

96.5375 Rights of city owning or operating natural gas system to sell natural gas within and without city boundaries -- Municipal interlocal gas utility -- Limitations -- Prohibitions -- Definitions.

- (1) Subject to the limitations of subsection (4) of this section and KRS 96.045 and 96.538, any city that owns and operates a municipal system for the acquisition, distribution, or transmission of natural gas may extend the system or construct a new system as authorized in KRS 96.170 and 96.542, to furnish and sell natural gas to any person or entity within the boundaries of the city or within any territory outside of the city's boundaries. Municipal interlocal gas utilities shall have the same authority to extend existing natural gas systems or construct new systems to furnish and sell natural gas in territory inside or outside of their constituent cities' boundaries. In exercising the authority provided by this subsection, the city may install the necessary apparatus to provide natural gas distribution or transmission service and may also condemn or otherwise acquire rights-of-way as private utilities may do. The provisions of this subsection shall apply to all cities of this Commonwealth transporting or distributing natural gas as well as any board, commission, or agency thereof.
- (2) A city, other than a city of the first class or a consolidated local government, may acquire the entire plant of an existing natural gas distribution system only under the same process and subject to the same limitations established by KRS 96.580, 96.590, and 96.600.
- (3) No property owned or operated by an existing natural gas distribution system located within the Commonwealth may be condemned by a city from another state.
- (4) A natural gas utility, which, for purposes of this subsection, means a public, private or municipally owned gas utility distributing or transporting natural gas to customers within this Commonwealth, shall not:
 - (a) Extend its system for the purposes of furnishing or selling natural gas to any person or entity that is currently being served by another natural gas utility; or
 - (b) Extend its system to furnish or sell natural gas to any person or entity when there is another natural gas utility in closer proximity to the person or entity to be served, unless the natural gas utility in closer proximity has declined to provide service.
- (5) The provisions of subsection (4) of this section shall only apply to extension of service issues between a municipally owned natural gas utility servicing customers located outside its municipal boundaries and a private or investor-owned natural gas utility. The term "municipally owned" shall include systems distributing or transporting natural gas that are owned by a city from another state.
- (6) As used in this section, "municipal interlocal gas utility" has the same meaning as in KRS 65.230.

Effective: July 15, 2026

History: Amended 2026 Ky. Acts ch. 161, sec. 124, effective July 15, 2026. -- Created 2013 Ky. Acts ch. 96, sec. 1, effective June 25, 2013.