

CHAPTER 96

(HB 338)

AN ACT relating to city-operated natural gas distribution systems.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 96 IS CREATED TO READ AS FOLLOWS:

- (1) *Subject to the limitations of subsection (4) of this section, KRS 96.045, and KRS 96.538, any city that owns and operates a municipal system for the acquisition, distribution, or transmission of natural gas may extend the system into and 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. 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 to 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.*

Signed by Governor March 22, 2013.