



State of Tennessee

PUBLIC CHAPTER NO. 490

HOUSE BILL NO. 542

By Representatives Vaughan, Hardaway, Todd

Substituted for: Senate Bill No. 1139

By Senators Taylor, Stevens

AN ACT to amend Tennessee Code Annotated, Title 7; Title 13, Chapter 7; Title 65 and Title 68, relative to utilities.

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

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 51, is amended by adding the following as a new part:

7-51-2601. Part definitions.

As used in this part:

(1) "Approved contractor" means a contractor that:

(A) Is an appropriately licensed contractor in the state, with demonstrated experience in the construction or installation of the utility infrastructure that will be constructed or installed;

(B) Agrees to comply with the utility's standard work rules and operational standards that apply to contractors that perform work for the utility;

(C) Provides an agreement from the customer to convey utility infrastructure installed pursuant to this part to the utility at no cost to the utility and free and clear of all liens, claims, and encumbrances;

(D) Provides a performance bond, warranties, and other assurances of performance that the utility requires of contractors that perform work for the utility;

(E) Has liability insurance with limits of liability and other terms of coverage that the utility requires of contractors that perform work for the utility;

(F) Provides indemnification to the utility on terms that the utility requires of contractors that perform work for the utility; and

(G) Is a current contractor for the utility that is in good standing, is listed on a utility's list of contractors that are approved for the construction or installation of utility infrastructure, or is otherwise approved by the utility in writing for construction or installation of the proposed utility infrastructure;

(2) "Customer", in the case of a cooperative, means a member of the cooperative and, in the case of any other utility, means a customer of the utility;

(3) "Third-party plans examiner" means an engineer who:

(A) Is registered as a professional engineer in accordance with title 62, chapter 2, with expertise in the design and construction of the utility infrastructure that will be constructed or installed; and

(B) Has appropriate liability insurance with limits of liability and other terms of coverage that the utility requires of its own third-party engineers;

(4) "Utility" means:

(A) An entity subject to the jurisdiction of the Tennessee board of utility regulation in accordance with § 7-82-701;

(B) A cooperative, as defined in § 65-25-102; or

(C) A county-owned, metropolitan government-owned, or municipal-owned utility that provides water, wastewater, electric, natural gas, or stormwater management and drainage to the public; and

(5) "Utility infrastructure" means the water, wastewater, electric, natural gas, or storm water management and drainage facilities, as applicable, that are included in the proposed construction or installation plan and are necessary to provide the applicable utility service or services to customers within the proposed plan of development.

7-51-2602. Installation of utility infrastructure by private contractors.

(a) A utility in this state shall allow a customer of the utility or person submitting a plan of development to the utility the option to use an approved contractor or approved contractors of the customer's choosing for the installation of such utility infrastructure. Utilities shall produce a publicly available list of approved contractors and the process for becoming an approved contractor.

(b) If a customer or customer representative engages an approved contractor pursuant to subsection (a), then, prior to the commencement of work, the customer or customer representative shall provide:

(1) The name, intended address, and local jurisdiction of the planned development;

(2) The approved contractor's name;

(3) Evidence of the contractor's eligibility to operate as an approved contractor in accordance with the requirements under § 7-51-2601(1); and

(4) Other information as the utility may reasonably require.

(c) No later than ten (10) business days after submission of the documents required under subsection (b), the utility shall:

(1) Confirm the contractor's status as an approved contractor and allow the contractor to proceed as an approved contractor in accordance with the requirements for an approved contractor under this part, if the customer or customer representative complies with the requirements of subsection (b);

(2) Provide to the customer, or the customer's representative, a report of deficiencies; or

(3) Request additional information necessary to determine the eligibility of the contractor's status as an approved contractor.

(d) If ten (10) business days pass and the utility fails to take an action as required by subsection (c), then the contractor may proceed as an approved contractor and shall comply with the requirements for an approved contractor under this part.

(e) The utility shall perform inspections of the installation and construction of the utility infrastructure installed by the approved contractor in the development, and the utility may also inspect materials and test the utility infrastructure as part of such inspections. The approved contractor is responsible for correcting any deficiencies

associated with its installation or construction, and the utility is not required to accept or commission the utility infrastructure until it determines that the installation and construction complies with all applicable requirements under this part. The utility may charge a reasonable fee for such inspections and testing in accordance with a schedule of fees or charges adopted by the utility and made publicly available.

(f) Notwithstanding subsection (a), a utility may require the direct installation or construction of specific utility infrastructure by the utility or by an approved contractor under the direct supervision of the utility where the requirement is necessary to ensure public safety or service reliability of the utility.

7-51-2603. Utility infrastructure specifications.

(a) A utility may provide reasonable construction and manufacturer's specifications for utility infrastructure to ensure that the infrastructure is constructed properly and with appropriate materials. A utility that chooses to provide such specifications shall provide persons with a schedule of all approved materials for utility infrastructure with specifications for such materials.

(b) Notwithstanding subsection (a), a utility shall not require that materials or services for the construction of the utility infrastructure be provided by a specific vendor or manufacturer unless using the materials or services by a specific vendor or manufacturer is deemed necessary by the utility for the quality and integrity of the utility's system.

7-51-2604. Utility infrastructure plans and designs.

(a) Where a utility does not customarily prepare plans and designs for utility infrastructure within a plan of development and requires a customer or customer representative to prepare and submit such plans and designs, the utility shall:

(1) Not charge a fee of more than the fee established in a schedule of fees and charges adopted by the utility for review of the plans and designs; and

(2) Complete the review of the plans and designs within sixty (60) business days of the date the plans and designs are submitted to the utility and are determined by the utility to be complete. The sixty-business-day review time frame required under this subdivision (a)(2) does not include the time spent by a state or federal regulatory body to provide any approvals that are required under applicable state or federal regulatory requirements.

(b) If the utility does not complete the review in accordance with subdivision (a)(2), then the customer or customer representative who submitted the plan or design may hire a third-party plans examiner to review the plans and designs for compliance with all applicable state and federal regulatory requirements, codes, and local requirements.

(c) If a customer or customer representative engages a third-party plans examiner pursuant to subsection (b) in lieu of review by the utility, then the customer or customer representative shall submit the appropriate fee, if such fee was not already submitted, and a stamped and sealed copy of all plans that were examined to the utility and provide:

(1) The name, intended address, and local jurisdiction of the planned development;

(2) The third-party plans examiner's name;

(3) A sworn statement under penalty of perjury by the third-party plans examiner, declaring that the plans comply with the applicable state and federal regulatory requirements, applicable codes, and local requirements, and that no deficiencies remain;

(4) A statement of the state and federal regulatory requirements used to perform the plans examination;

(5) A statement of the applicable codes of the local jurisdiction and the codes used to perform the plans examination;

(6) A statement of the local requirements of the utility used to perform the plans examination;

(7) The occupancy classification of the structure;

(8) Evidence of the examiner's eligibility to serve as a third-party examiner, including all necessary proof of insurance; and

(9) Other information as the utility may reasonably require.

(d) No later than ten (10) business days after submission of the documents required under subsection (c), the utility shall:

(1) Approve the plans, if the plans comply with state and federal regulatory requirements, local standards, and applicable codes;

(2) Provide to the customer or customer representative a report of deficiencies; or

(3) Request additional information necessary to ensure compliance with state and federal regulatory requirements, local standards, and applicable codes.

(e) If ten (10) business days pass and the utility fails to take an action as required by subsection (d), then the utility must refund any associated plan review fees that were collected, and the plans are deemed approved by the utility.

(f) If the plan of development is approved after review by a third-party plans examiner and the customer engages an approved contractor to install or construct utility infrastructure, the utility shall perform inspections of the installation and construction of the utility infrastructure in the development. The utility may also inspect materials and test the utility infrastructure as part of such inspections. The customer or its approved contractor is responsible for the costs of correcting any deficiencies in the installation and construction, and the utility is not required to accept or commission the utility infrastructure until the utility determines that the installation and construction complies with all applicable requirements under this part. The utility may charge a reasonable fee for such inspections and testing in accordance with a schedule of fees or charges adopted by the utility and made publicly available.

(g) This section does not apply to the types of plans and designs of utility infrastructure that are customarily prepared by the utility for the customer in accordance with a standard practice that is in effect at the utility as of July 1, 2025, or a policy that is subsequently adopted by the utility.

7-51-2605. Regulatory compliance.

In the event that an obligation under this part conflicts with an applicable state or federal regulatory requirement, the applicable state or federal regulatory requirement controls and supersedes any obligation of the utility under this part to the extent necessary to resolve the conflict.

7-51-2606. Excused delay.

In the event that an act of God, fire, flood, storm, accident, or similar event constituting force majeure causes a utility to require more time to meet the review requirements of this part, then the timelines set forth in this part must be suspended for so long as the utility's operations are impacted by one (1) or more such events.


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SECTION 2. The headings in this act are for reference purposes only and do not constitute a part of the law enacted by this act. However, the Tennessee Code Commission is requested to include the headings in any compilation or publication containing this act.

SECTION 3. This act takes effect July 1, 2025, the public welfare requiring it, and applies to plans of development submitted on or after that date.

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PASSED: April 21, 2025



CAMERON SEXTON, SPEAKER
HOUSE OF REPRESENTATIVES



RANDY MCNALLY
SPEAKER OF THE SENATE

APPROVED this 21st day of May 2025



BILL LEE, GOVERNOR