

§ 162A-19.1. Sale of a public water or sewer system.

(a) For purposes of this section, "local government service provider" means any of the following:

- (1) A county.
- (2) A city.
- (3) A water and sewer authority created under Article 1 of Chapter 162A of the General Statutes.
- (4) A metropolitan sewerage district created under Article 5 of Chapter 162A of the General Statutes.
- (5) A sanitary district created under Part 2 of Article 2 of Chapter 130A of the General Statutes.
- (6) A county water and sewer district created under Article 6 of Chapter 162A of the General Statutes.
- (7) A metropolitan water district created under Article 4 of Chapter 162A of the General Statutes.
- (8) A metropolitan water and sewerage district created under Article 5A of Chapter 162A of the General Statutes.

(b) No local government service provider may sell to a private company a water or sewer system that provides service to the public until the governing body of the local government service provider has held a public hearing on the sale and made a determination that the sale is in the public interest. In determining if the sale is in the public interest, the local government service provider shall consider, at a minimum, all of the following:

- (1) The physical condition of the water or sewer system being sold.
- (2) The capital replacements, additions, expansions, and repairs needed to provide reliable service and meet all applicable federal standards.
- (3) The availability of federal and State grants and loans for system upgrades and repairs.
- (4) The willingness and the ability of the purchaser to make system upgrades and repairs and provide high-quality and cost-effective service.
- (5) The reasonableness of the contract sale price and terms.
- (6) The most recent income and expense statement and asset and liabilities balance sheet of the purchaser.
- (7) The purchaser's existing rate base and projected rates over the next three years.
- (8) The affordability of the projected rates for the next three years for customers serviced by the system, based on the income levels of the customer base.
- (9) The alternatives to the sale and the potential impact on utility customers if the sale is not made.

(c) The local government service provider shall prepare a statement showing that the sale is in the public interest, including a summary of the purchaser's experience in water or sewer utility operation and a showing of financial ability to provide the service.

(d) All moneys paid by a private company to a local government service provider for the purchase of a water system or sewer system shall be used for the purpose of debt reduction for the system, if applicable, and repayment of federal grant awards associated with the system as may be required by federal law or regulation. Any unspent funds remaining after debts and federal grant awards have been repaid shall be deposited in the general fund of the local government service provider. (2026-32, s. 2.)