



**Ensuring Fair and Equitable Water and Wastewater Rates  
for Non-resident Customers of City Utilities**

**A Report on House Bill 600**



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**ENSURING FAIR AND EQUITABLE  
WATER AND WASTEWATER RATES  
FOR NON-RESIDENT CUSTOMERS OF CITY UTILITIES**

*A Report on House Bill 600*

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Lynnisse Roehrich-Patrick, Executive Director

January 30, 2014

The Honorable Matthew Hill  
Chair, House Local Government Committee  
301 6th Avenue North  
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Nashville, TN 37243

Dear Chairman Hill,

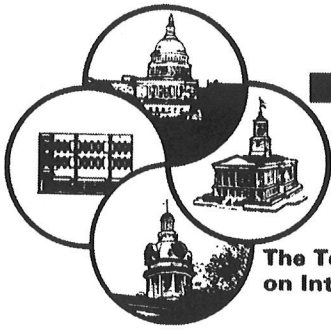
Transmitted herewith is a Commission report on House Bill 600 by Rep. Timothy Hill (Senate Bill 735 by Green), referred by the House Local Government Committee for study in 2013. The report was approved by the Tennessee Advisory Commission on Intergovernmental Relations January 30, 2014, and is hereby submitted for your consideration.

Respectfully yours,

  
\_\_\_\_\_  
Senator Mark Norris  
Chairman

  
\_\_\_\_\_  
Lynnisse Roehrich-Patrick  
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# TACIR

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on Intergovernmental Relations



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## **MEMORANDUM**

**TO:** Commission Members

**FROM:**  Annisse Roehrich-Patrick  
Executive Director

**DATE:** 30 January 2014

**SUBJECT:** Water and Wastewater Rates—Final Report for Approval

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The attached report prepared in response to House Bill 600 by Representative Timothy Hill (Senate Bill 735 by Green), sent to the Commission to study by the House Local Government Committee, is submitted for your approval. That bill would have capped water and wastewater rates for those who live outside Johnson City and in Sullivan County at one and one-half times the rates charged inside the city.

The report reflects the Commission's decision not to recommend House Bill 600 in its current form and its consensus that rates should be both reasonable and justified and that whether a customer lives inside or outside the city is not enough on its own to justify a rate difference. The report includes a recommendation that some means of ensuring that rate differentials are fairly set is warranted, either through representation on the utility board or through an appeal process or both.





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## Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

Most Tennesseans rely on public utilities to meet their need for a clean and secure water supply. Public utilities in Tennessee include primarily cities and utility districts, but some residents get their water from regional public water authorities or counties, and most residents of Hamilton County are served by an investor-owned utility, Tennessee American Water. Rates charged by these utilities vary based on population density, utility size, the number of customers served, and the complexity of the geography of the region they serve. Rates may also vary among customers of the same utility, particularly when cities extend service beyond their city limits to meet the needs of nonresidents.

Of the 199 cities that provide water service outside their city limits, 23 charge the same rates inside and outside the city. The other 176 charge rate differentials ranging from 4% to 176% more for water service. Thirteen have outside water rates that are exactly double; 29 have water rates that are exactly one and one-half times their inside rates. Rates for sewer service follow a similar pattern. Although utilities commonly use rate studies to determine what to charge their customers, the difficulty of figuring out what it costs to serve customers in different parts of their service area may account for some of these seemingly arbitrary rate differentials.

When rates aren't the result of a rate study, or customers otherwise feel that rates are unjustified, city residents can complain to those they elect, who either set rates themselves or appoint those who do. Likewise, utility district customers can complain to their boards, which are either elected directly by the customers or appointed by the county mayor or executive for whom all county residents vote. Non-resident city customers can complain to the city's utility board; however they do not have recourse to an elected official who can influence the people on the board.

Unlike customers of utility districts, who can appeal rate decisions to the Utility Management Review Board (UMRB) housed in the Comptroller's Office, customers of city water utilities do not have a similar appeal process when they believe their water or sewer rates are too high. Their utilities are regulated by the Wastewater Finance Board (WWFB), also housed in the Comptroller's Office, which does not have the UMRB's authority to handle rate complaints. Investor-owned utilities are regulated by the Tennessee Regulatory Authority and cannot raise rates without their approval.

Given the tendency of rate caps to become standard rates, the Commission does not recommend House Bill 600 in its current form but recommends instead giving outside customers representation on city utility boards or an appeal process or both.

House Bill 600 sought to address complaints from residents of Piney Flats about their water and sewer rates by capping rates for customers who live outside Johnson City and in Sullivan County at one and one-half times the rates charged inside the city.

Residents of Piney Flats in Sullivan County who receive water and sewer service from Johnson City, like all non-resident customers of the city, are charged rates double those charged city residents. They believe their rates are unreasonable and complain that the city utility has not provided any information to justify them. They believe that the rates they are paying are funding large transfers to the city that the city says are appropriate amounts for administrative costs provided to the utility by the city and for reasonable payments in lieu of taxes, all of which are authorized by state law. House Bill 600 by Timothy Hill (Senate Bill 735 by Green) sought to remedy this situation by capping rates for those who live outside Johnson City and in Sullivan County at one and one-half times the rates charged inside the city. All public utilities must be self-sustaining and cannot rely on the tax base for funding and, therefore, must charge rates sufficient to cover all reasonable costs. While all public utilities may also charge rates sufficient to create reserves in order to, for instance, fund capital improvements, cities cannot charge rates high enough to generate funds for non-utility purposes.

According to the legislature’s Fiscal Review Office, Johnson City could lose more than half a million dollars if the bill passed. Unless the city utility could find a way to cut costs, the revenue would have to be made-up by charging other customers more or by reducing the amount paid to the city for administrative costs or in lieu of taxes. Reducing amounts paid to the city would require cuts elsewhere in Johnson City’s budget or an increase in revenue from some other source. Regardless of how the loss was covered, city residents would be affected, either through higher costs or reduced services. The utility might be able to use its reserves to mitigate this shift in costs for a year, or even several years, but this would be a temporary solution.

Moreover, based on experience in other states, rate caps may become the standard rate. For example, Florida caps water rates for non-resident city customers at one and one-half times the rate charged residents. Outside rates cannot exceed one and one-quarter times inside rates without a public hearing.<sup>1</sup> It is estimated that about half of Florida’s utilities have set their outside rate at exactly that 125% threshold.<sup>2</sup> Wyoming gives utilities that receive state grants or loans the option of setting rates for outside customers at a maximum of 125% of the rate charged customers inside the city or the actual cost of providing water service. Those that don’t receive grants or loans can charge up to double the rates paid by city residents. Outside customers can appeal rates to the state’s Public Service Commission.<sup>3</sup> Most of Wyoming’s utilities charge at or near the 125% cap. Colorado has had

<sup>1</sup> Florida Annotated Statute, Section 180.191(b).

<sup>2</sup> Telephone interview with Mike Rocca, Director of Florida Operations, Raftelis Financial Consultants, November 25, 2013.

<sup>3</sup> Wyoming Statutes Annotated, Section 15-7-602.

a similar experience with its effort to cap the interest rates charged by payday lenders.<sup>4</sup>

Given the tendency of rate caps to have the unintended consequence of becoming the new standard rate, the Commission does not recommend House Bill 600 in its current form. Nevertheless, rates should be both reasonable and justified. Whether a customer lives inside or outside the city is not enough on its own to justify a rate difference. While using cost studies to determine how rates should vary within a utility’s service area is unrealistic, it is the consensus of the Commission that some means of ensuring that rate differentials are fairly set is warranted, either through representation on utility boards similar to the representation non-residents of cities have on municipal regional planning commissions or, as in Wyoming, through an appeal process similar to that provided by the UMRB to utility district customers or both. Non-city residents have as many as two members on municipal regional planning commissions;<sup>5</sup> similar representation could be added to city utility boards.

## How Tennesseans Get Their Water

Residents of Tennessee get water service from one of three types of water systems—public water systems, such as utility districts and city water systems; investor-owned water systems such as Tennessee American Water; or non-public utilities, such as community water systems. Both types of public utilities serve residents inside and outside cities. Overall, municipal utilities serve more Tennesseans than utility districts serve. Generally, utility districts serve customers outside city limits, but they may also serve city residents. Utility districts’ boundaries are clearly defined,<sup>6</sup> and if a city expands its limits within those boundaries, the city utility cannot take the district’s customers, but they can provide them sewer if the utility district does not.<sup>7</sup>

A total of 262 cities provide water or sewer service, or both, to customers outside city limits: 199 cities provide water service, 93 provide sewer, and

Table 1. Estimated Number of Public Utility Water and Sewer Customers in Tennessee, 2012\*

Type of Utility	Total	Inside City Limits**	Outside City Limits**	
			Number	Percent
Municipal Water	1,421,020	1,048,373	281,130	21%
Municipal Sewer	1,235,033	867,789	59,490	6%
UD Water	640,290	Data not available		
UD Sewer	92,280			
Water Authority	51,914			
Wastewater Authority	7,604			

\*Or more current if not included in financial reports.

\*\*Inside and outside do not add to total because some counts did not specify inside/outside.

Source: 2012 annual financial reports and telephone calls to utilities that did not include counts in their reports.

<sup>4</sup> DeYoung 2009.

<sup>5</sup> Tennessee Code Annotated, Section 13-3-102. (Ten is the maximum number of members allowed on municipal planning commissions per Tennessee Code Annotated Section 13-4-101.).

<sup>6</sup> Tennessee Code Annotated, Section 7-82-201.

<sup>7</sup> 7 U.S.C. § 1926(b). The USDA initially provided funding for these districts in the form of grants and loans; any district that holds a federal grant or loan cannot be bought by another water system.

Table 2. Tennessee Cities Not Served by a Municipal Water System with a Population of More Than 5,000

City	2012 Population	Water Utility District
Hendersonville	51,500	Hendersonville Utility District
Mount Juliet	24,557	West Wilson Utility District
Farragut	20,688	First Utility District of Knox County
Soddy-Daisy	12,691	Soddy-Daisy-Falling Water Utility District
White House	10,243	White House Utility District
Collegedale	8,367	Eastside Utility District
Hartsville-Trousdale	7,827	Hartsville-Trousdale Utility District
Church Hill	6,710	First Utility District of Hawkins County
Millersville	6,181	White House Utility District
Nolensville	5,812	Nolensville-College Grove Utility District
Mount Carmel	5,409	First Utility District of Hawkins County

89 provide both. All together, they provide water to more than 281,000 customers outside city limits and sewer to nearly 60,000. Tennessee’s 170 utility districts provide water to more than 640,000 customers; 15 of them also provide sewer service to more than 92,000 customers. Table 1 shows the number of water and sewer customers by type of public utility. Though utility districts serve primarily rural areas, they also supply several urban population centers. In total, utility districts

provide water service to eleven cities with populations of 5,000 or more. See table 2.

### Water and Wastewater Rates Vary Widely Across the State and Within Utilities

Water rates vary significantly across the state based on population density, utility size, the number of customers served, and the geography of the area served. Rates may also vary among customers of the same utility, particularly when cities extend service beyond their city limits to sparsely populated areas. According to a Texas study of economics of rural water distribution,<sup>8</sup> maintaining water quality within sparsely populated areas can be more challenging than in a system that serves a higher density community.

*Lines may only have a few customers, leading to stagnation problems during the summer months. . . . Rural systems typically do not have loops that help reduce stagnation. As a result, rural systems usually flush their lines more frequently than urban systems. If lines are over-sized for their current demands, they require even more water than a system of smaller lines. . . .*

*One of the unique aspects of rural systems is the difficulty in finding and repairing leaks. In more densely populated areas residents frequently see and report leaking water lines. However, in rural areas leaks are seldom observed by residents.*

<sup>8</sup> Freese and Nichols 2009.

*In addition, the many miles of unobserved water lines make it relatively easy for unauthorized connections to the system. . . .*

*Furthermore, reduced demand could lead to additional stagnation problems that are already the result of infrequent use of water lines. Rural systems have more difficulty in identifying and addressing leaks and other losses than urban systems.*

The study found that overall costs are more strongly correlated with population, number of connections, and water use than with either service area or number of miles of pipeline. Aside from the very largest public water utilities in the state, costs in Tennessee do not appear to vary with the number of customers served.

### **Variations in Water and Wastewater Rates Within Utilities**

The costs of providing water and sewer service can also vary among customers of the same utility. According to the American Water Works Association,

*the ideal solution to developing rates for water utility customers is to assign cost responsibility to each individual customer served and to develop rates that reflect that cost. Unfortunately, it is neither economically practical nor often possible to determine the cost responsibility and applicable rates for each individual customer served. However, the cost of providing service can reasonably be determined for groups or classes of customers that have similar water-use or service requirements.<sup>9</sup>*

Some outside rates appear to be a simple multiple of the inside rate. Several cities charge outside customers twice as much as the city rate; a few charge them exactly one and one-half times the inside rate. Whole number multipliers such as these appear arbitrary. In many cases, utilities do not use cost-based principles to establish these multipliers, but that alone does not mean that they do not approximate the actual cost difference. Even so, the lack of some kind of cost analysis potentially leaves the utilities open to legal challenge.<sup>10</sup>

Residents of one area outside Johnson City, the Piney Flats community in Sullivan County, expressed concern to their state representative about being charged twice the rates their Johnson City neighbors pay. Their representative, Timothy Hill, and Senator Mark Green of Clarksville

Water rates vary significantly across the state based on population density, utility size, the number of customers served, and the geography of the area served.

<sup>9</sup> American Water Works Association 2012.

<sup>10</sup> Ibid.

introduced legislation to cap rates in the area at one and one-half times the city rate. Rate differentials as large as those in Piney Flats (200%) are not common, but they do occur all across the state, which makes this an issue of interest and concern beyond the Johnson City area. See table 3.

Table 3. Cities with Outside Water Rates 200% or More Higher than Inside Rates

City	Inside Versus Outside Rates		Geographic Region	Grand Division
	Water	Sewer		
Jefferson City	276%	281%	Ridge and Valley and Smokies	East
Kingsport	270%	155%	Ridge and Valley and Smokies	East
Dresden	264%	-	Alluvial and Coastal Plain	West
Portland	230%	130%	Highland Rim	Middle
Monterey	209%	-	Cumberland Plateau	Middle
Scotts Hill	206%	-	Highland Rim	West
Camden	206%	-	Alluvial and Coastal Plain	West
Jasper	200%	200%	Cumberland Plateau	East
Sevierville	200%	200%	Ridge and Valley and Smokies	East
Lafayette	200%	200%	Highland Rim	Middle
Martin	200%	200%	Alluvial and Coastal Plain	West
Englewood	200%	-	Ridge and Valley and Smokies	East
Estill Springs	200%	-	Highland Rim	Middle
Bristol	200%	109%	Ridge and Valley and Smokies	East
Waynesboro	200%	200%	Highland Rim	Middle
Manchester	200%	200%	Highland Rim	Middle
Jellico	200%	200%	Cumberland Plateau	East
Johnson City	200%	200%	Ridge and Valley and Smokies	East
Linden	200%	-	Highland Rim	Middle
Clifton	200%	-	Highland Rim	Middle

Of the 196 municipal systems that provide water service to residents outside their city limits, 173 charge more for outside water service. Thirteen, including Johnson City, set the outside rate at exactly two times the inside rate; seven have outside rates that are more than double the inside rates, for a total of 20, or 10% with rates that are double or higher. Another 29 are set to exactly one and a half times the inside rate. Of the 228 cities with sewer systems, 87 of the 89 that provide both water and sewer service charge a different rate to outside customers for one or both services. However, the most common markups are 40% to 50% more than the inside rate.

Of the 20 municipal water systems that charge outside customers double the inside-city water rate or more, Jefferson City (276%), Kingsport (270%), Dresden (264%), and Portland (230%) have the largest differences. Only Jefferson City has an outside sewer rate more than double the inside rate. Eight of the 20 do not provide sewer service outside the city, three have



rates that are less than double, and eight have outside sewer rates that are exactly double.

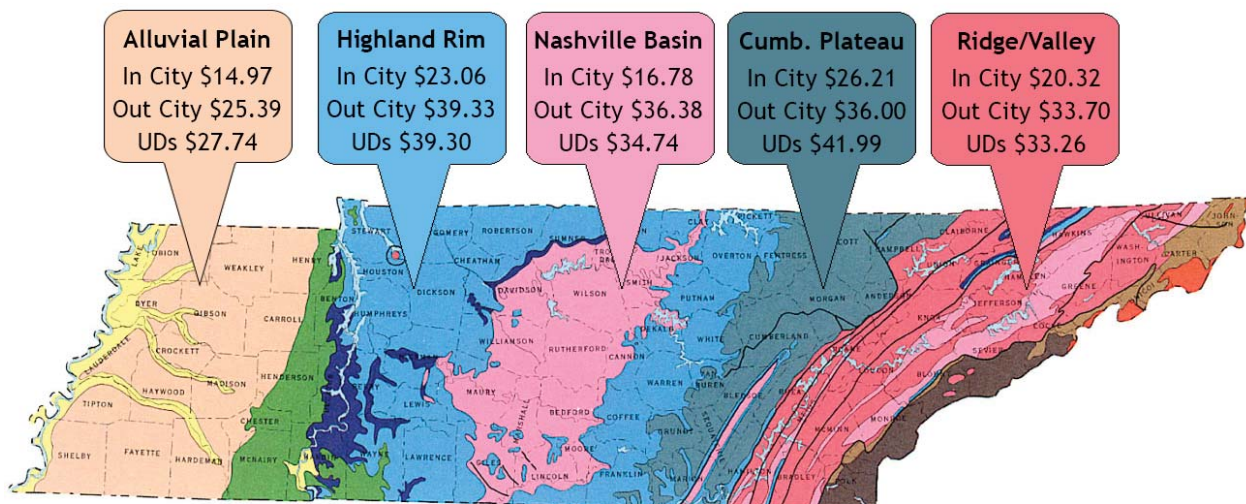
A report issued by the state’s Water and Wastewater Finance Board in 2008 (see appendix A) based on a review of city utilities with outside rates more than double their inside rates made the following general comments about setting reasonable rates for outside customers:

1. Customers outside the municipal boundary of the city should not be charged a higher rate simply because the debt is backed additionally by the “full faith and credit” of the taxpayers of the municipality. A utility system should be a self-supporting entity paid for by its users.
2. All fees and charges—whether for inside or outside customers—should be studied to determine that they are defensible, equitable, and reasonable.
3. Tap fees are for a one-time service provided and should be judged differently from the minimum bill or the per thousand gallon rate, which are based on the operational costs of the system.

While costs can vary among customers of the same utility, some outside rates appear to be a simple multiple of the inside rate.

Comparing the prices cities charge outside customers to the prices they charge their own residents may not be the best way to determine whether they look reasonable. It may be better to compare them to utility districts’ rates. Population density and other characteristics outside cities may be more similar to those of utility districts than to those inside cities and may explain why cities’ outside rates across the state are more similar to utility districts’ rates as shown in figure 1.

**Figure 1. Variation in Water Rates by Geographic Region\***



\*The cost of 5,000 gallons of water and sewer by county and water system can be found in appendixes B and C.

By law, water utilities must be financially self-supporting and, therefore, must charge rates sufficient to cover the full cost of producing and delivering water.

For instance, rates for outside customers in the Highland Rim and the East Tennessee (Ridge and Valley) regions are almost the same as rates for customers of utility districts (within 3 cents in the Highland Rim and within 50 cents in East Tennessee) despite being considerably higher than those paid by city residents. Differences between outside customer rates and utility district rates in the Nashville Basin and West Tennessee regions are less than \$2.50 even though rates for city residents are \$10 or \$20 less. The region with the highest water prices in the state, the Cumberland Plateau, has the largest difference between utility district prices and municipal outside prices. For this region, utility district prices are \$6 higher than outside prices, and inside prices are nearly \$10 less. Kingsport, Jasper, Estill Springs, and Manchester are the only four systems with outside rates 200% or higher, but the cost of 5,000 gallons of water is still lower than regional average utility district and city outside prices. In making these comparisons it's important to realize that utility districts cannot get the favorable interest rates that municipal utilities can because utility districts cannot take advantage of the generally higher bond ratings of the cities and counties they serve. These more favorable bond ratings for cities and counties are available because of their taxing authority. In fact, cities usually issue what they call double-barrel bonds, bonds backed by both pledges of utility revenue and the cities' tax bases, to fund utility improvements.

### **Establishing Water and Wastewater Rates**

By law, water utilities must be financially self-supporting<sup>11</sup> and, therefore, must charge rates sufficient to cover the full cost of producing and delivering water, including the cost of treatment, storage, distribution, debt service, capital expenditures, regulatory compliance, and other operation and maintenance costs. Water and sewer rates must be structured to ensure that utilities have the financial resources to operate effectively and efficiently now and in the future.

Doing this involves taking a detailed look at current and future costs and expenses, rate structure options, and the amount of water customers use.<sup>12</sup> The EPA, in its rate-setting guide for small water systems, sets out a seven-step process:

Step 1: Determine the full cost of doing business by calculating costs.

Step 2: Determine current revenues.

<sup>11</sup> Tennessee Code Annotated, Section 7-35-414.

<sup>12</sup> United States Environmental Protection Agency 2006.

Step 3: Consider reserve requirements to provide enough funds to cover asset rehabilitation and repair costs as well as unexpected costs during the next 5 years.

Step 4: Calculate the amount of money needed from customer charges to cover costs and fully fund reserves.

Step 5: Evaluate appropriate rate structures and design an appropriate rate.

Step 6: Implement the rates.

Step 7: Review rates and make changes when appropriate.

Following this or a similar process will ensure that utilities can

- maintain their financial stability by ensuring a sufficient revenue stream;
- collect and reserve the funds needed to cover the costs of future asset rehabilitation and repair projects, security upgrades, and compliance with future regulations, among other things;
- plan ahead for reasonable, gradual rate increases when necessary; and
- deliver fairly priced, high-quality drinking water to customers now and in the future.

Currently there is no requirement that a city utility conduct a cost of service study. The Tennessee Association of Utility Districts recommends that all utilities, except for the very smallest, do a cost of service study every five years. They also recommend that cities, like utility districts, be required to report their rates and calculation methods in their annual financial reports.<sup>13</sup>

### ***Extending Service to New Customers***

Extending services to customers outside cities may require investment in new facilities or may cost more because of the need to pump water over longer distances or to higher elevations—all of which can be factors inside the city limits as well.<sup>14</sup> Regardless, existing customers should not be required to subsidize new customers. One way to avoid this is to ensure

<sup>13</sup> Testimony by executive director Bob Freudenthal at the October 23, 2013, Commission meeting.

<sup>14</sup> American Water Works Association 2012, p. 167-168.

that tap fees (one-time fees charged for connecting to the water system) are adequate to cover their share of the investment in fixed assets by the existing customers. Another strategy is to use special assessment districts, which enable local governments to collect revenue from the residents who will benefit directly from infrastructure improvements.<sup>15</sup>

When a utility is considering extending service to new customers, they may find it is not cost effective to do a formal cost of service study. Instead, they may rely on the expertise and knowledge of existing staff and contractors to determine whether it is cost effective to add new customers and what rates they should be charged. The University of Tennessee’s Municipal Technical Advisory Service (MTAS) has done cost of service studies for municipal utilities, including a few to determine rates for outside customers.

### Gaps in Utility Oversight

Two separate boards housed in the Comptroller’s office regulate public utilities: the Utility Management Review Board (UMRB) and the Water and Wastewater Finance Board (WWFB). Both of these boards primarily oversee the utilities’ financial health and review financial reports annually for signs of financial distress. Investor-owned utilities, such as Tennessee American Water, the largest in Tennessee, are regulated by the Tennessee Regulatory Authority. If utilities in Tennessee don’t charge sufficient rates to cover their costs, including depreciation of their capital assets, the WWFB and the UMRB have authority to intervene and require them to raise their rates. Not only must systems as a whole be self-sufficient, but when they extend services outside their boundaries they must charge rates sufficient to ensure that those outside services are self-supporting.<sup>16</sup>

Although the UMRB and the WWFB play the same role in ensuring the financial health of utilities, only the UMRB has a role in resolving customer rate complaints. Tennessee’s 448,000-plus water customers—those served by utility districts—have the benefit of an appeals process when they feel that monthly bills are too high or the quality of service is too low. No statute specifically prevents outside rates from being too high, but the law does prohibit utilities from operating for a profit.<sup>17</sup> Although cities can charge their municipal systems for both administrative costs and payments in lieu of taxes,<sup>18</sup> payments in lieu of taxes cannot be more than the property taxes an investor-owned utility would pay. State law exempts utility districts from these taxes.<sup>19</sup>

Although the UMRB and the WWFB play the same role in ensuring the financial health of utilities, only the UMRB has a role in resolving customer rate complaints.

<sup>15</sup> Tennessee Code Annotated, Section 7-32-101.

<sup>16</sup> Tennessee Code Annotated, Section 7-51-401(b).

<sup>17</sup> Tennessee Code Annotated, Section 7-34-115(a).

<sup>18</sup> Tennessee Code Annotated, Section 7-34-115(a)(9).

<sup>19</sup> Tennessee Code Annotated, Section 7-82-105.

Unlike customers of utility districts, who can file rate complaints with the UMRB,<sup>20</sup> city residents can complain only to their elected officials about their rates and have no appeal beyond that except to chancery court. A rate review petition to the UMRB must be signed by at least 10% of the system's customers. Three customer petitions for rate reviews were sent to the UMRB in 2012,<sup>21</sup> two of these were rejected because they did not meet the 10% threshold. The third case, which was heard in April 2013, was dismissed by the UMRB because the petitioners failed to meet the burden of proof. The petitioners have appealed the decision to chancery court.<sup>22</sup> Customers of all utilities can take their concerns to chancery court, but the court will presume utility rates are reasonable unless sufficient evidence is presented to demonstrate that they are not.<sup>23</sup> In fact, cases challenging utilities' rates consistently fail because of the state law requiring them to be self-supporting.<sup>24</sup>

The WWFB could be given the same authority as the UMRB to hear rate complaints but would need additional staff to handle them. This would provide outside city customers, as well as city customers, a way to appeal rates. The UMRB's experience with similar duties suggests that there would be a significant investment of staff time to process complaints, but giving their customers a right to appeal could increase the incentive for city utilities to deal effectively with complaints locally in order to avoid the time and expense of defending them at the state level. For example, the Public Service Commission in Wyoming, which handles these kinds of complaints against water utilities there, hasn't received a single complaint in at least ten years.<sup>25</sup>

Individual customers may also request a UMRB review of other decisions or policies of their local utility district boards, including the availability and quality of service, adjustment of bills, and local utility rules and regulations.<sup>26</sup> UMRB reviews occur only after rate decisions are made by local boards or after other complaints have been handled at the local level. UMRB staff received 139 complaints in 2012, 47 of which were referred to them by the TRA. Most complaints were resolved through staff contacts with the utilities. Only four cases were actually heard by the board, and all were decided in favor of the utility districts.<sup>27</sup>

The WWFB could be given the same authority as the UMRB to hear rate complaints, which would give all customers a way to appeal rates.

<sup>20</sup> Rules of the Comptroller, Chapter 1715-01.

<sup>21</sup> Annual Report of the Utility Management Review Board 2012.

<sup>22</sup> WJLE 2013.

<sup>23</sup> American Water Works Association 2012.

<sup>24</sup> *Killion v. City of Paris*, 241 S.W.2d 524 (Tenn. 1951); *Parsons v. Perryville Utility District*, 594 S.W.2d 401 (Tenn. App. 1979); *Morrison v. City of Bolivar*, 2012 Tenn. App. LEXIS 382.

<sup>25</sup> Telephone interview with Art Schmidt, Wyoming Public Service Commission, December 12, 2013. In the ten years he has been at PSC no complaints were filed and had never heard of one ever being filed. The PSC stays out of city utilities.

<sup>26</sup> Tennessee Code Annotated, Section 7-82-402(b).

<sup>27</sup> 2012 Annual Report of the Utility Management Review Board.

### **Water and Wastewater Finance Board 2008 Review of Rate Differentials**

Although the WWFB does not have the authority to routinely review rates, Public Chapter 779, Acts of 2008, directed the board to compile the water rates of every municipal water utility, require a one-time justification for outside rates that were more than double the inside rate, and determine whether those rates were reasonable and justified. The original version of the bill that became Public Chapter 779<sup>28</sup> would have required the WWFB to approve any outside rate that was 20% greater than the inside rate if the outside subscriber base was equal to or greater than 20% of the inside subscriber base. Any subscriber would also have been able to complain to the WWFB about rates. The law would have applied to about 85 utilities. Public Chapter 779 did not include any of the limits on outside rates that were contained in the original bill.

In response to an inquiry by the WWFB, the primary justification given by utilities for charging outside rates more than double inside rates was lower population density in areas outside the city, requiring longer water lines, more pumps and water tanks, higher energy costs, greater distances between meters, and costs spread over fewer customers.

The board sent letters to the 27 municipal water utilities with outside rates more than double the inside rate asking them to justify them. The primary reason given for greater outside rates was lower population density in areas outside the city, requiring longer water lines, more pumps and water tanks, higher energy costs, greater distances between meters, and costs spread over fewer customers. Other reasons included differences in elevation and rockier terrain. In cases where the utilities had taken over an insolvent utility district, they also encountered unique financial circumstances, such as the need for infrastructure improvements and repayment of debt.

According to board staff, these letters also included some less convincing explanations for higher outside rates, including rate comparisons to other utilities, inside customers having to back utility bonds, encouraging voluntary annexation, and inside-city customers having to pay higher taxes. Between 2008 and 2013, 8 of the 27 cities decreased their inside-outside rate differential; two cities increased it.

### **Consequences of Capping Water and Wastewater Rates**

Thirteen city water utilities currently have outside rates that are exactly double their inside rates and would not have had to explain their rate differentials to the WWFB in 2008. Of the 27 utilities that had outside rates that were more than double the inside rates in 2008, three reduced their outside rates to less than double the inside rate and one reduced theirs to exactly double. Outside rates that are exact multiples of inside rates appear arbitrary. Customers of one city whose outside rates are exactly double the inside rates complained to the city and when they found the city unresponsive complained to their legislator because they had nowhere else to go. In response to their concerns, Representative Timothy Hill

<sup>28</sup> House Bill 3104 of 2008 by Curtiss, Senate Bill 3631 by Ketron, Marrero, and Beavers.

introduced House Bill 600<sup>29</sup> (Senate Bill 735 by Green), which was sent to the Commission by the House Local Government Committee. The bill, if passed as amended, would cap the rates of Johnson City water and sewer customers residing outside the city in Sullivan County at 150% of the rates charged to customers inside the city. The bill would not affect Johnson City's customers who live outside the city limits in Washington, Unicoi, and Carter counties. The original bill would have applied only to water rates.

Residents of Piney Flats brought a number of concerns to Representative Hill: first, that rates exactly double those paid by city residents do not represent the actual cost of serving them; second, that outside rates subsidize transfers to the city; and third, that Johnson City has been unresponsive to these concerns and unable to explain the basis for their rates. Johnson City's response is that residents of Piney Flats are charged the same rate as all other outside customers, that most of the customers outside the city have been taken in from financially distressed utilities, and that it does not have enough information to determine exact costs for each of these areas. They also said that transfers of utility funds to the city's general fund are for administrative services to the utility and payments of in lieu of ad valorem taxes allowed by state law.<sup>30</sup>

Johnson City's main concern about the bill is that a cap on rates for outside customers would shift costs to other customers and potentially to the city's taxpayers. According to the legislature's Fiscal Review Office, Johnson City could lose \$560,300 if the bill passes.<sup>31</sup> Johnson City raised the possibility of increasing property taxes in order to cover this loss; however, because utilities must be self-sustaining, this is unlikely unless payments to the city for administrative costs and in lieu of taxes are not considered part of what is required to be self-sustaining. More likely, a cap on water and sewer rates for outside customers could cause a restructuring of rates for other customers that would shift the burden to them, decreasing reserves, or reducing costs. Regardless of how the loss was covered, other customers or city residents would have to pay it.

The only way to avoid shifting costs among customers would be to reduce the amount paid to the city for administrative costs or in lieu of taxes. Reducing amounts paid to the city would require cuts elsewhere in Johnson City's budget, an increase in revenue from some other source, or both. In that case, city residents would be affected, through either higher costs or reduced services. The utility might be able to use its reserves to mitigate this shift in costs for a year or even several years, but this would be a temporary solution.

<sup>29</sup> See appendix D.

<sup>30</sup> Tennessee Code Annotated, Section 7-34-115.

<sup>31</sup> Fiscal Memorandum 2013 (see appendix E).

Caps on water and sewer rates for outside customers could cause a restructuring of rates for other customers, decreasing reserves, or reducing costs. Reducing amounts paid to the city would require cuts elsewhere in the city's budget, an increase in revenue from some other source, or both, affecting city residents through either higher costs or reduced services.

The unintended consequence of capping rates might be to establish an acceptable standard rate differential resulting in cities raising outside rates to the cap rather than basing their rates on actual costs.

Another concern raised about the bill as written is whether it would be unconstitutional because it applies only to certain water and sewer customers. Article XI, Section 8, of the Tennessee Constitution prohibits laws that grant “any individual or individuals, rights, privileges, immunitie, [immunities] or exemptions [not] extended to any member of the community who may be able to bring himself within the provisions of such law.”<sup>32</sup> This constitutionality question arises most often when a bill makes an exception to general law. To pass constitutional muster, the classification, in this case the limitation to Johnson City water customers living outside the city in Sullivan County, must bear a reasonable relationship to a legitimate state interest.<sup>33</sup> A classification may be upheld “if any state of facts can reasonably be conceived to justify the classification or if the reasonableness of the class is fairly debatable.”<sup>34</sup> The answer to the constitutionality question is unclear as it relates to this bill.

If a cap similar to the one imposed by House Bill 600 were applied statewide, the municipal utilities whose outside rates are currently above the cap would be affected in the same way. The unintended consequence of capping rates in state law might be to establish an acceptable standard rate differential. The result could be many cities raising outside rates to the cap rather than basing their rates on actual costs. Outside-city customers whose current rates were above the cap would benefit, but those with rates below the cap would end up paying more if their utilities raised rates to the cap as has happened in other states.

Only two states cap outside rate differences statewide. Outside rates in Florida cannot exceed one and one-quarter times inside rates without a public hearing; with a public hearing, they can be raised as high as one and one-half times the inside rates.<sup>35</sup> It is estimated that about half of Florida’s utilities have set their outside rate at exactly that 125% threshold.<sup>36</sup>

Wyoming gives utilities that receive state grants or loans the option of setting rates for outside customers at a maximum of 125% of the rate charged customers inside the city or the actual cost of providing water service. Those that don’t receive grants or loans can charge up to double the rates paid by city residents. According to utility officials in Wyoming, the 125% cap has become the standard rate. Outside customers can appeal

<sup>32</sup> Article XI, Section 8 says, “The Legislature shall have no power to suspend any general law for the benefit of any particular individual, nor to pass any law for the benefit of individuals inconsistent with the general laws of the land; nor to pass any law granting to any individual or individuals, rights, privileges, immunitie, [immunities] or exemptions other than such as may be, by the same law extended to any member of the community, who may be able to bring himself within the provisions of such law.”

<sup>33</sup> *Doe v. Norris*, 751 S. W. 2d 834, 52-54 (Tenn. 1988).

<sup>34</sup> *Harrison v. Schrader*, 569 S.W.2d 822 (Tenn. 1978).

<sup>35</sup> Florida Annotated Statute, Section 180.191(b).

<sup>36</sup> Telephone interview with Mike Rocca, director of Florida operations for Raftelis Financial Consultants, November 25, 2013.



rates to the state's Public Service Commission. Customers can also submit complaints about rates, maintenance, or service to the state's Public Service Commission. The PSC may review the matter, hold hearings, take testimony, and make recommendations; however, no complaints have been filed in more than ten years.<sup>37</sup> Those recommendations may be appealed to the district court.<sup>38</sup>

North Carolina has capped rates in only one city, Asheville. This cap has been set at 100% since 1933. The City of Asheville has challenged the cap in court several times, as recently as 2008, but has lost every time.<sup>39</sup>

Colorado had an experience similar to Florida and Wyoming's with caps on interest rates charged by payday lenders. When the cap was first imposed, in 2000, 69% of lenders were already at it. By 2006, the percentage had increased to 97%. According to a study by the Federal Reserve Bank of Kansas City, the cap became a focal point that allowed payday lenders to abandon price competition.<sup>40</sup>

## Representation for Nonresident City Customers

Non-resident city customers are the only utility customers who have no influence over the people who set their rates. City residents can complain to those they elect, who either set rates themselves or appoint those who do. Likewise, utility districts' customers can complain to their boards, which are either elected directly by the customers or appointed by the county mayor or executive for whom all county residents vote. While customers of city utilities who live outside the city can complain to the city's utility board, the fact that they don't elect the board or those who appoint its members greatly limits their ability to influence it. Representation on city water boards for non-resident customers could be provided by adding members to existing boards. Legislative bodies that serve as utility boards could be required to include representatives of non-resident customers when acting in that capacity.

Municipal water and wastewater boards are either the city legislative bodies themselves or are appointed by them.<sup>41</sup> Adding board members that represent customers outside the city could give those customers some influence over rates. In at least one other instance in which non-city-residents' rights or privileges are controlled by city boards, non-residents

Non-resident city customers are the only utility customers who have no influence over the people who set their rates.

- City residents can complain to those they elect, who either set rates themselves or appoint those who do.
- Utility districts' customers can complain to their boards, which are either elected directly by the customers or appointed by the county mayor or executive for whom all county residents vote.

<sup>37</sup> Telephone interview with Art Schmidt, Wyoming Public Service Commission, December 12, 2013. In the ten years he has been at PSC no complaints were filed and had never heard of one ever being filed. The PSC stays out of city utilities.

<sup>38</sup> Wyoming Statutes Annotated, Section 15-7-602.

<sup>39</sup> *City of Asheville v. State*, 192 N.C. App. 1, 665 S.E.2d 103, 2008 N.C. App. LEXIS 1556, (North Carolina 2008).

<sup>40</sup> DeYoung 2009.

<sup>41</sup> Tennessee Code Annotated, Section 7-35-406.

Non-city residents have as many as two members on municipal regional planning commissions; similar representation could be added to city utility boards.

have been given representation on those boards. Municipal regional planning commissions, which have authority to plan and regulate land use beyond their corporate boundaries within the urban growth boundaries established under Tennessee’s Growth Policy Act, are required to include two representatives from the area outside the city on the planning commission if the area outside the city limits is at least half of the entire planning region; otherwise, only one need be appointed.<sup>42</sup> Appointments are made by the city.<sup>43</sup>

Legislation to give outside customers representation on city utility boards was introduced in 2008 but did not pass. House Bill 3103 by Curtiss, Senate Bill 3657 by Ketron, would have created a new five-member governing board for municipalities whose outside customers numbered 50% or more of inside customers. It would have divided the utility service area into five districts. City residents would have been guaranteed at least one district. The districts for outside customers would have been drawn, to the extent possible, to prevent city residents from dominating them. The bill was never debated.

<sup>42</sup>Tennessee Code Annotated, Section 13-3-102.

<sup>43</sup>Tennessee Code Annotated, Section 13-3-101.

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## Persons Interviewed

Clayton Byrd, Legislative Attorney  
Office of Legal Services, Tennessee General Assembly

Ralph Cross, Finance and Accounting Consultant  
Municipal Technical Advisory Service

Bob Freudenthal, Executive Director  
Tennessee Association of Utility Districts

Timothy Hill, State Representative  
State of Tennessee

Jerry Kettles, Chief of Economic Analysis and Policy Division  
Tennessee Regulatory Authority

Bart Kreps, Manager  
Raftelis Financial Consultants

Wade Morrell, Executive Vice President – Chief Financial Officer  
Tennessee Municipal Bond Fund

Denise Paige, Government Relations  
Tennessee Municipal League

M. Denis Peterson, City Manager  
City of Johnson City, Tennessee

Mike Rocca, Director of Florida Operations  
Raftelis Financial Consultants

Sharon Rollins, Technical Consultants Program Manager  
Municipal Technical Advisory Service

Art Schmidt, Section Supervisor  
Wyoming Public Service Commission

Joyce Wellborn, Legislative Auditor  
Tennessee Comptroller of the Treasury

Lex Warmath, Vice President  
Raftelis

Tom Witherspoon, Director of Water and Sewer Services  
City of Johnson City, Tennessee



## Appendix A. 2008 Comptroller of the Treasury Letter to the Governor



STATE OF TENNESSEE

### COMPTROLLER OF THE TREASURY

Division of Local Finance  
Water and Wastewater Financing Board  
Suite 1700 James K. Polk State Office Building  
505 Deaderick Street Nashville, Tennessee 37243-0274  
Phone (615) 401-7976 Fax (615) 532-5232

December 30, 2008

The Honorable Phil Bredesen  
Governor of Tennessee  
State Capitol, First Floor  
Nashville, TN 37243

And

The Honorable Ron Ramsey  
Lt. Governor of Tennessee  
Legislative Plaza, Room 1  
Nashville, TN 37243

And

The Honorable Jimmy Naifeh  
Speaker of the Tennessee House of Representatives  
Legislative Plaza, Room 19  
Nashville, TN 37243

Dear Sirs:

During the 2008 Legislative Session, Public Chapter 779 was passed which required the Water and Wastewater Financing Board (Board) to conduct a study of all water and sewer rates and tap fees of municipalities providing service to customers both inside and outside the municipal boundaries. The Act also required the Board to file a report with the Governor and Speakers of each house with recommendations as to whether the rates should be altered or modified for those utilities having outside rates and/or fees over 100% higher than the same for inside city customers.

The rate study was conducted for the Board by the University of Tennessee Municipal Technical Advisory Service during the summer of 2008. All of the 280 municipal water and sewer systems in the State of Tennessee did not respond to the survey, so the information gathered was not complete. The final survey information was received

## Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

by the Board electronically on October 31, 2008. After the Board meeting on November 13, 2008, letters were mailed to the 27 municipal systems identified as meeting the criteria established by the Public Chapter to request justification of their rates and/or tap fees. The letters were mailed on November 17, 2008 with a request for information no later than December 1, 2008. (A copy of the MTAS survey and the letter requesting information from the systems is included in the attached information.)

During its meeting on December 18, 2008, the Board reviewed the responses submitted by each municipality to determine whether the difference in the rates was reasonable and justified. The Board considered statutory references relating to rates and fees of water and/or sewer systems. The references include such directives as: “user service fees...will create a minimum excess,” “fee...sufficient to provided funds,” “reasonable and justified,” and “self-supporting.” A copy of those statutory references is attached to this report.

Of the general comments made by the Board, a few are included for your consideration:

1. Customers outside the municipal boundary of the city should not be charged a higher rate simply because the debt is backed additionally by the “full faith and credit” of the taxpayers of the municipality. A utility system should be a self supporting entity paid for by its users.
2. All fees and charges – whether for inside or outside customers - should be studied to determine that they are defensible, equitable and reasonable.
3. Tap fees are for a one time service provided and should be judged differently from the minimum bill or the per thousand gallon rate which are based on the operational costs of the system.

Of the twenty seven cases reviewed by the Board only one received a recommendation for modification or alteration of rates. There were eighteen (18) systems for which no modification or alteration was recommended. The remaining eight (8) systems have no recommendation at this time (those systems are shaded on the attached spreadsheet.) Additional information will be requested from those eight systems, which the Board will review at its March 2009 meeting. An addendum to this report will be made at that time.

On behalf of the Board, it is my pleasure to submit this report to you. Attached with the report and recommendations of the Board are a copy of the complete rate study, as well as a copy of Public Chapter 779.

If I, or any member of this Board, can be of further assistance to you or your staff, please contact me at (615) 401-7910 or Ms. Joyce Welborn, Board Coordinator, at (615) 401-7864.

Sincerely,

Ann V. Butterworth  
Chairperson

Attachments

Cc: Honorable John G. Morgan, Comptroller of the Treasury



## Appendix B. Cost of 5,000 Gallons of Water by County and Water System\*

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Anderson	Clinton	Ridge and Valley and Smokies	\$18.18	\$27.31
Anderson	Norris	Ridge and Valley and Smokies	\$42.49	\$53.11
Anderson/Campbell	Lake City	Ridge and Valley and Smokies	\$33.80	\$43.00
Anderson/Morgan/Roane	Oliver Springs	Ridge and Valley and Smokies	\$19.80	\$39.00
Anderson/Roane	Oak Ridge	Ridge and Valley and Smokies	\$30.30	-
Anderson	Water Authority of Anderson County	Ridge and Valley and Smokies	-	\$45.50
Bedford	Bedford County Utility District	Nashville Basin	-	\$34.13
Bedford	Bell Buckle	Nashville Basin	\$31.11	\$43.83
Bedford	Shelbyville	Nashville Basin	\$24.30	\$33.20
Bedford	Wartrace	Nashville Basin	\$45.60	\$51.50
Benton	Harbor Utility District	Highland Rim	-	\$42.50
Benton	Big Sandy	Alluvial and Coastal Plain	\$29.48	\$44.23
Benton	Camden	Alluvial and Coastal Plain	\$17.13	\$35.21
Bledsoe	Pikeville	Cumberland Plateau	\$32.13	\$43.59
Blount	South Blount Utility District	Ridge and Valley and Smokies	-	\$44.48
Blount	Tuckaleechee Utility District	Ridge and Valley and Smokies	-	\$40.67
Blount	Alcoa	Ridge and Valley and Smokies	\$18.15	\$27.30
Blount	Friendsville	Ridge and Valley and Smokies	\$38.22	\$46.73
Blount	Maryville	Ridge and Valley and Smokies	\$17.89	\$26.89
Bradley	Cleveland	Ridge and Valley and Smokies	\$18.98	\$26.19
Campbell	Caryville-Jacksboro	Ridge and Valley and Smokies	\$31.47	\$38.79
Campbell	Jellico	Cumberland Plateau	\$27.60	\$55.20
Campbell	LaFollette	Ridge and Valley and Smokies	\$29.59	\$49.68
Cannon	Woodbury	Highland Rim	\$18.88	\$33.50
Carroll	Cedar Grove Utility District	Alluvial and Coastal Plain	-	\$34.50
Carroll	Clarksburg Utility District	Alluvial and Coastal Plain	-	\$32.25
Carroll	Atwood	Alluvial and Coastal Plain	\$12.50	\$12.50
Carroll	Bruceston	Alluvial and Coastal Plain	\$31.60	\$37.00

\*Utility district costs are listed under outside rates because they primarily serve rural customers.

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Carroll	Hollow Rock	Alluvial and Coastal Plain	\$45.75	\$47.75
Carroll	Huntingdon	Alluvial and Coastal Plain	\$26.01	\$35.43
Carroll	Trezevant	Alluvial and Coastal Plain	\$16.25	-
Carroll/Henry/Weakley	McKenzie	Alluvial and Coastal Plain	\$16.54	\$21.91
Carter	First Utility District of Carter County	Ridge and Valley and Smokies	-	\$30.96
Carter	Hampton Utility District	Ridge and Valley and Smokies	-	\$30.50
Carter	Roan Mountain Utility District	Ridge and Valley and Smokies	-	\$32.00
Carter	Siam Utility District	Ridge and Valley and Smokies	-	\$41.25
Carter	South Elizabethton Utility District	Ridge and Valley and Smokies	-	\$48.30
Carter	Elizabethton	Ridge and Valley and Smokies	\$20.18	\$38.19
Carter	Watauga River Regional Water Authority	Ridge and Valley and Smokies	-	\$74.17
Cheatham	Pleasant View Utility District	Highland Rim	-	\$39.33
Cheatham	River Road Utility District	Highland Rim	-	\$59.20
Cheatham	Second South Cheatham Utility District	Highland Rim	-	\$47.60
Cheatham	Ashland City	Highland Rim	\$37.56	\$49.34
Chester	Henderson	Alluvial and Coastal Plain	\$17.51	\$29.41
Claiborne	Arthur-Shawnee Utility District	Ridge and Valley and Smokies	-	\$39.18
Claiborne	Claiborne County Utility District	Ridge and Valley and Smokies	-	\$32.06
Claiborne	Clearfork Utility District	Ridge and Valley and Smokies	-	\$47.25
Claiborne	Cumberland Gap	Ridge and Valley and Smokies	\$36.00	\$36.00
Clay	Northwest Clay Utility District	Highland Rim	-	\$38.50
Clay	Celina	Highland Rim	\$36.88	\$36.88
Cocke	Newport	Ridge and Valley and Smokies	\$21.90	\$29.95
Coffee	Hillsville Utility District	Highland Rim	-	\$35.80
Coffee	Manchester	Highland Rim	\$19.54	\$39.08
Coffee/Franklin	Tullahoma	Highland Rim	\$19.35	\$28.25
Crockett	County Wide Utility District	Alluvial and Coastal Plain	-	\$30.00
Crockett	Crockett Mills Utility District	Alluvial and Coastal Plain	-	\$27.27
Crockett	Alamo	Alluvial and Coastal Plain	\$12.50	\$14.70

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Crockett	Bells	Alluvial and Coastal Plain	\$17.50	-
Crockett	Friendship	Alluvial and Coastal Plain	\$27.50	\$27.50
Crockett	Maury City	Alluvial and Coastal Plain	\$31.25	\$31.25
Cumberland	Crab Orchard Utility District	Cumberland Plateau	-	\$33.69
Cumberland	South Cumberland Utility District	Cumberland Plateau	-	\$47.48
Cumberland	West Cumberland Utility District	Cumberland Plateau	-	\$65.75
Cumberland	Crossville	Cumberland Plateau	\$21.30	\$31.95
Davidson	Harpeth Valley Utility District	Nashville Basin	-	\$20.00
Davidson	Madison Suburban Utility District of Davidson County	Nashville Basin	-	\$21.74
Davidson	Old Hickory Utility District	Nashville Basin	-	\$18.00
Davidson	Lakewood	Nashville Basin	\$23.43	-
Davidson	Nashville-Davidson	Nashville Basin	\$12.35	-
Decatur	Perryville Utility District	Highland Rim	-	\$28.00
Decatur	Decaturville	Highland Rim	\$32.56	\$42.32
Decatur	Parsons	Highland Rim	\$30.51	\$44.66
Decatur/Benton	North Utility District of Decatur and Benton Counties, TN	Highland Rim	-	\$42.00
Decatur/Henderson	Scotts Hill	Highland Rim	\$22.15	\$45.72
DeKalb	DeKalb Utility District	Highland Rim	-	\$40.15
DeKalb	DeKalb Utility District - Silver Point	Highland Rim	-	\$60.00
DeKalb	Alexandria	Nashville Basin	\$40.75	\$63.52
DeKalb	Dowelltown-Liberty	Highland Rim	\$25.72	\$25.72
DeKalb	Smithville	Highland Rim	\$17.50	\$26.25
Dickson	Water Authority of Dickson County	Highland Rim	-	\$47.20
Dickson	Vanleer	Highland Rim	\$39.00	\$47.00
Dyer	Dyersburg Suburban Utility District	Alluvial and Coastal Plain	-	\$35.40
Dyer	Northwest Dyersburg Utility District	Alluvial and Coastal Plain	-	\$25.50

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Dyer	Dyersburg	Alluvial and Coastal Plain	\$23.09	\$30.46
Dyer	Newbern	Alluvial and Coastal Plain	\$21.85	\$33.32
Dyer/Obion	Trimble	Alluvial and Coastal Plain	\$34.50	\$34.50
Fayette	Galloway	Alluvial and Coastal Plain	\$30.00	\$40.00
Fayette	LaGrange	Alluvial and Coastal Plain	\$30.43	\$30.43
Fayette	Moscow	Alluvial and Coastal Plain	\$27.00	-
Fayette	Rossville	Alluvial and Coastal Plain	\$10.75	-
Fayette/Hardeman	Grand Junction	Alluvial and Coastal Plain	\$14.86	\$22.70
Fayette/Shelby	Collierville	Alluvial and Coastal Plain	\$13.00	\$18.38
Fentress	Fentress County Utility District	Cumberland Plateau	-	\$39.59
Fentress	Allardt	Cumberland Plateau	\$38.36	\$38.36
Fentress	Jamestown	Cumberland Plateau	\$25.76	-
Fentress/Pickett	Chanute Pall Mall Utility District	Cumberland Plateau	-	\$50.00
Franklin	Belvidere Rural Utility District	Highland Rim	-	\$39.11
Franklin	Cowan	Highland Rim	\$24.62	\$29.96
Franklin	Decherd	Highland Rim	\$23.32	\$41.73
Franklin	Estill Springs	Highland Rim	\$17.50	\$35.00
Franklin	Huntland	Highland Rim	\$24.56	\$27.11
Franklin	Winchester	Highland Rim	\$24.89	\$42.38
Franklin/Grundy/Marion	Monteagle	Cumberland Plateau	\$43.60	\$55.10
Franklin/Marion	Sewanee Utility District	Cumberland Plateau	-	\$42.64
Gibson	Gibson County Municipal Water District	Alluvial and Coastal Plain	-	\$32.29
Gibson	Bradford	Alluvial and Coastal Plain	\$31.93	-
Gibson	Dyer	Alluvial and Coastal Plain	\$15.75	\$17.75
Gibson	Gibson	Alluvial and Coastal Plain	\$20.00	\$20.00
Gibson	Milan	Alluvial and Coastal Plain	\$21.78	\$21.78
Gibson	Rutherford	Alluvial and Coastal Plain	\$27.45	\$27.45
Gibson	Trenton	Alluvial and Coastal Plain	\$22.50	-

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Gibson/Madison	Humboldt	Alluvial and Coastal Plain	\$16.50	\$21.50
Giles	Fairview Utility District	Highland Rim	-	\$42.25
Giles	Minor Hill Utility District	Highland Rim	-	\$52.37
Giles	South Giles Utility District	Highland Rim	-	\$41.75
Giles	Tarpley Shop Utility District	Highland Rim	-	\$38.50
Giles	Lynnville	Highland Rim	\$35.88	\$38.99
Giles	Pulaski	Highland Rim	\$19.77	\$27.61
Grainger	Bean Station Utility District	Ridge and Valley and Smokies	-	\$31.35
Grainger	Rutledge	Ridge and Valley and Smokies	\$32.99	\$32.99
Greene	Cross Anchor Utility District	Ridge and Valley and Smokies	-	\$39.76
Greene	Glen Hills Utility District	Ridge and Valley and Smokies	-	\$36.41
Greene	Old Knoxville Highway Utility District	Ridge and Valley and Smokies	-	\$30.15
Greene	Baileyton	Ridge and Valley and Smokies	\$41.23	-
Greene	Greeneville	Ridge and Valley and Smokies	\$12.90	\$22.12
Greene	Mosheim	Ridge and Valley and Smokies	\$21.64	\$21.64
Greene/Washington	Chuckey Utility District	Ridge and Valley and Smokies	-	\$39.77
Grundy	Big Creek Utility District	Cumberland Plateau	-	\$33.50
Grundy	Tracy City	Cumberland Plateau	\$40.46	\$44.74
Hamblen	Witt Utility District	Ridge and Valley and Smokies	-	\$45.43
Hamblen/Hawkins	Russellville-Whitesburg Utility District	Ridge and Valley and Smokies	-	\$32.70
Hamblen/Jefferson	Morristown	Ridge and Valley and Smokies	\$14.90	\$25.15
Hamblen/Jefferson	White Pine	Ridge and Valley and Smokies	\$18.96	\$27.62
Hamblen/Jefferson	Alpha-Talbott Utility District	Ridge and Valley and Smokies	-	\$32.25
Hamilton/Bradley	Eastside Utility District	Ridge and Valley and Smokies	-	\$26.16
Hamilton	Hixson Utility District	Ridge and Valley and Smokies	-	\$17.93
Hamilton	Lone Oak Utility District	Ridge and Valley and Smokies	-	\$47.14
Hamilton	Mowbray Utility District	Ridge and Valley and Smokies	-	\$44.33
Hamilton	Sale Creek Utility District	Ridge and Valley and Smokies	-	\$43.48
Hamilton	Savannah Valley Utility District	Ridge and Valley and Smokies	-	\$30.75

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Hamilton	Soddy-Daisy-Falling Water Utility District	Ridge and Valley and Smokies	-	\$30.85
Hamilton	Union Fork-Bakewell Utility District	Ridge and Valley and Smokies	-	\$26.25
Hamilton	Walden's Ridge Utility District	Ridge and Valley and Smokies	-	\$39.40
Hamilton	Signal Mountain	Ridge and Valley and Smokies	\$22.60	\$28.89
Hancock	Sneedville Utility District	Ridge and Valley and Smokies	-	\$52.41
Hardeman	Spring Creek Utility District of Hardeman County	Alluvial and Coastal Plain	-	\$31.42
Hardeman	Bolivar	Alluvial and Coastal Plain	\$13.27	\$19.86
Hardeman	Hornsby	Alluvial and Coastal Plain	\$25.25	\$27.75
Hardeman	Middleton	Alluvial and Coastal Plain	\$19.75	\$28.35
Hardeman	Toone	Alluvial and Coastal Plain	\$20.00	\$21.00
Hardeman	Whiteville	Alluvial and Coastal Plain	\$16.55	\$16.55
Hardin	First Utility District of Hardin County	Highland Rim	-	\$30.42
Hardin	Saltillo Utility District	Highland Rim	-	\$13.80
Hardin	Savannah	Highland Rim	\$16.68	\$29.72
Hardin/McNairy	Adamsville	Highland Rim	\$29.72	\$31.24
Hawkins/Sullivan	Kingsport	Ridge and Valley and Smokies	\$11.71	\$31.59
Hawkins	First Utility District of Hawkins County	Ridge and Valley and Smokies	-	\$35.16
Hawkins	Lakeview Utility District	Ridge and Valley and Smokies	-	\$60.20
Hawkins	Mid-Hawkins County Utility District	Ridge and Valley and Smokies	-	\$46.18
Hawkins	Mooreburg Utility District	Ridge and Valley and Smokies	-	\$45.00
Hawkins	New Canton Utility District	Ridge and Valley and Smokies	-	\$44.60
Hawkins	Persia Utility District	Ridge and Valley and Smokies	-	\$48.50
Hawkins	Striggersville Utility District	Ridge and Valley and Smokies	-	\$59.00
Hawkins	Surgoinville Utility District	Ridge and Valley and Smokies	-	\$28.50
Hawkins	Rogersville	Ridge and Valley and Smokies	\$27.01	\$44.50
Haywood	Brownsville	Alluvial and Coastal Plain	\$13.96	\$22.16
Haywood	Stanton	Alluvial and Coastal Plain	\$14.87	\$17.77

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Henderson	Lexington	Alluvial and Coastal Plain	\$18.50	\$31.50
Henderson	Sardis	Alluvial and Coastal Plain	\$21.00	\$24.00
Henry	Northeast Henry County Public Utility District	Alluvial and Coastal Plain	-	\$33.51
Henry	Northwest Henry Utility District	Alluvial and Coastal Plain	-	\$49.32
Henry	Henry	Alluvial and Coastal Plain	\$35.63	\$42.51
Henry	Paris	Alluvial and Coastal Plain	\$17.33	\$26.00
Henry	Puryear	Alluvial and Coastal Plain	\$19.95	\$29.94
Hickman	Bon Aqua-Lyles Utility District	Highland Rim	-	\$55.57
Hickman	Centerville	Highland Rim	\$27.88	\$50.62
Houston	Erin	Highland Rim	\$22.48	\$34.28
Houston/Stewart	Tennessee Ridge	Highland Rim	\$28.46	\$36.60
Humphreys	McEwen	Highland Rim	\$22.00	\$36.00
Humphreys	New Johnsonville	Highland Rim	\$18.00	\$25.35
Humphreys	Waverly	Highland Rim	\$34.30	\$54.50
Jackson	Jackson County Utility District	Highland Rim	-	\$46.13
Jackson	Gainesboro	Highland Rim	\$28.99	\$36.66
Jefferson	New Market Utility District	Ridge and Valley and Smokies	-	\$43.40
Jefferson	Shady Grove Utility District	Ridge and Valley and Smokies	-	\$39.25
Jefferson	Dandridge	Ridge and Valley and Smokies	\$24.08	\$40.72
Jefferson	Jefferson City	Ridge and Valley and Smokies	\$15.01	\$41.43
Johnson	Brownlow Utility District	Ridge and Valley and Smokies	-	\$47.50
Johnson	Carderview Utility District	Ridge and Valley and Smokies	-	\$43.66
Johnson	Cold Springs Utility District	Ridge and Valley and Smokies	-	\$67.93
Johnson	Dry Run Utility District	Ridge and Valley and Smokies	-	\$56.00
Johnson	Mountain City	Ridge and Valley and Smokies	\$23.30	\$42.21
Knox	Copper Basin Utility District	Ridge and Valley and Smokies	-	\$47.58
Knox	First Utility District of Knox County	Ridge and Valley and Smokies	-	\$17.59

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Knox	Hallsdale-Powell Utility District	Ridge and Valley and Smokies	-	\$46.18
Knox	Knox-Chapman Utility District	Ridge and Valley and Smokies	-	\$41.71
Knox	Northeast Knox Utility District	Ridge and Valley and Smokies	-	\$30.03
Knox	West Knox Utility District	Ridge and Valley and Smokies	-	\$24.14
Knox	Knoxville	Ridge and Valley and Smokies	\$19.47	\$25.99
Lake	Reelfoot Utility District	Alluvial and Coastal Plain	-	\$25.10
Lake	Ridgely	Alluvial and Coastal Plain	\$24.05	\$36.58
Lake	Tiptonville	Alluvial and Coastal Plain	\$29.95	\$29.95
Lauderdale	Gates	Alluvial and Coastal Plain	\$22.13	-
Lauderdale	Halls	Alluvial and Coastal Plain	\$14.42	\$16.47
Lauderdale	Henning	Alluvial and Coastal Plain	\$30.61	\$32.14
Lauderdale	Ripley	Alluvial and Coastal Plain	\$16.37	\$16.37
Lawrence	Fall River Utility District	Highland Rim	-	\$49.75
Lawrence	Leoma Utility District	Highland Rim	-	\$22.00
Lawrence	Northeast Lawrence Utility District	Highland Rim	-	\$44.75
Lawrence	Summertown Utility District	Highland Rim	-	\$32.00
Lawrence	West Point Utility District	Highland Rim	-	\$36.50
Lawrence	Lawrenceburg	Highland Rim	\$36.13	\$51.21
Lawrence	Loretto	Highland Rim	\$23.90	\$23.90
Lawrence	Saint Joseph	Highland Rim	\$14.00	\$20.89
Lawrence/Wayne	Iron City Utility District	Highland Rim	-	\$56.40
Lewis	Hohenwald	Highland Rim	\$21.68	\$42.02
Lincoln	Fayetteville	Highland Rim	\$31.24	\$40.61
Lincoln/Marshall	Petersburg	Highland Rim	\$40.21	\$59.53
Lincoln	Lincoln County BPU	Highland Rim	-	\$40.07
Loudon	Martel Utility District	Ridge and Valley and Smokies	-	\$36.00
Loudon	Lenoir City	Ridge and Valley and Smokies	\$27.70	\$27.70
Loudon	Loudon	Ridge and Valley and Smokies	\$21.65	\$28.00



County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Macon	Lafayette	Highland Rim	\$23.07	\$46.16
Macon	Red Boiling Springs	Highland Rim	\$22.39	\$32.35
Madison	Jackson	Alluvial and Coastal Plain	\$21.84	\$31.57
Marion	Foster Falls Utility District	Cumberland Plateau	-	\$57.75
Marion	Griffith Creek Utility District	Cumberland Plateau	-	\$77.76
Marion	Jasper	Cumberland Plateau	\$13.10	\$26.25
Marion	South Pittsburg	Cumberland Plateau	\$14.73	\$22.04
Marion	Whitwell	Cumberland Plateau	\$34.61	\$40.43
Marshall	Horton Highway Utility District	Nashville Basin	-	\$15.75
Marshall	Chapel Hill	Nashville Basin	\$29.15	\$29.15
Marshall	Lewisburg	Nashville Basin	\$21.66	\$30.88
Marshall	Marshall County BPU	Nashville Basin	-	\$47.20
Maury	Columbia	Nashville Basin	\$20.00	\$27.75
Maury	Mount Pleasant	Nashville Basin	\$20.78	\$27.27
Maury	Maury County BPU	Nashville Basin	-	\$39.50
Maury/Williamson	Spring Hill	Nashville Basin	\$20.87	\$29.54
McMinn	Riceville Utility District	Ridge and Valley and Smokies	-	\$36.13
McMinn	Athens	Ridge and Valley and Smokies	\$23.00	\$24.00
McMinn	Englewood	Ridge and Valley and Smokies	\$20.56	\$41.12
McMinn	Etowah	Ridge and Valley and Smokies	\$25.80	\$34.48
McMinn	Niota	Ridge and Valley and Smokies	\$21.45	\$29.48
McMinn/Bradley	Calhoun-Charleston Utility District	Ridge and Valley and Smokies	-	\$34.65
McMinn/Monroe	Sweetwater	Ridge and Valley and Smokies	\$20.02	\$30.00
McNairy	Bethel Springs	Alluvial and Coastal Plain	\$46.00	\$46.00
McNairy	Michie	Alluvial and Coastal Plain	\$27.40	\$29.90
McNairy	Ramer	Alluvial and Coastal Plain	\$23.65	-
McNairy	Selmer	Alluvial and Coastal Plain	\$14.41	\$26.54
Meigs	Decatur	Ridge and Valley and Smokies	\$25.70	\$30.80

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Monroe	Sylvia-Tennessee City-Pond Utility District	Ridge and Valley and Smokies	-	\$51.29
Monroe	Madisonville	Ridge and Valley and Smokies	\$31.14	\$51.60
Monroe	Tellico Plains	Ridge and Valley and Smokies	\$17.00	\$25.00
Montgomery	Cumberland Heights Utility District	Highland Rim	-	\$49.79
Montgomery	Cunningham Utility District	Highland Rim	-	\$35.00
Montgomery	East Montgomery Utility District	Highland Rim	-	\$32.25
Montgomery	Woodlawn Utility District	Highland Rim	-	\$52.28
Montgomery	Clarksville	Highland Rim	\$20.70	\$38.40
Morgan	Plateau Utility District	Cumberland Plateau	-	\$48.50
Morgan	Sunbright Utility District	Cumberland Plateau	-	\$53.77
Morgan/Roane	Harriman	Cumberland Plateau	\$38.06	\$46.47
Obion	Center Grove-Winchester Springs Utility District	Alluvial and Coastal Plain	-	\$28.75
Obion	Hornbeak Utility District	Alluvial and Coastal Plain	-	\$28.80
Obion	Samburg Utility District	Alluvial and Coastal Plain	-	\$51.00
Obion	Obion	Alluvial and Coastal Plain	\$24.50	\$48.29
Obion	South Fulton	Alluvial and Coastal Plain	\$10.80	\$16.20
Obion	Troy	Alluvial and Coastal Plain	\$22.67	\$33.95
Obion	Union City	Alluvial and Coastal Plain	\$14.50	\$25.35
Overton	East Fork Utility District	Cumberland Plateau	-	\$53.00
Overton	North Overton Utility District	Highland Rim	-	\$37.30
Overton	West Overton Utility District	Highland Rim	-	\$43.88
Overton	Livingston	Highland Rim	\$30.44	\$51.88
Perry	Linden	Highland Rim	\$19.81	\$39.61
Perry	Lobelville	Highland Rim	\$18.92	\$28.48
Pickett	Byrdstown	Cumberland Plateau	\$24.43	\$46.68
Polk	Cherokee Hills Utility District	Ridge and Valley and Smokies	-	\$25.00

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Polk	Ocoee Utility District	Ridge and Valley and Smokies	-	\$29.00
Polk	Benton	Ridge and Valley and Smokies	\$26.99	\$29.90
Polk	Copperhill	Ridge and Valley and Smokies	\$35.40	\$46.80
Putnam	Bangham Utility District	Highland Rim	-	\$27.70
Putnam	Cookeville Boat Dock Road Utility District	Highland Rim	-	\$40.69
Putnam	Double Springs Utility District	Highland Rim	-	\$37.37
Putnam	Old Gainesboro Road Utility District	Highland Rim	-	\$37.40
Putnam	Algood	Highland Rim	\$20.97	\$27.29
Putnam	Baxter	Highland Rim	\$33.75	\$47.24
Putnam	Cookeville	Highland Rim	\$18.89	\$28.19
Putnam	Monterey	Cumberland Plateau	\$22.81	\$47.71
Rhea	Grandview Utility District	Ridge and Valley and Smokies	-	\$38.60
Rhea	North Utility District of Rhea County	Ridge and Valley and Smokies	-	\$46.25
Rhea	Dayton	Ridge and Valley and Smokies	\$19.57	\$26.98
Rhea	Graysville	Ridge and Valley and Smokies	\$25.33	\$38.77
Rhea	Spring City	Ridge and Valley and Smokies	\$39.42	\$51.66
Roane	Roane Central Utility District	Ridge and Valley and Smokies	-	\$56.17
Roane	Watts Bar Utility District	Ridge and Valley and Smokies	-	\$49.75
Roane	Kingston	Ridge and Valley and Smokies	\$32.24	\$60.78
Roane	Rockwood	Ridge and Valley and Smokies	\$22.69	\$34.00
Roane/Morgan	Cumberland Utility District of Roane and Morgan Counties	Ridge and Valley and Smokies	-	\$52.67
Robertson	Adams-Cedar Hill	Highland Rim	\$41.50	\$47.50
Robertson	Greenbrier	Highland Rim	\$24.27	\$28.12
Robertson	Springfield	Highland Rim	\$21.59	\$32.18
Robertson, Sumner	White House Utility District	Highland Rim	-	\$38.98
Robertson/Sumner	Portland	Highland Rim	\$22.47	\$51.67

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Rutherford	Consolidated Utility District of Rutherford County	Nashville Basin	-	\$41.09
Rutherford	LaVergne	Nashville Basin	\$24.35	\$29.80
Rutherford	Murfreesboro	Nashville Basin	\$21.92	\$32.88
Rutherford	Smyrna	Nashville Basin	\$17.10	\$23.00
Scott	Huntsville Utility District	Cumberland Plateau	-	\$39.04
Scott	Oneida	Cumberland Plateau	\$25.76	\$38.78
Sequatchie	Cagle-Fredonia Utility District	Cumberland Plateau	-	\$48.44
Sequatchie	Dunlap	Cumberland Plateau	\$28.30	\$51.50
Sevier	East Sevier County Utility District	Ridge and Valley and Smokies	-	\$26.75
Sevier	Webb Creek Utility District	Ridge and Valley and Smokies	-	\$60.24
Sevier	Gatlinburg	Ridge and Valley and Smokies	\$15.88	\$19.85
Sevier	Pigeon Forge	Ridge and Valley and Smokies	\$28.00	\$41.20
Sevier	Sevierville	Ridge and Valley and Smokies	\$23.39	\$46.85
Shelby	Bartlett	Alluvial and Coastal Plain	\$11.20	\$16.80
Shelby	Germentown	Alluvial and Coastal Plain	\$6.75	-
Shelby	Memphis	Alluvial and Coastal Plain	\$13.60	\$20.15
Shelby	Millington	Alluvial and Coastal Plain	\$20.05	-
Smith	Cordell Hull Utility District	Highland Rim	-	\$70.00
Smith	Smith Utility District	Nashville Basin	-	\$33.40
Smith	South Side Utility District	Nashville Basin	-	\$45.25
Smith	Twenty Five Utility District	Nashville Basin	-	\$50.71
Smith	Carthage	Nashville Basin	\$20.48	\$26.87
Stewart	North Stewart Utility District	Highland Rim	-	\$41.44
Stewart	Cumberland City	Highland Rim	\$30.25	\$46.50
Stewart	Dover	Highland Rim	\$31.10	\$60.80
Sullivan	Bloomingdale Utility District	Ridge and Valley and Smokies	-	\$26.40
Sullivan	Blountville Utility District	Ridge and Valley and Smokies	-	\$29.00

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Sullivan	Bristol-Bluff City Suburban Utility District	Ridge and Valley and Smokies	-	\$40.65
Sullivan	Holston Utility District	Ridge and Valley and Smokies	-	\$44.45
Sullivan	Intermont Utility District	Ridge and Valley and Smokies	-	\$40.80
Sullivan	South Bristol-Weaver Pike Utility District	Ridge and Valley and Smokies	-	\$40.80
Sullivan	Bluff City	Ridge and Valley and Smokies	\$32.47	\$55.15
Sullivan	Bristol	Ridge and Valley and Smokies	\$18.70	\$37.40
Sumner	Castalian Springs-Bethpage Utility District	Nashville Basin	-	\$45.05
Sumner	Hendersonville Utility District	Nashville Basin	-	\$20.85
Sumner	Gallatin	Nashville Basin	\$24.19	\$27.16
Sumner	Westmoreland	Highland Rim	\$37.60	\$56.39
Tipton	First Utility District of Tipton County	Alluvial and Coastal Plain	-	\$23.00
Tipton	Poplar Grove Utility District	Alluvial and Coastal Plain	-	\$22.50
Tipton	Atoka	Alluvial and Coastal Plain	\$24.00	\$31.68
Tipton	Covington	Alluvial and Coastal Plain	\$25.24	\$34.49
Tipton	Mason	Alluvial and Coastal Plain	\$21.50	\$33.75
Tipton	Munford	Alluvial and Coastal Plain	\$11.25	\$16.20
Unicoi	Unicoi Water Utility District	Ridge and Valley and Smokies	-	\$37.83
Unicoi	Erwin	Ridge and Valley and Smokies	\$16.86	\$25.29
Union	Luttrell-Blaine-Corryton Utility District	Ridge and Valley and Smokies	-	\$31.69
Union	Maynardville	Ridge and Valley and Smokies	\$37.95	\$56.96
Van Buren	Spencer	Cumberland Plateau	\$10.25	\$13.00
Van Buren/Bledsoe	Fall Creek Falls Utility District	Cumberland Plateau	-	\$24.20
Warren	Warren County Utility District	Highland Rim	-	\$33.00
Warren	West Warren-Viola Utility District	Highland Rim	-	\$43.00
Warren	McMinnville	Highland Rim	\$23.95	\$36.45
Washington	Jonesborough	Ridge and Valley and Smokies	\$27.50	\$46.90
Washington/Carter/Sullivan	Johnson City	Ridge and Valley and Smokies	\$19.31	\$38.62

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

County	Water System	Region	Cost of 5,000 Gallons	
			For Inside Customers	For Outside Customers
Wayne	Clifton	Highland Rim	\$20.90	\$41.75
Wayne	Waynesboro	Highland Rim	\$28.78	\$57.56
Weakley	Dresden	Alluvial and Coastal Plain	\$13.70	\$36.17
Weakley	Gleason	Alluvial and Coastal Plain	\$23.10	-
Weakley	Greenfield	Alluvial and Coastal Plain	\$12.00	\$16.00
Weakley	Martin	Alluvial and Coastal Plain	\$16.81	\$33.62
Weakley	Sharon	Alluvial and Coastal Plain	\$16.11	\$16.11
White	Bon De Croft Utility District	Cumberland Plateau	-	\$50.50
White	O'Connor Utility District	Highland Rim	-	\$41.00
White	Quebeck-Walling Utility District	Highland Rim	-	\$44.40
White	Sparta	Highland Rim	\$22.92	\$32.88
White/DeKalb	Dewhite Utility District	Highland Rim	-	\$44.00
Williamson	H.B. and T.S. Utility District	Nashville Basin	-	\$44.79
Williamson	Mallory Valley Utility District	Nashville Basin	-	\$22.50
Williamson	Milcrofton Utility District	Nashville Basin	-	\$45.90
Williamson	Nolensville-College Grove Utility District	Nashville Basin	-	\$30.41
Williamson	Brentwood	Nashville Basin	\$23.83	\$23.83
Williamson	Franklin	Nashville Basin	\$26.54	\$37.28
Wilson	Gladeville Utility District	Nashville Basin	-	\$46.60
Wilson	Laguardo Utility District	Nashville Basin	-	\$44.76
Wilson	West Wilson Utility District	Nashville Basin	-	\$51.49
Wilson	Lebanon	Nashville Basin	\$33.62	\$50.20
Wilson	Water and Wastewater Authority of Wilson County	Nashville Basin	-	\$56.65
Wilson	Watertown	Nashville Basin	\$35.24	\$52.87

## Appendix C. Cost of 5,000 Gallons of Sewer by County and Sewer System

County	Sewer System	Region	Cost of 5,000 Gallons	
			Inside Customers	Outside Customers
Anderson	Clinton	Ridge and Valley and Smokies	\$25.77	\$38.68
Anderson	Norris	Ridge and Valley and Smokies	\$48.42	-
Anderson/Campbell	Lake City	Ridge and Valley and Smokies	\$33.80	\$43.00
Anderson/Morgan/Roane	Oliver Springs	Ridge and Valley and Smokies	\$33.75	\$65.68
Anderson/Roane	Oak Ridge	Ridge and Valley and Smokies	\$37.85	-
Bedford	Bell Buckle	Nashville Basin	\$31.11	-
Bedford	Shelbyville	Nashville Basin	\$38.90	\$50.15
Bedford	Wartrace	Nashville Basin	\$35.10	-
Benton	Big Sandy	Alluvial and Coastal Plain	\$27.00	-
Benton	Camden	Alluvial and Coastal Plain	\$17.13	-
Bledsoe	Pikeville	Cumberland Plateau	\$32.13	-
Blount	Alcoa	Ridge and Valley and Smokies	\$30.60	\$52.15
Blount	Maryville	Ridge and Valley and Smokies	\$25.12	\$46.08
Blount/Monroe	Vonore	Ridge and Valley and Smokies	\$38.95	-
Bradley	Cleveland	Ridge and Valley and Smokies	\$27.53	\$42.63
Campbell	Caryville-Jacksboro	Ridge and Valley and Smokies	\$31.47	\$38.79
Campbell	Jellico	Cumberland Plateau	\$33.90	\$67.80
Campbell	LaFollette	Ridge and Valley and Smokies	\$43.13	\$70.34
Cannon	Woodbury	Highland Rim	\$18.25	-
Carroll	Clarksburg	Alluvial and Coastal Plain	\$38.75	-
Carroll	Atwood	Alluvial and Coastal Plain	\$12.50	-
Carroll	Bruceston	Alluvial and Coastal Plain	\$31.25	-
Carroll	Huntingdon	Alluvial and Coastal Plain	\$24.26	\$30.21
Carroll	Trezevant	Alluvial and Coastal Plain	\$16.25	-
Carroll/Henry/Weakley	McKenzie	Alluvial and Coastal Plain	\$23.82	-
Carter	Elizabethton	Ridge and Valley and Smokies	\$23.89	\$38.68
Cheatham	Ashland City	Highland Rim	\$37.56	-
Cheatham	Kingston Springs	Ridge and Valley and Smokies	\$33.65	-
Cheatham	Pegram	Highland Rim	\$55.50	-
Chester	Henderson	Alluvial and Coastal Plain	\$17.51	-
Claiborne	Claiborne County Utility District	Ridge and Valley and Smokies	-	\$26.95

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

County	Sewer System	Region	Cost of 5,000 Gallons	
			Inside Customers	Outside Customers
Claiborne	Cumberland Gap	Ridge and Valley and Smokies	\$28.00	\$39.75
Clay	Celina	Highland Rim	\$26.50	-
Cocke	Newport	Ridge and Valley and Smokies	\$20.61	\$25.86
Coffee	Manchester	Highland Rim	\$24.60	\$49.20
Coffee/Franklin	Tullahoma	Highland Rim	\$31.05	-
Crockett	Alamo	Alluvial and Coastal Plain	\$12.50	\$14.70
Crockett	Bells	Alluvial and Coastal Plain	\$16.00	-
Crockett	Friendship	Alluvial and Coastal Plain	\$27.50	-
Crockett	Maury City	Alluvial and Coastal Plain	\$31.25	-
Cumberland	Crossville	Cumberland Plateau	\$26.05	\$39.05
Davidson	Harpeth Valley Utility District	Nashville Basin	-	\$37.91
Davidson	Old Hickory Utility District	Nashville Basin	-	\$38.25
Davidson	Nashville-Davidson	Nashville Basin	\$32.39	-
Davidson/Robertson	Ridgetop	Highland Rim	\$61.85	-
Davidson/Sumner	Goodlettsville	Nashville Basin	\$44.42	-
Decatur	Decaturville	Highland Rim	\$23.18	-
Decatur	Parsons	Highland Rim	\$26.16	\$32.54
DeKalb	Alexandria	Nashville Basin	\$40.75	-
DeKalb	Smithville	Highland Rim	\$19.87	-
Dickson	Charlotte	Highland Rim	\$46.48	-
Dickson	White Bluff	Highland Rim	\$44.50	-
Dyer	Dyersburg	Alluvial and Coastal Plain	\$23.21	-
Dyer	Newbern	Alluvial and Coastal Plain	\$27.65	-
Dyer/Obion	Trimble	Alluvial and Coastal Plain	\$24.00	-
Fayette	Moscow	Alluvial and Coastal Plain	\$27.00	-
Fayette	Oakland	Alluvial and Coastal Plain	\$13.75	-
Fayette	Piperton	Alluvial and Coastal Plain	\$16.80	-
Fayette	Somerville	Alluvial and Coastal Plain	\$31.75	-
Fayette	Galloway	Alluvial and Coastal Plain	\$35.00	-
Fayette	Rossville	Alluvial and Coastal Plain	\$16.50	-
Fayette/Hardeman	Grand Junction	Alluvial and Coastal Plain	\$20.97	\$31.42



County	Sewer System	Region	Cost of 5,000 Gallons	
			Inside Customers	Outside Customers
Fayette/Shelby	Collierville	Alluvial and Coastal Plain	\$27.70	\$39.80
Fentress	Jamestown	Cumberland Plateau	\$25.76	-
Franklin	Cowan	Highland Rim	\$30.92	-
Franklin	Decherd	Highland Rim	\$24.60	\$49.61
Franklin	Winchester	Highland Rim	\$49.78	-
Franklin/Grundy/Marion	Monteagle	Cumberland Plateau	\$54.50	-
Franklin/Marion	Sewanee Utility District	Cumberland Plateau	-	\$51.45
Gibson	Bradford	Alluvial and Coastal Plain	\$22.03	-
Gibson	Dyer	Alluvial and Coastal Plain	\$29.75	\$31.75
Gibson	Gibson	Alluvial and Coastal Plain	\$20.00	-
Gibson	Milan	Alluvial and Coastal Plain	\$21.78	-
Gibson	Rutherford	Alluvial and Coastal Plain	\$27.45	-
Gibson	Trenton	Alluvial and Coastal Plain	\$23.00	-
Gibson/Madison	Humboldt	Alluvial and Coastal Plain	\$20.25	-
Giles	Pulaski	Highland Rim	\$25.20	\$29.20
Grainger	Rutledge	Ridge and Valley and Smokies	\$41.21	-
Greene	Baileyton	Ridge and Valley and Smokies	\$41.23	-
Greene	Greeneville	Ridge and Valley and Smokies	\$26.46	\$37.63
Greene	Mosheim	Ridge and Valley and Smokies	\$38.43	-
Grundy	Tracy City	Cumberland Plateau	\$80.92	-
Hamblen/Jefferson	Morristown	Ridge and Valley and Smokies	\$40.55	\$81.10
Hamblen/Jefferson	White Pine	Ridge and Valley and Smokies	\$20.35	\$29.20
Hamilton	Chattanooga	Ridge and Valley and Smokies	\$31.82	-
Hamilton	Collegedale	Ridge and Valley and Smokies	\$63.42	-
Hancock	Sneedville	Ridge and Valley and Smokies	\$32.80	-
Hardeman	Bolivar	Alluvial and Coastal Plain	\$13.25	-
Hardeman	Middleton	Alluvial and Coastal Plain	\$19.75	\$24.30
Hardeman	Toone	Alluvial and Coastal Plain	\$27.50	-
Hardeman	Whiteville	Alluvial and Coastal Plain	\$10.50	-
Hardin	Savannah	Highland Rim	\$26.01	-
Hardin/McNairy	Adamsville	Highland Rim	\$20.80	\$46.26

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

County	Sewer System	Region	Cost of 5,000 Gallons	
			Inside Customers	Outside Customers
Hawking/Sullivan	Kingsport	Ridge and Valley and Smokies	\$34.10	\$52.70
Hawkins	Bulls Gap	Ridge and Valley and Smokies	\$31.50	-
Hawkins	Church Hill	Ridge and Valley and Smokies	\$22.21	\$27.35
Hawkins	Mount Carmel	Ridge and Valley and Smokies	\$36.68	-
Hawkins	Rogersville	Ridge and Valley and Smokies	\$14.19	\$18.03
Haywood	Stanton	Alluvial and Coastal Plain	\$17.05	-
Henderson	Lexington	Alluvial and Coastal Plain	\$27.00	-
Henderson	Sardis	Alluvial and Coastal Plain	\$21.00	\$24.00
Henry	Henry	Alluvial and Coastal Plain	\$41.50	-
Henry	Paris	Alluvial and Coastal Plain	\$64.25	\$96.38
Henry	Puryear	Alluvial and Coastal Plain	\$32.53	\$48.75
Hickman	Centerville	Highland Rim	\$36.24	-
Houston	Erin	Highland Rim	\$27.73	-
Houston/Stewart	Tennessee Ridge	Highland Rim	\$26.93	-
Humphreys	McEwen	Highland Rim	\$25.74	-
Humphreys	New Johnsonville	Highland Rim	\$17.92	\$25.35
Humphreys	Waverly	Highland Rim	\$33.88	\$46.68
Jackson	Gainesboro	Highland Rim	\$28.99	-
Jefferson	Dandridge	Ridge and Valley and Smokies	\$28.42	\$51.17
Jefferson	Jefferson City	Ridge and Valley and Smokies	\$24.34	\$68.33
Johnson	Mountain City	Ridge and Valley and Smokies	\$16.30	\$25.90
Knox	First Utility District of Knox County	Ridge and Valley and Smokies	-	\$29.90
Knox	Hallsdale-Powell Utility District	Ridge and Valley and Smokies	-	\$46.18
Knox	West Knox Utility District	Ridge and Valley and Smokies	-	\$29.37
Knox	Knoxville	Ridge and Valley and Smokies	\$55.94	\$62.25
Lake	Ridgely	Alluvial and Coastal Plain	\$18.22	\$24.37
Lake	Tiptonville	Alluvial and Coastal Plain	\$21.00	-
Lauderdale	Gates	Alluvial and Coastal Plain	\$36.38	-
Lauderdale	Halls	Alluvial and Coastal Plain	\$26.70	-
Lauderdale	Henning	Alluvial and Coastal Plain	\$30.61	-
Lauderdale	Ripley	Alluvial and Coastal Plain	\$29.45	-

County	Sewer System	Region	Cost of 5,000 Gallons	
			Inside Customers	Outside Customers
Lawrence	Lawrenceburg	Highland Rim	\$45.84	\$50.05
Lawrence	Loretto	Highland Rim	\$32.50	-
Lewis	Hohenwald	Highland Rim	\$50.76	-
Lincoln	Fayetteville	Highland Rim	\$42.03	\$48.31
Lincoln/Marshall	Petersburg	Highland Rim	\$10.00	-
Loudon	Lenoir City	Ridge and Valley and Smokies	\$46.80	\$67.87
Loudon	Loudon	Ridge and Valley and Smokies	\$22.00	\$28.50
Macon	Lafayette	Highland Rim	\$63.25	\$126.45
Macon	Red Boiling Springs	Highland Rim	\$28.75	\$43.14
Madison	Jackson	Alluvial and Coastal Plain	\$27.31	\$34.17
Marion	Jasper	Cumberland Plateau	\$24.00	\$48.00
Marion	Kimball	Cumberland Plateau	\$20.40	-
Marion	South Pittsburg	Cumberland Plateau	\$15.50	-
Marshall	Chapel Hill	Nashville Basin	\$31.04	-
Marshall	Lewisburg	Nashville Basin	\$34.94	\$45.11
Maury	Pleasant View Utility District	Highland Rim	-	\$39.72
Maury	Columbia	Nashville Basin	\$39.49	\$48.50
Maury	Mount Pleasant	Nashville Basin	\$56.56	-
Maury/Williamson	Spring Hill	Nashville Basin	\$25.63	-
McMinn	Athens	Ridge and Valley and Smokies	\$44.50	-
McMinn	Englewood	Ridge and Valley and Smokies	\$28.78	-
McMinn	Etowah	Ridge and Valley and Smokies	\$23.51	\$35.26
McMinn	Niota	Ridge and Valley and Smokies	\$21.45	-
McMinn/Monroe	Sweetwater	Ridge and Valley and Smokies	\$20.02	\$30.00
McNairy	Bethel Springs	Alluvial and Coastal Plain	\$66.87	-
McNairy	Selmer	Alluvial and Coastal Plain	\$9.30	\$13.99
Meigs	Decatur	Ridge and Valley and Smokies	\$18.04	\$21.89
Monroe	Madisonville	Ridge and Valley and Smokies	\$31.14	-
Monroe	Tellico Plains	Ridge and Valley and Smokies	\$17.00	-
Montgomery	Clarksville	Highland Rim	\$24.56	\$42.13
Moore	Lynchburg Metro Utility District	Highland Rim	-	\$39.96

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

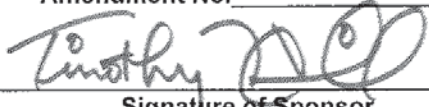
County	Sewer System	Region	Cost of 5,000 Gallons	
			Inside Customers	Outside Customers
Morgan	Sunbright	Cumberland Plateau	\$38.45	-
Morgan	Wartburg	Cumberland Plateau	\$34.12	-
Morgan/Roane	Harriman	Cumberland Plateau	\$59.37	-
Obion	Hornbeak	Alluvial and Coastal Plain	\$21.00	-
Obion	Obion	Alluvial and Coastal Plain	\$24.50	-
Obion	Rives	Alluvial and Coastal Plain	\$22.00	-
Obion	South Fulton	Alluvial and Coastal Plain	\$45.10	-
Obion	Troy	Alluvial and Coastal Plain	\$22.67	-
Obion	Union City	Alluvial and Coastal Plain	\$17.40	\$26.20
Obion	Woodland Mills	Alluvial and Coastal Plain	\$23.30	-
Overton	Livingston	Highland Rim	\$30.44	-
Perry	Linden	Highland Rim	\$19.81	-
Perry	Lobelville	Highland Rim	\$18.92	-
Pickett	Byrdstown	Cumberland Plateau	\$58.36	-
Polk	Copper Basin Utility District	Ridge and Valley and Smokies	-	\$24.25
Polk	Benton	Ridge and Valley and Smokies	\$20.93	\$26.68
Polk	Copperhill	Ridge and Valley and Smokies	\$30.55	-
Putnam	Algood	Highland Rim	\$25.51	\$33.41
Putnam	Baxter	Highland Rim	\$34.35	-
Putnam	Cookeville	Highland Rim	\$26.80	-
Putnam	Monterey	Cumberland Plateau	\$22.81	-
Rhea	Dayton	Ridge and Valley and Smokies	\$29.40	\$44.13
Rhea	Spring City	Ridge and Valley and Smokies	\$43.36	\$46.21
Roane	Kingston	Ridge and Valley and Smokies	\$40.68	\$67.21
Roane	Rockwood	Ridge and Valley and Smokies	\$38.99	-
Robertson	Greenbrier	Highland Rim	\$24.10	\$24.10
Robertson	Springfield	Highland Rim	\$25.34	\$38.03
Robertson/Sumner	Millersville	Highland Rim	\$31.83	-
Robertson/Sumner	Portland	Highland Rim	\$36.95	\$47.95
Robertson/Sumner	White House	Highland Rim	\$43.60	-
Robertson/Sumner	White House Utility District	Highland Rim	-	\$46.83

County	Sewer System	Region	Cost of 5,000 Gallons	
			Inside Customers	Outside Customers
Rutherford	Consolidated Utility District of Rutherford County	Nashville Basin	-	\$38.00
Rutherford	LaVergne	Nashville Basin	\$35.34	-
Rutherford	Murfreesboro	Nashville Basin	\$36.43	\$54.64
Rutherford	Smyrna	Nashville Basin	\$22.25	\$31.65
Scott	Huntsville	Cumberland Plateau	\$41.48	-
Scott	Oneida	Cumberland Plateau	\$42.00	\$44.51
Sequatchie	Dunlap	Cumberland Plateau	\$26.25	-
Sevier	Webb Creek Utility District	Ridge and Valley and Smokies	-	\$69.94
Sevier	Gatlinburg	Ridge and Valley and Smokies	\$22.05	\$27.56
Sevier	Pigeon Forge	Ridge and Valley and Smokies	\$28.00	\$34.11
Sevier	Sevierville	Ridge and Valley and Smokies	\$28.47	\$56.99
Shelby	Arlington	Alluvial and Coastal Plain	\$24.64	-
Shelby	Bartlett	Alluvial and Coastal Plain	\$11.11	\$14.46
Shelby	Lakeland	Alluvial and Coastal Plain	\$29.30	-
Shelby	Memphis	Alluvial and Coastal Plain	\$13.84	\$13.84
Shelby	Millington	Alluvial and Coastal Plain	\$19.90	-
Smith	Carthage	Nashville Basin	\$23.64	-
Smith	Gordonsville	Nashville Basin	\$39.51	\$70.11
Smith	South Carthage	Nashville Basin	\$28.10	-
Stewart	Cumberland City	Highland Rim	\$30.25	-
Stewart	Dover	Highland Rim	\$43.54	-
Sullivan	Bluff City	Ridge and Valley and Smokies	\$33.92	\$51.06
Sullivan	Bristol	Ridge and Valley and Smokies	\$21.16	\$23.04
Sumner	Gallatin	Nashville Basin	\$24.19	\$36.30
Sumner	Hendersonville	Nashville Basin	\$27.93	\$44.10
Sumner	Mitchellville	Highland Rim	\$63.86	-
Sumner	Westmoreland	Highland Rim	\$37.60	-
Tipton	Atoka	Alluvial and Coastal Plain	\$24.38	\$26.41
Tipton	Brighton	Alluvial and Coastal Plain	\$25.15	-
Tipton	Covington	Alluvial and Coastal Plain	\$25.24	\$34.49

Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities

County	Sewer System	Region	Cost of 5,000 Gallons	
			Inside Customers	Outside Customers
Tipton	Mason	Alluvial and Coastal Plain	\$21.50	-
Tipton	Munford	Alluvial and Coastal Plain	\$21.05	\$27.20
Trousdale	Hartsville Trousdale Water and Sewer Utility District	Nashville Basin	-	\$32.89
Unicoi	Erwin	Ridge and Valley and Smokies	\$23.24	\$34.86
Union	Luttrell	Ridge and Valley and Smokies	\$36.00	-
Union	Maynardville	Ridge and Valley and Smokies	\$41.87	\$62.59
Van Buren	Spencer	Cumberland Plateau	\$35.00	-
Warren	West Warren-Viola Utility District	Highland Rim	-	\$68.08
Warren	McMinnville	Highland Rim	\$27.40	\$36.45
Washington	Jonesborough	Ridge and Valley and Smokies	\$27.50	-
Washington/Carter/Sullivan	Johnson City	Ridge and Valley and Smokies	\$31.12	\$62.24
Wayne	Clifton	Highland Rim	\$20.90	-
Wayne	Collinwood	Highland Rim	\$34.00	-
Wayne	Waynesboro	Highland Rim	\$25.61	\$51.22
Weakley	Dresden	Alluvial and Coastal Plain	\$20.55	-
Weakley	Gleason	Alluvial and Coastal Plain	\$39.90	-
Weakley	Greenfield	Alluvial and Coastal Plain	\$23.00	\$24.00
Weakley	Martin	Alluvial and Coastal Plain	\$28.51	\$56.98
Weakley	Sharon	Alluvial and Coastal Plain	\$19.60	-
White	Sparta	Highland Rim	\$29.80	-
Williamson	Brentwood	Nashville Basin	\$29.80	\$35.06
Williamson	Franklin	Nashville Basin	\$31.11	\$44.74
Williamson	Thompson Station	Nashville Basin	\$43.59	-
Wilson	Lebanon	Nashville Basin	\$33.62	\$50.20
Wilson	Mount Juliet	Nashville Basin	\$29.04	\$35.81
Wilson	Watertown	Nashville Basin	\$40.55	-

# Appendix D. Proposed Legislation

Amendment No. \_\_\_\_\_  
  
 \_\_\_\_\_  
 Signature of Sponsor

<b>FILED</b>
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 735

House Bill No. 600\*

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 7-35-414(a), is amended by designating the existing language as (a)(1) and adding the following language as (a)(2):

(a)

(2) Any municipality having a population of not less sixty-three thousand one hundred fifty (63,150) nor more than sixty-three thousand one hundred fifty nine (63,159) that operates a waterworks and sewerage system in any county having a population of not less than one hundred fifty-six thousand eight hundred (156,800) nor more than one hundred fifty-six thousand nine hundred (156,900), both according to the 2010 federal census or any subsequent federal census, and that supplies water and sewer services to consumers located outside the corporate limits of such municipality within such county, shall not prescribe water and sewer rates in excess of fifty percent (50%) of the rate charged to consumers located within the corporate limits of such municipality.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.







## Appendix E. Fiscal Note for Proposed Legislation

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



### FISCAL MEMORANDUM

#### HB 600 - SB 735

March 11, 2013

**SUMMARY OF ORIGINAL BILL:** Prohibits the Johnson City waterworks or sewerage system from charging water rates, to customers located outside the corporate limits of the city, in excess of 50 percent of the rate charged to customers located within the corporate limits.

#### FISCAL IMPACT OF ORIGINAL BILL:

Decrease Local Revenue - \$450,800/Johnson City

**SUMMARY OF AMENDMENT (004265):** Deletes all language after the enacting clause. Prohibits the Johnson City waterworks or sewerage system from charging water or sewer rates, to customers located outside the corporate limits of the city, in excess of 50 percent of the rates charged to customers located within the corporate limits.

#### FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease Local Revenue - \$560,300/Johnson City

Assumptions for the bill as amended:

- According to Johnson City, the average customer living outside the corporate limits of the city uses on average 5,000 gallons of water monthly.
- Based on water rates currently charged to customers within the corporate limits, customers using an average of 5,000 gallons of water pay \$20.18 monthly. Customers located outside the corporate limits of the city using an average of 5,000 gallons of water pay \$40.36 monthly.
- Applying the maximum rate allowed by the bill, customers outside the corporate limits would pay no more than \$30.27 ( $\$20.18 \times 150\%$ ) for every 5,000 gallons of water, a rate difference of \$10.09 ( $\$30.37 - \$20.18$ ).

### HB 600 – SB 735

- According to Johnson City, there are 3,723 customers served outside the corporate limits of the city.
- Setting the maximum rate allowable for water service will result in a recurring decrease in local revenue to Johnson City estimated to be \$450,781 (\$10.09 rate difference x 3,723 customers x 12 months).
- According to Johnson City, the average sewer customer living outside the corporate limits of the city utilizes 5,000 gallons of water per monthly.
- Based on sewer rates currently charged to customers within the corporate limits, customers using an average of 5,000 gallons of water for sewer services pay \$28.60 monthly. Customers located outside the corporate limits of the city using an average of 5,000 gallons of water for sewer services pay \$57.20 monthly.
- Applying the maximum rate allowed by the bill, customers outside the corporate limits would pay no more than \$42.90 (\$28.60 x 150%) for every 5,000 gallons of water used for sewer service, a rate difference of \$14.30 (\$57.20 - \$42.90).
- According to Johnson City, there are 638 sewer customers outside the corporate limits of the city.
- Setting the maximum rate allowable for sewer service will result in a recurring decrease in local revenue to Johnson City estimated to be \$109,481 (\$14.30 rate difference x 638 customers x 12 months).
- The total recurring decrease in local revenue for Johnson City will be \$560,262 (\$450,781 water service + \$109,481 sewer service).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jrh