

AN ACT relating to board membership for municipal utilities.

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

➔Section 1. KRS 96.530 is amended to read as follows:

- (1) Any city acquiring or constructing an electric light, heat, and power plant under the provisions of KRS 96.520 shall, by ordinance, appoint a city utility commission consisting of three (3) commissioners to operate, manage, and control the plant, except that a city with a population equal to or greater than twenty thousand (20,000) based upon the most recent federal decennial census shall appoint five (5) commissioners. The utility commission shall have absolute control of the plant in every respect, including its operation and fiscal management and the regulation of rates, except that in fixing rates the commission shall be governed by the provisions of KRS 96.430, as it is made applicable to those plants by KRS 96.520, and by any ordinance enacted under that section, except that in fixing rates the commission in a city with a population equal to or greater than eight thousand (8,000) based upon the most recent federal decennial census shall be governed by the provisions of KRS 96.535 and any ordinance enacted according to this section. The utility commission, when so appointed, shall be a public body politic and corporate, with perpetual succession; and the body may contract and be contracted with, sue and be sued, in and by its corporate name, and have and use a corporate seal. The utility commission shall provide rules for the management of the plant, and it shall fix the number, qualifications, pay, and terms of employment of all employees needed to operate the plant. In cities with populations equal to or greater than eight thousand (8,000) based upon the most recent federal decennial census providing civil service coverage for city employees, the utility commission appointed under this section may provide civil service coverage for all of its employees, and it shall exercise the powers and functions with respect to their employees which are vested in the city legislative body with respect to the city employees by KRS 90.380. Employees who

have been in the employment of the utility commission for one (1) year immediately preceding the adoption of an order by the utility commission placing all of its employees under civil service coverage shall not be required to stand a civil service examination, and they shall be eligible for all the benefits provided by civil service coverage. Out of the revenue of the plant, it shall pay operating expenses, repairs, and necessary additions and provide sufficient reserve fund against any emergency that may arise. The commission shall from time to time pay to the city the surplus revenue derived from the operation of the plant as is provided in KRS 96.430 and 96.440, as they are made applicable to the plants by KRS 96.520, except that the commission in a city with a population equal to or greater than eight thousand (8,000) based upon the most recent federal decennial census shall pay to the city the surplus revenue derived from the operation of the plant as is provided in KRS 96.535 and any ordinance adopted according to this section. Notwithstanding the foregoing provisions, the utility commission, for the purpose stated in KRS 96.520(1), may enter into an agreement for the operation of any of its plants or other facilities.

- (2) Except as provided in KRS 61.070, no person shall be appointed a member of the commission who has, within the last two (2) years before his appointment, held any city, county, state, or federal office, or been a member of any committee of any political party, or who is related within the third degree to the mayor, or a member of a city legislative body. The commission shall not appoint to any subordinate office that it may create any person who is related to any commissioner, to the mayor or to any member of the city legislative body. No officer or employee of the city, whether holding a paid or unpaid office, shall be eligible to be appointed as a member of the commission or to be employed by the commission in any capacity. The members of the commission shall be customers of the utility, citizens, taxpayers, and legal voters of the city and shall not at the time of appointment be

indebted to the city or be surety on the official bond of any officer of the city. *However, one (1) commission member may be appointed who lives in the utility's service area that is not within the city if that service area contains ten percent (10%) or more of a utility's customers and that member is a customer of not less than one (1) year.* If at any time during his term of office any member of the commission becomes a candidate for or is elected or appointed to any public office *or ceases to be a customer of the utility,* he shall automatically vacate his membership on the commission, and another person shall be appointed in his place.

- (3) The city shall pay the cost of securing bonds for the commissioners from a surety company, and each commissioner shall execute bond to be approved by the city legislative body.
- (4) The city legislative body shall fix the salary to be paid each member of the commission at a sum not to exceed two thousand four hundred dollars (\$2,400) per annum. The Department for Local Government shall compute by the second Friday in February of every year the annual increase or decrease in the Consumer Price Index of the preceding year by using 1998 as the base year, and the salary of the commissioners may be adjusted at a rate no greater than that stipulated by the Department for Local Government.
- (5) The first commissioners appointed under this section shall be appointed one (1) for the term of one (1) year, one (1) for the term of two (2) years, and one (1) for the term of three (3) years. Upon the expiration of the first terms, successors shall be appointed for a term of three (3) years. On a commission with five (5) members, not more than two (2) members shall hold concurrent terms of office.
- (6) All commission members appointed subsequent to the initial members shall be appointed by the mayor or chief executive of the municipality, with the approval of the governing body of the municipality.

➔Section 2. KRS 96.740 is amended to read as follows:

- (1) Any municipality desiring to acquire and operate an electric plant under the provisions of KRS 96.550 to 96.900 or any municipality now owning and operating an electric plant may elect to operate under the provisions of KRS 96.550 to 96.900 by enacting an ordinance declaring therein the desire and intention of the municipality to accept and operate under the provisions of KRS 96.550 to 96.900 and by providing in the ordinance that the municipality accepts and agrees to all of the provisions of KRS 96.550 to 96.900, and to all of the provisions as they may be from time to time amended by the acts of the General Assembly of Kentucky. The ordinance shall further authorize the mayor or chief executive to appoint a board, subject to the approval of the appointments by the governing body of the municipality as hereinafter in KRS 96.750 to 96.900 provided. Upon the passage of the ordinance the mayor or chief executive of any municipality may, with the approval of the governing body of the municipality, appoint a board of public utilities, consisting of four (4) residents of the municipality who have resided therein and have been customers of the utility's services for not less than one (1) year next preceding the date of the appointment. However, one (1) board member may be appointed who lives in the utility's service area that is not within the city if that service area contains ten percent (10%) or more of a utility's customers and that member is a customer of not less than one (1) year. The board must be appointed and qualified before the municipality shall have any authority to proceed further under the provisions of KRS 96.550 to 96.900. The board, when so appointed and qualified, shall be and hereby is declared to be a body politic and corporate, with perpetual succession; and may contract and be contracted with, sue and be sued, in and by its corporate name, and have and use a corporate seal. The name of the board shall be "Electric Plant Board of the City of _____" (The name of the municipality to be inserted.)
- (2) No person shall be appointed a member of the board who has, within the last two

- (2) years next before his or her appointment, held any public office, or who is related within the third degree to the mayor or any member of the governing body of the municipality.
- (3) Neither the board nor the superintendent appointed by the board shall appoint to any subordinate office which it may create nor employ in any capacity any person who is related within the third degree to any member of the board or to the mayor of the municipality or to any member of the governing body of that municipality. No officer or employee of a municipality shall be eligible for such appointment until at least one (1) year after the expiration of the term of his or her public office, or employment, except that the one (1) year waiting period after the expiration of the term of public office or employment shall not apply to an employee of a municipality that is not related within the third degree to the mayor or any member of the governing body of the municipality, at the time of appointment or employment by the board.
- (4) **Except as provided in subsection (1) of this section,** the members of the board shall be citizens, taxpayers,~~and~~ legal voters of the municipality, **and customers of the utility's service for one (1) year** and shall not at the time of the appointment be indebted to the municipality either directly or indirectly or be surety on the official bond of any officer of the municipality.
- (5) If at any time during his or her term of office a member of the board becomes a candidate for or is elected or appointed to any public office, he or she shall automatically vacate his or her membership from the board, and another person shall be appointed to his or her place.
- (6) The municipality shall pay the cost of securing bonds for board members from a surety company qualified to do business in Kentucky, and members shall execute bond in an amount required by resolution of the governing body, and conditioned upon the faithful performance of their official duties.

- (7) Each member of the board shall qualify by taking the oath required by Section 228 of the Constitution.