

HOUSE BILL 2140

By Hill T

AN ACT to amend Tennessee Code Annotated, Title 7 and Title 65, relative to the private purchase of a utility district.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 82, Part 7, is amended by adding the following new section:

(a) The utility management review board may, by order of the board, authorize the private purchase of a utility district:

(1) At the request of the governing body of the utility district; or

(2) Upon a determination that the sale is in the best interest of the public being served by the utility district.

(b) If the utility management review board authorizes the private purchase of a utility district under subsection (a), the board may, in coordination with the governing body of the utility district, negotiate the terms of the sale to a private party.

(c) If the governing body of a utility district refuses to enter into good faith negotiations for the private sale of a utility district in accordance with the issuance of an order issued under subsection (a), the utility management review board shall petition a chancery court in a jurisdiction in which the utility district is operating to compel the parties to engage in good faith negotiations for the sale of the utility district.

(d) Upon conclusion of good faith negotiations for the sale of a utility district under this section, the utility management review board shall issue an order approving the contract for sale and requiring the governing body of the utility district to execute the contract.

(e) In the event that the governing body of a utility district refuses or fails to execute a contract for sale of the utility district negotiated in good faith, or refuses or fails to abide by the terms and conditions of the contract for sale, the utility management review board shall petition a chancery court in a jurisdiction in which the utility district is operating to enforce the order of the board requiring the governing body of the utility district to execute the contract or comply with the terms and conditions of the contract, as applicable.

(f) For purposes of mitigating any negative financial impact on the public served by a utility district or the disruption of service as the result of the sale of the utility district, the utility management review board may develop and approve by order of the board a mitigation plan for purposes of facilitating the sale of the utility district.

(g) Upon execution of a contract for sale of a utility district under this section and assumption of the control and operation of the utility district by the purchasing party, the utility district shall be deemed to be a public utility, as that term is defined in § 65-4-101, and subject to regulation as a public utility by the Tennessee public utility commission.

SECTION 2. Tennessee Code Annotated, Section 65-4-101(6), is amended by adding the following new subdivision (C):

(C) "Public utility" includes a utility district that is sold to a private party in accordance with an order of the utility management review board issued under SECTION 1 of this act.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.