



City of Friendsville

213 West College Ave. Friendsville, TN 37737
City Hall: 865.995.2831 Utility: 865.995.0243

February 2, 2026

Nate Fontenot, CFE
Financial Analyst
Comptroller of the Treasury
Division of Local Government Finance
425 Rep. John Lewis Parkway N. | Nashville, TN 37243

Dear Mr. Fontenot,

This letter serves as an updated response to the recent Order issued by the Tennessee Board of Utility Regulation regarding water loss within the City of Friendsville Water System.

Board staff noted that the city reported Non-Revenue Water at 39.40 percent, resulting in an estimated annual cost of \$54,180.00 to the municipality. Based on revenue data provided, approximately 4.17 percent of total water sales were being absorbed by excessive water loss. An assessment by the American Water Works Association (AWWA) identified unaccounted-for leakage within the utility's infrastructure as the primary source of this Non-Revenue Water.

The City of Friendsville Water System has taken, and continues to take, proactive steps to address water loss and improve system efficiency. Actions completed or currently underway include the following:

- In collaboration with Blount County, Tennessee, the City entered a contract with Consolidated Pipe and Supply Co., Inc. for the purchase and installation of an Automated Meter Reading (AMR) system as part of a complete meter replacement project, as detailed in Blount County Bid Number 2025-0020. The meter replacement project has been completed.
 - During the final quarter of 2024, system water loss was calculated at 34.85 percent. Following the meter replacement, water loss during the final quarter of 2025 was calculated at 16.49 percent, reflecting a significant improvement in system accountability and billing accuracy.
- Additionally, the City, in partnership with Blount County, intends to enter a contract with Nitzschke Communications, Inc. for water line improvements under Blount County Bid Number 2025-0020. This project is approximately 90 percent complete. Upon completion, many asbestos cement water lines in the downtown area will have been replaced, further reducing the risk of leakage and system failures.
- The City of Friendsville Water System has also requested a quotation from Rye Engineering, PLC to conduct a comprehensive water leak survey of the distribution system. Once the quotation is received, it will be presented to the Mayor and City Commission for consideration and approval. In addition, the city plans to apply in 2026 for a State of Tennessee Infrastructure Planning Grant to assist with funding the leak survey.

Throughout this process, the city has worked closely with TAUD East Tennessee Water Circuit Rider, Mr. TJ Emory, in developing and updating this Long-Term Action Plan to address water loss. This collaboration has been instrumental in identifying system needs and prioritizing corrective actions.



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The City of Friendsville Water System remains committed to continuing these efforts and completing the outlined steps to further reduce water loss, improve infrastructure reliability, and ensure long-term regulatory compliance.

If additional information is needed, please do not hesitate to contact the City of Friendsville Water System to discuss it.

Respectfully,

Kim Rogers
City Administrator
City of Friendsville
213 West College Avenue
Friendsville, TN 37737
Office: 865-995-2831, Ext. 103