

1 AN ACT relating to the merger of water districts.

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

3 ➔Section 1. KRS 74.361 is amended to read as follows:

4 (1) The General Assembly of the Commonwealth of Kentucky determines as a
5 legislative finding of fact that reduction of the number of operating water districts
6 in the Commonwealth will be in the public interest, in that mergers of such districts
7 will tend to eliminate wasteful duplication of costs and efforts, result in a sounder
8 and more businesslike degree of management, and ultimately result in greater
9 economies, less cost, and a higher degree of service to the general public; and that
10 the public policy favors the merger of water districts wherever feasible.

11 (2) ***(a)*** The Public Service Commission of Kentucky is authorized and empowered to
12 initiate, carry out, and complete such investigations, inquiries, and studies as
13 may be reasonably necessary to determine the advisability as to the merger of
14 water districts. Prior to ordering a hearing with reference to the merger of any
15 water district into one (1) or more additional water districts, the Public
16 Service Commission shall cause to be prepared in writing a feasibility report
17 and study regarding the proposed merger, containing such studies,
18 investigations, facts, historical data, and projections as in the circumstances
19 may be required in order to enable the commission to formulate a proper
20 decision regarding such merger.

21 ***(b) The fiscal court of a county that contains one (1) or more water districts or***
22 ***portions of water districts may by resolution request that the Public Service***
23 ***Commission consider ordering the merger or partial merger of the water***
24 ***districts or portions of water districts within the county. Upon receipt of the***
25 ***resolution making the request, the Public Service Commission shall cause***
26 ***to be prepared the written feasibility report and study on the proposed***
27 ***merger described in paragraph (a) of this subsection.***

- 1 (3) Based upon the written report and study required to be made incident to any water
2 district merger, the Public Service Commission may propose by order that a merger
3 of water districts be accomplished, and, upon the issuance of such order, shall give
4 actual notice to all water districts proposed to be merged. Said order shall provide
5 for a formal public hearing to be held before the Public Service Commission on the
6 subject of such proposed merger. Actual notice of such merger hearing shall also be
7 furnished to the county judges/executive of each county containing a water district
8 proposed to be merged, and each water commissioner of a water district proposed to
9 be merged, and notice of such public hearing shall be afforded to the public served
10 by the respective water districts sought to be merged, by newspaper notice in
11 accordance with the provisions of KRS Chapter 424.
- 12 (4) A formal hearing before the Public Service Commission shall be held with
13 reference to such merger proposal, and, upon such occasion, all water districts
14 which are sought to be merged into a single entity shall be afforded the right to
15 appear, to present evidence, to examine all exhibits and testimony, to cross-examine
16 all witnesses, and to submit such memoranda, written evidence, and briefs as may
17 be desired. Such public hearing may be adjourned from time to time by the Public
18 Service Commission, and notice of such adjournments may, but need not, be
19 afforded as with reference to the initial public hearing. At the conclusion of such
20 proceedings, the Public Service Commission shall enter its order, either merging the
21 water districts which are the subject of the merger proceedings into a single water
22 district, or abandoning the merger proposal.
- 23 (5) Outstanding obligations of any water district merged in accordance with the
24 provisions of this section which are secured by the right to levy an assessment as
25 provided by KRS 74.130 to 74.230, inclusive, or secured by a pledge of the income
26 and revenues of the systems operated by any such merged water district, shall
27 continue to be retired from such moneys and funds as shall be collected from the

1 users of facilities operated by such merged water districts in the original water
2 district area in accordance with the terms and provisions of the enabling laws and
3 the authorizing resolutions or indentures under which the outstanding obligations
4 were issued, until all such obligations have been retired.

5 (6) In any order ordering the merger of water districts, the Public Service Commission
6 shall make such additional orders as may be required in connection with the
7 schedule of rates, rentals and charges for services rendered to be levied by the water
8 district which remains in existence following such merger, having due regard to
9 contractual commitments made and entered into by the constituent merged water
10 districts in connection with the issuance of obligations by such districts.

11 (7) Upon the effective date of any merger of water districts, the water commissioners of
12 the merged water districts shall continue to serve as water commissioners of the
13 resulting district, regardless of their normal term expiration, until one (1) year after
14 approval of the merger by the Public Service Commission. Thereafter, the board
15 shall be composed as set forth in KRS 74.363. The appropriate county
16 judge/executive or county judges/executive shall appoint and reappoint water
17 commissioners to manage the business and affairs of the resultant water district, in
18 the manner provided by KRS 74.363.

19 (8) Any order of merger entered by the Public Service Commission in accordance with
20 this section shall be subject to all of the provisions of KRS Chapter 278, with
21 reference to petitions for rehearing, and appeal.

22 (9) Using the authority of this section the Public Service Commission can also cause
23 mergers of water associations into water associations or mergers of water
24 associations into water districts.

25 (10) Nothing contained herein shall be construed to prohibit or limit in any respect the
26 acquisition by water utilities subject to the jurisdiction of the commission or by
27 municipally owned water utilities of the assets of water districts or water

- 1 associations or the merger of water districts or water associations and water utilities
- 2 subject to the jurisdiction of the commission or municipally owned water utilities.