

INFORMATION TECHNOLOGY OVERSIGHT COMMITTEE

Minutes

July 9, 2025

Call to Order and Roll Call

The third meeting of the Information Technology Oversight Committee was held on July 9, 2025, at 10:00 AM in Room 129 of the Capitol Annex. Representative Matt Lockett, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Gex Williams, Co-Chair; Representative Matt Lockett, Co-Chair; Senators Keturah Herron, and Michael J. Nemes; and Representatives Chad Aull, and John Hodgson.

Guests: Doug Hendrix, Executive Director, Kentucky Communications Network Authority (KCNA); Greg Gatson, Chief Operating Officer, KCNA; Kristina Dahmann, Outside Counsel, KCNA; Brad Kilbey, Chief Executive Officer, Accelecom; Kevin H. Marino, Outside Counsel, Accelecom; David Couch, Associate Commissioner, Chief Information Officer, Office of Education Technology, Kentucky Department of Education (KDE); Mike Leadingham, Director, Office of Education Technology, KDE; Lorrان Hart Ferguson, Chief of Staff, Auditor of Public Accounts; and Alexander Magera, General Counsel, Auditor of Public Accounts.

LRC Staff: Sarah Watts, Cynthia Brown, and Heather Hamilton.

Approval of Minutes

Senator Williams made a motion, seconded by Representative Hodgson, to approve the minutes of the March 7, 2025, meeting. The motion passed by voice vote.

Discussion of the KentuckyWired Network

Kentucky Department of Education

David Couch, Associate Commissioner, Chief Information Officer, Office of Education Technology, Kentucky Department of Education (KDE), provided background information on past and present internet access for students in schools. Internet hubs are in all 171

school districts. School districts decide how to connect to the internet from the hubs. For internet services, only E-Rate eligible bids are accepted, maximizing the federally discounted rate. The discount can be up to 90 percent, and may total as much as \$50 million annually statewide. Rebids are allowed every 10 years.

The KDE's Next Generation K12 internet vendor is Education Networks of America (ENA), owned by Zayo Education. The current contract with ENA is E-Rate eligible. The service provided is reliable, high quality, and stable. In comparison with the prior contract, there is 50 percent less cost for the bandwidth and 38 percent less cost for the firewall service. As the primary contractor, ENA can choose their own subcontractors. Open Fiber Kentucky Company, LLC, known as Accelecom, is one of their subcontractors.

Mike Leadingham, Director, Office of Education Technology, KDE, spoke about design changes and build out challenges. Mr. Couch concluded by discussing concerns with KCNA removing Accelecom as a contract provider.

In response to Senator Williams, Mr. Couch spoke about the cost of missing the deadline and changing subcontractors. Mr. Leadingham added that the overrun cost of the implementation in a proactive mode was around \$500,000. He further explained there would be additional costs and implications of doing another transition in a reactive mode. Mr. Leadingham stated the additional costs of maintaining the Type 2 connections are being absorbed by ENA, according to the contract.

In response to Representative Hodgson, Mr. Leadingham explained the difference between a Type 2 connection and a direct connection. Mr. Couch explained what would cause a service to not be classified as E-Rate eligible.

In response to Senator Williams, Mr. Couch stated they do not interact directly with subcontractors, but communicate through the primary contractor ENA.

Kentucky Communications Network Authority

Doug Hendrix, Executive Director, Kentucky Communications Network Authority (KCNA), provided an update on the status of the KentuckyWired network. KentuckyWired Operations Company (KWOC) manages the network. Mr. Hendrix discussed a disconnection notice sent to customers of Accelecom in January 2025. Accelecom had been a provider since 2017. KWOC identified at least 38 sites connected to the network without permission. A temporary restraining order from Franklin Circuit Court prohibits Accelecom from connecting to the network without KCNA permission. Other issues are also pending in the courts.

In response to Representative Lockett, Mr. Hendrix stated there should not be a cost to taxpayers to switch providers.

In response to Representative Aull, Mr. Hendrix stated the expected revenue share from Accelecom was \$1.3 billion over 30 years. He explained the process for authorized connections between Accelecom, KWOC, and KCNA. He then addressed the disconnection notices given to customers.

In response to Representative Lockett, Mr. Hendrix explained the process of identifying unauthorized connections.

In response to Representative Hodgson, Mr. Hendrix stated they approved provider changes for about 100 schools.

In response to Senator Williams, Mr. Hendrix discussed his background and the telecommunication expertise employed at KCNA. Greg Gatson, Chief Operating Officer, KCNA, said they were directed by Franklin Circuit Court to provide advance warning notices for the disconnection. Mr. Hendrix explained more about the network refresh, KCNA's dispute with KWOC's subcontractor recommendation, and KWOC's ultimate decision to maintain Ledcor as a subcontractor. Kristina Dahmann, Outside Counsel, KCNA, stated this issue is pending in Franklin Circuit Court.

Accelecom

Brad Kilbey, Chief Executive Officer, Accelecom, and Kevin H. Marino, Outside Counsel, Accelecom, testified on their contract with KCNA, which is currently being litigated in Franklin Circuit Court. Mr. Kilbey shared difficulties Accelecom experienced since the change in KCNA leadership in 2022. Mr. Marino shared additional comments regarding KCNA's management.

In response to Representative Lockett, Mr. Kilbey addressed how the revenue share operates. Due to ongoing litigation, Mr. Kilbey was unable to address the allegation of network connections made without permission.

In response to Representative Aull, Mr. Kilbey and Mr. Marino explained the reasons for the reduced amount of revenue share.

In response to Senator Williams, Mr. Marino recommended a change in leadership at KCNA and to not sell the KentuckyWired network.

Auditor of Public Accounts

Lorran Hart Ferguson, Chief of Staff, Auditor of Public Accounts, and Alexander Magera, General Counsel, Auditor of Public Accounts, discussed the ongoing audit of KCNA and the KentuckyWired Network.

In response to Senator Williams, Ms. Ferguson explained they are conducting both a special examination and financial audit.

In response to Representative Lockett, Ms. Ferguson stated they are familiar with the existing contract between Accelecom and KCNA.

In response to Representative Aull, Ms. Ferguson stated both Accelecom and KCNA are actively cooperating with the audits. They are not involved with the Blue & Co. audit.

Representative Lockett commented that the purpose of the discussion was to address the issues and ensure taxpayer dollars are spent wisely.

Next Meeting

August 13, 2025, at 10:00 AM in Capitol Annex Room 129, chaired by Senator Williams.

Senator Williams thanked the staff from Commonwealth Office of Technology for being present and acknowledged the work they do.

Adjournment

With no further business to come before the committee, the committee adjourned at 11:38 AM.