FRIENDSVILLE, TN, CITY HALL

UTILITY BOARD COMMISSION MEETING

September 3, 2026
Immediately after City Meeting

Invocation:

Call to Order: Mayor Cardwell

Approval of Minutes: August 6, 2026, Meeting

Thursday, September 3, 2026
Minutes

Mayor Cardwell called the meeting to begin at 7:09 p.m.

Approval of the August 6, 2026 meeting.

- **Motion Made:** Commissioner Shane Rogers
- **Seconded By:** Commissioner Dale Wilkins
- **Motion Made**: All approved.

Public Comments:

- No comments

Discussion:
TN Comptroller- Tennessee Comp Troller / Tennessee Board of Utility Regulation.

Administrator Rogers reported that she had received an email regarding the City's distressed sewer system and an upcoming appearance before the Board of Utility. She explained that, during the previous year, the City was given an opportunity to combine its water and sewer funds and was allowed one year to begin generating additional revenue. Administrator Rogers believed the funds had been combined at that time; however, they were not combined until the current budget year, when it was determined that beginning with a new fiscal year would simplify the process. Administrator Rogers stated that she has been communicating with Nate at the Comptroller's Office and that the City has reached a point at which action must be taken. She referenced the rate proposal packet that was tabled at the previous meeting and acknowledged that the proposed changes would be difficult. However, she emphasized that the City must either implement appropriate corrective measures or risk the State imposing sewer rates without local input. She added that she has submitted updates throughout the past year to demonstrate the City's efforts and progress. Mayor Cardwell asked whether the City would have an opportunity to speak at the upcoming meeting. Administrator Rogers stated that she was attempting to obtain additional information about the meeting, which is scheduled for September 10 in Nashville. Mayor Cardwell requested that the appropriate officials be notified that a City representative would attend and would like an opportunity to address the Board. Administrator Rogers reviewed the sewer-rate information requested by the Board at the previous meeting. She reported that the system has 49 active residential meters, nine commercial meters, and two commercial customers who are billed a flat rate because they use well water rather than water supplied by TASS or the City of Friendsville. Those two customers currently receive the minimum sewer bill of $36.00. The system also has 15 commercial flat-rate accounts and 27 new-construction

accounts that will become active when construction is completed, for a total of 102 customers. Administrator Rogers stated that she contacted other utilities to review their sewer-rate structures. She found that sewer charges are generally based on water consumption and that many utilities charge more for sewer service than for water service. Friendsville's water rates are already comparatively higher because the City purchases its water. Administrator Rogers noted that, on August 6, the Board approved adjusting sewer charges to correspond with water usage. Residential meters are classified as 5/8-inch, 1-inch, or 2-inch, while meters larger than 2 inches are considered commercial. The previous residential flat rate was $22.00. Under the water-rate structure, the proposed base charges would be $34.94 for a 5/8-inch meter, $52.89 for a 1-inch meter, and $62.85 for a 2-inch meter. These charges would include the first 1,000 gallons, with additional usage billed at $10.18 per 1,000 gallons. To reduce the immediate financial impact on residential customers, Administrator Rogers presented an alternative increase to the existing $22.00 sewer base rate. Under that option, the residential sewer-only charge would increase to $27.50. Another option, based on the meter-size rates presented at the previous meeting, would establish the residential 5/8-inch rate at $34.94 while maintaining a base amount of approximately $34.00, plus a 10% increase, for 1-inch and 2-inch meters. Commissioner Rogers questioned whether the proposed changes should be considered before the City's appearance before the Board of Utility. Administrator Rogers responded that the City must continue demonstrating progress, noting that the primary improvement to date has been the addition of 41 customers. She stated that implementing a revised rate structure before the meeting would demonstrate that the City is actively addressing the issue. Administrator Rogers explained that the sewer rates had not been adjusted for some time. She also stated that the City learned approximately one year ago that the sewer improvement fee for properties located along the sewer line was originally expected to be $75.00, regardless of whether the property was connected. Mayor Cardwell stated that the City was obligated to charge $75.00 when sewer service passed a property. Administrator Rogers discussed the City's previous management appearance before the State Board. At that time, the Board questioned how the City intended to fund the sewer system because it had no accumulated revenue or capital available for startup expenses. It was anticipated that more than 70 customers would connect to the sewer system and that properties located along the sewer line would be assessed a $75.00 sewer improvement fee. Commissioner Rogers stated that the fee had been recommended by the State but that the local Board believed it retained the authority to establish an amount it considered appropriate. Administrator Rogers clarified that the City's current practices do not reflect what was presented to the State. She stated that the Comptroller's Office understands the information previously provided to the City but has emphasized that the required measures have not been implemented. The City was given one year to make the necessary changes and was advised that water revenues could not continue subsidizing the sewer system. Vice Mayor Newberry noted that the City had recently added a significant number of customers. Commissioner Rogers asked how active sewer customers who also receive City water are currently billed. Administrator Rogers explained that active sewer customers are charged $22.00 for the first 1,000 gallons and $10.18 for each additional 1,000 gallons. Properties located along the sewer line that are not connected are charged a $22.00 monthly sewer improvement fee. Mayor Cardwell stated that the City had been required to charge properties located along the sewer line even if they were not connected. Administrator Rogers referenced her recent meeting with TJ at TAUD, who questioned why the City's water and sewer base charges were different when water entering a property generally results in wastewater leaving the property. Based on that discussion, she presented the proposal to align sewer rates with water rates. She stated that the Board discussed implementing this adjustment during the August 6 meeting but requested additional information before final action was taken. The proposed adjustment represented an increase of approximately 65%. Mayor Cardwell asked why the City should not simply match the sewer charge to the water charge until the upcoming meeting occurs or the State provides additional direction. Administrator Rogers stated that this was the approach discussed at the previous meeting and that the additional information presented was provided at the Board's request. Vice Mayor Newberry clarified that the portion tabled until the current meeting involved increasing the sewer improvement fee to approximately the same amount as a residential meter charge. Because the matter would affect him personally, Vice Mayor Newberry requested to recuse himself from the vote. He also stated that the proposed increase would be difficult to explain to affected residents on his street. Administrator Rogers stated that a 25% increase to the residential flat rate would raise the monthly charge from $22.00 to $27.50. The Board acknowledged that these changes may require difficult conversations with customers. Members also recognized that, if the City does not adjust the rates locally, another entity may impose adjustments without the City's input.

Administrator Rogers reported that TASS had increased the City's water and sewer charges by 22%. She noted that the current commercial flat rate of $36.00 would increase to $45.00 under a 25% adjustment. She also explained that the City has no direct method of measuring sewer usage for customers who obtain water from wells. TASS provides average water-usage figures for its customers based on a 12-month history, and the City uses that average to calculate their monthly sewer charges. She stated that those customers understand and have accepted this billing method. Administrator Rogers added that sewer customers should ultimately be billed in a manner that reflects their sewer usage rather than solely through a flat fee. Commissioner Rogers suggested that a flow meter could potentially be installed but acknowledged that doing so would create an additional expense and maintenance responsibility for the City. He stated that he supported the proposed recommendation and believed approving an increase would demonstrate to the State Board that the City was making a good-faith effort. He expressed hope that this action could result in additional time for the City to evaluate the system's financial performance rather than having the State impose a substantially larger increase. Mayor Cardwell asked what rate structure the Board of Utility would currently recommend to correct the City's financial deficiency. Administrator Rogers stated that the Board would not provide a specific recommended rate, despite her previous requests for that information. Commissioner Rogers supported continuing to bill active sewer customers based on metered water usage while increasing the flat sewer improvement fee charged to properties located along the sewer line. Administrator Rogers discussed retaining the flat-rate structure while increasing the residential charge from $22.00 to $27.50, representing a 25% increase. She also discussed increasing the commercial flat rate to $45.00 and developing an appropriate billing method for customers who use well water. Vice Mayor Newberry asked Attorney Goddard whether the City could implement a tiered sewer-usage rate structure in the future. Attorney Goddard stated that he was uncertain whether such a structure would be permissible. Mayor Cardwell stated that he did not believe the Board could establish appropriate rates without first determining the financial target the City must meet. Commissioner Rogers responded that the primary goal is to prevent the sewer system from ending each fiscal year with a deficit. Vice Mayor Newberry asked how close the sewer system is to operating without a deficit. Administrator Rogers explained that the budget requires expenses to be allocated among individual categories, including supplies and utilities. She stated that, without those allocated expenses, the sewer system would likely be close to breaking even because its primary direct expense is the amount paid to TASS. She further stated that, had the water and sewer funds been combined when initially directed, the City might not be in its current position. Mayor Cardwell stated that the State had directed the City to combine the water and sewer funds and that, if the action was not completed, it represented an administrative issue. He requested documentation showing the Comptroller's direction to combine the funds, a copy of the meeting minutes in which the Board approved the action, documentation showing that the funds were not combined at that time, and confirmation that they have now been combined. Mayor Cardwell stated that he did not personally support making additional rate changes until they understand what is expected of City. Administrator Rogers stated that the rates approved at the previous meeting would remain in effect. The residential base rate would be retained, while the commercial flat rates for 5/8-inch, 1-inch, and 2-inch meters would be standardized at $36.00. She then asked whether the Board also wanted to adjust the commercial rates. Mayor Cardwell stated that, if the Board applied the same percentage increase across all customer classes, the rates would at least remain consistent until additional information became available. Administrator Rogers agreed and stated that commercial rates would need to be adjusted to match the corresponding water rates based on meter size. The residential flat sewer improvement fee would increase by 25%, and the commercial flat rate would increase to $45.00. Commissioner Dale Wilkins stated that approving these changes before the September 10 meeting would provide the City's representative with evidence that the City is actively addressing its sewer-rate structure. Mayor Cardwell agreed that the changes would demonstrate the City's efforts to improve the system's financial condition. Administrator Rogers recommended providing advance notice to affected residents before the new charges appear on their utility bills. Vice Mayor Newberry recommended including the notice with the October billing, with the revised rates becoming due in November.

- **Motion Made:** Commissioner Dale Wilkins made a motion to keep flat fee for commercial sewer, raising it from $36.00 to $45.00, allowing flat fee for Residential to go from $22.00 to $27.50 and then on Commercial rate, we would match percentage of increase we did to residential to the commercial based on meter size.
- **Seconded By:** Commissioner Rogers
- **Motion Made**: All approved.

Administrator's Updates:

Grants:

- **Comments:** None.

Financial Updates:

- **Comments:** None

Adjournment: Mayor Cardwell asked if anyone had anything to discuss; if not, he needed a motion to adjourn.

- **Motion Made:** Commissioner Shane Rogers
- **Seconded By:** Commissioner Dale Wilkins
- **Motion Made:** All approved
- **Meeting Ended:** 7:50 p.m.

Steven Cardwell- Mayor

Kourtney Hawkins, City Recorder