

Sections 3 and 4 of HB 261 make conforming amendments to other statutes. Section 5 of the bill would recognize the financial burden on utility ratepayers of utility abandonment and the need to obtain replacement services. That Section would declare an emergency and provide that the bill would take effect on its passage and approval of the Governor.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

HB 261 GA would have little or no direct fiscal impact on local governments, but could have a positive fiscal impact if a privately-owned utility is abandoned without notice or otherwise fails.

Publicly-owned utilities generally are not under the jurisdiction of the PSC, therefore neither the surety bond requirement nor the notice of abandonment requirements of HB 261 GA would apply to local governments that provide utility services. For these reasons the bill would have little or no direct fiscal impact on local governments. However, on several occasions in Kentucky a private wastewater utility has been abandoned or otherwise failed to provide services, without notice, resulting in a loss of wastewater treatment services to customers and catastrophic impacts to the local environment. When this happens, the local city or county government is usually called on to take action. Action required may include emergency repairs to the abandoned/failed facility, temporary operation of the facility, and environmental clean-up, using local money, personnel, and other resources. While the surety bond and other financial assurance requirements of HB 261 GA would only apply to newly-constructed or newly-purchased wastewater utilities, those requirements could make it more likely, one, that privately-owned wastewater utilities would be sufficiently capitalized and, two, in the event of abandonment or catastrophic failure of a wastewater utility money would be available to fund repairs, clean-up, and temporary operation of the facility.

Data Source(s): Kentucky League of Cities; Kentucky Association of Counties; LRC Staff

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