ORDINANCE NO. 2026-10

AN ORDINANCE AMENDING TITLE 18, CHAPTER 1, SECTION 110 - BULK WATER RATES CHARGED BY THE CITY OF JEFFERSON CITY, TENNESSEE, FOR BULK WATER SALES TO WHOLESALE UTILITY DISTRICTS; REPEALING CONFLICTING ORDINANCES; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of Jefferson City, Tennessee (the "City"), owns and operates a public water system and supplies potable water to retail customers and, pursuant to applicable agreements, certain wholesale utility districts;

WHEREAS, the City Council finds that the costs associated with the production, treatment, storage, transmission, maintenance, repair, replacement, regulatory compliance, administration, and delivery of potable water have increased;

WHEREAS, the City Council further finds that an adjustment to rates charged for bulk water sales to wholesale utility districts is necessary to promote the continued financial stability, safe operation, reliability, and long-term sustainability of the City's water system;

WHEREAS, the City Council intends that the rate established herein apply to wholesale water furnished by the City on and after the effective date stated in this Ordinance, subject to the terms of any applicable written water-purchase agreement and applicable law.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF JEFFERSON CITY, TENNESSEE, THAT:

Section 1. Amendment of wholesale bulk-water rate

Title 18, Chapter 1, Section 18-110 Bulk Water Sales of the Jefferson City Municipal Code is hereby amended by adding the following subsection:

Wholesale Bulk Water Sales to Utility Districts.

The City of Jefferson City shall charge each wholesale utility district purchasing bulk water from the City rates determined and recommended by the latest water/sewer rate study as established in **Exhibit A.**

Water usage shall be determined by the City's master meter or meters serving the applicable wholesale utility district. The City shall bill each wholesale utility district monthly, and payment shall be due in accordance with the applicable written water-purchase agreement or, if no agreement provides otherwise, within thirty (30) days after the date of the bill.

The rates established by this subsection shall apply to water furnished on and after the Effective Dates established in **Exhibit A.**

Section 2. Identification of affected wholesale customers

The rates established in **Exhibit A** shall apply to all wholesale utility districts and other governmental or utility entities purchasing bulk water from the City, unless a written water-purchase agreement lawfully provides otherwise.

Section 3. Existing agreements

Nothing in this Ordinance shall be construed to impair, terminate, or modify an existing written water-purchase agreement between the City and a wholesale utility district except to the extent that:

1. The applicable agreement authorizes the City to revise or adjust the wholesale water rate;
2. The agreement is amended in writing by the parties; or
3. Modification is otherwise authorized by applicable law.

If an existing written water-purchase agreement establishes a rate, rate-adjustment procedure, notice requirement, or effective-date provision that differs from this Ordinance, the agreement shall govern for the duration of its enforceable term unless amended by the parties or otherwise superseded according to law.

Section 4. Repealer

All ordinances, resolutions, rate schedules, policies, or parts thereof that conflict with the provisions of this Ordinance are hereby repealed to the extent of such conflict.

Section 5. Severability

If any provision, section, subsection, sentence, clause, phrase, or application of this Ordinance is held invalid or unenforceable by a court of competent jurisdiction, the invalidity or unenforceability shall not affect the validity or enforceability of the remaining provisions of this Ordinance, which shall remain in full force and effect.

Section 6. Effective date

This Ordinance shall become effective upon final passage, the public welfare requiring it.

Section 7. Adoption

PASSED ON FIRST READING this 5th day of October, 2026.

PASSED ON SECOND AND FINAL READING this 20th day of October, 2026.

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Mitch Cain, Mayor

City of Jefferson City, Tennessee

ATTEST:

_____

Bettina Chandler, City Recorder

APPROVED AS TO FORM:

_____

Robert Burts, City Attorney

EXHIBIT A: 5-Year Bulk Water Rate Plan to Wholesale Utility Districts

JEFFERSON CITY WATER AND SEWER FUND
ADOPTED BULK RATES
October 20, 2026

	CURRENT WHOLESALE RATES	OCTOBER 20, 2026 BULK RATE	JULY 1, 2027 BULK RATE	JULY 1, 2028 BULK RATE	JULY 1, 2029 BULK RATE	JULY 1, 2030 BULK RATE
PER 1,000 GALLONS	NMUD - 2.69 SGUD - 2.45	3.12	3.62	Determined by Annual Review & Analysis of CPI-U		

CITY OF JEFFERSON CITY
WATER DEPARTMENT
WHOLESALE RATE DETERMINATION ESTIMATE (NMUD and SGUD)
JUNE 30, 2026

		2026 - Actual/2027 - Budget		
Current percentage of sales volume - wholesale users - 2026		684,047.5	70%	
		Volume/Ths/Gals	% Wholesale	
Direct Cost of Water Production:		**Totals**	**Allocated**	**Per Thousand**
Treatment Plant Operational Costs	70%	$ 1,099,010	$ 764,196	
Treatment Labor Related Allocated Health Insurance Premiums	70%	$ 93,058	$ 64,708	
Treatment Property and Liability Allocated Insurance Premiums	70%	$ 81,899	$ 56,949	
Treatment Plant/Equipment Depreciation Expense Estimate	70%	$ 505,158	$ 351,261	
Transmission Mains Depreciation Expense Estimate	70%	$ 113,770	$ 79,110	
General Water Plant - Depreciation	5%	$ 152,776	$ 7,639	
New Transmission Line and Tank Improvements - Depreciation	70%			
Total Estimated Direct Cost of Water Production			$ 1,316,224	$ 1.92
Indirect Cost of Water Production:				
Allocated Transportation Services (Tanks/Electric) - Used 2026 Total	50%	$ 244,508.00	$ 122,254	
Allocated Transportation/Distribution Services	5%	$ 800,520.00	$ 40,026	
Allocated Adminstrative and General Expenses	5%	$ 849,033.00	$ 42,452	
Allocated Interest Expense (Plant/Transmission)	70%	$ 119,304.00	$ 83,513	
Total Estimated Indirect Cost of Water Production			$ 288,245	$ 0.42
Total Estimated Cost of Water Produced			$ 1,604,469	$ 2.35
Total Gallons Sold in Thousands - 2026			983,746.4	
Wholesale Cost Per Thousand Gallons Sold			$ 2.35	
Expected Sales Markup on Cost Per Thousand Gallons Sold	33%		$ 0.77	
Wholesale Rate Per Thousand Gallons Sold			$ 3.12	
Gross Profit Percentage			25%	
% Increase Per Cost Estimate			16.0%	
Wholesale Rate with CPI Increase at 4% Annually since 2024 Per Thousand Gallons			$ 3.03	
% Increase CPI for 3 Years			12.6%	
Current Wholesale Rate Per Thousand Gallons			$ 2.69	
Wholesale Water Phase In Rates:				
FYE 2026/2027		16% Increase	$ 3.12	
FYE 2027/2028		16% Increase	$ 3.62	

Subsequent Years Will Be Evaluated While Considering the Budget Adoption for the Fiscal Year Ending June 30, 2029