to determine if the tank can be salvaged and rehabilitated. If functional, the tank could provide water during periods of high demand or when the supply from Loretto is disrupted. It may also be possible to reestablish some level of fire protection with the addition of some new water mains of an appropriate size.



This is an example of the condition of most of the fire hydrants. They are in major need of refurbishment. The distribution system is currently not capable of providing fire protection and the community is willing to consider using these only for system flushing and not providing fire protection. This will impact the fire insurance rating for the community and for the residents.



At the end of the dead-end mains there are these blow-off hydrants. These are used to flush the mains and to provide fresh water along the dead ends. There are no bollards or other protection from these being hit by vehicles.



Appendix B

Westpoint Water Meter Connections (September 2023)

Monday, September 18, 2023 2:52:32PM

Page 1 of 8

Read _____ Meter Reader: _____ Start: _____
 Date _____ **METER READING WORKSHEET** Stop: _____
 WEST POINT UTILITY DISTRICT

NAME	SERVICE ADDRESS	ACCT #	READING	Serial #:	ROUTE	SEQ
Erica Burns	2037 Tennessee Street	173	<u>7561</u>	475-223-2951	15	0
Jake Nelson	311 Railroad Street	177	<u>3953</u>		1	0
Steve Misenhimer	2010 Tennessee Street	68	<u>5685</u>		1	9
Blake McLain	1998Tenn.St	1	<u>8723</u>		1	10
Sonya Johnson	1997 Tennessee Street	12	<u>3403</u>		3	10
Johnny Brewer	2002 Tn St	3	<u>3194</u>		3	30
Jamie English	Cherry Street	4	<u>12662</u>		3	40
Nicholas Augustin	111 Pine St	5	<u>5651</u>		3	40
Danny McLain	1998 Tn St	6	<u>4829</u>		3	50
Sterling Davenport	111 School Street	7	<u>7543</u>		3	60
Leola Brush (house)	201 School St	8	<u>4808</u>		3	70
W.P.C.C./ Beth Shipley	303 School St	9	<u>705</u>		3	90
Matt Beckman	412 Railroad St	13	<u>10063</u>		3	120
Shirley Maples	588 Railroad	14	<u>3142</u>		3	130
D. J. & Allison Sanders	549 Railroad Road	151	<u>7033</u>		1	140
Tim Stoneburner	General Delivery	16	<u>5627</u>		3	150
Meter Deposit returned after last bill was taken from deposit.						
Travis Tidwell	115 Tn Circle	17	<u>10317</u>		3	160
Terry Beckman	118 Tn Circle	18	<u>6156</u>		3	170



Monday, September 18, 2023 2:52:32PM

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Read

Meter Reader: _____

Start: _____

Date

METER READING WORKSHEET

Stop: _____

WEST POINT UTILITY DISTRICT

NAME	SERVICE ADDRESS	ACCT #	READING	Serial#:	ROUTE	STQ
Johnny Hollis	124 Tenn. Circle	19	3276		3	180
Hoyt Tidwell, Sr.	2058 Tennessee St	20	1546		3	190
Robert Hogan	Tennessee Circle	21	4073		3	200
United Church/Assembly of	140 Tennessee Circle	136	6151		1	210
Joey Simpson	115 Water Tower Rd	22	5156		3	220
Mrs. Jack Smith	130 Water Tower Rd	24	4338		3	240
Samuel Smith	128 Water Tower Rd	26	2048		1	260
Calvin Moore	2059 Tennessee St	27	2951		1	270
Connie Flowers	2041 Tennessee St	28	3916		1	280
Mrs. Floyd Cannon	2039 Tn St	29	556		1	290
Celeste Etienne	206 Georgia Street	31	4776		1	310
Jonathan Sanders	208 Georgia St	32	6957		1	320
Jacob Beal	209 Georgia Street	33	4322		1	330
Norman McGee	210 Georgia St.	34	6568		1	340
Jacob Beal	211 Georgia St.	35	1871		1	350
Shawn Andrews	302 Georgia St.	36	511		1	360
Penny Hood	306 Georgia Street	37	6181		1	370
Baptist Church	1301 Church Street	128	869		1	381



Monday, September 18, 2023 2:52:32PM

Page 3 of 8

Read _____

Meter Reader: _____

Start: _____

Date _____

METER READING WORKSHEET

Stop: _____

WEST POINT UTILITY DISTRICT

NAME	SERVICE ADDRESS	ACCT #	READING	Serial #	ROUTE	SEQ
Tommy A. Welch	118 College Street	39	13746		1	400
Judith Weaver	117 College Street	40	3942		1	410
Chris Thompson	2034 Tennessee Street	43	2656		1	430
Church of Christ	Tommy Welch	45	865		1	450
Tina Manning	2026 Tenn. Street	46	4877		1	460
Thomas A. Welch	2025 Tennessee Street	47	3833		1	470
Post Master	2023 Tenn. Street	48	445		1	480
West Point Fire Dept.	106 W. Cherry Street	52	735		1	485
Thomas Welch	2024 Tenn. Street	49	4094		1	490
Loretto Telephone Company	Box 130	50	19		1	500
Mary Ann Foust	198 Church Hill Road	71	17		1	525
Michael Hopwood	2014 Tennessee Street	70	913		1	526
Bill is due in full by the 20th of the month.						
Tommy Welch	2012 Tennessee Street	69	174		1	527
West Point Market	2013 Tennessee Street	169	1182		1	528
Mrs J. R. Story	2009 Tennessee Street	66	3742		1	529
Colby Tidwell	109 West Cherry Street	55	5437		1	530
Methodist Parsonage	301 Church Street	57	234		1	535
Methodist Church	303 Church Street	58	905		1	550



Monday, September 18, 2023 2:52:32PM

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Read

Meter Reader: _____

Start: _____

Date

METER READING WORKSHEET

Stop: _____

WEST POINT UTILITY DISTRICT

NAME	SERVICE ADDRESS	ACCT #	READING	Serial #:	ROUTE SEQ
Doris Lyles	203 West Maple Street	59	841		1 560
Bryan Anthony Muecke	207 West Maple Street	60	3030		1 565
Kent Robertson	203 West Maple Street	61	2009		1 580
Tommy Story	2009 Tennessee Street	62	2029		1 590
Nathan & Jennifer Mendoza	115 Cemetary Street	65	2817		1 600
James W. Byrd	100 Cemetary Road	64	3889		1 610
Wayne Byrd	212 West Maple Street	75	827		1 615
Wesley Welch	198 First Trestle Road	95	13781		1 620
Jennifer Byrd	116 First Trestle Road	74	1553		1 625
Hoyt Tidwell, Sr.	118 First Trestle Road	73	172		1 635
Edward Foust	107 First Trestle Road	72	3830		1 670
Samuel Welch	200 First Trestle Road	167	4290		1 675
Mrs. Jeff Roberts	117 First Trestle Road	76	2143		1 680
Mary Ann Foust	198 Church Hill Road	134	1439		1 690
Bobby Kendrick	215 Guinn Lane	77	5669		1 700
Milton Steele	207 Church Hill Road	78	1337		1 710
David & Jodi Allen	211 Church Hill Road	143	3869		1 740
David & Kathy Allen	212 Church Hill Road	81	4962		1 750



Monday, September 18, 2023 2:52:32PM

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Read

Meter Reader: _____

Start: _____

Date: _____

METER READING WORKSHEET

Step: _____

WEST POINT UTILITY DISTRICT

NAME	SERVICE ADDRESS	ACCT #	READING	Serial #	RGLFE SEQ
Eric/Mahalee Andrews	218 Church Hill Road	82	8605		1 760
David & Jodi Allen		170	1319		1 765
Mark Robertson	125 Ridge Road	87	5856		1 785
Timmy Douglas	435 West Maple Street	85	2326		1 790
Gregory Moore	903 Betty Rose Lane	159	307		1 795
David Tidwell	Ridge Road	164	36		1 810
Harry Lee Douglas	445 West Maple Street	141	4129		1 815
Melvin Giles	431 West Maple Street	84	16052		1 830
Brenda Holloway	311 West Maple Street	83	5399		1 835
William Baughner	P. O. Box 943	103	9467		1 850
Jeff West	1940 Tennessee Street	90	8748		1 860
Billy Story	1932 Tennessee Street	91	7410		1 870
Mike & Shonta Davis	2026 Tennessee Street	150	6790		1 875
Jon & Haley Kimbrell	1900 West Point Road	93	10976		1 880
Harold Brown	1880 West Point Road	94	5063		1 890
Casey Dickson	37 Mark McLain Road	133	9322		1 900
Gavin Franklin	1887 West Point Road	142	4078		1 910
Carla Beth Creecy	1905 West Point Road	92	8390		1 920



Monday, September 18, 2023 2:52:32PM

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Read _____ Meter Reader: _____ Start: _____
 Date _____ **METER READING WORKSHEET** Stop: _____

WEST POINT UTILITY DISTRICT

NAME	SERVICE ADDRESS	ACCT #	READING	Serial #	ROUTE SEQ
Travis Owen	782 Busby Road	131	3532		1 930
Chris Sutherland	764 Busby Road	158	5446		1 935
Jennifer Barrier	32 Hardin Loop Road	145	4672		1 940
Lane Beckman	754 Busby Road	152	899		1 950
Mrs. Thomas Todd	747 Busby Road	98	322		1 960
Ms. Susan Nix	746 Busby Road	144	4644		1 965
Gene Franklin	731 Busby Road	100	4249		1 980
Chinabee Methodist Church	729 Busby Road	101	27		1 990
Elaine McKinney	5 Hardin Loop Road	102	4000		1 1000
Nubb Enterprises	2 Hardin Loop Rd.	104	2278		1 1010
Briley Dawn Fisher	7 Hardin Loop Rd.	105	2334		1 1020
Travis & Brook Tidwell	10 Hardin Loop Rd.	106	1840		1 1030
Tommy Nelson	15 Hardin Loop Rd.	107	6654		1 1040
Charlotte Todd-Ventress	20 Hardin Loop Rd.	108	606		1 1050
James Krajewski	22 Hardin Loop Road	115	4260		1 1060
Christy Pusser	23 Hardin Loop Road	109	5346		1 1070
Scott & Jerrie Harris	24 Hardin Loop Rd.	110	10604		1 1080
Scotty Tidwell	26 Hardin Loop Rd.	112	7039		3 1100



Monday, September 18, 2023 2:52:52PM

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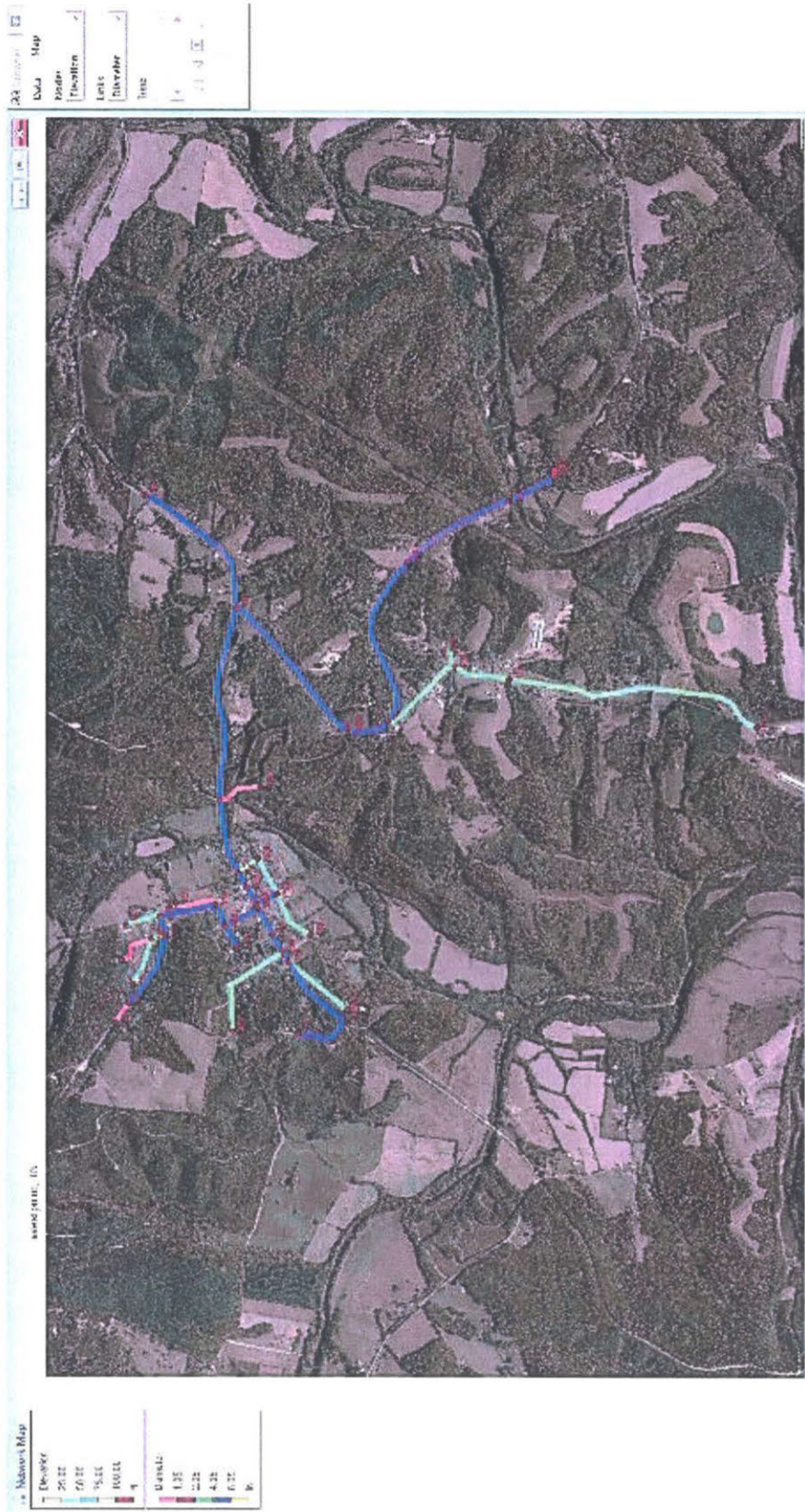
Read _____ Meter Reader: _____ Start: _____
 Date _____ **METER READING WORKSHEET** Stop: _____

WEST POINT UTILITY DISTRICT

NAME	SERVICE ADDRESS	ACCT #	READING	Serial #	ROUTE SEQ
Linda Scott	30 Hardin Loop Rd.	113	4116		1 1110
John H. Byrd	32 Hardin Loop Rd.	114	257		1 1120
Chris Byrd	38 Hardin Loop Road	124	3862		1 1125
Hoyt Tidwell	44 Hardin Loop Road	135	97423		1 1130
Mrs. Betty Smith	43 Hardin Loop Rd.	116	1562		1 1140
Jeff Smith	47 Hardin Loop Rd.	117	3379		1 1150
Michael Lance Wayne	55 Hardin Loop Rd.	156	800		1 1160
Mrs. Frank Stutts	59 Hardin Loop Road	119	6709		1 1180
Ms. Kim Staggs	67 Hardin Loop Rd.	120	7312		1 1190
Ray Tidwell	88 Hardin Loop Rd.	122	10106		1 1210
Patsy Carolyn Johnson	125 Hardin Loop Rd.	123	1987		1 1212
Porter Russ	Hardin Loop Road	138	103		1 1220
Cotby Tidwell	44 Hardin Loop Road	154	34603		1 1225
R. V. Jackson	339 Hardin Loop Road	130	8686		1 1230
Vicki Stricklin	28 Hardin Loop Rd.	111	10909		1 1240
Robert Flint	635 Busby Road	147	3302		1 1275
Danny Gray		139	5059		1 1280
Richard Lahue	686 Busby Road	129	11972		1 1285

NAME	SERVICE ADDRESS	ACCT #	READING	Serial #	ROUTE SEQ
Dan Laughner	38 Old Chinabee Rd.	127	3784		1 1290

127 Accounts listed
 All Customers
 West Point Utility Dist.







TDEC Water Utility Details

Drinking Water Branch

Water System Details

Water System No. :	IN0000790	Federal Type :	C
Water System Name :	WEST POINT U.D.	State Type :	C
Principal County Served :	LAWRENCE	Primary Source :	GUP
Status :	A	Activity Date :	10-30-2019

Points of Contact

Name	Job Title	Type	Phone	Address	Email
WEST POINT U.D.	null	PL			
BOND KENNETH (KEN)	DS OPERATOR	DO			
MISENHIMER, LINDA	SECRETARY TREASURER	FC			
TIDWELL, RAY	PRESIDENT	OW	681-851-8710	PO BOX 1 WEST POINT, IN 46486	rtidwell@lorettoind.net
TIDWELL, RAY	PRESIDENT	AC	681-851-8710	PO BOX 1 WEST POINT, IN 46486	rtidwell@lorettoind.net
WELCH DOMINI	COMMISSIONER	OC			
SOUTHERLAND CHRISTOPHER	COMMISSIONER	OC			
DEAN EVAN	COICD	DO			

Annual Operating Periods & Population Served

Start Month	Start Day	End Month	End Day	Population Type	Population Served
1	1	12	31	R	118

Service Connections

Type	Count	Meter Type	Meter Size Measure
RS	136	NL	0

Sources of Water

Name	Type Code	Status
LORETTO CONNECTION	CC	A
FACTORY CREEK	IN	I

Service Areas

Code	Name
R	RESIDENTIAL AREA

Water Purchases

Seller Water System No.	Water System Name	Seller Facility Type	Seller State Assign ID No.	Buyer Facility Type	Buyer State Assign ID No.
IN0000406	LORETTO WATER DEPARTMENT	null	null	CC	CC01

Drinking Water Branch

Water System Facilities

Water System No. :	IN0000790	Federal Type :	C
Water System Name :	WEST POINT U.D.	State Type :	C
Principal County Served :	LAWRENCE	Primary Source :	GUP
Status :	A	Activity Date :	10-30-2019

State Assign ID No.	Facility Name	Type	Activity Status
CC01	LORETTO - CONNECTION	CC	A
DS01	DISTRIBUTION SYSTEM	DS	A
SS01	SAMPLING STATION	SS	A
IN02	FACTORY CREEK	IN	I
TP001	FACTORY CREEK PLANT	TP	I

Total Number of Records Displayed = 5



Drinking Water Branch Sample and Compliance Schedules

Water System No.:	TN000740	Federal Type:	C
Water System Name:	WEST POINT USD	State Type:	C
Principal County Served:	LAWRENCE	Primary Source:	GLP
Status:	A	Activity Date:	10/30/2019

TCR Schedules

Sample Count	Sample Type	Sample Frequency	Effective Begin Date	Effective End Date	Seasonal Start MMS/DD	Seasonal End MMS/DD	Analyte Code	Analyte Name
1	RT	MOR	01-01-2021		11	12-31	8100	COLIFORM (TCR)

Total Number of Schedules Displayed = 1

Frequent Field Sample Schedules

Water System Facility State Assn ID	Water System Facility Name	Analyte Code	Analyte Name	Days to Monitor per month	Samples Required per day	Effective Begin Date	Effective End Date	Summary Type

Total Number of Schedules Displayed = 0

Non-TCR Group Schedules

Water System Facility State Assn ID	Water System Facility Name	Analyte Group Code	Analyte Group Name	Sample Count	Sample Type	Sample Frequency	Current Monitoring Period Date Range	Next Monitoring Period Date Range
2551	DISTRIBUTION SYSTEM	DEP2	DEP - STAGE 2	1	RT	TR	05-08-2024 to 05-14-2024	05-08-2025 to 05-14-2025
2561	DISTRIBUTION SYSTEM	LE	LEAD COPPER	1	RT	TR	05-01-2024 to 05-30-2024	

Total Number of Schedules Displayed = 2

Non-TCR Individual Schedules

Water System Facility State Assn ID	Water System Facility Name	Analyte Code	Analyte Name	Sample Count	Sample Type	Sample Frequency	Current Monitoring Period Date Range	Next Monitoring Period Date Range

Total Number of Schedules Displayed = 0

Compliance Schedule

Activity Name	Activity Due Date	Activity Projected Date	Activity Achieved Date	Activity Reported Date
SUBMIT LSL INVENTORY	2024-06-15	06-16-2024		
COMPLETE LSL INVENTORY	2024-06-16	06-18-2024		

Total Number of Compliance Schedules Displayed = 2

Drinking Water Branch Coliform/Microbial Sample Results

Water System No.:	TN000740	Federal Type:	C
Water System Name:	WEST POINT USD	State Type:	C
Principal County Served:	LAWRENCE	Primary Source:	GLP
Status:	A	Activity Date:	10/30/2019

This list displays results of all microbial analyses (TSA ANTIMYTYPE_CODE = MOR) for the last 3 years by default. Sample Results will be displayed regardless if the sample result is or is not associated to a monitoring period. If you need to search for a specific date range, use the following date fields (you can also pick a date from the pop-up calendar next to the field) and click on Search.

Sample Collection Date From To

Type	Lab Sample No.	Collection Date & Time	Sampling Point	Sample Location	Presence/Absence Indicator	Analyte Code	Analyte Name	Monitoring Period Begin Date	Monitoring Period End Date	Laboratory	Print

Total Number of Records Displayed = 0

Drinking Water Branch

Coliform Sample Summary Results

Water System No. :	15000140	Federal Type :	C
Water System Name :	WEST BOSTON	State Type :	C
Principal County Served :	LAWRENCE	Primary Source :	GLP
Status :	A	Activity Date :	10/10/2019

This list displays Coliform Sample Summary Results for the last 2 years by default. If you need to search for a specific date range, use the following date fields (you can also pick a date from the pop-up calendar next to the field) and click on Search.

Monitoring Period Begin Date From To

Data Quality Code	Monitoring Period Begin Date	Monitoring Period End Date	Number of Routine Negative	Water System Facility State Assign ID No.	Date Summary Received
-------------------	------------------------------	----------------------------	----------------------------	---	-----------------------

Total Number of Records Displayed = 0

Drinking Water Branch

Lead and Copper Sample Summary Results

Water System No. :	D0000740	Federal Type :	C
Water System Name :	WEST BOSTON	State Type :	C
Principal County Served :	LAWRENCE	Primary Source :	GLP
Status :	A	Activity Date :	10/10/2019

This list displays Lead and Copper Sample Summary Results for the last 2 years by default. If you need to search for a specific date range, use the following date fields (you can also pick a date from the pop-up calendar next to the field) and click on Search.

Monitoring Period Begin Date From To

Data Quality Code	Monitoring Period Begin Date	Monitoring Period End Date	Number of Samples	Measure (mg/L)	Water System Facility State Assign ID No.	Date Summary Received	Analyte
A	01-01-2020	12-31-2022	5	0.0886	DS01	11-08-2021	Copper
A	01-01-2020	12-31-2022	5	0.001	DS01	11-08-2021	Lead
A	01-01-2017	12-31-2019	5	0.0483	DS01	10-25-2018	Copper
A	01-01-2017	12-31-2019	5	0.00178	DS01	10-25-2018	Lead
A	01-01-2014	12-31-2016	30	0.217	DS01		Copper
A	01-01-2014	12-31-2016	30	0.00157	DS01		Lead
A	01-01-2011	12-31-2013	20	0.26	DS01		Copper
A	01-01-2011	12-31-2013	20	0.0051	DS01		Lead
A	01-01-2008	12-31-2010	20	0.33	DS01		Copper
A	01-01-2008	12-31-2010	20	0.0042	DS01		Lead
A	01-01-2005	12-31-2007	10	0.17	DS01		Copper
A	01-01-2005	12-31-2007	10	0.003	DS01		Lead
A	01-01-2002	12-31-2004	10	0.2	DS01		Copper
A	01-01-2002	12-31-2004	10	0.0043	DS01		Lead

Total Number of Records Displayed = 14



Drinking Water Branch

Chem/Rad Samples

Water System No.:	1500049	Federal Type:	C
Water System Name:	WEST POINT LD	State Type:	C
Principal County Served:	LAWRENCE	Primary Source:	GUP
Status:	A	Activity Date:	10-09-2019

This list displays sample results of all non-inorganic analysis (TSAANLYT TYPE CODE ** MOR) for the last 2 years by default. If you need to search for a specific date range, use the following date fields (you can also pick a date from the pop-up calendar next to the field) and click on Search.

Sample Collection Date From To

Lab Sample No.	Type	Collection Date & Time	Sampling Point	Sample Location	Laboratory	Print
L1654860-01	RT	08-31-2023 15:50:59	201	WEST MAPLE ST (EOL)	PACE ANALYTICAL NATIONAL CENTER TESTING	
L1552564-01	RT	10-28-2022 16:37:29	201	WEST MAPLE ST (EOL)	PACE ANALYTICAL NATIONAL CENTER TESTING	

Total Number of Records Displayed = 2

Drinking Water Branch

Analyte Selection List

Water System No.:	1500049	Federal Type:	C
Water System Name:	WEST POINT LD	State Type:	C
Principal County Served:	LAWRENCE	Primary Source:	GUP
Status:	A	Activity Date:	10-10-2019

Analyte Code	Analyte Name	Type
2943	BROMODICHLOROMETHANE	OC
2912	BROMOFORM	OC
2941	CHLOROFORM	OC
2954	DEBROMOACETIC ACID	OC
2941	DEBROMOCHLOROMETHANE	OC
2951	DECHLOROACETIC ACID	OC
2953	MONOBROMOACETIC ACID	OC
2950	MONOCHLOROACETIC ACID	OC
2956	TOTAL HALOACETIC ACIDS (HAA5)	OC
2952	TRICHLOROACETIC ACID	OC
2850	THIM	OC

Total Number of Records Displayed = 11



Drinking Water Branch Violations

Water System No. : 15000036	Federal Type : C
Water System Name : WEST POINT LTD	State Type : C
Principal County Served : LAWRENCE	Primary Source : GUP
Status : A	Activity Date : 10/30/2019

****Please note:** some of these violations may have been resolved and/or returned to compliance. Please click on the violation to view more information on its compliance status.

Group Violations

Violation No.	Status	Violation Type	Violation Name	Analyte Group Code	Analyte Group Name	Water System Facility State Agency ID	Water System Facility Name
---------------	--------	----------------	----------------	--------------------	--------------------	---------------------------------------	----------------------------

Total Number of Records Displayed = 0

Individual Violations

Violation No.	Status	Violation Type	Violation Name	Analyte Code	Analyte Name	Water System Facility State Agency ID	Water System Facility Name
2021-10610	V	55	PUBLIC NOTICE RULE LINKED TO VIOLATION	5600	PUBLIC NOTICE	est	est
2021-10611	V	55	CCR ADEQUACY/AVAILABILITY CONTENT	5600	CONSUMER CONFERENCE RULE	est	est
2021-10617	V	57	MONITORING ROUTINE (DRP) MAJOR	2450	TTHM	est	est
2021-10618	V	57	MONITORING ROUTINE (DRP) MAJOR	2450	TOTAL HALOACETIC ACIDS (THAA'S)	est	est
2021-10615	V	66	LEAD/CONSUMER NOTICE (L/C)	5400	LEAD & COPPER RULE	est	DISTRIBUTION SYSTEM
2021-10617	V	57	MONITORING ROUTINE (DRP) MINOR	2450	TOTAL HALOACETIC ACIDS (THAA'S)	est	est
2021-10613	V	57	MONITORING ROUTINE (DRP) MINOR	2450	TTHM	est	est
2021-10614	V	71	CCR REPORT	5600	CONSUMER CONFERENCE RULE	est	est
2021-10611	V	55	PUBLIC NOTICE RULE LINKED TO VIOLATION	5600	PUBLIC NOTICE	est	est
2021-10610	V	71	CCR REPORT	5600	CONSUMER CONFERENCE RULE	est	est
2021-10609	V	66	LEAD/CONSUMER NOTICE (L/C)	5400	LEAD & COPPER RULE	est	est
2021-10608	V	71	CCR REPORT	5600	CONSUMER CONFERENCE RULE	est	est
2021-10606	V	57	MONITORING ROUTINE (DRP) MAJOR	2450	TOTAL HALOACETIC ACIDS (THAA'S)	est	est
2021-10605	V	57	MONITORING ROUTINE (DRP) MAJOR	2450	TTHM	est	est
2021-10603	V	71	CCR REPORT	5600	CONSUMER CONFERENCE RULE	est	est
2021-10601	V	57	MONITORING ROUTINE (DRP) MINOR	2450	TTHM	est	est
2021-10601	V	23	MONITORING/DRP ROUTINE MAJOR	2400	COLIFORM (TC)	est	est

Total Number of Records Displayed = 17

Drinking Water Branch Site Visits

Water System No. : 15000036	Federal Type : C
Water System Name : WEST POINT LTD	State Type : C
Principal County Served : LAWRENCE	Primary Source : GUP
Status : A	Activity Date : 10/30/2019

This list displays Site Visits for the last 2 years by default. If you need to search for a specific date range, use the following date fields (you can also pick a date from the pop-up calendar next to the field) and click on Search.

Date of Visit From To

Primary Reason	Date of Visit	Highest Deficiency Severity	Number of Deficiencies Found	Number of Deficiencies Resolved
SNSV	09-08-2023	MIN	0	0

Total Number of Records Displayed = 1





October 15, 2024

West Point Utility District
Christopher Sutherland
P.O. Box 2
West Point, TN 38486

RE: Summary of Technical Assistance Needs for the West Point Utility District

Dear Mr. Sutherland

I have completed a Technical Assistance Needs Assessment for your water and sewer systems with assistance by the following people:

(Yourself)

Jamie English
Bookkeeper

Jackson Parr

Annie Chiodo

WFX - Communications and Programs Manager

CU - Tennessee State Coordinator

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 33.3 and your Capacity Building Needs rates 46.7 for an average Technical Assistance Needs rating of 40. 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 West Point Utility District.

Sincerely,

Tommy Ricks
Community Support Director
Water Finance Exchange

(256) 652-2930
Tricks@WaterFX.org
www.WaterFX.org

**Proposed Scope of Technical Assistance Services to be provided by Water Finance Exchange to the
West Point Utility District**

October 15, 2024

Task #	Identified Need	Technical Assistance Task Description	Anticipated Start Date
1	GI 4	Assist community in completing a Long-Range Facilities Development Plan.	11/1/2024
2	DW 6	Include the need to construct new water storage tanks in the Long-Range Facilities Development Plan.	11/1/2024
3	DW 7	Include the need to replace / install distribution valves in the Long-Range Facilities Development Plan.	11/1/2024
4	DW 9	Include the need to construct new water mains and/or service lines in the Long-Range Facilities Development Plan.	11/1/2024
5	FC 2	Assist in developing financial management policy that includes internal controls.	11/1/2024
6	FC 7	Assist utility in implementing strategies to reduce expenses which will not significantly impact the operations and maintenance of the utility.	11/1/2024
7	FC 8	Assist the utility in preparing an annual budget.	11/1/2024
8	FC 7	Conduct a utility rate analysis to and corresponding rate proposal to increase operating revenues.	01/1/2025
9	FC 9	Provide training to administrative professional staff in preparing monthly financial statements.	01/1/2025

This proposed scope of technical assistance tasks to be provided by WFX to the West Point Utility District 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 West Point Utility District and the specified tasks may be modified, cancelled, or postponed by either the West Point Utility District 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.



Infrastructure Development

Infrastructure Needs Score: 33.3 / 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?	N/A	
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?	No	X
GI 7	Does the utility have the Funds to engage a consulting engineer?	No	X
GI 8	Does the community require assistance in submitting a Funding Application?	Yes	X
GI 9	Has the community has explored Regionalization Strategies?	No	X
GI 10	Does the community current meet the income threshold for favorable financing?	Yes	

Drinking Water System Development Needs:

DW 1	Is the water system at or Above Design Capacity and requires another source?	No	
DW 2	Does the Water Intake Structure need upgrades or repairs?	N/A	
DW 3	Does the Water Well(s) need upgrades or repairs?	N/A	
DW 4	Are Water Treatment Plant upgrades necessary?	N/A	
DW 5	Does the water system need new Water Meters?	No	
DW 6	Does the water system need additional Storage Capacity?	Yes	X
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?	No	

Wastewater System Development Needs:

WW 1	Is the WWTP adequately treating wastewater to meet the NPDES requirements?	N/A	
WW 2	Does the Outfall Structure need upgrades or repairs?	N/A	
WW 3	Are there any necessary repairs or upgrades at the WWTP?	N/A	
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?	N/A	
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?	N/A	
WW 8	Have Force Mains or Vaccum Lines been Pressure Tested?	N/A	
WW 9	Is there a need to install / rehab Lateral, Trunk, Branch, or Intercept Lines?	N/A	
WW 10	Is there a need replace / rehab Manholes?	N/A	



Capacity Building Needs

FMT Capacity Needs Score: 46.7 / 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?	Yes	
FC	4 Is the balance of aged Accounts Receivable less than 10% of annual revenues?	Yes	
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?	No	X
FC	8 Does the utility board complete (or review and approve) an Annual Budget?	No	X
FC	9 Does the utility board compare Financial Statements with Annual Budget each Month?	No	X
FC	10 Has the utility had a rate analysis performed within 5 Years or Less?	No	X

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?	No	X
MC	4 Does the utility have written Job Descriptions for all employees?	Yes	
MC	5 Does the utility have a written Personnel Policy?	No	X
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?	No	X
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?	Yes	X
TC	2 Has the utility been Out of Compliance within the last 12 months?	Yes	X
TC	3 Have all regulatory recommendations been addressed since the last inspection?	No	X
TC	4 Are all Treatment Processes and Treatment Equipment functioning as designed?	N/A	
TC	5 Is treated water and/or wastewater adequately metered?	Yes	
TC	6 Does the water utility have an acceptable Meter Testing & Replacement Program?	Yes	
TC	7 Does water loss exceed 25% and/or wastewater exceeds NPDES permit limits?	Yes	X
TC	8 Are Water Storage Tanks routinely Inspected?	N/A	
TC	9 Does the system have auxiliary power to operate during a sustained power outage?	N/A	
TC	10 Has the utility had an Energy Audit conducted in the past 10 years?	N/A	



West Point Utility District
Analysis of Existing and Proposed Water Rates

February 25, 2025



1455 Pennsylvania Avenue NW, Suite 400, Washington, DC 20005



February 25, 2025

West Point U.D.
 Christopher Sutherland, President
 P.O. Box 2
 West Point, TN 38486

Re: West Point Utility District Rate Analysis

Dear Mr. Sutherland:

Pursuant to our mutually agreed upon Scope of Technical Assistance Services presented to you in October 2024, we have completed the technical assistance task of completing an analysis of your current water rate structure and developing alternative rate proposals that are projected to return your utility to financial sustainability.

In summarizing this report, WFX compiled information provided by Mr. Jamie English of WPUD that included audited financial statements from FY 2023, historical customer consumption data, and current rate structure information.

In order to be considered financially sustainable, a water utility should not only positively cash flow but also maintain an Operating Ratio (OR) of 1.10 or greater as well as a Coverage Ratio of 1.25 (CR) or greater. As WPUD does not currently owe any debt, the CR does not factor into your current financial sustainability but your projected OR for FY 2025 is 0.74 (-36% below minimum OR to be considered financially sustainable).

It is recommended that the WPUD Board of Directors consider implementing one of the following proposed rate structures to replace your existing rate structure no later than May 1, 2025:

1. Proposal 1: Increase Minimum Rate from \$23.50 to \$34.50 (\$11.00 increase)
 Increase Volumetric Rate from \$4.50 per Kgal to \$5.50 per Kgal (\$1.00 increase)
(Details on Pages 5-6)
2. Proposal 2: Increase Minimum Rate from \$23.50 to \$31.25 (\$7.75 increase)
 Increase Volumetric Rate from \$4.50 per Kgal to \$6.50 per Kgal (\$2.00 increase)
(Details on Pages 7-8)
3. Proposal 3: Replace Minimum Rate with a \$32.50 Demand Rate
 Increase Volumetric Rate from \$4.50 per Kgal to \$5.50 per Kgal (\$1.00 increase)
(Details on Pages 9-10)

We appreciate this opportunity to work with the West Point Utility District and hope that you find value in this detailed analysis that is being provided for WPUD at no cost (approximately \$14,300 in costs were incurred by WFX to perform this analysis). If you have any additional questions, please contact me at (256) 652-2930.

Sincerely,

Tommy Ricks
 Community Support Director, Water Finance Exchange

West Point Utility District
Utility Rate Analysis
2/25/2025

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West Point Utility District
Water Cost Recovery Analysis
For the Year Ending: December 31, 2023

Water Fixed Costs Chart

Expense Item	Total Annual Cost for Each Item		Fixed Cost % for Each Item		Annual Fixed Cost	Monthly Fixed Cost per User
Water Purchases	\$ 28,996	x	25%	=	\$ 7,249	\$ 4.65
Repairs and Maintenance	\$ 5,910	x	25%	=	\$ 1,478	\$ 0.95
Supplies	\$ 4,633	x	0%	=	\$ -	\$ -
Contract Labor	\$ 9,510	x	0%	=	\$ -	\$ -
Professional Services	\$ 5,634	x	100%	=	\$ 5,634	\$ 3.61
Miscellaneous	\$ 1,598	x	0%	=	\$ -	\$ -
Depreciation	\$ 13,040	x	100%	=	\$ 13,040	\$ 8.36
Monthly Fixed Cost per User:						\$ 17.56

Fixed Costs Recovery

Total Annual Fixed Costs:	\$	27,401
Target Minimum Charge (required for 1.1 Operating Ratio Goal):	\$	19.50
Current Minimum Charge:		\$23.50
Monthly Minimum Charge Excess Amount (Shortfall):	\$	4.00

Water Variable Costs Chart

Expense Item	Total Annual Cost for Each Item		Variable Cost % for Each Item		Annual Variable Cost	Monthly Variable Cost per User
Water Purchases	\$ 28,996	x	75%	=	\$ 21,747	\$ 13.94
Repairs and Maintenance	\$ 5,910	x	75%	=	\$ 4,433	\$ 2.84
Supplies	\$ 4,633	x	100%	=	\$ 4,633	\$ 2.97
Contract Labor	\$ 9,510	x	100%	=	\$ 9,510	\$ 6.10
Professional Services	\$ 5,634	x				
Miscellaneous	\$ 1,598	x	100%	=	\$ 1,598	\$ 1.02
Depreciation	\$ 13,040	x				
Monthly Variable Cost per User:						\$ 26.87

Variable Costs Recovery

Total Annual Variable Costs:	\$	41,921
Average Gallons Sold Above Minimum per Customer per Month:		3,563
Monthly Flow Charge (required for 1.1 Operating Ratio):	\$	8.36
Current Average Flow Charge:	\$	4.50
Monthly Flow Charge Excess Amount (Shortfall):	\$	(3.86)

West Point Utility District Existing Water Rate Profile

2025 Projected Cash Flow: \$ (5,596)
 2025 Projected Operating Ratio: 0.74
 Is Rate Increase Necessary? **Yes - Rates Need to be Adjusted As Soon as Possible!**

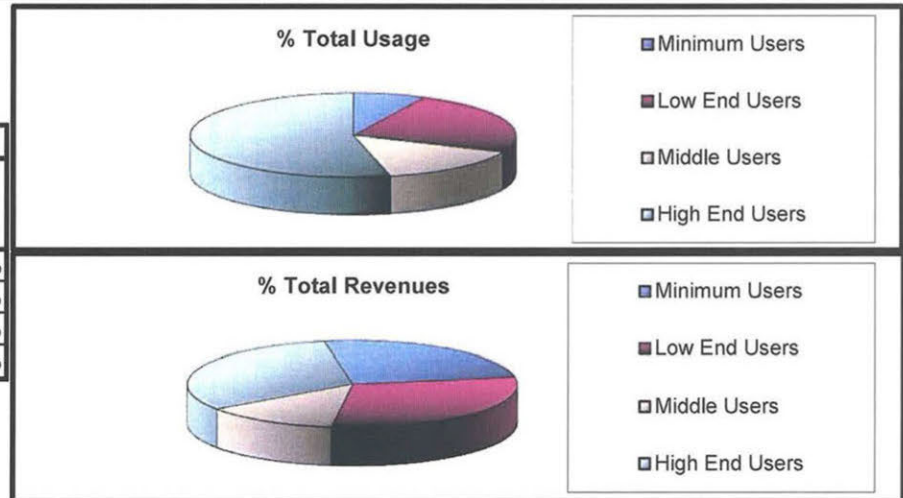
Rate: Existing Water Rate
 Last Annual Audit: 2023

2023 Audited Revenues	
2023 Annual Water Sales: \$	52,628
2023 Monthly Water Sales: \$	4,386
2023 Customer Count:	130
2023 Revenue from Min Rate: \$	3,055
2023 Revenue from Flow Rate: \$	1,331

Existing Water Rate	
Minimum (0 - 2000) gallons: \$	23.50
All over 2000 gallons: \$	4.50
Existing Average Monthly Customer Water Bill: \$	33.74
Average Monthly Customer Usage:	4,385
Average Monthly Cost per 100 gal: \$	0.77

Actual Monthly Customer Consumption Blocks		Number of Customers	Average Volumetric Charges	Total Volumetric Charges	+ Total Minimum Charges	= Total Monthly Charges	Average Monthly Customer Usage	Average Cost per 100 Gallons
2000 gallons and Under (Minimum Only)	36%	47	\$ -	\$ -	\$ 1,105	\$ 1,105	1,000	2.35
2001 - 6000 gallons (4K Average)	31%	40	\$ 9.00	\$ 360	\$ 940	\$ 1,300	4,000	0.81
6001 - 10000 gallons (8K Average)	9%	12	\$ 24.75	\$ 297	\$ 282	\$ 579	8,000	0.60
10001 and Over (1131K Average)	24%	31	\$ 21.73	\$ 674	\$ 729	\$ 1,402	11,316	0.40
Totals:	100%	130	\$ 10.24	\$ 1,331	\$ 3,055	\$ 4,386	5,029	\$ 0.77

Equitability Table				
Customer Usage Category	Use Range	% Total Customers	% Total Usage	% Total Revenues
Minimum Users	0-2K	36.2%	7.2%	25.2%
Low End Users	2K - 6K	30.8%	24.5%	29.6%
Middle Users	6K - 10K	9.2%	14.7%	13.2%
High End Users	Above 10K	23.8%	53.7%	32.0%

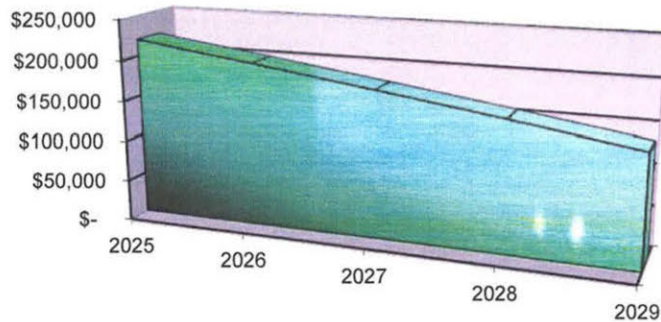


West Point Utility District Existing Water Rate Five-Year Forecast

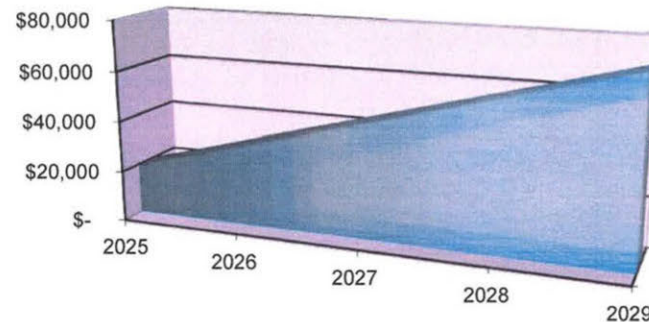
Current Customer Growth Rate: 0.3%
 Projected Inflation Rate: 2.5%
 2023 Other Income: \$ -
 2023 Fund Balance: \$ 244,881
 2029 Projected Fund Balance: \$ **207,151**

	Current Year Ending 2025	Year Ending 2026	Year Ending 2027	Year Ending 2028	Year Ending 2029
Projected Revenues					
Water Sales	\$ 52,781	\$ 52,934	\$ 53,087	\$ 53,241	\$ 53,396
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 52,781	\$ 52,934	\$ 53,087	\$ 53,241	\$ 53,396
Projected Expenses					
Fixed Expenses	\$ 27,401	\$ 27,401	\$ 27,401	\$ 27,401	\$ 27,401
Variable Expenses	\$ 44,017	\$ 45,117	\$ 46,245	\$ 47,401	\$ 48,586
Total Expenses	\$ 71,417	\$ 72,517	\$ 73,645	\$ 74,801	\$ 75,987
Projected Income (Loss)	\$ (18,636)	\$ (19,584)	\$ (20,558)	\$ (21,560)	\$ (22,591)
Operating Ratio (+ Depreciation)	0.74	0.73	0.72	0.71	0.70
Increase in Cash (Including Reserves)	\$ (5,596)	\$ (6,544)	\$ (7,518)	\$ (8,520)	\$ (9,551)
Ending Fund Balance	\$ 239,285	\$ 232,741	\$ 225,223	\$ 216,702	\$ 207,151

Unrestricted Operating Fund Balance



Restricted Depreciated Escrow Fund Balance



Water Rate Proposal 1 Profile

2026 Projected Cash Flow: \$ 23,039
 2026 Projected Operating Ratio: 1.14
 Projected Years Before Next Increase: 5

Rate: Water Rate Proposal 1
 Current Fiscal Year: 2025
 FY Month of Rate Increase (Number): 5

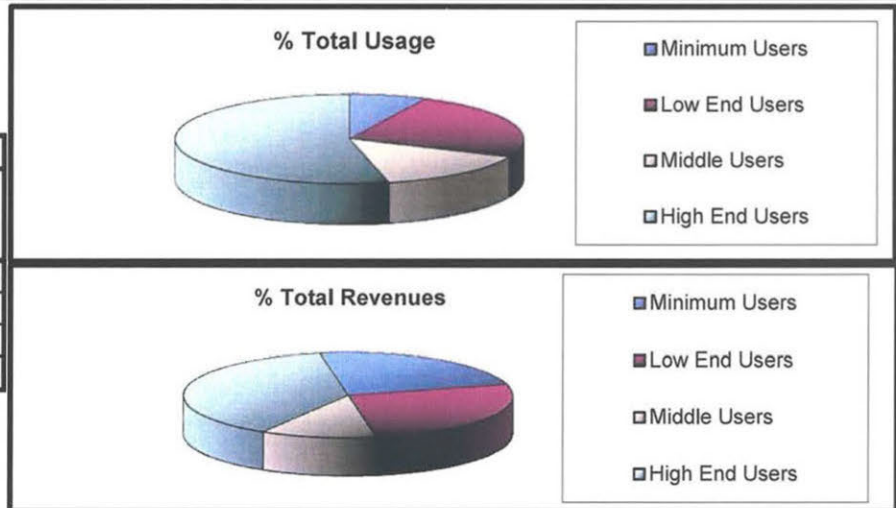
2025 - 2026 Projected Water Revenues	
2025 Projected Annual Water Sales:	\$ 70,127
2026 Projected Annual Sales: Water Sales:	\$ 82,517
2026 Current Customer Count:	130
2026 Projected Revenue from Min Rate:	\$ 53,820
2026 Projected Revenue from Flow Rate:	\$ 28,697

Proposed Water Rates	
Minimum (0 - 2000) gallons:	\$ 34.50
All over 2000 gallons:	\$ 5.50
Old Average Monthly Water Bill:	\$ 33.74
New Average Monthly Water Bill:	\$ 52.90
% Increase in Average Monthly Water Bill:	56.8%
Average Monthly Cost per 100 gal:	\$ 1.05

Actual Monthly Customer Consumption Blocks		Number of Customers	Average Volumetric Charges	Total Volumetric Charges	+ Total Minimum Charges	= Total Monthly Charges	Average Monthly Customer Usage	Average Cost per 100 Gallons
2000 gallons and Under (Minimum Only)	36%	47	\$ -	\$ -	\$ 1,622	\$ 1,622	1,000	3.45
2001 - 6000 gallons (4K Average)	31%	40	\$ 11.00	\$ 440	\$ 1,380	\$ 1,820	4,000	1.14
6001 - 10000 gallons (8K Average)	9%	12	\$ 30.25	\$ 363	\$ 414	\$ 777	8,000	0.81
10001 and Over (1131K Average)	24%	31	\$ 51.24	\$ 1,588	\$ 1,070	\$ 2,658	11,316	0.76
Totals:	100%	130	\$ 18.40	\$ 2,391	\$ 4,485	\$ 6,876	5,029	\$ 1.05

Increase Minimum from \$23.50 to \$34.50
 Increase Volumetric Rate from \$4.50 to \$5.50

Equitability Table				
Customer Usage Category	Use Range	% Total Customers	% Total Usage	% Total Revenues
Minimum Users	0-2K	36.2%	7.2%	23.6%
Low End Users	2K - 6K	30.8%	24.5%	26.5%
Middle Users	6K - 10K	9.2%	14.7%	11.3%
High End Users	Above 10K	23.8%	53.7%	38.7%

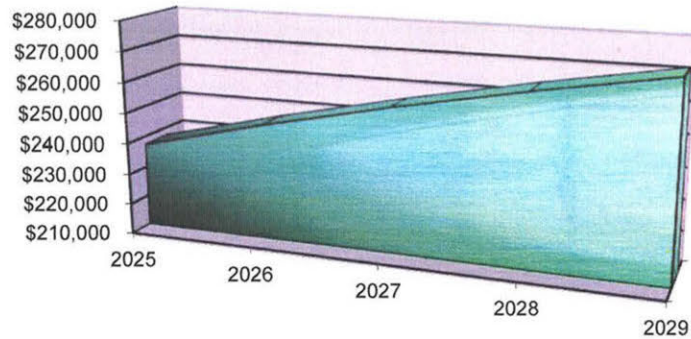


Rate Proposal 1 Five-Year Forecast

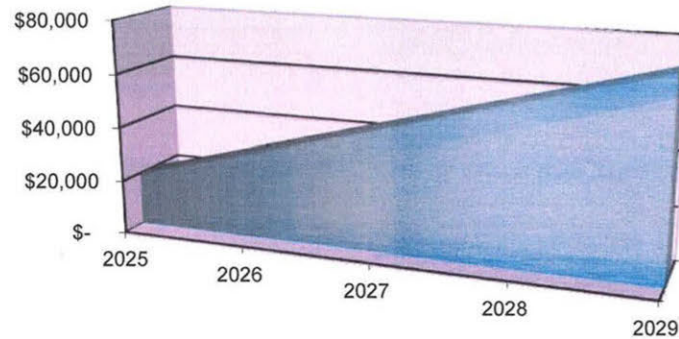
Current Customer Growth Rate: 0.3%
 Projected Inflation Rate: 2.5%
 2023 Other Income: \$ -
 2023 Fund Balance: \$ 244,881
 2029 Projected Fund Balance: \$ 343,344

	Current Year Ending 2025	Year Ending 2026	Year Ending 2027	Year Ending 2028	Year Ending 2029
Projected Revenues					
Water Sales	\$ 70,127	\$ 82,517	\$ 82,756	\$ 82,996	\$ 83,237
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 70,127	\$ 82,517	\$ 82,756	\$ 82,996	\$ 83,237
Projected Expenses					
Fixed Expenses	\$ 27,401	\$ 27,401	\$ 27,401	\$ 27,401	\$ 27,401
Variable Expenses	\$ 44,017	\$ 45,117	\$ 46,245	\$ 47,401	\$ 48,586
Total Expenses	\$ 71,417	\$ 72,517	\$ 73,645	\$ 74,801	\$ 75,987
Projected Income (Loss)	\$ (1,290)	\$ 9,999	\$ 9,110	\$ 8,194	\$ 7,250
Operating Ratio	0.98	1.14	1.12	1.11	1.10
(+ Depreciation)	\$ 13,040	\$ 13,040	\$ 13,040	\$ 13,040	\$ 13,040
Increase in Cash (Including Reserves)	\$ 11,750	\$ 23,039	\$ 22,150	\$ 21,234	\$ 20,290
Ending Fund Balance	\$ 256,631	\$ 279,670	\$ 301,820	\$ 323,054	\$ 343,344

Unrestricted Operating Fund Balance



Restricted Depreciated Escrow Fund Balance



Water Rate Proposal 2 Profile

2026 Projected Cash Flow: \$ 23,187
 2026 Projected Operating Ratio: 1.14
 Projected Years Before Next Increase: 5

Rate: Water Rate Proposal 2
 Current Fiscal Year: 2025
 FY Month of Rate Increase (Number): 5

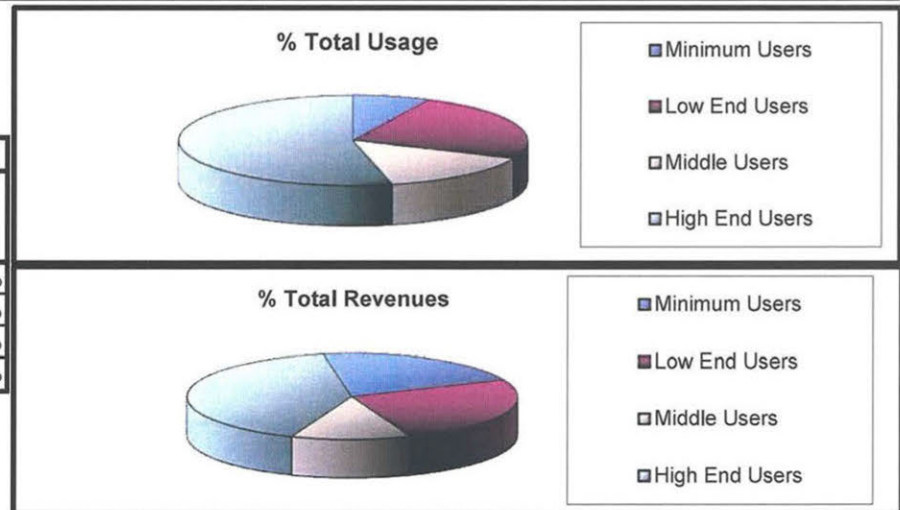
2025 - 2026 Projected Water Revenues	
2025 Projected Annual Water Sales:	\$ 70,213
2026 Projected Annual Sales: Water Sales:	\$ 82,664
2026 Current Customer Count:	130
2026 Projected Revenue from Min Rate:	\$ 48,750
2026 Projected Revenue from Flow Rate:	\$ 33,914

Proposed Water Rates	
Minimum (0 - 2000) gallons:	\$ 31.25
All over 2000 gallons:	\$ 6.50
Old Average Monthly Water Bill:	\$ 33.74
New Average Monthly Water Bill:	\$ 52.99
% Increase in Average Monthly Water Bill:	57.1%
Average Monthly Cost per 100 gal:	\$ 1.05

Actual Monthly Customer Consumption Blocks		Number of Customers	Average Volumetric Charges	Total Volumetric Charges	+ Total Minimum Charges	= Total Monthly Charges	Average Monthly Customer Usage	Average Cost per 100 Gallons
2000 gallons and Under (Minimum Only)	36%	47	\$ -	\$ -	\$ 1,469	\$ 1,469	1,000	3.13
2001 - 6000 gallons (4K Average)	31%	40	\$ 13.00	\$ 520	\$ 1,250	\$ 1,770	4,000	1.11
6001 - 10000 gallons (8K Average)	9%	12	\$ 35.75	\$ 429	\$ 375	\$ 804	8,000	0.84
10001 and Over (1131K Average)	24%	31	\$ 60.55	\$ 1,877	\$ 969	\$ 2,846	11,316	0.81
Totals:	100%	130	\$ 21.74	\$ 2,826	\$ 4,063	\$ 6,889	5,029	\$ 1.05

Increase Minimum from \$23.50 to \$31.25
Increase Volumetric Rate from \$4.50 to \$6.50

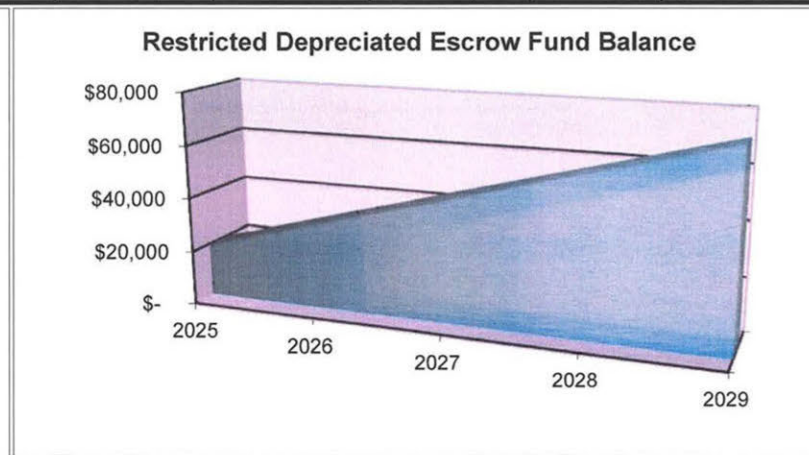
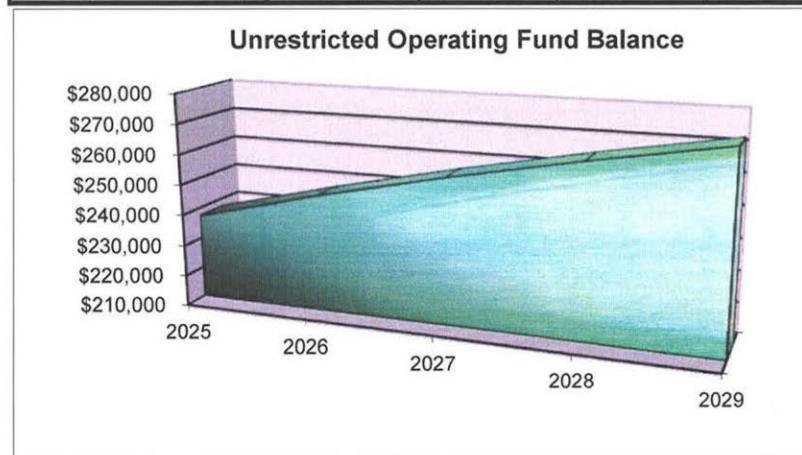
Equitability Table				
Customer Usage Category	Use Range	% Total Customers	% Total Usage	% Total Revenues
Minimum Users	0-2K	36.2%	7.2%	21.3%
Low End Users	2K - 6K	30.8%	24.5%	25.7%
Middle Users	6K - 10K	9.2%	14.7%	11.7%
High End Users	Above 10K	23.8%	53.7%	41.3%



Rate Proposal 2 Five-Year Forecast

Current Customer Growth Rate: 0.3%
 Projected Inflation Rate: 2.5%
 2023 Other Income: \$ -
 2023 Fund Balance: \$ 244,881
 2029 Projected Fund Balance: \$ 344,023

	Current Year Ending 2025	Year Ending 2026	Year Ending 2027	Year Ending 2028	Year Ending 2029
Projected Revenues					
Water Sales	\$ 70,213	\$ 82,664	\$ 82,904	\$ 83,144	\$ 83,385
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 70,213	\$ 82,664	\$ 82,904	\$ 83,144	\$ 83,385
Projected Expenses					
Fixed Expenses	\$ 27,401	\$ 27,401	\$ 27,401	\$ 27,401	\$ 27,401
Variable Expenses	\$ 44,017	\$ 45,117	\$ 46,245	\$ 47,401	\$ 48,586
Total Expenses	\$ 71,417	\$ 72,517	\$ 73,645	\$ 74,801	\$ 75,987
Projected Income (Loss)	\$ (1,204)	\$ 10,147	\$ 9,258	\$ 8,343	\$ 7,399
Operating Ratio (+ Depreciation)	0.98	1.14	1.13	1.11	1.10
	\$ 13,040	\$ 13,040	\$ 13,040	\$ 13,040	\$ 13,040
Increase in Cash (Including Reserves)	\$ 11,836	\$ 23,187	\$ 22,298	\$ 21,383	\$ 20,439
Ending Fund Balance	\$ 256,717	\$ 279,903	\$ 302,202	\$ 323,584	\$ 344,023



Water Rate Proposal 3 Profile

2026 Projected Cash Flow: \$ 23,021
 2026 Projected Operating Ratio: 1.14
 Projected Years Before Next Increase: 5

Rate: Water Rate Proposal 3
 Current Fiscal Year: 2025
 FY Month of Rate Increase (Number): 5

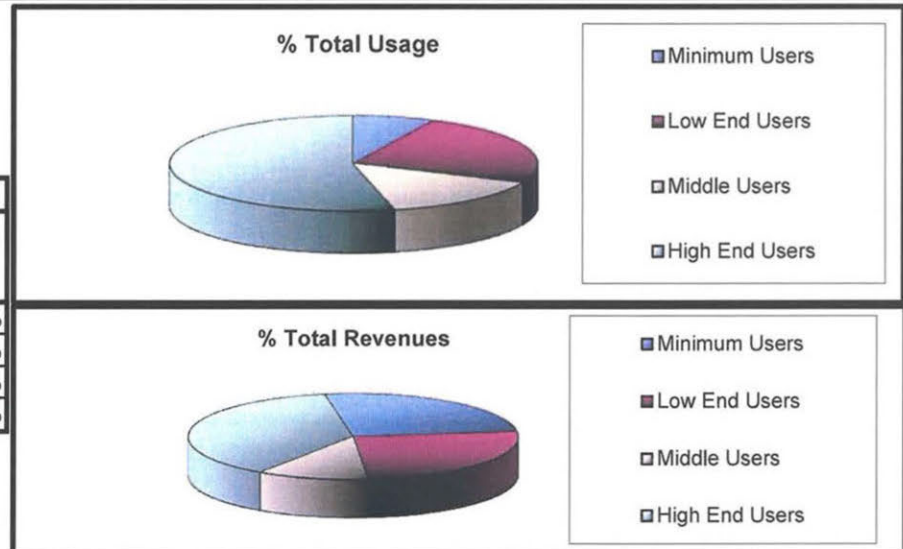
2025 - 2026 Projected Water Revenues	
2025 Projected Annual Water Sales:	\$ 70,116
2026 Projected Annual Sales: Water Sales:	\$ 82,499
2026 Current Customer Count:	130
2026 Projected Revenue from Min Rate:	\$ 50,700
2026 Projected Revenue from Flow Rate:	\$ 31,799

Proposed Water Rates	
Demand Rate (No Minimum Allowance):	\$ 32.50
Volumetric Rate:	\$ 5.50
Old Average Monthly Water Bill:	\$ 33.74
New Average Monthly Water Bill:	\$ 52.88
% Increase in Average Monthly Water Bill:	56.8%
Average Monthly Cost per 100 gal:	\$ 1.05

Actual Monthly Customer Consumption Blocks		Number of Customers	Average Volumetric Charges	Total Volumetric Charges	+ Total Minimum Charges	= Total Monthly Charges	Average Monthly Customer Usage	Average Cost per 100 Gallons
2000 gallons and Under (Minimum Only)	36%	47	\$ 5.50	\$ 259	\$ 1,528	\$ 1,786	1,000	3.80
2001 - 6000 gallons (4K Average)	31%	40	\$ 11.00	\$ 440	\$ 1,300	\$ 1,740	4,000	1.09
6001 - 10000 gallons (8K Average)	9%	12	\$ 30.25	\$ 363	\$ 390	\$ 753	8,000	0.78
10001 and Over (1131K Average)	24%	31	\$ 51.24	\$ 1,588	\$ 1,008	\$ 2,596	11,316	0.74
Totals:	100%	130	\$ 20.38	\$ 2,650	\$ 4,225	\$ 6,875	5,029	\$ 1.05

Replace Minimum Rate of \$23.50 w/ Demand Rate of \$32.50
Increase Volumetric Rate from \$4.50 to \$5.50

Equitability Table				
Customer Usage Category	Use Range	% Total Customers	% Total Usage	% Total Revenues
Minimum Users	0-2K	36.2%	7.2%	26.0%
Low End Users	2K - 6K	30.8%	24.5%	25.3%
Middle Users	6K - 10K	9.2%	14.7%	11.0%
High End Users	Above 10K	23.8%	53.7%	37.8%

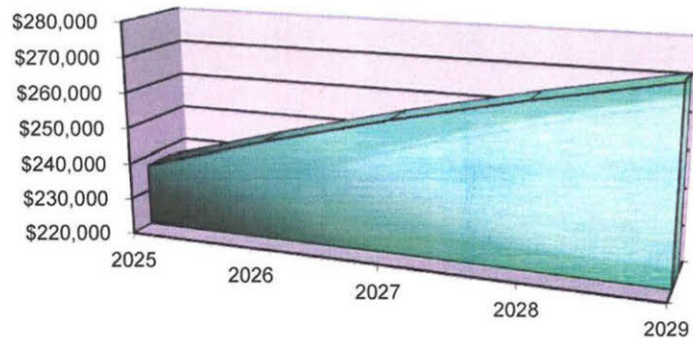


Rate Proposal 3 Five-Year Forecast

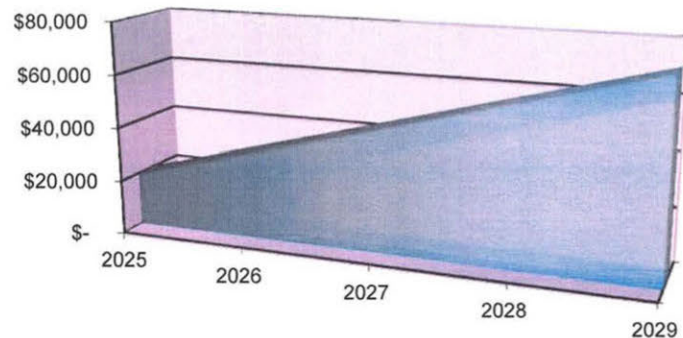
Current Customer Growth Rate: 0.3%
 Projected Inflation Rate: 2.5%
 2023 Other Income: \$ -
 2023 Fund Balance: \$ 244,881
 2029 Projected Fund Balance: \$ **343,262**

	Current Year Ending 2025	Year Ending 2026	Year Ending 2027	Year Ending 2028	Year Ending 2029
Projected Revenues					
Water Sales	\$ 70,116	\$ 82,499	\$ 82,738	\$ 82,978	\$ 83,218
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 70,116	\$ 82,499	\$ 82,738	\$ 82,978	\$ 83,218
Projected Expenses					
Fixed Expenses	\$ 27,401	\$ 27,401	\$ 27,401	\$ 27,401	\$ 27,401
Variable Expenses	\$ 44,017	\$ 45,117	\$ 46,245	\$ 47,401	\$ 48,586
Total Expenses	\$ 71,417	\$ 72,517	\$ 73,645	\$ 74,801	\$ 75,987
Projected Income (Loss)	\$ (1,301)	\$ 9,981	\$ 9,092	\$ 8,176	\$ 7,232
Operating Ratio (+ Depreciation)	0.98	1.14	1.12	1.11	1.10
	\$ 13,040	\$ 13,040	\$ 13,040	\$ 13,040	\$ 13,040
Increase in Cash (Including Reserves)	\$ 11,739	\$ 23,021	\$ 22,132	\$ 21,216	\$ 20,272
Ending Fund Balance	\$ 256,620	\$ 279,641	\$ 301,774	\$ 322,990	\$ 343,262

Unrestricted Operating Fund Balance



Restricted Depreciated Escrow Fund Balance



Notes, Executive Summary, and Recommendation

Notes:

1. The financial source data contained herein was provided by the West Point Utility District (WPUD) for twelve-month period of January 1, 2023 through December 31, 2023 from an audit prepared by John R. Poole, CPA. The 2024 fiscal year audit had not been completed nor available at the time this analysis was prepared.
2. Non-fixed expenses for years 2025-2029 were calculated on a 2.5% annual inflation index.
3. Customer growth of 0.3% per year based on historical growth since 2009 was calculated for projected revenue increases for years 2025-2029.
4. Customer usage was based on historical usage data from 2009-2024 and prorated to current customer count and balanced with audited revenues as of December 31, 2024. The actual average monthly consumption usage for WPUD is 4,385 per month.
5. Monthly rate affordability based on the standard 2.25% of the monthly Median Household Income (MHI) and adjusted for Poverty, Income, and Unemployment down to 2.086% of monthly MHI or \$71.70 per month per residential customer (or equivalent dwelling unit).
6. The three proposals are similar in outcomes with an increase in the projected Operating Ratio to 1.14 by the end of FY2026 and declining to 1.10 at the end of 2029 by which time the WPUD should commission another rate analysis and consider a small rate increase at that time. It should be noted that this is a modified Operating Ratio that includes Depreciation Cost which is normally excluded but due to regulatory requirements in Tennessee to fully fund a depreciated escrow in order to replace critical assets as necessary.
7. The rate proposals do not account for needed capital expenditures (CAPEX) for infrastructure upgrades. This CAPEX will necessitate further increases in rates to address new debt service but cannot be projected without cost estimates provided by a registered professional engineer.
8. The WPUD has completed a Regionalization Feasibility Study as ordered by the Tennessee Board of Utility Regulators. Should WPUD eventually proceed with consolidating with another Lawrence County water utility, a combined rate analysis should be prepared with the understanding that the proposed rates contained herein may be reduced given normal economies of scale realized typically through utility mergers.

Executive Summary

Existing Rate Analysis – The current rate structure is projected to continue to negatively cash-flow. By the end of this current fiscal year, the projected Operating Ratio (OR) will be 0.74 and drop to 0.70 by the end of 2029 if the WPUD doesn't increase rates. Cash Assets (Restricted and Unrestricted) is projected to drop by -\$37,730 (or -15.4% of current Cash Assets) over the next 5 years if rates are not adjusted.

Proposals – All three proposals are similar in projected performance by ranging from an average overall increase of 56.8%-57.1% in monthly customer bills (or an average increase from \$33.74 to \$52.99). The proposed rates will average -26% less than the \$71.90 monthly affordability benchmark. While this proposed increase is significant, the customers and WPUD board should keep in mind that rates have been kept artificially low for a number of years. An OR of less than 1.10 for a water utility is considered "Non-Sustainable."

Recommendation

Each of the three rate proposals are considered viable alternatives to return WPUD to a financially sustainable status.

Disclaimer

The accuracy of future projections with any rate analysis depends upon not only using accurate source data but can also be influenced by other factors which could significantly affect current and long-term projections. Other factors include unanticipated exceptional increases in operating costs, increased O&M system repair and rehabilitation needs, decline in customer population, and the significant slowing of customer water meters. All of which may negatively impact current and long-term financial projections. Additionally, inaccurate source documentation obtained from the West Point Utility District may also negatively impact projections. As such, Water Finance Exchange, Inc. offers NO warranty or guarantee related to the projections contained herein this analysis.

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Jason E. Mumpower
Comptroller

Entity Referred: **City of Decherd**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The City of Decherd ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2022. Decherd has had significant issues in record keeping which is highlighted by their history of delinquent audits, issues noted in its audits, and the length of time for a rate study to be completed by the Utility. The Utility has had a rate study completed, and the recommendations of the rate study have since been adopted.

Board staff is not confident continued operation of the utility by the City of Decherd is sustainable for the future of the Utility. Board staff also does not believe the current rate increases along with anticipated future rate increases are sustainable for the future of the Utility. A feasibility study should be conducted to evaluate feasible merger options for the Utility.

Staff Recommendation

The Board should order the following:

1. By April 30, 2025, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the study of the feasibility of merger options for the City of Decherd's Utility.
2. By September 30, 2025, the Utility shall send Board staff a copy of the feasibility study.
3. 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.
4. 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/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

Decherd

	Category: Water And Sewer		County: Franklin	
	2019	2020	2021	2022
Net Assets	\$18,609,736.00	\$23,094,893.00	\$23,061,016.00	\$21,970,669.00
Deferred Outflow Resources	\$53,450.00	\$52,366.00	\$48,627.00	\$0.00
Net Liabilities	\$7,002,977.00	\$9,702,341.00	\$9,559,368.00	\$8,876,378.00
Deferred Inflow Resources	\$16,926.00	\$30,421.00	\$26,683.00	\$0.00
Total Net Position	\$11,643,283.00	\$13,414,497.00	\$13,523,592.00	\$13,094,291.00
Operating Revenues	\$2,284,003.00	\$1,985,073.00	\$2,098,574.00	\$2,752,117.00
Net Sales	\$2,137,474.00	\$1,820,971.00	\$1,868,199.00	\$2,398,153.00
Operating Expenses	\$1,792,596.00	\$1,919,173.00	\$5,135,286.00	\$2,719,413.00
Depreciation Expenses	\$452,201.00	\$508,739.00	\$407,000.00	\$808,293.00
Non Operating Revenues	-\$81,427.00	-\$539,376.00	-\$186,158.00	-\$145,347.00
Capital Contributions	\$1,020,174.00	\$2,244,690.00	\$3,232,413.00	\$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	\$1,430,154.00	\$1,870,766.00	-\$307,115.00	-\$112,643.00
Statutory Change In Net Position	\$409,980.00	-\$274,372.00	-\$3,539,528.00	-\$112,643.00



2024 Water & Sewer Cost of Service Studies
12 Months Ended March 31, 2024
City of Decherd

JACKSON THORNTON

Certified Public Accountants
& Consultants

December 9, 2024

Mayor Mary Nell Hess
City of Decherd
1301 West Main Street
Decherd, Tennessee 37324

Re: Tennessee Water & Wastewater Financing Board's Order

Dear Mayor Hess:

We were engaged in June of 2023 by the City of Decherd ("the City") to help the City comply with requirements pursuant to Tenn. Code Ann. § 68-221-1010 items 2a, b, d, e, f, and g. This letter constitutes the report of our observations and analysis.

Per item 2a., we have reviewed the City's capitalization policy and recommend that the City contact the Tennessee Association of Utility Districts ("TAUD") for support.

Per item 2b., we have reviewed the City's debt management policy and have no recommended modifications.

Per item 2d., we have reviewed the City's relevant utility fees. City staff is in the process of reevaluating existing fees in hopes of bringing the fees inline with the City's actual costs.

Per item 2e., The City provided training certificates to us and the Tennessee Board of Utility Regulation's staff for the following individuals:

- Shuler Hopkins
- Larry Fraley
- Glenn Summers

The newest board member, David Hillstrom, was sworn in at the August 2024 meeting. I have been assured that he will complete is training requirements in the coming months.

Per item 2f., we have reviewed the City's leak adjustment policy and recommend that the City contact TAUD for support.

Per item 2 and 2g, we have conducted a rate study for the City. The results and our recommendations follow immediately behind this letter.

JACKSON THORNTON & CO., P.C.

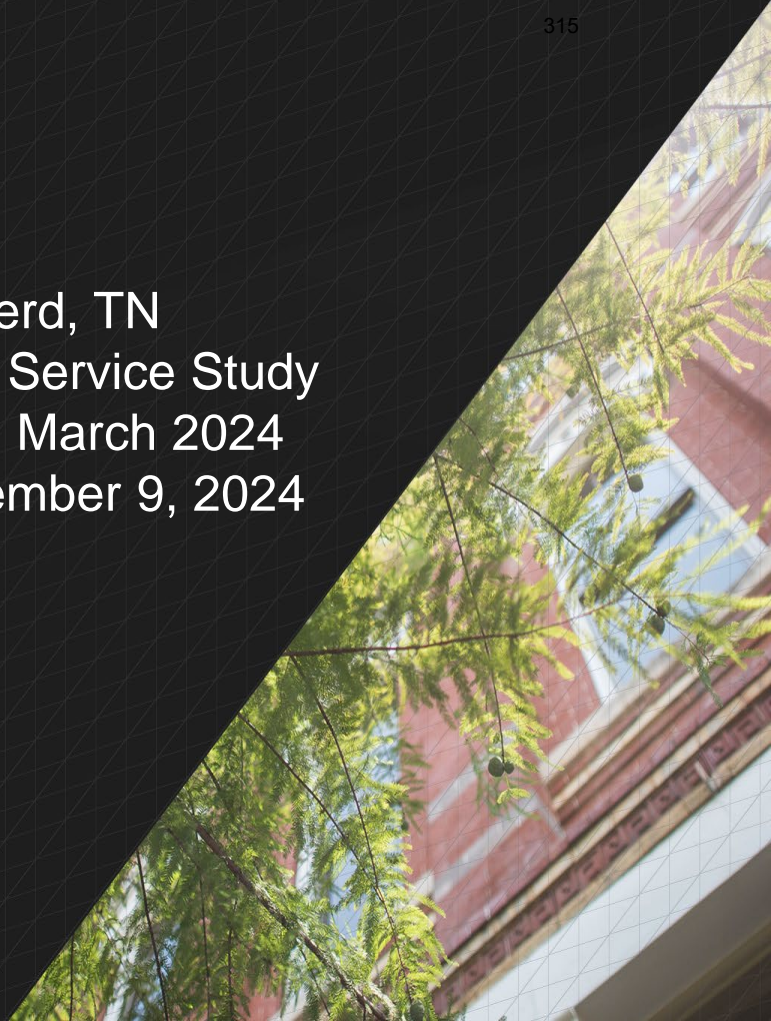


James B. Marshall, III
Principal

JACKSON THORNTON

Certified Public Accountants
& Consultants

City of Decherd, TN
2024 Water Cost of Service Study
12 Months Ending March 2024
Presented on December 9, 2024



Typical Objectives of Rate Study

316

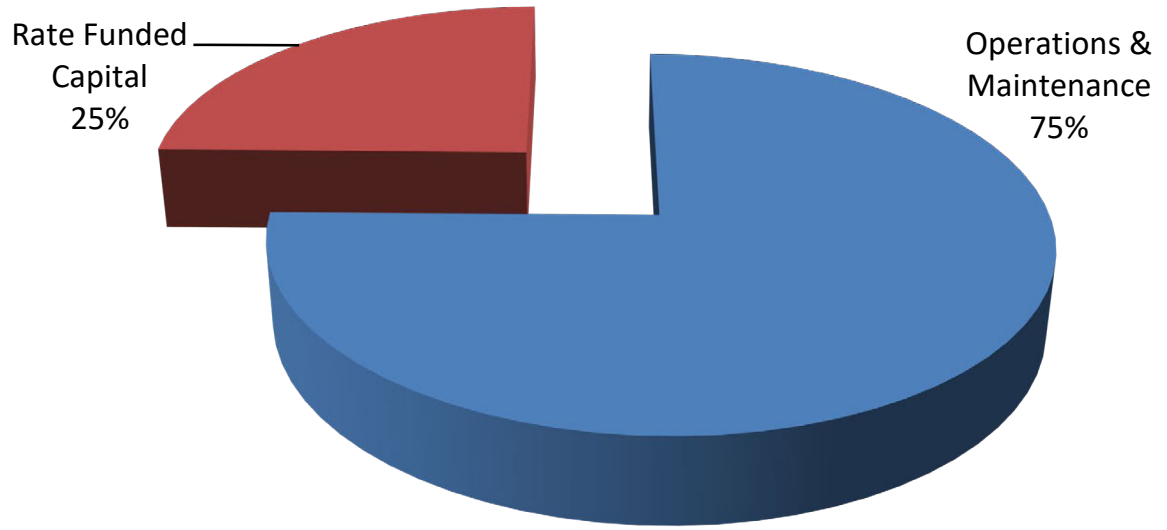
1. Revenue Stability and Sufficiency
2. Fairness and Equity
 - Fair is related to cross subsidies
 - Equity is related to $\text{Price}=\text{Cost}$
3. Ability to Pay
4. Simplicity (Admin & Cust Understanding)
5. Defensible

1. Determine Revenue Requirements
 - How much does the system need to operate?
2. Develop Revenue Requirements by Rate Class
 - How much does the system need to recover by rate class?
3. Develop COS Rates and Design Acceptable Rates
 - How does the system best recover the needed revenues?
4. Implement Rate Changes

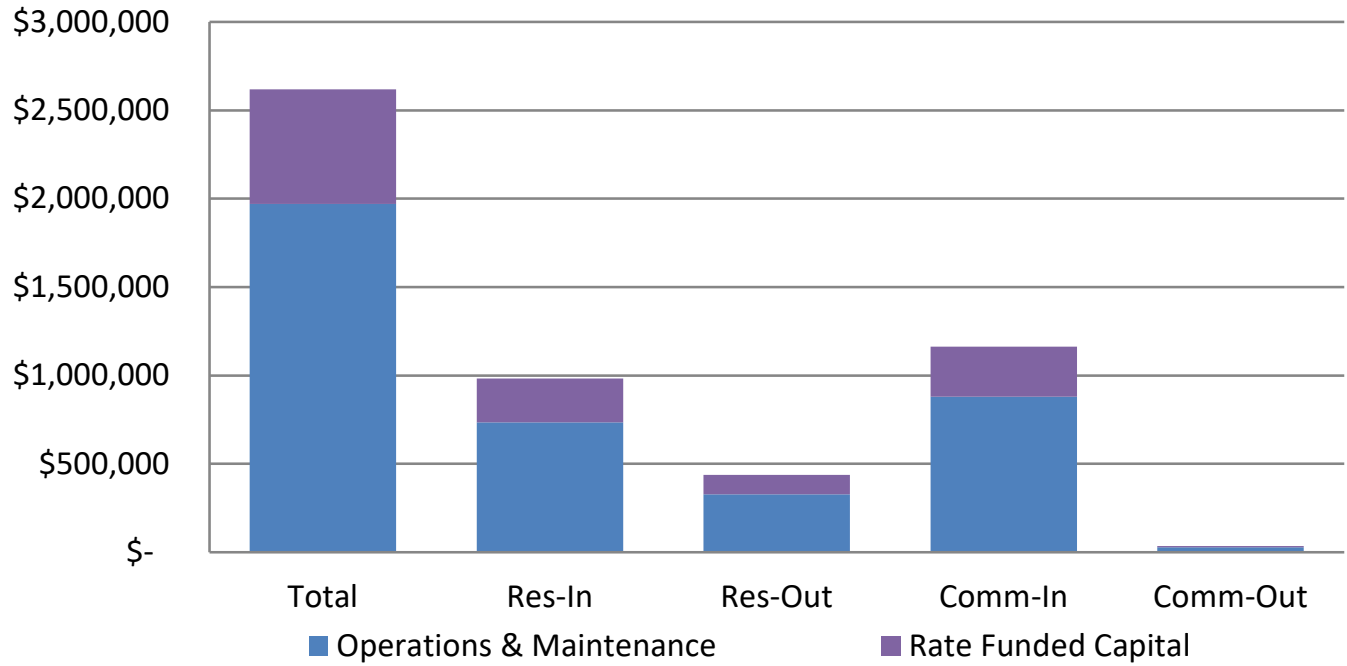
TOTAL REV. REQ.

Operations & Maintenance	\$ 1,970,721
Plus: Rate Funded Capital	\$ 647,400
Total Revenue Requirement	<u>\$ 2,618,121</u>
Less: Other Revenue	<u>\$ 135,321</u>
Rate Requirement	<u>\$ 2,482,801</u>

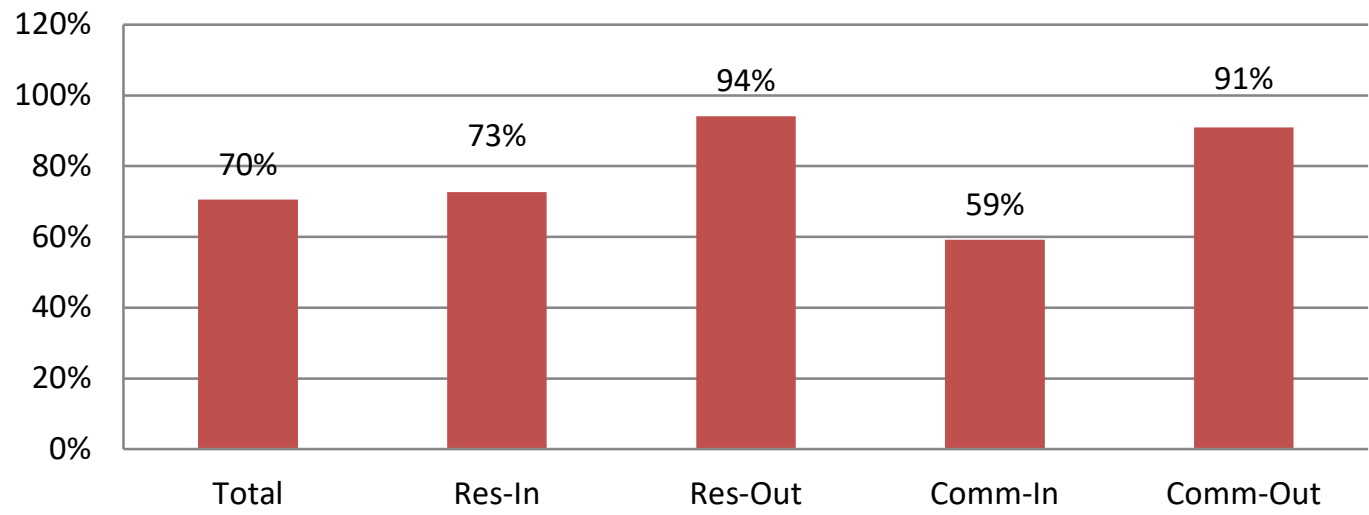
Revenue Requirement



Rev. Req. by Rate Class



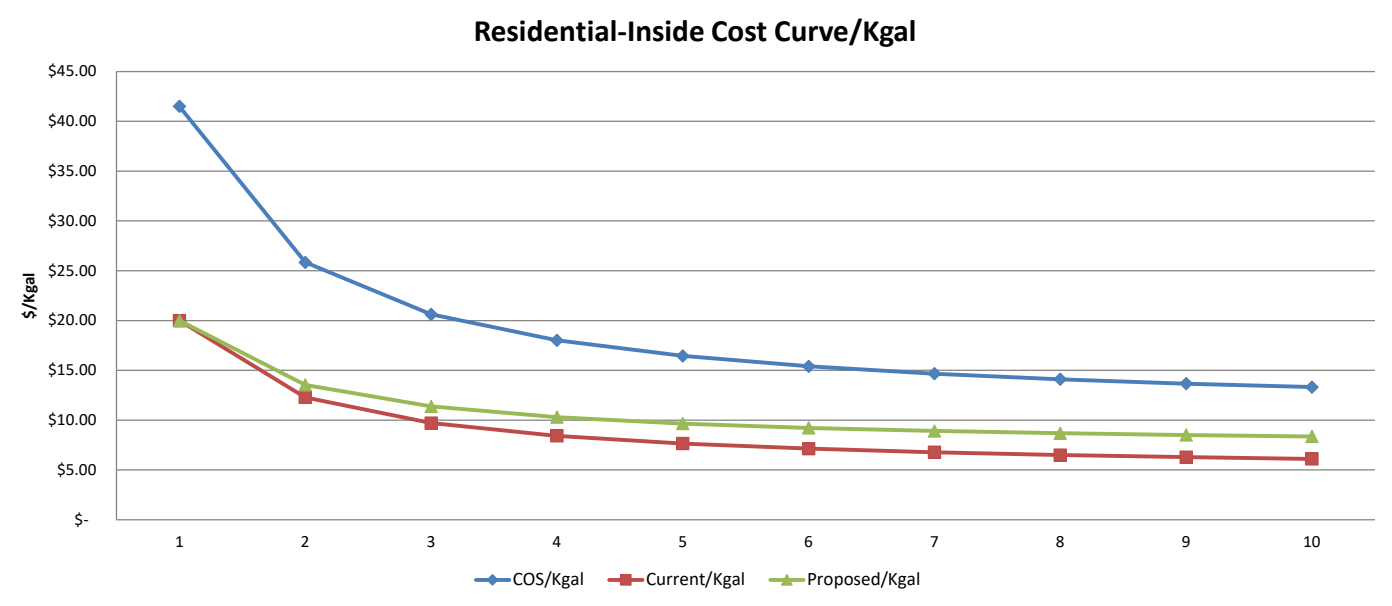
Recovery by Rate Class



- For the test period, the Water system was under-recovered by \$772,000 on a \$2,618,000 revenue requirement.
- The commercial inside city class is under-recovered by \$475,000.
- It is recommended that the City consider the following adjustment to all rate classes:
 - Roll the “capital recovery fee” into the customer charge
 - Increase the volumetric rate by \$2.50/kGal on all billed consumption.
- These adjustments would bring in approximately \$382,000 of additional annual revenue.

Water – Residential-Inside Rate Curve

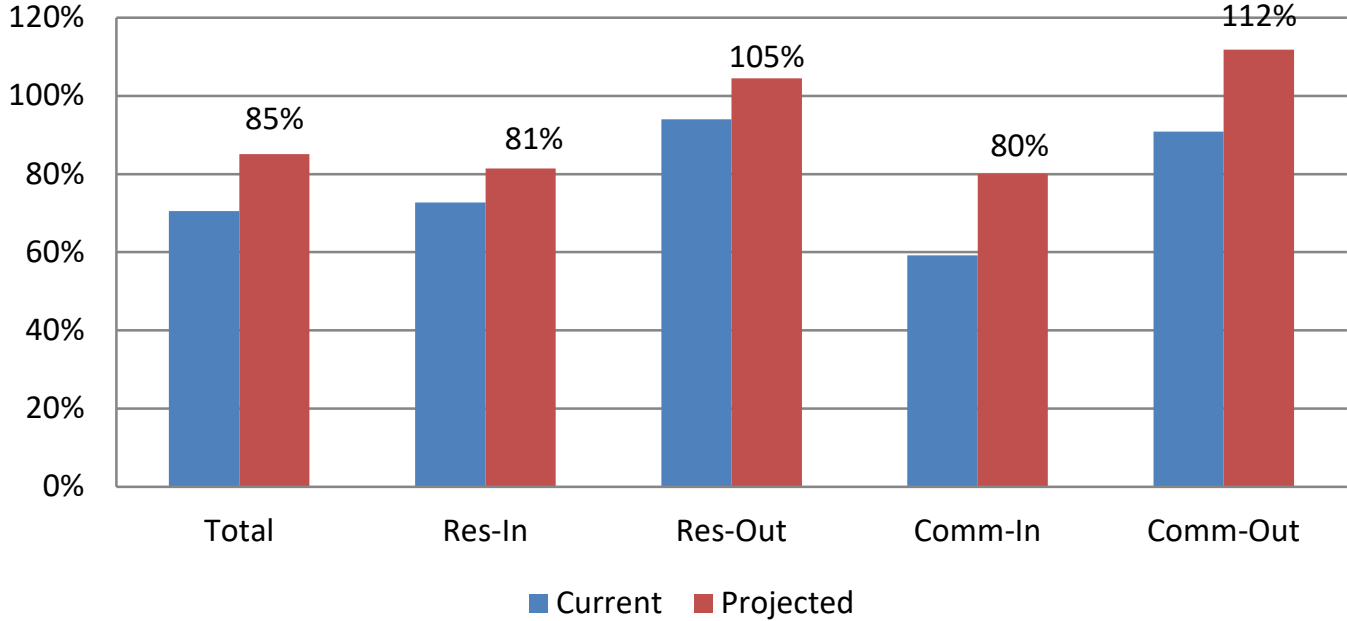
	Cost of Service	Current	Proposed	Difference
Customer Charge (incl 1,000 gals)	\$ 31.31	\$ 20.00	\$ 20.00	\$ -
All Additional	\$ 10.19	\$ 4.57	\$ 7.07	\$ 2.50



Water – Residential-Inside Rate Impact

Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/Kgal
1	\$ 41.50	\$ 20.00	\$ 20.00	\$ -	\$ -	\$ 41.50	\$ 20.00	\$ 20.00	\$ -
2	\$ 51.69	\$ 24.57	\$ 27.07	\$ 2.50	\$ 0.08	\$ 25.85	\$ 12.29	\$ 13.54	\$ 1.25
3	\$ 61.88	\$ 29.14	\$ 34.14	\$ 5.00	\$ 0.17	\$ 20.63	\$ 9.71	\$ 11.38	\$ 1.67
4	\$ 72.07	\$ 33.71	\$ 41.21	\$ 7.50	\$ 0.25	\$ 18.02	\$ 8.43	\$ 10.30	\$ 1.88
5	\$ 82.26	\$ 38.28	\$ 48.28	\$ 10.00	\$ 0.33	\$ 16.45	\$ 7.66	\$ 9.66	\$ 2.00
6	\$ 92.45	\$ 42.85	\$ 55.35	\$ 12.50	\$ 0.42	\$ 15.41	\$ 7.14	\$ 9.23	\$ 2.08
7	\$ 102.64	\$ 47.42	\$ 62.42	\$ 15.00	\$ 0.50	\$ 14.66	\$ 6.77	\$ 8.92	\$ 2.14
8	\$ 112.83	\$ 51.99	\$ 69.49	\$ 17.50	\$ 0.58	\$ 14.10	\$ 6.50	\$ 8.69	\$ 2.19
9	\$ 123.02	\$ 56.56	\$ 76.56	\$ 20.00	\$ 0.67	\$ 13.67	\$ 6.28	\$ 8.51	\$ 2.22
10	\$ 133.21	\$ 61.13	\$ 83.63	\$ 22.50	\$ 0.75	\$ 13.32	\$ 6.11	\$ 8.36	\$ 2.25
Average Usage		3,604							

Projected Recovery by Rate Class



JACKSON THORNTON

Certified Public Accountants
& Consultants

City of Decherd, TN 2024 Sewer Cost of Service Study 12 Months Ending March 2024

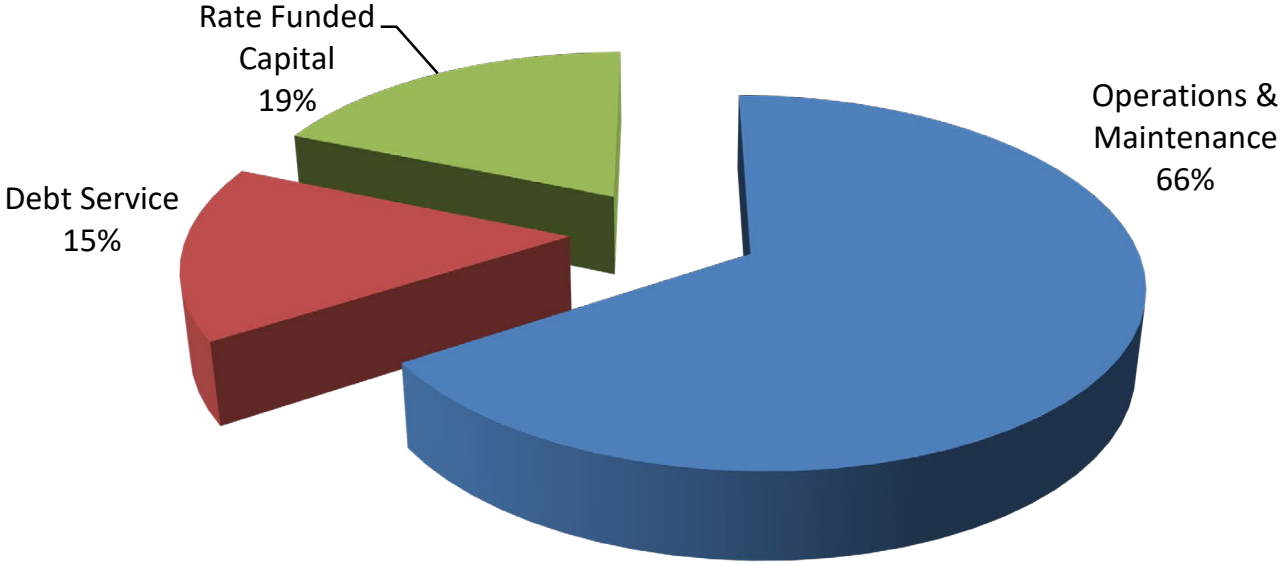


Sewer - Cash Method – System Revenue Requirement 327

TOTAL REV. REQ.

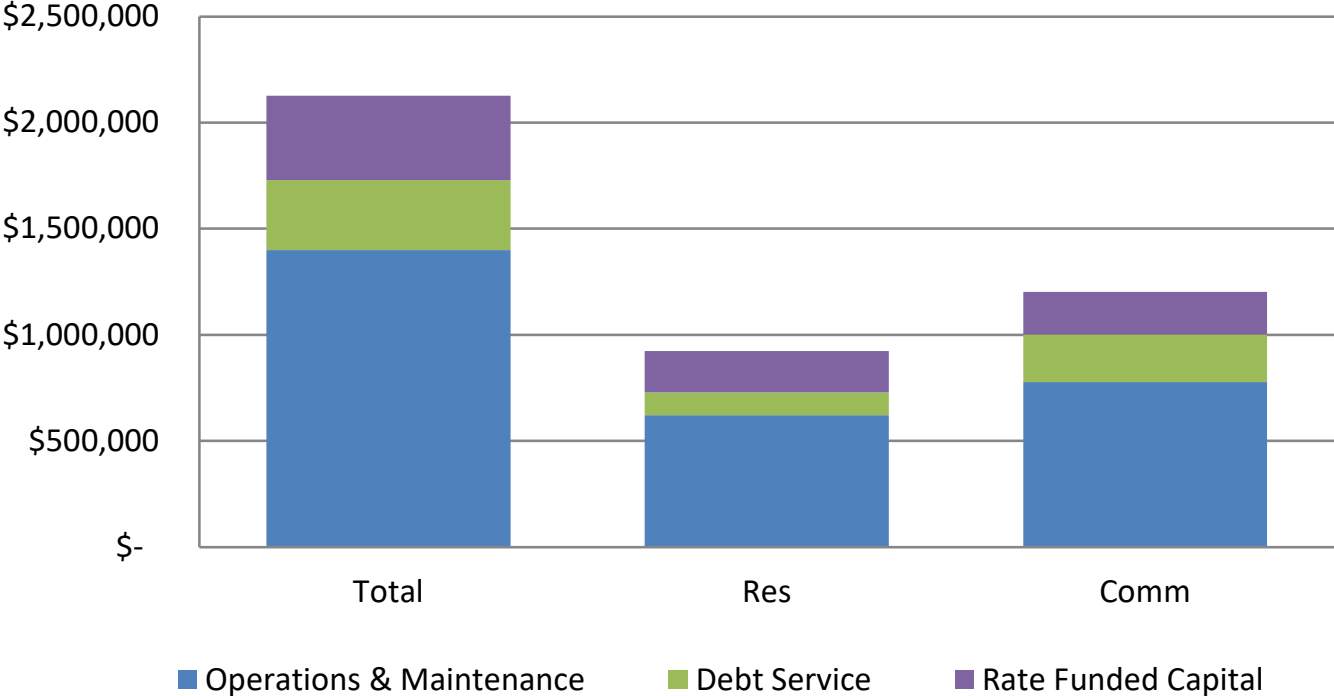
Operations & Maintenance	\$ 1,400,124
Plus: Debt Service	\$ 329,004
Plus: Rate Funded Capital	\$ 396,920
Total Revenue Requirement	<u>\$ 2,126,048</u>
Less: Other Revenue	<u>\$ 107,433</u>
Rate Requirement	<u>\$ 2,018,615</u>

Revenue Requirement

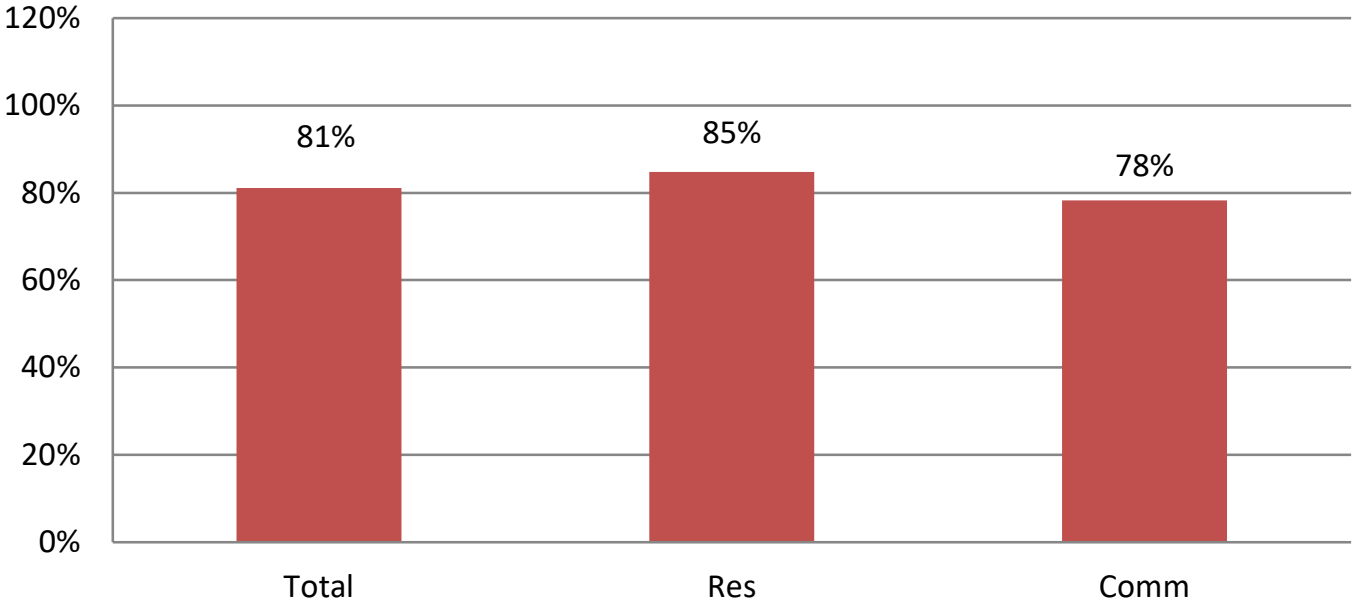


Sewer – Revenue Requirement by Class

Rev. Req. by Rate Class



Recovery by Rate Class

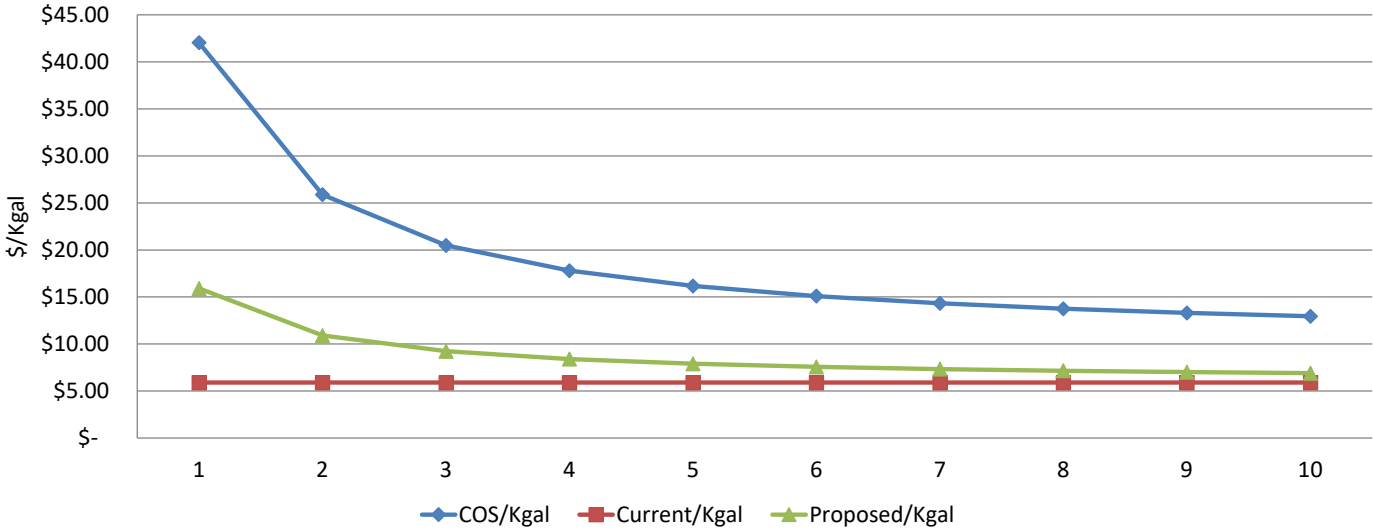


- For the test period, the Sewer system was under-recovered by \$402,000 on a \$2,126,000 revenue requirement.
- It is recommended that the City consider:
 - Residential Class –
 - Implementing a \$10.00 monthly customer charge.
 - Commercial Class –
 - Implementing a \$25.00 monthly customer charge.
 - Increasing the volumetric rate by \$1.00/kGal.
- These adjustments would bring in approximately \$219,000 of additional annual revenue.

Sewer – Residential Rate Curve

	Cost of Service	Current	Proposed	Difference
Customer Charge	\$ 32.33	\$ -	\$ 10.00	\$ 10.00
All Volume	\$ 9.71	\$ 5.90	\$ 5.90	\$ -

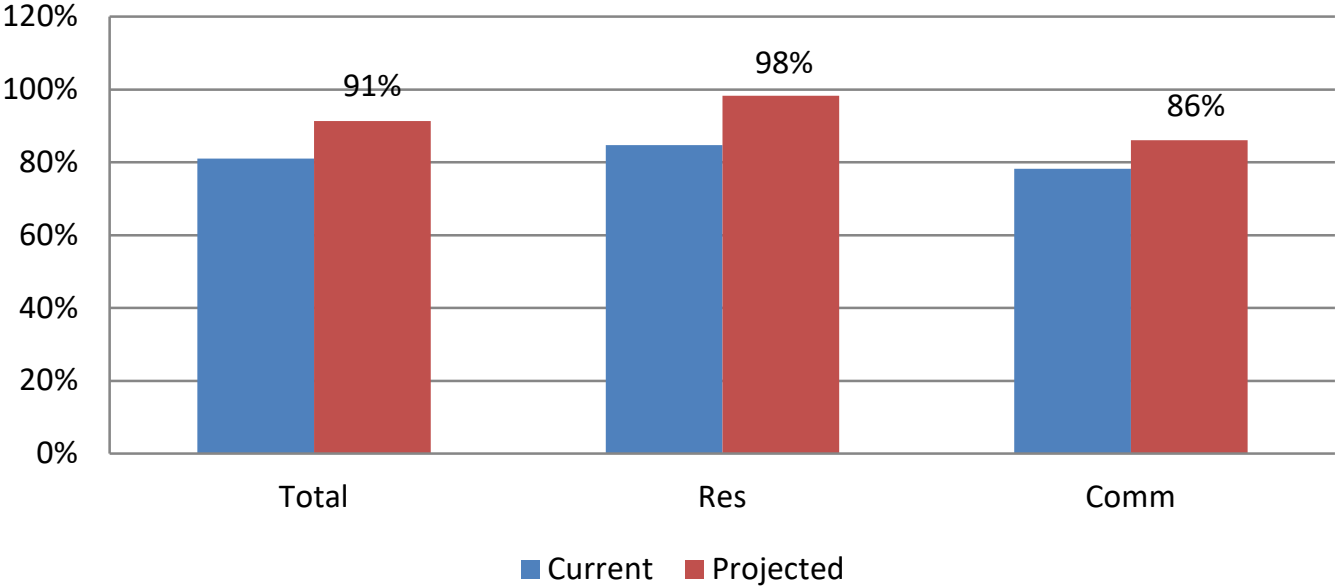
Res-Inside Cost Curve/Kgal



Sewer – Residential Rate Impact

Usage (Kgal)	COS Rates		Current Rates		Proposed Rates		Monthly Change		Daily Change		COS		Current	Proposed	Change/			
											Rate/kGal	Rate/kGal	Rate/kGal	Rate/kGal	Kgal			
1	\$	42.04	\$	5.90	\$	15.90	\$	10.00	\$	0.33	\$	42.04	\$	5.90	\$	15.90	\$	10.00
2	\$	51.75	\$	11.80	\$	21.80	\$	10.00	\$	0.33	\$	25.88	\$	5.90	\$	10.90	\$	5.00
3	\$	61.46	\$	17.70	\$	27.70	\$	10.00	\$	0.33	\$	20.49	\$	5.90	\$	9.23	\$	3.33
4	\$	71.17	\$	23.60	\$	33.60	\$	10.00	\$	0.33	\$	17.79	\$	5.90	\$	8.40	\$	2.50
5	\$	80.88	\$	29.50	\$	39.50	\$	10.00	\$	0.33	\$	16.18	\$	5.90	\$	7.90	\$	2.00
6	\$	90.59	\$	35.40	\$	45.40	\$	10.00	\$	0.33	\$	15.10	\$	5.90	\$	7.57	\$	1.67
7	\$	100.30	\$	41.30	\$	51.30	\$	10.00	\$	0.33	\$	14.33	\$	5.90	\$	7.33	\$	1.43
8	\$	110.01	\$	47.20	\$	57.20	\$	10.00	\$	0.33	\$	13.75	\$	5.90	\$	7.15	\$	1.25
9	\$	119.72	\$	53.10	\$	63.10	\$	10.00	\$	0.33	\$	13.30	\$	5.90	\$	7.01	\$	1.11
10	\$	129.43	\$	59.00	\$	69.00	\$	10.00	\$	0.33	\$	12.94	\$	5.90	\$	6.90	\$	1.00
Average Usage				3,569														

Sewer Projected Recovery by Rate Class





2024 Water Cost of Service Study
12 Months Ended March 31, 2024
City of Decherd

Summary

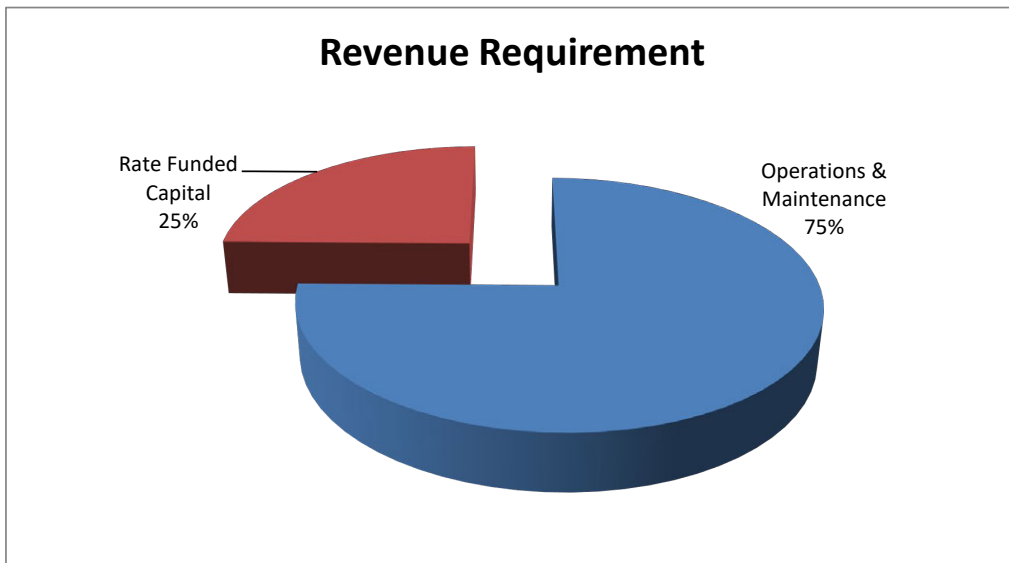
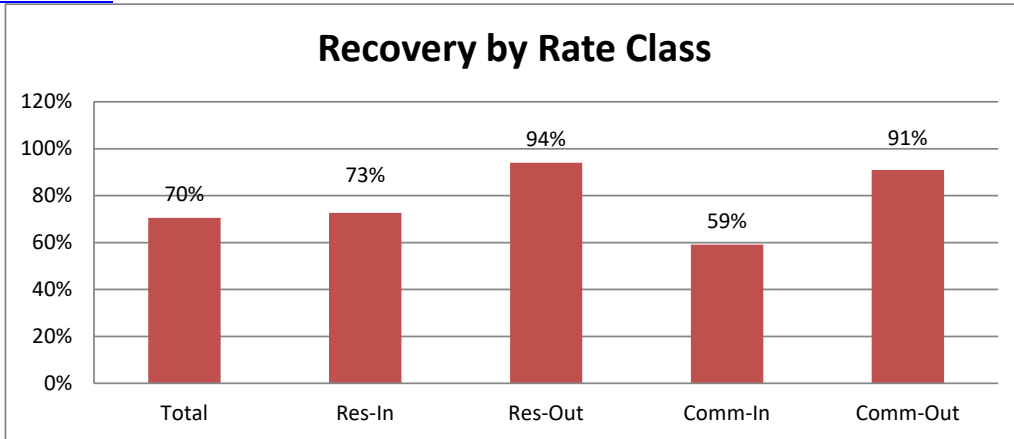
City of Decherd
 Water Cost of Service-12-Months Ending March 2024
 Summary of Cost of Service Allocation

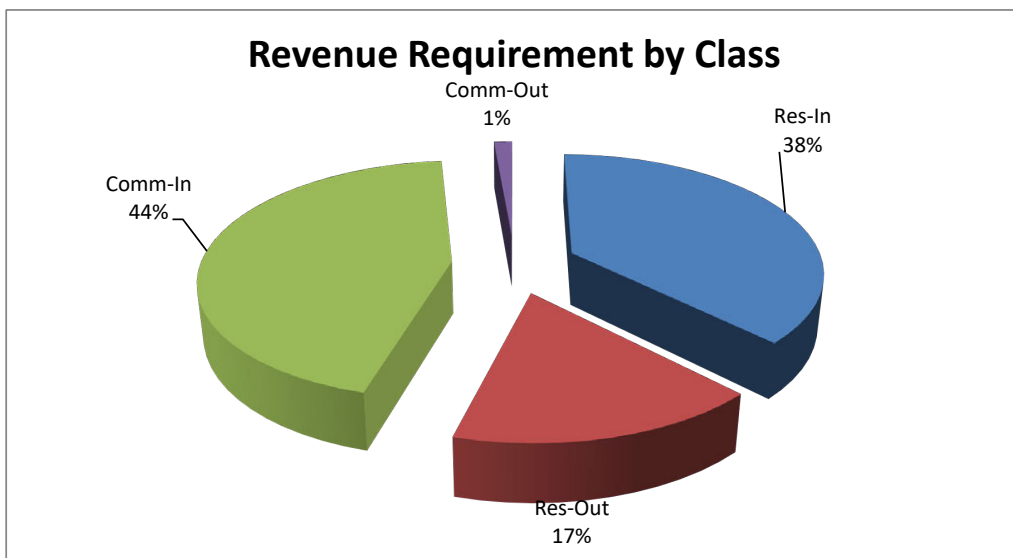
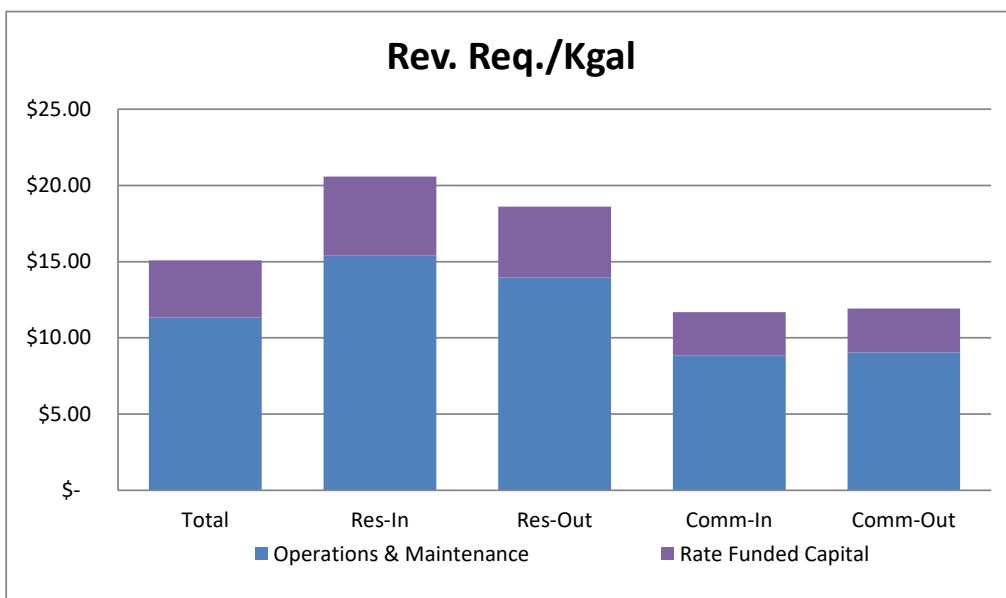
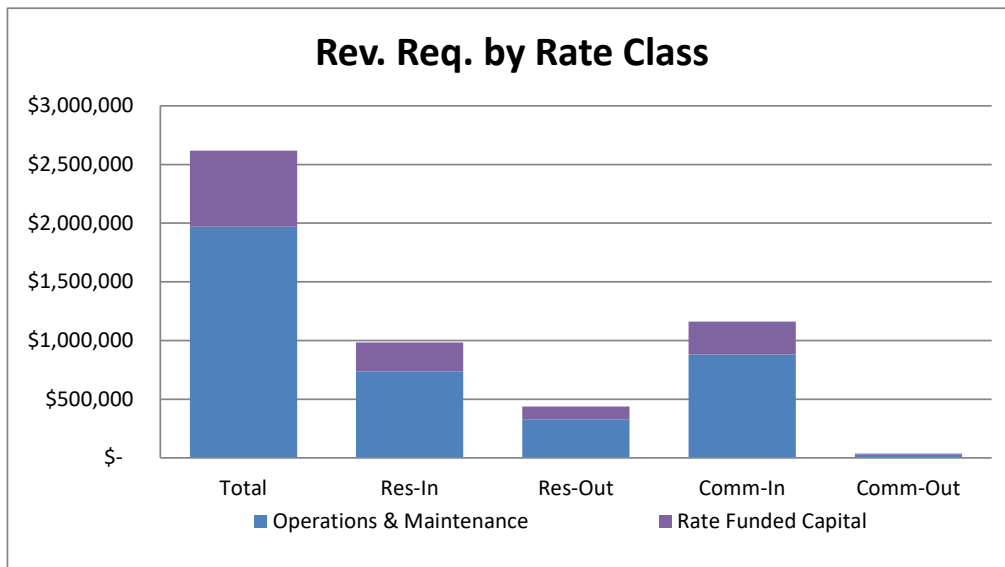
[Main Menu](#)

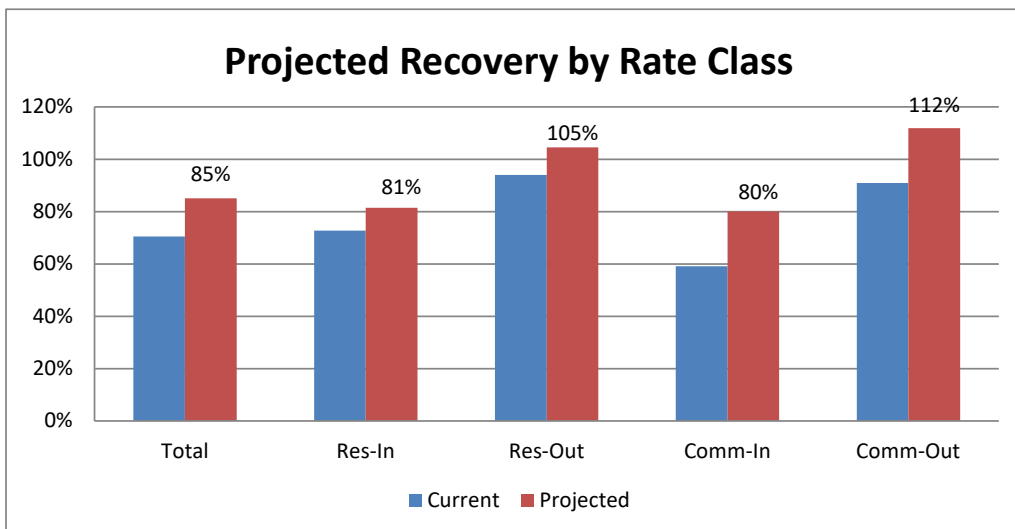
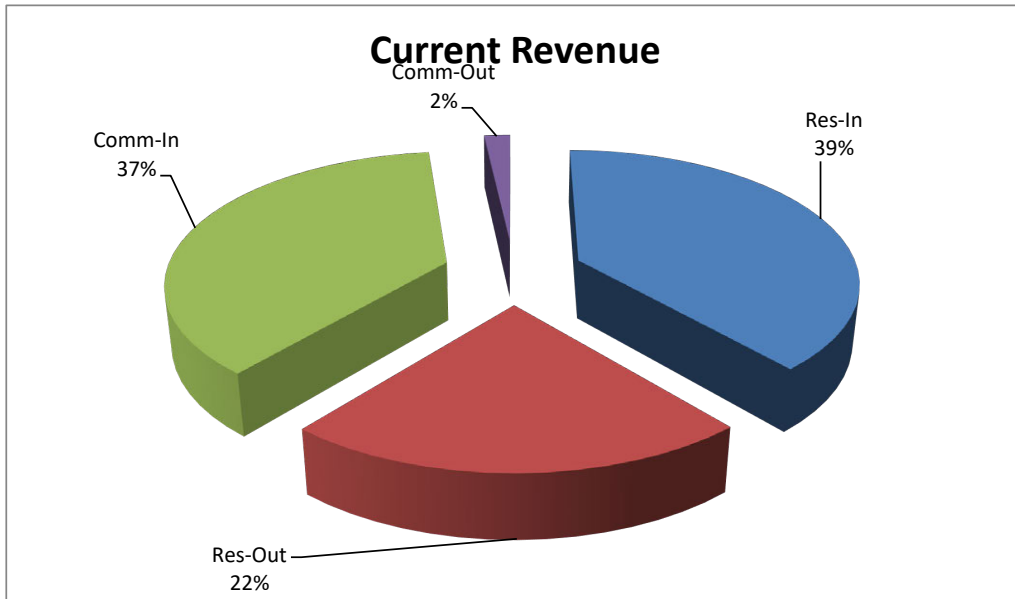
	Total	1 Res-In	2 Res-Out	3 Comm-In	4 Comm-Out	Total
TOTAL REV. REQ.						
Operations & Maintenance	\$ 1,970,721	\$ 735,355	\$ 327,716	\$ 880,469	\$ 27,181	\$ 1,970,721
Plus: Rate Funded Capital	\$ 647,400	\$ 247,704	\$ 109,576	\$ 281,394	\$ 8,726	\$ 647,400
Total Revenue Requirement	\$ 2,618,121	\$ 983,059	\$ 437,292	\$ 1,161,863	\$ 35,907	\$ 2,618,121
Less: Other Revenue	\$ 135,321	\$ 81,230	\$ 33,074	\$ 20,079	\$ 938	\$ 135,321
Rate Requirement	\$ 2,482,801	\$ 901,830	\$ 404,218	\$ 1,141,784	\$ 34,970	\$ 2,482,801
Annual Sales (Kgal)	173,684	47,778	23,496	99,400	3,009	173,684
Rate Rev. Req./Kgal	\$ 14.29	\$ 18.88	\$ 17.20	\$ 11.49	\$ 11.62	\$ 14.29
Rate Rev. Req./Customer	\$ 118.78	\$ 68.02	\$ 78.02	\$ 484.83	\$ 320.82	\$ 118.78
CUSTOMER						
	Total	Res-In	Res-Out	Comm-In	Comm-Out	Total
Operations & Maintenance	\$ 576,452	\$ 365,622	\$ 142,879	\$ 64,945	\$ 3,006	\$ 576,452
Plus: Rate Funded Capital	\$ 206,150	\$ 130,753	\$ 51,096	\$ 23,226	\$ 1,075	\$ 206,150
Total Revenue Requirement	\$ 782,602	\$ 496,375	\$ 193,975	\$ 88,170	\$ 4,081	\$ 782,602
Less: Other Revenue	\$ 135,321	\$ 81,230	\$ 33,074	\$ 20,079	\$ 938	\$ 135,321
Rate Requirement	\$ 647,281	\$ 415,146	\$ 160,901	\$ 68,092	\$ 3,143	\$ 647,281
Annual Billings	20,903	13,258	5,181	2,355	109	20,903
Calculated Customer Charge	\$ 31.31	\$ 31.06	\$ 28.91	\$ 28.84		
CONSUMPTION						
	Total	Res-In	Res-Out	Comm-In	Comm-Out	Total
Operations & Maintenance	\$ 1,394,269	\$ 369,733	\$ 184,837	\$ 815,524	\$ 24,175	\$ 1,394,269
Plus: Rate Funded Capital	\$ 441,250	\$ 116,951	\$ 58,480	\$ 258,168	\$ 7,651	\$ 441,250
Total Revenue Requirement	\$ 1,835,519	\$ 486,684	\$ 243,317	\$ 1,073,692	\$ 31,826	\$ 1,835,519
Less: Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Requirement	\$ 1,835,519	\$ 486,684	\$ 243,317	\$ 1,073,692	\$ 31,826	\$ 1,835,519
Calculated Water Rate (Kgal)	\$ 10.19	\$ 10.36	\$ 10.80	\$ 10.58		
	Total	Res-In	Res-Out	Comm-In	Comm-Out	Total
Current Rate Revenue	\$ 1,710,411	\$ 633,316	\$ 378,181	\$ 667,213	\$ 31,701	\$ 1,710,411
Over/(Under) Recovery	\$ (772,390)	\$ (268,513)	\$ (26,037)	\$ (474,571)	\$ (3,268)	\$ (772,390)
Total Revenue	\$ 1,845,731	\$ 714,546	\$ 411,255	\$ 687,292	\$ 32,639	\$ 1,845,731
Over/(Under) Recovery	\$ (772,390)	\$ (268,513)	\$ (26,037)	\$ (474,571)	\$ (3,268)	\$ (772,390)

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Summary of Results

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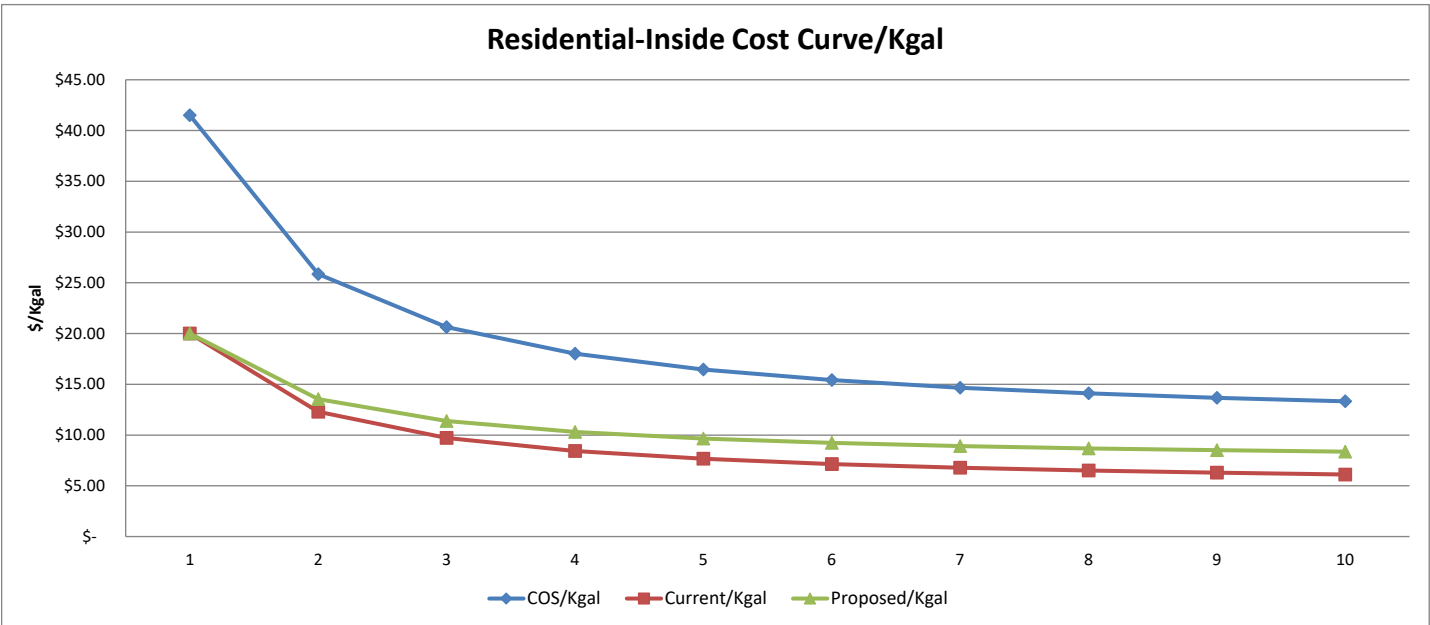






City of Decherd
 Water Cost of Service-12-Months Ending March 2024
 Res-In
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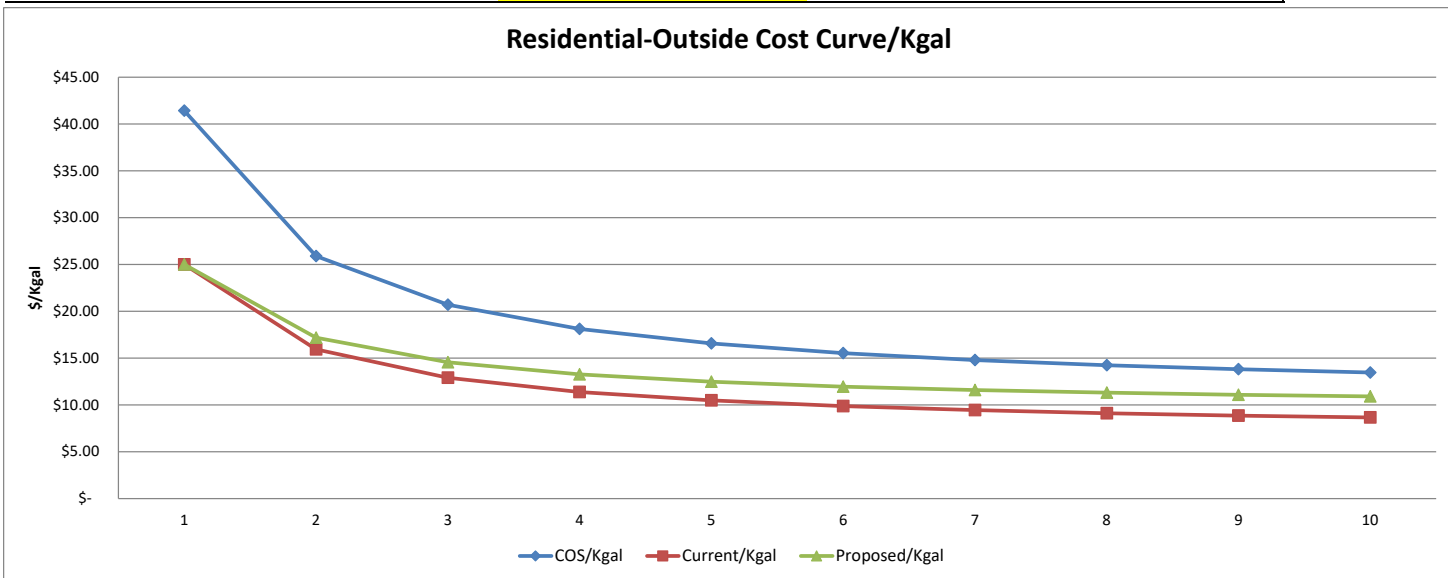
	Cost of Service	Current	Proposed	Difference
Customer Charge (incl 1,00	\$ 31.31	\$ 20.00	\$ 20.00	\$ -
All Additional	\$ 10.19	\$ 4.57	\$ 7.07	\$ 2.50



Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/Kgal
1	\$ 41.50	\$ 20.00	\$ 20.00	\$ -	\$ -	\$ 41.50	\$ 20.00	\$ 20.00	\$ -
2	\$ 51.69	\$ 24.57	\$ 27.07	\$ 2.50	\$ 0.08	\$ 25.85	\$ 12.29	\$ 13.54	\$ 1.25
3	\$ 61.88	\$ 29.14	\$ 34.14	\$ 5.00	\$ 0.17	\$ 20.63	\$ 9.71	\$ 11.38	\$ 1.67
4	\$ 72.07	\$ 33.71	\$ 41.21	\$ 7.50	\$ 0.25	\$ 18.02	\$ 8.43	\$ 10.30	\$ 1.88
5	\$ 82.26	\$ 38.28	\$ 48.28	\$ 10.00	\$ 0.33	\$ 16.45	\$ 7.66	\$ 9.66	\$ 2.00
6	\$ 92.45	\$ 42.85	\$ 55.35	\$ 12.50	\$ 0.42	\$ 15.41	\$ 7.14	\$ 9.23	\$ 2.08
7	\$ 102.64	\$ 47.42	\$ 62.42	\$ 15.00	\$ 0.50	\$ 14.66	\$ 6.77	\$ 8.92	\$ 2.14
8	\$ 112.83	\$ 51.99	\$ 69.49	\$ 17.50	\$ 0.58	\$ 14.10	\$ 6.50	\$ 8.69	\$ 2.19
9	\$ 123.02	\$ 56.56	\$ 76.56	\$ 20.00	\$ 0.67	\$ 13.67	\$ 6.28	\$ 8.51	\$ 2.22
10	\$ 133.21	\$ 61.13	\$ 83.63	\$ 22.50	\$ 0.75	\$ 13.32	\$ 6.11	\$ 8.36	\$ 2.25
Average Usage		3,604							

City of Dechard
 Water Cost of Service-12-Months Ending March 2024
 Res-Out
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	Cost of Service	Current	Proposed	Difference
Customer Charge (incl 1,000 gals)	\$ 31.06	\$ 25.00	\$ 25.00	\$ -
All Additional	\$ 10.36	\$ 6.85	\$ 9.35	\$ 2.50

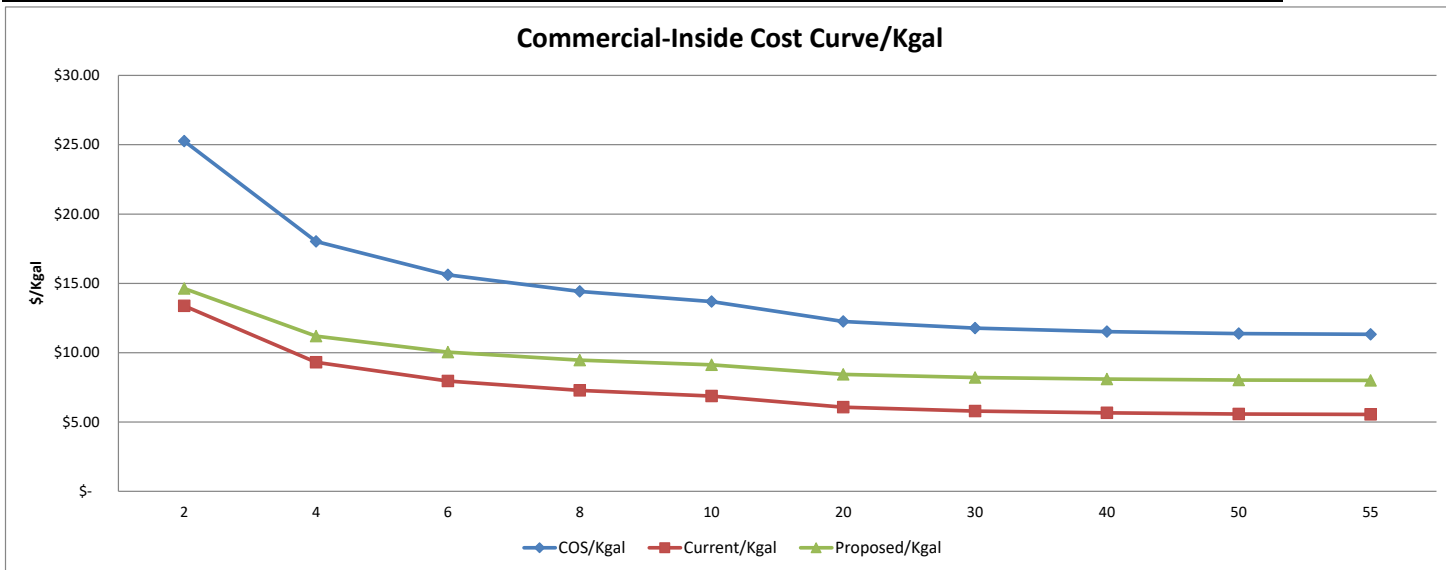


Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/Kgal
1	\$ 41.42	\$ 25.00	\$ 25.00	\$ -	\$ -	\$ 41.42	\$ 25.00	\$ 25.00	\$ -
2	\$ 51.78	\$ 31.85	\$ 34.35	\$ 2.50	\$ 0.08	\$ 25.89	\$ 15.93	\$ 17.18	\$ 1.25
3	\$ 62.14	\$ 38.70	\$ 43.70	\$ 5.00	\$ 0.17	\$ 20.71	\$ 12.90	\$ 14.57	\$ 1.67
4	\$ 72.50	\$ 45.55	\$ 53.05	\$ 7.50	\$ 0.25	\$ 18.12	\$ 11.39	\$ 13.26	\$ 1.88
5	\$ 82.86	\$ 52.40	\$ 62.40	\$ 10.00	\$ 0.33	\$ 16.57	\$ 10.48	\$ 12.48	\$ 2.00
6	\$ 93.22	\$ 59.25	\$ 71.75	\$ 12.50	\$ 0.42	\$ 15.54	\$ 9.88	\$ 11.96	\$ 2.08
7	\$ 103.58	\$ 66.10	\$ 81.10	\$ 15.00	\$ 0.50	\$ 14.80	\$ 9.44	\$ 11.59	\$ 2.14
8	\$ 113.94	\$ 72.95	\$ 90.45	\$ 17.50	\$ 0.58	\$ 14.24	\$ 9.12	\$ 11.31	\$ 2.19
9	\$ 124.30	\$ 79.80	\$ 99.80	\$ 20.00	\$ 0.67	\$ 13.81	\$ 8.87	\$ 11.09	\$ 2.22
10	\$ 134.66	\$ 86.65	\$ 109.15	\$ 22.50	\$ 0.75	\$ 13.47	\$ 8.67	\$ 10.92	\$ 2.25
Average Usage		4,535							

Proposed Increase in Customer Revenue	\$ -
Proposed Increase in Usage Revenue	\$ 45,788
Proposed Increase in Revenue	\$ 45,788
Current Recovery	\$ (26,037)

City of Decherd
 Water Cost of Service-12-Months Ending March 2024
 Comm-In
[Main Menu](#)

	Cost of Service	Current	Proposed	Difference
Customer Charge (incl 1,000 gals)	\$ 28.91	\$ 21.50	\$ 21.50	\$ -
All Additional	\$ 10.80	\$ 5.25	\$ 7.75	\$ 2.50

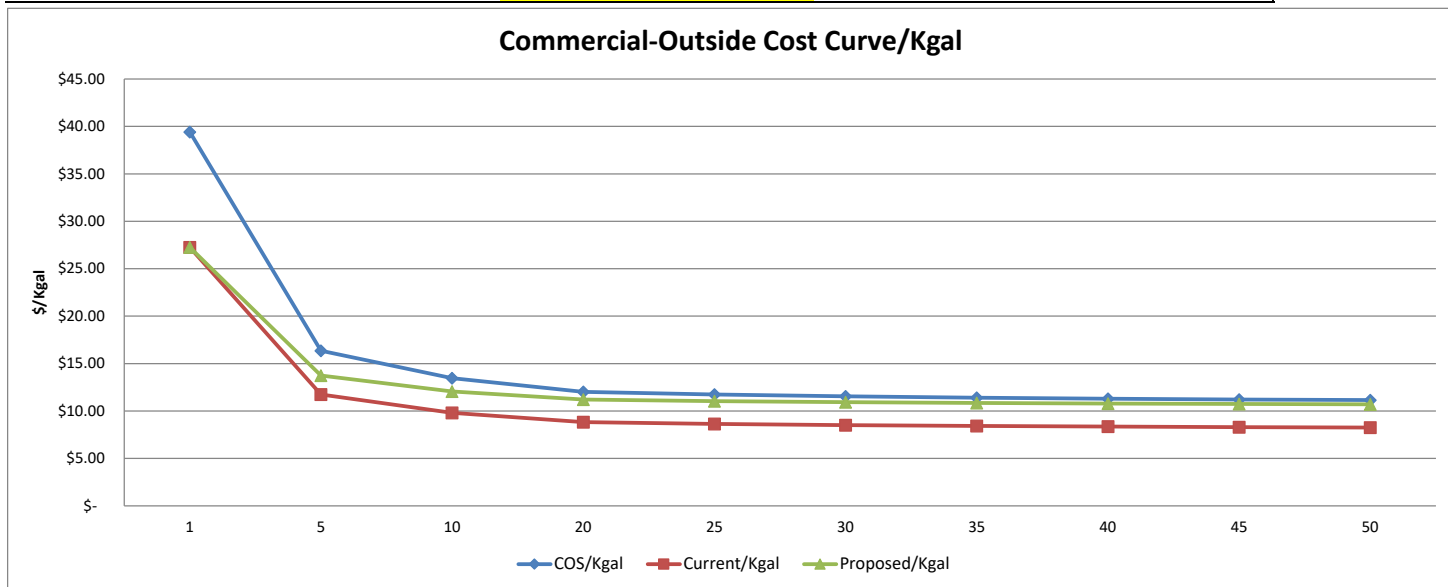


Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/kGal
2	\$ 50.51	\$ 26.75	\$ 29.25	\$ 2.50	\$ 0.08	\$ 25.26	\$ 13.38	\$ 14.63	\$ 1.25
4	\$ 72.11	\$ 37.25	\$ 44.75	\$ 7.50	\$ 0.25	\$ 18.03	\$ 9.31	\$ 11.19	\$ 1.88
6	\$ 93.71	\$ 47.75	\$ 60.25	\$ 12.50	\$ 0.42	\$ 15.62	\$ 7.96	\$ 10.04	\$ 2.08
8	\$ 115.31	\$ 58.25	\$ 75.75	\$ 17.50	\$ 0.58	\$ 14.41	\$ 7.28	\$ 9.47	\$ 2.19
10	\$ 136.91	\$ 68.75	\$ 91.25	\$ 22.50	\$ 0.75	\$ 13.69	\$ 6.88	\$ 9.13	\$ 2.25
20	\$ 244.91	\$ 121.25	\$ 168.75	\$ 47.50	\$ 1.58	\$ 12.25	\$ 6.06	\$ 8.44	\$ 2.38
30	\$ 352.91	\$ 173.75	\$ 246.25	\$ 72.50	\$ 2.42	\$ 11.76	\$ 5.79	\$ 8.21	\$ 2.42
40	\$ 460.91	\$ 226.25	\$ 323.75	\$ 97.50	\$ 3.25	\$ 11.52	\$ 5.66	\$ 8.09	\$ 2.44
50	\$ 568.91	\$ 278.75	\$ 401.25	\$ 122.50	\$ 4.08	\$ 11.38	\$ 5.58	\$ 8.03	\$ 2.45
55	\$ 622.91	\$ 305.00	\$ 440.00	\$ 135.00	\$ 4.50	\$ 11.33	\$ 5.55	\$ 8.00	\$ 2.45
Average Usage		42,208							

Proposed Increase in Customer Revenue	\$ -
Proposed Increase in Usage Revenue	\$ 242,614
Proposed Increase in Revenue	<u>\$ 242,614</u>
Current Recovery	\$ (474,571)

City of Decherd
 Water Cost of Service-12-Months Ending March 2024
 Comm-Out
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	Cost of Service	Current	Proposed	Difference
Customer Charge (incl 1,000 gals)	\$ 28.84	\$ 27.25	\$ 27.25	\$ -
All Additional	\$ 10.58	\$ 7.87	\$ 10.37	\$ 2.50



Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/Kgal
1	\$ 39.42	\$ 27.25	\$ 27.25	\$ -	\$ -	\$ 39.42	\$ 27.25	\$ 27.25	\$ -
5	\$ 81.74	\$ 58.73	\$ 68.73	\$ 10.00	\$ 0.33	\$ 16.35	\$ 11.75	\$ 13.75	\$ 2.00
10	\$ 134.64	\$ 98.08	\$ 120.58	\$ 22.50	\$ 0.75	\$ 13.46	\$ 9.81	\$ 12.06	\$ 2.25
20	\$ 240.44	\$ 176.78	\$ 224.28	\$ 47.50	\$ 1.58	\$ 12.02	\$ 8.84	\$ 11.21	\$ 2.38
25	\$ 293.34	\$ 216.13	\$ 276.13	\$ 60.00	\$ 2.00	\$ 11.73	\$ 8.65	\$ 11.05	\$ 2.40
30	\$ 346.24	\$ 255.48	\$ 327.98	\$ 72.50	\$ 2.42	\$ 11.54	\$ 8.52	\$ 10.93	\$ 2.42
35	\$ 399.14	\$ 294.83	\$ 379.83	\$ 85.00	\$ 2.83	\$ 11.40	\$ 8.42	\$ 10.85	\$ 2.43
40	\$ 452.04	\$ 334.18	\$ 431.68	\$ 97.50	\$ 3.25	\$ 11.30	\$ 8.35	\$ 10.79	\$ 2.44
45	\$ 504.94	\$ 373.53	\$ 483.53	\$ 110.00	\$ 3.67	\$ 11.22	\$ 8.30	\$ 10.75	\$ 2.44
50	\$ 557.84	\$ 412.88	\$ 535.38	\$ 122.50	\$ 4.08	\$ 11.16	\$ 8.26	\$ 10.71	\$ 2.45
Average Usage		27,606							

Proposed Increase in Customer Revenue	\$ -
Proposed Increase in Usage Revenue	\$ 7,523
Proposed Increase in Revenue	<u>\$ 7,523</u>
Current Recovery	\$ (3,268)

Billing Data

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Customer Billing Data

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Customer Billings	101 Res-In	102 Res-Out	106 Comm-In	107 Comm-Out	Total
Jan-24	1,137	438	196	9	1,780
Feb-24	1,108	434	193	9	1,744
Mar-24	1,114	433	193	9	1,749
Apr-23	1,085	425	198	9	1,717
May-23	1,091	425	195	9	1,720
Jun-23	1,080	429	195	9	1,713
Jul-23	1,111	447	198	10	1,766
Aug-23	1,097	425	197	9	1,728
Sep-23	1,116	430	200	9	1,755
Oct-23	1,107	431	202	9	1,749
Nov-23	1,106	431	195	9	1,741
Dec-23	1,106	433	193	9	1,741
Total Customers	13,258	5,181	2,355	109	20,903
Commercial			2,355	109	2,464
Weighting Factor	2.00	2.00	1.00	1.00	
Weighted Customers	26,516	10,362	2,355	109	39,342

AF

21	Total Customers	63%	25%	11%	1%	100%
23	Commercial	0%	0%	96%	4%	100%
25	Weighted Customers	67%	26%	6%	0%	100%

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Water Billing Data

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Water Volume	101 Res-In	102 Res-Out	106 Comm-In	107 Comm-Out	Total	Production
Jan-24	3,288,700	1,738,600	6,922,500	295,400	12,245,200	33,124,000
Feb-24	5,693,800	2,056,300	6,832,000	345,000	14,927,100	30,757,000
Mar-24	3,311,800	1,559,000	5,098,200	182,900	10,151,900	31,186,000
Apr-23	2,475,400	2,054,500	6,661,900	5,300	11,197,100	32,608,000
May-23	5,199,700	2,716,800	7,159,600	180,400	15,256,500	33,393,000
Jun-23	4,088,900	1,905,800	9,908,400	227,900	16,131,000	32,898,000
Jul-23	4,629,800	2,178,700	9,329,900	274,300	16,412,700	35,086,000
Aug-23	3,708,700	1,613,300	8,145,900	243,000	13,710,900	34,995,000
Sep-23	4,340,400	2,136,500	11,459,200	376,300	18,312,400	35,244,000
Oct-23	2,636,400	1,331,000	6,912,200	233,800	11,113,400	34,992,000
Nov-23	5,172,400	2,708,300	13,293,700	374,400	21,548,800	26,649,000
Dec-23	3,232,100	1,497,500	7,676,900	270,400	12,676,900	33,302,000
Total Water Sales	47,778,100	23,496,300	99,400,400	3,009,100	173,683,900	394,234,000
1-CP	5,172,400	2,708,300	13,293,700	374,400	21,548,800	
12-NCP	5,693,800	2,716,800	13,293,700	376,300	22,080,600	

AF

30	Total Water Sales	28%	14%	57%	2%	100%
33	1-CP	24%	13%	62%	2%	100%
34	12-NCP	26%	12%	60%	2%	100%

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Average Usage per Customer

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	101	102	106	107
	Res-In	Res-Out	Comm-In	Comm-Out
Jan-24	2,892	3,969	35,319	32,822
Feb-24	5,139	4,738	35,399	38,333
Mar-24	2,973	3,600	26,416	20,322
Apr-23	2,281	4,834	33,646	589
May-23	4,766	6,392	36,716	20,044
Jun-23	3,786	4,442	50,812	25,322
Jul-23	4,167	4,874	47,121	27,430
Aug-23	2,403	3,796	41,350	27,000
Sep-23	3,889	4,969	57,296	41,811
Oct-23	2,382	3,088	34,219	25,978
Nov-23	4,677	6,284	68,173	41,600
Dec-23	2,922	3,458	39,777	30,044
Average	3,523	4,537	42,187	27,608
Summer Average (Jun-Oct)	3,325	4,234	46,160	29,508
Winter Average	3,664	4,754	39,349	26,251
Percent Summer of Average	94%	93%	109%	107%

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Revenue Billing Data

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Revenue Billings	101 Res-In	102 Res-Out	106 Comm-In	107 Comm-Out	Total
Jan-24	\$ 44,251	\$ 26,502	\$ 42,062	\$ 2,688	\$ 115,502
Feb-24	\$ 54,631	\$ 28,605	\$ 40,860	\$ 3,066	\$ 127,162
Mar-24	\$ 44,062	\$ 25,211	\$ 32,430	\$ 1,792	\$ 103,494
Apr-23	\$ 39,687	\$ 28,625	\$ 40,735	\$ 411	\$ 109,458
May-23	\$ 51,786	\$ 32,557	\$ 43,244	\$ 1,779	\$ 129,367
Jun-23	\$ 46,361	\$ 27,259	\$ 57,678	\$ 2,156	\$ 133,454
Jul-23	\$ 49,095	\$ 29,398	\$ 54,684	\$ 2,549	\$ 135,725
Aug-23	\$ 45,305	\$ 25,391	\$ 48,516	\$ 2,270	\$ 121,482
Sep-23	\$ 48,450	\$ 29,134	\$ 65,945	\$ 3,324	\$ 146,853
Oct-23	\$ 40,496	\$ 23,613	\$ 42,200	\$ 2,208	\$ 108,518
Nov-23	\$ 52,123	\$ 33,030	\$ 75,424	\$ 3,298	\$ 163,875
Dec-23	\$ 43,430	\$ 24,885	\$ 45,856	\$ 2,474	\$ 116,646
Total Revenue	\$ 559,678	\$ 334,208	\$ 589,634	\$ 28,015	\$ 1,511,535
					Booked Revenue
					\$ 1,710,411

AF

50 Total Revenue	37%	22%	39%	2%	100%
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City of Decherd
Water Cost of Service-12-Months Ending March 2024
Revenue per Kgal

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	1	2	3	4
	Res-In	Res-Out	Comm-In	Comm-Out
Jan-24	\$ 13.46	\$ 15.24	\$ 6.08	\$ 9.10
Feb-24	\$ 9.59	\$ 13.91	\$ 5.98	\$ 8.89
Mar-24	\$ 13.30	\$ 16.17	\$ 6.36	\$ 9.80
Apr-23	\$ 16.03	\$ 13.93	\$ 6.11	\$ 77.50
May-23	\$ 9.96	\$ 11.98	\$ 6.04	\$ 9.86
Jun-23	\$ 11.34	\$ 14.30	\$ 5.82	\$ 9.46
Jul-23	\$ 10.60	\$ 13.49	\$ 5.86	\$ 9.29
Aug-23	\$ 17.18	\$ 19.08	\$ 7.02	\$ 9.71
Sep-23	\$ 11.16	\$ 13.64	\$ 5.75	\$ 8.83
Oct-23	\$ 15.36	\$ 17.74	\$ 6.11	\$ 9.44
Nov-23	\$ 10.08	\$ 12.20	\$ 5.67	\$ 8.81
Dec-23	\$ 13.44	\$ 16.62	\$ 5.97	\$ 9.15
Average	\$ 11.71	\$ 14.22	\$ 5.93	\$ 9.31

City of Decherd
 Water Cost of Service-12-Months Ending March 2024
 Allocation of Other Revenues
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	Actual	Adj.	Test Yr.		Res-In	Res-Out	Comm-In	Comm-Out	Total		Res-In	Res-Out	Comm-In	Comm-Out	Total
Operating Income										Cust					
Service Charges	\$ 4,981	\$ (2,039)	\$ 2,942	21	\$ 1,866	\$ 729	\$ 331	\$ 15	\$ 2,942 *	100%	\$ 1,866	\$ 729	\$ 331	\$ 15	\$ 2,942
Credit Card % Fee	\$ 3,860	\$ (1,580)	\$ 2,280	21	\$ 1,446	\$ 565	\$ 257	\$ 12	\$ 2,280 *	100%	\$ 1,446	\$ 565	\$ 257	\$ 12	\$ 2,280
Late Charges	\$ 32,532	\$ (13,316)	\$ 19,216	21	\$ 12,188	\$ 4,763	\$ 2,165	\$ 100	\$ 19,216 *	100%	\$ 12,188	\$ 4,763	\$ 2,165	\$ 100	\$ 19,216
Industrial User Fee	\$ 15,004	\$ (6,142)	\$ 8,863	21	\$ 5,621	\$ 2,197	\$ 999	\$ 46	\$ 8,863 *	100%	\$ 5,621	\$ 2,197	\$ 999	\$ 46	\$ 8,863
Fire Hydrant Rental	\$ 70,000		\$ 70,000	21	\$ 44,398	\$ 17,350	\$ 7,886	\$ 365	\$ 70,000 *	100%	\$ 44,398	\$ 17,350	\$ 7,886	\$ 365	\$ 70,000
Sprinkler System Fee	\$ 124		\$ 124	21	\$ 78	\$ 31	\$ 14	\$ 1	\$ 124 *	100%	\$ 78	\$ 31	\$ 14	\$ 1	\$ 124
Water Taps	\$ 13,506		\$ 13,506	21	\$ 8,566	\$ 3,348	\$ 1,522	\$ 70	\$ 13,506 *	100%	\$ 8,566	\$ 3,348	\$ 1,522	\$ 70	\$ 13,506
Misc Receipts	\$ 1,640	\$ (671)	\$ 969	21	\$ 614	\$ 240	\$ 109	\$ 5	\$ 969 *	100%	\$ 614	\$ 240	\$ 109	\$ 5	\$ 969
Subtotal Operating	\$ 141,647	\$ (23,748)	\$ 117,899		\$ 74,779	\$ 29,222	\$ 13,283	\$ 615	\$ 117,899 *		\$ 74,779	\$ 29,222	\$ 13,283	\$ 615	\$ 117,899
Non-Operating Income															
Interest Income	\$ 29,493	\$ (12,072)	\$ 17,421	50	\$ 6,451	\$ 3,852	\$ 6,796	\$ 323	\$ 17,421 *	100%	\$ 6,451	\$ 3,852	\$ 6,796	\$ 323	\$ 17,421
State Grants	\$ 3,388	\$ (3,388)	\$ -	21	\$ -	\$ -	\$ -	\$ -	\$ - *	100%	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ 8,211	\$ (8,211)	\$ -	21	\$ -	\$ -	\$ -	\$ -	\$ - *	100%	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Non-Operating	\$ 41,092	\$ (23,671)	\$ 17,421		\$ 6,451	\$ 3,852	\$ 6,796	\$ 323	\$ 17,421 *		\$ 6,451	\$ 3,852	\$ 6,796	\$ 323	\$ 17,421
Total Other Revenue	\$ 182,739	\$ (47,419)	\$ 135,321		\$ 81,230	\$ 33,074	\$ 20,079	\$ 938	\$ 135,321 *		\$ 81,230	\$ 33,074	\$ 20,079	\$ 938	\$ 135,321
					60%	24%	15%	1%	100%		60%	24%	15%	1%	100%

Allocation Factors

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation Factors

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	1	2	3	4	Total		121,822,800	51,861,100		173,683,900	
	Res-In	Res-Out	Comm-In	Comm-Out			Base	Ex-Cap	Cust	Total	
CUSTOMER											
Res-In	1	100%	0%	0%	0%	100% *	Load Curve	70%	30%	100%	
Res-Out	2	0%	100%	0%	0%	100% *	MSC	46%	19%	35%	100%
Comm-In	3	0%	0%	100%	0%	100% *	FP	60%	25%	100%	
Comm-Out	4	0%	0%	0%	100%	100% *	All	35%	15%	35%	100%
Total Customers	21	63%	25%	11%	1%	100% *					
Retail Customers	22	63%	25%	11%	1%	100% *	Plant Capacity (MGD)	Avg Day	Capacity		
Commercial	23	0%	0%	96%	4%	100% *		1.03	2.00		
Customers Rate Base	24	64%	25%	11%	0%	100% *					
Weighted Customers	25	67%	26%	6%	0%	100% *	Production Curve	52%	48%	100%	
BASE/EXTRA CAPACITY											
Total Water Sales	30	28%	14%	57%	2%	100% *					
1-CP	33	24%	13%	62%	2%	100% *					
12-NCP	34	26%	12%	60%	2%	100% *					
Production CP	37	24%	12%	63%	2%	100% *					
REVENUE											
Total Revenue	50	37%	22%	39%	2%	100% *					
PLANT											
Treat & Dist Plant	60	39%	17%	43%	1%	100% *					
General Plant	61	41%	18%	39%	1%	100% *					
Total Utility Plant	62	39%	17%	42%	1%	100% *					
Net Utility Plant	63	39%	17%	43%	1%	100% *					

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Development of Minimum System

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<u>Size</u>	<u>Feet</u>	<u>\$/Foot</u>	<u>Extended Cost</u>
0.75	1,323	\$ 0.84	\$ 1,111
1	1,947	\$ 1.26	\$ 2,453
2	93,004	\$ 7.79	\$ 724,501
4	54,896	\$ 6.60	\$ 362,314
6	200,888	\$ 10.50	\$ 2,109,324
8	18,370	\$ 17.62	\$ 323,679
10	775	\$ 27.26	\$ 21,127
12	11,765	\$ 38.38	\$ 451,541
	<u>382,968</u>		<u>\$ 3,996,050</u>
Miles	<u>73</u>		

Minimum Plant	382,968	\$ 7.79	\$ 2,983,321
Minimum System Percentage			35%

Plant

City of Dechard
 Water Cost of Service-12-Months Ending March 2024

Classification of Plant

[Main Menu](#)

	Actual	Adj.	Test Yr.	Base	Ex-Cap	Cust	Total	Description	Base	Ex-Cap	Cust	Total
Treatment												
Water Treatment	\$ 310,278		\$ 310,278	70%	30%	0%	100%	As SLC	\$ 217,631	\$ 92,647	\$ -	\$ 310,278
Subtotal Treatment	\$ 310,278		\$ 310,278						\$ 217,631	\$ 92,647	\$ -	\$ 310,278
				70%	30%	0%						
Distribution												
Water Equipment	\$ 130,714		\$ 130,714	46%	19%	35%	100%	As SLC/MSC	\$ 59,594	\$ 25,370	\$ 45,750	\$ 130,714
Tanks	\$ 214,844		\$ 214,844	46%	19%	35%	100%	As SLC/MSC	\$ 97,950	\$ 41,698	\$ 75,195	\$ 214,844
Lines & Extensions	\$ 5,230,394		\$ 5,230,394	46%	19%	35%	100%	As SLC/MSC	\$ 2,384,607	\$ 1,015,149	\$ 1,830,638	\$ 5,230,394
Distribution	\$ 599,151		\$ 599,151	46%	19%	35%	100%	As SLC/MSC	\$ 273,161	\$ 116,287	\$ 209,703	\$ 599,151
Booster Station	\$ 267,826		\$ 267,826	46%	19%	35%	100%	As SLC/MSC	\$ 122,106	\$ 51,981	\$ 93,739	\$ 267,826
Water System Improvement	\$ 238,822		\$ 238,822	46%	19%	35%	100%	As SLC/MSC	\$ 108,882	\$ 46,352	\$ 83,588	\$ 238,822
Utility Relocation	\$ 826,162		\$ 826,162	46%	19%	35%	100%	As SLC/MSC	\$ 376,658	\$ 160,347	\$ 289,157	\$ 826,162
Hydrant Assembly	\$ 2,260		\$ 2,260	46%	19%	35%	100%	As SLC/MSC	\$ 1,030	\$ 439	\$ 791	\$ 2,260
Old Dechard Force	\$ 131,410		\$ 131,410	46%	19%	35%	100%	As SLC/MSC	\$ 59,912	\$ 25,505	\$ 45,994	\$ 131,410
4" Valve & Insert	\$ 7,211		\$ 7,211	46%	19%	35%	100%	As SLC/MSC	\$ 3,288	\$ 1,400	\$ 2,524	\$ 7,211
Land- Tank	\$ 2,500		\$ 2,500	46%	19%	35%	100%	As SLC/MSC	\$ 1,140	\$ 485	\$ 875	\$ 2,500
Cumberland Way Apartments	\$ 241,084	\$ (98,680)	\$ 142,404	46%	19%	35%	100%	As SLC/MSC	\$ 64,924	\$ 27,639	\$ 49,841	\$ 142,404
Buildings	\$ 244,796		\$ 244,796	46%	19%	35%	100%	As SLC/MSC	\$ 111,606	\$ 47,512	\$ 85,679	\$ 244,796
Subtotal Distribution	\$ 8,137,173	\$ (98,680)	\$ 8,038,492						\$ 3,664,857	\$ 1,560,164	\$ 2,813,472	\$ 8,038,492
				46%	19%	35%						
Subtotal Outside Plant	\$ 8,447,451	\$ (98,680)	\$ 8,348,770						\$ 3,882,487	\$ 1,652,811	\$ 2,813,472	\$ 8,348,770
				47%	20%	34%						
General Plant												
Admin Equipment	\$ 13,243	\$ (5,420)	\$ 7,822	0%	0%	100%	100%		\$ -	\$ -	\$ 7,822	\$ 7,822
Vehicles	\$ 107,670	\$ (44,072)	\$ 63,599	47%	20%	34%	100%	As Outside Plt	\$ 29,576	\$ 12,591	\$ 21,432	\$ 63,599
Buildings	\$ 100,416	\$ (41,102)	\$ 59,314	0%	0%	100%	100%		\$ -	\$ -	\$ 59,314	\$ 59,314
Water & Sewer Equipment	\$ 137,096	\$ (56,116)	\$ 80,980	47%	20%	34%	100%	As Outside Plt	\$ 37,659	\$ 16,032	\$ 27,290	\$ 80,980
Land	\$ 726,149	\$ (297,227)	\$ 428,922	47%	20%	34%	100%	As Outside Plt	\$ 199,465	\$ 84,914	\$ 144,543	\$ 428,922
Water Truck	\$ 18,300		\$ 18,300	47%	20%	34%	100%	As Outside Plt	\$ 8,510	\$ 3,623	\$ 6,167	\$ 18,300
Subtotal General Plant	\$ 1,102,873	\$ (443,937)	\$ 658,936						\$ 275,209	\$ 117,159	\$ 266,568	\$ 658,936
				42%	18%	40%						
Total Utility Plant in Service	\$ 9,550,324	\$ (542,618)	\$ 9,007,707						\$ 4,157,696	\$ 1,769,970	\$ 3,080,040	\$ 9,007,707
				46%	20%	34%						
Constr. Work in Progress	\$ -	\$ -	\$ -	0%	0%	100%	100%		\$ -	\$ -	\$ -	\$ -
Total Utility Plant	\$ 9,550,324	\$ (542,618)	\$ 9,007,707						\$ 4,157,696	\$ 1,769,970	\$ 3,080,040	\$ 9,007,707
				46%	20%	34%						
Accum. Depr.	\$ 4,475,340		\$ 4,475,340	46%	20%	34%	100%	As TUPIS	\$ 2,065,687	\$ 879,382	\$ 1,530,270	\$ 4,475,340
Accum Depr - Gen Plant	\$ 284,413	\$ (116,416)	\$ 167,997	42%	18%	40%	100%	As Gen Plt	\$ 70,165	\$ 29,870	\$ 67,962	\$ 167,997
Accumulated Depreciation	\$ 4,759,753	\$ (116,416)	\$ 4,643,337						\$ 2,135,852	\$ 909,252	\$ 1,598,233	\$ 4,643,337
				46%	20%	34%						
Net Utility Plant	\$ 4,790,572	\$ (426,202)	\$ 4,364,370						\$ 2,021,844	\$ 860,718	\$ 1,481,808	\$ 4,364,370
				46%	20%	34%						

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Base Plant

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	Test Yr.		Res-In	Res-Out	Comm-In	Comm-Out	Total
Treatment							
Water Treatment	\$ 217,631	30	\$ 59,867	\$ 29,441	\$ 124,551	\$ 3,770	\$ 217,631
Subtotal Treatment	<u>\$ 217,631</u>		<u>\$ 59,867</u>	<u>\$ 29,441</u>	<u>\$ 124,551</u>	<u>\$ 3,770</u>	<u>\$ 217,631</u>
Distribution							
Water Equipment	\$ 59,594	30	\$ 16,394	\$ 8,062	\$ 34,106	\$ 1,032	\$ 59,594
Tanks	\$ 97,950	30	\$ 26,945	\$ 13,251	\$ 56,057	\$ 1,697	\$ 97,950
Lines & Extensions	\$ 2,384,607	30	\$ 655,973	\$ 322,594	\$ 1,364,726	\$ 41,314	\$ 2,384,607
Distribution	\$ 273,161	30	\$ 75,143	\$ 36,954	\$ 156,332	\$ 4,733	\$ 273,161
Booster Station	\$ 122,106	30	\$ 33,590	\$ 16,519	\$ 69,882	\$ 2,115	\$ 122,106
Water System Improvement	\$ 108,882	30	\$ 29,952	\$ 14,730	\$ 62,314	\$ 1,886	\$ 108,882
Utility Relocation	\$ 376,658	30	\$ 103,614	\$ 50,955	\$ 215,564	\$ 6,526	\$ 376,658
Hydrant Assembly	\$ 1,030	30	\$ 283	\$ 139	\$ 590	\$ 18	\$ 1,030
Old Decherd Force	\$ 59,912	30	\$ 16,481	\$ 8,105	\$ 34,288	\$ 1,038	\$ 59,912
4" Valve & Insert	\$ 3,288	30	\$ 904	\$ 445	\$ 1,882	\$ 57	\$ 3,288
Land- Tank	\$ 1,140	30	\$ 314	\$ 154	\$ 652	\$ 20	\$ 1,140
Cumberland Way Apartments	\$ 64,924	30	\$ 17,860	\$ 8,783	\$ 37,156	\$ 1,125	\$ 64,924
Buildings	\$ 111,606	30	\$ 30,701	\$ 15,098	\$ 63,873	\$ 1,934	\$ 111,606
Subtotal Distribution	<u>\$ 3,664,857</u>		<u>\$ 1,008,153</u>	<u>\$ 495,789</u>	<u>\$ 2,097,421</u>	<u>\$ 63,494</u>	<u>\$ 3,664,857</u>
Subtotal Outside Plant	<u>\$ 3,882,487</u>		<u>\$ 1,068,020</u>	<u>\$ 525,230</u>	<u>\$ 2,221,972</u>	<u>\$ 67,265</u>	<u>\$ 3,882,487</u>
General Plant							
Admin Equipment	\$ -	30	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles	\$ 29,576	30	\$ 8,136	\$ 4,001	\$ 16,926	\$ 512	\$ 29,576
Buildings	\$ -	30	\$ -	\$ -	\$ -	\$ -	\$ -
Water & Sewer Equipment	\$ 37,659	30	\$ 10,359	\$ 5,095	\$ 21,552	\$ 652	\$ 37,659
Land	\$ 199,465	30	\$ 54,870	\$ 26,984	\$ 114,155	\$ 3,456	\$ 199,465
Water Truck	\$ 8,510	30	\$ 2,341	\$ 1,151	\$ 4,870	\$ 147	\$ 8,510
Subtotal General Plant	<u>\$ 275,209</u>		<u>\$ 75,706</u>	<u>\$ 37,231</u>	<u>\$ 157,504</u>	<u>\$ 4,768</u>	<u>\$ 275,209</u>
Total Utility Plant in Service	<u>\$ 4,157,696</u>		<u>\$ 1,143,726</u>	<u>\$ 562,461</u>	<u>\$ 2,379,476</u>	<u>\$ 72,033</u>	<u>\$ 4,157,696</u>
Constr. Work in Progress	\$ -	30	\$ -	\$ -	\$ -	\$ -	\$ -
Total Utility Plant	<u>\$ 4,157,696</u>		<u>\$ 1,143,726</u>	<u>\$ 562,461</u>	<u>\$ 2,379,476</u>	<u>\$ 72,033</u>	<u>\$ 4,157,696</u>
Accum. Depr.	\$ 2,065,687	30	\$ 568,243	\$ 279,450	\$ 1,182,206	\$ 35,788	\$ 2,065,687
Accum Depr - Gen Plant	\$ 70,165	30	\$ 19,301	\$ 9,492	\$ 40,156	\$ 1,216	\$ 70,165
Accumulated Depreciation	<u>\$ 2,135,852</u>		<u>\$ 587,544</u>	<u>\$ 288,942</u>	<u>\$ 1,222,362</u>	<u>\$ 37,004</u>	<u>\$ 2,135,852</u>
Net Utility Plant	<u>\$ 2,021,844</u>		<u>\$ 556,182</u>	<u>\$ 273,519</u>	<u>\$ 1,157,114</u>	<u>\$ 35,029</u>	<u>\$ 2,021,844</u>
			28%	14%	57%	2%	100%

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Extra Capacity Plant
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	<u>Test Yr.</u>		Res-In	Res-Out	Comm-In	Comm-Out	Total
Treatment							
Water Treatment	\$ 92,647	33	\$ 22,238	\$ 11,644	\$ 57,155	\$ 1,610	\$ 92,647
Subtotal Treatment	<u>\$ 92,647</u>		<u>\$ 22,238</u>	<u>\$ 11,644</u>	<u>\$ 57,155</u>	<u>\$ 1,610</u>	<u>\$ 92,647</u>
Distribution							
Water Equipment	\$ 25,370	33	\$ 6,090	\$ 3,189	\$ 15,651	\$ 441	\$ 25,370
Tanks	\$ 41,698	33	\$ 10,009	\$ 5,241	\$ 25,724	\$ 724	\$ 41,698
Lines & Extensions	\$ 1,015,149	33	\$ 243,668	\$ 127,586	\$ 626,257	\$ 17,638	\$ 1,015,149
Distribution	\$ 116,287	33	\$ 27,913	\$ 14,615	\$ 71,739	\$ 2,020	\$ 116,287
Booster Station	\$ 51,981	33	\$ 12,477	\$ 6,533	\$ 32,068	\$ 903	\$ 51,981
Water System Improvement	\$ 46,352	33	\$ 11,126	\$ 5,826	\$ 28,595	\$ 805	\$ 46,352
Utility Relocation	\$ 160,347	33	\$ 38,488	\$ 20,153	\$ 98,920	\$ 2,786	\$ 160,347
Hydrant Assembly	\$ 439	33	\$ 105	\$ 55	\$ 271	\$ 8	\$ 439
Old Decherd Force	\$ 25,505	33	\$ 6,122	\$ 3,206	\$ 15,734	\$ 443	\$ 25,505
4" Valve & Insert	\$ 1,400	33	\$ 336	\$ 176	\$ 863	\$ 24	\$ 1,400
Land- Tank	\$ 485	33	\$ 116	\$ 61	\$ 299	\$ 8	\$ 485
Cumberland Way Apartments	\$ 27,639	33	\$ 6,634	\$ 3,474	\$ 17,051	\$ 480	\$ 27,639
Buildings	\$ 47,512	33	\$ 11,404	\$ 5,971	\$ 29,310	\$ 825	\$ 47,512
Subtotal Distribution	<u>\$ 1,560,164</u>		<u>\$ 374,489</u>	<u>\$ 196,085</u>	<u>\$ 962,483</u>	<u>\$ 27,107</u>	<u>\$ 1,560,164</u>
Subtotal Outside Plant	<u>\$ 1,652,811</u>		<u>\$ 396,727</u>	<u>\$ 207,729</u>	<u>\$ 1,019,638</u>	<u>\$ 28,717</u>	<u>\$ 1,652,811</u>
General Plant							
Admin Equipment	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles	\$ 12,591	33	\$ 3,022	\$ 1,582	\$ 7,767	\$ 219	\$ 12,591
Buildings	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Water & Sewer Equipment	\$ 16,032	33	\$ 3,848	\$ 2,015	\$ 9,890	\$ 279	\$ 16,032
Land	\$ 84,914	33	\$ 20,382	\$ 10,672	\$ 52,384	\$ 1,475	\$ 84,914
Water Truck	\$ 3,623	33	\$ 870	\$ 455	\$ 2,235	\$ 63	\$ 3,623
Subtotal General Plant	<u>\$ 117,159</u>		<u>\$ 28,122</u>	<u>\$ 14,725</u>	<u>\$ 72,277</u>	<u>\$ 2,036</u>	<u>\$ 117,159</u>
Total Utility Plant in Service	<u>\$ 1,769,970</u>		<u>\$ 424,849</u>	<u>\$ 222,454</u>	<u>\$ 1,091,915</u>	<u>\$ 30,752</u>	<u>\$ 1,769,970</u>
Constr. Work in Progress	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Total Utility Plant	<u>\$ 1,769,970</u>		<u>\$ 424,849</u>	<u>\$ 222,454</u>	<u>\$ 1,091,915</u>	<u>\$ 30,752</u>	<u>\$ 1,769,970</u>
Accum. Depr.	\$ 879,382	33	\$ 211,080	\$ 110,523	\$ 542,501	\$ 15,279	\$ 879,382
Accum Depr - Gen Plant	\$ 29,870	33	\$ 7,170	\$ 3,754	\$ 18,427	\$ 519	\$ 29,870
Accumulated Depreciation	<u>\$ 909,252</u>		<u>\$ 218,250</u>	<u>\$ 114,277</u>	<u>\$ 560,928</u>	<u>\$ 15,798</u>	<u>\$ 909,252</u>
Net Utility Plant	<u>\$ 860,718</u>		<u>\$ 206,600</u>	<u>\$ 108,177</u>	<u>\$ 530,987</u>	<u>\$ 14,955</u>	<u>\$ 860,718</u>
			24%	13%	62%	2%	100%

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Customer Plant
[Main Menu](#)

	<u>Test Yr.</u>		Res-In	Res-Out	Comm-In	Comm-Out	Total
Treatment							
Water Treatment	\$ -	21	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Treatment	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Distribution							
Water Equipment	\$ 45,750	21	\$ 29,017	\$ 11,340	\$ 5,154	\$ 239	\$ 45,750
Tanks	\$ 75,195	21	\$ 47,694	\$ 18,638	\$ 8,472	\$ 392	\$ 75,195
Lines & Extensions	\$ 1,830,638	21	\$ 1,161,106	\$ 453,740	\$ 206,246	\$ 9,546	\$ 1,830,638
Distribution	\$ 209,703	21	\$ 133,007	\$ 51,977	\$ 23,626	\$ 1,094	\$ 209,703
Booster Station	\$ 93,739	21	\$ 59,455	\$ 23,234	\$ 10,561	\$ 489	\$ 93,739
Water System Improvement	\$ 83,588	21	\$ 53,017	\$ 20,718	\$ 9,417	\$ 436	\$ 83,588
Utility Relocation	\$ 289,157	21	\$ 183,401	\$ 71,670	\$ 32,577	\$ 1,508	\$ 289,157
Hydrant Assembly	\$ 791	21	\$ 502	\$ 196	\$ 89	\$ 4	\$ 791
Old Decherd Force	\$ 45,994	21	\$ 29,172	\$ 11,400	\$ 5,182	\$ 240	\$ 45,994
4" Valve & Insert	\$ 2,524	21	\$ 1,601	\$ 626	\$ 284	\$ 13	\$ 2,524
Land- Tank	\$ 875	21	\$ 555	\$ 217	\$ 99	\$ 5	\$ 875
Cumberland Way Apartments Buildings	\$ 49,841	21	\$ 31,613	\$ 12,354	\$ 5,615	\$ 260	\$ 49,841
	\$ 85,679	21	\$ 54,343	\$ 21,236	\$ 9,653	\$ 447	\$ 85,679
Subtotal Distribution	\$ 2,813,472		\$ 1,784,481	\$ 697,345	\$ 316,975	\$ 14,671	\$ 2,813,472
Subtotal Outside Plant	\$ 2,813,472		\$ 1,784,481	\$ 697,345	\$ 316,975	\$ 14,671	\$ 2,813,472
General Plant							
Admin Equipment	\$ 7,822	21	\$ 4,961	\$ 1,939	\$ 881	\$ 41	\$ 7,822
Vehicles	\$ 21,432	21	\$ 13,594	\$ 5,312	\$ 2,415	\$ 112	\$ 21,432
Buildings	\$ 59,314	21	\$ 37,621	\$ 14,701	\$ 6,682	\$ 309	\$ 59,314
Water & Sewer Equipment	\$ 27,290	21	\$ 17,309	\$ 6,764	\$ 3,075	\$ 142	\$ 27,290
Land	\$ 144,543	21	\$ 91,679	\$ 35,826	\$ 16,285	\$ 754	\$ 144,543
Water Truck	\$ 6,167	21	\$ 3,911	\$ 1,529	\$ 695	\$ 32	\$ 6,167
Subtotal General Plant	\$ 266,568		\$ 169,074	\$ 66,071	\$ 30,032	\$ 1,390	\$ 266,568
Total Utility Plant in Service	\$ 3,080,040		\$ 1,953,556	\$ 763,416	\$ 347,007	\$ 16,061	\$ 3,080,040
Constr. Work in Progress	\$ -	21	\$ -	\$ -	\$ -	\$ -	\$ -
Total Utility Plant	\$ 3,080,040		\$ 1,953,556	\$ 763,416	\$ 347,007	\$ 16,061	\$ 3,080,040
Accum. Depr.	\$ 1,530,270	21	\$ 970,594	\$ 379,292	\$ 172,405	\$ 7,980	\$ 1,530,270
Accum Depr - Gen Plant	\$ 67,962	21	\$ 43,106	\$ 16,845	\$ 7,657	\$ 354	\$ 67,962
Accumulated Depreciation	\$ 1,598,233		\$ 1,013,700	\$ 396,137	\$ 180,062	\$ 8,334	\$ 1,598,233
Net Utility Plant	\$ 1,481,808		\$ 939,856	\$ 367,280	\$ 166,945	\$ 7,727	\$ 1,481,808
			63%	25%	11%	1%	100%

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Plant
[Main Menu](#)

	Test Yr.	Res-In	Res-Out	Comm-In	Comm-Out	Total
Treatment						
Water Treatment	\$ 310,278	\$ 82,106	\$ 41,086	\$ 181,707	\$ 5,380	\$ 310,278
Subtotal Treatment	<u>\$ 310,278</u>	<u>\$ 82,106</u>	<u>\$ 41,086</u>	<u>\$ 181,707</u>	<u>\$ 5,380</u>	<u>\$ 310,278</u>
Distribution						
Water Equipment	\$ 130,714	\$ 51,501	\$ 22,590	\$ 54,911	\$ 1,712	\$ 130,714
Tanks	\$ 214,844	\$ 84,647	\$ 37,129	\$ 90,253	\$ 2,814	\$ 214,844
Lines & Extensions	\$ 5,230,394	\$ 2,060,747	\$ 903,921	\$ 2,197,228	\$ 68,497	\$ 5,230,394
Distribution	\$ 599,151	\$ 236,062	\$ 103,546	\$ 251,696	\$ 7,846	\$ 599,151
Booster Station	\$ 267,826	\$ 105,522	\$ 46,286	\$ 112,511	\$ 3,507	\$ 267,826
Water System Improvement	\$ 238,822	\$ 94,094	\$ 41,273	\$ 100,326	\$ 3,128	\$ 238,822
Utility Relocation	\$ 826,162	\$ 325,503	\$ 142,778	\$ 347,061	\$ 10,819	\$ 826,162
Hydrant Assembly	\$ 2,260	\$ 890	\$ 391	\$ 949	\$ 30	\$ 2,260
Old Decherd Force	\$ 131,410	\$ 51,775	\$ 22,710	\$ 55,204	\$ 1,721	\$ 131,410
4" Valve & Insert	\$ 7,211	\$ 2,841	\$ 1,246	\$ 3,029	\$ 94	\$ 7,211
Land- Tank	\$ 2,500	\$ 985	\$ 432	\$ 1,050	\$ 33	\$ 2,500
Cumberland Way Apartments	\$ 142,404	\$ 56,106	\$ 24,610	\$ 59,822	\$ 1,865	\$ 142,404
Buildings	\$ 244,796	\$ 96,448	\$ 42,306	\$ 102,836	\$ 3,206	\$ 244,796
Subtotal Distribution	<u>\$ 8,038,492</u>	<u>\$ 3,167,123</u>	<u>\$ 1,389,219</u>	<u>\$ 3,376,878</u>	<u>\$ 105,272</u>	<u>\$ 8,038,492</u>
		39%	17%	42%	1%	100%
Subtotal Outside Plant	<u>\$ 8,348,770</u>	<u>\$ 3,249,229</u>	<u>\$ 1,430,304</u>	<u>\$ 3,558,585</u>	<u>\$ 110,652</u>	<u>\$ 8,348,770</u>
		39%	17%	43%	1%	100%
General Plant						
Admin Equipment	\$ 7,822	\$ 4,961	\$ 1,939	\$ 881	\$ 41	\$ 7,822
Vehicles	\$ 63,599	\$ 24,752	\$ 10,896	\$ 27,108	\$ 843	\$ 63,599
Buildings	\$ 59,314	\$ 37,621	\$ 14,701	\$ 6,682	\$ 309	\$ 59,314
Water & Sewer Equipment	\$ 80,980	\$ 31,516	\$ 13,873	\$ 34,517	\$ 1,073	\$ 80,980
Land	\$ 428,922	\$ 166,931	\$ 73,483	\$ 182,824	\$ 5,685	\$ 428,922
Water Truck	\$ 18,300	\$ 7,122	\$ 3,135	\$ 7,800	\$ 243	\$ 18,300
Subtotal General Plant	<u>\$ 658,936</u>	<u>\$ 272,903</u>	<u>\$ 118,027</u>	<u>\$ 259,813</u>	<u>\$ 8,194</u>	<u>\$ 658,936</u>
		41%	18%	39%	1%	100%
Total Utility Plant in Service	<u>\$ 9,007,707</u>	<u>\$ 3,522,131</u>	<u>\$ 1,548,331</u>	<u>\$ 3,818,398</u>	<u>\$ 118,846</u>	<u>\$ 9,007,707</u>
Constr. Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Utility Plant	<u>\$ 9,007,707</u>	<u>\$ 3,522,131</u>	<u>\$ 1,548,331</u>	<u>\$ 3,818,398</u>	<u>\$ 118,846</u>	<u>\$ 9,007,707</u>
		39%	17%	42%	1%	100%
Accum. Depr.	\$ 4,475,340	\$ 1,749,916	\$ 769,264	\$ 1,897,112	\$ 59,047	\$ 4,475,340
Accum Depr - Gen Plant	\$ 167,997	\$ 69,577	\$ 30,091	\$ 66,240	\$ 2,089	\$ 167,997
Accumulated Depreciation	<u>\$ 4,643,337</u>	<u>\$ 1,819,493</u>	<u>\$ 799,356</u>	<u>\$ 1,963,352</u>	<u>\$ 61,136</u>	<u>\$ 4,643,337</u>
Net Utility Plant	<u>\$ 4,364,370</u>	<u>\$ 1,702,638</u>	<u>\$ 748,976</u>	<u>\$ 1,855,046</u>	<u>\$ 57,710</u>	<u>\$ 4,364,370</u>
		39%	17%	43%	1%	100%

Operating Expense

City of Decherd
 Water Cost of Service-12-Months Ending March 2024
 Classification of Operating Expenses

[Main Menu](#)

	Actual	Adj.	Test Yr.	Base	Ex-Cap	Cust	Total	Description	Base	Ex-Cap	Cust	Total
Treatment & Distribution												
Salaries	\$ 401,536		\$ 401,536	47%	20%	34%	100%	As Outside Plt	\$ 186,729	\$ 79,492	\$ 135,314	\$ 401,536
Employee Benefits	\$ 92,350		\$ 92,350	47%	20%	34%	100%	As Outside Plt	\$ 42,946	\$ 18,283	\$ 31,121	\$ 92,350
TCRS Retirement	\$ 17,583		\$ 17,583	47%	20%	34%	100%	As Outside Plt	\$ 8,177	\$ 3,481	\$ 5,925	\$ 17,583
FICA Expense	\$ 28,254		\$ 28,254	47%	20%	34%	100%	As Outside Plt	\$ 13,139	\$ 5,594	\$ 9,521	\$ 28,254
Cell Phone	\$ 700		\$ 700	0%	0%	100%	100%		\$ -	\$ -	\$ 700	\$ 700
Insurance	\$ 57,274		\$ 57,274	47%	20%	34%	100%	As Outside Plt	\$ 26,634	\$ 11,339	\$ 19,301	\$ 57,274
Telephone	\$ 1,462		\$ 1,462	0%	0%	100%	100%		\$ -	\$ -	\$ 1,462	\$ 1,462
Water Purchase	\$ 55,127		\$ 55,127	100%	0%	0%	100%		\$ 55,127	\$ -	\$ -	\$ 55,127
Pumping/Equip Plant Maint	\$ 5,670		\$ 5,670	70%	30%	0%	100%	As Treat Plt	\$ 3,977	\$ 1,693	\$ -	\$ 5,670
Purification Water Plant	\$ 33,299		\$ 33,299	70%	30%	0%	100%	As Treat Plt	\$ 23,356	\$ 9,943	\$ -	\$ 33,299
Water Meters	\$ 3,892		\$ 3,892	10%	0%	90%	100%		\$ 389	\$ -	\$ 3,503	\$ 3,892
Lab & Testing	\$ 19,224		\$ 19,224	100%	0%	0%	100%		\$ 19,224	\$ -	\$ -	\$ 19,224
Heating & Gas	\$ 350		\$ 350	0%	0%	100%	100%		\$ -	\$ -	\$ 350	\$ 350
Fire Hydrant Expense	\$ 6,905		\$ 6,905	46%	19%	35%	100%	As Dist Plt	\$ 3,148	\$ 1,340	\$ 2,417	\$ 6,905
Street Paving	\$ 4,200		\$ 4,200	0%	0%	100%	100%		\$ -	\$ -	\$ 4,200	\$ 4,200
Rental Fees	\$ 650		\$ 650	47%	20%	34%	100%	As Outside Plt	\$ 302	\$ 129	\$ 219	\$ 650
Maintenance	\$ 62,186		\$ 62,186	47%	20%	34%	100%	As Outside Plt	\$ 28,919	\$ 12,311	\$ 20,956	\$ 62,186
Building Maint	\$ 5,076		\$ 5,076	0%	0%	100%	100%		\$ -	\$ -	\$ 5,076	\$ 5,076
Computer Supplies & Maint	\$ 321		\$ 321	0%	0%	100%	100%		\$ -	\$ -	\$ 321	\$ 321
Water Tank Maint	\$ 141		\$ 141	46%	19%	35%	100%	As Asset	\$ 64	\$ 27	\$ 49	\$ 141
Supplies	\$ 19,787		\$ 19,787	47%	20%	34%	100%	As Outside Plt	\$ 9,201	\$ 3,917	\$ 6,668	\$ 19,787
Uniforms	\$ 2,552		\$ 2,552	0%	0%	100%	100%		\$ -	\$ -	\$ 2,552	\$ 2,552
Fuel	\$ 34,386		\$ 34,386	47%	20%	34%	100%	As Outside Plt	\$ 15,991	\$ 6,807	\$ 11,588	\$ 34,386
Electric	\$ 86,582		\$ 86,582	47%	20%	34%	100%	As Outside Plt	\$ 40,264	\$ 17,141	\$ 29,178	\$ 86,582
Crushed Stone	\$ 2,854		\$ 2,854	47%	20%	34%	100%	As Outside Plt	\$ 1,327	\$ 565	\$ 962	\$ 2,854
Tools	\$ 561		\$ 561	47%	20%	34%	100%	As Outside Plt	\$ 261	\$ 111	\$ 189	\$ 561
Booster Station	\$ 1,860		\$ 1,860	46%	19%	35%	100%	As Asset	\$ 848	\$ 361	\$ 651	\$ 1,860
Clearwater- Treatment	\$ 564,804		\$ 564,804	70%	30%	0%	100%	As Treat Plt	\$ 396,157	\$ 168,648	\$ -	\$ 564,804
Clearwater- Distribution	\$ 272,163		\$ 272,163	46%	19%	35%	100%	As Dist Plt	\$ 124,083	\$ 52,823	\$ 95,257	\$ 272,163
Subtotal Treatment & Distribution	\$ 1,781,750	\$ -	\$ 1,781,750						\$ 1,000,265	\$ 394,005	\$ 387,480	\$ 1,781,750
									56%	22%	22%	100%
Admin & General												
Salaries	\$ 50,984	\$ (20,869)	\$ 30,115	0%	0%	100%	100%		\$ -	\$ -	\$ 30,115	\$ 30,115
Employee Benefits	\$ 12,892	\$ (5,277)	\$ 7,615	0%	0%	100%	100%		\$ -	\$ -	\$ 7,615	\$ 7,615
TCRS Retirement	\$ 2,374	\$ (972)	\$ 1,402	0%	0%	100%	100%		\$ -	\$ -	\$ 1,402	\$ 1,402
FICA Expense	\$ 3,365	\$ (1,377)	\$ 1,988	0%	0%	100%	100%		\$ -	\$ -	\$ 1,988	\$ 1,988
Bank Service Charges	\$ 3,181	\$ (1,302)	\$ 1,879	0%	0%	100%	100%		\$ -	\$ -	\$ 1,879	\$ 1,879
Credit Card Fee	\$ 5,684	\$ (2,327)	\$ 3,358	0%	0%	100%	100%		\$ -	\$ -	\$ 3,358	\$ 3,358
Utilities	\$ 61,124	\$ (25,019)	\$ 36,105	0%	0%	100%	100%		\$ -	\$ -	\$ 36,105	\$ 36,105
Travel/School	\$ 4,860	\$ (1,989)	\$ 2,871	0%	0%	100%	100%		\$ -	\$ -	\$ 2,871	\$ 2,871
Fleet Management	\$ 1,375	\$ (563)	\$ 812	0%	0%	100%	100%		\$ -	\$ -	\$ 812	\$ 812
Postage Meter & Supplies	\$ 9,310	\$ (3,811)	\$ 5,499	0%	0%	100%	100%		\$ -	\$ -	\$ 5,499	\$ 5,499
Required Medical Treatment	\$ 305	\$ (125)	\$ 180	0%	0%	100%	100%		\$ -	\$ -	\$ 180	\$ 180
Computer Software	\$ 9,661	\$ (3,955)	\$ 5,707	0%	0%	100%	100%		\$ -	\$ -	\$ 5,707	\$ 5,707
Membership Fees	\$ 24,664	\$ (10,095)	\$ 14,568	0%	0%	100%	100%		\$ -	\$ -	\$ 14,568	\$ 14,568
Office Supplies & Printing	\$ 10,760	\$ (4,404)	\$ 6,356	0%	0%	100%	100%		\$ -	\$ -	\$ 6,356	\$ 6,356
Building Maintenance	\$ 3,902	\$ (1,597)	\$ 2,305	0%	0%	100%	100%		\$ -	\$ -	\$ 2,305	\$ 2,305
Supplies	\$ 2,961	\$ (1,212)	\$ 1,749	0%	0%	100%	100%		\$ -	\$ -	\$ 1,749	\$ 1,749
Other Expenses	\$ 410	\$ (168)	\$ 242	0%	0%	100%	100%		\$ -	\$ -	\$ 242	\$ 242
Fuel	\$ 62	\$ (26)	\$ 37	0%	0%	100%	100%		\$ -	\$ -	\$ 37	\$ 37
Professional Services	\$ 2,375	\$ (972)	\$ 1,403	0%	0%	100%	100%		\$ -	\$ -	\$ 1,403	\$ 1,403
Other Expenses	\$ 5,628	\$ (2,304)	\$ 3,325	0%	0%	100%	100%		\$ -	\$ -	\$ 3,325	\$ 3,325
Clearwater- Admin & Gen -Water	\$ 61,456		\$ 61,456	0%	0%	100%	100%		\$ -	\$ -	\$ 61,456	\$ 61,456
Subtotal Admin & General	\$ 277,335	\$ (88,363)	\$ 188,971						\$ -	\$ -	\$ 188,971	\$ 188,971
									0%	0%	100%	100%
Total Operating Expense	\$ 2,059,084	\$ (88,363)	\$ 1,970,721						\$ 1,000,265	\$ 394,005	\$ 576,452	\$ 1,970,721
									51%	20%	29%	100%

City of Decherd
 Water Cost of Service-12-Months Ending March 2024
 Allocation of Base Expenses

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	Test Yr.	Res-In	Res-Out	Comm-In	Comm-Out	Total
Treatment & Distribution						
Cell Phone	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 26,634 30	\$ 7,327	\$ 3,603	\$ 15,243	\$ 461	\$ 26,634
Telephone	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Water Purchase	\$ 55,127 30	\$ 15,165	\$ 7,458	\$ 31,549	\$ 955	\$ 55,127
Pumping/Equip Plant Maint	\$ 3,977 30	\$ 1,094	\$ 538	\$ 2,276	\$ 69	\$ 3,977
Water Meters	\$ 389 30	\$ 107	\$ 53	\$ 223	\$ 7	\$ 389
Heating & Gas	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Fire Hydrant Expense	\$ 3,148 30	\$ 866	\$ 426	\$ 1,802	\$ 55	\$ 3,148
Street Paving	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ 28,919 30	\$ 7,955	\$ 3,912	\$ 16,550	\$ 501	\$ 28,919
Water Tank Maint	\$ 64 30	\$ 18	\$ 9	\$ 37	\$ 1	\$ 64
Uniforms	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	\$ 15,991 30	\$ 4,399	\$ 2,163	\$ 9,152	\$ 277	\$ 15,991
Electric	\$ 40,264 30	\$ 11,076	\$ 5,447	\$ 23,043	\$ 698	\$ 40,264
Crushed Stone	\$ 1,327 30	\$ 365	\$ 180	\$ 760	\$ 23	\$ 1,327
Booster Station	\$ 848 30	\$ 233	\$ 115	\$ 485	\$ 15	\$ 848
Clearwater- Treatment	\$ 396,157 30	\$ 108,977	\$ 53,593	\$ 226,723	\$ 6,863	\$ 396,157
Clearwater- Distribution	\$ 124,083 30	\$ 34,133	\$ 16,786	\$ 71,013	\$ 2,150	\$ 124,083
Subtotal Treatment & Distribution	\$ 1,000,265	\$ 275,159	\$ 135,318	\$ 572,458	\$ 17,330	\$ 1,000,265

Admin & General						
Salaries	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Benefits	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
TCRS Retirement	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
FICA Expense	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Service Charges	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Credit Card Fee	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Travel/School	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Fleet Management	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Postage Meter & Supplies	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Required Medical Treatment	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Software	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Fees	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies & Printing	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Building Maintenance	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Services	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Clearwater- Admin & Gen -Water	\$ - 30	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Admin & General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total Operating Expense	\$ 1,000,265	\$ 275,159	\$ 135,318	\$ 572,458	\$ 17,330	\$ 1,000,265
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City of Decherd
 Water Cost of Service-12-Months Ending March 2024
 Allocation of Extra-Capacity Expenses

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	<u>Test Yr.</u>		Res-In	Res-Out	Comm-In	Comm-Out	Total
Treatment & Distribution							
Cell Phone	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 11,339	33	\$ 2,722	\$ 1,425	\$ 6,995	\$ 197	\$ 11,339
Telephone	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Water Purchase	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Pumping/Equip Plant Maint	\$ 1,693	33	\$ 406	\$ 213	\$ 1,044	\$ 29	\$ 1,693
Water Meters	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Heating & Gas	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Fire Hydrant Expense	\$ 1,340	33	\$ 322	\$ 168	\$ 827	\$ 23	\$ 1,340
Street Paving	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ 12,311	33	\$ 2,955	\$ 1,547	\$ 7,595	\$ 214	\$ 12,311
Water Tank Maint	\$ 27	33	\$ 7	\$ 3	\$ 17	\$ 0	\$ 27
Uniforms	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	\$ 6,807	33	\$ 1,634	\$ 856	\$ 4,200	\$ 118	\$ 6,807
Electric	\$ 17,141	33	\$ 4,114	\$ 2,154	\$ 10,574	\$ 298	\$ 17,141
Crushed Stone	\$ 565	33	\$ 136	\$ 71	\$ 349	\$ 10	\$ 565
Booster Station	\$ 361	33	\$ 87	\$ 45	\$ 223	\$ 6	\$ 361
Clearwater- Treatment	\$ 168,648	33	\$ 40,481	\$ 21,196	\$ 104,041	\$ 2,930	\$ 168,648
Clearwater- Distribution	\$ 52,823	33	\$ 12,679	\$ 6,639	\$ 32,587	\$ 918	\$ 52,823
Subtotal Treatment & Distribution	\$ 394,005		\$ 94,574	\$ 49,519	\$ 243,066	\$ 6,846	\$ 394,005

Admin & General							
Salaries	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Benefits	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
TCRS Retirement	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
FICA Expense	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Service Charges	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Credit Card Fee	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Travel/School	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Fleet Management	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Postage Meter & Supplies	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Required Medical Treatment	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Software	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Fees	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies & Printing	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Building Maintenance	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Services	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Clearwater- Admin & Gen -Water	\$ -	33	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Admin & General	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -

Total Operating Expense	\$ 394,005		\$ 94,574	\$ 49,519	\$ 243,066	\$ 6,846	\$ 394,005
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City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Customer Expenses

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	<u>Test Yr.</u>		Res-In	Res-Out	Comm-In	Comm-Out	Total
Treatment & Distribution							
Cell Phone	\$ 700	21	\$ 444	\$ 173	\$ 79	\$ 4	\$ 700
Insurance	\$ 19,301	21	\$ 12,242	\$ 4,784	\$ 2,174	\$ 101	\$ 19,301
Telephone	\$ 1,462	21	\$ 927	\$ 362	\$ 165	\$ 8	\$ 1,462
Water Purchase	\$ -	21	\$ -	\$ -	\$ -	\$ -	\$ -
Pumping/Equip Plant Maint	\$ -	21	\$ -	\$ -	\$ -	\$ -	\$ -
Water Meters	\$ 3,503	21	\$ 2,222	\$ 868	\$ 395	\$ 18	\$ 3,503
Heating & Gas	\$ 350	21	\$ 222	\$ 87	\$ 39	\$ 2	\$ 350
Fire Hydrant Expense	\$ 2,417	21	\$ 1,533	\$ 599	\$ 272	\$ 13	\$ 2,417
Street Paving	\$ 4,200	21	\$ 2,664	\$ 1,041	\$ 473	\$ 22	\$ 4,200
Maintenance	\$ 20,956	21	\$ 13,292	\$ 5,194	\$ 2,361	\$ 109	\$ 20,956
Water Tank Maint	\$ 49	21	\$ 31	\$ 12	\$ 6	\$ 0	\$ 49
Uniforms	\$ 2,552	21	\$ 1,619	\$ 633	\$ 288	\$ 13	\$ 2,552
Fuel	\$ 11,588	21	\$ 7,350	\$ 2,872	\$ 1,306	\$ 60	\$ 11,588
Electric	\$ 29,178	21	\$ 18,506	\$ 7,232	\$ 3,287	\$ 152	\$ 29,178
Crushed Stone	\$ 962	21	\$ 610	\$ 238	\$ 108	\$ 5	\$ 962
Booster Station	\$ 651	21	\$ 413	\$ 161	\$ 73	\$ 3	\$ 651
Clearwater- Treatment	\$ -	21	\$ -	\$ -	\$ -	\$ -	\$ -
Clearwater- Distribution	\$ 95,257	21	\$ 60,418	\$ 23,610	\$ 10,732	\$ 497	\$ 95,257
Subtotal Treatment & Distribution	\$ 387,480		\$ 245,765	\$ 96,041	\$ 43,655	\$ 2,021	\$ 387,480

Admin & General							
Salaries	\$ 30,115	21	\$ 19,101	\$ 7,464	\$ 3,393	\$ 157	\$ 30,115
Employee Benefits	\$ 7,615	21	\$ 4,830	\$ 1,887	\$ 858	\$ 40	\$ 7,615
TCRS Retirement	\$ 1,402	21	\$ 889	\$ 348	\$ 158	\$ 7	\$ 1,402
FICA Expense	\$ 1,988	21	\$ 1,261	\$ 493	\$ 224	\$ 10	\$ 1,988
Bank Service Charges	\$ 1,879	21	\$ 1,192	\$ 466	\$ 212	\$ 10	\$ 1,879
Credit Card Fee	\$ 3,358	21	\$ 2,130	\$ 832	\$ 378	\$ 18	\$ 3,358
Utilities	\$ 36,105	21	\$ 22,900	\$ 8,949	\$ 4,068	\$ 188	\$ 36,105
Travel/School	\$ 2,871	21	\$ 1,821	\$ 712	\$ 323	\$ 15	\$ 2,871
Fleet Management	\$ 812	21	\$ 515	\$ 201	\$ 92	\$ 4	\$ 812
Postage Meter & Supplies	\$ 5,499	21	\$ 3,488	\$ 1,363	\$ 620	\$ 29	\$ 5,499
Required Medical Treatment	\$ 180	21	\$ 114	\$ 45	\$ 20	\$ 1	\$ 180
Computer Software	\$ 5,707	21	\$ 3,620	\$ 1,414	\$ 643	\$ 30	\$ 5,707
Membership Fees	\$ 14,568	21	\$ 9,240	\$ 3,611	\$ 1,641	\$ 76	\$ 14,568
Office Supplies & Printing	\$ 6,356	21	\$ 4,031	\$ 1,575	\$ 716	\$ 33	\$ 6,356
Building Maintenance	\$ 2,305	21	\$ 1,462	\$ 571	\$ 260	\$ 12	\$ 2,305
Supplies	\$ 1,749	21	\$ 1,109	\$ 434	\$ 197	\$ 9	\$ 1,749
Other Expenses	\$ 242	21	\$ 154	\$ 60	\$ 27	\$ 1	\$ 242
Fuel	\$ 37	21	\$ 23	\$ 9	\$ 4	\$ 0	\$ 37
Professional Services	\$ 1,403	21	\$ 890	\$ 348	\$ 158	\$ 7	\$ 1,403
Other Expenses	\$ 3,325	21	\$ 2,109	\$ 824	\$ 375	\$ 17	\$ 3,325
Clearwater- Admin & Gen -Water	\$ 61,456	21	\$ 38,979	\$ 15,232	\$ 6,924	\$ 320	\$ 61,456
Subtotal Admin & General	\$ 188,971		\$ 119,858	\$ 46,838	\$ 21,290	\$ 985	\$ 188,971

Total Operating Expense	\$ 576,452		\$ 365,622	\$ 142,879	\$ 64,945	\$ 3,006	\$ 576,452
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City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Operating Expenses

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	<u>Test Yr.</u>	Res-In	Res-Out	Comm-In	Comm-Out	Total
Treatment & Distribution						
Cell Phone	\$ 700	\$ 444	\$ 173	\$ 79	\$ 4	\$ 700
Insurance	\$ 57,274	\$ 22,290	\$ 9,812	\$ 24,412	\$ 759	\$ 57,274
Telephone	\$ 1,462	\$ 927	\$ 362	\$ 165	\$ 8	\$ 1,462
Water Purchase	\$ 55,127	\$ 15,165	\$ 7,458	\$ 31,549	\$ 955	\$ 55,127
Pumping/Equip Plant Maint	\$ 5,670	\$ 1,500	\$ 751	\$ 3,321	\$ 98	\$ 5,670
Water Meters	\$ 3,892	\$ 2,329	\$ 921	\$ 617	\$ 25	\$ 3,892
Heating & Gas	\$ 350	\$ 222	\$ 87	\$ 39	\$ 2	\$ 350
Fire Hydrant Expense	\$ 6,905	\$ 2,720	\$ 1,193	\$ 2,901	\$ 90	\$ 6,905
Street Paving	\$ 4,200	\$ 2,664	\$ 1,041	\$ 473	\$ 22	\$ 4,200
Maintenance	\$ 62,186	\$ 24,202	\$ 10,654	\$ 26,506	\$ 824	\$ 62,186
Water Tank Maint	\$ 141	\$ 56	\$ 24	\$ 59	\$ 2	\$ 141
Uniforms	\$ 2,552	\$ 1,619	\$ 633	\$ 288	\$ 13	\$ 2,552
Fuel	\$ 34,386	\$ 13,383	\$ 5,891	\$ 14,657	\$ 456	\$ 34,386
Electric	\$ 86,582	\$ 33,697	\$ 14,833	\$ 36,905	\$ 1,148	\$ 86,582
Crushed Stone	\$ 2,854	\$ 1,111	\$ 489	\$ 1,217	\$ 38	\$ 2,854
Booster Station	\$ 1,860	\$ 733	\$ 322	\$ 781	\$ 24	\$ 1,860
Clearwater- Treatment	\$ 564,804	\$ 149,458	\$ 74,789	\$ 330,764	\$ 9,794	\$ 564,804
Clearwater- Distribution	\$ 272,163	\$ 107,231	\$ 47,035	\$ 114,332	\$ 3,564	\$ 272,163
Subtotal Treatment & Distribution	<u>\$ 1,781,750</u>	<u>\$ 615,498</u>	<u>\$ 280,878</u>	<u>\$ 859,179</u>	<u>\$ 26,196</u>	<u>\$ 1,781,750</u>

Admin & General						
Salaries	\$ 30,115	\$ 19,101	\$ 7,464	\$ 3,393	\$ 157	\$ 30,115
Employee Benefits	\$ 7,615	\$ 4,830	\$ 1,887	\$ 858	\$ 40	\$ 7,615
TCRS Retirement	\$ 1,402	\$ 889	\$ 348	\$ 158	\$ 7	\$ 1,402
FICA Expense	\$ 1,988	\$ 1,261	\$ 493	\$ 224	\$ 10	\$ 1,988
Bank Service Charges	\$ 1,879	\$ 1,192	\$ 466	\$ 212	\$ 10	\$ 1,879
Credit Card Fee	\$ 3,358	\$ 2,130	\$ 832	\$ 378	\$ 18	\$ 3,358
Utilities	\$ 36,105	\$ 22,900	\$ 8,949	\$ 4,068	\$ 188	\$ 36,105
Travel/School	\$ 2,871	\$ 1,821	\$ 712	\$ 323	\$ 15	\$ 2,871
Fleet Management	\$ 812	\$ 515	\$ 201	\$ 92	\$ 4	\$ 812
Postage Meter & Supplies	\$ 5,499	\$ 3,488	\$ 1,363	\$ 620	\$ 29	\$ 5,499
Required Medical Treatment	\$ 180	\$ 114	\$ 45	\$ 20	\$ 1	\$ 180
Computer Software	\$ 5,707	\$ 3,620	\$ 1,414	\$ 643	\$ 30	\$ 5,707
Membership Fees	\$ 14,568	\$ 9,240	\$ 3,611	\$ 1,641	\$ 76	\$ 14,568
Office Supplies & Printing	\$ 6,356	\$ 4,031	\$ 1,575	\$ 716	\$ 33	\$ 6,356
Building Maintenance	\$ 2,305	\$ 1,462	\$ 571	\$ 260	\$ 12	\$ 2,305
Supplies	\$ 1,749	\$ 1,109	\$ 434	\$ 197	\$ 9	\$ 1,749
Other Expenses	\$ 242	\$ 154	\$ 60	\$ 27	\$ 1	\$ 242
Fuel	\$ 37	\$ 23	\$ 9	\$ 4	\$ 0	\$ 37
Professional Services	\$ 1,403	\$ 890	\$ 348	\$ 158	\$ 7	\$ 1,403
Other Expenses	\$ 3,325	\$ 2,109	\$ 824	\$ 375	\$ 17	\$ 3,325
Clearwater- Admin & Gen -Water	\$ 61,456	\$ 38,979	\$ 15,232	\$ 6,924	\$ 320	\$ 61,456
Subtotal Admin & General	<u>\$ 188,971</u>	<u>\$ 119,858</u>	<u>\$ 46,838</u>	<u>\$ 21,290</u>	<u>\$ 985</u>	<u>\$ 188,971</u>

Total Operating Expense	<u>\$ 1,970,721</u>	<u>\$ 735,355</u>	<u>\$ 327,716</u>	<u>\$ 880,469</u>	<u>\$ 27,181</u>	<u>\$ 1,970,721</u>
		37%	17%	45%	1%	100%

Fixed Expenses

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Classification of Fixed Expenses

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	<u>Actual</u>	<u>Adj.</u>	<u>Test Yr.</u>	<u>Base</u>	<u>Ex-Cap</u>	<u>Cust</u>	<u>Total</u>	<u>Description</u>	<u>Base</u>	<u>Ex-Cap</u>	<u>Cust</u>	<u>Total</u>
Depreciation												
Depreciation	\$ 45,600		\$ 45,600	46%	20%	34%	100%	As TUPIS	* \$ 21,048	\$ 8,960	\$ 15,592	\$ 45,600
Subtotal Depreciation	\$ 45,600	\$ -	\$ 45,600						\$ 21,048	\$ 8,960	\$ 15,592	\$ 45,600
									46%	20%	34%	100%
Total Fixed Expenses	\$ 45,600	\$ -	\$ 45,600						\$ 21,048	\$ 8,960	\$ 15,592	\$ 45,600
									46%	20%	34%	100%

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Base Fixed Expenses

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	<u>Test Yr.</u>		Res-In	Res-Out	Comm-In	Comm-Out	Total
Depreciation							
Depreciation	\$ 21,048	30	\$ 5,790	\$ 2,847	\$ 12,046	\$ 365	\$ 21,048
Subtotal Depreciation	<u>\$ 21,048</u>		<u>\$ 5,790</u>	<u>\$ 2,847</u>	<u>\$ 12,046</u>	<u>\$ 365</u>	<u>\$ 21,048</u>
Total Fixed Expenses	<u>\$ 21,048</u>		<u>\$ 5,790</u>	<u>\$ 2,847</u>	<u>\$ 12,046</u>	<u>\$ 365</u>	<u>\$ 21,048</u>

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Extra Capacity Fixed Expenses

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	<u>Test Yr.</u>		Res-In	Res-Out	Comm-In	Comm-Out	Total
Depreciation							
Depreciation	\$ 8,960	33	\$ 2,151	\$ 1,126	\$ 5,528	\$ 156	\$ 8,960
Subtotal Depreciation	<u>\$ 8,960</u>		<u>\$ 2,151</u>	<u>\$ 1,126</u>	<u>\$ 5,528</u>	<u>\$ 156</u>	<u>\$ 8,960</u>
Total Fixed Expenses	<u>\$ 8,960</u>		<u>\$ 2,151</u>	<u>\$ 1,126</u>	<u>\$ 5,528</u>	<u>\$ 156</u>	<u>\$ 8,960</u>

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Customer Fixed Expenses
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	<u>Test Yr.</u>	Res-In	Res-Out	Comm-In	Comm-Out	Total	
Depreciation							
Depreciation	\$ 15,592	21	\$ 9,890	\$ 3,865	\$ 1,757	\$ 81	\$ 15,592
Subtotal Depreciation	<u>\$ 15,592</u>		<u>\$ 9,890</u>	<u>\$ 3,865</u>	<u>\$ 1,757</u>	<u>\$ 81</u>	<u>\$ 15,592</u>
Total Fixed Expenses	<u>\$ 15,592</u>		<u>\$ 9,890</u>	<u>\$ 3,865</u>	<u>\$ 1,757</u>	<u>\$ 81</u>	<u>\$ 15,592</u>

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Fixed Expenses

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	<u>Test Yr.</u>	Res-In	Res-Out	Comm-In	Comm-Out	Total
Depreciation						
Depreciation	\$ 45,600	\$ 17,830	\$ 7,838	\$ 19,330	\$ 602	\$ 45,600
Subtotal Depreciation	<u>\$ 45,600</u>	<u>\$ 17,830</u>	<u>\$ 7,838</u>	<u>\$ 19,330</u>	<u>\$ 602</u>	<u>\$ 45,600</u>
Total Fixed Expenses	<u>\$ 45,600</u>	<u>\$ 17,830</u>	<u>\$ 7,838</u>	<u>\$ 19,330</u>	<u>\$ 602</u>	<u>\$ 45,600</u>
		39%	17%	42%	1%	100%

CIP

City of Dechard
 Water Cost of Service-12-Months Ending March 2024
 Classification of CIP
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	Actual	TYA	Growth	Test Yr.	Base	Ex-Cap	Cust	Total	Description	Base	Ex-Cap	Cust	Total	Total CIP	Growth	R, R & Ext.	Growth	R, R & Ext.	Total
Capital Improvement Plan																			
Automatic Meter Reader	\$ 1,700,000	\$ (804,000)	\$ -	\$ 896,000	10%	0%	90%	100%		* \$ 89,600	\$ -	\$ 806,400	\$ 896,000	* \$ 896,000	0%	100%	\$ -	\$ 896,000	\$ 896,000
Annual Renewal & Rehabilitation Programs	\$ 543,000		\$ -	\$ 543,000	46%	19%	35%	100%	As Dist Plt	* \$ 247,561	\$ 105,389	\$ 190,050	\$ 543,000	* \$ 543,000	0%	100%	\$ -	\$ 543,000	\$ 543,000
Treatment Plant Rehab	\$ 1,700,000		\$ -	\$ 1,700,000	70%	30%	0%	100%	As Treat Plt	* \$ 1,192,389	\$ 507,611	\$ -	\$ 1,700,000	* \$ 1,700,000	0%	100%	\$ -	\$ 1,700,000	\$ 1,700,000
GIS Systems	\$ 48,000		\$ -	\$ 48,000	46%	19%	35%	100%	As Dist Plt	* \$ 21,884	\$ 9,316	\$ 16,800	\$ 48,000	* \$ 48,000	0%	100%	\$ -	\$ 48,000	\$ 48,000
Water System Modeling	\$ 40,000		\$ -	\$ 40,000	46%	19%	35%	100%	As Dist Plt	* \$ 18,237	\$ 7,763	\$ 14,000	\$ 40,000	* \$ 40,000	0%	100%	\$ -	\$ 40,000	\$ 40,000
Preparation of Standard Specifications	\$ 10,000		\$ -	\$ 10,000	46%	19%	35%	100%	As Dist Plt	* \$ 4,559	\$ 1,941	\$ 3,500	\$ 10,000	* \$ 10,000	0%	100%	\$ -	\$ 10,000	\$ 10,000
Subtotal Capital Improvement Plan	\$ 4,041,000	\$ (804,000)	\$ -	\$ 3,237,000						\$ 1,574,229	\$ 632,021	\$ 1,030,750	\$ 3,237,000	* \$ 3,237,000			\$ -	\$ 3,237,000	\$ 3,237,000
										49%	20%	32%	100%				0%	100%	100%
RR&Ext. Amount	\$ 3,237,000																		
Workplan Period	5			\$ 647,400	Amount R&R Related														
				\$ 647,400	Funded through Rates														
Total CIP	\$ 3,237,000			\$ 45,600	Depreciation Check														
Total Rate Funding	\$ 3,237,000																		

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Base CIP

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	<u>Test Yr.</u>	Res-In	Res-Out	Comm-In	Comm-Out	Total
Capital Improvement Plan						
Automatic Meter Reader	\$ 89,600 30	\$ 24,648	\$ 12,121	\$ 51,279	\$ 1,552	\$ 89,600
Annual Renewal & Rehabilitation Programs	\$ 247,561 30	\$ 68,101	\$ 33,491	\$ 141,681	\$ 4,289	\$ 247,561
Treatment Plant Rehab	\$ 1,192,389 30	\$ 328,010	\$ 161,309	\$ 682,412	\$ 20,658	\$ 1,192,389
GIS Systems	\$ 21,884 30	\$ 6,020	\$ 2,960	\$ 12,524	\$ 379	\$ 21,884
Water System Modeling	\$ 18,237 30	\$ 5,017	\$ 2,467	\$ 10,437	\$ 316	\$ 18,237
Preparation of Standard Specifications	\$ 4,559 30	\$ 1,254	\$ 617	\$ 2,609	\$ 79	\$ 4,559
Subtotal Capital Improvement Plan	<u>\$ 1,574,229</u>	<u>\$ 433,049</u>	<u>\$ 212,965</u>	<u>\$ 900,942</u>	<u>\$ 27,274</u>	<u>\$ 1,574,229</u>
		28%	14%	57%	2%	100%

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Extra Capacity CIP

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	<u>Test Yr.</u>	Res-In	Res-Out	Comm-In	Comm-Out	Total
Capital Improvement Plan						
Automatic Meter Reader	\$ - 33	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Renewal & Rehabilitation Programs	\$ 105,389 33	\$ 25,297	\$ 13,246	\$ 65,016	\$ 1,831	\$ 105,389
Treatment Plant Rehab	\$ 507,611 33	\$ 121,843	\$ 63,798	\$ 313,151	\$ 8,819	\$ 507,611
GIS Systems	\$ 9,316 33	\$ 2,236	\$ 1,171	\$ 5,747	\$ 162	\$ 9,316
Water System Modeling	\$ 7,763 33	\$ 1,863	\$ 976	\$ 4,789	\$ 135	\$ 7,763
Preparation of Standard Specifications	\$ 1,941 33	\$ 466	\$ 244	\$ 1,197	\$ 34	\$ 1,941
Subtotal Capital Improvement Plan	<u>\$ 632,021</u>	<u>\$ 151,705</u>	<u>\$ 79,434</u>	<u>\$ 389,901</u>	<u>\$ 10,981</u>	<u>\$ 632,021</u>
		24%	13%	62%	2%	100%

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of Customer CIP

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	<u>Test Yr.</u>	Res-In	Res-Out	Comm-In	Comm-Out	Total
Capital Improvement Plan						
Automatic Meter Reader	\$ 806,400 21	\$ 511,470	\$ 199,874	\$ 90,852	\$ 4,205	\$ 806,400
Annual Renewal & Rehabilitation Programs	\$ 190,050 21	\$ 120,542	\$ 47,106	\$ 21,412	\$ 991	\$ 190,050
Treatment Plant Rehab	\$ - 21	\$ -	\$ -	\$ -	\$ -	\$ -
GIS Systems	\$ 16,800 21	\$ 10,656	\$ 4,164	\$ 1,893	\$ 88	\$ 16,800
Water System Modeling	\$ 14,000 21	\$ 8,880	\$ 3,470	\$ 1,577	\$ 73	\$ 14,000
Preparation of Standard Specifications	\$ 3,500 21	\$ 2,220	\$ 868	\$ 394	\$ 18	\$ 3,500
Subtotal Capital Improvement Plan	<u>\$ 1,030,750</u>	<u>\$ 653,767</u>	<u>\$ 255,481</u>	<u>\$ 116,128</u>	<u>\$ 5,375</u>	<u>\$ 1,030,750</u>
		63%	25%	11%	1%	100%

City of Decherd
Water Cost of Service-12-Months Ending March 2024
Allocation of CIP

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	<u>Test Yr.</u>	Res-In	Res-Out	Comm-In	Comm-Out	Total
Capital Improvement Plan						
Automatic Meter Reader	\$ 896,000	\$ 536,117	\$ 211,995	\$ 142,130	\$ 5,757	\$ 896,000
Annual Renewal & Rehabilitation Programs	\$ 543,000	\$ 213,939	\$ 93,842	\$ 228,108	\$ 7,111	\$ 543,000
Treatment Plant Rehab	\$ 1,700,000	\$ 449,853	\$ 225,106	\$ 995,563	\$ 29,478	\$ 1,700,000
GIS Systems	\$ 48,000	\$ 18,912	\$ 8,295	\$ 20,164	\$ 629	\$ 48,000
Water System Modeling	\$ 40,000	\$ 15,760	\$ 6,913	\$ 16,804	\$ 524	\$ 40,000
Preparation of Standard Specifications	\$ 10,000	\$ 3,940	\$ 1,728	\$ 4,201	\$ 131	\$ 10,000
Subtotal Capital Improvement Plan	<u>\$ 3,237,000</u>	<u>\$ 1,238,521</u>	<u>\$ 547,879</u>	<u>\$ 1,406,970</u>	<u>\$ 43,630</u>	<u>\$ 3,237,000</u>
		38%	17%	43%	1%	100%



2024 Sewer Cost of Service Study
12 Months Ended March 31, 2024
City of Decherd

Summary

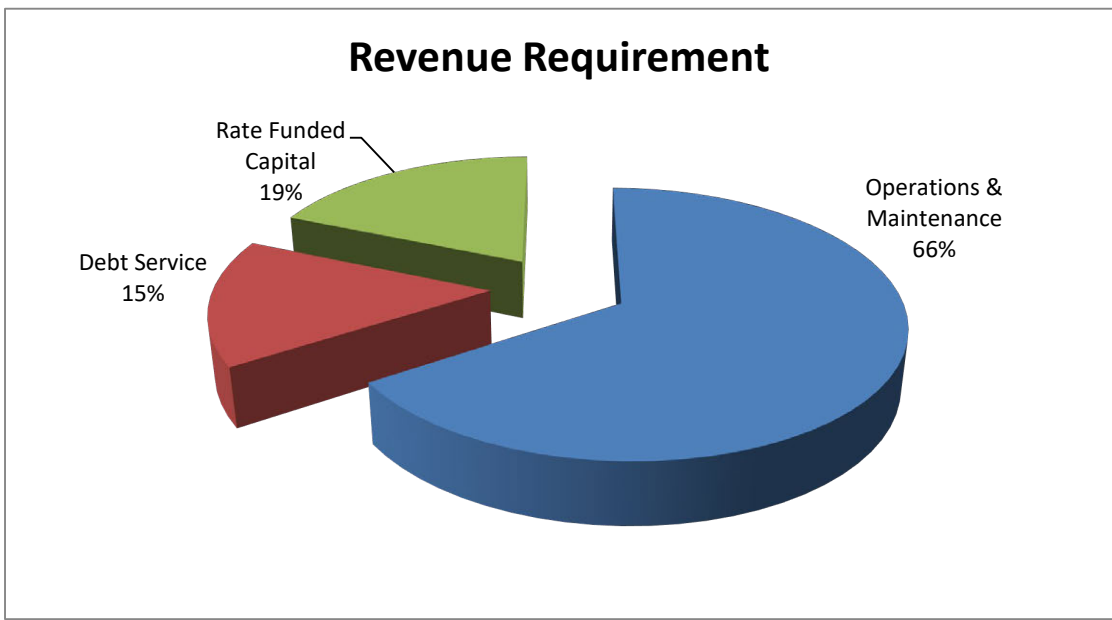
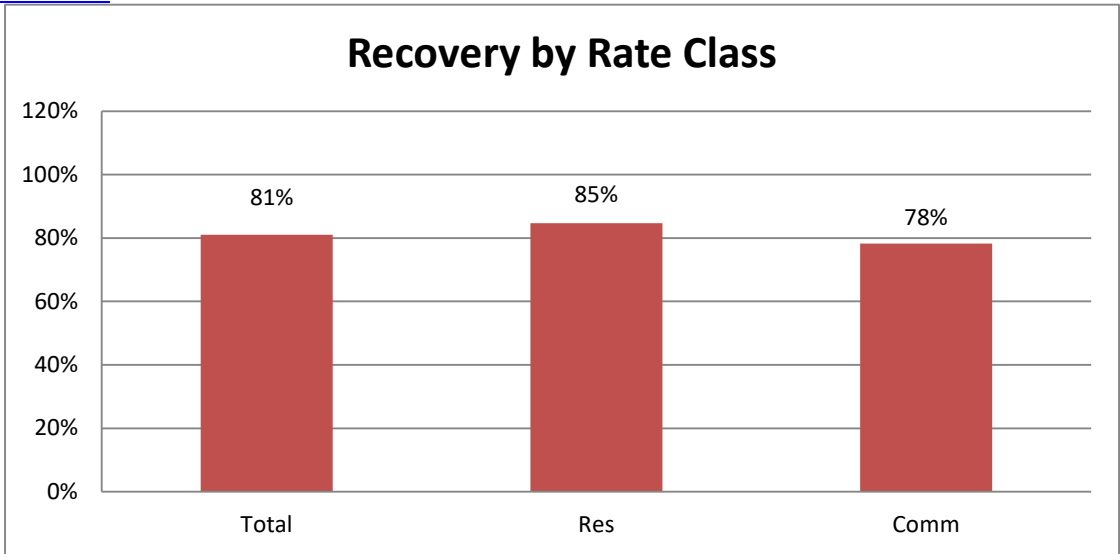
City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Summary of Cost of Service Allocation

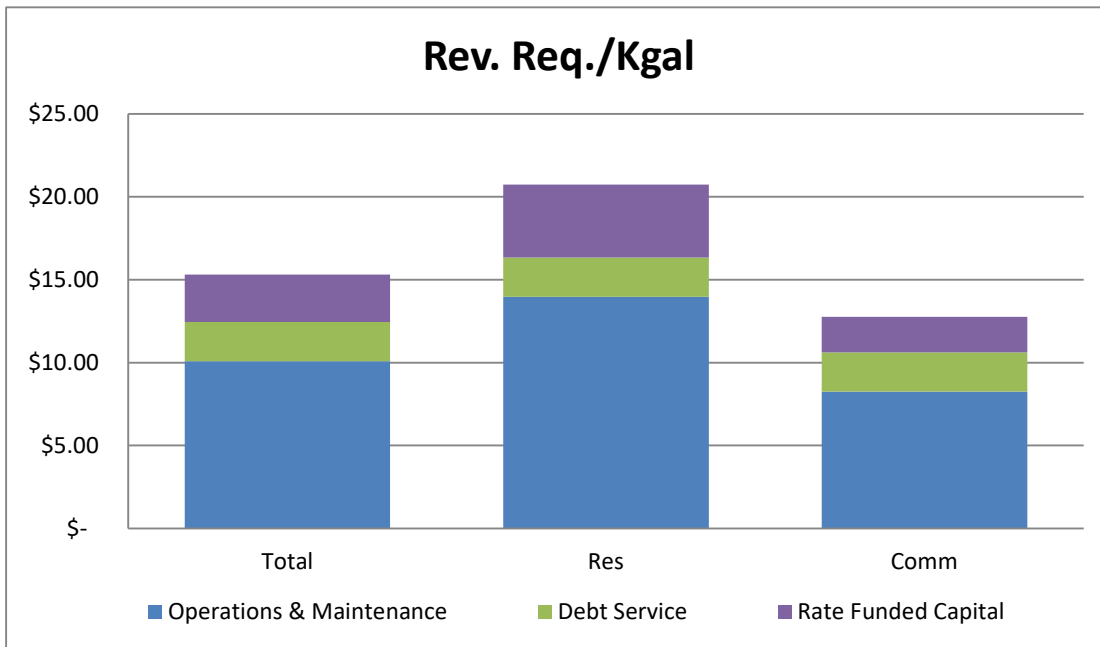
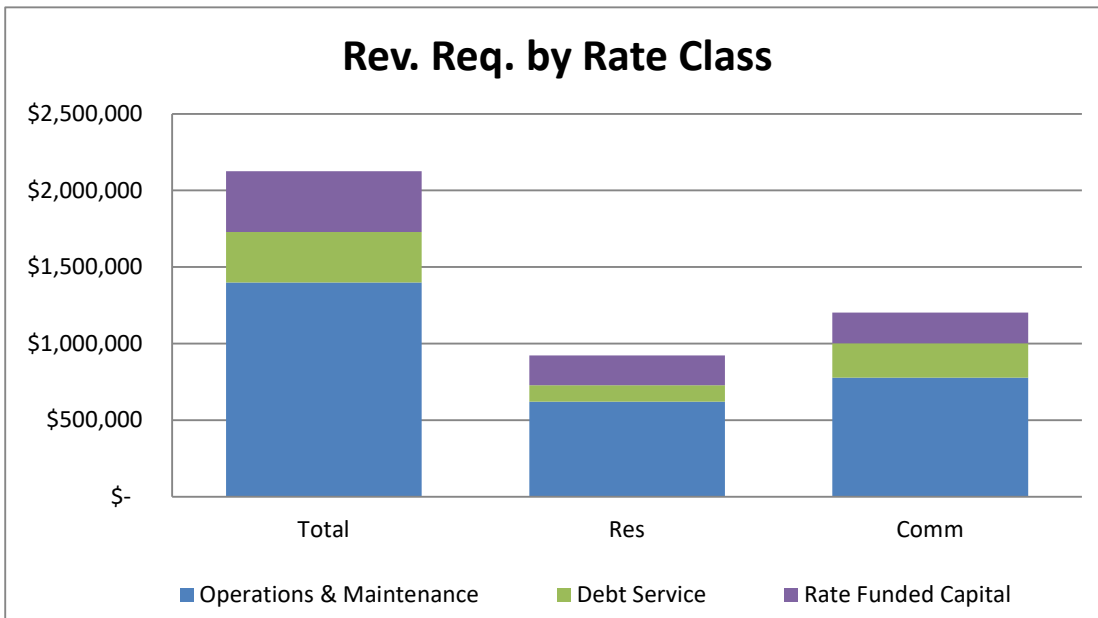
[Main Menu](#)

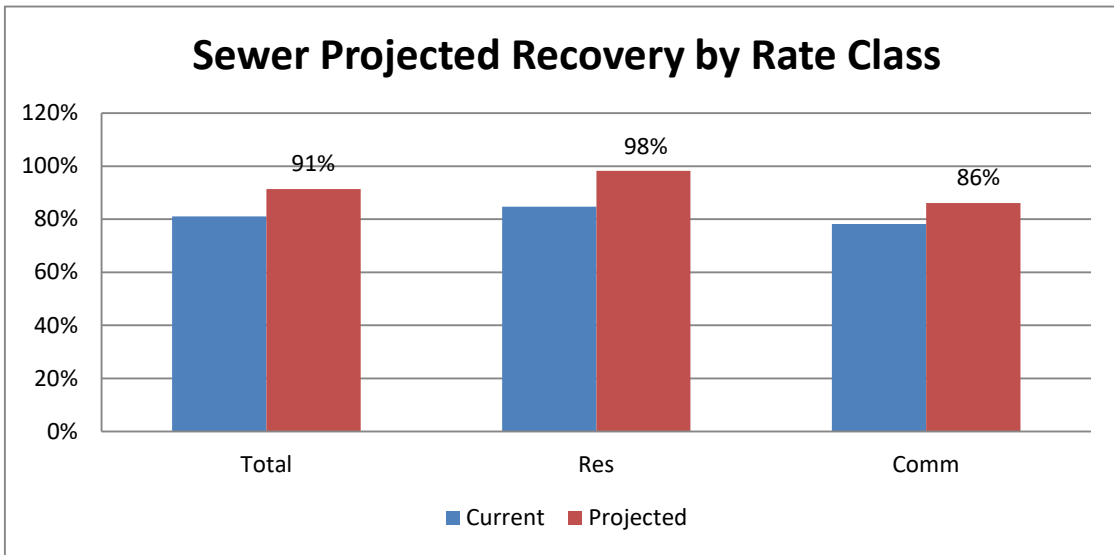
	Total	1 Res	2 Comm	Total
TOTAL REV. REQ.				
Operations & Maintenance	\$ 1,400,124	\$ 622,053	\$ 778,071	\$ 1,400,124
Plus: Debt Service	\$ 329,004	\$ 105,589	\$ 223,415	\$ 329,004
Plus: Rate Funded Capital	\$ 396,920	\$ 195,871	\$ 201,049	\$ 396,920
Total Revenue Requirement	\$ 2,126,048	\$ 923,514	\$ 1,202,535	\$ 2,126,048
Less: Other Revenue	\$ 107,433	\$ 87,354	\$ 20,079	\$ 107,433
Rate Requirement	\$ 2,018,615	\$ 836,160	\$ 1,182,455	\$ 2,018,615
Annual Sales (Kgal)	138,776	44,538	94,238	138,776
Rate Rev. Req./Kgal	\$ 14.55	\$ 18.77	\$ 12.55	\$ 14.55
Rate Rev. Req./Customer	\$ 139.36	\$ 67.00	\$ 589.75	\$ 139.36
CUSTOMER				
	Total	Res	Comm	Total
Operations & Maintenance	\$ 319,438	\$ 275,222	\$ 44,216	\$ 319,438
Plus: Debt Service	\$ 329,004	\$ 105,589	\$ 223,415	\$ 329,004
Plus: Rate Funded Capital	\$ 129,541	\$ 110,059	\$ 19,482	\$ 129,541
Total Revenue Requirement	\$ 777,983	\$ 490,870	\$ 287,113	\$ 777,983
Less: Other Revenue	\$ 107,433	\$ 87,354	\$ 20,079	\$ 107,433
Rate Requirement	\$ 670,550	\$ 403,516	\$ 267,033	\$ 670,550
Annual Billings	14,485	12,480	2,005	14,485
Calculated Customer Charge		\$ 32.33	\$ 133.18	
CONSUMPTION				
	Total	Res	Comm	Total
Operations & Maintenance	\$ 1,080,686	\$ 346,832	\$ 733,855	\$ 1,080,686
Plus: Debt Service	\$ -	\$ -	\$ -	\$ -
Plus: Rate Funded Capital	\$ 267,379	\$ 85,812	\$ 181,567	\$ 267,379
Total Revenue Requirement	\$ 1,348,066	\$ 432,644	\$ 915,422	\$ 1,348,066
Less: Other Revenue	\$ -	\$ -	\$ -	\$ -
Rate Requirement	\$ 1,348,066	\$ 432,644	\$ 915,422	\$ 1,348,066
Calculated Sewer Rate (Kgal)		\$ 9.71	\$ 9.71	
	Total	Res	Comm	Total
Current Rate Revenue	\$ 1,616,226	\$ 695,218	\$ 921,008	\$ 1,616,226
Over/(Under) Recovery	\$ (402,389)	\$ (140,942)	\$ (261,447)	\$ (402,389)
Total Revenue	\$ 1,723,659	\$ 782,572	\$ 941,087	\$ 1,723,659
Over/(Under) Recovery	\$ (402,389)	\$ (140,942)	\$ (261,447)	\$ (402,389)

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Summary of Results

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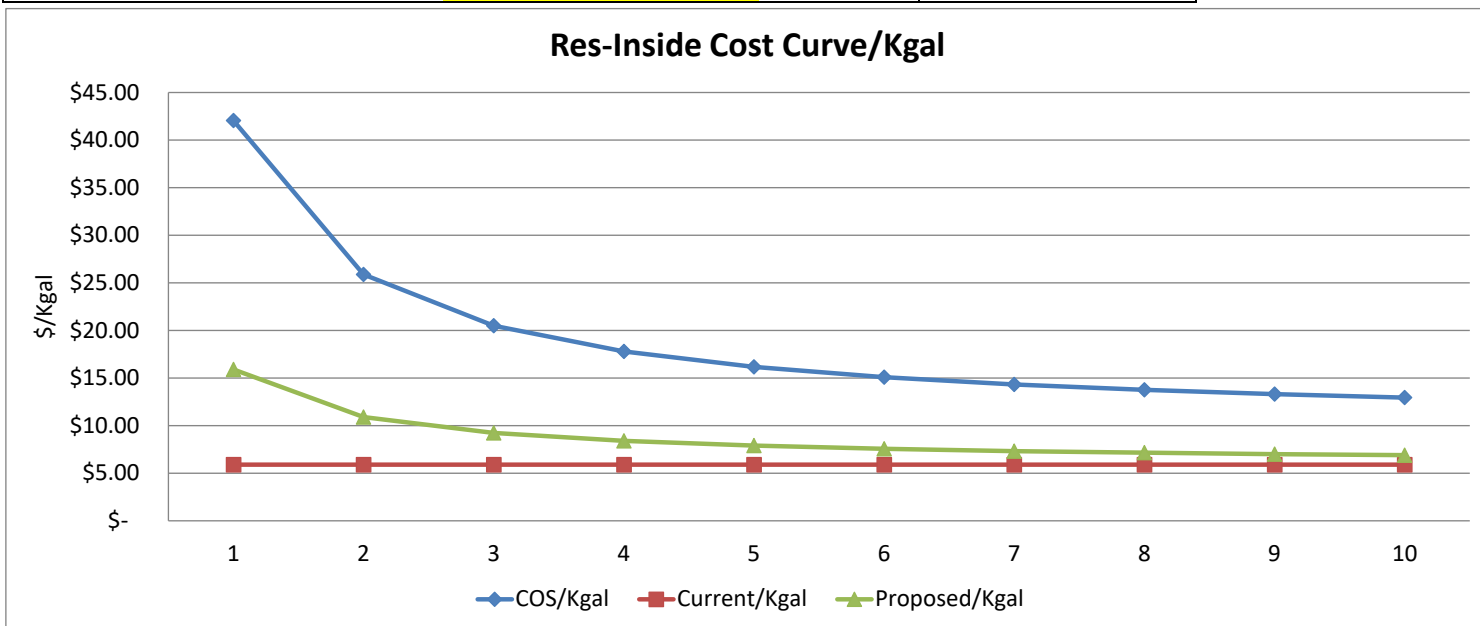






City of Decherd
 Sewer Cost of Service-12-Months Ending March 2024
 Res
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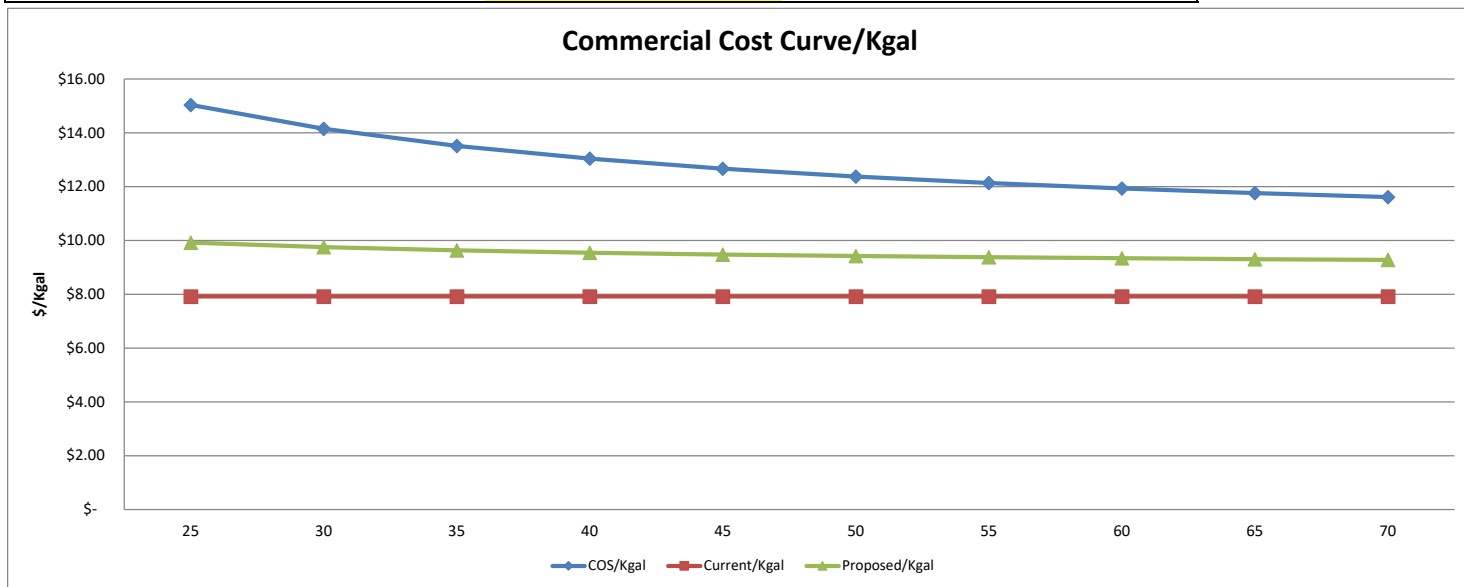
	Cost of Service	Current	Proposed	Difference
Customer Charge	\$ 32.33	\$ -	\$ 10.00	\$ 10.00
All Volume	\$ 9.71	\$ 5.90	\$ 5.90	\$ -



Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/kGal			
1	\$ 42.04	\$ 5.90	\$ 15.90	\$ 10.00	\$ 0.33	\$ 42.04	\$ 5.90	\$ 15.90	\$ 10.00			
2	\$ 51.75	\$ 11.80	\$ 21.80	\$ 10.00	\$ 0.33	\$ 25.88	\$ 5.90	\$ 10.90	\$ 5.00			
3	\$ 61.46	\$ 17.70	\$ 27.70	\$ 10.00	\$ 0.33	\$ 20.49	\$ 5.90	\$ 9.23	\$ 3.33			
4	\$ 71.17	\$ 23.60	\$ 33.60	\$ 10.00	\$ 0.33	\$ 17.79	\$ 5.90	\$ 8.40	\$ 2.50			
5	\$ 80.88	\$ 29.50	\$ 39.50	\$ 10.00	\$ 0.33	\$ 16.18	\$ 5.90	\$ 7.90	\$ 2.00			
6	\$ 90.59	\$ 35.40	\$ 45.40	\$ 10.00	\$ 0.33	\$ 15.10	\$ 5.90	\$ 7.57	\$ 1.67			
7	\$ 100.30	\$ 41.30	\$ 51.30	\$ 10.00	\$ 0.33	\$ 14.33	\$ 5.90	\$ 7.33	\$ 1.43			
8	\$ 110.01	\$ 47.20	\$ 57.20	\$ 10.00	\$ 0.33	\$ 13.75	\$ 5.90	\$ 7.15	\$ 1.25			
9	\$ 119.72	\$ 53.10	\$ 63.10	\$ 10.00	\$ 0.33	\$ 13.30	\$ 5.90	\$ 7.01	\$ 1.11			
10	\$ 129.43	\$ 59.00	\$ 69.00	\$ 10.00	\$ 0.33	\$ 12.94	\$ 5.90	\$ 6.90	\$ 1.00			
Average Usage		3,569										

City of Decherd
 Sewer Cost of Service-12-Months Ending March 2024
 Comm
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	Cost of Service	Current	Proposed	Difference
Customer Charge	\$ 133.18		\$ 25.00	\$ 25.00
All Volume	\$ 9.71	\$ 7.92	\$ 8.92	\$ 1.00



Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/kGal
25	\$ 375.93	\$ 198.00	\$ 248.00	\$ 50.00	\$ 1.67	\$ 15.04	\$ 7.92	\$ 9.92	\$ 2.00
30	\$ 424.48	\$ 237.60	\$ 292.60	\$ 55.00	\$ 1.83	\$ 14.15	\$ 7.92	\$ 9.75	\$ 1.83
35	\$ 473.03	\$ 277.20	\$ 337.20	\$ 60.00	\$ 2.00	\$ 13.52	\$ 7.92	\$ 9.63	\$ 1.71
40	\$ 521.58	\$ 316.80	\$ 381.80	\$ 65.00	\$ 2.17	\$ 13.04	\$ 7.92	\$ 9.55	\$ 1.63
45	\$ 570.13	\$ 356.40	\$ 426.40	\$ 70.00	\$ 2.33	\$ 12.67	\$ 7.92	\$ 9.48	\$ 1.56
50	\$ 618.68	\$ 396.00	\$ 471.00	\$ 75.00	\$ 2.50	\$ 12.37	\$ 7.92	\$ 9.42	\$ 1.50
55	\$ 667.23	\$ 435.60	\$ 515.60	\$ 80.00	\$ 2.67	\$ 12.13	\$ 7.92	\$ 9.37	\$ 1.45
60	\$ 715.78	\$ 475.20	\$ 560.20	\$ 85.00	\$ 2.83	\$ 11.93	\$ 7.92	\$ 9.34	\$ 1.42
65	\$ 764.33	\$ 514.80	\$ 604.80	\$ 90.00	\$ 3.00	\$ 11.76	\$ 7.92	\$ 9.30	\$ 1.38
70	\$ 812.88	\$ 554.40	\$ 649.40	\$ 95.00	\$ 3.17	\$ 11.61	\$ 7.92	\$ 9.28	\$ 1.36
Average Usage		47,001							

Proposed Increase in Customer Revenue	\$ 50,125
Proposed Increase in Usage Revenue	\$ 94,238
Proposed Increase in Revenue	<u>\$ 144,363</u>
Current Recovery	\$ (261,447) Under Recovery

Billing Data

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Customer Billing Data

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Customer Billings	301 Res	304 Comm	Total
Jan-24	1,072	166	1,238
Feb-24	1,042	162	1,204
Mar-24	1,049	164	1,213
Apr-23	1,020	170	1,190
May-23	1,029	167	1,196
Jun-23	1,017	166	1,183
Jul-23	1,047	168	1,215
Aug-23	1,033	168	1,201
Sep-23	1,047	171	1,218
Oct-23	1,042	173	1,215
Nov-23	1,040	166	1,206
Dec-23	1,042	164	1,206
Total Customers	12,480	2,005	14,485
Weighting Factor	2.00	1.00	
Weighted Customers	24,960	2,005	26,965

AF

21	Total Customers	86%	14%	100%
25	Weighted Customers	93%	7%	100%

**City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Sewer Billing Data**

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Sewer Volume	301 Res	304 Comm	Total
Jan-24	3,032,600	6,290,200	9,322,800
Feb-24	5,306,500	6,200,300	11,506,800
Mar-24	3,101,800	4,543,600	7,645,400
Apr-23	2,269,200	6,508,900	8,778,100
May-23	4,780,300	6,960,800	11,741,100
Jun-23	4,119,300	9,387,000	13,506,300
Jul-23	4,268,200	9,055,000	13,323,200
Aug-23	3,459,100	7,863,900	11,323,000
Sep-23	3,999,700	10,950,700	14,950,400
Oct-23	2,420,100	6,594,700	9,014,800
Nov-23	4,761,900	12,757,800	17,519,700
Dec-23	3,019,600	7,124,800	10,144,400
Total Sewer Sales	44,538,300	94,237,700	138,776,000
1-CP	4,761,900	12,757,800	17,519,700
12-NCP	5,306,500	12,757,800	18,064,300
Weighting Factor	2.00	1.00	
Weighted Usage	89,076,600	94,237,700	183,314,300

AF

30	Total Sewer Sales	32%	68%	100%
33	1-CP	27%	73%	100%
34	12-NCP	29%	71%	100%
36	Weighted Usage	49%	51%	100%

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Average Usage per Customer

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	301 Res	304 Comm
Jan-24	2,829	37,893
Feb-24	5,093	38,273
Mar-24	2,957	27,705
Apr-23	2,225	38,288
May-23	4,646	41,681
Jun-23	4,050	56,548
Jul-23	4,077	53,899
Aug-23	3,349	46,809
Sep-23	3,820	64,039
Oct-23	2,323	38,120
Nov-23	4,579	76,854
Dec-23	2,898	43,444
Average	3,569	47,001
Summer Average (Jun-Oct)	3,524	51,883
Winter Average	3,604	43,448

**City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Revenue Billing Data**

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Revenue	301 Res	304 Comm	Total
Jan-24	\$ 39,859	\$ 46,592	\$ 86,451
Feb-24	\$ 52,723	\$ 45,866	\$ 98,589
Mar-24	\$ 40,023	\$ 34,697	\$ 74,720
Apr-23	\$ 34,786	\$ 48,130	\$ 82,916
May-23	\$ 49,175	\$ 51,110	\$ 100,285
Jun-23	\$ 44,898	\$ 67,582	\$ 112,480
Jul-23	\$ 45,828	\$ 65,343	\$ 111,171
Aug-23	\$ 41,626	\$ 57,322	\$ 98,948
Sep-23	\$ 44,879	\$ 78,300	\$ 123,179
Oct-23	\$ 35,592	\$ 48,850	\$ 84,442
Nov-23	\$ 49,341	\$ 90,422	\$ 139,763
Dec-23	\$ 39,334	\$ 52,104	\$ 91,438
Total Revenue	\$ 518,063	\$ 686,318	\$ 1,204,381
			Booked Revenue
			\$ 1,616,226

<u>AF</u>			
50 Total Revenue	43%	57%	100%

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Revenue per Kgal

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	301	304
	Res	Comm
Jan-24	\$ 13.14	\$ 7.41
Feb-24	\$ 9.94	\$ 7.40
Mar-24	\$ 12.90	\$ 7.64
Apr-23	\$ 15.33	\$ 7.39
May-23	\$ 10.29	\$ 7.34
Jun-23	\$ 10.90	\$ 7.20
Jul-23	\$ 10.74	\$ 7.22
Aug-23	\$ 12.03	\$ 7.29
Sep-23	\$ 11.22	\$ 7.15
Oct-23	\$ 14.71	\$ 7.41
Nov-23	\$ 10.36	\$ 7.09
Dec-23	\$ 13.03	\$ 7.31
Average	\$ 12.05	\$ 7.32

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Other Revenues

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	<u>Actual</u>	<u>Adj.</u>	<u>Test Yr.</u>		<u>Res</u>	<u>Comm</u>	<u>Total</u>		<u>Res</u>	<u>Comm</u>	<u>Total</u>
Operating Income											
								Cust			
Service Charges	\$ 4,981	\$ (2,942)	\$ 2,039	21	\$ 1,757	\$ 282	\$ 2,039 *	100%	\$ 1,757	\$ 282	\$ 2,039
Credit Card % Fee	\$ 3,861	\$ (2,281)	\$ 1,580	21	\$ 1,362	\$ 219	\$ 1,580 *	100%	\$ 1,362	\$ 219	\$ 1,580
Late Charges	\$ 32,532	\$ (19,216)	\$ 13,316	21	\$ 11,473	\$ 1,843	\$ 13,316 *	100%	\$ 11,473	\$ 1,843	\$ 13,316
Industrial User Fee	\$ 15,004		\$ 15,004	21	\$ 12,927	\$ 2,077	\$ 15,004 *	100%	\$ 12,927	\$ 2,077	\$ 15,004
Pretreatment Fee	\$ 60,000		\$ 60,000	21	\$ 51,695	\$ 8,305	\$ 60,000 *	100%	\$ 51,695	\$ 8,305	\$ 60,000
Sewer Taps	\$ 2,750		\$ 2,750	21	\$ 2,369	\$ 381	\$ 2,750 *	100%	\$ 2,369	\$ 381	\$ 2,750
Misc Receipts	\$ 1,640	\$ (969)	\$ 671	21	\$ 578	\$ 93	\$ 671 *	100%	\$ 578	\$ 93	\$ 671
Subtotal Operating	\$ 120,769	\$ (25,408)	\$ 95,361		\$ 82,161	\$ 13,200	\$ 95,361 *		\$ 82,161	\$ 13,200	\$ 95,361
Non-Operating Income											
Interest Income	\$ 29,493	\$ (17,421)	\$ 12,072	50	\$ 5,193	\$ 6,879	\$ 12,072 *	100%	\$ 5,193	\$ 6,879	\$ 12,072
State Grants	\$ 3,388	\$ (3,388)	\$ -	21	\$ -	\$ -	\$ - *	100%	\$ -	\$ -	\$ -
Federal Grants	\$ 8,211	\$ (8,211)	\$ -	21	\$ -	\$ -	\$ - *	100%	\$ -	\$ -	\$ -
Subtotal Non-Operating	\$ 41,092	\$ (29,020)	\$ 12,072		\$ 5,193	\$ 6,879	\$ 12,072 *		\$ 5,193	\$ 6,879	\$ 12,072
Total Other Revenue	\$ 161,861	\$ (54,428)	\$ 107,433		\$ 87,354	\$ 20,079	\$ 107,433 *		\$ 87,354	\$ 20,079	\$ 107,433
					81%	19%	100%				

Allocation Factors

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation Factors

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	1	2	Total		Base	Cust	Total	
	Res	Comm						
CUSTOMER				Load Curve	100%		100%	
Res	1	100%	0%	100% *	MSC	65%	35%	100%
Comm	2	0%	100%	100% *	WWS	100%		100%
Total Customers	21	86%	14%	100% *	All	65%	35%	100%
Weighted Customers	25	93%	7%	100% *				
VOLUME								
Total Sewer Sales	30	32%	68%	100% *				
1-CP	33	27%	73%	100% *				
12-NCP	34	29%	71%	100% *				
Weighted Usage	36	49%	51%	100% *				
REVENUE								
Total Revenue	50	43%	57%	100% *				
PLANT								
Treat & Dist Plant	60	43%	57%	100% *				
General Plant	61	47%	53%	100% *				
Total Utility Plant	62	43%	57%	100% *				
Net Utility Plant	63	43%	57%	100% *				
Debt Service	64	32%	68%	100% *				

**City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Development of Minimum System**

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<u>Size</u>	<u>Feet</u>	<u>\$/Foot</u>	<u>Extended Cost</u>
Gravity Sewer			\$ -
4"	-	\$ 2.78	\$ -
6"	9,126	\$ 6.14	\$ 56,034
8"	86,712	\$ 11.17	\$ 968,573
10"	5,239	\$ 16.64	\$ 87,177
12"	6,751	\$ 23.94	\$ 161,619
Force Main			\$ -
2"	765	\$ 1.78	\$ 1,362
6"	9,126	\$ 6.58	\$ 60,049
	<u>117,719</u>		<u>\$ 1,334,813</u>
Miles	22		

Minimum Plant	117,719	\$ 6.14	\$ 722,795
Minimum System Percentage			35%

Plant

City of Decherd
 Sewer Cost of Service-12-Months Ending March 2024
 Classification of Plant
[Main Menu](#)

Treatment	Actual	Adj.	Test Yr.	Vol	Cust	Total	Description	Vol	Cust	Total
Sewer Plant Expansion	\$ 1,839,275		\$ 1,839,275	100%	0%	100%	* \$	\$ 1,839,275	\$ -	\$ 1,839,275
Aqua Aerobics Equip/SA	\$ 1,789,311		\$ 1,789,311	100%	0%	100%	* \$	\$ 1,789,311	\$ -	\$ 1,789,311
Electrical	\$ 1,240,734		\$ 1,240,734	100%	0%	100%	* \$	\$ 1,240,734	\$ -	\$ 1,240,734
Clarifier	\$ 1,307,953		\$ 1,307,953	100%	0%	100%	* \$	\$ 1,307,953	\$ -	\$ 1,307,953
Headworks Structure & Equipment	\$ 545,714		\$ 545,714	100%	0%	100%	* \$	\$ 545,714	\$ -	\$ 545,714
Digester Equipment	\$ 295,272		\$ 295,272	100%	0%	100%	* \$	\$ 295,272	\$ -	\$ 295,272
UV Equipment	\$ 234,716		\$ 234,716	100%	0%	100%	* \$	\$ 234,716	\$ -	\$ 234,716
Subtotal Treatment	\$ 7,252,975		\$ 7,252,975					\$ 7,252,975	\$ -	\$ 7,252,975
				100%	0%	100%				
Collection										
Sewer Equipment	\$ 711,547		\$ 711,547	65%	35%	100% As Vol/MSC	* \$	\$ 462,505	\$ 249,041	\$ 711,547
Land- IMP Sewer	\$ 138,800		\$ 138,800	65%	35%	100% As Vol/MSC	* \$	\$ 90,220	\$ 48,580	\$ 138,800
Buidlings	\$ 121,917		\$ 121,917	65%	35%	100% As Vol/MSC	* \$	\$ 79,246	\$ 42,671	\$ 121,917
Cumberland Way Apartments	\$ 241,084	\$ (142,404)	\$ 98,680	65%	35%	100% As Vol/MSC	* \$	\$ 64,142	\$ 34,538	\$ 98,680
Distribution	\$ 50,000		\$ 50,000	65%	35%	100% As Vol/MSC	* \$	\$ 32,500	\$ 17,500	\$ 50,000
41- A Sewer	\$ 569,986		\$ 569,986	65%	35%	100% As Vol/MSC	* \$	\$ 370,491	\$ 199,495	\$ 569,986
Lines	\$ 740,740		\$ 740,740	65%	35%	100% As Vol/MSC	* \$	\$ 481,481	\$ 259,259	\$ 740,740
Sewer Rehab	\$ 1,480,715		\$ 1,480,715	65%	35%	100% As Vol/MSC	* \$	\$ 962,465	\$ 518,250	\$ 1,480,715
RAS Meter Vault	\$ 129,094		\$ 129,094	10%	90%	100%	* \$	\$ 12,909	\$ 116,184	\$ 129,094
Effluent Structure & Equipment	\$ 1,067,956		\$ 1,067,956	65%	35%	100% As Vol/MSC	* \$	\$ 694,172	\$ 373,785	\$ 1,067,956
Sewer Improvements	\$ 3,665,610		\$ 3,665,610	65%	35%	100% As Vol/MSC	* \$	\$ 2,382,647	\$ 1,282,964	\$ 3,665,610
Lift Stations	\$ 529,219		\$ 529,219	65%	35%	100% As Vol/MSC	* \$	\$ 343,993	\$ 185,227	\$ 529,219
Subtotal Collection	\$ 9,446,668	\$ (142,404)	\$ 9,304,265					\$ 5,976,770	\$ 3,327,494	\$ 9,304,265
				64%	36%	100%				
Subtotal Outside Plant	\$ 16,699,643	\$ (142,404)	\$ 16,557,239					\$ 13,229,745	\$ 3,327,494	\$ 16,557,239
				80%	20%	100%				
General Plant										
Administration Equipment	\$ 13,243	\$ (7,822)	\$ 5,420	0%	100%	100%	* \$	\$ -	\$ 5,420	\$ 5,420
Land	\$ 726,149	\$ (428,922)	\$ 297,227	80%	20%	100% As Outside Plt	* \$	\$ 237,493	\$ 59,733	\$ 297,227
Vehicles	\$ 107,670	\$ (63,599)	\$ 44,072	80%	20%	100% As Outside Plt	* \$	\$ 35,215	\$ 8,857	\$ 44,072
Buildings	\$ 100,416	\$ (59,314)	\$ 41,102	0%	100%	100%	* \$	\$ -	\$ 41,102	\$ 41,102
Water & Sewer Equipment	\$ 137,096	\$ (80,980)	\$ 56,116	80%	20%	100% As Outside Plt	* \$	\$ 44,838	\$ 11,278	\$ 56,116
Subtotal General Plant	\$ 1,084,573	\$ (640,636)	\$ 443,937					\$ 317,546	\$ 126,391	\$ 443,937
				72%	28%	100%				
Total Utility Plant in Service	\$ 17,784,217	\$ (783,040)	\$ 17,001,177					\$ 13,547,292	\$ 3,453,885	\$ 17,001,177
				80%	20%	100%				
Constr. Work in Progress	\$ -		\$ -	0%	100%	100%	* \$	\$ -	\$ -	\$ -
Total Utility Plant	\$ 17,784,217	\$ (783,040)	\$ 17,001,177					\$ 13,547,292	\$ 3,453,885	\$ 17,001,177
				80%	20%	100%				
Accum. Depr.	\$ 2,481,945		\$ 2,481,945	80%	20%	100% As Outside Plt	* \$	\$ 1,983,151	\$ 498,794	\$ 2,481,945
Accum. Depr. - Gen Plant	\$ 284,413	\$ (167,997)	\$ 116,416	72%	28%	100% As Gen Plt	* \$	\$ 83,272	\$ 33,144	\$ 116,416
Accumulated Depreciation	\$ 2,766,358	\$ (167,997)	\$ 2,598,361					\$ 2,066,423	\$ 531,938	\$ 2,598,361
				80%	20%	100%				
Net Utility Plant	\$ 15,017,858	\$ (615,043)	\$ 14,402,815					\$ 11,480,869	\$ 2,921,946	\$ 14,402,815
				80%	20%	100%				

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Volume Plant
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	<u>Test Yr.</u>		Res	Comm	Total
Treatment					
Sewer Plant Expansion	\$ 1,839,275	30	\$ 590,291	\$ 1,248,984	\$ 1,839,275
Aqua Aerobics Equip/SA	\$ 1,789,311	30	\$ 574,256	\$ 1,215,056	\$ 1,789,311
Electrical	\$ 1,240,734	30	\$ 398,197	\$ 842,537	\$ 1,240,734
Clarifier	\$ 1,307,953	30	\$ 419,770	\$ 888,183	\$ 1,307,953
Headworks Structure & Equipment	\$ 545,714	30	\$ 175,140	\$ 370,574	\$ 545,714
Digester Equipment	\$ 295,272	30	\$ 94,764	\$ 200,509	\$ 295,272
UV Equipment	\$ 234,716	30	\$ 75,329	\$ 159,387	\$ 234,716
Subtotal Treatment	<u>\$ 7,252,975</u>		<u>\$ 2,327,745</u>	<u>\$ 4,925,230</u>	<u>\$ 7,252,975</u>
Collection					
Sewer Equipment	\$ 462,505	30	\$ 148,435	\$ 314,070	\$ 462,505
Land- IMP Sewer	\$ 90,220	30	\$ 28,955	\$ 61,265	\$ 90,220
Buidlings	\$ 79,246	30	\$ 25,433	\$ 53,813	\$ 79,246
Cumberland Way Apartments	\$ 64,142	30	\$ 20,586	\$ 43,557	\$ 64,142
Distribution	\$ 32,500	30	\$ 10,430	\$ 22,070	\$ 32,500
41- A Sewer	\$ 370,491	30	\$ 118,904	\$ 251,587	\$ 370,491
Lines	\$ 481,481	30	\$ 154,525	\$ 326,956	\$ 481,481
Sewer Rehab	\$ 962,465	30	\$ 308,890	\$ 653,575	\$ 962,465
RAS Meter Vault	\$ 12,909	30	\$ 4,143	\$ 8,766	\$ 12,909
Effluent Structure & Equipment	\$ 694,172	30	\$ 222,785	\$ 471,386	\$ 694,172
Sewer Improvements	\$ 2,382,647	30	\$ 764,679	\$ 1,617,968	\$ 2,382,647
Lift Stations	\$ 343,993	30	\$ 110,400	\$ 233,593	\$ 343,993
Subtotal Collection	<u>\$ 5,976,770</u>		<u>\$ 1,918,164</u>	<u>\$ 4,058,606</u>	<u>\$ 5,976,770</u>
			32%	68%	100%
Subtotal Outside Plant	<u>\$ 13,229,745</u>		<u>\$ 4,245,910</u>	<u>\$ 8,983,836</u>	<u>\$ 13,229,745</u>
General Plant					
Administration Equipment	\$ -	30	\$ -	\$ -	\$ -
Land	\$ 237,493	30	\$ 76,220	\$ 161,273	\$ 237,493
Vehicles	\$ 35,215	30	\$ 11,302	\$ 23,913	\$ 35,215
Buildings	\$ -	30	\$ -	\$ -	\$ -
Water & Sewer Equipment	\$ 44,838	30	\$ 14,390	\$ 30,448	\$ 44,838
Subtotal General Plant	<u>\$ 317,546</u>		<u>\$ 101,912</u>	<u>\$ 215,634</u>	<u>\$ 317,546</u>
Total Utility Plant in Service	<u>\$ 13,547,292</u>		<u>\$ 4,347,822</u>	<u>\$ 9,199,470</u>	<u>\$ 13,547,292</u>
Constr. Work in Progress	\$ -	30	\$ -	\$ -	\$ -
Total Utility Plant	<u>\$ 13,547,292</u>		<u>\$ 4,347,822</u>	<u>\$ 9,199,470</u>	<u>\$ 13,547,292</u>
Accum. Depr.	\$ 1,983,151	30	\$ 636,466	\$ 1,346,685	\$ 1,983,151
Accum. Depr. - Gen Plant	\$ 83,272	30	\$ 26,725	\$ 56,547	\$ 83,272
Accumulated Depreciation	<u>\$ 2,066,423</u>		<u>\$ 663,191</u>	<u>\$ 1,403,232</u>	<u>\$ 2,066,423</u>
Net Utility Plant	<u>\$ 11,480,869</u>		<u>\$ 3,684,631</u>	<u>\$ 7,796,238</u>	<u>\$ 11,480,869</u>
			32%	68%	100%

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Customer Plant
[Main Menu](#)

	<u>Test Yr.</u>		Res	Comm	Total
Treatment					
Sewer Plant Expansion	\$ -	21	\$ -	\$ -	\$ -
Aqua Aerobics Equip/SA	\$ -	21	\$ -	\$ -	\$ -
Electrical	\$ -	21	\$ -	\$ -	\$ -
Clarifier	\$ -	21	\$ -	\$ -	\$ -
Headworks Structure & Equipment	\$ -	21	\$ -	\$ -	\$ -
Digester Equipment	\$ -	21	\$ -	\$ -	\$ -
UV Equipment	\$ -	21	\$ -	\$ -	\$ -
Subtotal Treatment	\$ -		\$ -	\$ -	\$ -
Collection					
Sewer Equipment	\$ 249,041	21	\$ 214,569	\$ 34,472	\$ 249,041
Land- IMP Sewer	\$ 48,580	21	\$ 41,856	\$ 6,724	\$ 48,580
Buidlings	\$ 42,671	21	\$ 36,764	\$ 5,906	\$ 42,671
Cumberland Way Apartments	\$ 34,538	21	\$ 29,757	\$ 4,781	\$ 34,538
Distribution	\$ 17,500	21	\$ 15,078	\$ 2,422	\$ 17,500
41- A Sewer	\$ 199,495	21	\$ 171,881	\$ 27,614	\$ 199,495
Lines	\$ 259,259	21	\$ 223,373	\$ 35,886	\$ 259,259
Sewer Rehab	\$ 518,250	21	\$ 446,515	\$ 71,736	\$ 518,250
RAS Meter Vault	\$ 116,184	21	\$ 100,102	\$ 16,082	\$ 116,184
Effluent Structure & Equipment	\$ 373,785	21	\$ 322,046	\$ 51,739	\$ 373,785
Sewer Improvements	\$ 1,282,964	21	\$ 1,105,377	\$ 177,587	\$ 1,282,964
Lift Stations	\$ 185,227	21	\$ 159,588	\$ 25,639	\$ 185,227
Subtotal Collection	\$ 3,327,494		\$ 2,866,906	\$ 460,589	\$ 3,327,494
Subtotal Outside Plant	\$ 3,327,494		\$ 2,866,906	\$ 460,589	\$ 3,327,494
General Plant					
Administration Equipment	\$ 5,420	21	\$ 4,670	\$ 750	\$ 5,420
Land	\$ 59,733	21	\$ 51,465	\$ 8,268	\$ 59,733
Vehicles	\$ 8,857	21	\$ 7,631	\$ 1,226	\$ 8,857
Buildings	\$ 41,102	21	\$ 35,413	\$ 5,689	\$ 41,102
Water & Sewer Equipment	\$ 11,278	21	\$ 9,717	\$ 1,561	\$ 11,278
Subtotal General Plant	\$ 126,391		\$ 108,896	\$ 17,495	\$ 126,391
Total Utility Plant in Service	\$ 3,453,885		\$ 2,975,801	\$ 478,083	\$ 3,453,885
Constr. Work in Progress	\$ -	21	\$ -	\$ -	\$ -
Total Utility Plant	\$ 3,453,885		\$ 2,975,801	\$ 478,083	\$ 3,453,885
Accum. Depr.	\$ 498,794	21	\$ 429,752	\$ 69,043	\$ 498,794
Accum. Depr. - Gen Plant	\$ 33,144	21	\$ 28,556	\$ 4,588	\$ 33,144
Accumulated Depreciation	\$ 531,938		\$ 458,308	\$ 73,630	\$ 531,938
Net Utility Plant	\$ 2,921,946		\$ 2,517,493	\$ 404,453	\$ 2,921,946
			86%	14%	100%

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Plant
[Main Menu](#)

	<u>Test Yr.</u>	Res	Comm	Total
Treatment				
Sewer Plant Expansion	\$ 1,839,275	\$ 590,291	\$ 1,248,984	\$ 1,839,275
Aqua Aerobics Equip/SA	\$ 1,789,311	\$ 574,256	\$ 1,215,056	\$ 1,789,311
Electrical	\$ 1,240,734	\$ 398,197	\$ 842,537	\$ 1,240,734
Clarifier	\$ 1,307,953	\$ 419,770	\$ 888,183	\$ 1,307,953
Headworks Structure & Equipment	\$ 545,714	\$ 175,140	\$ 370,574	\$ 545,714
Digester Equipment	\$ 295,272	\$ 94,764	\$ 200,509	\$ 295,272
UV Equipment	\$ 234,716	\$ 75,329	\$ 159,387	\$ 234,716
Subtotal Treatment	<u>\$ 7,252,975</u>	<u>\$ 2,327,745</u>	<u>\$ 4,925,230</u>	<u>\$ 7,252,975</u>
Collection				
Sewer Equipment	\$ 711,547	\$ 363,004	\$ 348,542	\$ 711,547
Land- IMP Sewer	\$ 138,800	\$ 70,811	\$ 67,989	\$ 138,800
Buidlings	\$ 121,917	\$ 62,197	\$ 59,719	\$ 121,917
Cumberland Way Apartments	\$ 98,680	\$ 50,343	\$ 48,337	\$ 98,680
Distribution	\$ 50,000	\$ 25,508	\$ 24,492	\$ 50,000
41- A Sewer	\$ 569,986	\$ 290,785	\$ 279,201	\$ 569,986
Lines	\$ 740,740	\$ 377,898	\$ 362,843	\$ 740,740
Sewer Rehab	\$ 1,480,715	\$ 755,405	\$ 725,310	\$ 1,480,715
RAS Meter Vault	\$ 129,094	\$ 104,245	\$ 24,848	\$ 129,094
Effluent Structure & Equipment	\$ 1,067,956	\$ 544,831	\$ 523,125	\$ 1,067,956
Sewer Improvements	\$ 3,665,610	\$ 1,870,055	\$ 1,795,555	\$ 3,665,610
Lift Stations	\$ 529,219	\$ 269,988	\$ 259,232	\$ 529,219
Subtotal Collection	<u>\$ 9,304,265</u>	<u>\$ 4,785,070</u>	<u>\$ 4,519,195</u>	<u>\$ 9,304,265</u>
		51%	49%	100%
Subtotal Outside Plant	<u>\$ 16,557,239</u>	<u>\$ 7,112,815</u>	<u>\$ 9,444,424</u>	<u>\$ 16,557,239</u>
		43%	57%	100%
General Plant				
Administration Equipment	\$ 5,420	\$ 4,670	\$ 750	\$ 5,420
Land	\$ 297,227	\$ 127,686	\$ 169,541	\$ 297,227
Vehicles	\$ 44,072	\$ 18,933	\$ 25,139	\$ 44,072
Buildings	\$ 41,102	\$ 35,413	\$ 5,689	\$ 41,102
Water & Sewer Equipment	\$ 56,116	\$ 24,107	\$ 32,009	\$ 56,116
Subtotal General Plant	<u>\$ 443,937</u>	<u>\$ 210,808</u>	<u>\$ 233,129</u>	<u>\$ 443,937</u>
		47%	53%	100%
Total Utility Plant in Service	<u>\$ 17,001,177</u>	<u>\$ 7,323,623</u>	<u>\$ 9,677,553</u>	<u>\$ 17,001,177</u>
Constr. Work in Progress	\$ -	\$ -	\$ -	\$ -
Total Utility Plant	<u>\$ 17,001,177</u>	<u>\$ 7,323,623</u>	<u>\$ 9,677,553</u>	<u>\$ 17,001,177</u>
		43%	57%	100%
Accum. Depr.	\$ 2,481,945	\$ 1,066,218	\$ 1,415,728	\$ 2,481,945
Accum. Depr. - Gen Plant	\$ 116,416	\$ 55,281	\$ 61,135	\$ 116,416
Accumulated Depreciation	<u>\$ 2,598,361</u>	<u>\$ 1,121,499</u>	<u>\$ 1,476,862</u>	<u>\$ 2,598,361</u>
Net Utility Plant	<u>\$ 14,402,815</u>	<u>\$ 6,202,125</u>	<u>\$ 8,200,691</u>	<u>\$ 14,402,815</u>
		43%	57%	100%

Operating Expenses

City of Decherd
 Sewer Cost of Service-12-Months Ending March 2024
 Classification of Operating Expenses
[Main Menu](#)

	Actual	Adj.	Test Yr.	Vol	Cust	Total	Description	Vol	Cust	Total
Treatment & Collection										
Salaries	\$ 100,649		\$ 100,649	80%	20%	100%	As Outside Plt *	\$ 80,422	\$ 20,227	\$ 100,649
Employee Benefits	\$ 16,480		\$ 16,480	80%	20%	100%	As Outside Plt *	\$ 13,168	\$ 3,312	\$ 16,480
TCRS Retirement	\$ 4,438		\$ 4,438	80%	20%	100%	As Outside Plt *	\$ 3,546	\$ 892	\$ 4,438
FICA Expense	\$ 5,134		\$ 5,134	80%	20%	100%	As Outside Plt *	\$ 4,102	\$ 1,032	\$ 5,134
Grant Expense	\$ 202,284	\$ (202,284)	\$ -	80%	20%	100%	As Outside Plt *	\$ -	\$ -	\$ -
Insurance	\$ 16,748		\$ 16,748	80%	20%	100%	As Outside Plt *	\$ 13,382	\$ 3,366	\$ 16,748
Telephone	\$ 3,640		\$ 3,640	80%	20%	100%	As Outside Plt *	\$ 2,908	\$ 731	\$ 3,640
Pumping/Equip Plant Maint	\$ 8,030		\$ 8,030	80%	20%	100%	As Outside Plt *	\$ 6,416	\$ 1,614	\$ 8,030
Lab & Testing	\$ 38,063		\$ 38,063	100%	0%	100%		\$ 38,063	\$ -	\$ 38,063
Chemicals	\$ 111,501		\$ 111,501	100%	0%	100%		\$ 111,501	\$ -	\$ 111,501
Lift Station	\$ 31,160		\$ 31,160	65%	35%	100%	As Asset *	\$ 20,254	\$ 10,906	\$ 31,160
Rental Fees	\$ 790		\$ 790	80%	20%	100%	As Outside Plt *	\$ 631	\$ 159	\$ 790
Maintenance	\$ 79,280		\$ 79,280	80%	20%	100%	As Outside Plt *	\$ 63,347	\$ 15,933	\$ 79,280
Building Maintenance	\$ 1,527		\$ 1,527	0%	100%	100%		\$ -	\$ 1,527	\$ 1,527
Computer Supplies & Maint	\$ 196		\$ 196	0%	100%	100%		\$ -	\$ 196	\$ 196
Supplies	\$ 11,146		\$ 11,146	80%	20%	100%	As Outside Plt *	\$ 8,906	\$ 2,240	\$ 11,146
Uniforms	\$ 615		\$ 615	0%	100%	100%		\$ -	\$ 615	\$ 615
Fuel	\$ 4,881		\$ 4,881	80%	20%	100%	As Outside Plt *	\$ 3,900	\$ 981	\$ 4,881
Equipment	\$ 120		\$ 120	80%	20%	100%	As Outside Plt *	\$ 96	\$ 24	\$ 120
Electric	\$ 285,045		\$ 285,045	80%	20%	100%	As Outside Plt *	\$ 227,760	\$ 57,285	\$ 285,045
Treatment & Disposal	\$ 4,415		\$ 4,415	100%	0%	100%	As Treat Plt *	\$ 4,415	\$ -	\$ 4,415
Clearwater- Treatment	\$ 356,718		\$ 356,718	100%	0%	100%	As Treat Plt *	\$ 356,718	\$ -	\$ 356,718
Clearwater- Collection	\$ 188,599		\$ 188,599	64%	36%	100%	As Coll Plt *	\$ 121,150	\$ 67,449	\$ 188,599
Subtotal Treatment & Collection	\$ 1,471,458	\$ (202,284)	\$ 1,269,174					\$ 1,080,686	\$ 188,488	\$ 1,269,174
								85%	15%	100%
Admin & General										
Salaries	\$ 50,984	\$ (30,115)	\$ 20,869	0%	100%	100%		\$ -	\$ 20,869	\$ 20,869
Employee Benefits	\$ 12,892	\$ (7,615)	\$ 5,277	0%	100%	100%		\$ -	\$ 5,277	\$ 5,277
TCRS Retirement	\$ 2,374	\$ (1,402)	\$ 972	0%	100%	100%		\$ -	\$ 972	\$ 972
FICA Expense	\$ 3,365	\$ (1,988)	\$ 1,377	0%	100%	100%		\$ -	\$ 1,377	\$ 1,377
Bank Service Charges	\$ 3,181	\$ (1,879)	\$ 1,302	0%	100%	100%		\$ -	\$ 1,302	\$ 1,302
Credit Card Fee	\$ 5,684	\$ (3,358)	\$ 2,327	0%	100%	100%		\$ -	\$ 2,327	\$ 2,327
Utilities	\$ 61,124	\$ (36,105)	\$ 25,019	0%	100%	100%		\$ -	\$ 25,019	\$ 25,019
Travel/School	\$ 4,860	\$ (2,871)	\$ 1,989	0%	100%	100%		\$ -	\$ 1,989	\$ 1,989
Fleet Management	\$ 1,375	\$ (812)	\$ 563	0%	100%	100%		\$ -	\$ 563	\$ 563
Postage Meter & Supplies	\$ 9,310	\$ (5,499)	\$ 3,811	0%	100%	100%		\$ -	\$ 3,811	\$ 3,811
Required Medical Treatment	\$ 305	\$ (180)	\$ 125	0%	100%	100%		\$ -	\$ 125	\$ 125
Computer Software	\$ 9,661	\$ (5,707)	\$ 3,955	0%	100%	100%		\$ -	\$ 3,955	\$ 3,955
Membership Fees	\$ 24,664	\$ (14,568)	\$ 10,095	0%	100%	100%		\$ -	\$ 10,095	\$ 10,095
Office Supplies & Printing	\$ 10,760	\$ (6,356)	\$ 4,404	0%	100%	100%		\$ -	\$ 4,404	\$ 4,404
Building Maintenance	\$ 3,902	\$ (2,305)	\$ 1,597	0%	100%	100%		\$ -	\$ 1,597	\$ 1,597
Supplies	\$ 2,961	\$ (1,749)	\$ 1,212	0%	100%	100%		\$ -	\$ 1,212	\$ 1,212
Other Expenses	\$ 410	\$ (242)	\$ 168	0%	100%	100%		\$ -	\$ 168	\$ 168
Fuel	\$ 62	\$ (37)	\$ 26	0%	100%	100%		\$ -	\$ 26	\$ 26
Professional Services	\$ 2,375	\$ (1,403)	\$ 972	0%	100%	100%		\$ -	\$ 972	\$ 972
Other Expenses	\$ 5,628	\$ (3,325)	\$ 2,304	0%	100%	100%		\$ -	\$ 2,304	\$ 2,304
Clearwater- Admin & Gen - Sewer	\$ 42,587		\$ 42,587	0%	100%	100%		\$ -	\$ 42,587	\$ 42,587
Subtotal Admin & General	\$ 258,465	\$ (127,515)	\$ 130,950					\$ -	\$ 130,950	\$ 130,950
								0%	100%	100%
Total Operating Expenses	\$ 1,729,923	\$ (329,799)	\$ 1,400,124					\$ 1,080,686	\$ 319,438	\$ 1,400,124
								77%	23%	100%

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Volume Expenses

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	Test Yr.		Res	Comm	Total
Treatment & Collection					
Salaries	\$ 80,422	30	\$ 25,810	\$ 54,612	\$ 80,422
Employee Benefits	\$ 13,168	30	\$ 4,226	\$ 8,942	\$ 13,168
TCRS Retirement	\$ 3,546	30	\$ 1,138	\$ 2,408	\$ 3,546
FICA Expense	\$ 4,102	30	\$ 1,316	\$ 2,785	\$ 4,102
Grant Expense	\$ -	30	\$ -	\$ -	\$ -
Insurance	\$ 13,382	30	\$ 4,295	\$ 9,087	\$ 13,382
Telephone	\$ 2,908	30	\$ 933	\$ 1,975	\$ 2,908
Pumping/Equip Plant Maint	\$ 6,416	30	\$ 2,059	\$ 4,357	\$ 6,416
Lab & Testing	\$ 38,063	30	\$ 12,216	\$ 25,847	\$ 38,063
Chemicals	\$ 111,501	30	\$ 35,785	\$ 75,716	\$ 111,501
Lift Station	\$ 20,254	30	\$ 6,500	\$ 13,754	\$ 20,254
Rental Fees	\$ 631	30	\$ 203	\$ 429	\$ 631
Maintenance	\$ 63,347	30	\$ 20,330	\$ 43,017	\$ 63,347
Building Maintenance	\$ -	30	\$ -	\$ -	\$ -
Computer Supplies & Maint	\$ -	30	\$ -	\$ -	\$ -
Supplies	\$ 8,906	30	\$ 2,858	\$ 6,048	\$ 8,906
Uniforms	\$ -	30	\$ -	\$ -	\$ -
Fuel	\$ 3,900	30	\$ 1,252	\$ 2,649	\$ 3,900
Equipment	\$ 96	30	\$ 31	\$ 65	\$ 96
Electric	\$ 227,760	30	\$ 73,096	\$ 154,663	\$ 227,760
Treatment & Disposal	\$ 4,415	30	\$ 1,417	\$ 2,998	\$ 4,415
Clearwater- Treatment	\$ 356,718	30	\$ 114,484	\$ 242,234	\$ 356,718
Clearwater- Collection	\$ 121,150	30	\$ 38,881	\$ 82,268	\$ 121,150
Subtotal Treatment & Collection	\$ 1,080,686		\$ 346,832	\$ 733,855	\$ 1,080,686
Admin & General					
Salaries	\$ -	30	\$ -	\$ -	\$ -
Employee Benefits	\$ -	30	\$ -	\$ -	\$ -
TCRS Retirement	\$ -	30	\$ -	\$ -	\$ -
FICA Expense	\$ -	30	\$ -	\$ -	\$ -
Bank Service Charges	\$ -	30	\$ -	\$ -	\$ -
Credit Card Fee	\$ -	30	\$ -	\$ -	\$ -
Utilities	\$ -	30	\$ -	\$ -	\$ -
Travel/School	\$ -	30	\$ -	\$ -	\$ -
Fleet Management	\$ -	30	\$ -	\$ -	\$ -
Postage Meter & Supplies	\$ -	30	\$ -	\$ -	\$ -
Required Medical Treatment	\$ -	30	\$ -	\$ -	\$ -
Computer Software	\$ -	30	\$ -	\$ -	\$ -
Membership Fees	\$ -	30	\$ -	\$ -	\$ -
Office Supplies & Printing	\$ -	30	\$ -	\$ -	\$ -
Building Maintenance	\$ -	30	\$ -	\$ -	\$ -
Supplies	\$ -	30	\$ -	\$ -	\$ -
Other Expenses	\$ -	30	\$ -	\$ -	\$ -
Fuel	\$ -	30	\$ -	\$ -	\$ -
Professional Services	\$ -	30	\$ -	\$ -	\$ -
Other Expenses	\$ -	30	\$ -	\$ -	\$ -
Clearwater- Admin & Gen - Sewer	\$ -	30	\$ -	\$ -	\$ -
Subtotal Admin & General	\$ -		\$ -	\$ -	\$ -
Total Operating Expenses	\$ 1,080,686		\$ 346,832	\$ 733,855	\$ 1,080,686
			32%	68%	100%

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Customer Expenses
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	Test Yr.		Res	Comm	Total
Treatment & Collection					
Salaries	\$ 20,227	21	\$ 17,428	\$ 2,800	\$ 20,227
Employee Benefits	\$ 3,312	21	\$ 2,854	\$ 458	\$ 3,312
TCRS Retirement	\$ 892	21	\$ 768	\$ 123	\$ 892
FICA Expense	\$ 1,032	21	\$ 889	\$ 143	\$ 1,032
Grant Expense	\$ -	21	\$ -	\$ -	\$ -
Insurance	\$ 3,366	21	\$ 2,900	\$ 466	\$ 3,366
Telephone	\$ 731	21	\$ 630	\$ 101	\$ 731
Pumping/Equip Plant Maint	\$ 1,614	21	\$ 1,390	\$ 223	\$ 1,614
Lab & Testing	\$ -	21	\$ -	\$ -	\$ -
Chemicals	\$ -	21	\$ -	\$ -	\$ -
Lift Station	\$ 10,906	21	\$ 9,396	\$ 1,510	\$ 10,906
Rental Fees	\$ 159	21	\$ 137	\$ 22	\$ 159
Maintenance	\$ 15,933	21	\$ 13,727	\$ 2,205	\$ 15,933
Building Maintenance	\$ 1,527	21	\$ 1,315	\$ 211	\$ 1,527
Computer Supplies & Maint	\$ 196	21	\$ 169	\$ 27	\$ 196
Supplies	\$ 2,240	21	\$ 1,930	\$ 310	\$ 2,240
Uniforms	\$ 615	21	\$ 530	\$ 85	\$ 615
Fuel	\$ 981	21	\$ 845	\$ 136	\$ 981
Equipment	\$ 24	21	\$ 21	\$ 3	\$ 24
Electric	\$ 57,285	21	\$ 49,356	\$ 7,929	\$ 57,285
Treatment & Disposal	\$ -	21	\$ -	\$ -	\$ -
Clearwater- Treatment	\$ -	21	\$ -	\$ -	\$ -
Clearwater- Collection	\$ 67,449	21	\$ 58,113	\$ 9,336	\$ 67,449
Subtotal Treatment & Collection	\$ 188,488		\$ 162,397	\$ 26,090	\$ 188,488
Admin & General					
Salaries	\$ 20,869	21	\$ 17,980	\$ 2,889	\$ 20,869
Employee Benefits	\$ 5,277	21	\$ 4,547	\$ 730	\$ 5,277
TCRS Retirement	\$ 972	21	\$ 837	\$ 134	\$ 972
FICA Expense	\$ 1,377	21	\$ 1,187	\$ 191	\$ 1,377
Bank Service Charges	\$ 1,302	21	\$ 1,122	\$ 180	\$ 1,302
Credit Card Fee	\$ 2,327	21	\$ 2,005	\$ 322	\$ 2,327
Utilities	\$ 25,019	21	\$ 21,556	\$ 3,463	\$ 25,019
Travel/School	\$ 1,989	21	\$ 1,714	\$ 275	\$ 1,989
Fleet Management	\$ 563	21	\$ 485	\$ 78	\$ 563
Postage Meter & Supplies	\$ 3,811	21	\$ 3,283	\$ 527	\$ 3,811
Required Medical Treatment	\$ 125	21	\$ 108	\$ 17	\$ 125
Computer Software	\$ 3,955	21	\$ 3,407	\$ 547	\$ 3,955
Membership Fees	\$ 10,095	21	\$ 8,698	\$ 1,397	\$ 10,095
Office Supplies & Printing	\$ 4,404	21	\$ 3,795	\$ 610	\$ 4,404
Building Maintenance	\$ 1,597	21	\$ 1,376	\$ 221	\$ 1,597
Supplies	\$ 1,212	21	\$ 1,044	\$ 168	\$ 1,212
Other Expenses	\$ 168	21	\$ 145	\$ 23	\$ 168
Fuel	\$ 26	21	\$ 22	\$ 4	\$ 26
Professional Services	\$ 972	21	\$ 838	\$ 135	\$ 972
Other Expenses	\$ 2,304	21	\$ 1,985	\$ 319	\$ 2,304
Clearwater- Admin & Gen - Sewer	\$ 42,587	21	\$ 36,692	\$ 5,895	\$ 42,587
Subtotal Admin & General	\$ 130,950		\$ 112,824	\$ 18,126	\$ 130,950
Total Operating Expenses	\$ 319,438		\$ 275,222	\$ 44,216	\$ 319,438
	91		86%	14%	100%

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Operating Expenses

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	<u>Test Yr.</u>	<u>Res</u>	<u>Comm</u>	<u>Total</u>
Treatment & Collection				
Salaries	\$ 100,649	\$ 43,238	\$ 57,411	\$ 100,649
Employee Benefits	\$ 16,480	\$ 7,080	\$ 9,401	\$ 16,480
TCRS Retirement	\$ 4,438	\$ 1,906	\$ 2,531	\$ 4,438
FICA Expense	\$ 5,134	\$ 2,205	\$ 2,928	\$ 5,134
Grant Expense	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 16,748	\$ 7,195	\$ 9,553	\$ 16,748
Telephone	\$ 3,640	\$ 1,564	\$ 2,076	\$ 3,640
Pumping/Equip Plant Maint	\$ 8,030	\$ 3,450	\$ 4,580	\$ 8,030
Lab & Testing	\$ 38,063	\$ 12,216	\$ 25,847	\$ 38,063
Chemicals	\$ 111,501	\$ 35,785	\$ 75,716	\$ 111,501
Lift Station	\$ 31,160	\$ 15,897	\$ 15,263	\$ 31,160
Rental Fees	\$ 790	\$ 339	\$ 451	\$ 790
Maintenance	\$ 79,280	\$ 34,058	\$ 45,222	\$ 79,280
Building Maintenance	\$ 1,527	\$ 1,315	\$ 211	\$ 1,527
Computer Supplies & Maint	\$ 196	\$ 169	\$ 27	\$ 196
Supplies	\$ 11,146	\$ 4,788	\$ 6,358	\$ 11,146
Uniforms	\$ 615	\$ 530	\$ 85	\$ 615
Fuel	\$ 4,881	\$ 2,097	\$ 2,784	\$ 4,881
Equipment	\$ 120	\$ 52	\$ 68	\$ 120
Electric	\$ 285,045	\$ 122,452	\$ 162,593	\$ 285,045
Treatment & Disposal	\$ 4,415	\$ 1,417	\$ 2,998	\$ 4,415
Clearwater- Treatment	\$ 356,718	\$ 114,484	\$ 242,234	\$ 356,718
Clearwater- Collection	\$ 188,599	\$ 96,994	\$ 91,605	\$ 188,599
Subtotal Treatment & Collection	<u>\$ 1,269,174</u>	<u>\$ 509,229</u>	<u>\$ 759,945</u>	<u>\$ 1,269,174</u>
Admin & General				
Salaries	\$ 20,869	\$ 17,980	\$ 2,889	\$ 20,869
Employee Benefits	\$ 5,277	\$ 4,547	\$ 730	\$ 5,277
TCRS Retirement	\$ 972	\$ 837	\$ 134	\$ 972
FICA Expense	\$ 1,377	\$ 1,187	\$ 191	\$ 1,377
Bank Service Charges	\$ 1,302	\$ 1,122	\$ 180	\$ 1,302
Credit Card Fee	\$ 2,327	\$ 2,005	\$ 322	\$ 2,327
Utilities	\$ 25,019	\$ 21,556	\$ 3,463	\$ 25,019
Travel/School	\$ 1,989	\$ 1,714	\$ 275	\$ 1,989
Fleet Management	\$ 563	\$ 485	\$ 78	\$ 563
Postage Meter & Supplies	\$ 3,811	\$ 3,283	\$ 527	\$ 3,811
Required Medical Treatment	\$ 125	\$ 108	\$ 17	\$ 125
Computer Software	\$ 3,955	\$ 3,407	\$ 547	\$ 3,955
Membership Fees	\$ 10,095	\$ 8,698	\$ 1,397	\$ 10,095
Office Supplies & Printing	\$ 4,404	\$ 3,795	\$ 610	\$ 4,404
Building Maintenance	\$ 1,597	\$ 1,376	\$ 221	\$ 1,597
Supplies	\$ 1,212	\$ 1,044	\$ 168	\$ 1,212
Other Expenses	\$ 168	\$ 145	\$ 23	\$ 168
Fuel	\$ 26	\$ 22	\$ 4	\$ 26
Professional Services	\$ 972	\$ 838	\$ 135	\$ 972
Other Expenses	\$ 2,304	\$ 1,985	\$ 319	\$ 2,304
Clearwater- Admin & Gen - Sewer	\$ 42,587	\$ 36,692	\$ 5,895	\$ 42,587
Subtotal Admin & General	<u>\$ 130,950</u>	<u>\$ 112,824</u>	<u>\$ 18,126</u>	<u>\$ 130,950</u>
Total Operating Expenses	<u>\$ 1,400,124</u>	<u>\$ 622,053</u>	<u>\$ 778,071</u>	<u>\$ 1,400,124</u>
		44%	56%	100%

Debt Service

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Classification of Debt Service

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	<u>Actual</u>	<u>Adj.</u>	<u>Test Yr.</u>	<u>Vol</u>	<u>Cust</u>	<u>Total</u>	<u>Description</u>	<u>Vol</u>	<u>Cust</u>	<u>Total</u>
Debt Service										
Rural Development Loan #4	\$ 39,240		\$ 39,240	100%	0%	100%	As Treat Plt	* \$ 39,240	\$ -	\$ 39,240
Rural Development Loan #6	\$ 28,812		\$ 28,812	100%	0%	100%	As Treat Plt	* \$ 28,812	\$ -	\$ 28,812
Rural Development Loan #8	\$ 178,200		\$ 178,200	100%	0%	100%	As Treat Plt	* \$ 178,200	\$ -	\$ 178,200
Rural Development Loan #10	\$ 82,752		\$ 82,752	100%	0%	100%	As Treat Plt	* \$ 82,752	\$ -	\$ 82,752
Subtotal Debt Service	<u>\$ 329,004</u>	<u>\$ -</u>	<u>\$ 329,004</u>					<u>\$ 329,004</u>	<u>\$ -</u>	<u>\$ 329,004</u>
				100%	0%			100%	0%	100%
Total Debt Service	<u>\$ 329,004</u>	<u>\$ -</u>	<u>\$ 329,004</u>					<u>\$ 329,004</u>	<u>\$ -</u>	<u>\$ 329,004</u>
				100%	0%			100%	0%	100%

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Volume P&I

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	<u>Test Yr.</u>		Res	Comm	Total
Debt Service					
Rural Development Loan #4	\$ 39,240	30	\$ 12,594	\$ 26,646	\$ 39,240
Rural Development Loan #6	\$ 28,812	30	\$ 9,247	\$ 19,565	\$ 28,812
Rural Development Loan #8	\$ 178,200	30	\$ 57,191	\$ 121,009	\$ 178,200
Rural Development Loan #10	\$ 82,752	30	\$ 26,558	\$ 56,194	\$ 82,752
Subtotal Debt Service	<u>\$ 329,004</u>		<u>\$ 105,589</u>	<u>\$ 223,415</u>	<u>\$ 329,004</u>
Total Debt Service	<u>\$ 329,004</u>		<u>\$ 105,589</u>	<u>\$ 223,415</u>	<u>\$ 329,004</u>

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of P&I

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	<u>Test Yr.</u>	Res	Comm	Total
Debt Service				
Rural Development Loan #4	\$ 39,240	\$ 12,594	\$ 26,646	\$ 39,240
Rural Development Loan #6	\$ 28,812	\$ 9,247	\$ 19,565	\$ 28,812
Rural Development Loan #8	\$ 178,200	\$ 57,191	\$ 121,009	\$ 178,200
Rural Development Loan #10	\$ 82,752	\$ 26,558	\$ 56,194	\$ 82,752
Subtotal Debt Service	<u>\$ 329,004</u>	<u>\$ 105,589</u>	<u>\$ 223,415</u>	<u>\$ 329,004</u>
Total Debt Service	<u>\$ 329,004</u>	<u>\$ 105,589</u>	<u>\$ 223,415</u>	<u>\$ 329,004</u>
		32%	68%	100%

Fixed Expenses

City of Decherd
 Sewer Cost of Service-12-Months Ending March 2024
 Classification of Fixed Expenses

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	<u>Actual</u>	<u>Adj.</u>	<u>Test Yr.</u>	<u>Vol</u>	<u>Cust</u>	<u>Total</u>	<u>Description</u>	<u>Vol</u>	<u>Cust</u>	<u>Total</u>
Depreciation										
Depreciation	\$ 65,400		\$ 65,400	80%	20%	100%	As TUPIS *	\$ 52,114	\$ 13,286	\$ 65,400
Subtotal Depreciation	\$ 65,400	\$ -	\$ 65,400					\$ 52,114	\$ 13,286	\$ 65,400
								80%	20%	100%
Total Fixed Expenses	\$ 65,400	\$ -	\$ 65,400					\$ 52,114	\$ 13,286	\$ 65,400

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Volume Fixed Expenses

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	<u>Test Yr.</u>		Res	Comm	Total
Depreciation					
Depreciation	\$ 52,114	30	\$ 16,725	\$ 35,388	\$ 52,114
Subtotal Depreciation	<u>\$ 52,114</u>		<u>\$ 16,725</u>	<u>\$ 35,388</u>	<u>\$ 52,114</u>
Total Fixed Expenses	<u>\$ 52,114</u>		<u>\$ 16,725</u>	<u>\$ 35,388</u>	<u>\$ 52,114</u>

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Customer Fixed Expenses

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	<u>Test Yr.</u>		Res	Comm	Total
Depreciation					
Depreciation	\$ 13,286	21	\$ 11,447	\$ 1,839	\$ 13,286
Subtotal Depreciation	<u>\$ 13,286</u>		<u>\$ 11,447</u>	<u>\$ 1,839</u>	<u>\$ 13,286</u>
Total Fixed Expenses	<u>\$ 13,286</u>		<u>\$ 11,447</u>	<u>\$ 1,839</u>	<u>\$ 13,286</u>

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Fixed Expenses

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	<u>Test Yr.</u>	Res	Comm	Total
Depreciation				
Depreciation	\$ 65,400	\$ 28,172	\$ 37,228	\$ 65,400
Subtotal Depreciation	<u>\$ 65,400</u>	<u>\$ 28,172</u>	<u>\$ 37,228</u>	<u>\$ 65,400</u>
Total Fixed Expenses	<u>\$ 65,400</u>	<u>\$ 28,172</u>	<u>\$ 37,228</u>	<u>\$ 65,400</u>
		43%	57%	100%

CIP

City of Decherd
 Sewer Cost of Service-12-Months Ending March 2024
 Classification of CIP
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	Actual	TYA	Growth	Test Yr.	Vol	Cust	Total	Description	Vol	Cust	Total	Total CIP	Growth	R, R & Ext.	Growth	R, R & Ext.	Total
Capital Improvement Plan																	
Sewer Collection Improvements	\$ 1,303,100		\$ -	\$ 1,303,100	64%	36%	100%	As Coll Plt	* \$ 837,071	\$ 466,029	\$ 1,303,100	* \$ 1,303,100	0%	100%	\$ -	\$ 1,303,100	\$ 1,303,100
Preparation of Standard Specifications	\$ 10,000		\$ -	\$ 10,000	64%	36%	100%	As Coll Plt	* \$ 6,424	\$ 3,576	\$ 10,000	* \$ 10,000	0%	100%	\$ -	\$ 10,000	\$ 10,000
Sewer Infrastructure Feasibility Study	\$ 25,000		\$ -	\$ 25,000	0%	100%	100%		* \$ -	\$ 25,000	\$ 25,000	* \$ 25,000	0%	100%	\$ -	\$ 25,000	\$ 25,000
Annual Renewal & Rehabilitation Programs	\$ 447,000		\$ -	\$ 447,000	80%	20%	100%	As Outside Plt	* \$ 357,167	\$ 89,833	\$ 447,000	* \$ 447,000	0%	100%	\$ -	\$ 447,000	\$ 447,000
GIS Systems	\$ 132,000		\$ -	\$ 132,000	80%	20%	100%	As Outside Plt	* \$ 105,472	\$ 26,528	\$ 132,000	* \$ 132,000	0%	100%	\$ -	\$ 132,000	\$ 132,000
Nissan Industrial User (IU) Permit Modifications	\$ 9,000		\$ -	\$ 9,000	0%	100%	100%		* \$ -	\$ 9,000	\$ 9,000	* \$ 9,000	0%	100%	\$ -	\$ 9,000	\$ 9,000
Planning Commission Review	\$ 20,000		\$ -	\$ 20,000	0%	100%	100%		* \$ -	\$ 20,000	\$ 20,000	* \$ 20,000	0%	100%	\$ -	\$ 20,000	\$ 20,000
Technical Evaluation of Local Limits	\$ 38,500		\$ -	\$ 38,500	80%	20%	100%	As Outside Plt	* \$ 30,763	\$ 7,737	\$ 38,500	* \$ 38,500	0%	100%	\$ -	\$ 38,500	\$ 38,500
Subtotal Capital Improvement Plan	\$ 1,984,600	\$ -	\$ -	\$ 1,984,600					\$ 1,336,896	\$ 647,704	\$ 1,984,600	* \$ 1,984,600			\$ -	\$ 1,984,600	\$ 1,984,600
									67%	33%	100%				0%	100%	100%
RR&Ext. Amount	\$ 1,984,600																
Workplan Period	5			\$ 396,920	Amount R&R Related												
				\$ 396,920	Funded through Rates												
Total CIP	\$ 1,984,600			\$ 65,400	Depreciation Check												
Total Rate Funding	\$ 396,920																

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Volume CIP

[Main Menu](#)

	<u>Test Yr.</u>		Res	Comm	Total
Capital Improvement Plan					
Sewer Collection Improvements	\$ 837,071	30	\$ 268,647	\$ 568,424	\$ 837,071
Preparation of Standard Specifications	\$ 6,424	30	\$ 2,062	\$ 4,362	\$ 6,424
Sewer Infrastructure Feasibility Study	\$ -	30	\$ -	\$ -	\$ -
Annual Renewal & Rehabilitation Programs	\$ 357,167	30	\$ 114,628	\$ 242,539	\$ 357,167
GIS Systems	\$ 105,472	30	\$ 33,850	\$ 71,622	\$ 105,472
Nissan Industrial User (IU) Permit Modifications	\$ -	30	\$ -	\$ -	\$ -
Planning Commission Review	\$ -	30	\$ -	\$ -	\$ -
Technical Evaluation of Local Limits	\$ 30,763	30	\$ 9,873	\$ 20,890	\$ 30,763
Subtotal Capital Improvement Plan	<u>\$ 1,336,896</u>		<u>\$ 429,059</u>	<u>\$ 907,837</u>	<u>\$ 1,336,896</u>
			32%	68%	100%

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of Customer CIP

[Main Menu](#)

	<u>Test Yr.</u>	Res	Comm	Total
Capital Improvement Plan				
Sewer Collection Improvements	\$ 466,029 21	\$ 401,522	\$ 64,507	\$ 466,029
Preparation of Standard Specifications	\$ 3,576 21	\$ 3,081	\$ 495	\$ 3,576
Sewer Infrastructure Feasibility Study	\$ 25,000 21	\$ 21,540	\$ 3,460	\$ 25,000
Annual Renewal & Rehabilitation Programs	\$ 89,833 21	\$ 77,399	\$ 12,435	\$ 89,833
GIS Systems	\$ 26,528 21	\$ 22,856	\$ 3,672	\$ 26,528
Nissan Industrial User (IU) Permit Modifications	\$ 9,000 2	\$ -	\$ 9,000	\$ 9,000
Planning Commission Review	\$ 20,000 21	\$ 17,232	\$ 2,768	\$ 20,000
Technical Evaluation of Local Limits	\$ 7,737 21	\$ 6,666	\$ 1,071	\$ 7,737
Subtotal Capital Improvement Plan	<u>\$ 647,704</u>	<u>\$ 550,295</u>	<u>\$ 97,409</u>	<u>\$ 647,704</u>
		85%	15%	100%

City of Decherd
Sewer Cost of Service-12-Months Ending March 2024
Allocation of CIP

[Main Menu](#)

	<u>Test Yr.</u>	Res	Comm	Total
Capital Improvement Plan				
Sewer Collection Improvements	\$ 1,303,100	\$ 670,168	\$ 632,932	\$ 1,303,100
Preparation of Standard Specifications	\$ 10,000	\$ 5,143	\$ 4,857	\$ 10,000
Sewer Infrastructure Feasibility Study	\$ 25,000	\$ 21,540	\$ 3,460	\$ 25,000
Annual Renewal & Rehabilitation Programs	\$ 447,000	\$ 192,026	\$ 254,974	\$ 447,000
GIS Systems	\$ 132,000	\$ 56,706	\$ 75,294	\$ 132,000
Nissan Industrial User (IU) Permit Modifications	\$ 9,000	\$ -	\$ 9,000	\$ 9,000
Planning Commission Review	\$ 20,000	\$ 17,232	\$ 2,768	\$ 20,000
Technical Evaluation of Local Limits	\$ 38,500	\$ 16,539	\$ 21,961	\$ 38,500
Subtotal Capital Improvement Plan	<u>\$ 1,984,600</u>	<u>\$ 979,354</u>	<u>\$ 1,005,246</u>	<u>\$ 1,984,600</u>
		49%	51%	100%



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Lynnville**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Town of Lynnville ("the Town") has been under supervision of the Water & Wastewater Financing Board, now the Tennessee Board of Utility Regulation ("the Board"), for financial distress since its fiscal year 2020 audit. The Town completed a rate study and has implemented the new rates. Part of the most recent Board order also included a feasibility study. Engineer Alton Hethcoat was engaged to complete an analysis on the feasibility of merging with a surrounding utility. Mr. Hethcoat's email states that Fairview Utility District ("FUD") would be the only reasonable and logical choice for a potential merger due to Lynnville currently has purchased water from this UD for over 50 years.

On December 5, 2024 Board staff conducted a public hearing to consider the consolidation and merger of the Town of Lynnville's utility system ("Lynnville") and the Fairview Utility District ("FUD"). Board staff notified both parties on September 30, 2024 that the hearing would be held December 9, 2024. Board staff held a public hearing in Lynnville on that date, notice of which was published on the Comptroller's website, FUD's website and Lynnville's website. Details of the hearing can be found below:

1. Opponents of the merger believe that this would harm the future of the Town by removing one of the services the Town provides thus creating the question of whether the local government should continue to exist.
2. Opponents of the merger also believed that the Town has not been given a fair opportunity to correct the previous deficiencies and the status of the utility will improve moving forward.
3. The delinquent audits and issues in the rate study being adopted were blamed on previous auditors and insufficient work and communication by TAUD. Board staff believes record keeping and incorrect numbers being provided to TAUD to be the cause for both issues.
4. Opponents of the merger also did not believe they would be treated fairly by FUD since they are some distance away geographically and don't live in the Town. It was also stated that customers believe FUD will increase the rates on Lynnville customers to prevent rate increases on their own customers. Despite confirmation from Board staff that this would be illicit and preventable by TBOUR actions, concerns were not improved.
5. Furthermore, representatives of FUD and some speaking on behalf of the Utility found the feasibility study to be insufficient and expressed interest that another be conducted. Representatives of FUD also raised concern of the logistics of such a merger due to the distance between the two utilities. There is a roughly 20 minute drive between the FUD office and the Town Hall of Lynnville.

Board staff believes that a merger is necessary to restore the financial stability of the system.

Board Discussion

Lynnville

	Category: Water		County: Giles	
	2019	2020	2021	2022
Net Assets	\$1,322,199.00	\$1,264,095.00	\$1,228,287.00	\$1,181,036.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$38,568.00	\$31,922.00	\$36,105.00	\$14,981.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$1,283,631.00	\$1,232,173.00	\$1,192,182.00	\$1,166,055.00
Operating Revenues	\$222,839.00	\$268,575.00	\$233,753.00	\$252,758.00
Net Sales	\$217,417.00	\$258,455.00	\$233,753.00	\$217,300.00
Operating Expenses	\$287,061.00	\$320,100.00	\$273,747.00	\$293,932.00
Depreciation Expenses	\$47,712.00	\$47,713.00	\$47,713.00	\$48,750.00
Non Operating Revenues	\$1,188.00	\$67.00	\$3.00	\$47.00
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	-\$63,034.00	-\$51,458.00	-\$24,991.00	-\$41,127.00
Statutory Change In Net Position	-\$63,034.00	-\$51,458.00	-\$24,991.00	-\$41,127.00

From: [Alton Hethcoat](#)
To: [Meghan Huffstutter](#); [Donald L. Scholes \(donscholes@taud.org\)](mailto:donscholes@taud.org)
Cc: [Town of Lynnville](#)
Subject: RE: Signed Engagement Letter
Date: Friday, May 3, 2024 3:29:40 PM
Attachments: [image007.png](#)
[image008.png](#)
[image006.png](#)
[TAUD Report on WWFB and TBOUR Orders for Lynnville.msg](#)

Hello Meghan, and thank you for your email. As you know, on April 8th, TAUD submitted the attached Report which substantially addressed Items 1.A., 1.B., 1.C., 1.D., 1.E., 1.F., and 1.G. of the TBOUR Order. Lynnville has already fully implemented the rate increase required to ensure positive cash flow for FY '24, and beyond to FY'25.

The City's previous auditor had incorrectly accounted for financial transactions, and as a result, the City's Audits for FY '21 and '22 were inaccurate and incomplete. Therefore, the City contracted with an Auditor to correct those Audits and to perform the Audit for FY '23. The Auditor completed her work, and provided the City with the FY '23 audit last week, which I understand that you already have received for your files.

TBOUR Order 1.H., required the City to perform a feasibility study to evaluate whether merger with a surrounding utility system is feasible and beneficial. In order to assist the City with this effort, Lynnville entered into a professional services agreement with Hethcoat & Davis, Inc. On January 4, 2024, Lynnville Mayor Robert White, City Recorder Christy Tolley and Hethcoat & Davis representative Alton Hethcoat met with the Board of the Fairview Utility District to request their consideration of a merger between the two systems. The Lynnville and Fairview U.D. systems are contiguous, and Lynnville has purchased water from Fairview U.D. for over 50 years. Jamie Byrd, the General Manager for Fairview U.D., has been assisting Lynnville with the management, operation and maintenance of their system for over a decade. Therefore, Fairview U.D. would be the only reasonable or logical choice for a potential merger partner. During the meeting, Fairview U.D. Board members agreed to at least evaluate the possibility of a merger between the two entities; however, Chairman Mark Hayes noted that the Fairview U.D. would require updated financial statements in order to review the feasibility of considering such a merger.

As noted above, the Auditor recently provided the City of Lynnville with the FY '23 audit, and the City is currently reviewing the information contained in the Audit prior to sending it to the Fairview U.D. for their review and consideration. The City anticipates completing their review next week, at which point we will forward the document to Mr. Hayes for his and the F.U.D. Board's review. We have requested that we be included on the Agenda for the Fairview Utility District's next Quarterly Board Meeting, which will be held on July 11th 5:00 p.m. I spoke with Mr. Hayes to review Lynnville's current initiatives, and he has added us to the Agenda for that meeting, and we will, at that time, appear before the Fairview U.D. Board to address any questions or requests for additional information that may be required. The City will continue to provide updated information to your office on the results of the potential merger between the two entities, as soon as that information is available.

To ensure that we evaluated all potential or reasonably plausible partners, we approached the next closest Water Utility is the Maury County Board of Public Utilities, which is over 8 miles away. I spoke extensively to the General Manager and Board Chairman for Maury County Board of Public Utilities, and they very clearly expressed that Maury County Board of Public Utilities had no interest in even meeting or receiving information related to a potential merger with the Lynnville Water System. They are currently undertaking a number of significant projects which will require all of their resources plus additional staff, and they do not have the resources or reserve finances to take on another, somewhat remote, water system. Similarly, I also reached out to Trigg Cathey, General Manager of the Lewisburg, TN Water and Wastewater Division. LWWD currently sells water to Fairview Utility District via a master meter located less than a mile from the eastern boundary of the Lynnville Water System. Fairview Utility District purchases water from that master metered location, then sells that water to the City of Lynnville via a second master meter connection. In our conversation, Mr. Cathey informed me that they were in the process of completing their merger with the Town of Cornersville, and assuming ownership of that sanitary sewer system. He noted that this recent merger was extraordinarily difficult, and there was no way that either he or his Board would consider another merger with another Utility. He also informed me that he would not consider disrupting Fairview Utility District's wholesale distribution of water to Lynnville.

With no other potential merger partners within any plausible proximity, we can reasonably rule out all potential partners besides Fairview Utility District.

As a demonstration of Lynnville's commitment to remedy the current issues within their water system, and to restore the water system to a positive financial condition, Lynnville has also begun the implementation of their proposed Capital Improvements Program (CIP). The City is currently in design phase services for two projects, including:

1. The installation of District Meters, in an effort to quantify, record and differentiate water loss from water sold in individual billing routes, and to, subsequently, prioritize water loss remediation efforts
2. The rehabilitation of the City's Trade Branch Water Booster Station by replacing the existing pumps (which have severely leaking seals and, therefore, diminished capacity and efficiency) with new, improved operating efficiency pumps

The City has also applied for funding assistance through the CDBG Program to replace all of the current customer meters that have been service for between 20 and 40 years. The City has long suspected that inaccurate metering is a major contributor to the City's current water loss, and the replacement of the existing, aged meters should both reduce total unaccounted for water and simultaneously increase revenue.

Again, we will continue to keep you updated on our progress and on the pursuit of a potential merger partner. Please let me know if you have any questions or require any additional documentation or information.

Sincerely,

Alton Hethcoat, P.E.
President



278 Franklin Road, Suite #200
P: 615-577-4300
E: alton.hethcoat@hdengr.com

From: Meghan Huffstutter <Meghan.Huffstutter@cot.tn.gov>

Sent: Tuesday, April 30, 2024 11:03 AM

To: Alton Hethcoat <alton.hethcoat@hdengr.com>

Subject: RE: Signed Engagement Letter

Caution: This is an external email.

Hi Alton,

I wanted to touch base with you in regards to the feasibility study.

Where is your firm at with this? Looking ahead to the next TBOUR meeting and need to order a deadline.

Thank you,

Meghan Huffstutter, CFE
Senior Analyst
Comptroller of the Treasury
Division of Local Government Finance
425 Rep. John Lewis Way N. | Nashville, TN 37243
Meghan.Huffstutter@cot.tn.gov | Direct Line 615.747.5379 | Main Line 615.747.5260



Mission: **Make Government Work Better**

From: Alton Hethcoat <alton.hethcoat@hdengr.com>
Sent: Friday, December 29, 2023 9:59 AM
To: Meghan Huffstutter <[Meghan.Huffstutter@cot.tn.gov](mailto: Meghan.Huffstutter@cot.tn.gov)>; Town of Lynnville <info@historiclynnville.com>; Don Scholes <donscholes@taud.org>; Ross Colona <Ross.Colona@cot.tn.gov>; Robert White <Sarge5672@icloud.com>
Cc: Seth May <Seth.May@cot.tn.gov>
Subject: Re: Signed Engagement Letter

Meghan,

Please note that the Town of Lynnville has engaged our firm, Hethcoat & Davis, Inc., to perform the Feasibility Study. I believe that Christy either has already, or is in the process, of submitting the documentation to the State Comptroller's Office.

Thank you for your continued assistance and guidance, and please let us know if you have any questions or need any additional information.

Sincerely,

Alton Hethcoat, PE
 President, Hethcoat & Davis, Inc.

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From: Meghan Huffstutter <[Meghan.Huffstutter@cot.tn.gov](mailto: Meghan.Huffstutter@cot.tn.gov)>
Sent: Thursday, December 28, 2023 12:03:47 PM
To: Town of Lynnville <info@historiclynnville.com>; Alton Hethcoat <alton.hethcoat@hdengr.com>; Don Scholes <donscholes@taud.org>; Ross Colona <Ross.Colona@cot.tn.gov>; Robert White <Sarge5672@icloud.com>
Cc: Seth May <Seth.May@cot.tn.gov>
Subject: RE: Signed Engagement Letter

Caution: This is an external email.

Please review the attached order that the Town received. I've included a snippet of the 3rd page below. TAUD is not able to complete the feasibility study as they have communicated several times. The amended engagement letter is the rate study and does not include the feasibility portion of the order.

TAUD provided Ms. Tolley a list on December 6 that included three firms that could perform the feasibility study. Our office will need proof of engagement for the feasibility study by December 31, 2023, as stated in the snippet of the order below.

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

1. The deadline for the Entity to provide proof of engagement with a qualified third party to conduct a rate study and a feasibility study is extended from September 29, 2023 to December 31, 2023. All other deadlines are extended 30 days, or as deemed appropriate by Board staff.

Meghan Huffstutter, CFE
Senior Analyst
Comptroller of the Treasury
Division of Local Government Finance
425 Rep. John Lewis Way N. | Nashville, TN 37243
Meghan.Huffstutter@cot.tn.gov | Direct Line 615.747.5379 | Main Line 615.747.5260
LGF@cot.tn.gov



Mission: To Make Government Work Better

From: Town of Lynnville <info@historicyllynville.com>

Sent: Thursday, December 28, 2023 11:36 AM

To: Alton Hethcoat <alton.hethcoat@hdengr.com>; Don Scholes <donscholes@taud.org>; Ross Colona <Ross.Colona@cot.tn.gov>; Meghan Huffstutter <Meghan.Huffstutter@cot.tn.gov>; Robert White <Sarge5672@icloud.com>

Subject: Signed Engagement Letter

Attached is the signed engagement letter. Please let us know if there is anything left to sign or do before December 31st.

Thank you,
Christy Tolley
931-303-8763



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Petersburg**
Referral Reason: **Decrease In Net Position**
Utility Type Referred: **Water**

Staff Summary:

The Town of Petersburg ("the Entity") was referred to the Water and Wastewater Financing Board ("the Board") for financial distress since its fiscal year 2019. On March 23, 2023 the Board ordered the Town to complete another rate study to ensure the Entity's rates are sufficient to improve its financial position, and to examine the potential for the Entity's utilities to merge with Fayetteville Public Utilities. Jackson Thornton has provided this study, and finds that a merger with Fayetteville Public Utilities is feasible. Board staff held a public hearing on June 18, 2024. This hearing was not very well attended, and Board staff has not received substantial opposition to the merger.

The Entity and Fayetteville Public Utilities have executed an agreement that should lead to the merger between the two utilities.

Staff Recommendation:

None at this time.

Petersburg

	Category: Water And Sewer		County: Lincoln; Marshall	
	2020	2021	2022	2023
Net Assets	\$758,679.00	\$759,188.00	\$805,175.00	\$761,884.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$61,814.00	\$62,700.00	\$155,338.00	\$150,088.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$696,865.00	\$696,488.00	\$649,837.00	\$611,796.00
Operating Revenues	\$240,782.00	\$257,761.00	\$207,379.00	\$248,327.00
Net Sales	\$234,285.00	\$209,611.00	\$201,941.00	\$236,877.00
Operating Expenses	\$234,984.00	\$271,589.00	\$254,148.00	\$353,986.00
Depreciation Expenses	\$44,097.00	\$44,136.00	\$44,611.00	\$29,807.00
Non Operating Revenues	\$407.00	\$1,825.00	\$118.00	\$1,638.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$4,314.00
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	\$17,831.00	-\$12,003.00	\$15,015.00	-\$99,707.00
Statutory Change In Net Position	\$17,831.00	-\$12,003.00	\$15,015.00	-\$104,021.00



Jason E. Mumpower
Comptroller

Entity Referred: **Siam Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water**

Staff Summary:

Siam UD purchases its water exclusively from the Watauga River Regional Water Authority but had issues paying a \$43,000 bill. Siam UD's manager stated that the utility district currently had only \$1,500 in its operations budget and was unable to cover the payment. The utility was able to rebudget and take money from savings to pay for the bill. However, there are growing concerns about financial mismanagement, overall financial instability, and inadequate staffing at the utility.

On the water quality side, Siam UD has recently been cited for failing to conduct DBP monitoring and not submitting its CCR paperwork, reinforcing concerns about insufficient staffing.

Staff Recommendation:

Board Discussion

Siam Utility District

	Category: Water		County: Carter	
	2021	2022	2023	2024
Net Assets	\$1,963,770.00	\$2,041,199.00	\$1,992,099.00	\$1,996,286.00
Deferred Outflow Resources	\$13,196.00	\$11,545.00	\$47,778.00	\$48,096.00
Net Liabilities	\$503,646.00	\$463,783.00	\$418,133.00	\$359,610.00
Deferred Inflow Resources	\$27,885.00	\$96,441.00	\$30,622.00	\$32,189.00
Total Net Position	\$1,445,435.00	\$1,492,520.00	\$1,591,122.00	\$1,652,583.00
Operating Revenues	\$710,908.00	\$747,613.00	\$834,608.00	\$841,321.00
Net Sales	\$0.00	\$0.00	\$834,608.00	\$841,321.00
Operating Expenses	\$622,847.00	\$689,078.00	\$724,524.00	\$778,679.00
Depreciation Expenses	\$54,460.00	\$53,313.00	\$53,165.00	\$53,459.00
Non Operating Revenues	-\$13,195.00	-\$11,450.00	-\$11,482.00	-\$1,181.00
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	\$74,866.00	\$47,085.00	\$98,602.00	\$61,461.00
Statutory Change In Net Position	\$74,866.00	\$47,085.00	\$98,602.00	\$61,461.00



Jason E. Mumpower
Comptroller

Entity Referred: **South Fork Utility District**

Distress Type: **Financial Distress, Statutory Decrease in Net Position**

Utility Type Referred: **Water**

Staff Summary:

The South Fork Utility District was previously ordered to enter into merger negotiations with the Bristol Bluff City Utility District and come to an agreement on the terms of a merger. The utilities were unable to come to a consensus on final terms of a merger agreement.

Board staff recommends the Board have a discussion and deliberate on how to proceed on this matter.

South Fork Utility District

	Category: Water		County: Sullivan	
	2019	2020	2021	2022
Net Assets	N/A	N/A	\$2,198,014.00	\$2,258,255.00
Deferred Outflow Resources	N/A	N/A	\$0.00	\$0.00
Net Liabilities	N/A	N/A	\$1,380,684.00	\$1,295,981.00
Deferred Inflow Resources	N/A	N/A	\$0.00	\$0.00
Total Net Position	N/A	N/A	\$817,330.00	\$962,274.00
Operating Revenues	N/A	N/A	\$2,004,400.00	\$2,153,113.00
Net Sales	N/A	N/A	\$1,890,871.00	\$2,018,043.00
Operating Expenses	N/A	N/A	\$1,846,086.00	\$1,948,870.00
Depreciation Expenses	N/A	N/A	\$141,477.00	\$149,440.00
Non Operating Revenues	N/A	N/A	-\$58,899.00	-\$59,299.00
Capital Contributions	N/A	N/A	\$0.00	\$0.00
Transfers In	N/A	N/A	\$0.00	\$0.00
Transfers Out	N/A	N/A	\$0.00	\$0.00
GAAP Change In Net Position	N/A	N/A	\$99,415.00	\$144,944.00
Statutory Change In Net Position	N/A	N/A	\$99,415.00	\$144,944.00

Elliott Lawson & Minor

ATTORNEYS AT LAW

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Steven R. Minor
Eric W. Reecher

All attorneys licensed in
Tennessee and Virginia

James W. Elliott (Retired)

Elizabeth Anne Bellamy
Of Counsel

December 30, 2024

Tennessee Board of Utility Regulation
c/o Seth May, Assistant General Counsel
Comptroller of the Treasury
Office of General Counsel
Cordell Hull Building
425 Rep. John Lewis Way North
Nashville, TN 37243

Via email: seth.may@cot.tn.gov

*In the Matter of: The Merger of the South Fork Utility District with the Bristol-Bluff
City Utility District*

Dear Tennessee Board of Utility Regulation:

This firm represents the South Fork Utility District ("SFUD"). Via an Order entered by the Tennessee Board of Utility Regulation ("TBOUR") on August 7, 2024 in the above-styled matter, the TBOUR requested that the governing bodies of SFUD and Bristol-Bluff City Utility District ("BBCUD") develop a merger or consolidation agreement to submit to TBOUR by December 31, 2024, or submit to TBOUR a "written statement describing any disagreements that arose from the attempt to develop an agreement in good faith." Please accept this letter as that written statement on behalf of SFUD. The TBOUR has no authority to force the merger of SFUD and BBCUD, and SFUD's efforts to negotiate a merger agreement with BBCUD have been unsuccessful.

SFUD is not an "ailing utility system;" therefore, the TBOUR has no authority to order it to merge with BBCUD

First and foremost, SFUD is not an "ailing utility system." Tennessee Code section 7-82-704 (the "Merger Statute") grants the TBOUR authority to force mergers of utility district in certain very limited situations. Section (a) of the Merger Statute enables the TBOUR to order the merger of an "ailing utility system" with another utility system if the "merger is necessary to restore financial stability of the system, ensure continued operation, or otherwise ensure the well-being of the public served by the utility system." In other words, the Merger Statute does not apply in this situation unless SFUD is an "ailing utility system."

The TBOUR has incorrectly characterized SFUD as an "ailing utility system" on the basis of financial distress. Tennessee Code section 7-82-703(b) states that "a utility system is financially distressed when it has a deficit total net position in any one (1) year, has a deficit unrestricted net position in any one (1) year, has a negative change in net position for two (2) consecutive years

without regard to any grants or capital contributions, or is currently in default on any of its debt instruments.” None of those situations apply to SFUD.

SFUD’s audited 2021 Financial Statements show a Net Position at the end of 2021 of \$817,330. That is an increase of \$99,415 from the Net Position of \$717,915 at the end of 2020.

SFUD’s audited 2022 Financial Statements show a Net Position at the end of 2022 of \$962,274. That is an increase of \$144,945 from the Net Position of \$817,330 at the end of 2021.

SFUD’s unaudited 2023 Financial Statements show a Net Position at the end of 2023 of \$1,220,725.74. That is an increase of \$258,451.74 from the Net Position of \$962,274 at the end of 2022.

SFUD’s unaudited 2024 Financial Statements show a Net Position at the end of November 2024 of \$1,730,331.42. That is an increase of \$509,605.68 from the Net Position of \$1,220,725.74 at the end of 2023.

Therefore, SFUD is not “financially distressed.” It has not had a deficit total net position in any one year, it has not had a deficit unrestricted net position in any one year, and it has not had a negative change in net position for two consecutive years. As such, TBOUR’s characterization of SFUD as financially distressed is incorrect. Because SFUD is not financially distressed, it is not an “ailing utility system” that TBOUR can order to merge with BBCUD.

The TBOUR has not held a public hearing in the service area of SFUD as required by T.C.A. § 7-82-704 (b)(2)

Even if SFUD were an “ailing utility system,” all of the statutory requirements required to force a merger have not been satisfied. Specifically, T.C.A. § 7-82-704 (b)(2) requires that “a representative of the board shall hold a public hearing **within the service area of the ailing utility system** to notify the customers of the potential merger or consolidation” (emphasis added). While the TBOUR held a meeting in Blountville, TN on June 12, 2024, Blountville is not within the service area of SFUD.

SFUD’s attempts to negotiate a merger agreement with BBCUD have been unsuccessful

Despite the fact that the TBOUR lacks the authority to force SFUD to merge with BBCUD in this situation, SFUD negotiated in good faith with BBCUD in an effort to reach a merger agreement. BBCUD has rebuffed those efforts.

It is important to note that SFUD is a larger utility than BBCUD. SFUD has approximately 3348 customers. BBCUD has approximately 2641 customers. SFUD’s board is currently comprised of five commissioners. BBCUD’s board is currently comprised of three commissioners.

Despite the fact that SFUD is the larger utility, on August 29, 2024, SFUD proposed to BBCUD that the two utilities merge and have a five-member Board of Commissioners. The proposal involved two of SFUD's current commissioners dropping off and only one of BBCUD's commissioners dropping off. Under that proposal, the BBCUD commissioners would also have longer terms. The proposed board was as follows:

- 5 commissioners:
 - 2 from BBCUD with 4-year terms;
 - 2 from SFUD with 3-year terms; and
 - 1 from SFUD with a 2-year term.

With that August 29, 2024 proposal, SFUD also proposed that the merged utility have a new name, and that the general manager of SFUD be the general manager of the new merged utility.

On September 9, 2024, BBCUD rejected SFUD's initial proposal and countered with the following:

- The merged utility would have only the currently sitting three commissioners from BBCUD, and no commissioner from SFUD;
- The merged utility would keep BBCUD's name; and
- The general manager of SFUD would be general manager of new merged utility.

In response, SFUD made another proposal on September 24, 2024. It proposed the following:

- The merged utility would have five commissioners:
 - 2 from BBCUD
 - 2 from SFUD
 - 1 appointed by county mayor
- The merged utility would have a new name; and
- The general manager of SFUD would be general manager of new merged utility.

On October 14, 2024, BBCUD rejected SFUD's second proposal and countered with the following:

- The merged utility would have only the currently sitting three commissioners from BBCUD, and no commissioner from SFUD;
- The merged utility would have a new name; and
- The general manager of SFUD would be general manager of new merged utility.

In a final attempt to seek consensus on a potential merger, SFUD made yet another proposal on November 11, 2024. It proposed the following:

- 3 commissioners:
 - 1 from BBCUD
 - 1 from SFUD
 - 1 appointed by county mayor
- The merged utility would have a new name; and

Tennessee Board of Utility Regulation
December 30, 2024
Page 4

- The general manager of SFUD would be general manager of new merged utility.

On December 14, 2024, BBCUD rejected SFUD's second proposal and made no movement from its previous proposals. Therefore, it continued to insist that:

- The merged utility would have only the currently sitting three commissioners from BBCUD, and no commissioner from SFUD;
- The merged utility would have a new name; and
- The general manager of SFUD will be general manager of new merged utility.

BBCUD's insistence that SFUD have no representation on a newly merged utility is unfair to the current SFUD commissioners who have worked tirelessly to restore public confidence in SFUD after the Comptroller's findings regarding SFUD's former general manager. The current SFUD commissioners are running a financially stable utility, and they have built up a level of trust with their customers. It would not be fair to SFUD's customers for the TBOUR to force the SFUD commissioners to completely walk away from their customers, especially in light of the fact that SFUD has more customers than BBCUD.

SFUD's merger with BBCUD is not necessary to restore financial stability of SFUD, ensure continued operation, or otherwise ensure the well-being of the public served by SFUD. Based on BBCUD's bargaining proposals, it appears BBCUD is not interested in a voluntary merger with SFUD either. The very limited situations in which the TBOUR can force a merger of utility systems pursuant to TCA § 7-82-704 do not exist in this situation. Therefore, SFUD respectfully requests that the TBOUR cease its efforts to force a merger of SFUD and BBCUD.

Sincerely,



Eric W. Reecher



JASON E. MUMPOWER
Comptroller

Cumberland Utility District Staff Summary and Recommendation

Board staff will provide a verbal summary and update.



Jason E. Mumpower
Comptroller

Entity Referred: **Sevier County Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Gas**

Staff Summary:

The Sevier County Utility District ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for an investigation released by the Tennessee Comptroller of The Treasury dated January 17, 2025. The Utility provides natural gas to more than 14,000 customers in Sevier County and parts of Blount County. The Utility Board of Commissioners is comprised of three individuals: Ann Montgomery, Terri Waters, and Dr. Keith Whaley.

The Division of Investigations within the Tennessee Comptroller's Office released an Investigative report ("the report") on January 17, 2025 summarizing its investigation into the Utility. The report resulted in the indictment of the Utility's former President, Matthew Ballard, on charges of bribery and official misconduct.

The report included one finding that the former Utility President misappropriated Utility funds totaling at least \$181,582, with \$158,760 of the misappropriated funds related to a kickback scheme with an electrical company. Another finding from the report stated that the former Utility President authorized at least \$1,704,876 in questionable spending of Utility funds. According to the report, \$778,404 of the questionable spending was to the electrical company already mentioned, \$585,137 to a landscape/construction company, \$118,000 to a consulting firm, \$76,684 for credit and bank card purchases, \$7,174 operating a Utility vehicle, \$138,725 in advertising expenses, and \$750 for the rental of the Utilities facilities at no charge. Additionally, the report included findings related to the former Utility President authorizing Utility staff to work on his personal property using Utility owned vehicles and equipment.

The Board of commissioners for the Utility holds regularly scheduled meetings on the fourth Thursday of every month. Board staff is not aware of any actions taken to remedy the failure of internal controls that resulted in the actions underlying the report, or any action to prevent further financial malfeasance.

Deficiency 1 of the of the report provides the following:

"The district's board failed to provide adequate oversight of district projects, management decisions, and financial operations of the district. The district's board failed in its fiduciary responsibility to ensure the best use of public funds for district projects and failed to provide adequate oversight of management decisions and financial operations. The board also failed to correct findings noted in the 2011 investigative audit report released by the Comptroller's Office."

"The district's board did not provide adequate oversight of the district's operations and did not establish sufficient internal controls to ensure accountability of district funds. The lack of oversight by the board directly contributed to the failure to properly account for district funds. The district board should also ensure that audit and investigative findings are corrected."

Board staff agrees with the analysis of Deficiency 1 of the report, and recommends that the Board initiate a contested case hearing to determine whether the Utility Board of Commissioners should be removed.

Staff Recommendation:

The Board should order the following:

1. The Board hereby initiates a contested case hearing to determine whether the Utility's current Board members should be removed from office, pursuant to Tenn. Code Ann. §§ 7-82-307 and 702.
2. Board staff is authorized to close the contested case should the Utility's current Board members resign.

Sevier County Utility District

	Category: Gas		County: Sevier	
	2021	2022	2023	2024
Net Assets	\$72,389,717.00	\$77,073,040.00	\$73,592,116.00	\$77,405,249.00
Deferred Outflow Resources	\$1,999,377.00	\$2,390,246.00	\$2,253,280.00	\$2,814,485.00
Net Liabilities	\$14,527,381.00	\$14,931,500.00	\$11,835,163.00	\$11,161,858.00
Deferred Inflow Resources	\$61,561.00	\$2,479,530.00	\$226,279.00	\$420,276.00
Total Net Position	\$59,800,152.00	\$62,052,256.00	\$63,783,954.00	\$68,637,600.00
Operating Revenues	\$25,848,920.00	\$31,404,237.00	\$29,776,764.00	\$29,665,052.00
Net Sales	\$24,302,036.00	\$30,869,300.00	\$27,813,301.00	\$29,075,472.00
Operating Expenses	\$22,957,557.00	\$28,943,320.00	\$27,870,370.00	\$25,031,796.00
Depreciation Expenses	\$1,978,672.00	\$1,949,528.00	\$1,971,421.00	\$2,016,440.00
Non Operating Revenues	-\$263,002.00	-\$232,492.00	-\$221,186.00	\$112,869.00
Capital Contributions	\$62,750.00	\$23,679.00	\$46,490.00	\$107,521.00
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	\$2,691,111.00	\$2,252,104.00	\$1,731,698.00	\$4,853,646.00
Statutory Change In Net Position	\$2,628,361.00	\$2,228,425.00	\$1,685,208.00	\$4,746,125.00

GENTRY | TIPTON | MCLEMORE

ATTORNEYS AT LAW

March 6, 2025

VIA EMAIL TO: Ross.Colona@cot.tn.gov

Mr. Ross Colona
Assistant Director of Local Government Finance / TBOUR Manager
Tennessee Board of Utility Regulation

Re: Sevier County Utility District (the “District”)

Dear Mr. Colona:

I am writing on behalf of the District regarding the Comptroller’s Investigative Report pertaining to the District dated January 17, 2025 (the “Report”). I understand that the Report will be discussed at the next meeting of the Tennessee Board of Utility Regulation on March 13, 2025.

The Board of Commissioners for the District (“Board”) is comprised of the following individuals: Mrs. Ann Montgomery (Chairperson), Keith Whaley, O.D., and Mrs. Terri Waters. The Board takes these findings very seriously and has thoroughly examined the Report. Although no official written response is required, the Board believes it important to communicate actions the Board has taken at the Utility since learning of the allegations outlined in the Report.

On or about January 10, 2023, an employee of the District contacted me, as attorney for the Utility, and scheduled a meeting at my office. At the meeting, the employee reported serious allegations regarding the District’s president, Matt Ballard. The allegations concerned the misuse of District equipment and employees for the personal purposes of Mr. Ballard.

At next meeting of the Board on January 25, 2023, the Board went into executive session, and I relayed the allegations to the Board. That same day, the Board interviewed Mr. Ballard as well as other employees with knowledge of the reported incidents. The Board confirmed several of the allegations. That same day, the Board learned of additional concerns regarding Mr. Ballard, such as directing a HomeStore employee to supply items to an individual to satisfy a gambling debt of Mr. Ballard. The Board took action that day to suspend Mr. Ballard.

At the January 25, 2023 meeting, the Board instructed me to contact Jimmy Hodges, an investigator at the Comptroller’s office, to report the allegations in accordance with applicable law. Mr. Hodges directed me to send the written allegations to him, which I did on January 27, 2023.

MACK A. GENTRY
JAMES S. TIPTON, JR.
(1948 - 2023)
W. MORRIS KIZER*
TIMOTHY M. MCLEMORE
MAURICE K. GUINN
DANNY P. DYER
BRIAN D. BLIND
TYLER C. HUSKEY
JOEL D. ROETTGER**
GREG D. MEADOWS
JOHN M. KIZER
GEORGE E. (BO) SANFORD II
SARAH M. THORNSBERRY
JASON T. MURPHY***
MARK A. ROSSER***

*Supreme Court Rule 31 Mediator
**Certified Estate Planning Law Specialist
***Of Counsel

Allegations regarding Mr. Ballard continued to surface in the coming days. A separate employee contacted me regarding concerns the employee had regarding Mr. Ballard's dealings with a certain electric company. Additional allegations were communicated to me and the Board regarding Mr. Ballard's personal use of Utility resources. Further, I was informed that Mr. Ballard had contacted employees in an attempt to obstruct the Board's investigation. I was also informed that Mr. Ballard had refused to deliver his phone to the Utility and was possibly erasing data from his Utility issued devices. I was directed by members of the Board to report this information to Jimmy Hodges, which I did by email of Monday morning, January 30, 2023.

At the Board's February meeting, Mr. Ballard and his attorney met with the Board to generally discuss Mr. Ballard's status with the Utility. The Board informed Mr. Ballard of the additional allegations and stated that it was continuing to investigate the matter. The Board conducted additional interviews with other employees of the District at this February Board meeting.

At the Board's March 22, 2023 meeting, the Chairperson of the Board discussed Mr. Ballard's status with the Utility and read a statement summarizing all the allegations that the Board had initially learned on January 25, 2023 and that had continued to surface since January 25, 2023. A Board member made the motion to terminate Mr. Ballard's employment effective March 22, 2023. The Board then unanimously voted to terminate Mr. Ballard's employment effective immediately.

Nearly two years later, the Comptroller issued the Report. The Board has directed me to respond to the findings and deficiencies set forth in the Report.

Finding 1. Former District President Matthew Ballard Misappropriated District Funds Totaling at Least \$181,582.83.

The first issue related to Mr. Ballard's misappropriation of funds is regarding an alleged kickback scheme with an electric company. At no time was the Board aware of this scheme until the Report was issued. An employee made the Board aware of certain suspicious activities regarding the electric company, which the Board promptly reported to the Comptroller. The Board was made aware that the electric company had been paid two times for a generator with no effort by Mr. Ballard to seek a refund of the overpayment. After Mr. Ballard was terminated, the Utility sued the electric company to recover the overpayment. The Utility and the electric company settled the lawsuit upon the receipt of funds in an acceptable amount to the Utility.

The second issue related to Mr. Ballard's misappropriation of funds was related to work done on Mr. Ballard's personal property by District employees. These findings were directly related to allegations first discovered by the Board on January 25, 2023 which were promptly reported to the Comptroller on January 27, 2023 and January 30, 2023. The Board has updated the Utility's policies and procedures and has discussed this issue with management to better protect the Utility against this issue in the future.

The third issue related to Mr. Ballard's misappropriation of funds was related to District equipment Mr. Ballard used on his personal property. Again, these findings were directly related to allegations first discovered by the Board on January 25, 2023 which were promptly reported to the Comptroller on January 27, 2023 and January 30, 2023. The Board has updated the Utility's policies and procedures and has discussed this issue with management to better protect the Utility against this issue in the future.

Finding 2. Former District President Matthew Ballard Instructed a District Employee to Write False Information on HomeStore Customer Documentation

This issue relates directly to allegations first discovered by the Board on January 25, 2023 which were promptly reported to the Comptroller on January 27, 2023 and January 30, 2023.

Finding 3. Former District President Matthew Ballard interfered with the Investigation.

The issue involving Mr. Ballard's alleged interference relates to Mr. Ballard clearing data from his work-assigned devices. The Board made this known to the Comptroller on January 30, 2023. The Utility attempted to obtain the devices from Mr. Ballard on or about January 27, 2023, but Mr. Ballard would not return the items to the Utility on the advice of his attorney. The Board has updated the Utility's electronic devices policy and has discussed this issue with management to better protect the Utility against this issue in the future.

The issue involving Mr. Ballard's alleged interference relates to Mr. Ballard contacting one or more district employees on January 25, 2023 and between January 27, 2023 and February 1, 2023 to lie to the Board. This finding relates directly to allegations first discovered by the Board after Mr. Ballard was suspended, and the allegations were promptly reported to the Comptroller on January 30, 2023.

Finding 4. Former District President Matthew Ballard Authorized at Least \$1,704,876.11 in Questionable Spending of District Funds.

The first issue involving Mr. Ballard's authorized questionable spending relates to payments made to the electrical company that allegedly made kickback payments to Mr. Ballard. The Board was not informed of any irregularities involving the electric company until after Mr. Ballard was suspended. Moreover, Mr. Ballard received invoices from the electric company directly, which were approved for payment by Mr. Ballard. The Board has implemented new purchasing policies and procedures and has discussed these issues with management to better protect the Utility against similar actions in the future.

The second finding involving Mr. Ballard's authorized questionable spending relates to a landscaping / construction company that was paid without the Utility receiving competitive bids. There are no allegations of kickbacks or any other issue other than the company being hired without competitive bids. The District did receive value for the work as landscaping was done

on campus and the equipment shed mentioned in the report was built on campus. Again, the Board has implemented new purchasing policies and procedures and has discussed these issues with management to better protect the Utility against similar actions in the future.

The third finding involving Mr. Ballard's authorized questionable spending relates to questionable payments made to a consulting firm. The District has been unable to identify the consultant as the payments alleged to have been made do not coincide with the District's records. The Board has implemented new policies and procedures and has discussed these issues with management to better protect the Utility against similar actions in the future.

The fourth finding involving Mr. Ballard's authorized questionable spending relates to questionable payments for district credit card and bank card purchases. The Report also states that Apple Watches were purchased for management and birthday lunches were bought. Mr. Ballard stated that the Apple Watches were for better communication in noisy environments or when employees did not have their phones. Further, the devices offered hands free options for responding to calls. AirPods / Bluetooth devices were purchased for CDL drivers for hands free driving purposes. The Board believes it is important for employees to be available to one another and that employees should communicate with one another in accordance with applicable law, especially as it pertains to being hands free in an automobile. Moreover, since Mr. Ballard was terminated, local food purchases have been prohibited unless there is travel associated with the food purchase. Also, monthly employee birthday lunches have been suspended. The Board has also implemented new policies and procedures and has discussed these issues with management to better protect the Utility against similar actions in the future.

The fifth finding involving Mr. Ballard's authorized questionable spending relates to payments made for operating a district vehicle. This finding relates directly to allegations first discovered by the Board on January 25, 2023 which were promptly reported to the Comptroller on January 27, 2023 and January 30, 2023. The Board has also implemented new policies and procedures and has discussed these issues with management to better protect the Utility against similar actions in the future.

The sixth finding involving Mr. Ballard's authorized questionable spending relates to advertising expenses authorized by Mr. Ballard. These expenses include expenses for golf tournament registrations and a donation to a softball program at a college outside the District's service area. Regarding the golf tournament registrations, the average cost per year was \$14,840.63 from 2017 to 2024. Each golf tournament (approximately 14 per year) had documented advertising for the Utility's HomeStore. The HomeStore sells natural gas appliances so consumers who may or may not have used gas previously can easily purchase those appliances at the Utility, which translates to more customers using more natural gas. Regarding the softball program at a college outside the District's service area, from January 2019 to January 2025, HomeStore purchases from the area associated with the college totaled over \$102,000.00. Since learning of the Comptroller's concerns regarding this issue in 2023, the Utility has put a freeze on all golf tournament registration and accompanying advertising as well as other similar advertising as reflected in the minutes of the Board. The Board does intend to

revisit this issue as there is value to ratepayers in advertising the HomeStore and natural gas in the community.

Finding 5. Former District President Matthew Ballard Authorized Broad misuse of District-Owned Vehicles and Equipment.

The Report states that Matt Ballard and Eddie Ballard, his father, used District vehicles and equipment for personal purposes. Many of the items in this finding relate directly to allegations first discovered by the Board on January 25, 2023 which were promptly reported to the Comptroller on January 27, 2023 and January 30, 2023.

Deficiency 1. The district's board failed to provide adequate oversight of district projects, management decisions, and financial operations of the district.

None of the Board members served when the Comptroller issued its 2011 report. The Board was aware of the allegations set forth in the 2011 report and was sensitive to those allegations. No member of the Board had been informed of any issue that would have raised a concern regarding, for example, Mr. Ballard's use of Utility resources, until January 2023. No member of the Board had witnessed any similar issue. There was no hint of these issues in the Board meetings. The Board has an independent auditor that reports a yearly clean audit. Prior to the termination of Mr. Ballard, Board members regularly sought input from the independent auditor as recorded in meeting minutes regarding any areas where the Utility may be outside normal ranges for a similarly situated utility and had not been notified of the concerns set forth in the Report. Previous minutes reflected that Members of the Board have asked in meetings with the auditor if any internal controls can be improved upon or implemented to further safeguard the Utility.

In addition to taking immediate action when it learned of Mr. Ballard's improper use of Utility resources, the Board has since had firm discussions with management, insured that management has relayed those discussions to other employees, and has implemented and updated various policies and procedures. For example, the Board has implemented and/or updated the Utility's purchasing policy, its ethics policy, whistleblower policy, clothing allowance policy, uniform policy and investment policy. The Utility has implemented a new internal controls manual. The Utility has also updated its employee handbook. The Board has obtained counsel of an employment law specialist to review the actions of Mr. Ballard and how to best protect the Utility from a similar situation in the future. Employees have been instructed that they are required to contact management or the comptroller in the event they witness or suspect fraud, waste or abuse.

Deficiency 2: The district's upper management structure disincentivized reporting questionable activity to the board.

The Board has considered this deficiency. Each of the vice presidents of finance, operations, and human resources, though on a day to day basis report to the president, do in fact report directly to the Board at each board meeting. Each of those individuals has each Board

member's contact information. Further, as evidenced by the employee reporting concerns to me in January 2023, employees have access to report concerns to me as the Utility's attorney. To the Board's knowledge, when upper management first learned of the issues involving Mr. Ballard, they promptly reported those concerns to the Board.

Deficiency 3: The district's vice president of finance routinely approved questionable expenses and did not report concerns to the district board.

The Board has interviewed the District's vice president of finance regarding the items set forth in the Report and has taken disciplinary action.

Deficiency 4: The district's travel budget grew over 400% in ten years and includes questionable expenditures of district funds.

The Board has investigated this issue. Employees of the Utility are encouraged to attend seminars or industry conferences for professional development, networking, and staying up to date with industry trends. Employees are involved in various gas specific locations, as the training is not offered close by or in a more convenient location. Certain years, conferences are held in areas that are more high cost than others. Also, as the Utility has grown to better service its customers, there is necessarily more staff travel. Finally, as evidenced by the report, travel expenses have decreased significantly since the high of 2019.

The Board wants to make it unequivocally clear that neither the Board nor management will tolerate fraud, waste, or abuse of ratepayer funds. The Board and the Utility's leadership team remain steadfastly committed to upholding the highest standards of accountability, transparency, ethics, and integrity in our service to our customers and community.

I appreciate your attention to these matters. Please distribute this correspondence to other members of the Tennessee Board of Utility Regulation. If you have any questions or need additional information, please let me know.

Very Truly Yours,



Tyler C. Huskey

cc: Ann Montgomery, Chairperson
Keith Whaley
Terri Waters



COMPTROLLER'S INVESTIGATIVE REPORT

Sevier County Utility District

January 17, 2025

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

January 17, 2025

Sevier County Utility District Board
420 Robert Henderson Road
Sevierville, TN 37862

Sevier County Utility District Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Sevier County Utility District, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 4th Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Sevier County Utility District

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the Sevier County Utility District. The investigation was limited to selected records for the period January 1, 2017, through February 28, 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 4th Judicial District.

BACKGROUND



The Sevier County Utility District (district) has been providing natural gas to residents and businesses since 1955. The district serves more than 14,000 customers in Sevier County and parts of Blount County. The district operates the HomeStore, with an onsite showroom, that provides natural gas appliances, installation, and financing. The district also operates a compressed natural gas fueling station.

Utility districts are governed by *Tenn. Code Ann.* § 7-82-101 *et. seq.* Pursuant to *Tenn. Code Ann.* § 7-82-101, the board of commissioners of any district shall prescribe and collect reasonable rates...or charges for the services. *Tenn. Code Ann.* § 7-82-113 requires that all expenditures of

money made by a utility district must be made for a lawful district purpose. The rates are based on operating and system maintenance expenses. The district is governed by a three-person board of commissioners (board), who are appointed to four-year terms by the Sevier County Mayor. The board has the responsibility to establish and maintain an adequate system of internal controls. Daily operations are managed by the district president, who oversees district employees.

Matthew Ballard began working for the district on November 18, 1996. He was promoted to the role of district president on November 7, 2007. The board placed Ballard on paid administrative leave on January 25, 2023, then ultimately terminated Ballard's employment on March 22, 2023.

RESULTS OF THE INVESTIGATION

1. FORMER DISTRICT PRESIDENT MATTHEW BALLARD MISAPPROPRIATED DISTRICT FUNDS TOTALING AT LEAST \$181,582.83

A. Former district president Matthew Ballard misappropriated district funds totaling at least \$158,760 through a kickback scheme

Former district president Matthew Ballard misappropriated district funds totaling at least \$158,760 through a kickback scheme with an electrical company. These kickbacks were possible as a result of a corrupt bidding process in which Ballard awarded contracts to the electrical company. Except for the one time bids were solicited, the rest of the electrical work Ballard did not solicit bids, Ballard still granted the contracts to the electrical company. The owner of the electrical company told investigators that his company began working as a contractor for the district in 2009. Ballard granted the electrical company contracts, and in exchange, Ballard requested that the owner overbill the district and then pay him either the entirety or a portion of the overbilled amounts. These payments are known as “kickbacks.” Investigators identified 30 kickback payments made from the electrical company, the owner of the electrical company, and an immediate family member of the owner to Ballard and his father, William “Eddie” Ballard, between 2018 and 2022. Of the \$158,760 misappropriated, the owner of the electrical company and his family member made kickback payments totaling \$141,010 to Ballard and \$17,750 to his father, Eddie Ballard. The owner of the electrical company and his family member used eight different financial accounts to make the kickback payments, and Ballard used at least four financial accounts to deposit or cash the kickback payments.

Summary of Matthew Ballard’s Misappropriation through a Kickback Scheme

Year	Amount of Kickback Payments to Matthew Ballard	Amount of Kickback Payments to Eddie Ballard	Total Per Year
2018	\$560	\$-	\$560
2019	\$112,150	\$750	\$112,900
2020	\$500	\$7,000	\$7,500
2021	\$9,000	\$10,000	\$19,000
2022	<u>\$18,800</u>	<u>\$-</u>	<u>\$18,800</u>
Total Misappropriation:	\$141,010	\$17,750	\$158,760

The owner of the electrical company told investigators that he made payments in cash, as well as via check, cashier’s check, and mobile apps such as Venmo, and Zelle (**See Exhibit 1**). Investigators only located kickback payments dating back to 2018 due to methods of payment and availability of records. The owner of the electrical company stated that Ballard told him to disguise kickback payments made via check and Venmo by labeling them as being related to gambling or equipment purchases, and to sometimes make the payments to Eddie Ballard (**See Exhibit 2**)

Exhibit1

63-9059/2670 283
DATE 4/19/19
PAY TO THE ORDER OF Matt Ballard \$ 14,500.00
Sixteen thousand five hundred and no/100 DOLLARS
MEMO [REDACTED]
ENDORSE HERE

04/12 ZELLE PAYMENT TO Matt Ballard PAYMENT ID [REDACTED] 2,000.00

109 63-1599/670
Date 9-6-19
Pay to the order of Matt Ballard \$ 12,000.00
Twelve thousand Dollars
For [REDACTED]
ENDORSE HERE

Examples of kickback payments to Ballard including checks payable to and endorsed by Ballard and a mobile app kickback payment

Exhibit 2

1404
63-9138/2631

2-16-2021 Date

PAY to the order of Eddie Ballard \$ 7,500.00
Seven Thousand Five Hundred Dollars

For Used Scissor Lift Signature: Eddie Ballard

Harold Clark

BILL OF SALE

Date _____

I, the undersigned seller, Eddie Ballard
for the sum of \$ 7,500
sell to the undersigned buyer, _____
the following property:
Scissor Lift

The undersigned seller affirms that the above information about this property is accurate to the best his/her knowledge.
The undersigned buyer accepts receipt of this Bill of Sale and understands that the above property is sold in "as is" condition with no guarantees or warranties, either expressed or implied, for the property.

Seller's Name (print): Eddie Ballard
Seller's Signature: Eddie Ballard
Street Address: _____ Apt: _____
City / Town: _____ State: _____ ZIP: _____
Phone #: _____

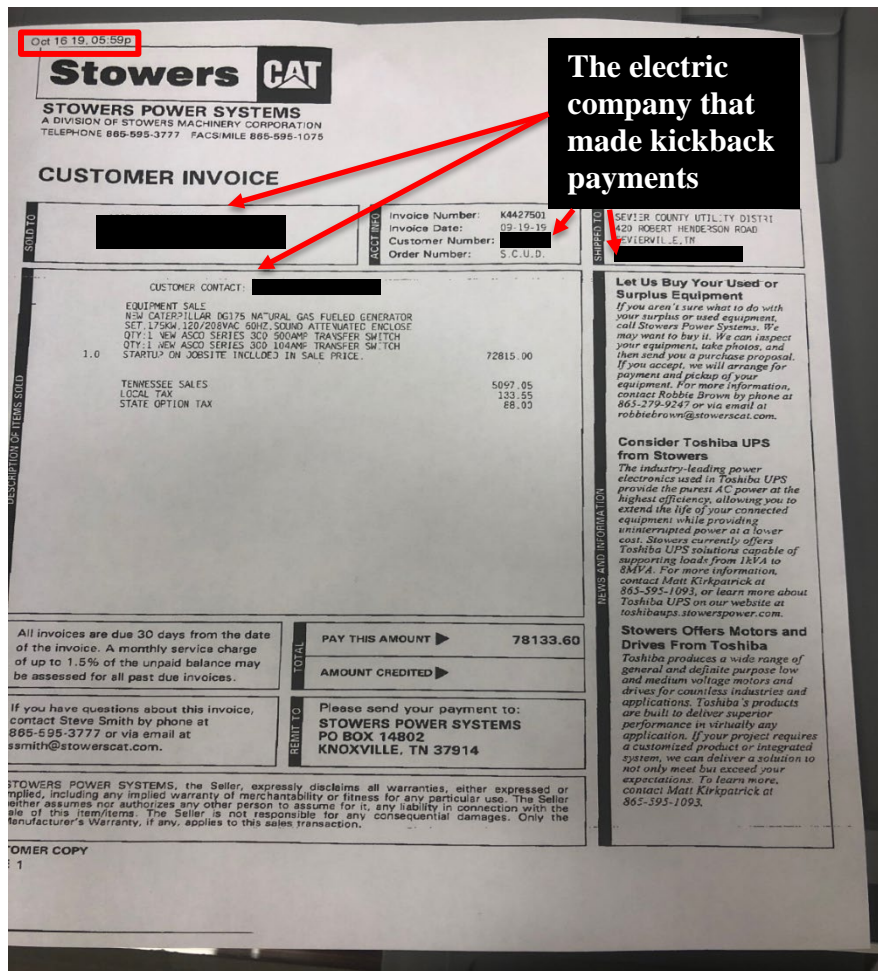
Buyer's Name (print): _____
Buyer's Signature: _____
Street Address: _____ Apt: _____
City / Town: _____ State: _____ ZIP: _____
Phone #: _____

Check payable to Eddie Ballard for the purchase of a scissor lift that did not exist and a fabricated bill of sale retrieved from Ballard's work-assigned laptop

Ballard received kickback payments over multiple years; however, investigators found that Ballard received the majority of the kickback payments in 2019. In April 2019, the district entered into a contract with the electrical company to pay \$175,000 for the purchase and installation of a natural gas generator. The electrical company ordered the natural gas generator with an invoice price of \$78,133.60 (See Exhibit 3).


The owner of the electrical company told investigators that the electrical company did not pay for the generator from the funds paid by the district for that purpose. Instead, Ballard called the supplier of the generator and changed the invoice to bill the district (See Exhibit 4) which resulted in the district paying for the same generator twice. The owner of the electrical company told investigators that instead of returning the funds the district paid his company for the cost of the generator; he gave Ballard half of the funds over the course of multiple payments and kept half for himself.

Exhibit 3



Invoice retrieved from Ballard's work-assigned laptop that reflects the electrical company was originally invoiced for the cost of the generator

Exhibit 4



STOWERS POWER SYSTEMS
A DIVISION OF STOWERS MACHINERY CORPORATION
TELEPHONE 865-595-3777 FACSIMILE 865-595-1075

After Matthew Ballard changed the invoiced entity from the electric company to the district, there were still traces of the electric company's original information on the new invoice.

CUSTOMER INVOICE

SOLD TO

SEVIER CO UTIL DISTRICT-GAS
PO BOX 4398
SEVIERVILLE TN 37864-4398

INVOICE INFO

Invoice Number: K4458601
Invoice Date: 10-22-19
Customer Number: [REDACTED]
Order Number: [REDACTED]

SHIPPED TO

SEVIER CO. UTILITY DISTRICT
420 ROBERT HENDERSON RD.
SEVIERVILLE, TN
-HO GENERATOR ORDERED

CUSTOMER CONTACT: [REDACTED]
TAX EXEMPTION LICENSE GOVERNMENT

EQUIPMENT SALE
NEW CATERPILLAR DG175 NATURAL GAS FUELED GENERATOR SET, 175KW, 120/208VAC, 60HZ, SOUND ATTENUATED ENCLOSE
QTY: 1 NEW ASCO SERIES 300 600AMP TRANSFER SWITCH
QTY: 1 NEW ASCO SERIES 300 104AMP TRANSFER SWITCH
STARTUP AT JOBSITE INCLUDED IN SALE PRICE.

1.0	ID NO: KJ600119 SERIAL NO: KJ600119	72815.00
-----	-------------------------------------	----------

TERMS

All invoices are due 30 days from the date of the invoice. A monthly service charge of up to 1.5% of the unpaid balance may be assessed for all past due invoices.

TOTAL

PAY THIS AMOUNT ► 72815.00

AMOUNT CREDITED ►

QUESTIONS?

If you have questions about this invoice, contact Steve Smith by phone at 865-595-3777 or via email at ssmith@stowerscat.com.

REMIT TO

Please send your payment to:
STOWERS POWER SYSTEMS
PO BOX 14802
KNOXVILLE, TN 37914

WARRANTY

STOWERS POWER SYSTEMS, the Seller, expressly disclaims all warranties, either expressed or implied, including any implied warranty of merchantability or fitness for any particular use. The Seller neither assumes nor authorizes any other person to assume for it, any liability in connection with the sale of this item/items. The Seller is not responsible for any consequential damages. Only the Manufacturer's Warranty, if any, applies to this sales transaction.

CUSTOMER COPY
PAGE 1

Let Us Buy Your Used or Surplus Equipment
If you aren't sure what to do with your surplus or used equipment, call Stowers Power Systems. We may want to buy it. We can inspect your equipment, take photos, and then send you a purchase proposal. If you accept, we will arrange for payment and pickup of your equipment. For more information, contact Robbie Brown by phone at 865-279-9247 or via email at robbiebrown@stowerscat.com.

Consider Toshiba UPS from Stowers
The industry-leading power electronics used in Toshiba UPS provide the purest AC power at the highest efficiency, allowing you to extend the life of your connected equipment while providing uninterrupted power at a lower cost. Stowers currently offers Toshiba UPS solutions capable of supporting loads from 1kVA to 8MVA. For more information, contact Matt Kirkpatrick at 865-595-1093, or learn more about Toshiba UPS on our website at toshibaups.stowerspower.com.

Stowers Offers Motors and Drives From Toshiba
Toshiba produces a wide range of general and definite purpose low and medium voltage motors and drives for countless industries and applications. Toshiba's products are built to deliver superior performance in virtually any application. If your project requires a customized product or integrated system, we can deliver a solution to not only meet but exceed your expectations. To learn more, contact Matt Kirkpatrick at 865-595-1093.

The invoice reassigning the generator costs from the electrical company to the district

B. Former district president Matthew Ballard misappropriated district funds totaling at least \$18,581.27 for work on personal property

Former district president Ballard misappropriated district funds totaling at least \$18,581.27 for work on personal property. Investigators identified 110 instances in which district employees

were paid by the district for work at Matthew Ballard’s and Eddie Ballard’s personal properties. In many instances, employees performed the work during district working hours.

Ballard directed district employees to work at his and Eddie Ballard’s personal properties and instructed these same employees to charge their time to the district. District employees created a unique timecode for the payroll system to account for work done at the Ballards’ personal properties. Investigators corroborated locations, dates, and times for at least one employee who worked on Ballard’s properties using cell phone data.

District employees performed work at Ballard’s personal properties, often using district vehicles and equipment. The work done by district employees included but was not limited to yardwork, general home maintenance, gravel work, installation of an in-ground pool, and other projects that benefitted Ballard’s personal properties. To perform work on Ballard’s personal property, district employees reported using district-owned equipment, including a dump truck, unloader skid steer machine, a small walk behind excavator, and an excavator requiring a machine operator and related attachments.

District employees also told investigators that Eddie Ballard kept district-owned equipment on his personal property. Additionally, employees told investigators that they frequently performed other personal tasks for Ballard during their workweek, which they could not code their time specifically for in the payroll system.

Summary of Matthew Ballard’s Misappropriation for Work on Personal Property

Year	Total Per Year
2018	\$704.52
2019	\$5,913.64
2020	\$3,268.50
2021	\$3,847.00
2022	<u>\$4,847.61</u>
Total Misappropriation:	\$18,581.27

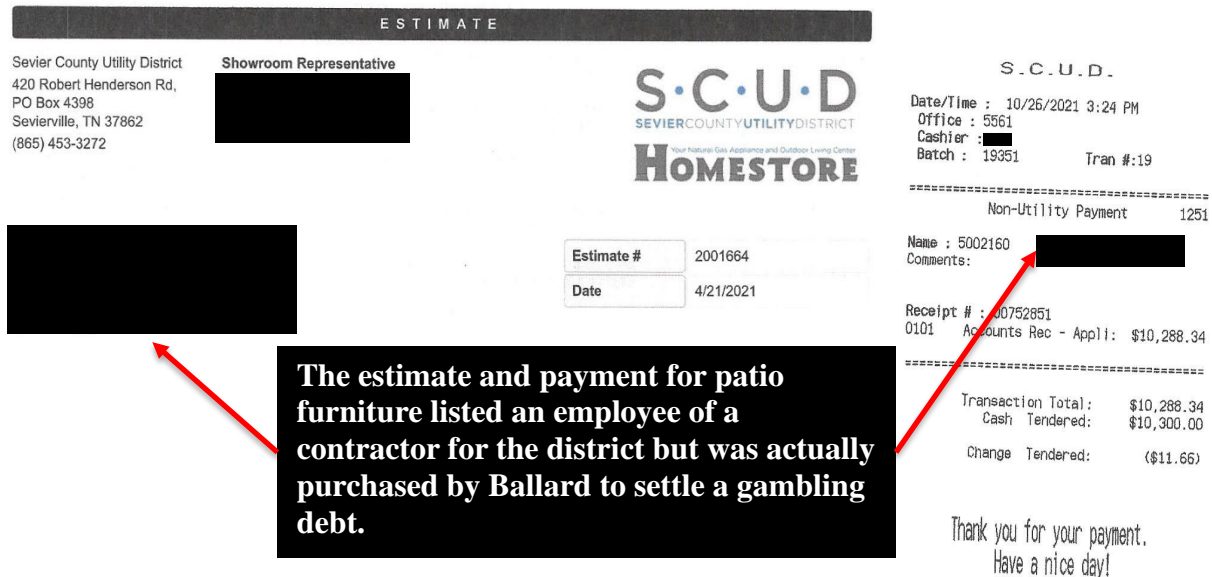
C. Former district president Matthew Ballard misappropriated \$4,241.56 for equipment used on his personal property

Former district president Matthew Ballard used district funds totaling \$4,241.56 to purchase a leaf and lawn vacuum with accessories used exclusively on his personal property. Additionally, district employees told investigators that Ballard had most trees removed from the district’s campus prior to the purchase of the leaf and lawn vacuum, and the district contracted with a landscaping company for all campus lawn maintenance.

2. FORMER DISTRICT PRESIDENT MATTHEW BALLARD INSTRUCTED A DISTRICT EMPLOYEE TO WRITE FALSE INFORMATION ON HOMESTORE CUSTOMER DOCUMENTATION

Former district president Matthew Ballard instructed a district employee to list a false purchaser on HomeStore customer documentation to disguise that he purchased patio furniture at cost to settle gambling debts (**See Exhibit 5**). The employee told investigators that Ballard asked for a 50% discount for the items, but the employee felt uncomfortable with the request, so the employee gave Ballard \$5,000 to help him pay for the patio furniture. The employee provided investigators with documentation showing that the employee withdrew \$5,000 the day before Ballard completed the purchase. The individual to whom Ballard owed gambling debts confirmed to investigators that Ballard gave him the patio furniture and other items to settle gambling debts.

Exhibit 5



ESTIMATE

Sevier County Utility District
420 Robert Henderson Rd,
PO Box 4398
Sevierville, TN 37862
(865) 453-3272

Showroom Representative
[Redacted]

S·C·U·D
SEVIER COUNTY UTILITY DISTRICT
Your Natural Gas Appliance and Outdoor Living Center
HOMESTORE

Date/Time : 10/26/2021 3:24 PM
Office : 5561
Cashier : [Redacted]
Batch : 19351 Tran #:19

Non-Utility Payment 1251

Name : 5002160
Comments: [Redacted]

Receipt # : 00752851
0101 Accounts Rec - Appl: \$10,288.34

Transaction Total: \$10,288.34
Cash Tendered: \$10,300.00
Change Tendered: (\$11.66)

Thank you for your payment.
Have a nice day!

Estimate # 2001664
Date 4/21/2021

The estimate and payment for patio furniture listed an employee of a contractor for the district but was actually purchased by Ballard to settle a gambling debt.

3. FORMER DISTRICT PRESIDENT MATTHEW BALLARD INTERFERED WITH THE INVESTIGATION

A. Former district president Matthew Ballard cleared data from his work-assigned devices

Investigators determined that Matthew Ballard attempted to conceal his misappropriation from the district by clearing data from his work-assigned devices. District board members told investigators that prior to the board meeting on January 25, 2023, they did not know that Ballard had misappropriated district resources. When questioned by the board, Ballard denied the allegations.

After the board meeting on January 25, 2023, Ballard began a leave of absence, but he was allowed to retain his work-assigned devices, including a

- laptop,
- cell phone,

- tablet, and
- smartwatch.

Ballard told district employees that he would not provide the electronics to the Comptroller's Office. Upon receipt of the electronics, Comptroller's Office computer forensics staff found that Ballard's work-assigned cell phone and tablet had been reset and cleared of all data.

B. Former district president Matthew Ballard directed a district employee to lie to the board

On January 25, 2023, the board received allegations that former district president Matthew Ballard used district funds to pay employees for work on personal properties. At 12:30 p.m., during the board's meeting, Ballard called a district employee and told the employee that if the board inquired about the times the employee worked on Ballard's personal property, the employee should say that he was paid in cash for those hours and did not claim time worked at the district. Ballard also warned that the employee should not "turn his back" on him and directed the employee to tell other employees who had performed work on Ballard's personal property to say the same.

Three district employees reported to investigators that between January 27, 2023, and February 1, 2023, were contacted by Ballard or his immediate family members.

4. FORMER DISTRICT PRESIDENT MATTHEW BALLARD AUTHORIZED AT LEAST \$1,704,876.11 IN QUESTIONABLE SPENDING OF DISTRICT FUNDS

A. Former district president Matthew Ballard authorized questionable payments of district funds totaling at least \$778,404.65 related to the electrical company that made kickback payments

Former district president Matthew Ballard authorized questionable payments totaling at least \$778,404.65 related to the electrical company that made kickback payments. District employees told investigators that Ballard instructed the employees to use one specific electrical company (as referenced in Finding 1) for most electrical work performed without seeking bids. The only electrical work for which the district sought bids was for the building of the district's employee center; however, contractors told investigators that Ballard had the electrical work bid separately from the other construction work of the project. Instead Ballard did not bid the electrical work, and chose the electrical company that made kickback payments to him for the project despite their offer not being the lowest offer. The district's purchasing policy states, "...if a bid is awarded to someone other than the lowest bidder, a memo shall be placed in the file stating the reason the winning vendor was selected over the low bidder. The person responsible for placing this document in the file is the President or President's Designee." Investigators did not locate any such memo in the district's files.

Additionally, investigators questioned payments to the electrical company that lacked adequate supporting documentation. 54 of 55 invoices submitted by the electrical company for payment did not include adequate supporting documentation, such as receipts that

support the district payment. Invoices submitted to the district for payment often did not list the work performed or only listed the work performed as "work as directed" or "as directed by owner." Invoices were sent directly from the electrical company to Ballard, then the invoices were approved for payment by Ballard without confirmation of work performed.

Investigators also identified questionable invoice charges, including,

- labor already paid on previous invoices,
- overcharged materials,
- labor and materials provided by district employees assisting the electrical company on the project, and
- lift rentals with a 20% mark-up charged to the district despite the fact that both the electrical company and the district owned lifts.

Ballard authorized invoices for payment without requiring adequate documentation that work was performed. The owner of the electrical company told investigators that he submitted invoices to the district for payment when Ballard requested money from him, not necessarily when work was performed.

According to the district's purchasing policy, the district is required to seek competitive bids for any contracts exceeding \$10,000 in individual or grouped purchases. During the scope of this investigation, the district paid \$937,102.50 to the electrical company from which Ballard received kickbacks. After excluding the misappropriation noted in **Finding 1**, investigators question all payments made to the electrical company that violated the district's purchasing policy.

Additionally, the district paid at least \$62.15 to mail payments overnight to the electrical company owner on at least three occasions without a documented reason for rushed payments. The owner of the electrical company told investigators that they would not pay Ballard kickbacks until payments from the district arrived. Ballard circumvented necessary internal controls surrounding payments to contractors to ensure he received kickbacks as quickly as possible.

B. Former district president Matthew Ballard authorized questionable payments of district funds totaling at least \$585,137.57 to a landscaping/construction company

Investigators determined that former district president Matthew Ballard authorized questionable payments totaling at least \$585,137.57 to a company that performs landscaping and construction work without seeking competitive bids for the work as required by district policy. The district paid the company to perform routine landscaping and build an equipment shed on the district campus. The district's purchasing policy requires the district president and board to seek competitive bids on items or groups of items costing \$10,000 or more. Without a proper bid, organizations have no way of determining the costs of the project or recourse for failures when specifications are not met. And with normal bids, costs are compared to determine best price for the project before awarding to a company.

C. Former district president Matthew Ballard authorized questionable payments of district funds totaling at least \$118,000 to a consulting firm

Former district president Matthew Ballard authorized at least \$118,000 in questionable payments to a consulting firm. Invoices submitted to the district for payment did not include adequate details, despite the consulting agreement outlining the scope of their services. Investigators' review of invoices from September 2017 to September 2019 revealed that most of the monthly billings were for the full contract amount rather than itemized charges for the specific services rendered. Furthermore, the limited details provided on the invoices merely documented broad tasks like representing the district at events, planning a vendor reception, and meeting with government officials, without including specific dates or scope of these activities. Additionally, an employee of the consulting firm told investigators that the district reimbursed the firm for the purchase of alcohol for events attended by district employees. Regarding the consumption of alcohol during work-related travel, the district's Employee Handbook states, "Alcoholic beverages are the responsibility of the employee and will not be reimbursed." The employee of the consulting firm told investigators that Ballard directed the firm to disguise the cost of alcohol in their invoices.

D. Former district president Matthew Ballard authorized questionable payments totaling at least \$76,684.48 for district credit and bank card purchases

Former district president Matthew Ballard authorized questionable payments totaling at least \$76,684.48 for district purchases. Of the \$76,684.48 in questionable spending, investigators determined that Ballard authorized purchases totaling at least \$51,075.34 on the district's credit card and authorized purchases totaling at least \$25,609.14 on the district's bank card.

Investigators identified numerous expenses that did not appear to benefit the district's ratepayers. Examples of questionable credit card purchases include local food purchases with no associated travel, birthday lunches for district employees, purchases related to golf trips taken by district employees, a firearm penalty due to Ballard carrying a handgun into an airport, a personal purchase made by Ballard after his personal credit card was declined, and a rideshare taken from Murfreesboro to Broadway, an entertainment and shopping area in Nashville. When investigators asked Ballard why he used district funds for the rideshare taken from Murfreesboro to Broadway, he replied, "We are not going to drive if we are drinking." Additionally, the vice president of finance's work-assigned credit card was used during official district travel to pay for rideshares to and from a strip club, and to and from a museum.

The district's Employee Handbook states, "Personal charges cannot be placed on the credit card."

Examples of questionable bank card purchases included at least 11 Apple Watches for upper management, Apple Watch accessories, AirPods, and birthday lunch expenses

charged to the bank card. Additionally, some bank card purchases lacked adequate supporting documentation. Therefore, investigators could not determine if the purchases were for the exclusive benefit of the district.

E. Former district president Matthew Ballard authorized questionable payments totaling at least \$7,174.41 for operating costs of a district vehicle

As noted in Section B of Finding 1, investigators determined that a district employee hauled rock and dirt to and from the home of Ballard in a district-owned dump truck. Investigators analyzed travel documentation and the LoadMan standard industry costs, and determined the minimum time and mileage used to haul rock and dirt for Ballard. Investigators question \$2,840.66 in time claimed by the district employee and \$4,333.75 for the use of the dump truck, totaling \$7,174.41.

F. Former district president Matthew Ballard authorized questionable payments totaling at least \$138,725 for advertising expenses

Former district president Matthew Ballard authorized questionable payments totaling at least \$138,725 for advertising expenses, including golf tournament registrations and a donation to a softball program at a college outside the district's service area.

Between January 2017 and April 2023, the district made questionable payments of at least \$118,725 for charity golf tournament registrations (not including the amount previously noted in Finding 3), most of which Ballard, other district employees, board members, and Ballard's father participated in. Golf registration records revealed that district employees played golf in charity tournaments frequently during their work hours for the district. The district also paid for golf tournament registrations of consultants, board members, immediate family members of board members, and retired district employee, Eddie Ballard. Investigators were not able to quantify the time claimed by district employees for golf tournaments, but confirmed that employees charged such time to the district. Golfing during working hours does not benefit the ratepayers. District employees told investigators that Ballard enjoyed golfing, which was reflected in Ballard's work calendar.

In 2019, the district also made a questionable payment totaling at least \$20,000 as a donation to the Athletics Initiative at a college outside the district's service area to support the softball team and to purchase a new scoreboard. Ballard's immediate family member played softball for the college at the time of the district's donation. Ballard signed an agreement with the college to provide the funds on the condition that the scoreboard advertise the district's HomeStore; investigators noted that while purchases from the HomeStore are not limited to residents of the district's service area, the college was located outside the district's service area for natural gas. Additionally, district employees told investigators that at least six district employees removed the old scoreboard and put up a new scoreboard. District employees drove work-assigned vehicles to and from campus and used a bucket truck and welding truck owned by the district for the removal and installation of the new scoreboard. As a result of the district's donation, Ballard was recognized by the college as a member of its President's Circle, the highest donor level for the school.

According to Attorney General Opinion 03-17, promotional efforts by public utilities may be considered a legitimate district expense if there is a likelihood that the expenditures will ultimately benefit the customers of the district by increasing system efficiency and lowering utility rates. Investigators could not identify a benefit to the district derived from donating money and the services of district employees and district equipment to various public and private organizations and institutions.

In addition, district employees may have performed work outside the scope of their governmental and proprietary functions. Any work performed outside the course and scope of governmental and proprietary functions increases the risk that the government tort liability act would not provide protection to the district in the event one of the employees was injured, someone else was injured, or damages occurred as a result of the work performed by the district employees.

G. Former district president Matthew Ballard used district facilities for a personal event with a rental value of \$750 at no charge

Former district president Matthew Ballard used district facilities for a personal event with a rental value of \$750 at no charge. Investigators determined that former district president Ballard used the employee center to host a holiday celebration on November 24, 2022, without paying to rent the space. The employee center is open to the public for rent at the cost of \$750 per day, and district employees do not receive a discount on facility rental fees. The district employee responsible for managing the employee center rental contracts told investigators that Ballard did not sign a rental contract or pay to use the space.

5. FORMER DISTRICT PRESIDENT MATTHEW BALLARD AUTHORIZED BROAD MISUSE OF DISTRICT-OWNED VEHICLES AND EQUIPMENT

District employees told investigators that district vehicles and equipment were often used for work on the personal properties of Matthew Ballard and Eddie Ballard. District employees who performed work on the Ballards' personal properties regularly used their work-assigned vehicles to commute to and from the Ballards' personal properties and used district-owned equipment to complete their work for the Ballards. District employees also told investigators that district equipment often sat on the Ballards' properties for long periods of time when not in use.

District employees told investigators that prior to the 2011 investigative audit of the district performed by the Comptroller's Office, Ballard allowed employees to take district-owned equipment off-campus for personal use. District employees stated that during the investigative audit, Ballard temporarily banned personal use of equipment, but eventually allowed personal use of equipment again as long as the person using the equipment received approval from the facilities manager. The Employee Handbook explicitly bans the use of district-owned vehicles for personal use, but regarding equipment, it states, "No employee, other than the operator, shall ride on any piece of equipment unless specifically authorized to do so. Operation of any Sevier County Utility District equipment without proper authorization is prohibited." The Employee Handbook does not

District equipment without proper authorization is prohibited.” The Employee Handbook does not provide further detail on the procedure for proper authorization and prohibits the personal use of equipment.

Multiple district employees admitted to investigators that they used district equipment for personal use. At least one employee admitted to using district equipment for personal use during work hours. One district employee told investigators that he hauled district equipment to and from personal residences for personal use during work hours using a work-assigned vehicle. District employees provided numerous examples of how they used district equipment for the benefit of the Ballards in addition to the labor described in Finding 1, including those listed below:

- District employees drove gravel in a district-owned single-axle truck to Maryville to spread on the driveway of one of Ballard’s immediate family members, then leveled the gravel using a district-owned unloader skid steer machine.
- District employees used a district-owned unloader skid steer machine and excavator to gather mountain boulders from the personal property of another district employee, then transported the boulders to Ballard’s personal property.
- Ballard and other district employees used a district-owned van almost exclusively for golf trips. At least four individuals told investigators that they either drove the van on golf trips with Ballard or witnessed the van being used for golf trips.
- District employees reported performing work on vehicles belonging to Ballard, Eddie Ballard, the immediate family members of Ballard, and a friend of Eddie Ballard.
- Ballard instructed at least six district employees to move furniture out of an immediate family member’s home and to store it on the district’s campus. (See Exhibit 6).

Exhibit 6



Items stored on the district campus that belonged to Ballard’s immediate family member

- On January 25, 2023, a district access card assigned to Eddie Ballard was used by an unidentified individual to enter the district’s campus after work hours to return a district-

employees also reported that they were instructed at times to go to Eddie Ballard's personal property and service the mower, including sharpening the blades.

Exhibit 7



Footage from the district's surveillance system of the return of the district-owned lawn mower

- A district employee told investigators that he worked on personal devices belonging to Ballard's immediate family.
- Ballard used his work-assigned computer to research backyard décor and to locate strip clubs he planned to visit while on work-related travel. Additionally, the vice president of finance and Information Technology manager used their work-assigned phones as personal phones. The district's Employee Handbook prohibits district employees from using work-assigned devices for personal use.

On January 15, 2025, the Sevier County Grand Jury indicted Matthew Aaron Ballard on one count of Bribery of a Public Servant and one count of Official Misconduct, and William Edgar Ballard on one count of Criminal Responsibility for the Conduct of Another.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[Sevier County Utility District Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal controls and compliance, some of which contributed to Ballard's ability to perpetrate his misappropriation without prompt detection. These deficiencies included:

Deficiency 1: The district's board failed to provide adequate oversight of district projects, management decisions, and financial operations of the district

The district's board failed in its fiduciary responsibility to ensure the best use of public funds for district projects and failed to provide adequate oversight of management decisions and financial operations. The board also failed to correct findings noted in the 2011 investigative audit report released by the Comptroller's Office.

The district's board did not provide adequate oversight of the district's operations and did not establish sufficient internal controls to ensure accountability of district funds. The lack of oversight by the board directly contributed to the failure to properly account for district funds. The district board should also ensure that audit and investigative findings are corrected.

Deficiency 2: The district's upper management structure disincentivized reporting questionable activity to the board

Investigators found that the district's vice presidents of finance, operations, and human resources reported directly to the district president during the period reviewed. The board should consider managing the hiring and oversight of the district's upper management instead of sole oversight resting with the district president. This would ensure that members of management would be able to report concerns about questionable practices or misappropriation by other upper management without fear for their jobs from the person to whom they report.

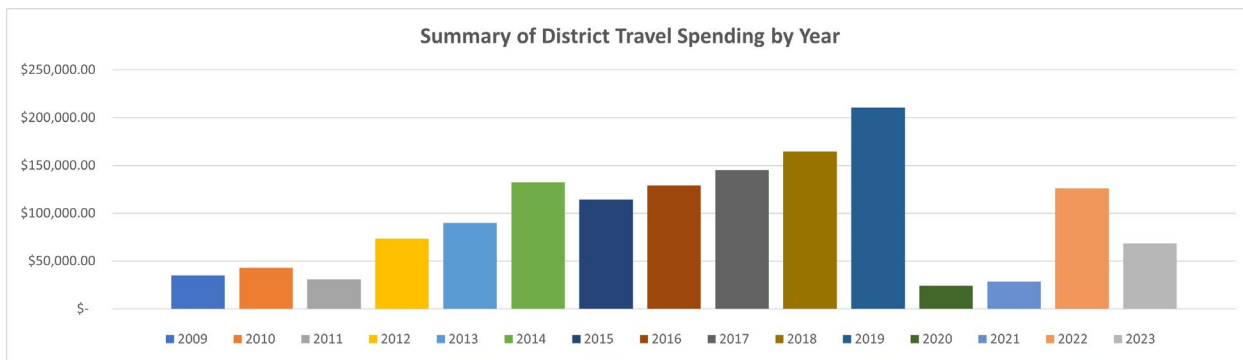
Deficiency 3: The district's vice president of finance routinely approved questionable expenses and did not report concerns to the district board

The district’s vice president of finance met with investigators prior to the leave of absence of former district president Ballard. Despite being aware of the ongoing investigation, the district’s vice president of finance did not tell investigators that he had concerns regarding spending at the district prior to Ballard’s leave of absence. Following Ballard’s leave of absence, the district’s vice president of finance told investigators that he had concerns regarding the district’s use of the electrical company and landscaping contractor, but he asserted that he had no other concerns regarding the district’s spending.

Payment records revealed that the district’s vice president of finance regularly approved payments to the electrical company, as well as other questionable expenses. The district’s vice president of finance also admitted to investigators that he had allowed district employees to charge personal expenditures to the district, then later reimburse the district for the charges, which he acknowledged to investigators should not have occurred. The district’s vice president of finance did not report his concerns regarding the electrical company, his approval or participation in questionable spending, or violations of the district’s purchasing policy to the board prior to the board’s inquiry and Ballard’s leave of absence.

Deficiency 4: The district’s travel budget grew over 400% in ten years and includes questionable expenditures of district funds

In 2009, a year that was included in the 2011 investigative audit of the district performed by the Comptroller’s Office, the audited travel expenses totaled \$35,161. By 2019, travel expenses had increased to \$210,534, a 498.7% increase from 2009. An analysis by year of audited travel expenses for July 1, 2016, to June 30, 2019, showed the combined travel cost for these 36 months was \$520,486 which averaged \$14,457.94 per month. Investigators reviewed the district’s American Express charges and determined that during the scope of the investigation, the district paid for employees to travel to various cities across the United States, including San Francisco, Seattle, St. Petersburg, Destin, Louisville, Charlotte, Orange Beach, Fort Myers, Cape Coral, and Phoenix. Management should review travel expenses to determine the necessary training needs for each of their employees.



District officials indicated that they have corrected or intend to correct these deficiencies.



Jason E. Mumpower
Comptroller

Entity Referred: **Gladeville Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water**

Staff Summary:

Board staff has received complaints regarding water hardness at the Gladeville Utility District. In speaking with the Department of Environment and Conservation, Board staff has reason to believe that the water hardness at the Gladeville Utility District is more severe than at other water utilities in Tennessee.

Board staff believes the Gladeville Utility District should be placed under administrative review to further evaluate the situation and bring any findings to the Board at its next meeting.

Staff Recommendation:

The Board should order the following:

The Gladeville Utility District is placed under administrative review. Utility staff and governing body members shall comply with Board staff requests for information and interview requests.

Board staff shall update the Board at its next meeting.

Gladeville Utility District

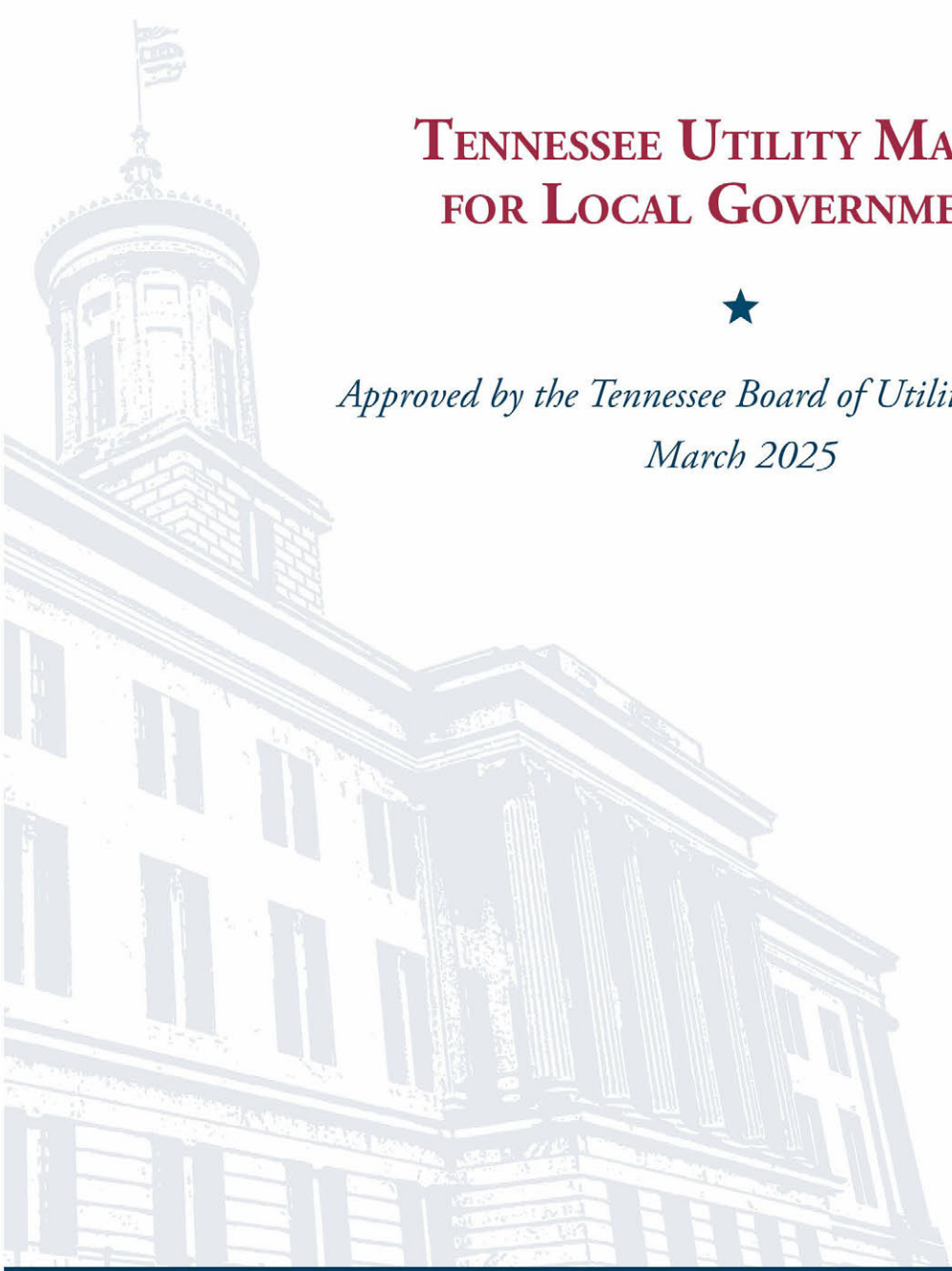
	Category: Water		County: Wilson	
	2021	2022	2023	2024
Net Assets	\$48,148,269.00	\$53,400,008.00	\$58,615,662.00	\$69,518,935.00
Deferred Outflow Resources	\$353,918.00	\$764,814.00	\$801,406.00	\$948,027.00
Net Liabilities	\$8,607,704.00	\$8,014,999.00	\$7,832,171.00	\$7,834,934.00
Deferred Inflow Resources	\$172,266.00	\$1,071,545.00	\$262,051.00	\$208,601.00
Total Net Position	\$39,722,217.00	\$45,078,278.00	\$51,322,846.00	\$62,423,427.00
Operating Revenues	\$6,910,515.00	\$7,461,590.00	\$8,426,705.00	\$8,676,543.00
Net Sales	\$6,196,206.00	\$6,677,479.00	\$7,484,528.00	\$7,681,070.00
Operating Expenses	\$5,487,957.00	\$5,412,406.00	\$6,224,845.00	\$6,666,363.00
Depreciation Expenses	\$1,353,989.00	\$1,241,057.00	\$1,301,358.00	\$1,466,851.00
Non Operating Revenues	-\$241,547.00	-\$349,744.00	\$33,844.00	\$446,945.00
Capital Contributions	\$3,368,911.00	\$3,656,621.00	\$4,008,864.00	\$8,643,456.00
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	\$4,549,922.00	\$5,356,061.00	\$6,244,568.00	\$11,100,581.00
Statutory Change In Net Position	\$1,181,011.00	\$1,699,440.00	\$2,235,704.00	\$2,457,125.00



TENNESSEE UTILITY MANUAL FOR LOCAL GOVERNMENTS



*Approved by the Tennessee Board of Utility Regulation
March 2025*



Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT FINANCE**

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Section 1 – Introduction

Purpose

The purpose of the Tennessee Utility Manual for Local Governments (the “Manual”) is to provide uniform guidance for local governments in Tennessee that operate water, sewer, or natural gas utility systems. The Manual is not designed to be all-inclusive, but to provide guidance and requirements related to utilities. The Manual’s primary focus is the oversight and regulation of utility systems by the Tennessee Board of Utility Regulation (“TBOUR” or “the Board”).

The manual is divided into the following areas:

- Oversight by the Comptroller of the Treasury (“the Comptroller” or “the Comptroller’s Office”) – Section 2
- TBOUR – Section 3
- TBOUR Referrals, Approvals, and Other Areas of Oversight – Sections 4 – 7
- Annual Requirements – Section 8
- Other Agencies and Boards – Section 9
- Utility Terminology, Definitions, & Concepts – Section 10
- Best Practices – Section 11

This manual, as approved by the Tennessee Board of Utility Regulation on **March 13, 2025**, is the first edition issued pursuant to the Rules of the Tennessee Board of Utility Regulation, Chapter 1715-02.

Applicability

Any reference to the term “utility system” or “local government” applies to the following entities pursuant to Tenn. Code Ann. § 7-82-701(b):

- Municipalities
- County or Metropolitan Governments
- Joint ventures created by an interlocal agreement, any of which offers water, sewer, or natural gas utility services

- Municipal Energy Authorities
- Utility Districts
- Water and Wastewater Treatment Authorities

This manual is not meant to be a reference for:

- Electric Systems
- Broadband Systems
- Private Utilities
- Environmental Issues

These entities and concerns are regulated by other state or federal agencies.

Additionally, pursuant to Tenn. Code Ann. § 64-9-107(c), TBOUR does not have jurisdiction over the Megasite Authority of West Tennessee, a regional development authority administratively attached to the Tennessee Department of General Services. The Authority is authorized to provide water and wastewater services to customers located on the initial megasite property and is statutorily prohibited from operating at a deficit after December 31, 2026. See: Tenn. Code Ann. §§ 64-9-104(11), 64-9-107(d)



Section 2 – Comptroller Oversight

The Comptroller supports utility systems operated by local governments through the following divisions and offices:

- Division of Local Government Finance
- Division of Local Government Audit
- Division of Investigations
- Office of Open Records Counsel
- Tennessee Board of Utility Regulation

Division of Local Government Finance

State legislators recognize the importance of financial stability and resilience in Tennessee’s local governments and have passed laws that strengthen financial accountability for utility systems operated by local governments.

The Division of Local Government Finance (“LGF”) provides oversight for utility systems operated by counties, metropolitan governments, municipalities, utility districts, and authorities in the following areas:

- Staff to the Tennessee Board of Utility Regulation
- Annual Budget Oversight
- Debt Oversight
- Interfund Transfers and Corrective Action Plans

Staff to the Tennessee Board of Utility Regulation

LGF serves as Board staff to the TBOUR as further explained in Section 3.

Annual Budget Oversight

Local governments that operate a utility system are statutorily required to adopt an annual budget. LGF has a comprehensive review and approval process for the annual budget.

A utility system's annual budget should do three (3) things:

- 1) Result in a statutory increase in net position¹,
- 2) Pay all debt service as it is due; and,
- 3) Generate sufficient revenue to sustain both an unrestricted and a total positive net position.

Outside of an emergency, state law does not allow local governments to issue debt unless the local government's budget has been approved by LGF. (Tenn. Code Ann. §§ 9-21-404; 7-36-113; 7-82-501; 68-221-611, and 68-221-1306).

For more information on budget requirements, including a budget manual, instructional videos, and submission requirements, refer to at: tncot.cc/budget.

Debt Oversight

The legal requirements on debt issued by a utility system vary, depending on the type of local government that owns and operates the utility system. The requirements governing debt oversight can be found on the Comptroller's website at: tncot.cc/debt. Utility systems are responsible for these requirements if they have outstanding debt or are planning to incur new debt, including interfund loans.

Requirements that govern debt oversight, including a debt manual, instructional videos, and other tools, may be accessed on the Comptroller's website at: tncot.cc/debt.

Interfund Transfers and Corrective Action Plans

Tenn. Code Ann. § 7-34-115 requires utility systems operated by counties and municipalities to be self-supporting and operated on sound business principles. This means user charges, rates, and fees must reflect the cost of providing the utility service. The impact of this requirement is twofold:

- (1) The utility system cannot operate for gain or profit or serve as a source of revenue to the general government but must operate for the benefit of the customers served by the utility system.
- (2) The utility system cannot rely upon subsidies from the general government to help pay for costs and expenses of the utility system.

In the first scenario, should utility funds be used for the illegal benefit of the general government, local officials must repay the funds (Tenn. Code Ann. § 7-34-115). If the general government does not have sufficient funds to immediately repay the utility system, the county or municipality must submit a corrective action plan covering a period not to exceed five (5) years in which to repay the funds. The plan shall be submitted to and approved by LGF. Local officials should be aware that upon discovery of such violation through an audit, any official in violation is subject to ouster under

¹ A statutory increase in net position is a positive net change, not counting grants or contributions or transfers.

Tenn. Code Ann. Title 8, Chapter 47. As explained in Section 4, use of restricted utility revenue for general governmental purposes will result in a local government being referred to TBOUR.

This statute does not prohibit a local government from being entitled to receive from a utility the amount of properly allocated and disclosed direct and indirect operating expenses incurred by the municipality on behalf of the utility. An example direct expense is direct labor, and example indirect expenses include administrative salaries, rent, and audit fees. Allocation of expenses must be fully documented and based upon estimates that are reasonable and measurable. Shared costs must be allocated and paid or reimbursed each month.

Employee benefit contributions (e.g., pension and other postemployment benefits) for utility employees should be made from the utility financial resources. All associated assets, deferrals, and liabilities should also be reported by the utility system.

In the second scenario, although a utility system cannot rely upon regular subsidies from the municipality or county, a local government is not prohibited from making a one-time transfer of lawfully available funds to pay a non-operating cost, such as an investment in capital assets, that has been pre-approved by LGF. Approval by LGF is not required when external grant funds are moved from one fund to the utility fund for an authorized grant purpose. Refer to Sections APP.B and APP.D of the Audit Manual published by the Comptroller's Division of Local Government Audit.

County, municipal, and metropolitan governments that have issued revenue debt pursuant to Tenn. Code Ann. § 9-21-308 are subject to the same statutory requirements. Please note that interfund loans between a utility fund and any other fund of a local government must be approved by LGF.

Division of Local Government Audit

The Comptroller's Division of Local Government Audit (LGA) is responsible for the annual audit of Tennessee's local governments. Financial statements must be presented in accordance with generally accepted accounting principles. Each financial and compliance audit is conducted in accordance with the requirements of *Government Auditing Standards*. LGA is responsible for the following publications that utility systems should be familiar with:

- Internal Control and Compliance Manual for Governmental Units and Other Organizations
- Audit Manual: Auditing, Accounting and Reporting for Local Government Units and Other Organizations
- Information System Best Practices for Local Governments

LGA also maintains a platform known as COT Cyber Aware to provide resources to local governments related to cyber security. The division approves TAUD model expense and travel policies. Additionally, utility systems that plan to implement an electronic business system must file implementation statements with LGA pursuant to Tenn. Code Ann. § 47-10-119.

To access information from the Division of Local Government Audit, visit: comptroller.tn.gov/office-functions/la.html

Division of Investigations

The Comptroller's Division of Investigations is responsible for conducting investigations related to financial irregularities, fraud, and other matters within the purview of the Comptroller's office. The Comptroller's office in Tennessee plays a key role in ensuring transparency, accountability, and efficiency in the use of public funds. The Division of Investigations typically works to uncover and address instances of financial misconduct, misuse of public funds, and other financial irregularities.

Public officials that are aware that unlawful conduct has occurred are required to report that information to the Comptroller in a reasonable amount of time. See Tenn. Code Ann. § 8-4-501.

To report Fraud, Waste, or Abuse use the form here: <https://comptroller.tn.gov/office-functions/investigations/fraud-waste-and-abuse.html>

The Office of Open Records Counsel

The Office of Open Records Counsel ("OORC") serves citizens, media, and local governmental entities as a resource for issues related to the Tennessee Public Records Act ("TPRA") and Tennessee Open Meetings Act ("TOMA"). The OORC does not act as a clearinghouse for public record requests, does not make public record requests on behalf of others, and does not have the statutory authority to enforce the TPRA or TOMA or punish violations.

The OORC offers free training to local governments wishing to learn more about the TPRA and TOMA. The training introduces the basic requirements of the laws and also covers topics such as how to receive public record requests; how to respond to public record requests; how to charge for public records; and public records policies. Training sessions may be provided on request to groups of 20 or more, subject to the availability of the Open Records Counsel. The OORC also puts on an open records roadshow, a series of presentations in cities all across the state, in the Fall every year. Roadshow presentations are open to the public and provide a broad and deep overview of the TPRA and TOMA.

The Office also has resources for local governments, including advisory opinions, best practices, frequently asked questions, model policies, and other guidance.

To access information from the Office of Open records, visit: <https://comptroller.tn.gov/office-functions/open-records-counsel.html>



Section 3 – Tennessee Board of Utility Regulation

Creation and Purpose

The Tennessee Board of Utility Regulation (“TBOUR” or “the Board”) was created by Tenn. Code Ann. § 7-82-701 and is administratively housed in the Comptroller’s Office. TBOUR’s purpose is to advise and direct utility systems around good utility management, and to determine and ensure the sound financial integrity of those utility systems. TBOUR is charged with the responsibility of furthering the legislative objective of self-supporting water, sewer, and gas systems in Tennessee.

Board Members

TBOUR is composed of eleven board members that are appointed to four-year terms. Pursuant to Tenn. Code Ann. § 7-82-701, at least one of the board members must sit on the governing body or be an active employee of a utility system that owns or operates a natural gas system. The members are chosen as follows:

Comptroller of the Treasury

- 1— The Comptroller or his designee sits as Chair to the Board
- 1— Comptroller appointee to the Board

Commissioner of the Tennessee Department of Environment and Conservation (TDEC)

- 1— The Commissioner or his designee sits as Vice-chair to the Board

General Assembly

- 1— House Speaker Appointee who sits on the governing body of a utility system, or is an active employee, of a utility system
- 1— Senate Speaker Appointee who sits on the governing body of a utility system, or is an active employee of a utility system

Governor

- 1— Appointee who represents utility interests, selected in consultation with the Tennessee Association of Utility Districts (“TAUD”).
- 1— Appointee who is an active municipal employee or elected official, selected in consultation with Tennessee Municipal League (“TML”).
- 1— Appointee who represents the interest of minority citizens of the state that must have experience in government finance.
- 1— Appointee who is an active municipal employee or sits on the governing board of a municipal water utility, selected in consultation with TAUD.
- 2— Appointees who are an active employee or commissioner of a utility district, selected in consultation with TAUD.

TBOUR Staff

The Comptroller's Office designates a staff member to serve as manager to the Board and provides an attorney to serve as Board counsel. The Board manager reports the proceedings of TBOUR to the Comptroller and performs other such duties as the Board may require. Each utility under TBOUR's jurisdiction is assigned a financial analyst from the Comptroller's Division of Local Government Finance who acts as Board staff for a specific region and as a point of contact between the Board and the utility. A contact map is available on TBOUR's website.

TBOUR's staff (other than Board counsel) are part of LGF, and fulfill the following responsibilities in that role:

- Receive and review annual information from utility systems.
- Approve utility training providers and curriculum.
- Refer financially distressed utility systems to TBOUR.
- Recommend sanctions and remedial actions to TBOUR.
- Support TBOUR's statutory purpose.

Oversight and Meetings

TBOUR provides managerial, technical, and financial oversight of local-government utility systems that offer water, sewer, or gas. TBOUR also has the authority to conduct informal hearings of certain customer complaints.

TBOUR regulates the following governments:

- Counties, metropolitan governments, and incorporated towns and cities, including their instrumentalities, that provide water, sewer, or natural gas services.
- Treatment and energy authorities
- Utility districts

TBOUR exercises its oversight and regulatory powers during public meetings. The Board generally holds at least two meetings each calendar year and may hold special meetings. Meeting schedules and agendas are available online on TBOUR's public website. Most meetings have a public comment period where individuals have the opportunity to comment about items included on the agenda. Guidelines for Public Comment at Meetings are available on TBOUR's public website.

Transparency

Tenn. Code Ann. §§ 7-82-705; 7-82-707; TBOUR Rules

Open Meetings and Meeting Information

As noted above, TBOUR exercises its oversight and regulatory powers at public meetings. TBOUR's activities are made available to local officials and to the public through its online publication of meeting schedules, agendas, Board packets, recordings, minutes, and orders. Other

information may be available from TBOUR staff, or by a public records request to <mailto:recordrequests@cot.tn.gov>.

Rules

TBOUR has adopted rules pursuant to Tenn. Code Ann. § 7-82-702(a) to further the legislative objective of self-supporting and well-managed utility systems. The rules are available on the Board's website.

Annual Report on TBOUR's Activities

TBOUR publishes an annual report on its public website describing the activities of the Board for the preceding calendar year.

Annual Information from Utility Systems

Annual information reports and water loss reports submitted to TBOUR each year by utility systems are available online pursuant to Tenn. Code Ann. § 7-82-707.

Tennessee Utility Manual for Local Governments

The publication of this manual provides transparency to local officials that operate utility systems under TBOUR's jurisdiction.

To access the preceding information visit: <https://www.comptroller.tn.gov/boards/utilities.html>

Power & Authority

TBOUR has the authority to take all the actions necessary and proper to further the legislative objective of self-supporting and well-managed utility systems. The Board has the power to adopt and enforce rules in accordance to Tenn. Code Ann. § 7-82-702. The Board also has the power and authority to issue subpoenas requiring the attendance of witnesses and production of evidence as requested. Failure to comply with a subpoena issuance and actions required by the Board will result in a referral to the chancery court of Davidson County. Individuals failing to meet subpoena requirements are eligible to be held in contempt of court. See Appendix A for a summary of TBOUR's authority.

TBOUR oversees the financial, technical, and managerial operations of utilities. This is accomplished through:

- determining remedies for **financial distress**;
- addressing water loss issues;
- overseeing and regulating utility governing body member training requirements;
- performing administrative reviews of technical, financial, or managerial failures;
- restoring stability to **ailing utility systems**;
- conducting **informal hearings** to address complaints from utility customers; and
- fulfilling other statutory mandates that support utility operations.

Statutory Responsibilities

TBOUR's statutory responsibilities are managed and regulated through:

- A. Referrals** Utility systems are referred to TBOUR when specific criteria are met and remain under TBOUR's oversight until released. The Board will release a utility system from its oversight when remedial actions are implemented by local officials, as applicable.
- B. Approvals and Recommendations** TBOUR approves or disapproves proposed actions or makes recommendations before utility systems can move forward.
- C. Notifications** Local officials are required to file certain information with TBOUR as a means of notifying the Board of certain actions that impact utility operations.
- D. Contested Case Hearings** TBOUR conducts contested case hearings regarding removal of commissioners or changing the methodology for filling vacancies for utility districts.

For a statutory summary of all referrals, approvals, recommendations, notifications, and contested case hearings, refer to Appendix A.

Merger or Consolidation Authority

Tenn. Code Ann. §§ 7-82-704, 7-82-705, and 7-82-708

Ailing Utility Systems

TBOUR has the authority to order a merger or consolidation of an ailing utility system with another utility system if the merger is necessary to restore financial stability, ensure continued operation, or otherwise ensure that the public's well-being is served in accordance with Tenn. Code Ann. § 7-82-704. Ailing utility systems are subject to the TBOUR referral process explained in this Section.

Pursuant to Tenn. Code Ann. § 7-82-704, a utility system is ailing if the system:

1. Is financially distressed, as described in Tenn. Code Ann. § 7-82-703(b);
2. Is financially unable to expand the amount or type of service as set forth and described in its founding documents or petition for creation as described under Tenn. Code Ann. §§ 7-82-201, 68-221-604, 68-221-1304, or any other section or private act; or
3. Displays a pattern of severe managerial incompetence such that the utility system cannot provide the public it serves with safe, consistent access to its services. As used in this subdivision (a)(3), severe managerial incompetence includes:
 - a. Frequent interruptions in service to multiple customers, lasting multiple days;
 - b. Frequent infrastructure failures that result in interruptions in service or cause the quality of service to fall below safe levels; or

- c. Failure to:
 - i. Respond to reports of damage to, or failure of, infrastructure within a reasonable timeframe;
 - ii. Improve or attempt to improve infrastructure, including necessary maintenance, upgrades, or construction of redundant infrastructure where necessary; or
 - iii. Correct a deficiency in oversight, operational management, or financial management, which leads to repeated harm to the utility system, a violation of state or federal law, or fraud, waste, or abuse of the utility system's resources.

Actions Prior to a Merger

TBOUR and TBOUR staff will do the following pursuant to Tenn. Code Ann. § 7-82-704(b)-(c):

1. Review the ailing utility system's audit(s) and operations;
2. Order the ailing utility to obtain a feasibility study from a qualified expert on the feasibility and benefit of the ailing system merging or consolidating with another utility system;
3. Review the results of the study;
4. If the results of the study favor a merger, hold a **public hearing** within the service area to notify customers of the potential merger; and
5. After the public meeting occurs, hold an **informal hearing** on the questions of whether:
 - a. The consolidation or merger:
 - Is in the best interest of the public being served by the ailing utility system; and
 - Will bring harm to the public being served by the other utility system that will absorb the ailing system; and
 - b. The ailing utility system should be merged or consolidated with another utility system.

Pursuant to Tenn. Code Ann. § 7-82-704(a), TBOUR has authority to order a merger or consolidation of an ailing utility system with another utility system when the merger is necessary to restore financial stability of the system, ensure continued operation, or otherwise ensure the well-being of the public being served by the utility system.

Utility Revitalization Fund

Utility systems that are merging, whether the merger is voluntary or Board-ordered, may apply to the Board for a grant from the Utility Revitalization Fund. Grants are subject to the availability of funds and must be approved by the Board. The funds must be used to mitigate the financial impact of the merger or consolidation, and grants will only be approved when it is necessary for the merger to occur. The process is discussed in greater detail in Section 5.

Advisory Technical Assistance

TBOUR may offer advisory technical assistance to utility systems pursuant to Tenn. Code Ann. § 7-82-702(a)(13).

Open Meetings Program for Governing Bodies

TBOUR is responsible for developing a program for utility systems under the Board's jurisdiction that will educate utility board members about the open meetings laws and how to remain in compliance with such laws. TBOUR fulfills this responsibility through its online training available at: www.comptroller.tn.gov/boards/utilities.html. See: Tenn. Code Ann. § 8-44-111.



Section 4 – TBOUR Referrals

A utility system may be referred to or reported to TBOUR by the Comptroller, Board staff, or by operation of state law. TBOUR may also initiate the referral of a utility system following a customer complaint after an appeal or complaint is first made to the utility system's governing board. When operation of law applies, Board staff will initiate the referral. A utility system may be referred or reported to TBOUR for any of the following reasons.

- 4-1 Ailing System – Financial distress
- 4-2 Ailing System – Financially unable to expand service
- 4-3 Ailing System – Pattern of severe managerial incompetence
- 4-4 Excessive water loss
- 4-5 Failure to meet initial training or continuing education requirements.
- 4-6 Failure to submit annual information report.
- 4-7 Administrative review of financial, technical, and/or managerial capacity
- 4-8 Unlawful use or reliance on funds; illegal payment or transfer of funds
- 4-9 Late audits two consecutive years
- 4-10 Complaints from utility customers
- 4-11 Failure to assess or update cyber security plan every two years
- 4-12 Failure to provide information on connection costs
- 4-13 Failure to demonstrate financial, technical, and/or managerial capacity by SRF loan applicants.
- 4-14 Adoption of ethical standards that differ from the TAUD approved model
- 4-15 Investigative report issued by Tennessee Comptroller's office for a utility district
- 4-16 Questions on adequacy of purchasing policy for a utility district

When a utility system is referred to TBOUR local officials should generally expect the process depicted in Appendix B, though the process may vary to better address specific situations.

4-1 Referral: Ailing System – Financial Distress

Tenn. Code Ann. § 7-82-703(a-b)

Financial distress is defined in Tennessee statute as: having two consecutive years of negative **statutory change in net position**, defaulting on debt obligations, reporting a deficit unrestricted net position, or reporting a deficit total net position. Within 60 days from the date an audit is filed, a utility system will be

referred to TBOUR if it meets any one of these criteria. After a local government is referred, local officials should expect the general process outlined in Appendix B.

1. When local officials receive notification of the referral, Board staff will request completion of an online **utility financial distress questionnaire**. While Board staff recognizes that this questionnaire may be difficult to fill out, it is necessary to determine how staff can help a utility system achieve long-term financial success. Based upon the nature of financial distress, a questionnaire may not be requested.
2. Based upon information from the **utility financial distress questionnaire** and Board staff's recommendations, TBOUR will take an action during its next scheduled meeting likely leading to an **Order** being issued directing the utility to take specific actions to remedy the financial distress. Usually, the **Order** will require that local officials contract with an approved **third-party expert** for a rate study along with an evaluation and modification of policies. If a local government official is unsure whether a company or group is approved by the Comptroller to conduct a rate study, please reach out to Board staff prior to signing any agreement or contract.
3. Once the **Order** has been received, the utility will need to comply with TBOUR's directives, which will usually include dates by which actions must be taken. For example, in the case of a required rate study, adopt all recommendations made by the approved **third-party expert** or make the case to TBOUR as to why the recommendations should not be adopted. An entity will usually remain on an **update cycle** until the utility has had two consecutive, timely annual audits showing a positive statutory change in net position and has completed all outstanding directives in the **Order(s)**. After that, Board staff will add the local government to the agenda of the next TBOUR meeting with a recommendation that the utility be released from oversight.

Failure to Implement Board Order(s)

Pursuant to Tenn. Code Ann. § 7-82-703(d), TBOUR has authority to prescribe a rate structure to be adopted by a financially distressed utility system to remedy financial distress. Should the governing body fail to adopt the prescribed rate, the Board will petition the chancery court in a jurisdiction in which the utility system is operating or in the chancery court of Davidson County to require the adoption of the rate structure prescribed by the Board. The court may also order other remedies that, in the court's discretion, may be required to cause the utility system to operate in accordance with state law and in a financially self-sufficient manner. See: Tenn. Code Ann. § 7-82-703(e).

Failure to address financial distress may result in an **administrative review** of the financial, technical, and managerial operations of the utility system pursuant to Tenn. Code Ann. § 7-82-706(a), to further assess the ability of local officials to provide utility services.

Merger or Consolidation of a Financially Distressed System

TBOUR has the authority to order a merger or consolidation of an **ailing utility system** with another utility system if the merger is necessary to restore financial stability, ensure continued operation, or otherwise ensure that the public's well-being is served in accordance with Tenn. Code Ann. § 7-82-704.

Change in the Method of Filling Board Vacancies for a Financially Distressed Utility District

When TBOUR reviews the audited annual financial report and operations of a financially distressed utility district pursuant to Tenn. Code Ann. § 7-82-703 and determines vacancies on the board of commissioners are filled by a method other than appointment by a county mayor or mayors, TBOUR may elect to hold a public hearing on the issue of whether the method of filling vacancies should be changed. See Tenn. Code Ann. §§ 7-82-307(c), 7-82-702(a)(4).

Financial Distress for Limited Distribution Utility Systems

Local governments that provide service to other governments and not to private citizens are excluded from being referred to TBOUR for a **statutory decrease in net position** for two consecutive years. However, these local governments will be referred for oversight of TBOUR if they have a deficit in total net position, a deficit unrestricted net position, or are in default on debt. See Tenn. Code Ann. §§ 7-82-401(f)(2) and (f)(3); 7-82-703(g).

4-2 Referral: Ailing System - Financially Unable to Expand Service

Tenn. Code Ann. § 7-82-704(a)(2)

Any utility system that is not financially able to expand its utility service as set forth and described in its founding documents, petition for creation under general state law, or private act, is defined by state law as an **ailing utility system** and will be referred to the oversight of TBOUR. After a local government is referred, local officials should expect the general process outlined in Appendix B.

TBOUR has the authority to order a merger or consolidation of an **ailing utility system** with another utility system if the merger is necessary to restore financial stability, ensure continued operation, or otherwise ensure that the public's well-being is served in accordance with Tenn. Code Ann. § 7-82-704.

4-3 Referral: Ailing System – Pattern of Managerial Incompetence

Tenn. Code Ann. § 7-82-704(a)(3)

Any utility system that displays a pattern of severe managerial incompetence that impacts the utility's ability to provide the public it serves with safe, consistent access to its services is defined by state law as an **ailing utility system** and will be referred to the oversight of TBOUR.

Severe managerial incompetence includes:

1. Frequent interruptions in service to multiple customers, lasting multiple days;

2. Frequent infrastructure failures that result in interruptions in service or cause the quality of service to fall below safe levels; or
3. Failure to:
 - a. Respond within a reasonable timeframe to reports of damage to, or failure of, infrastructure;
 - b. Improve or attempt to improve infrastructure, including necessary maintenance, upgrades, or construction of redundant infrastructure where necessary; or
 - c. Correct a deficiency in oversight, operational management, or financial management, which leads to repeated harm to the utility system, a violation of state or federal law, or fraud, waste, or abuse of the utility system's resources.

The general process local officials may expect when a utility system is referred to TBOUR may be found in Appendix B. TBOUR has the authority to order a merger or consolidation of an **ailing utility system** with another utility system if the merger is necessary to restore financial stability, ensure continued operation, or otherwise ensure that the public's well-being is served in accordance with Tenn. Code Ann. § 7-82-704.

4-4 Referral: Excessive Water Loss

Tenn. Code Ann. §§ 7-82-202, 7-82-706(c), 7-82-707(d)

Pursuant to Tenn. Code Ann. § 7-82-202(c)(5), TBOUR has authority to establish parameters that define excessive water loss, and to order reasonable measures to cure excessive water loss. Excessive water loss in Tennessee has been defined by the Board as any system with **non-revenue water by volume** of 40% or above, in accordance with Tenn. Code Ann. § 7-82-702. Failure of a utility to submit water loss information also constitutes excessive water loss pursuant to Tenn. Code Ann. § 7-82-707. Water loss is calculated from information reported on the **annual information report**, which is required to be submitted by the end of the utility's fiscal year. A local government will be referred to TBOUR when its water loss meets or exceeds the 40% threshold or when local officials fail to submit the required information used to calculate the water loss in the **annual information report**.

Once Board staff determines a utility system has either reported an excessive water loss, or has failed to submit annual water loss information, the local government will be referred to TBOUR and local officials should expect the general process outlined in Appendix B.

1. When local officials receive notification of the referral, Board staff will request they have the **AWWA v6.0 worksheet completed** by an approved **third-party expert**.
2. Once Board staff has received and reviewed the AWWA worksheet, Board staff will direct the utility to take specific actions. Usually, local officials will be required to create a management plan to bring the utility back within water loss compliance. Utilities may choose to work with a **third-party expert** to conduct a leak study or plan necessary capital improvements to reduce total **non-revenue water by volume** percentage.

3. After a utility system has implemented the management plan as directed by Board staff, the utility system will be in an **update cycle** until it has demonstrated improvement in reducing **non-revenue water by volume** percentage. The utility will remain on the **update cycle** until it has demonstrated considerable progress as deemed satisfactory by the Board staff. After that, the utility system will be added to the agenda of the next TBOUR meeting. Board staff will notify the Board of the initial referral, the utility's compliance, and a recommendation for release from Board oversight.

It is important to note that there is no set solution or pre-approved plan by TBOUR, as all utility systems are unique and should be examined individually by all relevant parties. If the utility fails to comply with requests from Board staff on either item one or three, the Board will be notified of the utility system's failure to address the excessive water loss and of noncompliance with directives from Board staff.

Failure to Address Board Staff Directives for Excessive Water Loss

- Should local officials fail to comply with requests from Board staff on either item #1 or #2 as listed above, TBOUR will be notified of the utility's failure to address excessive water loss at its next meeting. Based upon the circumstances underlying the referral and Board staff recommendation, the Board will take an action leading to an **Order** being issued directing the utility to take specific actions to remedy the water loss. After local officials implement the directives, and demonstrate compliance in an **update cycle**, the utility system will be added to the agenda of the next regularly scheduled TBOUR meeting, during which Board staff will recommend that the utility system be released from oversight. Once released, the utility system will be notified.
- Failure to address excessive water loss may result in an **administrative review** of the utility system's financial, technical, and managerial operations pursuant to Tenn. Code Ann. § 7-82-706(a). Further, when local officials fail to take appropriate actions required by TBOUR to reduce water loss to an acceptable level, the Board has authority to petition the chancery court in a jurisdiction in which the utility system operates to require local officials to take the appropriate actions. See Tenn. Code Ann. § 7-82-706(c).
- TBOUR may initiate a contested case hearing on the question of whether a member or members of the board of commissioners of a utility district should be removed from office and a new member or members appointed or elected on the grounds that a utility district failed to comply with TBOUR's **Order(s)** regarding excessive water losses. See Tenn. Code Ann. § 7-82-307(b)(3)(A).

4-5 Referral: Failure to Meet Initial Training or Continuing Education Requirements

Tenn. Code Ann. §§ 7-82-702(a)(14), 7-34-115,

Pursuant to Tenn. Code Ann. § 7-82-707(f), a utility system must ensure that all members of its governing body complete all required training and must collect an **annual training statement**, on a form approved by TBOUR, from each member. Local governments are required to indicate on the **annual information report** if members of the governing body have complied with training requirements. A local government will be referred to TBOUR when one or more board members fail to meet the minimum training requirements. After a local government is referred, local officials should expect the general process outlined in Appendix B.

Section 8 discusses minimum training and continuing education requirements for utility board members.

Generally, once a utility system has sent Board staff proof of training and proof that board members have reported training by use of the **annual training statement**, TBOUR staff will add the utility system to the agenda of the next meeting of TBOUR with a recommendation for release from Board oversight. When board members refuse or fail to comply with training requirements, they should expect the following:

Failure to Meet Training Requirements

All Utility Systems Under TBOUR Jurisdiction:

Pursuant to Tenn. Code Ann. § 7-82-702(a)(14), TBOUR has authority to exercise all the powers and take all actions necessary, proper or convenient, for the accomplishment of its purpose to ensure the financial integrity of utility systems. One way TBOUR exercises this authority is by issuing **Orders** for reasonable sanctions against local governments for failure to meet training requirements.

Failure to comply with statutory training requirements may result in a utility system being referred to TBOUR for an **administrative review** of the financial, technical, and managerial operations of the utility system to determine the capacity of local officials to comply with state law. The Board has authority to order remedial action from local officials to correct a deficiency identified by the Board, and to compel a utility's staff or governing body to attend a TBOUR meeting. See Tenn. Code Ann. §§ 7-82-702, 706(a)-(b).

County, Municipal, and Metro-Owned Utility Systems:

When any board member fails to meet the required training and continuing education requirements before the end of the continuing education period or before the end of any extension approved by the Comptroller, TBOUR has discretion to order reasonable sanctions against the local government. See Tenn. Code Ann. § 7-34-115(k).

Utility Districts, Water or Sewer Authorities, Water and Wastewater Treatment Authorities, Regional Water and Wastewater Treatment Authorities:

Any member who fails to meet the training and continuing education requirements before the end of any continuing education period or before the end of an extension approved by the Comptroller is not eligible for reappointment or reelection to another term of office. See Tenn. Code Ann. §§ 7-82-307(5)(A), 68-221-605(g), and 68-221-1305(g).

4-6 Referral: Failure to Submit Annual Information Report

Tenn. Code. Ann. § 7-82-707

Local officials must submit to TBOUR, by the first day of the utility system's fiscal year, an **annual information report** on a form approved by the Board. A local government will be referred to TBOUR when it fails to complete and file the report, and the Board may order reasonable sanctions against the utility system. See Tenn. Code Ann. § 7-82-707(a).

Section 8 includes additional information on requirements for the **annual information report**.

The general process local officials may expect when a utility system is referred to TBOUR for failure to complete and submit the **annual information report** is explained in Appendix B. Generally, TBOUR will issue an **Order** that requires local officials to file the report, noting that failure to do so will result in subpoenas being issued to members of the governing body and utility manager to appear in-person before TBOUR during its next meeting following noncompliance with the **Order**.

4-7 Referral: Administrative Review

Tenn. Code. Ann. § 7-82-706

An **administrative review** may be initiated from various sources and for various reasons. For example, a concern may be reported to Board staff by employees of a utility system, by a state agency, by a utility customer, or by different divisions of the Comptroller's office. Further, Board staff may recommend the review when a utility system fails to comply with state law. The underlying reasons will always be directly related to the administration of the financial, technical, and managerial affairs of a utility system. Once a local government is referred to TBOUR by Board staff, local officials should expect the general process found in Appendix B.

The directives and responsibilities will generally include:

- A TBOUR **Order** directing Board staff to conduct an **administrative review** of the utility system to determine the financial, technical, and managerial capacity of the utility to
 1. comply with requirements of applicable federal and state law; and/or
 2. efficiently manage its system, including reasonable and just user rates, debt structures, and water loss.

The review may include the assistance of the Tennessee Department of Environment and Conservation, Comptroller, Tennessee Association of Utility Districts, or any other government or entity approved by TBOUR. Usually, the **Order** will also instruct Board staff to issue subpoenas for

the utility's manager, governing body, and other pertinent staff, to appear in person before the Board at its next meeting if local officials do not fully comply with the administrative review.

- After the initial **Order** has been issued and sent to the utility, Board staff will reach out to local officials who will need to comply with requests for information and requests for interviews as Board staff conducts the administrative review.
- Next, Board staff will make recommendations to TBOUR based upon the results of their review. Pursuant to Tenn. Code Ann. § 7-82-706, TBOUR is given the authority to require by **Order** a utility system to take appropriate remedial action(s) to correct a deficiency identified during the review process, as applicable. These remedial actions may include:
 1. Changes in ownership, management, accounting practices, or user rates;
 2. Adoption or change to maintenance practices, software, or hardware, or development of alternative supplies of resources, means of distribution of resources, or methods of water and wastewater management;
 3. Merger or consolidation of a utility system with another system as described under Tenn. Code Ann. § 7-82-704; or
 4. Development of rules and policies as necessary for effective and responsible management of a utility system.

4-8 Referral: Unlawful Use or Reliance on Funds

Tenn. Code Ann. §§ 7-82-703, 7-82-707

Utility systems are referred to TBOUR when it is determined that local officials have used utility funds to pay for non-utility expenses, used non-utility funds to pay utility expenses, transferred utility funds to any other fund inconsistent with state law, or is found to have made any other illegal use or transfer of utility funds (Tenn. Code Ann. § 7-82-703). After a local government is referred, local officials should expect the general process outlined in Appendix B.

Pursuant to Tenn. Code Ann. § 7-82-707, employees or members of the governing body of a utility system are required to report any knowledge of a transfer, loan, grant to or from a utility fund, or any other transaction in violation of Tenn. Code Ann. § 7-34-115, or other applicable law. Refer to Section 2 for more information on requirements related to Tenn. Code Ann. § 7-34-115. The employee or governing body member of an applicable utility under TBOUR has 15 calendar days to report the information after they become aware of such transfer. The information should be reported by email to: utilities@cot.tn.gov.

Board staff reviews audits to determine if illegal transfers have been made that bring into question financial, technical, and managerial competency. These can also be referred to the Comptroller's Division of Investigations for further investigations into fraud, waste, and abuse.

4-9 Referral: Late Audits for Two Consecutive Years

Tenn. Code Ann. § 7-82-703(c)(1)(a)

The Division of Local Government Audit is responsible for the annual financial and compliance audits of all local governmental entities with statutory audit requirements. Local governments are required to publish a financial report consistent with state law and the uniform contract to audit accounts, as applicable. When a utility system fails to complete and submit yearly audited financial statements for two consecutive years, the system will be referred to TBOUR. For local governments that contract for an audit with an independent certified public accounting firm, the uniform contract to audit accounts sets forth the audit due date, which will be no later than six months after the end of the fiscal year. This applies to municipalities, utility districts, and authorities. Without audited financial information, the financial condition of a utility system cannot be measured.

The general process local officials may expect when their local government is referred to TBOUR for late audits may be found in Appendix B.

4-10 Referral: Complaints from Utility Customers

Tenn. Code Ann. §§ 7-82-702(b), § 7-82-402(a)(3), § 7-82-102

TBOUR exercises its statutory oversight for customer complaints through **informal hearings**. Customer complaints that may be heard by the Board are governed by statute and include the following:

	Description	Tenn. Code Ann.	Source of Referral, Notification, Other
1	Customer complaints related to all utility systems under TBOUR jurisdiction	§ 7-82-702(b)	Customer, TBOUR Staff
2	Customer grievance related to the final decision by a utility district on customer protest related to rates.	§ 7-82-402(a)(3)	Customer, TBOUR Staff
3	Customer petition for a utility district rate review.	§ 7-82-102	10% of Customers

Customers that have a question related to the operations of a utility system under the jurisdiction of TBOUR should email utilities@cot.tn.gov or call 615.747.5260 for assistance from Board staff. An online “Utilities Inquiry” form for customer complaints is available on TBOUR’s website.

1. Customer Complaints Related to All Utility Systems Under TBOUR Jurisdiction

Tenn. Code Ann. § 7-82-702

Pursuant to Tenn. Code Ann. §§ 7-82-702(b), TBOUR has authority to review and conduct **informal hearings** for complaints from customers in the following areas:

- Justness and reasonableness of rates, fees, or charges.
- Requirements surrounding customer and developer responsibilities.
- Failure to adopt and enforce policies, or the inadequacy of policies already in place, for the utility system's efficient and responsible operation.
- Failure to offer or extend utility service to a customer.

TBOUR may only conduct an **informal hearing** when Board staff have referred a complaint to the Board for hearing. Board staff will refer a complaint for hearing if it presents a dispute that, if resolved in favor of the complainant, would justify the Board ordering remedial action.

Board staff may consolidate complaints that raise substantially similar issues against the same utility system to be heard together. During the Board's review, Board staff have authority to request affidavit evidence, in addition to minutes, transcripts, and other evidence of actions by the utility system. The Board may render its decision based upon that evidence or, if the Board determines an open hearing is appropriate, will order the interested parties to be notified of the date, time, and place that such hearing will be held.

Customers must first appeal or make a complaint to the utility system's governing board, or utilize any other available remedy offered by the utility system, prior to seeking an **informal hearing** before TBOUR. The request for an **informal hearing** must be received within thirty (30) days of the adverse decision of the utility system's governing board.

The general process a utility system may expect when the Board conducts an informal hearing of a complaint against the utility may be found in Appendix B. During the informal hearing at the TBOUR meeting, both the customer(s) and representatives from the utility system will be given opportunities to present their case. The Board shall consider the reasonableness of the utility system's rules, policies, and cost of service as well as evidence presented during the hearing, if applicable, in making its decision.

The Board may order whatever remedial actions are necessary to address a customer's complaint. Any appellate review of the Board's decisions is governed by the Uniform Administrative Procedures Act, compiled in Tenn. Code Ann., Title 4, Chapter 5. The Davidson County chancery court has jurisdiction over judicial review of the Board's decisions.

2. Customer Grievance Related to the Final Decision by a Utility District on a Customer Protest Related to Water or Sewer Rates

Tenn. Code Ann. § 7-82-402

The following applies to a utility district customer who receives a bill for water or sewer services and pays money for such services. See Tenn. Code. Ann. § 7-82-402(a)(1)(B).

Any customer that does not agree with the final action of a utility district's governing body under Tenn. Code Ann. § 7-82-402 may obtain a review of the final action by simple written request to TBOUR within thirty (30) days of the final action. Tenn. Code Ann. § 7-82-402 sets forth and requires a specific process and timeline for customer complaints that must be followed at the local level.

Pursuant to Tenn. Code Ann. § 7-82-402(c) all utility districts that operate under Tenn. Code Ann. Title 7, Chapter 82, must notify their customers at least once a year that decisions by the board of commissioners on customer complaints may be reviewed by TBOUR in accordance with Tenn. Code Ann. § 7-82-702(b). This notice must be published on the utility's website, in a newspaper of general circulation in the county or counties in which the district is situated, or by mailing it annually to the district's customers in a separate correspondence such as an annual report, an annual newsletter, or other writing provided annually to the district's customers. Board staff will refer a complaint for hearing if it presents a dispute that, if resolved in favor of the complainant, would justify the Board ordering remedial action.

3. Utility Districts – Customer Petition for Utility District Rate Review

Tenn. Code Ann. § 7-82-102

TBOUR has authority to review rates charged and services provided by public utility districts. The review provided for in Tenn. Code Ann. § 7-82-102 et seq. may only be initiated by a petition containing the genuine signatures of at least ten percent (10%) of the customers within the authorized area of the public utility district.

Tenn. Code Ann. § 7-82-102, sets forth and requires a specific process and timeline that must be followed to be considered by TBOUR for review and includes the following:

1. The customer or customers initiating the petition must file a letter of intent to compile and file the petition with TBOUR before the petition is signed.
2. All information submitted in the petition must be legible.
3. Customer signatures on the petition must be:
 - a. from customers who are billed for and pay money for services of the utility district,
 - b. obtained within ninety (90) days of the date the letter of intent to compile and file petition is filed with TBOUR, and
 - c. genuine, meaning written, original signatures, excluding facsimile and electronic signatures of any kind.
4. Each utility account shall be entitled to one (1) signature, and no customer may sign the petition more than once.
5. Each customer signing the petition must include the address at which the customer receives utility service and the date the customer signed the petition.
6. The petition must be addressed to TBOUR and a copy of the petition must be served upon the board of commissioners of the affected utility district.
7. Only one (1) petition can be filed with TBOUR in any twelve-month period.

Upon receipt of the petition, TBOUR must verify the names and addresses of the signers of the petition to ensure that they are bona fide customers of the utility district and to ensure that all signatures have been obtained within ninety (90) days of the date the notice of intent to compile and file petition is filed with the Board.

TBOUR will review the petition at a public hearing. Notice of the hearing will be given to interested parties.

TBOUR will review petitions on the basis of:

1. Provisions governing rates in Tenn. Code Ann. Title 7, Chapter 82;
2. Provisions of bond resolutions or other indebtedness; and
3. Requirements of the Audit Manual prepared by the Comptroller.

Tenn. Code Ann. § 7-82-102(5) states that it is the General Assembly's express intent that TBOUR's review be substantive and meaningful.

Utility districts may take no action that results in contractually binding the district or obligating the district to issue bonds that requires a rate increase until the district has first given notice of the anticipated action to the district's customers. Prior to the issuance of bonds, the utility district must report information to the Comptroller's Office as set forth in Tenn. Code Ann. § 7-82-501(c). The district must then publish the Comptroller's report in a newspaper of general circulation in the county in which the district's principal office lies.

4-11 Referral: Failure to Update Cyber Security Plan

Tenn. Code Ann. § 7-51-2301 et al.

Utility systems subject to the jurisdiction of TBOUR must have a prepared cyber security plan that has been implemented. The plan should provide for the protection of the utility's facilities from unauthorized use, alteration, ransom, or destruction of electronic data.

Local officials are responsible for ensuring that the cyber security plan is assessed and updated every two years to address new threats (Tenn. Code Ann. § 7-51-2302). Independent auditors are required to verify and report to the Comptroller's Division of Local Government Audit (LGA) compliance with this provision of state law each year. The information from independent auditors is compiled and reported to the state legislature each year as required by state law. LGA's Audit Manual includes links to organizations that have resources to support utility systems as they assess and update their cyber security plans to ensure new threats are addressed.

Pursuant to Tenn. Code Ann. § 7-51-2303, should local officials fail to either implement or update a utility system's cyber security plan every two years, then the Comptroller's Office shall refer the utility system to TBOUR to order reasonable sanctions against the utility. The general process local officials may expect when their local government is referred can be found in Appendix B.

Other utility systems that are not subject to the jurisdiction of TBOUR, including cooperatives as defined in Tenn. Code Ann. § 65-25-102, and county or municipal-owned utilities that provide electric or propane services, must also meet the same compliance requirements. If it is determined that local officials have failed to comply, the Comptroller’s Division of Local Government Finance, will impose reasonable sanctions against the utility.

4-12 Referral: Failure to Provide Information on Connection Costs

Tenn. Code Ann. § 65-5-403

Utility systems will be referred to TBOUR when local officials fail to provide utility customers information on connection costs as set forth in Tenn. Code Ann. § 65-5-401-402. Pursuant to Tenn. Code Ann. § 65-5-403, TBOUR has authority to order reasonable sanctions against the utility. Refer to Appendix B for the general process a utility system may expect when it is referred to TBOUR.

4-13 Failure to Demonstrate Technical, Managerial, and Financial Capability by SRF Loan Applicants

Tenn. Code Ann. § 68-221-1206 (a)(3)

The Tennessee Department of Environment and Conservation (TDEC) and the Tennessee Local Development Authority (TLDA) administer the Drinking Water Revolving Loan Fund. Local governments applying for loans from the Drinking Water Revolving Loan Fund, also referred to as the State Revolving Fund (SRF) Loan Program, are subject to certain statutory prerequisites. Pursuant to Tenn. Code Ann. § 68-221-1206 (a)(3), one of those prerequisites is that applicant local governments must demonstrate technical, managerial, and financial capability to ensure compliance with the requirements of the federal act and the state act, as determined by TLDA. Local governments that do not demonstrate these capabilities may receive loans if local officials agree to undertake feasible and appropriate changes in the utility system’s operations as approved by TBOUR. This may include changes in ownership, management, accounting, rates, maintenance, consolidation, alternative water supply, or other procedures, to ensure that the system has the technical, managerial, and financial capability to comply with the state and federal requirements throughout the life of the loan.

4-14 Referral: Adoption of Ethical Standards that Differ from TAUD Approved Model – Utility Districts and Water and Wastewater Authorities

Tenn. Code Ann. §§ 8-17-101 et al., § 7-82-702(a)(6)(C)

Utility systems are required to adopt ethical standards that govern elected and appointed officials, employees, and board members, whether or not the members are compensated. If a utility district or

water and wastewater authority adopts ethical standards that are different from the TAUD model, then the ethical standards must be submitted to TBOUR, which shall review and make a finding by **Order** that the ethical standards are more stringent than the TAUD model.

Utility districts and water and wastewater authorities that adopt a more stringent model should notify Board staff at: utilities@cot.tn.gov. Board staff will ensure the utility system is placed on the agenda for the next TBOUR meeting, at which time an **Order** will be issued by the Board and subsequently sent to local utility officials.

4-15 Referral: Investigative Report Issued by the Tennessee Comptroller of the Treasury for a Utility District

Tenn. Code Ann. §§ 7-82-307(b)(2)(A), 7-82-702(a)(3)

The Comptroller forwards to TBOUR any published investigative audit report involving a utility district incorporated under Tenn. Code Ann., Title 7, Chapter 82. TBOUR reviews those reports and may conduct a contested case hearing on the question of whether utility district commissioner(s) should be removed from office for knowingly or willfully committing misconduct in office; knowingly or willfully neglecting to fulfill any duty imposed upon the member by law; or failing to fulfill their fiduciary responsibility in the operation or oversight of the district. Board staff will conduct an **administrative review** to determine if a contested case hearing should be recommended to TBOUR.

The general process utility district officials may expect when an investigative report is referred to TBOUR may be found in Appendix B.

4-16 Referral: Questions on Adequacy of a Purchasing Policy for a Utility District

Tenn. Code Ann. § 7-82-804

Each utility district's board of commissioners must adopt a policy governing all purchases, leases, and lease-purchase agreements of the district. Tenn. Code Ann. §§ 7-82-801—803 set forth the minimum provisions that must be included in the policy. Questions of the appropriateness or adequacy of any utility district purchasing policy must be submitted in writing to TBOUR. The general process utility district officials may expect when a district is referred to the Board because of concerns related to the district's purchasing policy may be found in Appendix B.



Section 5 – TBOUR Approvals and Recommendations

An approval or a recommendation from TBOUR is required by state law for the following.

Local Officials

- 5-1 Application for Utility Revitalization Fund grant
- 5-2 Utility service to a customer in an adjoining utility district
- 5-3 Resolution to change method of board appointment for a utility district
- 5-4 Petition for creation, purchase, development, acquisition of certain utility systems

Tennessee Association of Utility Districts

- 5-5 TAUD Model of Ethical Standards

5-1 Approval: Application for Utility Revitalization Fund Grant

Tenn. Code Ann. § 7-82-708

TBOUR is authorized to administer funds for grants to utility systems that:

1. Merge or consolidate under Tenn. Code Ann. § 7-82-704 by **Order** of TBOUR to mitigate the financial impact of the merger or consolidation.
2. Are pursuing a voluntary merger, consolidation, or acquisition.

Grants will be subject to the availability of funds. Amounts will vary and TBOUR will deem the appropriate amount. Local officials must apply to the Board for grants from the Utility Revitalization Fund. In the case of a voluntary merger, consolidation, or acquisition, TBOUR has discretion to grant the application if it finds that:

1. The merger is in the best interest of at least one utility system's service population,
2. The merger does not harm another service population, and
3. The grant is necessary to achieve the merger.

Further, the Board may only approve grants to mitigate operating expenses if the applicant utility system establishes that, after the last disbursement from the grant is made, the system will be financially solvent.

A utility system that is a recipient of a grant from the Utility Revitalization Fund must submit quarterly reports to the Board on a form approved by the Board.

Pursuant to Tenn. Code Ann. § 7-82-708 (f)(3), the Comptroller or TBOUR may consider a disbursement made from the Utility Revitalization Fund to be operating revenue for purposes of determining whether a utility system is in financial distress.

5-2 Approval: Utility Service to Customer in Adjoining Utility District

Tenn. Code Ann. § 7-82-112(a)

Utility Districts are allowed to provide utility service to a customer located within the boundaries of an adjoining utility district when approved by TBOUR. Either the customer or the adjoining utility district may file a request with TBOUR for the customer to obtain utility service from the utility district. TBOUR may approve the request when it finds that:

- The adjoining utility district has either refused to provide utility service to the customer or is not able or willing to provide service within a reasonable period of time and at a reasonable cost as determined by TBOUR; and
- The utility district is willing to provide utility service to the customer.

If TBOUR finds that the customer should be served by the utility district, then TBOUR is required to issue an **Order** setting forth its findings and granting the service request. This only applies to the request of a single customer of a utility district for utility service from an adjoining utility district.

5-3 Approval: Resolution to Change the Method of Board Appointment for a Utility District

Tenn. Code Ann. § 7-82-307(a)(9)

State law permits the board of commissioners of a utility district that is otherwise excepted by subdivision Tenn. Code Ann. § 7-82-307(a)(2) to change, by resolution, its present method for filling vacancies to the appointment by a county mayor or mayors under subdivision Tenn. Code Ann. § 7-82-307 (a)(4) or (a)(5). The utility district must file a certified copy of the resolution with TBOUR. At its next scheduled meeting, TBOUR will enter an **Order** either approving or disapproving the resolution.

The Board will approve the resolution if it finds that the request is in the best interest of the utility district and its customers. All vacancies on the utility district's board of commissioners that occur after the TBOUR **Order** approving the resolution will be by appointment by a county mayor under Tenn. Code Ann. § 7-82-307 (a)(4) or (a)(5). If TBOUR does not issue an **Order** approving the resolution, then the method of filling vacancies will remain unchanged, and the utility district will continue to fill vacancies under the method used prior to the adoption of the resolution.

5-4 Approval: Petition for Creation, Purchase, Development, Acquisition of Certain Utility Systems

Description	Tenn. Code Ann.
Petition for creation – of a utility district	§ 7-82-201(a)(1) § 7-82-702(a)(7)
Petition for creation – of a public act water or wastewater treatment authority	§ 68-221-604(b)
Petition for creation – of a public act regional water and wastewater treatment authority	§ 68-221-1304
Petition to purchase, develop, acquire, or build a new public act water or wastewater system.	§ 68-221-1017 § 7-82-702(a)(8)

Local officials should work with legal counsel to ensure all legal requirements for a new utility system are met. Petitions for the creation or establishment of the above utility systems must be filed with TBOUR for review and decision. TBOUR will issue an **Order** either approving or disapproving the request at its next scheduled meeting.

5-5 Approval: TAUD Model of Ethical Standards

Tenn. Code Ann. § 7-82-702(a)(6)(A-C)

Tenn. Code Ann. § 8-17-105(b)

Pursuant to Tenn. Code Ann. § 8-17-105, the Tennessee Association of Utility Districts (TAUD) is required to provide guidance and direction and model ethical standards for utility districts, water and wastewater authorities, and gas authorities. TAUD is required to submit the model standards to the TBOUR for review and approval pursuant to Tenn. Code Ann. § 7-82-702(a)(6). TBOUR must approve the TAUD model standards by **Order** before they are adopted by a utility district or authority identified above. TBOUR approved the TAUD model ethical standards at its August 2, 2007 meeting.



Section 6 – TBOUR Notifications

Local and state officials are required by state law to notify TBOUR of certain issues related to training, continuing education, mergers, consolidations, dissolutions, and utility services. Notifications are accomplished through the following statutory filings:

Local Officials

- 6-1** Training extension request letter and corresponding Comptroller determination letter sent to a board member
- 6-2** Petition for merger, consolidation, or re-creation of a utility district
- 6-3** Dissolution of a utility district
- 6-4** Supplemental petition for a utility district to provide other utility services

Comptroller of the Treasury

- 6-5** Comptroller-approved training and continuing education curriculum

6-1 Notification: Training Extension Request Letter and Corresponding Comptroller Determination Letter Sent to a Board Member

Tenn. Code Ann. §§ 7-34-115(j), 7-82-308(f), 68-221-605(f), 68-221-1305(f)

Board members may request a training and continuing education extension of up to six (6) months from the Comptroller's Office. The request shall only be granted upon a reasonable showing of substantial compliance with minimum statutory training requirements. The board members are required to file copies of any extension request letters and corresponding Comptroller determination letters with TBOUR.

6-2 Notification: Petition for Meger, Consolidation, or Re-Creation of a Utility District

Tenn. Code Ann. §§ 7-82-202(g)-(h)

Mergers or Consolidations: Local officials should work with legal counsel to ensure statutory requirements for a merger or consolidation of a utility district with another utility district, or with a municipality or county are met. Petitions for a merger or consolidation of utility districts or for a

consolidation of a utility district with a municipality or county pursuant to Tenn. Code Ann. §§ 7-82-202(e)-(f) must be filed with TBOUR simultaneously with the required filing to the county mayor or mayors. The petitions are not subject to approval or disapproval by TBOUR.

Re-creations: Petitions for the re-creation of a utility district for the purpose of redefining its incorporated boundary must be filed with TBOUR simultaneously with the filing of the petition with the county mayor or mayors. The petitions are not subject to approval or disapproval by TBOUR.

6-3 Notification: Dissolution of a Utility District

Tenn. Code Ann. § 7-82-301(b)

Pursuant to Tenn. Code Ann. § 7-82-301(b), when utility districts are dissolved as a result of the following circumstances, a true and correct copy of the order dissolving the utility district must be filed with TBOUR.

1. When no affirmative action is taken by a newly-formed utility district within one (1) year of the date of filing of order of creation, the county mayor may hold a hearing, after notification of the duly appointed commissioners, and determine if the utility district is proceeding with dispatch and diligence to provide the utility service or services it was authorized to provide in its order of creation. If the county mayor finds that the utility district is not, then the county mayor shall enter an order dissolving the utility district. The president of the utility district shall file with the Tennessee Secretary of State, TBOUR, and the register of deeds of the county or counties in which the district is located, a true and correct copy of the order dissolving the utility district.
2. When a utility district fails to render any of the services for which it was created within a period of four (4) years of the date of filing of order of creation and fails to acquire within such period any assets or facilities necessary to provide the utility service or services for which it was created, the utility district shall be dissolved by operation of law. The county mayor of the county in which the original petition for creation of the utility district was filed shall file a notice of dissolution with the Tennessee Secretary of State and upon such filing the utility district shall no longer be deemed to exist. The county mayor shall file with TBOUR and the register of deeds of the county or counties in which the utility district is located, a true and correct copy of the notice of dissolution.

6-4 Notification: Supplemental Petition for A Utility District to Provide Other Utility Services

Tenn. Code Ann. § 7-82-302(e)

Utility districts created on or after July 1, 1967, are limited to providing services pursuant to the order creating the district. Utility districts incorporated before July 1, 1967, may only provide services that were being provided on that date, or else subsequently provided by facilities that were constructed from the proceeds of bonds issued not later than July 1, 1968. Supplemental petitions for authority to provide other utility services pursuant to Tenn. Code Ann. Title 7, Chapter 82, Part 3, may be addressed to the county mayor, who will give notice and hold hearings on petitions in the same manner, on the same issues, and under the same conditions as for original incorporation.

The supplemental petition must be filed with TBOUR simultaneously with the required filing to the county mayor or county mayors. The petition is not subject to approval or disapproval by TBOUR.

6-5 Notification: Comptroller-Approved Training and Continuing Education Curriculum

Tenn. Code Ann. §§ 7-34-115(j), 7-82-308(f), 68-221-605(f), 68-221-1305(f)

Associations and organizations with appropriate knowledge and experience may prepare a training and continuing education curriculum covering the subjects set forth in state statute. The curriculum, including any changes or updates, must be submitted to the Comptroller of the Treasury for review and approval prior to use. Any training and continuing education curriculum approved by the Comptroller must be updated every three (3) years and resubmitted to the Comptroller for review and approval. The Comptroller is required to file a copy of the approved training and continuing education curriculum with TBOUR.



Section 7 – TBOUR Contested Case Hearings

Contested case hearings are limited to utility districts. The procedure for contested case hearings are governed by the Tennessee Uniform Administrative Procedures Act and the Tennessee Secretary of State's rules for contested cases. TBOUR has statutory authority to conduct contested case hearings and issue **Orders** for the determination of whether utility district board members should be removed from office and a new board member appointed or elected, or whether the methodology for determining vacancies should be changed as follows:

- 7-1 Removal of utility district commissioner(s) by customer petition.
- 7-2 Removal of utility district commissioner(s) for failures directly related to matters in an investigative report issued by the Tennessee Comptroller of the Treasury.
- 7-3 Removal of utility district commissioner(s) for misconduct or failure to comply with a TBOUR order, failure in official duties, or misconduct of office.
- 7-4 Change in the method of filling board vacancies for a financially distressed utility district.

7-1 Removal of Utility District Commissioner(s) by Customer Petition

Tenn. Code Ann. §§ 7-82-307(b)(1)(A), 7-82-702(a)(3)

Upon the petition of at least twenty percent (20%) of the customers of a utility district to TBOUR requesting the removal of a member or members of the utility district board of commissioners, the Board is required to conduct a contested case hearing on the question of whether such member or members should be removed from office and a new member or members appointed or elected.

Tenn. Code Ann. § 7-82-307(b)(1)(A), sets forth and requires a specific process and timeline that must be followed to be considered by TBOUR for review and includes the following:

1. The customer or customers initiating the petition must file a letter of intent to compile and file the petition with TBOUR before the petition is signed.
2. All information submitted in the petition must be legible.

3. Customer signatures on the petition must be:
 - a. from customers who are billed for and pay money for services of the utility district
 - b. obtained within ninety (90) days of the date the letter of intent to compile and file the petition is filed with TBOUR, and
 - c. genuine, meaning written, original signatures, excluding facsimile and electronic signatures of any kind.
4. Each utility account shall be entitled to one (1) signature, and no customer may sign the petition more than once.
5. Each customer signing the petition must include the address at which the customer receives utility service and the date the customer signed the petition.
6. Only one (1) petition can be filed with TBOUR in any twelve-month period.

Upon receipt of the petition, TBOUR must verify the names and addresses of the signers of the petition to ensure that they are bona fide customers of the utility district and to ensure that all signatures have been obtained within ninety (90) days of the date the notice of intent to compile and file the petition was filed with TBOUR.

Upon filing the petition, the petitioners shall also file a cash bond or attorney or corporate surety bond made payable to the State of Tennessee for the costs of hearing and processing the petition. The bond may be refunded if TBOUR determines that the member or members of the utility district board of commissioners that are the subject of the petition should be removed; in such instance the cost of the hearing shall be assessed against the district. The administrative judge may assess additional costs against either the petitioners or the district to cover the total cost of the hearing.

If the Board concludes the member(s) of the utility district board of commissioners should be removed, the Board will issue an **Order** removing such member(s) from their office. Any vacancy on the board of commissioners shall then be filled by the selection method used by the utility district to fill vacancies.

7-2 Removal of Utility District Commissioner(s) for Failures Directly Related to Matters in an Investigative Report Issued by the Tennessee Comptroller of the Treasury

Tenn. Code Ann. §§ 7-82-307(b)(2)(A), 7-82-702(a)(3)

The Comptroller of the Treasury refers published investigative reports involving a utility district to TBOUR. The Board reviews those reports and may conduct a contested case hearing on the question of whether utility district commissioners should be removed from office for:

- knowingly or willfully committing misconduct in office,
- knowingly or willfully neglecting to fulfill any duty imposed upon the member by law, or
- failing to fulfill their fiduciary responsibility in the operation or oversight of the district.

If the Board concludes the member(s) of the board of commissioners meet one or more of above conditions, the Board will issue an **Order** removing such member(s) from office. Any vacancy must then be filled by the selection method used by the utility district to fill vacancies; provided, that no member of the board of commissioners ousted by **Order** of TBOUR shall be eligible for reappointment, reelection, or to participate in either the nomination, appointment or election of new members by the board of commissioners.

7-3 Removal of Utility District Commissioner(s) For Failure to Comply with a TBOUR Order, Failure in Official Duties, or Misconduct of Office

Tenn. Code Ann. §§ 7-82-307(b)(3)(A), 7-82-702(a)(3)

TBOUR may initiate a contested case hearing on the question of whether a member or members of the board of commissioners of utility districts under its jurisdiction should be removed from office and a new member or members appointed or elected on the grounds that either:

1. The utility district failed to comply with an **Order** of TBOUR, which shall include failing to comply with an **Order** concerning excessive water losses;
2. A member or members failed to fulfill their fiduciary responsibility in the operation or oversight of the district; or
3. A member or members committed misconduct in connection with such office or failed to perform any duty imposed by law on such office, including taking appropriate actions pursuant to Tenn. Code Ann., Title 7, Chapter 82, Part 7 to reduce water loss to an acceptable level as determined by TBOUR.

Failure of a member to vote in favor of a rate structure prescribed by TBOUR that has been adopted by the utility district does not in itself constitute grounds for removal.

If TBOUR concludes the member(s) of the board of commissioners meet one or more of the above conditions, the Board will issue an **Order** removing such member(s) from office. Any vacancy must then be filled by the selection method used by the utility district to fill vacancies; provided, that no member of the board of commissioners ousted by **Order** of TBOUR shall be eligible for reappointment, reelection, or to participate in either the nomination, appointment or election of new members by the board of commissioners.

7-4 Change in the Method of Filling Board Vacancies for a Financially Distressed Utility District

Tenn. Code Ann. §§ 7-82-307(c), 7-82-702(a)(4)

When TBOUR reviews the audited annual financial report and operations of a financially distressed utility district pursuant to Tenn. Code Ann. § 7-82-703 and determines vacancies on the board of commissioners are filled by a method other than appointment by a county mayor or mayors,

TBOUR may elect to hold a public hearing on the issue of whether the method of filling vacancies should be changed.

If TBOUR elects to hold a public hearing, then the Board shall conduct a contested case hearing on this issue. If the Board finds that it is in the best interest of the public served by the utility district that the method of filling vacancies be changed, then the Board shall enter an **Order** that provides that all future vacancies be filled by appointment of the county mayor or mayors pursuant to the procedures set forth in Tenn. Code Ann. § 7-82-307(a)(4) and (5).



Section 8 – Annual Requirements

Utility systems are responsible for specific annual requirements, including:

- ✓ **A. Annual Information Report – Submission on TBOUR’s Website**
- ✓ **B. Annual Training Statement – Filed Locally**

A. Annual Information Report

Tenn. Code Ann. § 7-82-707

Local officials are required to complete an online annual information report by the first day of the utility’s fiscal year with TBOUR. The form of the report is approved by the Board and fulfills the reporting and filing requirements outlined in Tenn. Code Ann. § 7-82-707(a)-(d).

- (1) The financial condition of the utility system at the end of the fiscal year;
- (2) A statement of the utility rates then being charged by the system;
- (3) Other information the Board finds would assist the Board and the public in understanding the financial health of the system or any challenges the system faces;
- (4) Water loss information; and
- (5) The contract for the purchase of water for resale for utility systems that purchase more than fifty percent (50%) of its total water for resale.

The annual information report is submitted online through TBOUR’s website. The Utility’s ID Code is needed to submit the report and can be obtained from Board staff. Pursuant to Tenn. Code Ann. § 7-82-707(e), the Comptroller of the Treasury publishes the annual reports submitted by utility systems each year.

Failure to submit the annual information report will result in a local government being referred to TBOUR.

B. Annual Training Statement

Tenn. Code Ann. § 7-82-707(f)

Pursuant to Tenn. Code Ann. § 7-82-707(f), a utility system must ensure that each member of the utility's governing body completes all required training and is required to collect an **annual training statement**, on a form approved by the Board, from each member of the governing body.

As part of the **annual information report** submission, local governments are required to indicate if members of the governing body are in compliance with training requirements.

Statutory Training Requirements

State law establishes requirements for:

1. Annual Training Statement
2. Minimum Training and Continuing Education Hours
3. Subject Matter and Eligible Training Sponsors and Providers
4. Extension Requests
5. Penalties for Failure to Meet Training Requirements
6. Requirements Specific to Utility Districts, Water or Sewer Authorities

Local utility officials are responsible for complying with statutory training and continuing education requirements.

1. Annual Training Statement

Tenn. Code Ann. §§ 7-34-115(j), 7-82-308(f), 7-82-707(f)

Pursuant to Tenn. Code Ann. § 7-82-707(f), a utility system must ensure that each member of the utility's governing body completes all required training and is required to collect an **annual training statement**, on a form approved by the Board, from each member of the governing body. The annual training statement is filed with the local government, it is **not filed** with the Comptroller's Office or with TBOUR.

No later than January 31 of each year, each utility board member shall file an **annual training statement**, on a form developed by the Comptroller of the Treasury, with their respective local government certifying the training and continuing education courses attended during the prior calendar year. The form can be found on TBOUR's website. Board members must file a training statement even if they did not attend any training within the past year. The local government must keep a copy of the annual training statements, including proof of attendance or certificates of completion, on file for at least two, three-year continuing education periods, or six years following the calendar year in which the written statement was filed. The statements should be filed solely with the local government, the Comptroller's office and Board staff **DO NOT** retain these records.

2. Minimum Training and Continuing Education Hours

Tenn. Code Ann. §§ 7-34-115(j), § 7-82-308(f), § 68-221-605(f), § 68-221-1305(f)

There is a two-tiered training requirement for all board members that supervise, control, or operate a utility system:

Initial Training: Each board member must obtain 12 hours of training within 12 months of their initial election or appointment. The initial 12 hours are required for the first election or appointment and not subsequent elections or appointments.

Continuing Education: Once a board member has satisfied their initial 12 hours of training, their continuing education period of three years begins on the following January 1st. Each board member

must receive a total of 12 hours of training within a three-year period. As a best practice, board members should obtain a minimum of 4 hours of training each calendar year.

3. Subject Matter and Eligible Training Sponsors and Providers

Tenn. Code Ann. §§ 7-34-115(j), 7-82-308(f), 68-221-605(f), 68-221-1305(f)

Training subjects must include, but are not limited to:

- board governance
- financial oversight
- policy-making responsibilities
- other topics reasonably related to the duties of the utility board

Associations and Organizations with Appropriate Knowledge and Experience:

- May prepare a training and continuing education curriculum for utility board members covering the above subjects.
- Must submit the curriculum to the Comptroller for review and approval prior to use. (An approval request form is available for submission on TBOUR's website.)
- Must submit any changes and updates to the curriculum to the Comptroller for approval prior to use.
- Update approved training and continuing education curriculum every three (3) years for resubmission to the Comptroller for review and approval.

Pursuant to state law, the Comptroller files a copy of approved training and continuing education curriculum with TBOUR.

To help local officials meet their training requirements, the Comptroller's Office currently provides online training at no cost. The Comptroller's Office also offers periodic training classes at various locations throughout the State.

4. Extension Requests

Tenn. Code Ann. §§ 7-34-115(j), 7-82-308(f), 68-221-605(f), 68-221-1305(f)

Board members may request a training and continuing education extension of up to six (6) months from the Comptroller of the Treasury or the Comptroller's designee. The request will only be granted upon a reasonable showing of substantial compliance with minimum statutory training requirements. If the extension is granted, the board member must complete any additional required training hours necessary to achieve full compliance for only the relevant continuing education period within the extension period. The board member must file copies of any extension request letters and corresponding Comptroller determination letters with TBOUR.

Requests for Training Extensions are available on TBOUR's website.

5. Penalties for Failure to Meet Training Requirements

All Utility Systems Under TBOUR Jurisdiction:

Pursuant to Tenn. Code Ann. § 7-82-702(a)(14), TBOUR has authority to exercise all the powers and take all the actions necessary for the accomplishment of its purpose to ensure the financial integrity of utility systems. One way TBOUR exercises this authority is by issuing **Orders** for reasonable sanctions against local governments for failure to meet training requirements.

TBOUR's authority includes but is not limited to subpoenaing all governing body members to appear before TBOUR. See Tenn. Code Ann. § 7-82-702(a)(2).

Failure to comply with statutory training requirements may result in a utility system being referred by Board staff to TBOUR for an **administrative review** of the financial, technical, and managerial operations of the utility system. The Board has authority to require appropriate remedial action from local officials to correct a deficiency identified by the Board. See Tenn. Code Ann. § 7-82-706(a)-(b).

County, Municipal, and Metro-Owned Utility Systems

When any board member fails to meet the required training and continuing education requirements before the end of the continuing education period or before the end of any extension approved by the Comptroller, TBOUR has full discretion to order reasonable sanctions against the local government, including, but not limited to, being ineligible to receive assistance from the Tennessee Local Development Authority under Tenn. Code Ann. § 68-221-1206(a)(3). See: Tenn. Code Ann. § 7-34-115(j)-(k).

Utility Districts, Water or Sewer Authorities, Water and Wastewater Treatment Authorities, Regional Water and Wastewater Treatment Authorities

Any member who fails to meet the training and continuing education requirements before the end of a continuing education period or before the end of an extension approved by the Comptroller of the Treasury will not be eligible for reappointment or reelection to another term of office.” See Tenn. Code Ann. §§ 7-82-307 (5) (A), 68-221-605(g), and 68-221-1305(g).

Specific to Utility Districts

TBOUR has authority to initiate a contested case hearing on the question of whether a member or members of the board of commissioners of a utility district should be removed from office and a new member or members appointed or elected on the grounds that a utility district failed to comply with an **Order** of TBOUR concerning training requirements.

6. Requirements Specific to Utility Districts, Water or Sewer Authorities, Created by any Public or Private Act

Failure to File Annual Training Statement

When an **annual training statement** is not filed, a commissioner becomes ineligible to receive further payment or benefit as provided in Tenn. Code Ann. 7-82-308(a), including monthly meeting per diem payments, insurance benefits, and insurance premium reimbursements until the annual written statement is filed. See: Tenn. Code Ann. § 7-82-308(f)(4)(E)

Training Costs

The utility system shall be responsible for paying the training and continuing education course registration and travel expenses for the required training and continuing education. See: Tenn. Code Ann. § 7-82-308(f)(5)

Failure to File an Annual Extension Request and Comptroller Determination With TBOUR

When an annual extension request and Comptroller Determination letter is not filed with TBOUR, a commissioner becomes ineligible to receive further payment or benefit as provided in Tenn. Code Ann. 7-82-308(a), including monthly meeting per diem payments, insurance benefits, and insurance premium reimbursements until the information is properly filed. See: Tenn. Code Ann. § 7-82-308(f)(3)

Additional Training Hours Mandated by TBOUR

The training requirements established in Tenn. Code Ann. § 7-82-308(f) do not prohibit TBOUR from requiring additional training and continuing education requirements for utility systems that are **financially distressed**, as defined in Tenn. Code Ann. §§ 7-82-703 and 7-82-308(f)(8).

Prerequisite to Reappointment or Reelection to Board of Commissioners

An existing commissioner who is nominated for reappointment must certify to the appointing mayor prior to reappointment that he or she has complied with the continuing education requirements set forth in 7-82-308. Likewise, an existing utility district commissioner who is seeking reelection must certify to the district prior to being placed on the ballot that he or she has complied with the continuing education requirements set forth in 7-82-308. See Tenn. Code Ann. § 7-82-307(b)(5)(B-C).



Section 9 – Other Agencies and Boards

Tennessee Department of Environment and Conservation (TDEC)

TDEC is responsible for overseeing environmental protection and conservation efforts in the state. TDEC manages various programs related to air quality, water resources, solid waste management, parks and recreation, and other environmental issues. Resources and information are available at: www.tn.gov/environment.html

Department of Economic & Community Development (ECD)

ECD is responsible for promoting economic and community development in the state of Tennessee. The department focuses on initiatives and programs to attract and retain businesses, create job opportunities, and enhance the overall well-being of Tennessee communities. Resources and information are available at: www.tn.gov/e.cd.html

County Technical Assistance Service (CTAS)

CTAS is an agency of the University of Tennessee Institute of Public Service and provides technical, training, consulting, and field services to elected and appointed county and metropolitan officials and finance directors. CTAS assists counties with appointment of utility district commissioners and assists county-operated utility systems with the budget process, policies, utility infrastructure relocation, and other areas that impact utility systems. Resources and information are available at: www.ctas.tennessee.edu

Municipal Technical Advisory Service (MTAS)

MTAS is an agency of the University of Tennessee Institute of Public Service and provides technical, training, consulting, and field services to elected and appointed municipal and metropolitan government officials and finance directors. MTAS assists municipal utility systems with the budget process, internal controls, policies, trainings, rate studies, legal interpretations, and other technical guidance. Resources and information are available at: www.mtas.tennessee.edu

Tennessee Association of Utility Districts (TAUD)

TAUD provides Tennessee utility systems with training, industry information and publications, model policies, rate studies, and legislative updates. Resources and information regarding TAUD are available at: www.taud.org.

Tennessee Public Utility Commission (TPUC)

TPUC was created to meet the challenges of the changing telecommunications and utility environment. They set rates and service standards of privately owned telephone, natural gas, electric, and water utilities. Resources and information are available at: www.tn.gov/tpuc.html.

Tennessee Valley Authority (TVA)

The Tennessee Valley Authority provides electricity for 153 local power companies serving 10 million people in Tennessee and parts of six surrounding states, as well as directly to 58 large industrial customers and federal installations. TVA also provides flood control, navigation, and land management for the Tennessee River system and assists local power companies and regional governments with their economic development efforts. Resources and information are available at: www.tva.com.

Tennessee Gas Association (TGA)

The Tennessee Gas Association, established in 1962, is a non-profit association created by and for the natural gas distribution systems across the State. TGA offers members opportunities to enhance their professional careers, company operations and industry contacts through various conferences and training sessions throughout the year. TGA is governed by a board of directors made up of member employees from across the State. Resources and information are available at: www.tngas.org.

National Rural Water Association (NRWA)

The National Rural Water Association is a non-profit organization dedicated to training, supporting, and promoting the water and wastewater professionals that serve small and rural communities across the country. The NRWA provides training and technical assistance through 50 affiliated State Rural Water Associations that currently have over 31,000 utility system members. Rural Water training and technical assistance covers every aspect of operating, managing and financing water and wastewater utilities. Resources and information are available at: www.nrwa.org.

Rural Community Assistance Partnership (RCAP)/Southern RCAP: Communities Unlimited

RCAP is a national network of nonprofit organizations that provide technical assistance and training to rural communities in the US. RCAP assists these communities in addressing challenges related to water and wastewater systems, community development and infrastructure. Resources and information are available at: www.rcap.org

Communities Unlimited: Communities Unlimited is part of RCAP's network for the southern region of the United States which includes Tennessee. Communities Unlimited works to support rural communities by providing technical assistance, financial services, and resources to help them address challenges related to water and wastewater systems, economic development, and community infrastructure. Resources and information are available at: www.communitiesu.org



Section 10 – Utility Terminology, Definitions, & Concepts

Administrative Review: A review of a utility system pursuant to Tenn. Code Ann. § 7-82-706 to determine the financial, technical, and managerial capacity of the utility to comply with requirements of applicable federal and state law; and/or efficiently manage its system, including reasonable and just user rates, debt structures, and water loss.

Ailing Utility System: A utility system that is:

- a. Financially distressed, as described in § 7-82-703(b);
- b. Financially unable to expand the amount or type of service as set forth and described in its founding documents or petition for creation as described under § 7-82-201, § 68-221-604, § 68-221-1304, or any other section or private act; or
- c. Displays a pattern of severe managerial incompetence such that the utility system cannot provide the public it serves with safe, consistent access to its services.

Annual Information Report: A report local officials must file with TBOUR by the first day of the utility's fiscal year. The form of the report is approved by the Board and fulfills the reporting and filing requirements outlined in Tenn. Code Ann. § 7-82-707(a)–(d).

- a. The financial condition of the utility system at the end of the fiscal year;
- b. A statement of the utility rates then being charged by the system;
- c. Other information the Board finds would assist the Board and the public in understanding the financial health of the system or any challenges the system faces;
- d. Water loss information; and
- e. The contract for the purchase of water for resale for utility systems that purchase more than fifty percent (50 %) of its total water for resale.

The report is an online submission and can be found on TBOUR's website. The Utility's ID Code is needed to submit the report and can be obtained from Board staff.

Annual Training Statement: A form approved by TBOUR that individual members of a utility's governing body must complete each year, regardless of if they attended training during that year. The form is used to document compliance with continuing education requirements. Additional information on this requirement is in Section 8. The form is available on TBOUR's website.

AWWA v6.0 Worksheet (or Software): A tool from the American Water Works Association (AWWA) used to analyze water loss by comparing key performance indicators. TBOUR adopted its use pursuant to its authority in Tenn. Code Ann. § 7-82-202(c)(5).

Board: The Tennessee Board of Utility Regulation (“TBOUR”) created in the office of the Comptroller by T.C.A. §§ 7-82-701-708, or its successor entity.

Board Counsel: An attorney within the Comptroller's office that is directed to provide legal advice, prepare documents, or act as counsel to the Board in any other capacity.

Board Order: See “Order”.

Board Staff: The Comptroller’s designated manager for the Board, counsel to the Board, and any other employee of the Comptroller assigned as staff to the Board.

Capacity Fee: A fee charged for connecting new developments to the utility system.

Cash Basis: Is a method of accounting in which revenue is recognized when cash is received, and expenses are recognized when cash is paid. Cash basis accounting is simpler and more straightforward but may not provide a complete and accurate picture of an entity’s financial activities, especially in terms of timing and matching revenues with associated expenses.

Depreciation: Depreciation is often one of the largest operating expenses of a utility system. Depreciation is the allocation of the cost of a capital asset (such as equipment and facilities) over its estimated useful life. It helps to accurately reflect the wear and tear on these assets over time and allocate associated costs to the periods in which the asset provides service. Depreciation is crucial in financial reporting, rate-setting, asset management, and decision-making for utilities. TBOUR has adopted guidelines for evaluating the useful lives of assets of water and wastewater systems. See Appendix C.

Financial Distress (also: Financially Distressed): A utility system is financially distressed when it has reported one or more of the following as of its most recent audits:

- a. a deficit total net position,
- b. a deficit unrestricted net position,
- c. a negative change in net position for two consecutive years without regard to grants or capital contributions,
- d. a default on any of its debt instruments.

See: Tenn. Code Ann. § 7-82-703(b)

GAAP Basis (Accrual Basis): Under generally accepted accounting principles (GAAP), recognition of revenues and expenses when they are earned or incurred regardless of when cash is received or paid. GAAP basis accounting provides a more comprehensive and accurate representation of an entity's financial position and performance over a specific period, as it considers all economic events, regardless of the timing of cash transactions.

Informal Hearing: A hearing by TBOUR from interested parties, specifically, customer(s) and representatives from the utility system(s), involved in either: (1) a customer complaint or (2) the potential merger or consolidation of an ailing utility system with another utility system. Informal hearings are not subject to the contested case requirements of the Uniform Administrative Procedures Act (UAPA) or the uniform rules for contested cases. These are generally held during a regularly scheduled TBOUR meeting.

Non-Revenue Water by Volume: The distributed volume of water that is not reflected in customer billings. The American Water Works Association defines three specific categories of water usage or loss that will not result in revenue to a utility system:

- a. unbilled authorized consumption: water for firefighting, flushing, etc.;
- b. apparent losses: customer meter inaccuracies, unauthorized consumption and systematic data handling errors; and
- c. real losses: system leakage and storage tank overflows.

Order: A decision of TBOUR in any given matter, as evidenced by the Board's vote on a motion and any amendments adopted. An Order is effective as of the date it is entered unless it states otherwise and is effective and binding regardless of whether it is reduced to writing. However, after the meeting in which an Order is given, an official Order will be sent to local officials documenting Board Order(s).

Rate Structure: The pricing model for charging customers based on water/sewer or gas usage or other factors.

Statutory Change in Net Position: The sum of total revenues less all grants, capital contributions, and expenses.

Structurally Balanced Budget: A budget is structurally balanced when recurring revenues are sufficient to pay recurring expenses. Relying on one-time revenue from selling assets, restructuring debt, spending savings, or deferring maintenance indicate the budget is not structurally balanced.

Third-Party Expert: An experienced, qualified, individual, organization, non-profit agency, or governmental agency with no direct relationship to the utility system, as an employee or board member.

Update Cycle: The period needed for Board staff to monitor a utility system to ensure Board directives that have been implemented are fully established and functioning. The period will depend upon the nature of the referral.

Utility Financial Distress Questionnaire: An online form Board staff utilizes to help determine the best course of remedial action that will be recommended to TBOUR to restore financial health to a utility system in financial distress.

Water Loss Report: Pursuant to Tenn. Code Ann. § 7-82-707(d), utility systems must submit a water loss report on a form prescribed by the Board. There is not a separate water loss form or report. Water loss is calculated from information reported on the **annual information report**.



Section 11: Best Practices

Various resources are available to utility systems operated by local governments. The resources and best practices referenced in this Section will be helpful to local officials in the management and oversight of utility systems.

Adjustments to Utility Bills

Utility systems should have a policy in place for allowable adjustments to customer utility bills. Adjustments may be needed because of billing errors, meter reading errors, leaks, and other reasons. The policy should explain the review and approval process. Our office recommends local governments adopt a policy that encompasses the following:

- Allowable reasons for an adjustment
- A clear process for requesting an adjustment
- Expectations and review process
- Limitations, exclusions, and exceptions
- Customer responsibilities
- The effect on outstanding account balances during the adjustment review process
- Who at the utility system has the authority to approve an adjustment
- An appeals process

Alternatively, if a utility declines to give adjustments, a policy should be stating this instead.

Ask Audit

Local government officials should not be afraid to engage with their auditor. Ask questions. Identify weaknesses and adopt policies accordingly.

Asset Management Plan

A systematic approach to managing and maintaining a utility's capital assets, including facilities, infrastructure, and equipment is essential for utility systems. Local officials should establish a methodology for assessing the condition of capital assets and a plan for capital maintenance and replacement needs. Understanding the current state of assets, planning for their replacement or improvement, and identifying appropriate funding sources, all contribute to the long-term sustainability and reliability of utility services.

Regular monitoring and adjustments throughout the year are also necessary to respond to changing conditions and ensure financial stability. The Tennessee Department of Environment and Conservation has published an [Asset Management Plan Guide](#) for water and sewer systems that is a valuable resource for developing internal practices and policies. The principles in the guide may also be applied to asset management for gas systems.

Customer Complaint Policy

A process to receive customer complaints and a policy on how to investigate complaints should be approved by the governing body. The policy should identify staff with authority to investigate and resolve customer complaints. Our office recommends the use of a complaint form that includes the following information:

- Name of the individual making the complaint
- Account number
- Address
- Telephone number
- Nature of the complaint that includes a description of the issue and copies of any supporting documents
- The desired remedy for the complaint
- Contact information for the utility system should the customer need help completing the form

Once a complaint is received, an investigation should be made to determine the validity of the complaint and the needed corrective action, if any. In addition to the complaint form, the following information should be documented and maintained for each complaint:

- Date the complaint was received
- Who received the complaint
- Date resolved/completed
- Steps taken to investigate the complaint
- Who investigated the complaint
- Results of the investigation
- Action taken

Should the customer be dissatisfied with the resolution, there should be a process for appeal to the governing body of the utility system. This will generally occur during a regular scheduled meeting. When customers are dissatisfied with the decision of the governing body, they should be informed that they have 30 days to appeal to the Tennessee Board of Utility Regulation (TBOUR) for an informal hearing.

Depreciation Savings Account

A capital asset is depreciated over its estimated useful life to allocate the cost of the asset to the periods a utility system either gains benefit, or produces revenue, from the asset. State law requires that all utility systems recognize depreciation consistent with generally accepted accounting principles. When debt is used to finance the purchase of an asset, the depreciation expense tends to equal the cash needed to repay the debt. This presents a unique opportunity for utility systems that also finance capital assets with cash reserves, grants, and contributions. Our Office recommends local governments adopt a policy to deposit an amount equal to “annual depreciation expense less annual principal payments” into an interest-bearing account or authorized investment to be reserved for future capital investment. Even though capital costs increase due to inflation, a depreciation savings account will enable utility systems to finance future capital investments with less debt, which often results in significant interest cost savings to the utility system. For deposit and investment options, see the Tennessee Department of the Treasury for information on the Local Government Investment Pool (LGIP) and Intermediate Term Investment Fund (ITIF).

Rates and Fees

Rates, fees, and any other charges must be reasonable and justified, but they should also be enough to make the utility self-sufficient. Rates and fees should be reviewed regularly to ensure the utility remains financially self-sufficient. Rates and charges should be sufficient to cover all reasonable operating expenses, as well as depreciation, interest on debt, and any other nonoperating expenses. Rates should generate enough cash to pay both principal and interest on debt. Each utility should have rates sufficient to have a positive change in net position separate from grant proceeds and contributions. Utilities that report a decrease in net position, without regard to grant proceeds or contributions, for two consecutive years will be referred to the oversight of the Tennessee Board of Utility Regulation (TBOUR). A policy for periodic rate studies is a proactive and strategic approach to managing the financial health of a utility. Conducting thorough internal reviews during non-rate study years allows utilities to proactively address challenges, optimize operations, and lay the groundwork for informed decision-making in subsequent rate studies. Some utility systems have an annual cost-of-living rate increase that is adopted once, and then rates adjust at an inflationary percentage each year.

Recommended Policies

Sound financial policies lay the foundation for good financial decisions. At a minimum, a utility should have policies in place to address internal controls, budget adoption, cash flow management, billing, rate increases/adjustments, asset management, and debt management. Refer to the Comptroller’s debt and budget manuals for recommended debt and budget policies.

Repair and Maintenance Reserve

Utility systems should set aside funds to pay for major repair and maintenance expenses that do not meet criteria for capitalization under generally accepted accounting principles. Because these costs are reported as a current year expense, they cannot be financed by long-term debt and must be financed by available cash. Our office recommends local governments adopt a resolution that outlines:

- A minimum target reserve amount that is based upon long-term maintenance needs and reflects specific needs of the utility system.
- The funding methodology of the reserve. This may be a tiered approach to build toward maintenance costs that occur every 5 -15 years.
- Authorized uses of reserve funds. For example:
 - Excludes: annual-recurring repair and maintenance costs.
 - Includes: water storage tank cleaning and painting, sewer lagoon dredge costs, non-capitalized costs related to moving utility lines, storm repair, etc.
- Required authorizations for use of reserve funds.
- Where funds are maintained:
 - Bank account, investment account, etc.
 - The Local Government Investment Pool administered by the Tennessee State Treasurer provides interest earnings and accessibility.
- Annual monitoring
 - We recommend an annual report to the governing body that includes the target balance, balance at the beginning of the year, ending balance, additions to, expenses from, and a discussion on needed changes, if any, to the authorized reserve level and uses.
- Periodic reassessment requirements
 - At set intervals, identify new risks, rising costs, condition of assets, new environmental regulatory requirements, and other factors that impact the current reserve policy and change the utility system's policy as needed.

Appendix A

TBOUR Oversight Summary

	Description	Applies To	Tenn. Code Ann.	Source of Referral, Notification, Other
A. REFERRALS				
TBOUR reviews and applies sanctions and determines remedial actions needed by local officials for the following:				
A-1	Ailing System —Financial distress: (1) Deficit total net position (2) Deficit unrestricted net position (3) Statutory decrease in net position for two consecutive years (4) Default on debt	All	§ 7-82-703(b) § 7-82-704(a)(1)	Comptroller
A-12	Ailing System —Financially unable to expand service as set forth in creation documents.	All	§ 7-82-704(a)(2)	TBOUR Staff
A-13	Ailing System —Pattern of severe managerial incompetence	All	§ 7-82-704(a)(3)	TBOUR Staff
A-2	Excessive water loss	All	§ 7-82-702(a)(5) § 7-82-706(c) § 7-82-707(d)	TBOUR Staff
A-3	Failure to meet initial training or continuing education requirements	All	§ 7-82-702 (a)(14)	TBOUR Staff
	Failure to meet initial training or continuing education requirements	City or County	§ 7-34-115 (k)	TBOUR Staff
A-4	Failure to submit annual information report	All	§ 7-82-707(a)	TBOUR Staff
A-5	Administrative review of the financial, technical, and managerial capacity of a utility system	All	§ 7-82-706 (a-b)	Comptroller TBOUR Staff
A-6	Unlawful use or reliance on funds	All	§ 7-82-703 (c)(1)(B) § 7-82-703(c)(1)(C)	Comptroller
A-7	Late audits for two consecutive years	All	§ 7-82-703(c)(1)(A)	Comptroller
A-8	Complaints from utility customers —various	All	§ 7-82-702(b) TBOUR Rules	Customer(s), TBOUR Staff
	Complaints from utility customers —grievance related to final decision by a utility district on customer protest related to water or sewer rates.	UD	§ 7-82-402(a)(3)	Customer(s), TBOUR Staff
	Complaints from utility customer —petition for utility district rate review	UD	§ 7-82-102	10% of Customers
A-9	Failure to assess or update cyber security plan every two years	All	§ 7-51-2302	Comptroller
A-10	Failure to provide information on connection costs	All	§ 65-5-403	TBOUR Staff
A-11	Failure to demonstrate technical, managerial, and financial capability by SRF loan applicants.	All	§ 68-221-1206 (a)(3)	TBOUR Staff

	Description	Applies To	Tenn. Code Ann.	Source of Referral, Notification, Other
A-14	Adoption of ethical standards that differ from TAUD approved model.	UD WWTA RWWTA GA	§ 7-82-702(a)(6)(C)	TBOUR Staff
A-15	Investigative report issued by Tennessee Comptroller for a utility district	UD	§ 7-82-307(b)(2)(A)	Comptroller
A-16	Questions on adequacy of purchasing policy for a utility district	UD	§ 7-82-804	Concerned Party
B. APPROVALS AND RECOMMENDATIONS				
<i>TBOUR reviews and either approves, disapproves, or recommends for the following:</i>				
B-1	Application for Utility Revitalization Fund grant	All	§ 7-82-708	Local officials
B-2	Applications for utility relocation loans	All	§ 67-3-901(j)	Local officials
B-3	Utility service to customer in adjoining utility district	UD	§ 7-82-112(a)	Customer or Adjoining Utility District
B-4	Resolution to change method of board appointment for a utility district	UD	§ 7-82-307(a)(9)	Governing board
B-5	Petition for creation: utility district	UD	§ 7-82-201(a)(1) § 7-82-702(a)(7)	Stakeholders
	Petition for creation: public act water or wastewater treatment authority	WWTA	§ 68-221-604(b)	Local officials
	Petition for creation: public act regional water and wastewater treatment authority	RWWTA	§ 68-221-1304	Local officials
	Petition to purchase, develop, acquire, or build a new public act water or wastewater system.	City or County	§ 68-221-1017 § 7-82-702(a)(8)	Local officials
B-6	TAUD Model of Ethical Standards	TAUD	§ 7-82-702(a)(6)(A-B) § 8-17-105(b)	TAUD
C. NOTIFICATIONS				
<i>TBOUR receives notifications, with no required action, for the following:</i>				
C-1	Training extension request letter and corresponding Comptroller determination letter sent to a board member.	UD	§ 7-82-308(f)(3)	Board Member
		City or County	§ 7-34-115(j)(6)	Board Member
		WWTA	§ 68-221-605 (f)(5)	Board Member
		RWWTA	§ 68-221-1305 (f)(5)	Board Member
C-2	Petition for merger, consolidation, or re-creation of a utility district	UD	§ 7-82-202(g-h)	Stakeholders
C-3	Dissolution of a utility district	UD	§ 7-82-301(b)	County Mayor
C-4	Supplemental petition for authority for utility district to provide other utility services	UD	§ 7-82-302(e)	Governing Body
C-5	Approved training and continuing education curriculum.	Comptroller	§ 7-34-115(j) § 7-82-308(f)(7) § 68-221-605(f) § 68-221-1305(f)	Comptroller

	Description	Applies To	Tenn. Code Ann.	Source of Referral, Notification, Other
D. CONTESTED CASE HEARINGS				
TBOUR conducts contested case hearings for the following:				
D-1	Removal of utility district commissioner(s) by customer petition	UD	§ 7-82-307(b)(1)(A) § 7-82-702(a)(3)	Customers
D-2	Removal of utility district commissioner(s) for failures directly related to matters in an investigative report issued by the Tennessee Comptroller of the Treasury	UD	§ 7-82-307(b)(2)(A) § 7-82-702(a)(3)	Comptroller
D-3	Removal of utility district commissioner(s) for failure to comply with a TBOUR order, failure in official duties, or misconduct of office.	UD	§ 7-82-307(b)(3)(A) § 7-82-702(a)(3)	Board staff
D-3	Change in the method of filling board vacancies for a financially distressed utility district.	UD	§ 7-82-307(c) § 7-82-702(a)(4)	Board staff

Abbreviation Key:

All	Water, Sewer, and Natural Gas Utility Systems
GA	Gas Authority
MEA	Municipal Energy Authority
RWWTA	Regional Water and Wastewater Treatment Authority
UD	Utility District
WWTA	Water and Wastewater Treatment Authority

Appendix B

TBOUR Referrals – General Process

- | | |
|---|---|
| 1 – Notification | The utility system will be notified of the referral, which often includes a request for additional information. |
| 2 – TBOUR Agenda | The utility system will be added to the agenda of the meeting at which TBOUR staff will notify the utility’s governing body of the referral. A representative of the utility system is not required to attend in person, but representatives are always welcome to attend and in some cases a representative’s attendance may be requested or ordered. |
| | NOTE: For water loss, training, and cyber plan referrals, a utility system will be added to the agenda once directives from Board staff to correct the underlying issues causing the referral are either addressed or failed to be addressed. |
| 3 – Directives | Depending upon the nature of the referral: <ul style="list-style-type: none"> • Board staff will begin working with the utility system to implement corrective actions/directives to address referral issues; or • Board staff will draft a recommendation for consideration by TBOUR at their next meeting. Often an Order will be sent to the utility system that includes directives from TBOUR. |
| 4 – Implementation | Local officials will implement directives from Board staff or from TBOUR. |
| 5 – Update Cycle | Once directives have been implemented, the utility system will generally remain under TBOUR oversight until Board staff can determine compliance has been established. This is referred to as the update cycle . Board staff will report this at the next TBOUR meeting. After compliance has been established, a utility system will be added to the agenda of the next TBOUR meeting and Board staff will recommend that the utility be released from oversight. The utility system will be notified when it is removed from the update cycle . |
| 6 – Release from Board Oversight | After compliance has been established, a utility system will be added to the agenda of the next TBOUR meeting and Board staff will recommend that the utility be released from oversight. |

Appendix C

Guidelines for Estimated Useful Lives of Assets of Water and Wastewater Systems

The Tennessee Board of Utility Regulation has adopted the following guidelines for evaluating the useful lives of assets of water and wastewater systems. The useful lives of assets should not exceed the appropriate guidelines listed below.

Capital Asset Description	Estimated Useful Life
Water Systems	Years
Buildings (Office and Plant)	30-50
Equipment and Tools	10-15
Furniture and Fixtures	5-10
Machinery, Equipment, Vehicles	5-15
Pumps and Treatment Equipment	15-20
Transportation Equipment	5-10
Water Lines and Storage	40-50
Well/Dam	Engineer's Estimate
Wastewater (Sewer) Systems	Years
Buildings (Office and Plant)	30-50
Equipment and Tools	10-15
Furniture and Fixtures	5-10
Machinery, Equipment, and Vehicles	5-15
Pumps and Treatment Equipment	5-20
Transportation Equipment	5-10
Wastewater (Sewer) System	40-50



JASON E. MUMPOWER
Comptroller

Proposed Meeting Dates

July 10, 2025

September 25, 2025

December 11, 2025

March 12, 2026