

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

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

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

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

- 5 (1) "Administrative fee" means a fee assessed and collected by the authority from
6 borrowers and applicants under assistance agreements, to be used for operational
7 expenses of the authority;
- 8 (2) "Applicable interest rate" means the rate of interest which shall be used as part of
9 the repayment criteria for an assistance agreement between a governmental agency
10 and the authority, and shall be determined by the authority pertinent to the source of
11 funds from which the assistance agreement is funded;
- 12 (3) "Applicant" means a governmental agency or private sector entity that has
13 submitted an application to the office for a grant from the broadband deployment
14 fund;
- 15 (4) "Application" means an application submitted by an applicant for a grant from the
16 broadband deployment fund;
- 17 (5) **"Asset management plan" means a plan for the water and wastewater utility that**
18 **includes:**
- 19 **(a) Identification of all the capital assets owned by or used in the operations of**
20 **the utility;**
- 21 **(b) A detailed engineering analysis of asset condition and useful life to be used**
22 **to develop an infrastructure inspection, repair, and maintenance program;**
- 23 **(c) A description of how the utility will annually review the infrastructure**
24 **needs;**
- 25 **(d) A description of how the utility will conduct planned maintenance;**
- 26 **(e) A description of how the utility will conduct timely repair, replacement, or**
27 **upgrade of capital assets, including pumps, motors, and pipes; and**

1 (f) *An analysis of customer rates necessary to support the asset management*
2 *plan, including emergency repairs;*

3 (6) "Assistance agreement" means the agreement to be made and entered into by and
4 between a governmental agency or a private entity and the authority, as authorized
5 by this chapter, providing for a lease, loan, services, or grant to a governmental
6 agency or a private entity or for the purchase of obligations issued by the
7 governmental agency, and for the repayment thereof to the authority by the
8 governmental agency or a private entity;

9 (7)~~(6)~~ "Authority" means the Kentucky Infrastructure Authority, which is created by
10 this chapter;

11 (8)~~(7)~~ "Authority revenues" means the totality of all:

- 12 (a) Service charges;
- 13 (b) Utility tax receipts, to the extent not otherwise committed and budgeted by the
14 authority during any fiscal period of the authority;
- 15 (c) Any gifts, grants, or loans received, to the extent not otherwise required to be
16 applied;
- 17 (d) Any and all appropriations made to the authority by the General Assembly of
18 the Commonwealth of Kentucky, to the extent not otherwise required to be
19 applied;
- 20 (e) All moneys received in repayment of and for interest on any loans made by
21 the authority to a governmental agency, except as provided in KRS 224A.111,
22 224A.1115, and 224A.112, or as principal of and interest on any obligations
23 issued by a governmental agency and purchased by the authority, or as
24 receipts under any assistance agreement;
- 25 (f) The proceeds of bonds or long-term debt obligations of governmental
26 agencies pledged to the payment of bond anticipation notes issued by the
27 authority on behalf of the said governmental agency to provide interim

1 construction financing; and

2 (g) Payments under agreements with any agencies of the state and federal
3 government;

4 ~~(9)~~⁽⁸⁾ "Borrower or borrowing entity" means any agency of the state or its political
5 subdivisions, any city, or any special district created under the laws of the state
6 acting individually or jointly under interagency or interlocal cooperative
7 agreements to enter into assistance agreements with the authority;

8 ~~(10)~~⁽⁹⁾ "Broadband deployment fund" means a fund to assist with the construction,
9 development, or improvement of broadband infrastructure, broadband services, or
10 technologies that constitute a part of, or are related to, broadband infrastructure or
11 broadband services, to provide for broadband service in underserved or unserved
12 areas of the Commonwealth;

13 ~~(11)~~⁽¹⁰⁾ "Broadband deployment project" means a proposed deployment of broadband
14 service infrastructure set forth in an application for which grant funding under KRS
15 224A.112;

16 ~~(12)~~⁽¹¹⁾ "Broadband deployment project area" means a geographic area determined by
17 census block, shapefile geospatial data, or list of addresses which has been
18 proposed for grant funding under this section and KRS 224A.110, 224A.112, and
19 224A.1121;

20 ~~(13)~~⁽¹²⁾ "Census block" means the smallest geographic unit used by the United States
21 Census Bureau that is reported on the Federal Communications Commission (FCC)
22 Form 477 relating to fixed broadband deployment data;

23 ~~(14)~~⁽¹³⁾ "Community flood damage abatement project" means any structural or
24 nonstructural study, plan, design, construction, development, improvement, or other
25 activity to provide for flood control;

26 ~~(15)~~⁽¹⁴⁾ "Construction" means and includes but is not limited to:

27 (a) Preliminary planning to determine the economic and engineering feasibility of

1 infrastructure projects, the engineering, architectural, legal, fiscal, and
2 economic investigations, and studies necessary thereto, and surveys, designs,
3 plans, working drawings, specifications, procedures, and other actions
4 necessary to the construction of infrastructure or solid waste projects;

5 (b) The erection, building, acquisition, alteration, remodeling, improvement, or
6 extension of infrastructure or solid waste projects; and

7 (c) The inspection and supervision of the construction of infrastructure or solid
8 waste projects and all costs incidental to the acquisition and financing of
9 same. This term shall also relate to and mean any other physical devices or
10 appurtenances in connection with, or reasonably attendant to, infrastructure or
11 solid waste projects;

12 ~~(16)~~~~(15)~~ "Dams" means any artificial barrier, including appurtenant works, which does
13 or can impound or divert water, and which either:

14 (a) Is or will be twenty-five (25) feet or more in height from the natural bed of the
15 stream or watercourse at the downstream toe of the barrier, as determined by
16 the Energy and Environment Cabinet; or

17 (b) Has or will have an impounding capacity at maximum water storage elevation
18 of fifty (50) acre feet or more;

19 ~~(17)~~~~(16)~~ "Distribution facilities" means all or any part of any facilities, devices, and
20 systems used and useful in obtaining, pumping, storing, treating, and distributing
21 water for agricultural, industrial, commercial, recreational, public, and domestic
22 use;

23 ~~(18)~~~~(17)~~ "Energy and Environment Cabinet" means the Kentucky Energy and
24 Environment Cabinet, or its successor, said term being meant to relate specifically
25 to the state agency which is designated as the water pollution agency for the
26 Commonwealth of Kentucky, for purposes of the federal act;

27 ~~(19)~~~~(18)~~ "Federal act" means the Federal Clean Water Act (33 U.S.C. secs. 1251 et

1 seq.) as said federal act may be amended from time to time in the future, or any
2 other enactment of the United States Congress providing funds that may assist in
3 carrying out the purposes of the authority;

4 (20)~~[(19)]~~ "Federally assisted wastewater revolving fund" means that fund which will
5 receive federal and state funds or the proceeds from the sale of revenue bonds of the
6 authority for the purpose of providing loans to finance construction of publicly
7 owned treatment works as defined in Section 212 of the federal act and for the
8 implementation of a management program established under Section 319 of the
9 federal act and for the development and implementation of a conservation and
10 management plan under Section 320 of the federal act;

11 (21)~~[(20)]~~ "Governmental agency" means any incorporated city or municipal
12 corporation, or other agency, or unit of government within or a department or a
13 cabinet of the Commonwealth of Kentucky, now having or hereafter granted, the
14 authority and power to finance, acquire, construct, or operate infrastructure or solid
15 waste projects. This definition shall specifically apply but not by way of limitation
16 to incorporated cities; counties, including any counties containing a metropolitan
17 sewer district; sanitation districts; water districts; water associations; sewer
18 construction districts; metropolitan sewer districts; sanitation taxing districts; a
19 regional wastewater commission established under KRS 65.8901 to 65.8923; and
20 any other agencies, commissions, districts, or authorities (either acting alone, or in
21 combination with one another in accordance with any regional or area compact, or
22 intergovernmental cooperative agreements), now or hereafter established in
23 accordance with the laws of the Commonwealth of Kentucky having and possessing
24 the described powers described in this subsection;

25 (22)~~[(21)]~~ "Industrial waste" means any liquid, gaseous, or solid waste substances
26 resulting from any process of industry, manufacture, trade, or business, or from the
27 mining or taking, development, processing, or recovery of any natural resources,

1 including heat and radioactivity, together with any sewage as is present therein,
2 which pollutes the waters of the state, and specifically, but not by way of limitation,
3 means heat or thermal differentials created in the waters of the state by any
4 industrial processing, generating, or manufacturing processes;

5 ~~(23)~~~~(22)~~ "Infrastructure project" means any construction or acquisition of treatment
6 works, facilities related to the collection, transportation, and treatment of
7 wastewater as defined in KRS 65.8903, distribution facilities, or water resources
8 projects instituted by a governmental agency or an investor-owned water utility
9 which is approved by the authority and, if required, by the Energy and Environment
10 Cabinet, Public Service Commission, or other agency; solid waste projects; dams;
11 storm water control and treatment systems; gas or electric utility; broadband
12 deployment project; or any other public utility or public service project which the
13 authority finds would assist in carrying out the purposes set out in KRS 224A.300;

14 ~~(24)~~~~(23)~~ "Infrastructure revolving fund" means that fund which will receive state
15 funds, the proceeds from the sale of revenue bonds of the authority or other moneys
16 earmarked for that fund for the purpose of providing loans or grants to finance
17 construction or acquisition of infrastructure projects as defined in this section;

18 ~~(25)~~~~(24)~~ "Loan or grant" means moneys to be made available to governmental agencies
19 by the authority for the purpose of defraying all or any part of the total costs
20 incidental to construction or acquisition of any infrastructure project;

21 ~~(26)~~~~(25)~~ "Market interest rate" means the interest rate determined by the authority
22 under existing market conditions at the time the authority shall provide financial
23 assistance to a governmental agency;

24 ~~(27)~~~~(26)~~ **"Merger" means the act of merging ownership, consolidating, or**
25 **establishing common management or operations with a contract of more than**
26 **five (5) years between more than one (1) governmental agency or utility as**
27 **defined in KRS 278.010. This may include changes to contracts already in place.**

1 **Merger does not require a physical connection to be established:**

2 **(28)** "Obligation of a governmental agency" means a revenue bond, bond anticipation
3 note, revenue anticipation note, lease, or other obligation issued by a governmental
4 agency under KRS 58.010 et seq. or other applicable statutes;

5 **(29)**~~[(27)]~~ "Office" means the Office of Broadband Development;

6 **(30)**~~[(28)]~~ "Person" means any individual, firm, partnership, association, corporation, or
7 governmental agency;

8 **(31)**~~[(29)]~~ "Pollution" means the placing of any noxious or deleterious substances
9 ("pollutants"), including sewage and industrial wastes, in any waters of the state or
10 affecting the properties of any waters of the state in a manner which renders the
11 waters harmful or inimical to the public health or to animal or aquatic life, or to the
12 use, present or future, of these waters for domestic water supply, industrial or
13 agricultural purposes, or recreational purposes;

14 **(32)**~~[(30)]~~ "Prioritization schedules" means the list of wastewater treatment works,
15 distribution facilities and water resources projects which the Energy and
16 Environment Cabinet has evaluated and determined to be of priority for receiving
17 financial assistance from the federally assisted wastewater revolving fund and the
18 federally assisted drinking water revolving fund, or the list of infrastructure projects
19 which the authority has evaluated and determined to be of priority for receiving
20 financial aid from the infrastructure revolving fund. The evaluation by the authority
21 of infrastructure projects for water systems shall be undertaken with input from the
22 appropriate area development district;

23 **(33)**~~[(31)]~~ "Recovered material" means those materials which have known current use,
24 reuse, or recycling potential, which can be feasibly used, reused, or recycled, and
25 which have been diverted or removed from the solid waste stream for sale, use,
26 reuse, or recycling, whether or not requiring subsequent separation and processing
27 but does not include materials diverted or removed for purposes of energy recovery

1 or combustion except refuse-derived fuel (RDF), which shall be credited as a
2 recovered material in an amount equal to that percentage of the municipal solid
3 waste received on a daily basis at the processing facility and processed into RDF;
4 but not to exceed fifteen percent (15%) of the total amount of the municipal solid
5 waste received at the processing facility on a daily basis;

6 ~~(34)~~~~[(32)]~~ "Recovered material processing facility" means a facility engaged solely in
7 the storage, processing, and resale or reuse of recovered material but does not mean
8 a solid waste facility if solid waste generated by a recovered material processing
9 facility is managed in accordance with KRS Chapter 224 and administrative
10 regulations adopted by the cabinet;

11 ~~(35)~~~~[(33)]~~ "Revenue bonds" means special obligation bonds issued by the authority as
12 provided by the provisions of this chapter, which are not direct or general
13 obligations of the state, and which are payable only from a pledge of, and lien upon,
14 authority revenues as provided in the resolution authorizing the issuance of the
15 bonds, and shall include revenue bond anticipation notes;

16 ~~(36)~~~~[(34)]~~ "Service charge" means any monthly, quarterly, semiannual, or annual charge
17 to be imposed by a governmental agency, or by the authority, for any infrastructure
18 project financed by the authority, which service charge arises by reason of the
19 existence of, and requirements of, any assistance agreement;

20 ~~(37)~~~~[(35)]~~ "Sewage" means any of the waste products or excrements, or other discharges
21 from the bodies of human beings or animals, which pollute the waters of the state;

22 ~~(38)~~~~[(36)]~~ "Shapefile" means a file format for storing, depicting, and analyzing
23 geospatial data showing broadband coverage;

24 ~~(39)~~~~[(37)]~~ "Solid waste" means "solid waste" as defined by KRS 224.1-010(30)(a);

25 ~~(40)~~~~[(38)]~~ "Solid waste facility" means any facility for collection, handling, storage,
26 transportation, transfer, processing, treatment, or disposal of solid waste, whether
27 the facility is associated with facilities generating the waste or otherwise, but does

1 not include a container located on property where the waste is generated and which
2 is used solely for the purpose of collection and temporary storage of that solid waste
3 prior to off-site disposal, or a recovered material processing facility;

4 ~~(41)~~~~(39)~~ "Solid waste project" means construction, renovation, or acquisition of a solid
5 waste facility which shall be instituted and owned by a governmental agency;

6 ~~(42)~~~~(40)~~ "Solid waste revolving fund" means that fund which shall receive state funds,
7 the proceeds from the sale of revenue bonds of the authority, or other moneys
8 earmarked for the purpose of providing loans or grants to finance solid waste
9 projects defined in this section;

10 ~~(43)~~~~(41)~~ "State" means the Commonwealth of Kentucky;

11 ~~(44)~~~~(42)~~ "System" means the system owned and operated by a governmental agency
12 with respect to solid waste projects, treatment works, or infrastructure projects
13 financed as provided by the assistance agreement between the governmental agency
14 and the authority;

15 ~~(45)~~~~(43)~~ "Treatment works" or "wastewater treatment works" means all or any part of
16 any facilities, devices, and systems used and useful in the storage, treatment,
17 recycling, and reclamation of wastewater or the abatement of pollution, including
18 facilities for the treatment, neutralization, disposal of, stabilization, collecting,
19 segregating, or holding of wastewater, including without limiting the generality of
20 the foregoing, intercepting sewers, outfall sewers, pumping power stations, and
21 other equipment and their appurtenances; extensions, improvements, remodeling,
22 additions, and alterations thereof, and any wastewater treatment works, including
23 site acquisition of the land that will be an integral part of the wastewater treatment
24 process, or is used for ultimate disposal of residues resulting from wastewater
25 treatment, together with any other facilities which are deemed to be treatment
26 works in accordance with the federal act;

27 ~~(46)~~~~(44)~~ "Underserved area" means any project area where broadband service with a

1 minimum one hundred (100) megabits per second downstream and twenty (20)
2 megabits per second upstream is not available;

3 ~~(47)~~~~(45)~~ "Unserved area" means any project area where broadband service with a
4 minimum twenty-five (25) megabits per second downstream and three (3) megabits
5 per second upstream is not available;

6 ~~(48)~~~~(46)~~ "Utility tax" means the tax which may be imposed by the authority on every
7 purchase of water or sewer service in the Commonwealth of Kentucky;

8 ~~(49)~~~~(47)~~ "Variable rate revenue bonds" means revenue bonds the rate of interest on
9 which fluctuates either automatically by reference to a predetermined formula or
10 index or in accordance with the standards set forth in KRS 224A.120;

11 ~~(50)~~~~(48)~~ "Wastewater" means any water or liquid substance containing sewage,
12 industrial waste, or other pollutants or contaminants derived from the prior use of
13 these waters;

14 ~~(51)~~~~(49)~~ "Water resources" means all waters of the state occurring on the surface, in
15 natural or artificial channels, lakes, reservoirs, or impoundments, and in subsurface
16 aquifers, which are available, or which may be made available to agricultural,
17 industrial, commercial, recreational, public, and domestic users;

18 ~~(52)~~~~(50)~~ "Water resources project" means any structural or nonstructural study, plan,
19 design, construction, development, improvement, or any other activity including
20 programs for management, intended to conserve and develop the water resources of
21 the state and shall include all aspects of water supply, facilities to collect, transport,
22 and treat wastewater as defined in KRS 65.8903, flood damage abatement,
23 navigation, water-related recreation, and land conservation facilities and measures;
24 and

25 ~~(53)~~~~(51)~~ "Waters of the state" means all streams, lakes, watercourses, waterways,
26 ponds, marshes, wells, springs, irrigation systems, drainage systems, and all other
27 bodies or accumulations of water, surface and underground, natural or artificial,

1 which are situated wholly or partly within, or border upon, this state, or are within
2 its jurisdiction, except those private waters which do not combine or effect a
3 junction with natural, surface, or underground waters.

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

- 5 (1) The General Assembly finds that it is necessary to encourage regionalization,
6 consolidation, and partnerships among governmental agencies, and private parties
7 when appropriate, with the goal of making public~~[potable]~~ water and wastewater
8 treatment secure for~~[available to]~~ all Kentuckians. **This is accomplished** through
9 the maximization of financial, **managerial, and technical** resources and the
10 **protection**~~[conservation]~~ of **source water**~~[natural resources]~~ of the Commonwealth.
11 Based on these findings, the General Assembly declares that the Kentucky
12 Infrastructure Authority shall implement a program for **reliable infrastructure and**
13 **the security and safety of water and wastewater systems**~~[the provision of water~~
14 ~~services]~~ as authorized in the budget and directed by the General Assembly. **The**
15 **Energy and Environment Cabinet shall provide technical support to the Kentucky**
16 **Infrastructure Authority as needed to implement this program.**
- 17 (2) The authority shall be responsible for the management and operation of the Water
18 Resource Information System. The authority shall maintain and, at least annually,
19 update the information contained in this system to ensure its accuracy.
- 20 (3) The authority may request all branches of state and local government, including
21 special districts and water districts, to provide information relating to the status of
22 existing plants, the financial condition of existing systems, and the existing
23 regulatory authority held by agencies of government regarding the issue of water~~[~~
24 ~~resource development and]~~ management. All branches of state and local
25 government shall, to the extent reasonable and appropriate, comply with such
26 requests for information.
- 27 (4) The authority shall promulgate administrative regulations that require a water

1 supply and distribution system receiving or seeking funding to provide current
2 information regarding the financial, managerial, and technical aspects of its system
3 and, thereafter, to furnish updates to the information so provided.

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

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

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

16 A ~~[2020]~~water and wastewater service regionalization account is established within the
17 infrastructure revolving fund. The purpose of the account shall be to encourage the
18 regionalization, merger, and consolidation of water and wastewater systems and the
19 elimination of structural and administrative duplication~~[assist in making potable water~~
20 ~~available to all Kentuckians by the year 2020]~~. The authority shall manage the account as
21 funding is authorized by the General Assembly and in a manner to achieve the purposes
22 set out in KRS 224A.300.

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

24 (1) The authority shall require the following as conditions for receiving assistance from
25 any fund administered by the authority for infrastructure projects related to water
26 and wastewater service:

27 (a) Establishment and use of a financial accounting system that accounts for the

1 operations of water treatment and distribution separately from all other
2 operations of the applicant;

3 (b) Establishment of service rates based upon the cost of providing the service;
4 and

5 (c) An agreement that the authority may require an audit to be conducted of the
6 applicant at least once every two (2) years.

7 (2) The authority shall require all applicants within a class to use the same accounting
8 system. The authority may accept present accounting systems in use and applied
9 uniformly to all applicants within a class, for example, the uniform system of
10 accounts established by the National Association of Regulatory Utility
11 Commissioners.

12 (3) The authority may assist water providers to establish accounting systems that meet
13 the requirements of this section. The authority may provide assistance by paying for
14 third-party private contractors or assistance from the Kentucky Auditor of Public
15 Accounts.

16 (4) The authority may pay for costs related to establishing a new uniform accounting
17 system for the use of governmental agencies that merge or consolidate their water
18 services if:

19 (a) The merging or consolidating entities use different accounting systems; ***and***

20 (b) The merger or consolidation is consistent with a ~~2020~~ water management
21 planning council plan as reviewed and prioritized under KRS 151.607~~[-]~~ ~~and~~

22 ~~(c) At least one (1) governmental agency water system is a partner in the merger~~
23 ~~or consolidation.~~

24 ~~(5) The authority may fund the requirements of this section from the 2020 water~~
25 ~~service account].~~

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

27 (1) The authority shall establish a program to assist governmental agencies in detecting

1 water loss from distribution lines or develop or maintain asset management plans.
 2 This~~[The program]~~ may include contracting with third parties to conduct water loss
 3 audits, the creation of asset management plans, and leak detection. The
 4 assistance~~[program]~~ may include giving low interest loans, on a priority basis
 5 established by the authority consistent with the findings and purposes set out in
 6 KRS 224A.300, for the repair or replacement of distribution facilities, deemed
 7 reasonable by the authority, undertaken as a result of the water loss audit.

8 (2) The authority may forgive any amount of a distribution facility repair or
 9 replacement loan from the authority remaining unpaid if:

10 (a) Within five (5) years of entering into the loan agreement the governmental
 11 agency merges with or consolidates with at least one (1) other public or
 12 private water system~~[supplier]~~; and

13 (b) The merger or consolidation is consistent with a ~~[2020]~~ water management
 14 planning council plan as reviewed and prioritized under KRS 151.607.

15 ~~[(3) The authority may fund the requirements of this section from the 2020 water
 16 service account.]~~

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

18 (1) The authority shall establish an incentive program that allocates funds from the
 19 water and wastewater service regionalization account~~[2020 water service account
 20 in a manner]~~ that encourages the regionalization, merger, and consolidation of
 21 water and wastewater systems and elimination of structural and administrative
 22 duplication. Established incentives~~[The incentive funds]~~ may be used by
 23 government owned and private systems.

24 (2) The incentive program shall target water and wastewater systems that have high
 25 debt, inadequate operational and maintenance resources, high maintenance costs,
 26 old and inadequately maintained treatment works, a history of violations of the
 27 Division of Water's statutes and administrative regulations due to inadequate

1 operational and maintenance resources, or insufficient financial resources to extend
2 system service to unserved or underserved areas.

3 (3) In developing the incentives to encourage governmental agencies to merge,
4 regionalize, consolidate, and partner with target systems **and develop or maintain**
5 **an asset management plan**, the authority shall give ~~the highest funding~~ priority to
6 those projects which have been identified in a ~~2020~~ water management planning
7 council plan prioritized under KRS 151.607 and meet the funding priorities
8 established by the authority.

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

10 (1) The authority shall develop an incentive program that allocates funds ~~from the~~
11 ~~2020 water service account~~ to encourage new infrastructure projects to provide
12 service to unserved areas and improve service to underserved areas of the state. The
13 incentives may be used by government owned and private systems.

14 (2) The incentives shall be developed to give ~~the highest funding~~ priority to those
15 projects that have been identified in a ~~2020~~ water management planning council
16 plan prioritized under KRS 151.607 and meet the funding priorities established by
17 the authority.

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

19 (1) In furtherance of the goal of making access to **public**~~potable~~ water and wastewater
20 **systems more resilient and**~~treatment~~ available to **the public**~~all Kentuckians~~, the
21 General Assembly finds and declares that governmental agencies should provide to
22 water and wastewater systems the requisite financial resources to:

23 (a) Develop the technical, managerial, and operational expertise needed to
24 properly operate and maintain their drinking water and wastewater systems;

25 (b) Conserve, protect, and maximize the resources needed to offer drinking water
26 and wastewater systems and services;

27 (c) Upgrade drinking water and wastewater systems and services to prevent water

- 1 loss and inflow and infiltration from degrading infrastructure; and
- 2 (d) Leverage existing finance with anticipated federal dollars or with other
- 3 sources as may be available from time to time to create a larger pool of
- 4 finance for water and wastewater systems to make improvements while
- 5 keeping customer rates affordable.
- 6 (2) The Kentucky Infrastructure Authority shall implement a program to assist
- 7 governmental agencies that provide drinking water and wastewater services with
- 8 the financial resources for both capital and non-capital expenses, including but not
- 9 limited to:
- 10 (a) Developing technical, operational, and maintenance resources and expertise;
- 11 (b) Improving utility infrastructure planning, repair, maintenance, renovation, and
- 12 management of plants and assets;
- 13 (c) Obtaining technical expertise in areas of rate-setting, cost-of-service, and
- 14 proper utility accounting standards for the utility type;
- 15 (d) Performing and correcting deficiencies from drinking water, wastewater, and
- 16 financial audits;
- 17 (e) Providing finance for financial inadequacies, including debt service coverage
- 18 through relief or refinance of the drinking water or wastewater system's debt;
- 19 (f) Payment assistance for other financial inadequacies such as excessive
- 20 maintenance costs, fines and penalties from past violations, or consultants;
- 21 and
- 22 (g) Extending finance for inadequately maintained distribution, collection, or
- 23 treatment works, including service extensions to unserved or underserved
- 24 areas and the renovation of treatment works to conserve resources.

25 **(3) The authority shall give priority for projects that are regional in nature and**

26 **achieve the purposes set out in Section 2 of this Act.**

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

- 1 (1) ~~{2020}~~Water management planning councils shall be established for each county
2 with the assistance of the appropriate area development district. Two (2) or more
3 counties may form a multicounty 2020 water management planning council. The
4 planning councils shall, as a minimum, be comprised of the following:
- 5 (a) Each county judge/executive~~{judge-executive}~~ or mayor of an urban-county
6 government, or his or her authorized representative;
 - 7 (b) One (1) representative selected by each community public water system, as
8 defined in 401 KAR 8:010 sec. 1(71)(a), that provides water to persons in the
9 county;
 - 10 (c) One (1) representative selected by a local health department in the county; and
 - 11 (d) One (1) representative selected by each city with a population equal to or
12 greater than one thousand (1,000) based upon the most recent federal
13 decennial census that is not a water supplier or distributor, unless that city
14 chooses to be represented by another member of the planning council.
- 15 (2) If, after the~~{2020}~~ water management planning council appointments have been
16 made, a county judge/executive or mayor of an urban-county government
17 determines that any areas of the county or urban county government remain
18 unrepresented on the planning council, the county judge/executive or mayor of the
19 urban-county government may appoint an individual to represent that area.
- 20 (3) The county judge/executive or mayor of an urban-county government or the county
21 judge/executive or the mayor's designated representative shall serve as the chair of
22 the~~{2020}~~ water management planning council of which either the county
23 judge/executive or the mayor is a member.
- 24 (4) Members of the~~{2020}~~ water management planning councils shall serve without
25 pay but may be reimbursed by counties or appointing agencies for reasonable
26 expenses incurred to carry out the work of the councils.
- 27 (5) The area development districts shall develop a forum for the chairpersons of the

1 ~~{2020}~~ water management planning councils or multicounty planning councils to
2 meet on at least a quarterly basis for the purpose of developing regional service
3 strategies consistent with the findings and purpose set out in KRS 224A.300.

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

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

21 (2) The~~{2020}~~ water management planning councils or multicounty planning councils
22 shall assume the role and function of the planning units established to implement
23 the water supply planning process set out in KRS 151.114 and administrative
24 regulations of the cabinet.

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

26 (1) The~~{2020}~~ water management planning councils or multicounty planning councils
27 may employ a water service coordinator. Planning councils may jointly employ a

1 water service coordinator. The water service coordinator shall assume the role and
2 function of the county long-range planning representative appointed under KRS
3 151.114 and the water supply planning process set out in KRS Chapter 151 and
4 administrative regulations of the cabinet. In addition, water service coordinators
5 shall assist the~~2020~~ water planning councils or multicounty planning councils in
6 developing the plans required under KRS 151.603.

7 (2) The Kentucky Infrastructure Authority may establish by administrative regulations
8 a program to provide or supplement funding for a multicounty planning council
9 water service coordinator for a period of three (3) years from July 14, 2000. There
10 shall be no more than one (1) position funded per area development district.

11 (3) All state agencies shall cooperate with and assist the~~2020~~ water management
12 planning councils as appropriate to accomplish the purposes set out in KRS
13 224A.300.

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

15 (1) After July 1, 2001, and annually thereafter, each area development district shall
16 review and prioritize the planning councils' plans for underserved and unserved
17 areas within the~~2020~~ water management area for that district. The review and
18 prioritization shall be conducted with the assistance and input of the authority and
19 the water management councils for the counties or multicounty areas within a~~2020~~
20 water management area. These prioritization plans shall be submitted to the
21 authority for review and approval. The authority may suggest changes necessary for
22 the purpose of qualifying for financial assistance from the~~2020~~ water service
23 account of the Kentucky Infrastructure Authority.

24 (2) Factors to be considered in prioritizing the plans for underserved and unserved
25 areas within a~~2020~~ water management area include:

26 (a) The current and potential customer base that would benefit from water
27 service;

1 (b) The adequacy, cost-effectiveness, and dependability of water sources, water
2 treatment capacity, and distribution lines that may be used to provide water
3 service; and

4 (c) The potential to consolidate or merge management or operations to provide
5 efficient and affordable services~~[eliminate or prevent duplication of water~~
6 ~~distribution lines and facilities that may be used to provide the service].~~

7 **(3) The authority may assign higher ranking priority to projects that are regional in**
8 **nature and achieve the purposes set out in Section 2 of this Act.**

9 ➔Section 14. The following KRS section is repealed:

10 224A.314 Study of water resource potential of underground coal mines and high yield
11 water wells -- Funding for study.