

1 AN ACT relating to municipal utilities.

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

3 ➔Section 1. KRS 42.747 is amended to read as follows:

4 (1) As used in this section, unless the context otherwise requires:

5 (a) "Blockchain technology" means shared or distributed data structures or digital  
6 ledgers used in peer-to-peer networks that:

- 7 1. Store digital transactions;
- 8 2. Verify and secure transactions cryptographically; and
- 9 3. Allow automated self-execution of smart contracts;

10 (b) "Peer-to-peer networks" means computer systems that are connected to each  
11 other over the Internet so that each computer system:

- 12 1. Is a client and a server simultaneously; and
- 13 2. Allows file sharing without use of a central server;

14 (c) "Smart contract" means a computerized transaction protocol that self-executes  
15 the terms of a contract and that is integrated into the blockchain program  
16 architecture; and

17 (d) "Contract" means an agreement of the parties in fact, as found in their  
18 language or inferred from other circumstances, including course of  
19 performance, course of dealing, or usage of trade, reached through offer and  
20 mutual acceptance by the parties to be legally bound by the terms of the  
21 agreement which includes valuable consideration for all parties.

22 (2) There is hereby established a Blockchain Technology Working Group which shall  
23 be attached to the Commonwealth Office of Technology for administrative  
24 purposes.

25 (3) The working group shall evaluate the feasibility and efficacy of using blockchain  
26 technology to enhance the security of and increase protection for the state's critical  
27 infrastructure, including but not limited to the electric utility grid, natural gas

1 pipelines, drinking water supply and delivery, wastewater, telecommunications, and  
2 emergency services. The workgroup shall create a priority list of critical  
3 infrastructure that could benefit from the use of blockchain technology and then  
4 determine whether:

- 5 (a) Blockchain fits the distributed nature of transactions;
- 6 (b) The peer-to-peer network is robust enough to support the use of blockchain  
7 technology;
- 8 (c) A cost-benefit analysis of blockchain for each case is warranted to  
9 demonstrate its value, applicability, or efficiency; and
- 10 (d) If the parties involved in the blockchain would agree to its usage if deployed.

11 (4) The workgroup shall consist of nine (9) members, three (3) of which shall be ex  
12 officio, as follows:

- 13 (a) The chief information officer for the Commonwealth Office of Technology or  
14 his or her designee who shall serve as chair;
- 15 (b) The secretary for the Energy and Environment Cabinet or his or her designee;
- 16 (c) The chief information officer for the Finance and Administration Cabinet or  
17 his or her designee;
- 18 (d) A representative designated by the executive director of the Kentucky Public  
19 Service Commission, who has knowledge of the spatial characteristics of the  
20 infrastructure used by public utilities;
- 21 (e) The executive director of Kentucky Department of Homeland Security or his  
22 or her designee;
- 23 (f) One (1) member in academia designated by the chief information officer of  
24 the Commonwealth Office of Technology, who has expertise in blockchain  
25 technology and its applicability to different industry sectors;
- 26 (g) One (1) ex officio member representing municipal utilities~~[the Kentucky~~  
27 ~~Municipal Utilities Association (KMUA)]~~ designated by the Kentucky

1            League of Cities~~[executive director of KMUA]~~;

2            (h) One (1) ex officio member representing the investor-owned electric utilities  
3            designated by the executive director of the Kentucky Public Service  
4            Commission; and

5            (i) One (1) ex officio member representing Kentucky electric cooperatives  
6            designated by the chairman of the board of the Kentucky Association of  
7            Electric Cooperatives.

8            (5) The workgroup shall be staffed by the Commonwealth Office of Technology.

9            (6) The workgroup shall report to the Governor and to the Legislative Research  
10           Commission by December 1 of each year. The report shall include the current  
11           priority list and a discussion of whether blockchain could be deployed, and any  
12           associated cost-benefit analysis.

13           ➔Section 2. KRS 96.780 is amended to read as follows:

14           (1) After a board has been appointed and qualified, it shall have charge of the general  
15           supervision and control of the acquisition, improvement, operation and maintenance  
16           of the electric plant of the municipality. The board shall employ an electric plant  
17           superintendent (herein called "superintendent"), who shall be qualified by training  
18           and experience for the general superintendence of the acquisition, improvement and  
19           operation of the electric plant. His salary shall be fixed by the board. The  
20           superintendent shall be removable by the board for inefficiency, neglect of duty,  
21           misfeasance, or malfeasance in office. He shall be required to execute a bond, in a  
22           sum to be determined and approved by the board, conditioned upon the faithful  
23           performance of his official duties. The cost of the bond may be charged as an  
24           expense of the operation of the electric plant.

25           (2) Within the limits of the funds available therefor, all powers of a municipality to  
26           acquire, improve, operate and maintain, and to furnish electric service, and all  
27           powers necessary or convenient thereto, conferred by KRS 96.550 to 96.900, shall

1 be exercised on behalf of the municipality by the board and the superintendent,  
2 respectively. Subject to the provisions of applicable bonds or contracts, the board  
3 shall determine programs and make all plans for the acquisition of the electric plant,  
4 shall make all determinations as to improvements, rates and financial practices, may  
5 establish such rules and regulations as it deems necessary or appropriate to govern  
6 the furnishing of electric service, and may disburse all moneys available in the  
7 electric plant fund hereinafter established for the acquisition, improvement,  
8 operation and maintenance of the electric plant and the furnishing of electric  
9 service.

10 (3) A copy of the schedule of the current rates and charges in effect from time to time  
11 and a copy of all rules and regulations of the board relating to electric service shall  
12 be kept on public file at the main and all branch offices of the electric plant and also  
13 in the office of the municipal clerk or recorder. The superintendent shall have  
14 charge of all actual construction, the immediate management and operation of the  
15 electric plant and the enforcement and execution of all rules, regulations, programs,  
16 plans and decisions made or adopted by the board.

17 (4) The superintendent shall appoint all employees and fix their duties and  
18 compensation subject to and with the approval of the board. Subject to the  
19 limitations and provisions of KRS 96.550 to 96.900, the superintendent, with the  
20 approval of the board, may acquire and dispose of all property, real and personal,  
21 necessary to effectuate the purposes of KRS 96.550 to 96.900. The title to all  
22 property purchased or acquired shall be taken in the corporate name of the board.

23 (5) The superintendent shall let all contracts, subject to the approval of the board, but  
24 may, without such approval, obligate the electric plant on purchase orders up to an  
25 amount to be fixed by the board, not to exceed forty thousand dollars  
26 (\$40,000)~~[twenty thousand dollars (\$20,000)]~~. All contracts shall be in the  
27 corporate name of the board and shall be signed by the superintendent and attested

1 by the secretary-treasurer or chairman of the board. The superintendent shall make  
2 and keep or cause to be made and kept full and proper books and records, subject to  
3 the supervision and direction of the board, and the provisions of applicable  
4 contracts.

5 ➔Section 3. KRS 224A.030 is amended to read as follows:

- 6 (1) There is hereby created the Kentucky Infrastructure Authority, which authority  
7 shall be a body corporate and politic, constituting a public corporation and a  
8 governmental agency and instrumentality of the state. The affairs of the authority  
9 shall be managed and carried out by a board consisting of eleven (11) members.  
10 The secretaries of the Economic Development, Finance and Administration, and  
11 Energy and Environment Cabinets; the executive director of the Public Service  
12 Commission; and the commissioner of the Department for Local Government shall  
13 serve as ex officio members of the authority. The secretaries, the executive director,  
14 and the commissioner may designate alternates. The Governor shall additionally  
15 appoint six (6) at-large members. One (1) member shall be selected from a list of  
16 three (3) nominees submitted by the Kentucky Association of Counties, ***two (2)***  
17 ***members***~~[one (1) member]~~ selected from a list of ***six (6)***~~[three (3)]~~ nominees  
18 submitted by the Kentucky League of Cities, ***one (1) of whom shall represent a***  
19 ***municipal utility that provides water and wastewater service***, one (1) member  
20 selected from a list of three (3) nominees submitted by the Kentucky Rural Water  
21 Association, one (1) member representing for-profit private water companies, ***and***  
22 one (1) member selected from a list of three (3) nominees submitted by the  
23 Kentucky section of the American Water Works Association~~[, and one (1) member~~  
24 ~~selected from a list of three (3) nominees submitted by the Kentucky Municipal~~  
25 ~~Utilities Association]~~. As the terms of the at-large members expire, the Governor  
26 shall appoint successors for terms of four (4) years and until their successors are  
27 appointed. The members shall constitute the Kentucky Infrastructure Authority,

1 with power in that name to contract and be contracted with, sue and be sued, have  
2 and use a corporate seal, and exercise, in addition to the powers and functions  
3 specifically stated in this chapter, all of the usual powers of private corporations to  
4 the extent that the powers are not inconsistent with specifically enumerated powers  
5 of the authority. In the carrying out of its purposes and the exercise by it of the  
6 powers conferred by this chapter, the authority is deemed and declared to be  
7 performing essential governmental functions and public purposes of the state.

8 (2) The members of the authority shall receive no compensation for their services in  
9 their official capacity but shall be entitled to reimbursement for all reasonable  
10 expenses necessarily incurred in connection with performance of their duties and  
11 functions as authority members.

12 (3) Six (6) members of the authority shall constitute a quorum for the transaction of  
13 business, and in the absence of a quorum, one (1) or more members may adjourn  
14 from time to time until a quorum is convened. The members of the authority shall  
15 choose from their ranks a chair and a vice chair. The authority shall elect a secretary  
16 and a treasurer who shall not be members of the authority, each of whom shall serve  
17 at the pleasure of the authority and shall receive compensation as may be  
18 determined by the authority.

19 (4) (a) The authority shall, for administrative purposes, be attached to the  
20 Department for Local Government, which shall provide any office space  
21 required by the authority.

22 (b) The secretary of the authority shall at all times maintain therein complete  
23 records of all of the authority's actions and proceedings which shall constitute  
24 public records open to inspection at all reasonable times.