



# City of Friendsville Utility

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*Policy Manual*  
*Revised July 2025*

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## **POLICY NO. 1 – ACCOUNT COLLECTION**

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### **Purpose and Scope**

The City of Friendsville Utility District (“CFUD”) establishes this Collection Policy to ensure the timely collection of amounts owed for utility services, maintain the financial integrity of the Utility, and comply with Tennessee state law, including T.C.A. §§ 7-82-101 et seq., 7-35-201, and 65-32-101 et seq. This policy applies to all accounts placed in “suspended” status for nonpayment and to voluntarily or involuntarily discontinued accounts.

### **Legal Authority**

- T.C.A. § 7-35-201 – Authority to discontinue service for nonpayment
- T.C.A. §§ 7-82-101 et seq. – Utility District Law of 1937
- T.C.A. §§ 65-32-101 et seq. – Utilities’ Cut-Off Procedures Act
- T.C.A. §§ 7-82-403 & 7-35-414 – Authority to establish rates and charges

### **Section 1 – Pre-Disconnection Notice Requirements**

CFUD utilizes an electronic billing and payment processing system to deliver all customer notices. At the time of account setup, each customer shall provide a valid email address and/or mobile phone number and shall acknowledge in writing that official notices, including disconnection notices, will be delivered electronically through CFUD’s billing system.

- Notice 1 – Invoice Available: Upon generation of the monthly invoice, the customer shall receive electronic notification that their invoice is available for review and payment.
- Notice 2 – Payment Due Reminder: A second notice shall be sent the day before the payment due date (the 18th of each month), reminding the customer that payment is due and that a late fee will be assessed if payment is not received by the close of business on the due date.
- Notice 3 – Pre-Disconnection Warning: No less than ten (10) calendar days before scheduled disconnection, a final notice shall be sent to the customer stating that service will be discontinued on a date certain if payment is not received. This notice shall include: (a) the account holder’s name and service address; (b) the total amount due, including any late fees; (c) the scheduled disconnection date; (d) CFUD’s contact information.

CFUD’s billing system shall generate a receipt report for each notice sent, recording the date and time of delivery, whether the notice was opened, and the date and time it was opened. These records shall be retained for a minimum of five (5) years. If the receipt report for Notice 3 shows the notice was not opened within three (3) business days, CFUD staff shall attempt to make phone contact. If unreachable, a mailed written notice shall be sent no later than five (5) calendar days before the scheduled disconnection date.

### **Section 2 – Disconnection Procedure for Nonpayment**

- Suspension of Service: Service may be suspended upon expiration of the notice period. The Field Technician shall leave a written notice at the premises stating the date and reason for disconnection, the balance due, and the procedure for restoration.
- Post-Suspension Collection Referral: If payment is not received within seven (7) business days after suspension, the Office Coordinator shall refer the account to an outside collection agency in compliance with the Fair Debt Collection Practices Act (15 U.S.C. § 1692 et seq.).

### **Section 3 – Governing Board Reporting and Approval**

- City Administrator’s Report: At each regular Board meeting, the Office Coordinator shall submit a written Collection Activity Report including all accounts submitted since the last meeting, status updates, and accounts recommended for write-off with supporting documentation.
- Board Approval of Write-Offs: No account shall be written off without prior Board approval. A write-off does not extinguish the debt; CFUD retains all legal rights to collect at any time prior to expiration of the applicable statute of limitations.

### **Section 4 – Disputed Accounts**

If a customer files a formal complaint contesting charges, collection activity shall be pending final Board action on the complaint. Throughout the dispute period, the customer remains responsible for current charges.

### **Section 5 – Denial of Future Service**

Until all outstanding balances, collection fees, and charges have been paid in full, CFUD shall not provide service to any person(s) whose name appears on a delinquent account or who previously received service from that account.

### **Section 6 – Restoration of Service**

Any person who makes full restitution to CFUD and/or its collection agents shall not be refused service solely on account of that prior delinquency, subject to: payment of all past-due balances, reconnection fees, and collection costs; payment of any additional deposit if warranted; and compliance with any written payment plan.

### **Section 7 – Collection Costs and Fees**

All reasonable fees incurred by CFUD in the collection of a delinquent account shall be borne by the account holder(s), established by Board resolution and published in the Schedule of Rates and Fees (T.C.A. § 7-82-403; OAG Op. 02-048).

### **Section 8 – Credit Reporting**

CFUD may report delinquent accounts to consumer credit reporting agencies in compliance with the Fair Credit Reporting Act (15 U.S.C. § 1681 et seq.). At least thirty (30) days' written notice shall be provided before reporting.

### **Section 9 – Payment Arrangements**

At the discretion of the City Administrator, CFUD may enter into a written payment arrangement with a customer. Failure to comply shall constitute grounds for immediate resumption of all collection procedures, including disconnection without additional notice.

### **Section 10 – Special Circumstances**

- Medical Emergencies: Customers may request a written temporary hold on disconnection with supporting documentation. CFUD may grant a hold of up to thirty (30) days, after which a payment arrangement must be in place.
- Returned Checks / Dishonored Payments: Any dishonored payment shall void any payment arrangement and immediately restore the account to delinquent status, subject to applicable returned check fees.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-101 et seq., 7-35-201, 65-32-101 et seq., and 7-82-403.*

## **POLICY NO. 2 – ADJUSTMENTS TO BILLS**

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### **Part A – Customer Leak Adjustments**

#### **Section 1 – Customer Responsibility**

It is the customer's responsibility to maintain their plumbing system in good working order. All water lines, fixtures, and plumbing on the customer's side of the meter — defined as the back side of the meter yoke — are the sole responsibility of the customer. CFUD is not responsible for water loss resulting from customer-side leaks, faulty plumbing, or failure to maintain the system.

#### **Section 2 – Eligibility for Leak Adjustment**

A bill adjustment due to a customer-side leak may be considered when there is documented evidence of an undetected leak. Adjustments are a discretionary benefit, not a requirement under Tennessee law. Adjustments will NOT be considered for any of the following:

- Routine dripping faucets, leaking toilets, or any other ongoing faulty plumbing;
- Premises left vacant or abandoned without reasonable care;
- More than one (1) leak adjustment per customer account per calendar year;
- Water used for filling swimming pools; or
- Water used for watering lawns or gardens.

#### **Section 3 – ServLine Coverage Procedure**

**Coverage Enrollment:** All customers are automatically enrolled in ServLine leak line protection coverage at the time of account setup, as authorized under T.C.A. § 7-82-302(a)(6). The cost of coverage will be included on the customer's monthly utility bill.

**Right to Refuse:** Customers have the right to refuse coverage at any time. To opt out, the customer must submit a written, signed ServLine Coverage Refusal Form to the CFUD office. The Office Coordinator shall attach the signed refusal form to the customer's account record. Customers who have declined coverage are not eligible for a ServLine leak adjustment.

**Reporting a Leak:** Once the customer reports a leak, the Office Coordinator shall verify the customer's ServLine coverage status before proceeding. If the customer has active coverage, office personnel shall notify the customer:

- The leak must be fully repaired before a claim can be submitted.
- Proof of repair — paid repair receipt, contractor invoice, or signed written statement if self-repaired, or photographs — must be provided to CFUD before the claim is processed;
- Once the leak is repaired and documentation is received, the customer shall file a claim directly with ServLine by calling 1-866-421-3815.

Office personnel shall document all of the above in the customer's account notes at the time of the call.

#### **Section 4 – Account Status During Claim Processing**

Once a ServLine claim has been reported and documented, the account shall not be subject to disconnection for nonpayment while the claim is actively being processed. This hold applies only to the disputed leak portion and does not excuse the customer from paying current charges.

#### **Section 5 – Customer Payment Responsibility During Claim**

While a claim is being processed, the customer remains responsible for maintaining partial payment. The customer's share shall be calculated based on average usage over the prior twelve (12) months. Late payment penalties on the leak-related portion shall be removed once the ServLine payment has been received and applied by CFUD.

### **Part B – Faulty Meter Adjustments**

#### **Section 6 – Investigation of Meter Accuracy**

When a customer disputes a bill based on a suspected meter error, CFUD shall first investigate to determine whether the meter was properly read and whether any CFUD equipment failure occurred.

**Section 7 – Adjustment for CFUD Error**

If the investigation establishes that the meter was misread or that CFUD equipment failed, CFUD shall issue a corrected bill using an estimated reading based on the customer's average usage over the prior twelve (12) months. Consistent with T.C.A. § 28-3-302, retroactive adjustments shall not extend beyond thirty-six (36) months prior to the date the error was discovered. No late payment penalties shall be assessed in the event an adjustment delays payment.

**Section 8 – Bill Upheld When No CFUD Error Found**

If the investigation establishes that the meter was properly read and no CFUD equipment failure occurred, the bill shall remain valid and payable in full.

**Section 9 – Customer-Requested Meter Test**

Any customer questioning the accuracy of their meter may request a formal meter test. The customer shall be responsible for paying for the testing. The Office Coordinator will obtain a quote from the outside vendor. No test will proceed without the account holder's signed written consent.

**Section 10 – Meter Test Results**

Meter accuracy shall be evaluated against AWWA standards. If the meter tests accurately within AWWA guidelines, the customer is responsible for the full cost of the test. If the meter fails AWWA accuracy standards, CFUD shall refund the testing cost and repair or replace the meter at no cost to the customer. A bill adjustment shall be issued in accordance with Section 7.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-302, 7-82-403, 7-35-414, and 28-3-302.*

<https://www.friendsvilletn.gov/sites/default/files/uploads/community-center/CCI/cci-venmo-2.png>

## **POLICY NO. 3 – ADVERTISING**

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### **Section 1 – Purpose and General Policy**

It is the policy of CFUD that all advertising expenditures must directly promote CFUD and the products and/or services it provides to customers. No advertising expenditure shall be authorized that does not meet this criterion.

### **Section 2 – Permissible Advertising Content**

- Customer services offered by CFUD;
- Products provided by CFUD;
- Special promotions or service announcements;
- Quality of services provided to customers;
- Cost or cost comparison information for services provided.

### **Section 3 – Target Audience**

All advertising shall be directed towards present customers of CFUD or potential customers located within CFUD's current or planned service area. No advertising shall be directed toward customers outside of areas that CFUD currently services or has an approved plan to service.

### **Section 4 – Permissible Advertising Methods**

- Newspapers and print publications;
- Television and radio;
- Internet and social media;
- Magazines;
- Billboards and outdoor signage;
- School and community programs, annuals, and calendars.

### **Section 5 – Approval Authority**

All advertising expenditure shall be included in CFUD's annual operating budget as approved by the Governing Board. Advertising expenditures within the approved budget may be authorized by the City Administrator. Any single expenditure exceeding \$1,000.00 shall require prior Board approval by recorded vote.

### **Section 6 – Record Keeping**

All records regarding advertising expenditures shall be retained for a minimum of five (5) years.

## **POLICY NO. 4 – ALTERNATE PAYMENT METHODS**

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### **Section 1 – Purpose**

CFUD offers customers multiple payment options in addition to standard check or cash payment. This policy governs the acceptance of bank drafts (ACH/automatic payment) and credit or debit card payments.

### **Part A – Automatic Bank Draft (ACH)**

#### **Section 2 – Enrollment**

CFUD will accept automatic bank drafts drawn on any federally insured financial institution. To enroll, the customer must complete and sign a Pre-Authorization Agreement Form and attach a voided check.

#### **Section 3 – Invoice and Draft Timing**

CFUD will mail or deliver an invoice to the customer on the regular billing date noting “Paid by Bank Draft.” The draft will be presented to the customer’s bank for payment on the date the net amount is due.

#### **Section 4 – Returned Drafts**

If a draft is returned unpaid, CFUD will: notify the customer by mail, phone, and/or door tag; assess a returned draft fee equal to the maximum permitted under T.C.A. § 47-29-102; and subject the account to CFUD’s standard disconnection procedures under Policy No. 1.

#### **Section 5 – Removal from Automatic Draft**

Any customer whose draft is returned unpaid on two (2) or more occasions will be permanently removed from the Automatic Bank Draft program. A customer may voluntarily withdraw at any time by submitting a written or verbal request. The customer will be removed at the next available billing cycle.

### **Part B – Credit and Debit Card Payments**

#### **Section 6 – Accepted Cards**

- Visa
- MasterCard
- Discover

#### **Section 7 – Verification Requirements**

- In person: Verify cardholder’s photo identification, confirm the card’s expiration date, and compare the signature on the card to the sales draft.
- Online/Internet: Verify the card expiration date, the security code on the rear of the card, and the cardholder’s billing address.

#### **Section 8 – Processing Fees**

Pursuant to T.C.A. § 9-1-108(3), CFUD is authorized to set and collect a processing fee equal to the amount paid to the third-party processor, not to exceed five percent (5%) of the payment amount. CFUD has elected not to charge customers a processing fee. All credit and debit card processing fees are set and collected directly by CFUD’s third-party payment processor. CFUD does not receive, retain, or benefit from any processing fee charged to the customer.

#### **Section 9 – Terminal Security**

CFUD shall use only electronic authorization terminals approved by its credit card provider and shall never use or share terminals with another business.

#### **Section 10 – No Cash Advances or Cash Returns**

CFUD shall not issue cash advances or cash refunds on any credit or debit card presented for payment.

#### **Section 11 – Declined Cards**

If a card is declined at the time of presentation, the customer will be required to provide payment by an alternate method before service obligations are considered satisfied.

**Section 12 – Dishonored Card Payments**

If a card payment is not honored by the issuing institution after the transaction, CFUD will assess a service charge equal to the returned check fee under T.C.A. § 47-29-102. This section does not apply where an electronic terminal was used, the card and cardholder were physically present, and the declination was communicated at the time of the transaction.

**Section 13 – Chargebacks**

Any chargeback received by CFUD shall be treated as nonpayment of the customer's account and will be subject to forfeiture of any applicable discount, assessment of penalties and fees, and CFUD's standard disconnection procedures under Policy No. 1.

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*This policy is adopted pursuant to T.C.A. §§ 9-1-108 and 47-29-102.*

## **POLICY NO. 5 – BAD DEBT WRITE-OFF**

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### **Section 1 – Purpose**

CFUD will actively pursue the collection of all delinquent accounts and regularly review outstanding balances. This policy establishes criteria and procedures for writing off amounts determined to be uncollectible. A write-off is an accounting action only and does not extinguish the debt or waive CFUD's legal right to collect.

### **Section 2 – Collection Referral**

Delinquent accounts shall be referred to an outside collection agency no later than the next regular billing cycle following the expiration of the seven (7) business day post-suspension payment period, per Policy No. 1, Section 2.

### **Section 3 – Criteria for Write-Off**

- The debt is disputed, and CFUD has insufficient documentation to pursue collection.
- The cost of further collection efforts will exceed the estimated recovery.
- The balance is under \$20.00 and remains unpaid after one (1) year;
- The account remains unpaid after the applicable statute of limitations has expired;
- The account holder cannot be located, and no assets can be found;
- The account holder has died, and there is no known estate or guarantor.
- The account holder is a business entity that is no longer in operation;
- The debt has been discharged through bankruptcy or court judgment.

### **Section 4 – Annual Write-Off Review**

At least annually, the Office Coordinator shall prepare a written list of accounts meeting the criteria in Section 3 for submission to the Governing Board. The list shall include, at a minimum, the account holder's name, account number, service address, account balance, and applicable write-off criterion. Delinquent accounts should be written off during the fiscal year in which they are determined to be uncollectible.

### **Section 5 – Board Approval Required**

No account shall be written off without prior approval by the Governing Board by official resolution or recorded vote. Upon Board approval, the Office Coordinator shall process the write-off in CFUD's billing and accounting software and retain documentation of the Board's action in the account record.

### **Section 6 – Write-Off Does Not Extinguish Debt**

A Board-approved write-off removes the balance from CFUD's active receivables but does not release the debtor from the obligation to pay. CFUD retains all legal rights to pursue collection prior to the expiration of the applicable statute of limitations.

### **Section 7 – Effect on Future Service**

If a delinquent account has been written off, the account holder shall not be permitted to establish a new CFUD service at any location until all delinquent balances and collection costs have been paid in full.

### **Section 8 – Record Retention**

All records related to delinquent accounts, collection referrals, write-off determinations, and Board approvals shall be retained for a minimum of seven (7) years.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-403, 7-35-201, and 28-3-302.*

## **POLICY NO. 6 – BILLING AND PAYMENT**

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### **Section 1 – Billing Frequency**

CFUD bills for residential service will be rendered monthly. Commercial and industrial customers may be billed monthly or more frequently at the discretion of the Governing Board.

### **Section 2 – Billing Schedule**

- Meters Read: 28th of each month
- Bills Issued: By the 5th of the following month (via third-party billing system)
- Payment Due Date: 18th of each month
- Late Fee: 10% applied after 4:30 PM on the 18th
- Final Payment / Disconnection Date: 28th of each month
- Reconnection Fee: \$75.00
- No reactivations after 4:00 PM; service resumes next business day

Should the payment due date or final payment date fall on a weekend or official holiday, payment may be made on the following business day at the net amount without penalty.

### **Section 3 – Electronic Notification of Bills**

CFUD utilizes an electronic billing and notification system to deliver invoices and payment reminders in accordance with the three-notice sequence established in Policy No. 1, Section 1. Customers are responsible for maintaining a current and valid email address and/or mobile phone number on file with CFUD at all times.

### **Section 4 – Customer Responsibility for Payment**

Failure to receive a bill, invoice notification, or payment reminder — for any reason, including an outdated email address, spam filter, or incorrect phone number — does not change the customer's obligation to pay the amount due in a timely manner. Customers who have not received a bill by the 10th of the month should contact the CFUD office promptly.

### **Section 5 – Accepted Payment Methods and Locations**

- Mail: Payment posted on the date received at the CFUD office;
- Drop Box: Blue drop box located in front of City Hall; payment posted on the business day the box is opened. Do not use Fort Loudoun Electric's drop box.
- Online: Via CFUD's billing portal; payment posted on the business day entered;
- Phone: 24-hour bill pay line at 1-855-816-5721; account number and CID required;
- Bank Draft (ACH): Automatic withdrawal on the 18th of each month; enrollment required by Policy No. 4;
- Credit/Debit Card: Accepted in person and online per Policy No. 4; processing fees set and collected by CFUD's third-party processor;
- Bank Bill Pay: Payments must be received at the CFUD office by the 28th. Delays caused by third-party bank mail or processing are not CFUD's responsibility.

### **Section 6 – Late Fees and Penalties**

If full payment is not received by 4:30 PM on the 18th of each month, a late penalty of ten percent (10%) of the current bill will be assessed. If the full balance, including any late penalty, is not received by the 28th of each month, the account will be subject to disconnection in accordance with Policy No. 11.

### **Section 7 – Returned Payments**

If any payment is returned by a financial institution for any reason, the maximum returned payment fee permitted under T.C.A. § 47-29-102 will be assessed. As of the date of this policy, that fee is \$30.00. Returned payments are governed further by Policy No. 20.

### **Section 8 – Bill Disputes**

When a customer believes a bill to be incorrect, the customer must contact the CFUD office in person or by telephone no later than five (5) days before the scheduled disconnection date. If the dispute cannot be resolved by telephone, the customer must schedule an appointment with the Office Coordinator and City Administrator

within three (3) business days. Service will not be disconnected for failure to pay a disputed bill while the dispute is pending. The Board's decision shall be final. Throughout the dispute period, the customer remains responsible for all current charges.

#### **Section 9 – Minimum Bill**

All active accounts are subject to a minimum monthly bill regardless of usage. Current minimum bill amounts are set forth in CFUD's Schedule of Rates and Fees.

#### **Section 10 – Record Retention**

All records regarding customer billing shall be retained for a minimum of seven (7) years.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-403, 7-35-414, 47-29-102, and 65-32-104.*

## **POLICY NO. 7 – CONFLICT OF INTEREST**

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### **Section 1 – Purpose**

CFUD is a public entity operated for the benefit of its customers and the community it serves. This policy ensures that all members of the Governing Board, committee members, and CFUD employees perform their duties with integrity, objectivity, and undivided loyalty to CFUD, free from actual or apparent conflicts of interest.

### **Section 2 – Persons Covered**

- Members of the CFUD Governing Board;
- Members of any advisory or standing committee of CFUD;
- All full-time, part-time, and contract employees of CFUD.

### **Section 3 – Prohibition on Conflicts of Interest**

- Participate in any arrangement with any vendor or supplier doing business with CFUD that has resulted or could result in personal benefit;
- Accept any salary payments, loans, gifts, free services, discounts, or other fees from any organization engaged in any transaction with CFUD;
- Use their position with CFUD to influence any decision in which they have a personal financial interest.

### **Section 4 – Disclosure Requirement**

Any covered person who has or becomes aware of a personal interest in any matter pending before CFUD shall immediately disclose the nature of that interest to the Governing Board or their supervisor, refrain from participating in any discussion, vote, or decision on such matter, and have the disclosure and recusal documented in the minutes of the relevant Board meeting or in the employee's personnel file.

### **Section 5 – Gifts and Gratuities**

No-covered person shall solicit or accept any gift, gratuity, favor, entertainment, loan, or any other item of monetary value from any person or organization that does or seeks to do business with CFUD, where the gift could reasonably be expected to influence the covered person's actions. Nominal items under \$25.00, such as promotional materials or refreshments at public events, are excluded.

### **Section 6 – Consequences of Violation**

- Removal from the Governing Board in accordance with T.C.A. § 7-82-307;
- Disciplinary action up to and including termination of employment;
- Referral to appropriate law enforcement or regulatory authorities;
- Civil liability for any damages resulting from the conflict.

### **Section 7 – Annual Certification**

All covered persons shall sign and submit a completed Conflict of Interest Disclosure and Certification Form (see attached) annually, no later than January 31 of each year.

### **Section 8 – Record Retention**

All signed Conflict of Interest Disclosure and Certification Forms shall be retained for a minimum of seven (7) years.

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*This policy is adopted pursuant to T.C.A. § 7-82-307 and applicable provisions of Tennessee ethics law.*

## **POLICY NO. 8 – CUSTOMER SERVICE AGREEMENT**

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Friendsville CFUD requires the applicant to be the individual residing at the service address. Anyone applying on the applicant's behalf must present written authorization and proper identification for both parties.

### **Disputed Occupancy**

If there is a dispute about who occupies the service address, Friendsville CFUD may: provide service to the party in actual possession of the premises; or withhold service pending legal resolution.

### **Billing Schedule**

- Meters Read: 28th of each month
- Bills Mailed: By the 5th (third-party billing)
- Due Date: 18th (no penalty if paid on or before)
- Late Fee: 10% applied after 4:30 PM on the 18th
- Disconnection Date: 28th for unpaid bills
- Reconnection Fee: \$75.00
- No Reactivations After: 4:00 PM; service resumes next business day

### **Payment Options**

- Drop Box: Blue drop box in front of City Hall (do not use Fort Loudoun Electric's drop box)
- Online: Via CFUD's billing portal; payment posted on the business day entered
- Phone: 24/7 payments at 1-855-816-5721 (Account and CID required)
- Bank Draft (ACH): Withdrawals on the 18th (enrollment required per Policy No. 4)
- Bank Bill Pay: Payments must be received by the 28th; third-party mailing delays are not CFUD's responsibility
- Credit/Debit Card: Accepted in person and online per Policy No. 4; processing fees set and collected by CFUD's third-party processor. CFUD does not charge a processing fee.

### **Important Water Service Information**

- Failure to receive a bill does not exempt the customer from payment.
- A \$30.00 fee applies to all returned checks per T.C.A. § 47-29-102.
- Bill disputes must be reported within five (5) days of receipt.
- Customers are responsible for timely payment regardless of billing method.
- CFUD is not responsible for landscaping removed to install or maintain service.
- Customers must install a shut-off valve on the customer side of the meter.
- All equipment inside the meter box is CFUD property.
- Allow a minimum of fourteen (14) days for new water tap installation.
- Private well connections require cross-connection inspection before service.

### **Terms and Conditions**

This agreement binds the applicant and all successors and assigns and is not transferable without written CFUD approval.

- Customers must notify CFUD of the selling, subdividing, or leasing of the property.
- Breach of this agreement may result in service disconnection.
- Service is provided only to the listed customer and address; sharing or extending service is prohibited.
- All meters and appurtenances remain the property of CFUD.
- CFUD may inspect service installations with reasonable notice; customer plumbing is not CFUD's responsibility.
- Customers must maintain clear, safe access to all CFUD equipment at all times; failure may result in disconnection.
- CFUD may restrict or discontinue service during emergencies and is not liable for interruptions.
- No guarantees are made regarding service quality, pressure, quantity, or continuity.

- Misuse of service or failure to comply with CFUD policies may result in disconnection.
- Customers are responsible for all equipment on the customer side of the meter, including pressure regulators and backflow devices.
- Cross connections with private wells or other water sources are strictly prohibited.
- Requests for service disconnection must be made in writing, in person, or by verified phone call.
- Minimum charges may apply for up to one (1) year if service is available but unused.
- Unauthorized reconnections are subject to penalties and fees.
- Damage to CFUD property will be billed to the customer and may include penalties.
- Customers must contact Tennessee One Call (811) before performing any excavation near CFUD equipment.

### **CFUD Access and Meter Protection**

By requesting and accepting water service, the Customer grants Friendsville CFUD, its employees, and authorized agents' permission to access the water meter, meter box, and related CFUD-owned equipment located on the Customer's property at reasonable times for purposes including meter reading, inspection, maintenance, leak detection, repair, replacement, verification of proper use, and emergency response.

The Customer acknowledges that the water meter, meter box, lid, yoke, and all related appurtenances are the sole property of Friendsville CFUD. Water meters must never be blocked, covered, buried, paved around, landscaped over, or otherwise obstructed in any manner.

### **Customer Alteration Near CFUD Equipment**

You agree that, once water service has been installed, the customer must notify Friendsville CFUD in advance before performing any work that may affect CFUD-owned equipment or access to such equipment, including but not limited to grading, landscaping, paving, concrete, driveways, sidewalks, fencing, structures, or any change in ground elevation near meters or service lines.

### **Communication Disclosure and Consent**

You agree that, in order for the City of Friendsville to service your account or collect any amounts that may be owed, we may contact you by telephone at any number associated with your account, including wireless numbers. We may also contact you via text message or email using any email address you provide. Methods of contact may include the use of pre-recorded or artificial voice messages and/or automatic dialing systems.

## **POLICY NO. 9 – CUSTOMER FEES, RATES, AND CHARGES**

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### **Section 1 – Purpose and General Provision**

All fees, rates, and charges for CFUD service are established by resolution of the Governing Board and published in CFUD's current Schedule of Rates and Fees, which is incorporated by reference into this policy as Appendix A. Pursuant to T.C.A. §§ 7-82-403 and 7-35-414, CFUD's rates and charges must be sufficient to pay all reasonable operating expenses.

### **Section 2 – New Service Charges**

Any customer or potential customer desiring CFUD service shall complete a Customer Application/Contract Form. A tapping privilege fee is charged when CFUD service is initially extended from the main line to the customer's property line. The ownership of the tap is conveyed with the property. A residential or commercial tap entitles a customer to CFUD service to one and only one dwelling or business. A second tap must be obtained for any additional dwelling or business.

### **Section 3 – Temporary and Seasonal Service**

Customers requiring temporary service shall pay all costs of connecting and disconnecting service. If a customer wishes service to be temporarily turned off, the request must be made in person or in writing at the CFUD office. Depending on the expected duration, CFUD will valve off or remove the meter at its discretion. If the meter is not removed, a minimum bill shall be issued as normal. A service fee applies to both the temporary disconnection and reinstatement of service as set forth in the Schedule of Rates and Fees. All active accounts are subject to the minimum monthly bill at each billing period.

### **Section 4 – Late Payment Penalty**

If full payment of a bill is not received at the CFUD office by 4:30 PM on the 18th of each month, the late penalty shown on the bill will be assessed. The current late penalty rate is ten percent (10%) of the current bill.

### **Section 5 – Meter Testing**

Any customer who questions the accuracy of their meter may request a formal meter test. The customer shall pay the current bill in full, plus the meter testing fee as set forth in the Schedule of Rates and Fees, prior to the meter being pulled for testing. No meter will be sent for testing without the account holder's signed written consent. If the meter tests accurately within AWWA guidelines, the customer is responsible for the full cost of the test. If the meter fails AWWA accuracy standards, CFUD shall refund the meter testing fee and shall repair or replace the meter at no cost to the customer.

### **Section 6 – Meter Re-Read Request**

Any customer who questions the accuracy of a meter reading may request CFUD to re-read the meter. If the re-read confirms the original reading was correct, a re-read fee will be assessed. If the original reading is found to be incorrect, the account will be adjusted, and no fee will be assessed.

### **Section 7 – Meter Usage Profile**

Customers may request a meter usage profile, which outlines water consumption on an hourly basis. The fee for this service is set forth in the Schedule of Rates and Fees.

### **Section 8 – Returned Payment Fee**

If a customer check, draft, or card payment is returned to CFUD by a financial institution for any reason, a returned payment fee equal to the maximum amount permitted under T.C.A. § 47-29-102 will be assessed. Returned payments are governed further by Policy No. 20.

### **Section 9 – Other Service Charges**

The following additional service charges apply as set forth in the Schedule of Rates and Fees: backflow prevention test fee; reconnection fee; meter tampering fee; lock tampering fee; lock replacement fee; labor rate for service calls; and any other charges established by Board resolution.

### **Section 10 – Record Retention**

All records of fees, rates, charges, and rate-setting resolutions shall be retained for a minimum of ten (10) years.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-403, 7-35-414, and 47-29-102.*

## **POLICY NO. 10 – CUSTOMER NON-DISCRIMINATION**

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### **Section 1 – Purpose**

CFUD is committed to providing fair, equal, and courteous service to all customers and applicants for service within its service area.

### **Section 2 – Non-Discrimination in Service**

CFUD shall not discriminate against any individual in the provision of utility services on the basis of: race; color; national origin; religion; sex or gender; age; physical or mental disability; familial status; veteran or military status; or any other classification protected by applicable federal or Tennessee state law.

### **Section 3 – Employee Conduct**

All CFUD employees, Board members, and authorized agents shall treat every customer and applicant with courtesy and respect, without regard to any of the characteristics listed in Section 2. Any CFUD employee found to have discriminated against a customer shall be subject to disciplinary action up to and including termination of employment.

### **Section 4 – Americans with Disabilities Act Compliance**

CFUD is committed to compliance with the Americans with Disabilities Act of 1990 (ADA), as amended, and Section 504 of the Rehabilitation Act of 1973. CFUD shall make reasonable accommodations to ensure that customers with disabilities have equal access to CFUD services, facilities, and communications.

### **Section 5 – Language Access**

CFUD will make reasonable efforts to communicate with customers who have limited English proficiency in a manner that provides them with meaningful access to CFUD services and billing information, consistent with federal civil rights guidance under Title VI of the Civil Rights Act of 1964.

### **Section 6 – Non-Discrimination Complaint Procedure**

Any customer or applicant who believes they have been subjected to discrimination in the provision of CFUD services may file a written complaint with the City Administrator. The complaint shall include the complainant's name, address, and contact information; a description of the alleged discriminatory act; and the date(s) on which the alleged discrimination occurred. The City Administrator shall provide a written response within thirty (30) days of receipt. If the complainant is not satisfied, the complainant may request review by the Governing Board.

### **Section 7 – Record Retention**

All non-discrimination complaints and CFUD's written responses shall be retained for a minimum of seven (7) years.

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*This policy is adopted pursuant to Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973, and T.C.A. §§ 7-82-101 et seq.*

## **POLICY NO. 11 – DISCONTINUANCE OF SERVICE**

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### **Section 1 – Purpose and General Provision**

This policy governs the discontinuance of CFUD water service for nonpayment, policy violations, and other authorized reasons. All disconnection activity shall be conducted in accordance with the pre-disconnection notice requirements established in Policy No. 1, Section 1, and the procedures set forth in this policy. All fees and charges for disconnection and reconnection of service are set forth in CFUD's current Schedule of Rates and Fees.

### **Section 2 – Authorized Reasons for Discontinuance**

- Nonpayment of any bill or other charge by the final payment date;
- Partial payment of a bill or other charge without an approved payment arrangement;
- Failure to comply with CFUD rules, regulations, or policies;
- Any condition on the customer's premises that poses a threat to public health or that may endanger other customers;
- Tampering with CFUD equipment or theft of service, in accordance with Policy No. 23;
- Allowing more than one service connection on a single tap without CFUD authorization, in accordance with Policy No. 19;
- Failure to provide CFUD with reasonable access to meters and equipment;
- Any other reason authorized under Tennessee law.

### **Section 3 – Disconnection Procedure**

Customers who fail to pay their CFUD bill by the 18th of each month are subject to a late fee. If the full balance, including any late fee, is not paid by the 28th of each month, CFUD shall process the disconnecting service. Prior to disconnection, CFUD shall provide notice in accordance with Policy No. 1, Section 1. Upon disconnection, the Field Technician shall leave a written notice at the premises stating: (a) the date and reason for disconnection; (b) the total balance due, including any reconnection fee; (c) the procedure for restoration of service; and (d) CFUD's contact information. Service will be reinstated during the hours of 8:00 AM to 4:00 PM, Monday through Friday, except in case of an emergency. No reactivations will be processed after 4:00 PM; service will resume the next business day.

### **Section 4 – Reconnection Requirements**

If a customer has disconnected service for nonpayment, the customer must pay: all outstanding charges and accrued late fees; the reconnection fee (\$75.00); and any additional deposit required under CFUD's deposit policy.

### **Section 5 – Life Support and Medical Equipment**

CFUD shall not disconnect service to any customer who depends on electrically operated life support equipment provided:

- The customer must notify CFUD in writing that discontinuance would be life-threatening, with supporting documentation from a licensed physician;
- Upon receipt of qualifying documentation, CFUD will flag the customer's account and meter as an Emergency Medical Service account;
- Medical certification must be renewed annually. CFUD will notify the customer at least thirty (30) days before the certification expiration date;
- A life support designation does not relieve the customer of the obligation to pay all amounts owed.

### **Section 6 – Landlord and Tenant Provisions**

A landlord shall not use the discontinuance of CFUD service to force a tenant or occupant to vacate or surrender possession of the property. If a landlord fails to pay CFUD bills held in the landlord's name, CFUD will provide at least two (2) business days' notice to the occupants of the affected premises by phone or email before disconnecting service. Service to non-owner-occupied properties is further governed by Policy No. 21.

## **Section 7 – Customer Responsibility**

The customer whose name appears on the service application is responsible for payment of all charges and compliance with all CFUD policies at the service address. Discontinuance of service by CFUD does not release the customer from liability for payment of service already received. In the event any customer fails to pay any CFUD fee or charge, the customer shall pay all costs of collection, including court costs and reasonable attorney's fees.

## **Section 8 – Denial of Future Service**

CFUD reserves the right to refuse service to any applicant or any member of an applicant's household residing at the same address if that person is delinquent on any CFUD payment or had service discontinued due to a violation of CFUD policies.

## **Section 9 – Request for Voluntary Disconnection**

A customer may request voluntary termination of service in person, in writing, or by verified phone call to the CFUD office. The customer remains responsible for all charges accruing through the date of disconnection, including the applicable minimum charge.

## **Section 10 – CFUD Liability**

CFUD shall not be liable for any loss or damage resulting from the discontinuance of service, whether voluntary or for nonpayment or policy violation, provided that CFUD has followed the notice and disconnection procedures established in this policy and Policy No. 1.

## **Section 11 – Payment Plans**

At the discretion of the City Administrator, CFUD may enter into a written Deferred Payment Agreement with a customer subject to the following conditions:

- Payment plans are available only for balances of one hundred fifty dollars (\$150.00) or more;
- Payment plans shall not exceed six (6) months in duration;
- Monthly plan payments shall include the current month's charges plus a portion of the past-due balance sufficient to bring the account to a zero balance by the end of the plan term;
- Failure to pay the plan amount by the 18th of each month shall constitute a default;
- CFUD is not required to offer a subsequent Deferred Payment Agreement to a customer who has defaulted on a prior plan;
- Any payments received under the payment plan will first be applied to current charges, with the remainder applied to the past-due balance.

## **Section 12 – Record Retention**

All disconnection records, reconnection records, life support designations, and payment plan agreements shall be retained for a minimum of seven (7) years.

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*This policy is adopted pursuant to T.C.A. §§ 7-35-201, 65-32-104, 7-82-403, and 47-29-102.*

## Deferred Payment Agreement

**Name of Customer(s):** \_\_\_\_\_

**Service Address:** \_\_\_\_\_

**Phone Number(s):** \_\_\_\_\_

**Account Number:** \_\_\_\_\_

This Agreement is made between CFUD and the above-named customer. The customer acknowledges they are unable to pay the outstanding CFUD bill for service provided to the above address in the amount of \$\_\_\_\_\_. The customer agrees to pay estimated monthly installments of \$\_\_\_\_\_ in addition to the current monthly bill.

**Payment plans start date:** \_\_\_\_\_ **Final payment due date:** \_\_\_\_\_

### Terms and Conditions:

- Customers agree to pay the plan amount plus current monthly charges on or before the 18th of each month;
- If the customer misses a due date, this agreement is void, and the full balance becomes due immediately.
- Any payments received will first be applied to current charges, with the remainder applied to the past-due balance;
- If the customer does not fulfill the terms of this Agreement, CFUD shall notify the customer in writing and is not required to offer a subsequent payment plan.

**CFUD Customer:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**CFUD Customer:** \_\_\_\_\_ **Date:** \_\_\_\_\_

## **POLICY NO. 12 – EMINENT DOMAIN**

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### **Section 1 – Purpose**

CFUD has the legal authority to acquire easements and real property necessary for the provision of utility services through the power of eminent domain, as authorized under T.C.A. § 7-82-301 and T.C.A. §§ 29-17-101 et seq. Condemnation shall always be considered a last resort. CFUD shall make every reasonable effort to acquire necessary easements and property through voluntary negotiation before initiating condemnation proceedings.

### **Section 2 – Determination of Need**

The City Administrator will determine when CFUD must acquire an easement or property to provide or maintain utility service and shall advise the Governing Board of the need, location, and purpose.

### **Section 3 – Board Authorization to Negotiate**

The Governing Board shall authorize the City Administrator or another designated representative to negotiate, specifying: the maximum purchase price CFUD is authorized to offer; any other parameters the negotiator must observe; and the identity of the person authorized to negotiate on CFUD's behalf.

### **Section 4 – Negotiation Procedure**

The City Administrator or Board's designee shall communicate personally with the property owner, present a written easement agreement or purchase contract at or before the first substantive communication, negotiate within the parameters established by the Board, and report the progress of negotiations to the Board at each regular meeting until the matter is resolved.

### **Section 5 – Failed Negotiations**

If the City Administrator or Board's designee is unable to negotiate acquisition within the parameters established by the Board, the Board may establish new negotiation parameters or determine that condemnation proceedings are necessary and pass a resolution authorizing the filing of a petition. Before any condemnation petition is filed, the City Administrator or the Board's designee shall send written notice to the property owner advising that condemnation will be pursued.

### **Section 6 – Condemnation Proceedings**

If the Board determines that condemnation is necessary, the Board shall pass a resolution authorizing the condemnation by recorded vote; contact CFUD's legal counsel and direct the attorney to file the appropriate condemnation petition; and provide the attorney with all information necessary to file the petition. After the Board has authorized the petition, all further procedures shall be directed by CFUD's legal counsel.

### **Section 7 – Expedited Procedures**

When time is critical, and circumstances do not permit CFUD to follow the standard procedures outlined in this policy, CFUD shall consult its attorney immediately to determine the appropriate course of action, including whether expedited condemnation under T.C.A. § 29-17-901 et seq. (Quick Take) is appropriate.

### **Section 8 – Record Retention**

When an easement or piece of real property is acquired by condemnation, CFUD shall make and retain a certified copy of the condemnation order as a permanent record. This order shall be maintained with CFUD's other deeds and easements permanently. All negotiation records, correspondence with property owners, and Board resolutions related to eminent domain proceedings shall also be retained permanently.

## **POLICY NO. 13 – FIRE HYDRANT USE – UNAUTHORIZED USE AND PENALTIES**

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### **Section 1 – Purpose**

The purpose of this policy is to protect CFUD's water distribution system from unauthorized use, damage, and water loss. Fire hydrants connected to CFUD's water system are CFUD property and are maintained exclusively for authorized use. Unauthorized use of any CFUD fire hydrant is strictly prohibited and will be prosecuted to the fullest extent permitted by law.

### **Section 2 – Authorized Hydrant Use**

The following uses of CFUD fire hydrants are authorized:

- Use by the Friendsville Volunteer Fire Department for active fire suppression during structure fires, wildfires, or other emergency responses;
- Use by the Friendsville Volunteer Fire Department for approved training exercises, with prior written notification submitted to CFUD before any training use occurs;
- Routine flushing, flow testing, and maintenance performed by CFUD personnel or CFUD's authorized agents;
- Construction water use authorized under a written Hydrant Meter Permit issued by CFUD under Policy No. 15.

### **Section 3 – Prohibited Uses**

The following uses of CFUD fire hydrants are strictly prohibited:

- Filling swimming pools, ponds, tanks, or any other water storage container;
- Dust control, irrigation, or any agricultural use;
- Any commercial, industrial, or personal water supply use not covered by an authorized Hydrant Meter Permit under Policy No. 15;
- Any use by any person, contractor, or entity not listed in Section 2 above, regardless of the purpose.

### **Section 4 – Customer Pool Filling**

CFUD does not permit pool filling through fire hydrants under any circumstances. Customers wishing to fill a swimming pool, pond, or other water storage container must do so exclusively through their own active CFUD water service connection and meter. All water used for pool filling is billed at the customer's standard applicable rate. No bill adjustment will be made for water used to fill swimming pools, according to Policy No. 2, Section 2.

### **Section 5 – Penalties for Unauthorized Hydrant Use**

Any person found using a CFUD fire hydrant without prior written authorization from CFUD shall be subject to all of the following:

- Immediate discontinuance of service at any CFUD account held in the person's name, in accordance with Policy No. 11;
- A bill adjustment for the estimated value of all water taken, calculated at two (2) to four (4) times the applicable commercial rate, as determined on a case-by-case basis by the Governing Board;
- A violation fee as set forth in CFUD's current Schedule of Rates and Fees, plus all service call charges, labor, and equipment costs;
- Civil liability for damages resulting from the unauthorized use, including actual, compensatory, and punitive damages, and three (3) times CFUD's estimated loss of revenue, plus reasonable attorney's fees and costs, pursuant to T.C.A. § 65-35-104;
- A lien against the property at which the unauthorized use occurred, filed within one (1) year of CFUD's first actual knowledge of the unauthorized use, pursuant to T.C.A. § 65-35-104(d);
- Referral to law enforcement for criminal prosecution under T.C.A. § 65-35-102, which makes it unlawful to obtain water service with intent to avoid payment of the lawful charge therefor, and which constitutes tampering with CFUD equipment.

Service will not be restored until all adjusted charges, violation fees, service call charges, labor, replacement parts, and reinstatement fees have been paid in full.

## **Section 6 – Record Keeping**

All records regarding unauthorized hydrant use, including notices of violation, billing adjustments, and any law enforcement referrals, shall be retained for a minimum of five (5) years.

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*This policy is adopted pursuant to T.C.A. §§ 65-35-101 et seq. and 7-82-403. The Governing Board reserves the right to amend this policy by resolution at any regular meeting.*

## **POLICY NO. 14 – FIRE PROTECTION SERVICE**

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### **Section 1 – Purpose**

CFUD recognizes that maintaining adequate water pressure and flow for fire protection is a critical public safety function. This policy establishes the standards and procedures governing CFUD's fire protection infrastructure, fire hydrant maintenance, authorized hydrant use, and fire protection service charges.

### **Section 2 – Fire Hydrant Ownership and Maintenance**

All fire hydrants located on CFUD's distribution system are the property of CFUD unless otherwise documented by a specific agreement. CFUD shall conduct routine hydrant inspections and flow testing in accordance with AWWA standards and consistent with best practices for similarly situated utilities under T.C.A. § 65-32-104. Any defective or out-of-service hydrant shall be reported to the City Administrator immediately and flagged for repair. CFUD shall notify the applicable local fire department of any hydrant that is out of service.

### **Section 3 – Authorized Hydrant Use**

Fire hydrants are intended exclusively for fire suppression, emergency response, and authorized CFUD maintenance. The Friendsville Volunteer Fire Department is a non-municipal, independent volunteer fire department and is the sole authorized fire suppression entity operating within CFUD's service area. Authorized hydrant uses are:

- Fire suppression operations by the Friendsville Volunteer Fire Department during active structure fires, wildfires, or other emergencies;
- Approved training exercises by the Friendsville Volunteer Fire Department, with prior written notification to CFUD;
- Hydrant flushing, flow testing, and maintenance performed by CFUD personnel or CFUD's authorized agents;
- Construction water use authorized under a written Hydrant Meter Permit issued by CFUD under Policy No. 15.

All other uses of CFUD fire hydrants are prohibited without prior written authorization from the City Administrator. Unauthorized hydrant use constitutes tampering with CFUD equipment and theft of water service, subject to the full penalties set forth in Policy Nos. 13 and 23 and applicable Tennessee law.

### **Section 4 – Fire Hydrant Color Coding**

- Red – 0 to 499 gallons per minute
- Orange – 500 to 999 gallons per minute
- Green – 1,000 to 1,499 gallons per minute
- Blue – 1,500+ gallons per minute

### **Section 5 – Private Fire Protection Connections**

Any commercial or industrial customer that requires a private fire protection connection must obtain prior written approval from CFUD. All such connections must be equipped with an approved backflow prevention device, tested annually by Policy No. 16. The customer is responsible for all costs of installation, maintenance, and annual testing. A monthly private fire protection service charge will be assessed.

### **Section 6 – Fire Department Coordination**

CFUD shall maintain communication with all local fire departments regarding: the location, status, and flow capacity of all fire hydrants; any planned or emergency shutdowns that may affect fire flow availability; and system upgrades or extensions that affect fire protection coverage. CFUD shall provide the local fire department(s) with an updated hydrant map upon any material change to the distribution system.

### **Section 7 – Liability**

CFUD shall use its best efforts to maintain adequate pressure and flow for fire protection purposes. However, CFUD does not guarantee any specific fire flow or pressure at any location and shall not be liable for any loss or damage resulting from inadequate fire flow due to circumstances beyond CFUD's reasonable control.

## **Section 8 – Record Retention**

All records regarding fire hydrant inspections, flow tests, maintenance and repair, and out-of-service notifications shall be retained for a minimum of seven (7) years.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-302 and 7-82-403.*

## **POLICY NO. 15 – HYDRANT METER PERMITS**

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### **Section 1 – Purpose**

This policy establishes the procedure for authorizing temporary use of CFUD fire hydrants for construction water, dust control, and other commercial purposes through the issuance of a Hydrant Meter Permit. Unauthorized hydrant use without a permit is a violation of CFUD policy and is subject to the penalties set forth in Policy No. 23.

### **Section 2 – Eligibility**

Hydrant meter permits are available to licensed contractors performing construction, road work, or utility work within or adjacent to CFUD's service area; commercial entities requiring temporary bulk water supply for authorized purposes; and government agencies or their authorized contractors. Hydrant meter permits are not available to residential customers or the general public.

### **Section 3 – Application and Permit Requirements**

Any eligible entity wishing to use a CFUD fire hydrant for a temporary water supply must submit a written Hydrant Meter Permit Application to the CFUD office prior to any hydrant use. The application shall include: the name, address, and contact information of the applicant; the specific hydrant(s) to be used; the purpose for which the water will be used; the estimated duration of use and estimated daily volume; and proof of liability insurance naming CFUD as an additional insured.

### **Section 4 – Permit Conditions**

- The permit holder shall use only the specific hydrant(s) identified in the permit;
- The permit is valid for the duration specified on the permit, not to exceed ninety (90) days. Permits may be renewed upon written request and payment of applicable fees.
- The permit holder shall use only a CFUD-issued or CFUD-approved hydrant meter with an integrated, approved backflow prevention device meeting Tennessee drinking water regulations and AWWA standards;
- The permit holder is responsible for the proper use, handling, and return of the hydrant meter in good working condition;
- The permit holder shall immediately report any hydrant damage, leaks, or malfunctions to CFUD;
- CFUD reserves the right to revoke a permit at any time if the permit holder violates any condition of the permit or if the hydrant is needed for emergency fire suppression.

### **Section 5 – Deposits and Fees**

The following deposits and fees apply as set forth in CFUD's current Schedule of Rates and Fees:

- Hydrant meter deposit: \$250.00 (refundable upon return of meter in good condition);
- Hydrant wrench deposit: \$100.00 (refundable upon return of wrench in good condition);
- Permit fee: \$250.00 (non-refundable);
- Water used: billed at CFUD's standard commercial rate per the Schedule of Rates and Fees.

All deposits must be paid in full before any equipment is issued or hydrant use begins.

### **Section 6 – Damage to CFUD Equipment**

The permit holder is financially responsible for any damage to CFUD fire hydrants, the hydrant meter, or any other CFUD equipment caused by the permit holder or their agents during the permit period.

### **Section 7 – Record Retention**

All hydrant meter permit applications, issued permits, meter reading records, billing records, and damage reports shall be retained for a minimum of five (5) years.

*This policy is adopted pursuant to T.C.A. §§ 7-82-302 and 7-82-403 and applicable Tennessee drinking water regulations.*

## **POLICY NO. 16 – BACKFLOW PREVENTION AND CROSS-CONNECTION CONTROL**

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### **Section 1 – Purpose and Legal Authority**

The purpose of this policy is to protect the quality and safety of CFUD's potable water supply from contamination or pollution due to cross-connections and backflow. This policy is adopted in compliance with Tennessee Rules Chapter 0400-48-01 (Cross-Connection Control and Backflow Prevention), the Tennessee Safe Drinking Water Act (T.C.A. §§ 68-221-701 et seq.), and applicable TDEC regulations. In the event of any conflict between this policy and applicable state or federal regulations, the more stringent requirement shall apply.

### **Section 2 – Requirement for Backflow Prevention**

CFUD shall require the installation of an approved backflow prevention assembly at the service connection for any of the following:

- All commercial and industrial accounts;
- All irrigation systems connected to CFUD's distribution system;
- All fire suppression systems and private fire protection connections;
- All medical, dental, or healthcare facilities;
- Any account where chemicals, pesticides, fertilizers, or other substances are used in connection with the water supply;
- Any account where CFUD determines that a cross-connection hazard exists or may exist;
- Any hydrant meter permit connection under Policy No. 15;
- Any other connection identified as requiring backflow prevention under Tennessee Rules Chapter 0400-48-01.

### **Section 3 – Installation Requirements**

All backflow prevention assemblies required under this policy must be an approved type listed by the USC FCCCHR or equivalent TDEC-approved listing; installed by a licensed plumber in accordance with the manufacturer's specifications and applicable plumbing codes; and installed in an accessible location to allow for testing, maintenance, and repair. All costs of purchase, installation, maintenance, repair, and replacement are the sole responsibility of the customer.

### **Section 4 – Annual Testing Requirements**

All backflow prevention assemblies must be tested annually by a Certified Tester. The customer is responsible for scheduling and paying for all annual tests. Upon completion of each test, the Certified Tester shall provide a copy of the test report to both the customer and CFUD. If a test reveals that an assembly has failed, the customer must repair or replace the assembly within thirty (30) days of the failed test.

### **Section 5 – Enforcement**

If a customer fails to install a required assembly, fails to have the assembly tested annually, or refuses to allow CFUD access for a cross-connection survey, CFUD may: issue a written notice of violation requiring corrective action; discontinue water service until the violation is corrected per Policy No. 11; and report the violation to TDEC as required by Tennessee Rules Chapter 0400-48-01.

### **Section 6 – Record Retention**

CFUD shall maintain records of all required backflow prevention assemblies, including device type, location, installation date, and all test report. These records shall be retained for a minimum of ten (10) years and shall be made available to TDEC upon request.

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*This policy is adopted pursuant to Tennessee Rules Chapter 0400-48-01, T.C.A. §§ 68-221-701 et seq., and T.C.A. §§ 7-82-302 and 7-82-403.*

## **POLICY NO. 17 – METER READING**

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### **Section 1 – Purpose**

This policy establishes the procedures and standards for reading customer water meters, estimating consumption when meters cannot be read, ensuring customer access to meters, and resolving meter reading disputes. Accurate meter reading is essential to fair and equitable billing for all CFUD customers.

### **Section 2 – Reading Schedule**

CFUD shall read all customer meters monthly, on or around the 28th of each month, in accordance with the billing schedule established in Policy No. 6.

### **Section 3 – Meter Reading Technology**

CFUD may use any of the following meter reading methods: manual reading by a CFUD Field Technician; mobile reading using a mobile device to collect readings transmitted by radio-equipped meters; and Automated Meter Reading (AMR) or Advanced Metering Infrastructure (AMI) meters that automatically transmit readings to CFUD's billing system. CFUD reserves the right to upgrade its metering technology at any time.

### **Section 4 – Customer Access Requirements**

- Meter boxes, pits, and lids must be kept free of dirt, debris, landscaping, structures, and any other obstruction;
- Meter boxes must not be covered by concrete, asphalt, decking, or any permanent or semi-permanent structure without prior written approval from CFUD;
- Customers with pets must ensure that animals are secure on meter reading days;
- Customers who are aware that their meter is inaccessible or damaged should contact CFUD promptly.

### **Section 5 – Estimated Readings**

If a meter cannot be read on the scheduled date due to inaccessibility, equipment malfunction, severe weather, or any other reason, CFUD may issue an estimated bill based on the customer's average consumption over the prior twelve (12) months. The customer's bill shall clearly indicate that the reading is an estimate. When an actual reading is obtained following one or more estimated readings, the customer's account will be reconciled to reflect actual consumption.

### **Section 6 – Inaccessible Meters**

If CFUD is unable to access a meter for two (2) or more consecutive reading cycles due to customer-created conditions, CFUD shall notify the customer in writing and schedule a special meter reading appointment. If the customer fails to provide access after written notice and a scheduled appointment, CFUD may discontinue service per Policy No. 11 until access is restored.

### **Section 7 – Meter Reading Disputes**

Any customer who questions the accuracy of a meter reading may request a meter re-read per Policy No. 9, Section 6. If the customer continues to dispute the reading after a confirmed re-read, the customer may request a formal meter accuracy test per Policy No. 9, Section 5.

### **Section 8 – Vacant and Seasonal Properties**

Meters at vacant, seasonal, or temporarily unoccupied properties shall be read on the same schedule as all other meters. All active accounts are subject to the minimum monthly bill regardless of occupancy or usage, per Policy No. 6, Section 9.

### **Section 9 – Record Retention**

All meter reading records shall be retained for a minimum of five (5) years.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-302 and 7-82-403.*

## **POLICY NO. 18 – METER COST RECOVERY POLICY**

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### **Section 1 – Purpose**

The purpose of this Meter Testing and Changeout Program is to ensure accurate customer billing, maintain compliance with utility industry best practices, and provide a systematic approach for the testing, maintenance, and replacement of water meters throughout the distribution system.

In 2025, the City of Friendsville Utility District completed a system-wide meter replacement, transitioning to Master Meter AMR technology to modernize the distribution system and restore metering reliability across all service connections. To support the long-term sustainability of the meter replacement program, the Utility Board established a cost-recovery policy in 2025. New service customers are assessed a meter charge in addition to the standard tap fee. For existing customers requesting a meter replacement, a charge is assessed only when testing confirms the existing meter is operating within acceptable accuracy standards. Meters found to be outside acceptable accuracy are replaced at no charge to the customer. A dedicated budget line has been established to support ongoing meter procurement and ensure the program remains financially sustainable over time.

### **Section 2- Scope**

This program applies to all customers' water meters owned and maintained by the utility, including meters less than 2 inches in size and all large meters 2 inches and greater.

### **Section 3- Meter Categories**

#### **1. Small Meters (Less Than 2 Inches)**

Beginning in 2019, the utility transitioned from manually reading water meters to Automated Meter Reading (AMR) meters for all meters less than 2 inches in size.

The useful life of these AMR meters is based on the manufacturer's expected battery life of ten (10) years. To maintain reliability and ensure uninterrupted meter reading capabilities, AMR meters less than 2 inches in size shall be replaced on a ten-year replacement cycle based on installation date.

The utility maintains meter installation dates within its Work Order Management System. In addition, these assets are included in the Drinking Water Inventory Workbook as a secondary method of tracking replacement schedules and asset information.

#### **2. Large Meters (2 Inches and Greater)**

Meters that are 2 inches and larger represent significant revenue-generating assets and require periodic accuracy verification. The utility shall maintain an annual testing program for all meters 2 inches and larger.

#### **3. Existing Meter Inventory**

Current large meter inventory includes:

- 2-inch meters
- 4-inch meters
- 6-inch meters

### **Section 4- Meter Testing Procedures**

#### **1. 4-Inch and 6-Inch Meters**

- All 4-inch and 8-inch meters shall be tested annually using calibrated meter testing equipment.
- Testing shall evaluate meter accuracy at appropriate flow rates in accordance with AWWA standards and manufacturer recommendations.
- Meters failing to meet the utility's acceptable accuracy standard of  $\pm 1.5$  percent shall be repaired or replaced.

#### **2. 2-Inch Meters**

The utility is currently coordinating with its contractor to replace existing 2-inch meters with meters equipped with test ports, as test ports are required to facilitate accurate testing in accordance with AWWA standards.

Existing 2-inch meters were not originally installed with test ports. Once the meter changeout is complete, all 2-inch meters will be incorporated into the annual accuracy testing program along with the 4-inch and 6-inch meters.

### **Section 5- Accuracy Standards**

Meters shall be considered acceptable if testing results fall within the following accuracy range:

- 98.5% to 101.5% registration accuracy

Meters testing outside this range shall be evaluated for repair or replacement. Any meter that cannot be restored to acceptable accuracy shall be replaced.

### **Section 6- Recordkeeping**

The utility shall maintain records of:

- Meter size
- Meter serial number
- Installation date
- Testing date
- Test results
- Repair history
- Replacement date
- Reason for replacement

Records shall be maintained within the Work Order Management System and supported through the Drinking Water Inventory Workbook.

### **Section 7- Program Review**

This Meter Testing and Changeout Program shall be reviewed annually and updated as necessary to reflect changes in utility operations, regulatory requirements, technology, and asset management practices.

### **Section 8- Replacement Schedule Summary**

| <b>Meter Size</b> | <b>Method</b>                                                                                   | <b>Frequency</b>   |
|-------------------|-------------------------------------------------------------------------------------------------|--------------------|
| 5/8               | Replacement based on battery life                                                               | Every 10 -12 years |
| 2 inches          | Meter changeout (replacement with test-port meters);<br>annual accuracy testing upon completion | Annually           |
| 4 inches          | Accuracy testing                                                                                | Annually           |
| 6 inches          | Accuracy testing                                                                                | Annually           |

### **Section 9- Responsibility**

The City Administrator, and/or the Utility Distribution Operator, shall be responsible for implementation of this program, scheduling meter testing and replacement activities, maintaining records, and ensuring compliance with established procedures.

## **POLICY NO. 19 – NEW SERVICE CONNECTIONS / INDUSTRIAL AND COMMERCIAL CUSTOMERS**

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### **Section 1 – Purpose**

The needs of each Commercial and Industrial Customer seeking service from CFUD vary greatly and impact CFUD differently. This policy establishes the standards and procedures for new service connections, with specific provisions for commercial and industrial customers whose service may require additions to or upgrades of the CFUD system.

### **Section 2 – Standard Service Connections**

If CFUD can provide service to a Commercial or Industrial Customer without any additions to or upgrading of its system, the customer shall execute a Customer Application and Service Agreement Form and pay all applicable fees under CFUD's Schedule of Rates and Fees.

### **Section 3 – Service Requiring System Upgrades**

When CFUD determines that it must upgrade or make additions to its system to provide service to a Commercial or Industrial Customer, the customer shall comply with all the requirements for a Developer in CFUD's Subdivisions and Developers Policy No. 22 and shall enter into a Developer Agreement with CFUD in accordance with that policy. The costs of all system improvements to serve the Commercial or Industrial Customer shall be borne by that Customer.

### **Section 4 – Industrial and Commercial Customer Agreement**

In the event that unusual circumstances exist and the Board determines that CFUD's Developer Agreement is not appropriate, such Customer shall be allowed to enter a separate Industrial and Commercial Customer Agreement with provisions tailored to the needs of that particular Customer. A copy of the standard Industrial and Commercial Customer Agreement is included in Appendix C of this manual.

### **Section 5 – Monthly Surcharge**

Where the Board has determined it is necessary to issue debt or draw from CFUD's reserves for the construction of facilities to service a Customer, CFUD may impose a monthly surcharge to the Customer to cover debt repayment, required reserves for debt service, and depreciation. The Customer will be required to post a Surety Bond or obtain an Irrevocable Letter of Credit to guarantee payment of the surcharge.

### **Section 6 – Backflow Prevention Required**

All new commercial and industrial service connections shall be equipped with an approved backflow prevention assembly, tested, and passed in accordance with Policy No. 16, before service is activated.

### **Section 7 – Record Retention**

All applications for service and contracts entered into between Commercial or Industrial Customers and CFUD shall be kept for a minimum of six (6) years after the customer is no longer a customer of CFUD.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-302, 7-82-403, and 7-35-414.*

## **POLICY NO. 20 – MULTIPLE CONNECTIONS TO ONE METER**

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### **Section 1 – Purpose**

It is accepted that the CFUD practice is that only one dwelling is allowed to connect to a single CFUD service line. Minimum bills reflect the overhead required to keep CFUD service in place, regardless of whether a particular customer uses the service during a billing period. Allowing more than one customer to connect to a single service line would disproportionately pass legitimate overhead costs of the system to other customers and may create pressure, quality, and equipment reliability problems.

### **Section 2 – One Meter Per Dwelling – General Rule**

Each residential dwelling unit shall be served by its own individual water meter and tap. A residential tapping privilege shall NOT entitle a customer to connect a commercial or industrial business to CFUD's lines without notifying CFUD and paying the additional amount required for a commercial or industrial tap.

### **Section 3 – Separate Meter Required – Residential**

The following shall each have a SEPARATE METER AND TAP for each unit:

- Single-family dwellings;
- Duplexes – each unit shall have its own individual meter;
- Mobile home parks – each individual mobile home shall have its own meter and tap. A single master meter for an entire mobile home park is not permitted.

### **Section 4 – Multiple Units on One Commercial Meter – Permitted**

The following property types may maintain multiple units served through a single commercial meter and tap, provided they are billed at commercial rates:

- Apartment buildings;
- Hotels;
- Motels;
- Campgrounds.

All customers in the above category shall be charged commercial rates. The total usage shall be divided by the number of units, applying the appropriate per-1,000-gallon rate prorated for each unit, including the minimum bill, and multiplying the result by the number of units. The total bill is the responsibility of the customer who contracted for the metered service.

### **Section 5 – Detached Garages and Barns**

A customer may extend water service from their residential meter to a detached garage or barn located on the same property, provided that:

- The structure is used solely for vehicle storage, farming, equipment storage, or similar non-residential purposes;
- No person is living, sleeping, or occupying the structure as a dwelling unit in any way, whether temporarily or permanently;
- The extension meets CFUD's material and installation specifications.

No additional meter or tap fee is required for this extension, provided the above conditions are met, and the use remains non-residential.

### **Section 6 – Separate Living Quarters Require a Separate Meter**

Regardless of the original permitted use or construction type of any structure, if CFUD determines that any building, room, garage, barn, accessory structure, or any other space on a property is being used as living quarters or sleeping space — whether permanently, temporarily, seasonally, or otherwise — that space shall be treated as a separate dwelling unit and must have its own individual water meter and tap. The fact that a structure was originally built or permitted as a non-residential structure does not exempt it from this requirement if it is being occupied as living quarters.

## **Section 7 – Discovery and Enforcement of Unauthorized Connections**

If CFUD discovers that an additional living space, dwelling unit, or any other unauthorized connection is being served through an existing single residential meter, CFUD shall:

- Issue a written notice of violation to the account holder stating the nature of the violation and a deadline for corrective action, which shall not exceed thirty (30) days;
- Require the customer to obtain a new separate tap and meter for the additional connection, with all applicable tap fees, connection fees, and meter costs paid in full by the customer;
- If the customer fails to comply within the time stated in the notice, CFUD may disconnect service to the entire property until a separate tap and meter are obtained and all applicable fees are paid;
- Bill the customer for the estimated water usage attributable to the additional connection for the prior twelve (12) months at the applicable rate, in addition to all tap fees, connection fees, and any applicable violation fees;
- CFUD may also pursue any other remedies available under Tennessee law.

## **Section 8 – Record Keeping Duration**

All multiple service connection records shall be kept for a minimum of ten (10) years after termination of service.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-302 and 7-82-403. The Governing Board reserves the right to amend this policy by resolution at any regular meeting.*

## **POLICY NO. 21 – RETURNED CHECK/DRAFT**

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### **Section 1 – Returned Payment Fee**

If a customer check/draft is returned to CFUD by a financial institution for any reason, the maximum fee set by T.C.A. § 47-29-102 will be added to the amount due. The fee is set by state law and can only be changed by a change to the law. As of the adoption date of this policy, the maximum fee that may be charged is \$30.00.

### **Section 2 – Notification Procedure**

CFUD will attempt to notify the customer that the check/draft was returned unpaid by mail and/or phone. The customer may be required to make payment by cashier's check, money order, or cash at the discretion of CFUD. Payment must be made within seven (7) days of such notice.

### **Section 3 – Consequences of non-payment**

If no response is received from the customer or CFUD is unable to contact the customer within seven (7) days, the customer's account will be subject to forfeiture of the discount and/or the addition of any penalties due and be subject to CFUD's cut-off policy if payment is not received.

### **Section 4 – Removal from Automatic Draft**

Any customer whose draft is returned unpaid on two (2) or more occasions will be permanently removed from the Automatic Bank Draft program per Policy No. 4, Section 5.

### **Section 5 – Record Retention**

All records regarding returned checks/drafts shall be kept for a minimum of five (5) years.

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*This policy is adopted pursuant to T.C.A. § 47-29-102.*

## **POLICY NO. 22 – SERVICE TO NON-OWNER-OCCUPIED PROPERTIES**

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### **Section 1 – Purpose**

Any customer seeking CFUD service shall be treated courteously and fairly by the Governing Board, City Administrator, and staff. CFUD will provide the same service to all customers, regardless of their ownership interest in the property to which service is delivered, subject to the provisions and exceptions set forth in this policy.

### **Section 2 – Application for Service**

Any person at least eighteen (18) years of age who resides or conducts business within the service boundaries of CFUD may apply for service.

People desiring CFUD service must apply in person at the CFUD business office during regular business hours. Each service application must include the applicant's full legal name; Social Security number or driver's license number; and proof of property ownership or a valid rental or lease agreement.

### **Section 3 – Landlord Application and Agreement Required**

Any property that is used or becomes used as a rental property within CFUD's service area must have a completed Landlord Application and Agreement on file with CFUD.

The property owner, or an authorized property management agency acting on behalf of the property owner, must complete the Landlord Application and Agreement before utility service may be established or reconnected for a tenant at the property.

If CFUD becomes aware that a property is being used as a rental property and no Landlord Application and Agreement is on file, the property owner or authorized property management agency will be required to complete the Landlord Application and Agreement before service may be established or reconnected for a new tenant.

The Landlord Application and Agreement shall remain on file with CFUD and shall require the property owner to designate one of the following options for handling utility service when a tenant vacates the property:

- **Option 1 – Transfer to Property Owner:** Utility service will remain active and will be transferred into the property owner's name following the termination of a tenant's account. The property owner will be responsible for all utility charges incurred while service is held in the property owner's name, including charges incurred during any period of vacancy. A \$50.00 service transfer fee will be assessed each time service is placed into the property owner's name following a tenant's departure.
- **Option 2 – Deactivate Service:** Utility service will be discontinued, and the account inactivated following the termination of a tenant's account. The meter may be pulled or service otherwise inactivated in accordance with CFUD policies and procedures. Service will remain inactive until a new tenant or the property owner requests service and establishes an account with CFUD. All applicable fees, deposits, and connection or reconnection charges shall apply.
- If no option is selected on the Landlord Application and Agreement, CFUD shall default to Option 1 – Transfer to Property Owner until written instructions changing the designation are received and approved by CFUD.

### **Section 4 – Landlord Notification Responsibility**

It is the sole responsibility of the property owner or authorized property management agency to notify CFUD when a tenant vacates a rental property.

If CFUD is not notified of a tenant's move-out, the property owner will be responsible for any utility charges for which the property owner is responsible under the Landlord Application and Agreement from the date the tenant's account is finalized until proper notice is received and appropriate action is taken by CFUD.

CFUD will not retroactively remove or adjust charges resulting from the property owner's failure to provide timely notification.

### **Section 5 – Landlord Financial Responsibility**

A property owner is responsible for all utility charges incurred during any period in which the property owner is the CFUD customer of record, regardless of who uses the service.

If service is held in the property owner's name and an outstanding balance is owed, CFUD may apply the standard collection procedures established under Policy No. 1. Failure to pay an outstanding balance may result in denial of service at any property for which the property owner seeks to establish service until the outstanding balance is paid in full, subject to applicable CFUD policies and law.

### **Section 6 – Unauthorized Use and Tampering**

Unauthorized utility services, including but not limited to meter tampering, bypassing metering equipment, or reconnecting service without CFUD authorization, are prohibited under CFUD policies and applicable Tennessee law.

If unauthorized use occurs at a rental property, CFUD may discontinue service, assess applicable charges and fees as permitted under Policy No. 23, and require corrective action before service is restored.

A property owner may be held financially responsible for unauthorized utility usage occurring at the property when no active customer of record exists or when service has been reconnected without authorization, as permitted by CFUD policy and applicable law.

### **Section 7 – Tenant Accounts**

When CFUD service is established in a tenant's name, the utility service contract is between CFUD and the tenant. The tenant is responsible for all charges incurred on the account during the period in which the tenant is the customer of record.

The property owner is not responsible for charges incurred on an account established solely in the tenant's name, except as otherwise provided by CFUD policy or applicable law.

### **Section 8 – Failure to Establish Service Following a Change in Occupancy**

When CFUD performs a final meter reading and finalizes the account of an existing customer, utility service at the property must thereafter be established in the name of the appropriate new customer or property owner.

If a new owner or occupant has not established service at the time the previous customer's account is finalized, the account will be temporarily designated by CFUD as an "Unknown" account for administrative purposes.

The new owner or occupant shall have seven (7) business days from the date the previous customer's account is finalized to establish utility service in their name. The new owner or occupant must complete the required Customer Application/Contract, provide the documentation required under Section 2 of this policy, and pay all applicable deposits, fees, and charges.

Utility service shall not remain active indefinitely without an identified customer of record.

If the new owner or occupant fails to establish service within the seven (7) business-day period, CFUD will discontinue service, inactivate the account, and pull the meter. Service will remain inactive until the new owner or occupant establishes service in accordance with CFUD policies and pays all applicable deposits, fees, and charges.

For rental properties, the provisions of the property owner's Landlord Application and Agreement under Section 3 shall control when a tenant's account is finalized.

If the property owner has selected

- Option 1 – Transfer to Property Owner, service will be transferred into the property owner's name in accordance with that agreement.
- Option 2 – Deactivate Service, the account will be inactivated, and the meter may be pulled or service otherwise inactivated in accordance with CFUD policies and procedures. Service will remain inactive until a new tenant or the property owner establishes service.

### **Section 9 – Two-Business-Day Notice Before Disconnection of an Occupied Rental Property**

If the property owner is the CFUD customer of record and fails to pay CFUD fees or bills on a timely basis, or requests that CFUD service be disconnected while the rental property is occupied, CFUD will provide the occupants of the property with at least two (2) business days' notice before disconnecting service. Notice may be provided by telephone or by a door-hanger notice placed at the property.

CFUD does not participate in or assist with the eviction of tenants. A property owner must use the appropriate legal process to obtain possession of rental property.

## **Section 10 – Changes to Landlord Application and Agreement**

Any change to a Landlord Application and Agreement must be submitted in writing to the CFUD office and approved by CFUD before the change becomes effective. Verbal requests to change the account-handling designation will not be accepted.

## **Section 11 – Record Retention**

All service applications and Landlord Applications and Agreements shall be retained for a minimum of ten (10) years following termination of service.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-302 and 7-82-403. The Governing Board reserves the right to amend this policy by resolution at any regular meeting.*

## **POLICY NO. 23 – SUBDIVISIONS AND DEVELOPERS**

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### **Section 1 – Purpose**

In order for CFUD to serve the public and to comply with the regulations of the Environmental Protection Agency, the Tennessee Department of Environment and Conservation, and other state and federal regulations, CFUD must establish rates, fees, and charges to produce revenue sufficient to meet all its obligations. CFUD will require that Developers who seek to profit from residential or commercial construction pay their fair share of such costs. CFUD is run for the benefit of all present and future customers, and while no customer shall intentionally be treated unfairly, no customer shall be treated in a way that compromises the interests of other current and future customers.

### **Section 2 – Developer Application and Preliminary Plat**

A Developer seeking to obtain service from CFUD will submit to CFUD a preliminary plat, which shall include the number, size, and estimated cost of each unit and any other information that will assist CFUD in making a determination of the availability of service. Each plat shall show the number of units and size to be served in the development. The Developer or his assignee will be responsible for obtaining all easements.

### **Section 3 – Plans and Specifications**

Upon receipt of the documents required, CFUD may select to submit the documents to its engineer for the preparation of plans and specifications or may select to accept plans and specifications submitted by the Developer for review and approval by CFUD's engineer. In the event a planned development includes a fire protection system, the Developer shall submit total fire protection plans to include the number and location of sprinkler heads and hydrants.

### **Section 4 – Material Specifications and Brand Requirements**

All new water service lines, water mains, fittings, and associated infrastructure installed by a Developer or their contractor that will be connected to or dedicated to CFUD's distribution system must conform to CFUD's current Material Specifications and approved brand requirements. CFUD's material specifications are on file with the CFUD office and shall be provided to the Developer at the time of application.

- The Developer shall use only materials and brands approved by CFUD in writing prior to the start of construction;
- No substitutions of materials or brands will be permitted without prior written approval from the City Administrator;
- CFUD reserves the right to reject any materials or workmanship that do not meet CFUD's specifications, and to require removal and replacement at the Developer's expense;
- All materials shall be new and shall meet or exceed applicable AWWA standards and Tennessee drinking water regulations.

### **Section 5 – Development Fee**

Any development of more than three (3) residential homes that connect to CFUD's water and/or sewer system shall be subject to a Development Fee of three hundred fifty dollars (\$350.00) per home built within the development. This fee is in addition to all applicable tap fees, connection fees, plan review fees, and any other fees established by the Governing Board.

- The Development Fee is assessed per dwelling unit and is due and payable in full prior to CFUD's issuance of a service connection for each home;
- The Development Fee applies to all new residential construction within a development exceeding three (3) homes, regardless of whether the homes are built in phases.
- Developments of three (3) homes or fewer are not subject to the Development Fee but remain subject to all other applicable tap and connection fees;
- The Development Fee is established by the Governing Board by resolution and may be adjusted by Board resolution at any regular meeting. The current fee is set forth in CFUD's Schedule of Rates and Fees.

## **Section 6 – Contract Execution**

CFUD may confer with its attorney during any of these procedures. Upon CFUD's approval of the plans, specifications, and other necessary information, the same will be referred to CFUD's attorney for the drafting of a contract between CFUD and the Developer. Before any work begins on any project, the appropriate contract shall have been signed by CFUD and the Developer. The Developer shall notify CFUD of the proposed starting date of construction, and all progress shall be reported weekly to CFUD.

## **Section 7 – Developer Responsibilities**

- The Developer shall obtain all permits and shall comply with the requirements of all other governmental agencies having jurisdiction;
- The Developer shall execute a Dedication or Deed conveying in fee simply the easements within which lines are to be installed before trenching for installation;
- All easements shall be obtained by the Developer or his agent and shall be shown on all final subdivision plats before the plat is approved by CFUD;
- No CFUD lines or other facilities shall be covered prior to inspection and approval by CFUD;
- The Developer shall submit as-built drawings for all facilities it constructs;
- The Developer hereby warrants all facilities installed against defects in workmanship and material for a period of one (1) year from the date of acceptance by CFUD.

## **Section 8 – Bond or Letter of Credit Requirements**

Prior to the execution of a contract for over \$25,000, CFUD shall require the Developer to post a bond with a corporate surety authorized to do business in the State of Tennessee or obtain an irrevocable letter of credit issued by a national bank or a bank authorized to do business in the State of Tennessee for the costs to construct the system improvements. CFUD, in writing, may waive the bond for contracts under \$25,000.

## **Section 9 – Fees and Charges**

Prior to the execution of the contract, the Developer must pay all fees and charges currently established by CFUD, which may include but are not limited to: all tap fees; connection fees; the Development Fee where applicable under Section 5; a security deposit or non-refundable service charge; plan review fees; and six percent (6%) of the estimated costs of CFUD construction covered under the contract for engineering, inspection, legal, and administrative expenses.

## **Section 10 – Final Plat Approval**

CFUD will approve a final plat provided: (a) all system improvements have been constructed, and the plat constitutes an "as-built" condition; or (b) the Developer gives CFUD a bond or letter of credit for 100% of the construction costs of proposed improvements as estimated by CFUD. No service shall be initiated within a platted subdivision until either (a) or (b) above are completed to the satisfaction of CFUD.

## **Section 11 – Ownership of Facilities**

Upon project completion and upon CFUD giving written notice of acceptance, CFUD shall become the sole owner of the facilities free and clear of the claims of any person or entity. The contract entered into between the parties shall operate as a conveyance of the facilities when the same are installed and accepted.

## **Section 12 – Record Retention**

All records regarding subdivisions and Developer contracts shall be kept indefinitely.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-302, 7-82-403, and applicable EPA and TDEC regulations. The Governing Board reserves the right to amend this policy by resolution at any regular meeting.*

## **POLICY NO. 24 – THEFT OF SERVICE AND TAMPERING**

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### **Section 1 – Policy Statement**

Tampering with CFUD equipment or stealing service will be grounds for the discontinuance of CFUD service. Theft of service shall include, but not be limited to, the following:

- Opening valves at the curb or meter that have been turned off by CFUD personnel;
- Breaking, picking, or damaging cut-off locks;
- Bypassing meters in any way;
- Taking unmetered water from hydrants by anyone other than an authorized official of a recognized fire department, for any purpose other than firefighting, testing, or flushing of hydrants;
- Use of sprinkler water service for any purpose other than fire protection;
- Removing, disabling, or adjusting meter registers or transmitters;
- Connecting to or intentionally damaging water lines, valves, or other appurtenances for the purpose of stealing or damaging CFUD equipment;
- Moving the meter or extending service without the permission of CFUD;
- Any other intentional act of defacement, destruction, or vandalism to CFUD property;
- Any intentional blockage or obstruction of CFUD equipment.

### **Section 2 – Notice of Violation**

A Notice of Violation may be mailed or otherwise delivered at the discretion of the City Administrator if: evidence suggests the possibility of theft of CFUD service at the customer's premises; and the violation does not constitute an immediate threat to safety or equipment integrity. The customer will be ordered to immediately cease any unlawful practice.

### **Section 3 – Immediate Disconnection**

No Notice of Violation will be mailed or delivered, and customer service is subject to immediate cut-off in any of the following situations:

- In the opinion of the City Administrator, theft of service is definitely evident on the customer's premises;
- When, in the opinion of the City Administrator, a situation exists that may endanger public health.

### **Section 4 – Violation Fees and Bill Adjustments**

In addition, the customer will be subject to a violation fee as well as service call charges, labor, and replacement parts as detailed by CFUD. If CFUD determines theft of service has occurred, it reserves the right to adjust the customer's current bill and the bills for the past twelve (12) months of usage. If the approximate amount of service that was stolen cannot be reasonably determined, the customer's usage will be set at two (2) to four (4) times the minimum bill, as set on a case-by-case basis by the Governing Board.

### **Section 5 – Restoration of Service**

Service will not be restored until all payments are received by CFUD for: adjusted payment for CFUD service; violation payment; all service call charges; labor; replacement parts; and reinstatement of service charge. Service will be reinstated only during regular working hours, Monday through Friday, except in case of an emergency.

### **Section 6 – Tennessee Statutory Authority**

Theft of service is prohibited under T.C.A. § 65-35-102 and may result in civil liability under T.C.A. § 65-35-104, including damages of three (3) times CFUD's estimated loss of revenue, plus reasonable attorney's fees and costs. Fraudulently, one can properly establish the amount of CFUD service fraudulently taken and may declare a lien against the property on which the CFUD service was taken. The lien shall be filed within one (1) year of CFUD's first actual knowledge of the fraudulently diverted service.

### **Section 7 – Customer Responsibility**

The customer(s) whose name(s) appear on the application/contract for service are responsible for payment of all charges and for any rules or policy violations that occur regarding CFUD service to that property. Personal participation by the customer in any such violation shall not be necessary to impose personal responsibility on the customer. In the event any customer fails to pay any CFUD fee or charge, the customer shall pay all costs of collection, including court costs and reasonable attorney's fees.

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*This policy is adopted pursuant to T.C.A. §§ 65-35-101 et seq. and 7-82-403.*

## **POLICY NO. 25 – UNCLAIMED PROPERTY**

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### **Section 1 – Purpose and Legal Authority**

It is accepted CFUD practice that money and other property held for customers, employees, and other entities be returned to the owner within a reasonable period of time after termination of CFUD's relationship with the owner. If a good faith effort to locate the owner is not successful, the money or other property must be reported to and turned over to the State Treasurer. Tennessee's unclaimed property law (T.C.A. §§ 66-29-100 et seq.) governs CFUD's obligations. There is no limit to the amount of time an owner of the property may reclaim it.

### **Section 2 – Property Presumed Abandoned**

Under T.C.A. § 66-29-108, the following funds held or owing by CFUD are presumed abandoned:

- Any deposit made by a subscriber to secure payment, any sum overpaid, or any sum paid in advance for CFUD services, less any lawful deductions, that has remained unclaimed for more than two (2) years after the termination of the services for which the deposit, overpayment, or advance payment was made;
- Any sum that CFUD has been ordered to be refunded by a court or administrative agency which has remained unclaimed by the owner for more than two (2) years after it became payable;
- Property described above whose owner is known to CFUD to have died and left no one to take the property by will and no one to take the property by intestate succession.

### **Section 3 – Annual Reporting Requirements**

All unclaimed property is required by law to be reported on and turned over to the State Treasurer's office by November 1 of each year, reporting property held as of June 30 of the previous year. The report shall be submitted through the online portal of the Unclaimed Property Division at <https://www.claimitn.gov>.

### **Section 4 – Notice to Owners**

If CFUD holds a customer's unclaimed property in the amount of fifty dollars (\$50.00) or more, CFUD is required to attempt to contact the owner by first-class mail not more than one hundred eighty (180) days, nor less than sixty (60) days, before filing the annual report, if CFUD has in its records an address for the apparent owner sufficient to direct delivery of first-class mail. Any customer's unclaimed property in an amount less than fifty dollars (\$50.00) does not require a first-class mailing and is simply reported and remitted on November 1 to the State Treasurer.

### **Section 5 – Record Retention**

All meter deposit records and employee payroll records shall be kept permanently. Under T.C.A. § 66-29-113, CFUD shall maintain a record of the name and last known address of the owner of unclaimed property for ten (10) years after the property becomes reportable.

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*This policy is adopted pursuant to T.C.A. §§ 66-29-100 et seq.*

## APPENDIX A – CONFLICT OF INTEREST DISCLOSURE AND CERTIFICATION FORM

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To be completed annually by all Governing Board members, committee members, and employees of CFUD, no later than January 31 of each year, and immediately upon any change in circumstances that creates a new potential conflict. Completed forms shall be retained by the Office Coordinator for a minimum of seven (7) years.

I, the undersigned, certify that except as described below, I am not now, nor at any time during the past year have I been:

1. A participant, directly or indirectly, in any arrangement, agreement, investment, or other activity with any vendor, supplier, or other party doing business with CFUD that has resulted or could result in personal benefit to me; or
2. A recipient, directly or indirectly, of any salary payments, loans, gifts, free services, discounts, or other fees from or on behalf of any person or organization engaged in any transaction with CFUD.

I am currently a Board member, committee member, or employee of the following outside organizations:

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Any exceptions to items 1 or 2 above are described below:

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I acknowledge that I have read CFUD's Conflict of Interest Policy and agree to comply with its requirements.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Position / Role:** \_\_\_\_\_

**Department or Board:** \_\_\_\_\_

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*This form is adopted pursuant to T.C.A. § 7-82-307 and CFUD Conflict of Interest Policy No. 7.*

## APPENDIX B – SCHEDULE OF RATES AND FEES

All rates and fees are established by a resolution of the Governing Board. This schedule may be updated by Board resolution without requiring re-adoption of the Policy Manual.

| MONTHLY SEWER FEES               |                  |                                       |
|----------------------------------|------------------|---------------------------------------|
| Service Type                     | Monthly Base Fee | Notes                                 |
| Residential – Active Connection  | \$22.00          | Per 1,000 gal after                   |
| Commercial – Active Connection   | \$36.00          | Per 1,000 gal after                   |
| Residential – Improvement Fee    | \$22.00 flat     | If sewer is available at the property |
| Commercial – Improvement Fee     | \$36.00 flat     |                                       |
| NEW TAP CHARGES – WATER          |                  |                                       |
| Meter Size                       | Tap Charge       | Meter Charge                          |
| 5/8-Inch                         | \$2,100.00       | \$325.00                              |
| 1-Inch                           | \$2,800.00       | \$450.00                              |
| 2-Inch                           | \$3,200.00       | \$785.00                              |
| 4-Inch                           | \$5,550.00       | \$2,400.00                            |
| 6-Inch                           | \$6,550.00       | \$4,200.00                            |
| NEW TAP CHARGES – SEWER          |                  |                                       |
| Service Type                     | Tap Charge       | Notes                                 |
| Residential Sewer Tap (1.5-inch) | \$1,500.00       |                                       |
| Commercial Sewer Tap (2-inch)    | \$4,200.00       |                                       |
| Commercial Sewer Tap (4-inch)    | \$12,500.00      |                                       |

| SUMMARY OF FEES FOR NEW DEVELOPMENTS |                             |                                         |
|--------------------------------------|-----------------------------|-----------------------------------------|
| Fee                                  | Amount                      | Threshold / Notes                       |
| CFUD Water Tap Fee                   | Per Schedule                | Per water meter size                    |
| CFUD Sewer Tap Fee                   | Per Schedule                | Per sewer connection size               |
| CFUD Water Development Fee           | \$350.00/home               | Developments > 3 homes; Policy 22       |
| TASS Capacity Dev. Fee (Sewer)       | \$750.00/lot                | Developments > 4 lots; remitted to TASS |
| 6% Engineering/Legal/Admin Fee       | 6% of the construction cost | Developer contracts; Policy 22          |

## **APPENDIX D – DEVELOPER AGREEMENT**

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(Full Developer Agreement template is maintained on file with the Office Coordinator and is incorporated by reference into Policy No. 22. A copy is available upon request.)

The Developer Agreement shall include at minimum: identification of the parties; scope of work and plans and specifications; payment of all fees and charges, including the 6% engineering/legal/administrative fee; bond or letter of credit requirements; warranty provisions; ownership conveyance upon acceptance; indemnification; and general provisions. CFUD's attorney shall draft the contract for each individual project.

## **APPENDIX E – INDUSTRIAL AND COMMERCIAL CUSTOMER AGREEMENT**

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(Full Industrial and Commercial Customer Agreement template is maintained on file with the Office Coordinator and is incorporated by reference into Policy No. 18. A copy is available upon request.)

The Industrial and Commercial Customer Agreement shall include at minimum: identification of the parties; term of agreement; construction of facilities; rates and charges; contract adjustments and amendments; default provisions; monthly construction/development surcharge and bond; tap fee; facilities to be furnished; payment provisions; metering; and successor/assign provisions. CFUD's attorney shall draft the contract for each individual customer.

## SEWER POLICIES

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*City of Friendsville Utility District – Wastewater Collection System*

Sewer Service Established: 2022

Treatment Provider: Tellico Area Services System (TASS)

## **SEWER POLICY NO. 1 – SEWER SYSTEM OVERVIEW AND TASS AGREEMENT**

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### **Section 1 – Background and Purpose**

The City of Friendsville Utility District (“CFUD”) established its wastewater collection system in 2022. CFUD constructed and operates approximately five (5) miles of sewer collection line spanning portions of Blount County and Loudon County, Tennessee. The sewer system serves both CFUD water customers and customers who receive water service from the Tellico Area Services System (“TASS”) but are located within CFUD’s sewer service area. As of the date of this policy, approximately fifty percent (50%) of CFUD’s sewer customers do not have water service with CFUD; they receive water service through TASS.

### **Section 2 – CFUD’s Role – Collection Only**

CFUD does not own or operate a wastewater treatment facility. CFUD’s role is limited exclusively to the ownership, operation, and maintenance of its wastewater collection system on CFUD’s side of the delivery point. All wastewater collected by CFUD’s system is conveyed through the collection lines and pumped directly into the TASS collection system at the delivery point located on State Route 95 at Unitia Road right-of-way near State Route 95. TASS provides all wastewater treatment services at its treatment facility.

### **Section 3 – Agreement with TASS**

CFUD’s wastewater treatment services are provided pursuant to the Agreement for Wastewater Services entered into on June 16, 2021, between TASS, an agency of Monroe and Loudon Counties, and the City of Friendsville. A summary reference to this agreement is included in Appendix D of this manual. Key terms of the agreement include:

- **Term:** Five (5) years from the date treatment commences, renewable for successive five (5) year terms. Either party may terminate at the end of any term by providing at least three (3) years’ prior written notice.
- **Capacity:** TASS agrees to treat approximately 15,000 gallons per day at initial operation, with sufficient transmission line capacity to the TASS treatment plant.
- **Delivery Point:** State Route 95 at Unitia Road right-of-way near State Route 95.
- **Minimum Monthly Bill:** CFUD pays TASS a minimum monthly bill of \$750.00 for all flows below 140,000 gallons per month. Flows above 140,000 gallons per month are billed at the wholesale rate per TASS’s rate schedule.
- **Water Purchase Requirement:** The City must purchase at least seventy-five percent (75%) of its water from TASS during the term of the agreement, as long as TASS is providing wastewater services and an adequate water supply is available. If the City falls below the 75% threshold, TASS shall have the option to terminate wastewater services.
- **Late Payment:** Bills from TASS are due on or before the 10th of the following month. A ten percent (10%) late fee applies to any bill not paid on time.
- **Pretreatment:** CFUD is responsible for ensuring that all customers comply with all applicable state and federal pretreatment requirements.

### **Section 4 – CFUD Maintenance Responsibility**

CFUD is solely responsible for the maintenance and repair of all collection lines, lift stations, force mains, and other facilities on CFUD’s side of the delivery point. CFUD shall promptly address any system leaks, failures, blockages, or other issues within its collection system. TASS owns, operates, and maintains the metering device and all lines and facilities on TASS’s side of the delivery point. Any replacement of the metering device shall be at CFUD’s cost.

### **Section 5 – Record Retention**

All records related to CFUD’s sewer system operations, the TASS agreement, billing records, and maintenance logs shall be retained for a minimum of seven (7) years. The executed Agreement for Wastewater Services with TASS shall be retained permanently.

## **SEWER POLICY NO. 2 – SEWER RATES AND CHARGES**

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### **Section 1 – Purpose**

This policy establishes the rate structure for CFUD's wastewater collection service. All sewer rates and charges are established by resolution of the Governing Board and published in CFUD's current Schedule of Rates and Fees (Appendix A), which is incorporated by reference into this policy. The Governing Board is actively reviewing the sewer rate structure to ensure long-term financial sustainability and compliance with system needs; rates are subject to adjustment by Board resolution.

### **Section 2 – Residential Active Connection**

Residential customers connected to and actively using the CFUD sewer system are charged as follows:

- Monthly base rate: \$22.00, which includes 0 to 1,000 gallons of usage per month;
- Usage exceeding 1,000 gallons per month: \$10.18 per 1,000 gallons.

### **Section 3 – Commercial Active Connection**

Commercial customers connected with and actively using the CFUD sewer system are charged as follows:

- Monthly base rate: \$36.00, which includes 0 to 1,000 gallons of usage per month;
- Usage exceeding 1,000 gallons per month: \$10.18 per 1,000 gallons.

### **Section 4 – Residential Improvement Fee**

A flat monthly improvement fee of \$22.00 is charged to residential properties where CFUD sewer service is available at the property, but the property is not connected. This fee is assessed only when sewer infrastructure is physically accessible at the property, meaning a CFUD sewer main runs adjacent to or along the property line. The improvement fee reflects the customer's share of the cost of making the system available and ready for connection.

### **Section 5 – Commercial Improvement Fee**

A flat monthly improvement fee of \$36.00 is charged to commercial properties where CFUD sewer service is available at the property, but the property is not connected. The same availability standard as described in Section 4 applies.

### **Section 6 – Usage Measurement for Sewer Billing**

Because CFUD does not operate a wastewater flow meter at each customer service connection, sewer usage is calculated based on the customer's water consumption as follows:

- CFUD water customers: Sewer usage is based on metered water consumption as read by CFUD's water meter each billing cycle;
- TASS water customers (sewer-only accounts): Sewer usage is based on metered water consumption as reported by TASS and provided to CFUD each billing cycle. CFUD sewer-only customers must authorize TASS to share their monthly water usage data with CFUD for billing purposes. A customer's failure to maintain current authorization with TASS may result in estimated billing as described in Section 7.

### **Section 7 – Estimated Billing for Sewer-Only Accounts**

If CFUD is unable to obtain actual water usage data for a TASS water customer in a given billing cycle, CFUD may issue an estimated sewer bill based on the customer's average water consumption over the prior twelve (12) months. The bill clearly indicates that it is an estimate. When actual usage data becomes available, the account will be reconciled accordingly.

### **Section 8 – Rate Review**

The Governing Board shall review sewer rates at least annually to ensure the rate structure is sufficient to cover CFUD's operating and maintenance costs for the collection system; meet CFUD's payment obligations to TASS under the Agreement for Wastewater Services; fund necessary capital improvements and reserves; and comply with any applicable bond or loan covenants. Rate adjustments shall be made by Board resolution and published in the updated Schedule of Rates and Fees.

### **Section 9 – Record Retention**

All sewer billing records and rate-setting resolutions shall be retained for a minimum of seven (7) years.

## **SEWER POLICY NO. 3 – NEW SEWER SERVICE CONNECTIONS TAP AND GRINDER PUMP**

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### **Section 1 – Purpose**

This policy establishes the requirements and procedures for obtaining a new sewer service connection to CFUD's wastewater collection system. The new sewer connection process is similar to the water tap process and requires the customer to meet all CFUD specifications before service is activated.

### **Section 2 – Application for New Sewer Service**

Any property owner or authorized agent seeking to connect to CFUD's sewer system must submit a completed application for sewer service to the CFUD office. The application process is the same as the water service application process described in Policy No. 9 and Policy No. 18 and includes payment of the applicable sewer tap fee as set forth in the Schedule of Rates and Fees; submission of all required documentation; and compliance with all CFUD specifications and applicable state and local regulations.

### **Section 3 – CFUD Sewer Tap Installation**

Upon approval of the application and receipt of all required fees, CFUD will install the sewer tap connection from the CFUD sewer main to the property line or an agreed point of connection. The tap installation process is subject to the same final grading, site readiness, and permit requirements as water tap installations under Policy No. 9. No sewer tap installation will begin until all 811 utility locates have been completed and approved.

### **Section 4 – Customer Responsibilities – Grinder Pump**

CFUD's collection system is a low-pressure grinder pump system. After CFUD installs the sewer tap, the customer is responsible for all of the following at the customer's sole expense:

- **Grinder Pump Selection:** The customer must purchase and install a grinder pump that is a State of Tennessee-approved model and brand that meets CFUD's specifications. A list of approved grinder pump models is available at the CFUD office. No substitutions will be permitted without prior written approval from the City Administrator.
- **Grinder Pump Installation:** The grinder pump must be installed by a licensed plumber or contractor in accordance with the manufacturer's specifications, CFUD's installation specifications, and all applicable state and local codes.
- **Alarm Panel Connection:** The customer is responsible for connecting the grinder pump to an alarm panel in accordance with the manufacturer's specifications and applicable electrical codes. The alarm panel must be installed in a visible and accessible location.
- **Connection to the House:** The customer is responsible for all plumbing work necessary to connect the grinder pump to the home's interior plumbing system.
- **Septic Tank Disconnection:** Before CFUD activates sewer service, the customer must permanently disconnect their existing septic tank from the home's plumbing system. The disconnection must be performed by a licensed contractor. Simply abandoning the septic system without disconnection is not acceptable and will result in the denial of sewer service activation.
- **Septic Tank Pumping:** The customer must have their existing septic tank pumped by a licensed septic tank pumping contractor prior to or immediately upon disconnection. Proof of pumping, in the form of a receipt or contractor certification, must be provided to CFUD before sewer service is activated.

### **Section 5 – CFUD Inspection Prior to Activation**

Before CFUD activates sewer service at any new connection, a CFUD Field Technician shall inspect the installation to verify:

- The grinder pump is a State-approved model consistent with CFUD's approved list;
- The grinder pump, alarm panel, and all connections meet CFUD's installation specifications;
- The septic tank has been disconnected from the home's plumbing system;
- Proof of septic tank pumping has been received by CFUD.

CFUD will not activate sewer service until all of the above conditions have been verified and approved by CFUD. Any deficiencies found during inspection must be corrected by the customer before a re-inspection is scheduled.

### **Section 6 – Ongoing Customer Maintenance Responsibility**

After sewer service is activated, the customer is responsible for the maintenance, repair, and replacement of the grinder pump, alarm panel, and all plumbing on the customer's side of the CFUD sewer tap. CFUD is not responsible for any customer-side grinder pump failure, alarm, or malfunction. Customers experiencing grinder pump alarms or failures should contact their licensed plumber or the grinder pump manufacturer's service provider.

### **Section 7 – Billing Commencement**

Monthly sewer charges begin on the date CFUD activates sewer service at the customer's connection, regardless of the date the customer begins using the system. If the property is within the sewer service area and the sewer tap has been installed but service has not yet been activated, the improvement fee under Sewer Policy No. 2 applies.

### **Section 8 – Record Retention**

All sewer tap applications, inspection records, and service activation records shall be retained for a minimum of six (6) years after termination of service.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-302 and 7-82-403 and applicable TDEC regulations. The Governing Board reserves the right to amend this policy by resolution at any regular meeting.*

## **SEWER POLICY NO. 4 – SEWER SYSTEM MAINTENANCE AND CUSTOMER RESPONSIBILITIES**

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### **Section 1 – Purpose**

This policy defines the maintenance responsibilities of CFUD and its sewer customers and establishes the standards for system care that protect the integrity of CFUD's collection system and CFUD's obligation to TASS under the Agreement for Wastewater Services.

### **Section 2 – CFUD Maintenance Responsibilities**

CFUD is responsible for the maintenance, repair, and replacement of all wastewater infrastructure on CFUD's side of the sewer tap, including:

- All sewer mains and force mains owned by CFUD;
- All lift stations and pump stations within CFUD's collection system;
- All manholes, cleanouts, and other collection system infrastructure owned by CFUD;
- The CFUD portion of all service connections up to and including the sewer tap at the property line.

CFUD shall make repairs to its collection system promptly and shall maintain the system in a manner sufficient to meet CFUD's obligations to TASS under the Agreement for Wastewater Services.

### **Section 3 – Customer Maintenance Responsibilities**

The customer is solely responsible for the maintenance, repair, and replacement of all sewer infrastructure on the customer's side of the tap, including:

- The grinder pump and all associated components;
- The alarm panel and all electrical connections to the grinder pump;
- All sewer lateral lines from the home to the grinder pump and from the grinder pump to the CFUD tap;
- All interior plumbing is connected to the sewer system.

### **Section 4 – Prohibited Discharges**

Customers shall not discharge or allow them to be discharged into CFUD's sewer system any of the following:

- Grease, fats, oils, or wax in quantities that may obstruct the system;
- Stormwater, surface water, groundwater, roof runoff, or drainage from sump pumps;
- Any substance that is flammable, explosive, or could damage CFUD's infrastructure;
- Any hazardous waste, chemicals, or toxic substance;
- Any substance prohibited by TASS's pretreatment requirements or by applicable state or federal law;
- Any substance that could interfere with TASS's wastewater treatment operations.

Customers found to be discharging prohibited substances into CFUD's sewer system may be subject to immediate disconnection, back-billing, civil liability, and referral to TDEC or other regulatory authorities.

### **Section 5 – Septic Tank Prohibition After Connection**

Once a customer is connected to and actively using CFUD's sewer system, the use of the previously existing septic tank for the discharge of any household wastewater is permanently prohibited. Customers may not reconnect their home to the old septic system for any reason after CFUD sewer service has been activated. Violation of this section shall constitute grounds for immediate disconnection of sewer service and referral to TDEC.

### **Section 6 – CFUD Access Rights**

CFUD and its authorized agents shall have the right to access the customer's property at reasonable times to inspect, read, test, repair, maintain, and replace any CFUD-owned sewer infrastructure. Customers must maintain clear, unobstructed access to all CFUD sewer infrastructure located on their property, including manholes, cleanouts, and the sewer tap. Customers who obstruct CFUD's access to sewer infrastructure may be subject to disconnection and the costs of any remediation required.

### **Section 7 – Record Retention**

All sewer maintenance records, inspection reports, and prohibited discharge notices shall be retained for a minimum of seven (7) years.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-302, 7-82-403, and applicable TDEC pretreatment regulations. The Governing Board reserves the right to amend this policy by resolution at any regular meeting.*

## **SEWER POLICY NO. 5 – SEWER BILLING, PAYMENT, AND DISCONNECTION**

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### **Section 1 – Purpose**

This policy establishes the billing, payment, and disconnection procedures specific to CFUD's sewer service. All sewer accounts are subject to the general collection procedures established in Policy No. 1, the billing procedures in Policy No. 6, and the disconnection procedures in Policy No. 11, except as modified by this policy for sewer-specific circumstances.

### **Section 2 – Combined Billing for CFUD Water and Sewer Customers**

Customers who receive both water and sewer services from CFUD will receive a single combined monthly bill that includes both water and sewer charges. The combined bill is subject to the same billing schedule, payment due date, late fee, and disconnection date established in Policy No. 6. Nonpayment of the combined bill may result in disconnecting both water and sewer service.

### **Section 3 – Billing for Sewer-Only Customers (TASS Water Customers)**

Customers who receive sewer service from CFUD but water service from TASS will receive a separate monthly sewer bill from CFUD. Sewer-only bills are subject to the same billing schedule, payment due date, late fee, and disconnection date established in Policy No. 6. Nonpayment of a sewer-only bill is subject to the collection procedures established in Policy No. 1.

### **Section 4 – Disconnection of Sewer-Only Accounts**

For customers who receive sewer service only from CFUD (TASS water customers), CFUD cannot disconnect water service for nonpayment of the sewer bill, as water service is provided by TASS. In such cases, CFUD may pursue the following remedies for nonpayment of a sewer-only account:

- Referral of the delinquent balance to an outside collection agency per Policy No. 1, Section 2;
- Credit reporting per Policy No. 1, Section 8;
- Physical disconnection of the sewer service connection at the tap, at the customer's expense, after proper notice under Policy No. 1, Section 1;
- Denial of future sewer service at any CFUD service address associated with the delinquent account holder;
- Civil action to recover all amounts owed, including court costs and reasonable attorney's fees.

### **Section 5 – Improvement Fee Billing**

The sewer improvement fee established in Sewer Policy No. 2, Sections 4 and 5, is billed monthly to all properties where sewer service is available, but the property is not connected. The improvement fee is a mandatory charge and is not subject to waivers or reductions. Nonpayment of the improvement fee is subject to the same collection procedures as any other CFUD charge under Policy No. 1.

### **Section 6 – Minimum Monthly Bill**

All active sewer accounts are subject to the minimum monthly bill regardless of usage. All sewer improvement fee accounts are subject to the flat monthly improvement fee. There is no minimum usage requirement; the minimum bill applies even if no wastewater is discharged in a given month.

### **Section 7 – Record Retention**

All sewer billing and payment records shall be retained for a minimum of seven (7) years.

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*This policy is adopted pursuant to T.C.A. §§ 7-82-403, 7-35-414, and 65-32-101 et seq. The Governing Board reserves the right to amend this policy by resolution at any regular meeting.*

## SEWER POLICY NO. 6 – SEWER DEVELOPMENT AND CAPACITY FEES

### Section 1 – Purpose

This policy establishes the development and capacity fees applicable to new sewer connections within CFUD's sewer service area, including the fees required by TASS under the Agreement for Wastewater Services. Developers and new customers connecting to CFUD's sewer system must pay all applicable fees before service is provided.

### Section 2 – CFUD Sewer Tap Fees

All new sewer connections are subject to a CFUD sewer tap fee as set forth in the Schedule of Rates and Fees. The tap fee covers CFUD's cost of installing the sewer connection from the sewer main to the property line. Tap fees are established by the Governing Board by resolution and are subject to adjustment. Current tap fees are:

- Residential Sewer Tap (1.5-inch): \$1,500.00
- Commercial Sewer Tap (2-inch): \$4,200.00
- Commercial Sewer Tap (4-inch): \$12,500.00

### Section 3 – TASS Capacity Development Fee – Developments Over Four Lots

Pursuant to Section 14 of the Agreement for Wastewater Services between CFUD and TASS, CFUD is required to assess and collect a TASS Capacity Development Fee from all developers and pass the full amount through to TASS. This fee applies to any development of more than four (4) lots connected to CFUD's sewer system where TASS also provides water service. The TASS Capacity Development Fee is:

- Wastewater: \$750.00 per lot for any development of more than four (4) lots.

This fee is in addition to CFUD's own development fee under Water Policy No. 22 and all applicable CFUD tap fees. The TASS Capacity Development Fee must be paid to CFUD before any sewer connection permit will be issued for any lot within the applicable development. CFUD will remit all TASS Capacity Development Fees collected to TASS in accordance with the Agreement for Wastewater Services.

### Section 4 – CFUD Water Development Fee for Combined Water and Sewer Developments

Any development of more than three (3) residential homes that connects to both CFUD's water system and CFUD's sewer system is subject to CFUD's Water Development Fee of \$350.00 per home under Water Policy No. 22, Section 5, in addition to the TASS Capacity Development Fee of \$750.00 per lot under Section 3 of this policy, in addition to all applicable tap fees for both water and sewer. All fees are cumulative and must be paid in full before any service connection is made.

### Section 5 – Summary of Fees for New Developments

| Fee                            | Amount                      | Threshold / Notes                       |
|--------------------------------|-----------------------------|-----------------------------------------|
| CFUD Water Tap Fee             | Per Schedule                | Per water meter size                    |
| CFUD Sewer Tap Fee             | Per Schedule                | Per sewer connection size               |
| CFUD Water Development Fee     | \$350.00/home               | Developments > 3 homes; Policy 22       |
| TASS Capacity Dev. Fee (Sewer) | \$750.00/lot                | Developments > 4 lots; remitted to TASS |
| 6% Engineering/Legal/Admin Fee | 6% of the construction cost | Developer contracts; Policy 22          |

### Section 6 – Record Retention

All sewer development fee records, TASS capacity fee remittances, and related documentation shall be retained indefinitely. *This policy is adopted pursuant to T.C.A. §§ 7-82-302 and 7-82-403, and the Agreement for Wastewater Services between CFUD and TASS dated June 16, 2021. The Governing Board reserves the right to amend this policy by resolution at any regular meeting.*

## **APPENDIX F – AGREEMENT FOR WASTEWATER SERVICES**

### **TASS (SUMMARY REFERENCE)**

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The fully executed Agreement for Wastewater Services between the Tellico Area Services System (TASS) and the City of Friendsville, dated June 16, 2021, is maintained on file with the CFUD Office Coordinator and is incorporated by reference into the utility policy manual under the sewer policy. A copy is available upon request.

#### **Key Terms Summary**

- Parties: TASS (an agency of Monroe and Loudon Counties) and the City of Friendsville, a municipal corporation organized under the laws of the State of Tennessee.
- Purpose: TASS provides wastewater treatment services for wastewater collected by the city and pumped to the TASS collection system and treatment facility.
- Treatment Capacity: Approximately 15,000 gallons per day at initial operation.
- Term: Five (5) years from commencement of treatment, renewable for successive five (5) year terms. Termination requires at least three (3) years' prior written notice at the end of any term.
- Delivery Point: State Route 95 at Unitia Road right-of-way near State Route 95.
- Rates: CFUD pays TASS's wholesale customer rates as in effect at the time service commences. Rates may be adjusted simultaneously with any general rate increase affecting all wholesale customers equally.
- Minimum Monthly Bill: \$750.00 for all flows below 140,000 gallons per month.
- Water Purchase Requirement: The City must purchase at least 75% of its water from TASS during the term of the agreement while TASS provides wastewater services and an adequate water supply is available. Failure to maintain the 75% threshold gives TASS the option to terminate wastewater services.
- Late Payment: Bills due on or before the 10th of the following month; 10% late fee applies to any bill not paid timely.
- Metering Device: Owned and maintained by TASS; tested annually by TASS. Replacement costs are the City's responsibility.
- Maintenance: City maintains all collection lines and facilities on the City's side of the delivery point. TASS maintains all lines and facilities on TASS's side.
- Capacity Development Fee: \$750.00 per lot for any development of more than four (4) lots. City collects and remits to TASS.
- Default: If the City defaults on any payment obligation and the default continues for thirty (30) days after written notice from TASS, TASS may, upon ten (10) additional days' written notice, suspend or discontinue collection and treatment services without terminating the agreement. City agrees to pay all collection and litigation costs with a minimum of \$250.00.
- Governing Law: State of Tennessee. Amendments must be in writing and signed by both parties.

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#### **City of Friendsville Utility District – Policy Manual – All Rights Reserved**

*This manual should be reviewed annually and updated to reflect changes in Tennessee law. CFUD should consult legal counsel before implementing any policy change.*