



**SENATE BILL 2102**

**By Taylor**

AN ACT to amend Tennessee Code Annotated, Title 4; Title 5; Title 6; Title 7; Title 8; Title 12; Title 13; Title 54; Title 64; Title 65; Title 68 and Title 69, relative to utilities.

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

SECTION 1. Tennessee Code Annotated, Section 65-1-109(e), is amended by adding the following at the end of the subsection:

The report may be submitted electronically.

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

Amendment No. 1 to SB2102

Bailey  
Signature of Sponsor

**AMEND Senate Bill No. 2102\***

**House Bill No. 2592**

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Title 7, is amended by adding the following as a new chapter:

**7-70-101.**

As used in this chapter:

(1) "Electric utility" means a utility that:

(A) Provides only electric utility services to the public and is owned by a municipality; and

(B) Serves not less than fifty thousand (50,000) retail electric customers located outside the county in which the municipality that owns the utility is located;

(2) "Municipality" means an incorporated city or town or a county having a metropolitan form of government in this state;

(3) "Outside county":

(A) Means the county in which an outside locality is located; and

(B) Does not include the county in which the municipality that owns the electric utility providing such services is located;

(4) "Outside locality" means a political subdivision that:

(A) Receives electric utility services from an electric utility; and

(B) Is located outside of the municipal boundaries of the municipality that owns the electric utility providing such services;

(5) "Political subdivision" means an incorporated town or city, county, municipality, or metropolitan government of this state;

(6) "Retail electric customer" means a customer receiving electric utility services for end-use consumption; and

(7) "Utility board" or "board":

(A) Means the governing body of an electric utility; and

(B) Does not include the governing body of the municipality that owns the electric utility.

**7-70-102.**

(a) Notwithstanding another law to the contrary and except as provided under subsection (f), if an electric utility provides services to not less than three thousand five hundred (3,500) retail electric customers in an outside locality, then the municipality owning such electric utility must expand the electric utility's board to include one (1) additional voting board member on the utility's board for the outside county in which such outside locality is situated if the outside county chooses to appoint a person pursuant to subdivision (b)(1). This subsection (a):

(1) Only requires one (1) additional board member per outside county, regardless of the number of outside localities located within the outside county; and

(2) Does not permit a municipality to expand a board to include a board member from a county in another state.

(b)

(1) If an outside county that is entitled to appoint a board member pursuant to subsection (a) chooses to appoint a person, then the chief executive officer of the outside county for which an additional board position is added pursuant to subsection (a) shall appoint a person to fill the new position, subject

to approval by a majority vote of the governing legislative body of the outside county.

(2) The chief executive officer shall:

(A) Appoint a person who is a resident of the outside county and a retail electric customer of the electric utility; and

(B) Not appoint a person who is an employee or board member of another utility.

(c)

(1) If an electric utility's board is expanded pursuant to subsection (a), then the municipality owning the electric utility may, in consultation with the appointing chief executive officer, establish initial, staggered appointments of two (2) years to ensure consistent and experienced representation, followed by terms of four (4) years that begin on July 1 and end on June 30 of each applicable year; provided, that the first of such terms must be deemed to begin on July 1, 2026, or the July 1 following an electric utility's expansion of service into an outside locality.

(2) A board member may be reappointed for successive terms.

(3) A board member serves until their successor is selected and assumes office. In the event of a vacancy, the chief executive officer of the appointing county shall appoint a person in accordance with subdivisions (b)(1) and (2) to fill the vacancy for the remainder of the unexpired term.

(4) A board member appointed pursuant to this section is subject to the same removal process used for other board members of the utility board; provided, that the chief executive officer who appointed the board member must be given written notice no less than ten (10) business days before removal proceedings occur.

(d) A board member appointed pursuant to this section is not an employee of the municipality that owns or operates the electric utility and does not receive insurance or other benefits that are otherwise provided to employees of such political subdivision.

(e) Notwithstanding subsection (a), a municipality is not required to expand board membership for an outside county or outside locality if the board has already established such a membership position; provided, that this subsection (e) does not exempt the electric utility from the requirements of subsection (a) for another outside county or outside locality for which a voting board member position does not exist.

(f)

(1) This section does not authorize an electric utility to create additional board positions in excess of the membership limits imposed by another state law or private act other than the new board positions required by this section.

(2) This section does not require an outside county to appoint a person to a board member position or otherwise utilize the board member position to which the outside county is entitled under subsection (a).

(g) If an electric utility is governed by a utility board on the effective date of this act, then the utility must continue to be governed by a utility board. The governance of an electric utility described in this subsection (g) must not be changed from a utility board to the governing body of the municipality after the effective date of this act.

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

Amendment No. 2 to HB2592

Hicks G  
Signature of Sponsor

**AMEND Senate Bill No. 2102\***

**House Bill No. 2592**

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Title 7, is amended by adding the following as a new chapter:

**7-70-101.**

As used in this chapter:

(1) "Electric utility":

(A) Means a utility that provides electric utility services to the public and is owned by a municipality:

(i) Having a population of not less than three hundred fifty thousand (350,000), according to the 2020 federal census or any subsequent federal census; or

(ii) Located in a county having a population of not less than three hundred fifty thousand (350,000), according to the 2020 federal census or any subsequent federal census;

(B) Includes an electric utility that provides electric utility services:

(i) Outside of this state; and

(ii) Authorized under chapter 52 of this title, or another law, including, but not limited to, a city charter or private act; and

(C) Does not include an energy authority or utility authority created pursuant to the Municipal Energy Authority Act, compiled in chapter 36 of this title, or a private act of the general assembly;

(2) "Home county" means the primary county in which the home municipality is located, if the home municipality is an incorporated city or town;

(3) "Home municipality" means the municipality that owns an electric utility;

(4) "Incorporated city or town" does not include a metropolitan government;

(5) "Municipality" means a county, a county having a metropolitan form of government in this state, or an incorporated city or town;

(6) "Outside county":

(A) Means the county in which an outside locality is located; and

(B) Does not include the home county;

(7) "Outside locality" means a municipality that:

(A) Receives electric utility services from an electric utility; and

(B) Is located outside of the municipal boundaries of the home municipality; and

(8) "Utility board" or "board":

(A) Means the governing body of an electric utility; and

(B) Does not include the governing body of the home municipality.

**7-70-102.**

(a) Notwithstanding another law to the contrary, and except as provided by § 7-70-107:

(1) If an electric utility provides services outside the corporate limits of the home municipality but within the home county to not less than three thousand five hundred (3,500) customers and not more than one hundred thirty thousand (130,000) customers, then the home municipality must expand the utility board to include one (1) additional voting board member on the utility board for the home

county, appointed by an incorporated city or town in accordance with § 7-70-103(a)(1), if the home county chooses to appoint a person pursuant to § 7-70-103(a)(1); and

(2) If an electric utility provides services outside the corporate limits of the home municipality but within the home county to more than one hundred thirty thousand (130,000) customers, then the home municipality must expand the utility board to include one (1) more additional voting board member on the utility board for the home county, appointed by an incorporated city or town in accordance with § 7-70-103(a)(2), if the home county chooses to appoint such persons pursuant to § 7-70-103(a)(2).

(b) Notwithstanding another law to the contrary, and except as provided by § 7-70-107, if an electric utility provides services to not less than three thousand five hundred (3,500) customers in an outside locality, then the home municipality must expand the utility board to include one (1) additional voting board member on the utility board for the outside county in which such outside locality is situated, if the outside county chooses to appoint a person pursuant to § 7-70-103(b). This subsection (b):

(1) Only allows one (1) additional board member per outside county, regardless of the number of outside localities located within the outside county; and

(2) Does not permit the expansion of a utility board to include a board member from a municipality in another state.

**7-70-103.**

(a)

(1) If a home county that is entitled to a board member pursuant to § 7-70-102(a)(1) chooses to appoint a person, then the home county must notify the chief executive officer of the incorporated city or town that is located outside the corporate limits of the home municipality but within the home county and that has

the largest number of customers served by the electric utility outside the corporate limits of the home municipality but within the home county. The chief executive officer of such incorporated city or town shall appoint a person to fill the new position, subject to approval by a majority vote of the governing legislative body of the applicable incorporated city or town.

(2) If a home county that is entitled to a board member pursuant to § 7-70-102(a)(2) chooses to appoint a person, then the home county must notify the chief executive officer of the incorporated city or town that is located outside the corporate limits of the home municipality but within the home county and that has the second-largest number of customers served by the electric utility outside the corporate limits of the home municipality but within the home county. The chief executive officer of such incorporated city or town shall appoint a person to fill the new position, subject to approval by a majority vote of the governing legislative body of the applicable incorporated city or town.

(b) If an outside county that is entitled to appoint a board member pursuant to § 7-70-102(b) chooses to appoint a person, then the chief executive officer of the outside county for which an additional board position is added pursuant to § 7-70-102(b) must appoint a person to fill the new position, subject to approval by a majority vote of the governing legislative body of the applicable outside county.

(c) The chief executive officer shall:

(1) Appoint a person who is a resident of the incorporated city or town or outside county, as applicable, and a customer of the electric utility; and

(2) Not appoint a person who is an employee or board member of the electric utility or another utility.

**7-70-104.**

(a) If a utility board is expanded pursuant to this chapter, then the home municipality may:

(1) In consultation with the appointing chief executive officer, establish initial, staggered appointments of two (2) years to ensure consistent and experienced representation, followed by terms of four (4) years that begin on January 1 and end on December 31 of each applicable year; provided, that the first of such terms must be deemed to begin on January 1, 2027, or the January 1 following an electric utility's expansion of service into an outside locality; or

(2) In consultation and agreement with the appointing chief executive officer, establish term lengths, term limits, and term start dates that are similar to, and coincide with, the term lengths, term limits, and term start dates of board members appointed by the home municipality; provided, that the board member begins serving on January 1, 2027.

(b) A board member appointed pursuant to this chapter may be reappointed for successive terms.

(c) A board member appointed pursuant to this chapter serves until their successor is selected and assumes office. In the event of a vacancy, the chief executive officer of the appointing county or incorporated city or town shall appoint a person in accordance with § 7-70-103 to fill the vacancy for the remainder of the unexpired term.

(d) A board member appointed pursuant to this section is subject to the same removal process used for other board members of the utility board; provided, that the chief executive officer who appointed the board member must be given written notice no less than ten (10) business days before removal proceedings occur.

**7-70-105.**

A board member appointed pursuant to this chapter is not an employee of the home municipality and is not entitled to compensation for service as a board member. However, this section does not prohibit or otherwise limit a utility board or other appropriate entity from choosing to provide compensation to a board member appointed pursuant to this chapter.

**7-70-106.**

Except as provided in § 7-70-102, a home municipality shall not expand board membership for a home county, outside county, or outside locality if the home county, outside county, or outside locality is represented by a voting member on the board. This section does not exempt an electric utility or home municipality from the requirements of § 7-70-102 for the home county or another outside county or outside locality for which a voting board member position does not exist.

**7-70-107.**

(a) Except for new board positions required by § 7-70-102 or subsection (c), this chapter does not authorize an electric utility to create additional board positions in excess of the membership limits imposed by another state law or private act.

(b) This chapter does not require a home county or outside county to choose to appoint a person to a board member position or otherwise utilize the board member position to which the home county or outside county is entitled under § 7-70-102.

(c)

(1) If the application of this chapter results in a majority of the positions of a utility board not being appointed by the home municipality, then the home municipality may increase the membership limits of the utility board to such minimum number of board positions that ensures the home municipality holds the appointment authority for a simple majority of the positions on the utility board.

(2) The home municipality shall fill such additional board positions in the manner established for regular utility board members.

**7-70-108.**

(a) If a home county or outside locality reaches the customer thresholds described in § 7-70-102, then the electric utility shall notify, no later than November 1 following the date such threshold is reached, the home municipality and the chief executive officer that would be entitled to choose to appoint a board member.

(b) If the home county or outside county chooses to appoint a person, then the applicable chief executive officer entitled to appoint a board member must appoint a board member by the following January 1.

**7-70-109.**

(a) Except as provided in subsection (c), if an electric utility is governed by a utility board on May 1, 2026, then the utility must continue to be governed by a utility board.

(b) Except as provided in subsection (c), the governance of an electric utility described in this section must not be changed from a utility board to the governing body of the municipality on or after May 1, 2026.

(c) An electric utility may become an energy authority or utility authority pursuant to the Municipal Energy Authority Act, compiled in chapter 36 of this title, or a private act of the general assembly, as long as its utility board includes board members appointed consistent with this chapter.

**7-70-110.**

This chapter does not apply to an electric utility operated by the governing body of a home municipality, or to an energy authority or utility authority created pursuant to the Municipal Energy Authority Act, compiled in chapter 36 of this title.

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

Hicks G  
Signature of Sponsor

**AMEND Senate Bill No. 2102\***

**House Bill No. 2592**

by deleting Section 2 and substituting:

SECTION 2. Tennessee Code Annotated, Section 6-51-111(a), is amended by deleting "the provisions of this section with respect to electric cooperatives" and substituting "title 65, chapter 34".

SECTION 3. Tennessee Code Annotated, Section 6-51-112, is amended by deleting the section.

SECTION 4. Tennessee Code Annotated, Section 6-51-103(a)(1)(A), is amended by deleting "in accordance with § 6-51-111, § 6-51-112 or § 6-51-301" and substituting "in accordance with § 6-51-111 or § 6-51-301".

SECTION 5. Tennessee Code Annotated, Section 65-25-126, is amended by deleting "electric cooperatives in § 6-51-112" and substituting "electric cooperatives under applicable law".

SECTION 6. Tennessee Code Annotated, Section 65-34-101(3), is amended by deleting "systems, all as provided by § 6-51-112" and substituting "systems".

SECTION 7. Tennessee Code Annotated, Section 65-34-107, is amended by deleting subsection (a) and substituting:

(a) This chapter does not impair the right and power of a municipality to operate or authorize the operation of a municipal electric system or electric and community service cooperative within the municipality's municipal boundaries consistent with applicable law.

SECTION 8. Tennessee Code Annotated, Section 65-36-108(a), is amended by deleting "limitations established in § 6-51-112 or chapter 34 of this title" and substituting "limitations established in chapter 34 of this title".

SECTION 9. This act takes effect upon becoming a law, the public welfare requiring it.

Amendment No. 4 to HB2592

Boyd  
Signature of Sponsor

**AMEND Senate Bill No. 2102\***

**House Bill No. 2592**

by deleting § 7-70-102(a) in Section 1 and substituting:

(a)

(1) Notwithstanding another law to the contrary, and except as provided by subdivision (a)(2) and § 7-70-107:

(A) If an electric utility provides services outside the corporate limits of the home municipality but within the home county to not less than three thousand five hundred (3,500) customers and not more than one hundred thirty thousand (130,000) customers, then the home municipality must expand the utility board to include one (1) additional voting board member on the utility board for the home county, appointed by an incorporated city or town in accordance with § 7-70-103(a)(1), if the home county chooses to appoint a person pursuant to § 7-70-103(a)(1); and

(B) If an electric utility provides services outside the corporate limits of the home municipality but within the home county to more than one hundred thirty thousand (130,000) customers, then the home municipality must expand the utility board to include one (1) more additional voting board member on the utility board for the home county, appointed by an incorporated city or town in accordance with § 7-70-103(a)(2), if the home county chooses to appoint such persons pursuant to § 7-70-103(a)(2).

(2)

(A) If a utility board that would require expansion under subdivision

(a)(1)(A) or (B) includes:

(i) One (1) voting board member who is a resident of the home county and resides outside the corporate limits of the home municipality as of May 1, 2026, such board member satisfies the requirements of subdivision (a)(1)(A), regardless of how such board member is appointed; and

(ii) Not less than two (2) voting board members who are residents of the home county and reside outside the corporate limits of the home municipality as of May 1, 2026, such board members satisfy the requirements of subdivisions (a)(1)(A) and (B), regardless of how such board members are appointed.

(B) If a voting board member position described under subdivision (a)(2)(A)(i) or (ii) ceases to exist, then the home municipality must comply with the requirements of subdivision (a)(1).

**AND FURTHER AMEND** by deleting "7-70-102(a)(1)" and substituting "7-70-102(a)(1)(A)" in § 7-70-103(a)(1) in Section 1.

**AND FURTHER AMEND** by deleting "7-70-102(a)(2)" and substituting "7-70-102(a)(1)(B)" in § 7-70-103(a)(2) in Section 1.