

CHAPTER 179**(SB 263)**

AN ACT relating to the regionalization of public water and wastewater systems.

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

➔Section 1. KRS 224A.011 is amended to read as follows:

As used in this chapter, unless the context requires otherwise:

- (1) "Administrative fee" means a fee assessed and collected by the authority from borrowers and applicants under assistance agreements, to be used for operational expenses of the authority;
- (2) "Applicable interest rate" means the rate of interest which shall be used as part of the repayment criteria for an assistance agreement between a governmental agency and the authority, and shall be determined by the authority pertinent to the source of funds from which the assistance agreement is funded;
- (3) "Applicant" means a governmental agency or private sector entity that has submitted an application to the office for a grant from the broadband deployment fund;
- (4) "Application" means an application submitted by an applicant for a grant from the broadband deployment fund;
- (5) **"Asset management plan" means a plan for the water and wastewater utility that includes:**
 - (a) **Identification of all the capital assets owned by or used in the operations of the utility;**
 - (b) **A detailed engineering analysis of asset condition and useful life to be used to develop an infrastructure inspection, repair, and maintenance program;**
 - (c) **A description of how the utility will annually review the infrastructure needs;**
 - (d) **A description of how the utility will conduct planned maintenance;**
 - (e) **A description of how the utility will conduct timely repair, replacement, or upgrade of capital assets, including pumps, motors, and pipes; and**
 - (f) **An analysis of customer rates necessary to support the asset management plan, including emergency repairs;**
- (6) "Assistance agreement" means the agreement to be made and entered into by and between a governmental agency or a private entity and the authority, as authorized by this chapter, providing for a lease, loan, services, or grant to a governmental agency or a private entity or for the purchase of obligations issued by the governmental agency, and for the repayment thereof to the authority by the governmental agency or a private entity;
- ~~(7)(6)~~ "Authority" means the Kentucky Infrastructure Authority, which is created by this chapter;
- ~~(8)(7)~~ "Authority revenues" means the totality of all:
 - (a) Service charges;
 - (b) Utility tax receipts, to the extent not otherwise committed and budgeted by the authority during any fiscal period of the authority;
 - (c) Any gifts, grants, or loans received, to the extent not otherwise required to be applied;
 - (d) Any and all appropriations made to the authority by the General Assembly of the Commonwealth of Kentucky, to the extent not otherwise required to be applied;
 - (e) All moneys received in repayment of and for interest on any loans made by the authority to a governmental agency, except as provided in KRS 224A.111, 224A.1115, and 224A.112, or as principal of and interest on any obligations issued by a governmental agency and purchased by the authority, or as receipts under any assistance agreement;

- (f) The proceeds of bonds or long-term debt obligations of governmental agencies pledged to the payment of bond anticipation notes issued by the authority on behalf of the said governmental agency to provide interim construction financing; and
- (g) Payments under agreements with any agencies of the state and federal government;
- ~~(9)~~~~(8)~~ "Borrower or borrowing entity" means any agency of the state or its political subdivisions, any city, or any special district created under the laws of the state acting individually or jointly under interagency or interlocal cooperative agreements to enter into assistance agreements with the authority;
- ~~(10)~~~~(9)~~ "Broadband deployment fund" means a fund to assist with the construction, development, or improvement of broadband infrastructure, broadband services, or technologies that constitute a part of, or are related to, broadband infrastructure or broadband services, to provide for broadband service in underserved or unserved areas of the Commonwealth;
- ~~(11)~~~~(10)~~ "Broadband deployment project" means a proposed deployment of broadband service infrastructure set forth in an application for which grant funding under KRS 224A.112;
- ~~(12)~~~~(11)~~ "Broadband deployment project area" means a geographic area determined by census block, shapefile geospatial data, or list of addresses which has been proposed for grant funding under this section and KRS 224A.110, 224A.112, and 224A.1121;
- ~~(13)~~~~(12)~~ "Census block" means the smallest geographic unit used by the United States Census Bureau that is reported on the Federal Communications Commission (FCC) Form 477 relating to fixed broadband deployment data;
- ~~(14)~~~~(13)~~ "Community flood damage abatement project" means any structural or nonstructural study, plan, design, construction, development, improvement, or other activity to provide for flood control;
- ~~(15)~~~~(14)~~ "Construction" means and includes but is not limited to:
 - (a) Preliminary planning to determine the economic and engineering feasibility of infrastructure projects, the engineering, architectural, legal, fiscal, and economic investigations, and studies necessary thereto, and surveys, designs, plans, working drawings, specifications, procedures, and other actions necessary to the construction of infrastructure or solid waste projects;
 - (b) The erection, building, acquisition, alteration, remodeling, improvement, or extension of infrastructure or solid waste projects; and
 - (c) The inspection and supervision of the construction of infrastructure or solid waste projects and all costs incidental to the acquisition and financing of same. This term shall also relate to and mean any other physical devices or appurtenances in connection with, or reasonably attendant to, infrastructure or solid waste projects;
- ~~(16)~~~~(15)~~ "Dams" means any artificial barrier, including appurtenant works, which does or can impound or divert water, and which either:
 - (a) Is or will be twenty-five (25) feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, as determined by the Energy and Environment Cabinet; or
 - (b) Has or will have an impounding capacity at maximum water storage elevation of fifty (50) acre feet or more;
- ~~(17)~~~~(16)~~ "Distribution facilities" means all or any part of any facilities, devices, and systems used and useful in obtaining, pumping, storing, treating, and distributing water for agricultural, industrial, commercial, recreational, public, and domestic use;
- ~~(18)~~~~(17)~~ "Energy and Environment Cabinet" means the Kentucky Energy and Environment Cabinet, or its successor, said term being meant to relate specifically to the state agency which is designated as the water pollution agency for the Commonwealth of Kentucky, for purposes of the federal act;
- ~~(19)~~~~(18)~~ "Federal act" means the Federal Clean Water Act (33 U.S.C. secs. 1251 et seq.) as said federal act may be amended from time to time in the future, or any other enactment of the United States Congress providing funds that may assist in carrying out the purposes of the authority;
- ~~(20)~~~~(19)~~ "Federally assisted wastewater revolving fund" means that fund which will receive federal and state funds or the proceeds from the sale of revenue bonds of the authority for the purpose of providing loans to finance construction of publicly owned treatment works as defined in Section 212 of the federal act and for the

implementation of a management program established under Section 319 of the federal act and for the development and implementation of a conservation and management plan under Section 320 of the federal act;

- ~~(21)~~~~(20)~~ "Governmental agency" means any incorporated city or municipal corporation, or other agency, or unit of government within or a department or a cabinet of the Commonwealth of Kentucky, now having or hereafter granted, the authority and power to finance, acquire, construct, or operate infrastructure or solid waste projects. This definition shall specifically apply but not by way of limitation to incorporated cities; counties, including any counties containing a metropolitan sewer district; sanitation districts; water districts; water associations; sewer construction districts; metropolitan sewer districts; sanitation taxing districts; a regional wastewater commission established under KRS 65.8901 to 65.8923; and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another in accordance with any regional or area compact, or intergovernmental cooperative agreements), now or hereafter established in accordance with the laws of the Commonwealth of Kentucky having and possessing the described powers described in this subsection;
- ~~(22)~~~~(21)~~ "Industrial waste" means any liquid, gaseous, or solid waste substances resulting from any process of industry, manufacture, trade, or business, or from the mining or taking, development, processing, or recovery of any natural resources, including heat and radioactivity, together with any sewage as is present therein, which pollutes the waters of the state, and specifically, but not by way of limitation, means heat or thermal differentials created in the waters of the state by any industrial processing, generating, or manufacturing processes;
- ~~(23)~~~~(22)~~ "Infrastructure project" means any construction or acquisition of treatment works, facilities related to the collection, transportation, and treatment of wastewater as defined in KRS 65.8903, distribution facilities, or water resources projects instituted by a governmental agency or an investor-owned water utility which is approved by the authority and, if required, by the Energy and Environment Cabinet, Public Service Commission, or other agency; solid waste projects; dams; storm water control and treatment systems; gas or electric utility; broadband deployment project; or any other public utility or public service project which the authority finds would assist in carrying out the purposes set out in KRS 224A.300;
- ~~(24)~~~~(23)~~ "Infrastructure revolving fund" means that fund which will receive state funds, the proceeds from the sale of revenue bonds of the authority or other moneys earmarked for that fund for the purpose of providing loans or grants to finance construction or acquisition of infrastructure projects as defined in this section;
- ~~(25)~~~~(24)~~ "Loan or grant" means moneys to be made available to governmental agencies by the authority for the purpose of defraying all or any part of the total costs incidental to construction or acquisition of any infrastructure project;
- ~~(26)~~~~(25)~~ "Market interest rate" means the interest rate determined by the authority under existing market conditions at the time the authority shall provide financial assistance to a governmental agency;
- ~~(27)~~~~(26)~~ ***"Merger" means the act of merging ownership, consolidating, or establishing common management or operations with a contract of more than five (5) years between more than one (1) governmental agency or utility as defined in KRS 278.010. This may include changes to contracts already in place. Merger does not require a physical connection to be established;***
- ~~(28)~~ "Obligation of a governmental agency" means a revenue bond, bond anticipation note, revenue anticipation note, lease, or other obligation issued by a governmental agency under KRS 58.010 et seq. or other applicable statutes;
- ~~(29)~~~~(27)~~ "Office" means the Office of Broadband Development;
- ~~(30)~~~~(28)~~ "Person" means any individual, firm, partnership, association, corporation, or governmental agency;
- ~~(31)~~~~(29)~~ "Pollution" means the placing of any noxious or deleterious substances ("pollutants"), including sewage and industrial wastes, in any waters of the state or affecting the properties of any waters of the state in a manner which renders the waters harmful or inimical to the public health or to animal or aquatic life, or to the use, present or future, of these waters for domestic water supply, industrial or agricultural purposes, or recreational purposes;
- ~~(32)~~~~(30)~~ "Prioritization schedules" means the list of wastewater treatment works, distribution facilities and water resources projects which the Energy and Environment Cabinet has evaluated and determined to be of priority for receiving financial assistance from the federally assisted wastewater revolving fund and the federally assisted drinking water revolving fund, or the list of infrastructure projects which the authority has evaluated

and determined to be of priority for receiving financial aid from the infrastructure revolving fund. The evaluation by the authority of infrastructure projects for water systems shall be undertaken with input from the appropriate area development district;

- (33)~~(31)~~ "Recovered material" means those materials which have known current use, reuse, or recycling potential, which can be feasibly used, reused, or recycled, and which have been diverted or removed from the solid waste stream for sale, use, reuse, or recycling, whether or not requiring subsequent separation and processing but does not include materials diverted or removed for purposes of energy recovery or combustion except refuse-derived fuel (RDF), which shall be credited as a recovered material in an amount equal to that percentage of the municipal solid waste received on a daily basis at the processing facility and processed into RDF; but not to exceed fifteen percent (15%) of the total amount of the municipal solid waste received at the processing facility on a daily basis;
- (34)~~(32)~~ "Recovered material processing facility" means a facility engaged solely in the storage, processing, and resale or reuse of recovered material but does not mean a solid waste facility if solid waste generated by a recovered material processing facility is managed in accordance with KRS Chapter 224 and administrative regulations adopted by the cabinet;
- (35)~~(33)~~ "Revenue bonds" means special obligation bonds issued by the authority as provided by the provisions of this chapter, which are not direct or general obligations of the state, and which are payable only from a pledge of, and lien upon, authority revenues as provided in the resolution authorizing the issuance of the bonds, and shall include revenue bond anticipation notes;
- (36)~~(34)~~ "Service charge" means any monthly, quarterly, semiannual, or annual charge to be imposed by a governmental agency, or by the authority, for any infrastructure project financed by the authority, which service charge arises by reason of the existence of, and requirements of, any assistance agreement;
- (37)~~(35)~~ "Sewage" means any of the waste products or excrements, or other discharges from the bodies of human beings or animals, which pollute the waters of the state;
- (38)~~(36)~~ "Shapefile" means a file format for storing, depicting, and analyzing geospatial data showing broadband coverage;
- (39)~~(37)~~ "Solid waste" means "solid waste" as defined by KRS 224.1-010(30)(a);
- (40)~~(38)~~ "Solid waste facility" means any facility for collection, handling, storage, transportation, transfer, processing, treatment, or disposal of solid waste, whether the facility is associated with facilities generating the waste or otherwise, but does not include a container located on property where the waste is generated and which is used solely for the purpose of collection and temporary storage of that solid waste prior to off-site disposal, or a recovered material processing facility;
- (41)~~(39)~~ "Solid waste project" means construction, renovation, or acquisition of a solid waste facility which shall be instituted and owned by a governmental agency;
- (42)~~(40)~~ "Solid waste revolving fund" means that fund which shall receive state funds, the proceeds from the sale of revenue bonds of the authority, or other moneys earmarked for the purpose of providing loans or grants to finance solid waste projects defined in this section;
- (43)~~(41)~~ "State" means the Commonwealth of Kentucky;
- (44)~~(42)~~ "System" means the system owned and operated by a governmental agency with respect to solid waste projects, treatment works, or infrastructure projects financed as provided by the assistance agreement between the governmental agency and the authority;
- (45)~~(43)~~ "Treatment works" or "wastewater treatment works" means all or any part of any facilities, devices, and systems used and useful in the storage, treatment, recycling, and reclamation of wastewater or the abatement of pollution, including facilities for the treatment, neutralization, disposal of, stabilization, collecting, segregating, or holding of wastewater, including without limiting the generality of the foregoing, intercepting sewers, outfall sewers, pumping power stations, and other equipment and their appurtenances; extensions, improvements, remodeling, additions, and alterations thereof, and any wastewater treatment works, including site acquisition of the land that will be an integral part of the wastewater treatment process, or is used for ultimate disposal of residues resulting from wastewater treatment, together with any other facilities which are deemed to be treatment works in accordance with the federal act;
- (46)~~(44)~~ "Underserved area" means any project area where broadband service with a minimum one hundred (100) megabits per second downstream and twenty (20) megabits per second upstream is not available;

- (47)~~(45)~~ "Unserved area" means any project area where broadband service with a minimum twenty-five (25) megabits per second downstream and three (3) megabits per second upstream is not available;
- (48)~~(46)~~ "Utility tax" means the tax which may be imposed by the authority on every purchase of water or sewer service in the Commonwealth of Kentucky;
- (49)~~(47)~~ "Variable rate revenue bonds" means revenue bonds the rate of interest on which fluctuates either automatically by reference to a predetermined formula or index or in accordance with the standards set forth in KRS 224A.120;
- (50)~~(48)~~ "Wastewater" means any water or liquid substance containing sewage, industrial waste, or other pollutants or contaminants derived from the prior use of these waters;
- (51)~~(49)~~ "Water resources" means all waters of the state occurring on the surface, in natural or artificial channels, lakes, reservoirs, or impoundments, and in subsurface aquifers, which are available, or which may be made available to agricultural, industrial, commercial, recreational, public, and domestic users;
- (52)~~(50)~~ "Water resources project" means any structural or nonstructural study, plan, design, construction, development, improvement, or any other activity including programs for management, intended to conserve and develop the water resources of the state and shall include all aspects of water supply, facilities to collect, transport, and treat wastewater as defined in KRS 65.8903, flood damage abatement, navigation, water-related recreation, and land conservation facilities and measures; and
- (53)~~(51)~~ "Waters of the state" means all streams, lakes, watercourses, waterways, ponds, marshes, wells, springs, irrigation systems, drainage systems, and all other bodies or accumulations of water, surface and underground, natural or artificial, which are situated wholly or partly within, or border upon, this state, or are within its jurisdiction, except those private waters which do not combine or effect a junction with natural, surface, or underground waters.

➔Section 2. KRS 224A.300 is amended to read as follows:

- (1) The General Assembly finds that it is necessary to encourage regionalization, consolidation, and partnerships among governmental agencies, and private parties when appropriate, with the goal of making **public**~~potable~~ water and wastewater treatment **secure for**~~available to~~ all Kentuckians. **This is accomplished** through the maximization of financial, **managerial, and technical** resources and the **protection**~~conservation~~ of **source water**~~natural resources~~ of the Commonwealth. Based on these findings, the General Assembly declares that the Kentucky Infrastructure Authority shall implement a program for **reliable infrastructure and the security and safety of water and wastewater systems**~~the provision of water services~~ as authorized in the budget and directed by the General Assembly. **The Energy and Environment Cabinet shall provide technical support to the Kentucky Infrastructure Authority as needed to implement this program.**
- (2) The authority shall be responsible for the management and operation of the Water Resource Information System. The authority shall maintain and, at least annually, update the information contained in this system to ensure its accuracy.
- (3) The authority may request all branches of state and local government, including special districts and water districts, to provide information relating to the status of existing plants, the financial condition of existing systems, and the existing regulatory authority held by agencies of government regarding the issue of water~~resource development and~~ management. All branches of state and local government shall, to the extent reasonable and appropriate, comply with such requests for information.
- (4) The authority shall promulgate administrative regulations that require a water supply and distribution system receiving or seeking funding to provide current information regarding the financial, managerial, and technical aspects of its system and, thereafter, to furnish updates to the information so provided.

➔Section 3. KRS 224A.302 is amended to read as follows:

Within twelve (12) months of July 14, 2000, each area development district shall establish~~2020~~ water management areas. The entire area within the area development district shall be included in one (1) or more~~2020~~ water management areas. The area development district may determine the boundaries of water management areas by considering geographical or topographical conditions and the potential integration of existing water systems. Where water management areas may lie within more than one (1) area development district, the area development districts shall share planning and plan implementation responsibilities. The area development districts shall develop maps of uniform scale to show, accurately and clearly, the boundaries of **each**~~the 2020~~ water management **area**~~areas~~.

➔Section 4. KRS 224A.304 is amended to read as follows:

A ~~[2020]~~ water *and wastewater* service *regionalization* account is established within the infrastructure revolving fund. The purpose of the account shall be to *enhance the effectiveness, reliability, and resilience of the state's water and wastewater systems, and where inefficiencies exist, to eliminate structural and administrative duplication of infrastructure and service delivery systems, by using a variety of tools, including but not limited to regionalization, merger, and consolidation* ~~[assist in making potable water available to all Kentuckians by the year 2020]~~. The authority shall manage the account as funding is authorized by the General Assembly and in a manner to achieve the purposes set out in KRS 224A.300.

➔Section 5. KRS 224A.306 is amended to read as follows:

- (1) The authority shall require the following as conditions for receiving assistance from any fund administered by the authority for infrastructure projects related to water *and wastewater* service:
 - (a) Establishment and use of a financial accounting system that accounts for the operations of water treatment and distribution separately from all other operations of the applicant;
 - (b) Establishment of service rates based upon the cost of providing the service; and
 - (c) An agreement that the authority may require an audit to be conducted of the applicant at least once every two (2) years.
- (2) The authority shall require all applicants within a class to use the same accounting system. The authority may accept present accounting systems in use and applied uniformly to all applicants within a class, for example, the uniform system of accounts established by the National Association of Regulatory Utility Commissioners.
- (3) The authority may assist water providers to establish accounting systems that meet the requirements of this section. The authority may provide assistance by paying for third-party private contractors or assistance from the Kentucky Auditor of Public Accounts.
- (4) The authority may pay for costs related to establishing a new uniform accounting system for the use of governmental agencies that merge or consolidate their water services if:
 - (a) The merging or consolidating entities use different accounting systems; *and*
 - (b) The merger or consolidation is consistent with a ~~[2020]~~ water management planning council plan as reviewed and prioritized under KRS 151.607; ~~and~~
 - ~~(c) At least one (1) governmental agency water system is a partner in the merger or consolidation.~~
- ~~(5) The authority may fund the requirements of this section from the 2020 water service account.~~

➔Section 6. KRS 224A.308 is amended to read as follows:

- (1) The authority shall establish a program to assist governmental agencies in detecting water loss from distribution lines *or develop or maintain asset management plans*. ~~This [The program]~~ may include contracting with third parties to conduct water loss audits, *the creation of asset management plans*, and leak detection. The *assistance* ~~[program]~~ may include giving low interest loans, on a priority basis established by the authority consistent with the findings and purposes set out in KRS 224A.300, for the repair or replacement of distribution facilities, deemed reasonable by the authority, undertaken as a result of the water loss audit.
- (2) The authority may forgive any amount of a distribution facility repair or replacement loan from the authority remaining unpaid if:
 - (a) Within five (5) years of entering into the loan agreement the governmental agency merges with or consolidates with at least one (1) other public or private water *system* ~~[supplier]~~; and
 - (b) The merger or consolidation is consistent with a ~~[2020]~~ water management planning council plan as reviewed and prioritized under KRS 151.607.
- ~~(3) The authority may fund the requirements of this section from the 2020 water service account.~~

➔Section 7. KRS 224A.310 is amended to read as follows:

- (1) The authority shall establish an incentive program that allocates funds from the *water and wastewater service regionalization account* ~~[2020 water service account in a manner]~~ that encourages the regionalization, merger, and consolidation of water *and wastewater* systems and elimination of structural and administrative

duplication. *Established incentives*~~[The incentive funds]~~ may be used by government owned and private systems.

- (2) The incentive program shall target water *and wastewater* systems that have high debt, inadequate operational and maintenance resources, high maintenance costs, old and inadequately maintained treatment works, a history of violations of the Division of Water's statutes and administrative regulations due to inadequate operational and maintenance resources, or insufficient financial resources to extend system service to unserved or underserved areas.
- (3) In developing the incentives to encourage governmental agencies to merge, regionalize, consolidate, and partner with target systems *and develop or maintain an asset management plan*, the authority shall give~~[the highest funding]~~ priority to those projects which have been identified in a~~[2020]~~ water management planning council plan prioritized under KRS 151.607 and meet the funding priorities established by the authority.

➔Section 8. KRS 224A.312 is amended to read as follows:

- (1) The authority shall develop an incentive program that allocates funds~~[from the 2020 water service account]~~ to encourage new infrastructure projects to provide service to unserved areas and improve service to underserved areas of the state. The incentives may be used by government owned and private systems.
- (2) The incentives shall be developed to give~~[the highest funding]~~ priority to those projects that have been identified in a~~[2020]~~ water management planning council plan prioritized under KRS 151.607 and meet the funding priorities established by the authority.

➔Section 9. KRS 224A.316 is amended to read as follows:

- (1) In furtherance of the goal of making access to *public*~~[potable]~~ water and wastewater *systems more resilient and*~~[treatment]~~ available to *the public*~~[all Kentuckians]~~, the General Assembly finds and declares that governmental agencies should provide to water and wastewater systems the requisite financial resources to:
 - (a) Develop the technical, managerial, and operational expertise needed to properly operate and maintain their drinking water and wastewater systems;
 - (b) Conserve, protect, and maximize the resources needed to offer drinking water and wastewater systems and services;
 - (c) Upgrade drinking water and wastewater systems and services to prevent water loss *and inflow and infiltration* from degrading infrastructure; and
 - (d) Leverage existing finance with anticipated federal dollars or with other sources as may be available from time to time to create a larger pool of finance for water and wastewater systems to make improvements while keeping customer rates affordable.
- (2) The Kentucky Infrastructure Authority shall implement a program to assist governmental agencies that provide drinking water and wastewater services with the financial resources for both capital and non-capital expenses, including but not limited to:
 - (a) Developing technical, operational, and maintenance resources and expertise;
 - (b) Improving utility infrastructure planning, repair, maintenance, renovation, and management of plants and assets;
 - (c) Obtaining technical expertise in areas of rate-setting, cost-of-service, and proper utility accounting standards for the utility type;
 - (d) Performing and correcting deficiencies from drinking water, wastewater, and financial audits;
 - (e) Providing finance for financial inadequacies, including debt service coverage through relief or refinance of the drinking water or wastewater system's debt;
 - (f) Payment assistance for other financial inadequacies such as excessive maintenance costs, fines and penalties from past violations, or consultants; and
 - (g) Extending finance for inadequately maintained distribution, collection, or treatment works, including service extensions to unserved or underserved areas and the renovation of treatment works to conserve resources.

- (3) ***The authority shall give priority for projects that are regional in nature and achieve the purposes set out in Section 2 of this Act.***

➔Section 10. KRS 151.601 is amended to read as follows:

- (1) ~~{2020}~~Water management planning councils shall be established for each county with the assistance of the appropriate area development district. Two (2) or more counties may form a multicounty 2020 water management planning council. The planning councils shall, as a minimum, be comprised of the following:
- (a) Each county ***judge/executive***~~{judge-executive}~~ or mayor of an urban-county government, or his or her authorized representative;
 - (b) One (1) representative selected by each community public water system, as defined in 401 KAR 8:010 sec. 1(71)(a), that provides water to persons in the county;
 - (c) One (1) representative selected by a local health department in the county; and
 - (d) One (1) representative selected by each city with a population equal to or greater than one thousand (1,000) based upon the most recent federal decennial census that is not a water supplier or distributor, unless that city chooses to be represented by another member of the planning council.
- (2) If, after the~~{2020}~~ water management planning council appointments have been made, a county judge/executive or mayor of an urban-county government determines that any areas of the county or urban county government remain unrepresented on the planning council, the county judge/executive or mayor of the urban-county government may appoint an individual to represent that area.
- (3) The county judge/executive or mayor of an urban-county government or the county judge/executive or the mayor's designated representative shall serve as the chair of the~~{2020}~~ water management planning council of which either the county judge/executive or the mayor is a member.
- (4) Members of the~~{2020}~~ water management planning councils shall serve without pay but may be reimbursed by counties or appointing agencies for reasonable expenses incurred to carry out the work of the councils.
- (5) The area development districts shall develop a forum for the chairpersons of the ~~{2020}~~water management planning councils or multicounty planning councils to meet on at least a quarterly basis for the purpose of developing regional service strategies consistent with the findings and purpose set out in KRS 224A.300.

➔Section 11. KRS 151.603 is amended to read as follows:

- (1) Each~~{2020}~~ water management planning council shall~~{by July 1, 2001}~~ develop ***and maintain*** a plan consistent with the county long-range water supply plan developed under KRS 151.114 and the water supply planning process set out in KRS Chapter 151 and administrative regulations of the cabinet and the purposes set out in KRS 224A.300. The plan shall include a water needs forecast for the county ***in five (5) year increments within a twenty-five (25) year planning cycle with the first cycle beginning in 2025***~~{for dates five (5), ten (10), fifteen (15), and twenty (20) years after the year 2000}~~. The plan shall include a strategy for ***improving reliability and resiliency of water service***, delivering ***public***~~{potable}~~ water ~~{as needed into the}~~ underserved and unserved areas~~{of the county}~~, and shall ***consider***~~{encourage the}~~ merger,~~{and}~~ consolidation, ***and management*** of water systems ***to achieve the purposes set out in Section 2 of this Act***. The ***Energy and Environment Cabinet, in collaboration with the authority as agreed upon in the State Revolving Fund Memorandum of Agreement,***~~{authority}~~ may disapprove and direct redevelopment of a plan under this subsection for inconsistencies with the purposes set out in KRS 224A.300.
- (2) The~~{2020}~~ water management planning councils or multicounty planning councils shall assume the role and function of the planning units established to implement the water supply planning process set out in KRS 151.114 and administrative regulations of the cabinet.

➔Section 12. KRS 151.605 is amended to read as follows:

- (1) The~~{2020}~~ water management planning councils or multicounty planning councils may employ a water service coordinator. Planning councils may jointly employ a water service coordinator. The water service coordinator shall assume the role and function of the county long-range planning representative appointed under KRS 151.114 and the water supply planning process set out in KRS Chapter 151 and administrative regulations of the cabinet. In addition, water service coordinators shall assist the~~{2020}~~ water planning councils or multicounty planning councils in developing the plans required under KRS 151.603.

- (2) The Kentucky Infrastructure Authority may establish by administrative regulations a program to provide or supplement funding for a multicounty planning council water service coordinator for a period of three (3) years from July 14, 2000. There shall be no more than one (1) position funded per area development district.
- (3) All state agencies shall cooperate with and assist the~~[-2020]~~ water management planning councils as appropriate to accomplish the purposes set out in KRS 224A.300.

➔Section 13. KRS 151.607 is amended to read as follows:

- (1) After July 1, 2001, and annually thereafter, each area development district shall review and prioritize the planning councils' plans for underserved and unserved areas within the~~[-2020]~~ water management area for that district. The review and prioritization shall be conducted with the assistance and input of the authority and the water management councils for the counties or multicounty areas within a~~[-2020]~~ water management area. These prioritization plans shall be submitted to the authority for review and approval. The authority may suggest changes necessary for the purpose of qualifying for financial assistance from the~~[-2020]~~ water service account of the Kentucky Infrastructure Authority.
- (2) Factors to be considered in prioritizing the plans for underserved and unserved areas within a~~[-2020]~~ water management area include:
 - (a) The current and potential customer base that would benefit from water service;
 - (b) The adequacy, cost-effectiveness, and dependability of water sources, water treatment capacity, and distribution lines that may be used to provide water service; and
 - (c) The potential to *consolidate or merge management or operations to provide efficient and affordable services*~~[eliminate or prevent duplication of water distribution lines and facilities that may be used to provide the service]~~.

➔Section 14. The following KRS section is repealed:

224A.314 Study of water resource potential of underground coal mines and high yield water wells -- Funding for study.

Signed by Governor April 6, 2023.