



Jason E. Mumpower  
Comptroller

Entity Referred: **Town of Mason**  
Referral Reason: **Administrative Review**  
Utility Type Referred: **Water And Sewer**  
County: **Tipton**

**Staff Summary:**

On March 13, 2025, the Tennessee Board of Utility Regulation (the "Board") issued an order requiring the Town of Mason ("the Utility") to contract with a third-party expert in order to complete an up-to-date feasibility study by December 31, 2025. The Utility contracted with CEC Inc. and has since then completed a feasibility study. Additionally, the Utility is working with Buddy Petty to complete an updated rate study. The town has completed the 2024 audit but has not yet produced a financial report for 2025. Board staff is deeply concerned about the three-year consecutive decline in statutory net position the Utility has experienced, even after the significant resources and focus directed to the Utility in past years. The Utility has lost approximately 22% of its net position over the past three years, with 2024 resulting in a loss equal to over half its total revenues.

On February 17, 2026, Board staff met with the governing body at a regularly scheduled public meeting. During the meeting, the board demonstrated severe managerial ineffectiveness and a complete lack of proper procedure. These issues were expressly evident during two portions of the meeting. First, the governing body failed to adopt an updated purchasing policy. A third-party consultant is currently working with the Utility to help update the necessary policies and procedures. The governing body was unable to understand the proper procedure for adopting a resolution, even with the assistance of the third-party consultant, and instead voted to roll the item to the next meeting. Secondly, the Utility failed to properly address a customer complaint that was presented and of urgent matter. During the public meeting, a resident of Mason addressed the board and explained that the apartment complex she managed was currently experiencing raw sewage backflowing into tenants' dwellings. According to the customer, this had been an ongoing issue for around three years. The Mayor added that this was actually an ongoing issue for over ten years. Once the complaint was made to the governing body, the board members took no action other than agreeing to discuss the matter further.

Board staff followed up with the Tennessee Department of Environment and Conservation ("TDEC") after the meeting and requested assistance in this matter. The Department immediately deployed a team to investigate and address the issue. According to TDEC, a lift station serving the apartment complex is currently bypassed due to a non-functional motor. However, when TDEC arrived at the Utility, they discovered that the bypass pump was shut off. TDEC was unable to provide any reason why a bypass pump would ever be shut off. A prior utility consultant also notified TDEC that the lift station was too small and would need a full replacement. Board staff also discussed the issue with the Utility's contract engineer. Based on his estimates, the Utility is currently unable to afford this capital expenditure. Due to past managerial issues and the financial distress the Utility is currently experiencing, Board staff is concerned about the issuance of debt at this time.

On Tuesday, March 10, 2026, Board staff traveled to the Utility and attended a workshop discussing a rate study that is being finalized. In order to correct the current downward trend and generate sufficient

cash flows to fund the necessary capital projects, the Utility will need to raise water and sewer rates by 5% and 120%, respectively. While Board staff does believe that the rate study is accurate and will provide a viable plan for the future, there are still large concerns about the Utilities' capability in handling the deployment of the capital improvement plan and handling the increase in debt that will be required for funding. During the meeting, staff also discussed the opportunity to consolidate with the Poplar Grove Utility District and how this would alleviate some of the issues currently requiring a large portion of the Utility's attention. The board seemed amenable to the idea and planned to discuss this option at the next meeting. At this time, Board staff recommends waiting to discuss potential consolidation until a future meeting.

**Staff Recommendation:**

The Board should order the following:

1. The Utility shall provide Board staff with an update via email at [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov) to the issue described above by April 3, 2026.
  - a. If the Utility is unable to remedy the solution by the aforementioned date, an update via email at [utilities@cot.tn.gov](mailto:utilities@cot.tn.gov) shall be required every two weeks until the issue is confirmed to be resolved by Board staff.
2. Board staff shall verify with the customer that the situation has been fully resolved upon notice of completion by the Utility.
3. If the Utility fails to provide timely reports to Board staff as described above, or Board staff is unable to verify that the issue has been resolved by June 1, 2026, either through the customer or another format. Board staff may issue subpoenas for the members of the Utility's governing body.

**Ricky Oakley PE** | *Principal*

Civil & Environmental Consultants, Inc.

117 Seaboard Lane, Suite E-100, Franklin, TN 37067

**office** 615.333.7797 **mobile** 615.440.7961

[www.cecinc.com](http://www.cecinc.com)