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# Utilities

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Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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## Utilities

Reference Number: CTAS-469

## County Board of Public Utilities

Reference Number: CTAS-516

Counties are authorized to establish, construct, install, acquire and maintain urban-type public facilities for utility services such as water and sewer, and may manage such utility services through a board of public utilities. T.C.A. § 5-16-102. If such a board is established by resolution of the county legislative body, it shall consist of either three or five members, except in Anderson County where the board may have seven members. The county mayor appoints members of this board subject to confirmation by the county legislative body. The terms are for three years after initial appointments for one, two and three years to create staggered terms. The members of this board serve without compensation except for reimbursement for actual expenses incurred in the performance of their duties except in a few counties where this is authorized by narrow population class exceptions. T.C.A. § 5-16-103.

## Utility District Board of Commissioners

Reference Number: CTAS-517

A utility district formed pursuant to the Utility District Law of 1937, codified at T.C.A. §§ 7-82-101 *et seq.*, is governed by a board of commissioners. The original petition for creation nominates three people who are residents of the proposed district to become the original utility district commissioners. Upon approval of the petition, these three initial commissioners serve terms of two, three and four years, respectively, to create staggered terms. T.C.A. §§ 7-82-202, 307. However, multicounty districts may have additional commissioners and some other districts that had a greater number of commissioners on May 6, 2004 under special provisions in earlier statutes may have additional commissioners. T.C.A. § 7-82-307. The most common method of appointment after the initial appointment of utility district commissioners is by a procedure wherein the utility district board of commissioners submits a list of three people to the county mayor as nominees. The county mayor may select one of the three or reject this list and require a new list to be provided. If the county mayor takes no action, the first person listed is appointed by operation of law. T.C.A. § 7-82-307. See T.C.A. § 7-82-307 for the complete procedure and for a modified procedure for multi-county districts.

## Ethics Policies for Utilities

Reference Number: CTAS-518

Utility districts are considered separate governmental entities to be governed by ethical standards established by the board of commissioners of the utility district in conformity with T.C.A. § 8-17-105(b). T.C.A. § 8-17-102(c). Water, wastewater and gas authorities created by a private act or under the general law are considered separate governmental entities and shall be governed by ethical standards established by the governing board of the water, wastewater or gas authority in conformity with T.C.A. § 8-17-105(b). The Tennessee Association of Utility Districts (TAUD) must prepare a model of ethical standards for officials and employees of water, wastewater and gas authorities which must be submitted to the Utility Management Review Board for its approval, and the model must be approved by the board before it can be adopted by any water, wastewater or gas authority. T.C.A. § 8-17-105. After the board approves the model, it must be filed with the state ethics commission. The governing body of a water, wastewater or gas authority or utility district must adopt either the approved TAUD model of ethical standards or standards which are more stringent than the TAUD model. If a water, wastewater or gas authority or a utility district adopts ethical standards which are different from and more stringent than the TAUD model, those standards must be submitted to the board for a determination that the standards are more stringent than the TAUD model. Any water, wastewater or gas authority or any utility district that adopts the TAUD model is not required to file its ethical standards with the commission but must notify the commission in writing that the TAUD model was adopted and the date of adoption. Any water, wastewater or gas authority or any utility district which does not adopt the TAUD model of ethical standards or ethical standards more stringent than the TAUD model will be governed by the ethical

standards established by the county legislative body of the county in which the water, wastewater or gas authority or the utility district has the largest number of customers.

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