

1 AN ACT relating to public utilities and declaring an emergency.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 278 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) The Public Service Commission shall consist of five (5) members as follows:*

6 *(a) Three (3) members appointed by the Governor:*

7 *1. One (1) of whom shall be a licensed attorney who has actively*
8 *practiced law in the Commonwealth for at least seven (7) years;*

9 *2. Two (2) of whom shall have education or training, and five (5) years*
10 *of actual experience, in one (1) or more of the following fields:*

11 *a. Economics;*

12 *b. Engineering;*

13 *c. Accounting;*

14 *d. Finance;*

15 *e. Utility regulation, operation, or management;*

16 *f. Pipeline or utility infrastructure safety;*

17 *g. Business management; or*

18 *h. Environmental management; and*

19 *(b) Two (2) members appointed by the Auditor of Public Accounts, who shall*
20 *have the qualifications required under paragraph (a)1. or 2. of this*
21 *subsection.*

22 *(2) No more than two (2) members of the commission shall have the same occupation*
23 *or profession, and no more than three (3) commissioners shall be of the same*
24 *political party.*

25 *(3) Appointments and reappointments to the commission shall be subject to*
26 *confirmation by the Senate as provided in KRS 11.160.*

27 *(4) (a) Every four (4) years, the commissioners shall elect a chair from among the*

- 1 commissioners, who shall have a four (4) year term or until his or her term
2 expires without reappointment, whichever comes first.
- 3 (b) Members of the commission may serve multiple terms as chair subject to the
4 term limitations set forth in subsection (6) of this section.
- 5 (c) The chair shall be the chief executive officer of the commission and shall
6 designate one (1) of the commissioners to serve as vice chair to act for the
7 chair in his or her absence.
- 8 (d) The chair may designate in writing one (1) or more commissioners or the
9 executive director to act for him or her in the event of his or her absence or
10 inability for any reason to discharge the duties of the position. The designee
11 of the chair shall have all of the duties and powers of the chair for the
12 duration of the designation, except that the executive director shall not
13 serve as a member of the commission on any cases before the commission.
- 14 (5) Vacancies for unexpired terms shall be filled in the same manner as the original
15 appointments, but the appointee shall hold office only until the end of the
16 unexpired term and shall be subject to confirmation by the Senate as provided in
17 KRS 11.160.
- 18 (6) Members of the commission shall serve no more than three (3) terms, but any
19 terms or partial terms served prior to the effective date of this Act shall not be
20 counted toward the term limits established by this subsection.
- 21 (7) After the initial appointments, a member of the commission shall serve for a term
22 of four (4) years and until a successor is appointed and qualified.
- 23 (8) Notwithstanding any provision of law to the contrary, each member of the
24 commission shall be a full-time employee whose compensation shall be set solely
25 by the Auditor of Public Accounts.
- 26 (9) Any audit of the commission conducted pursuant to state law shall be conducted
27 by an independent auditor contracted by the Auditor of Public Accounts.

1 (10) The members of the commission shall not serve on any other regulatory bodies
2 during their terms on the commission.

3 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 278 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) A person who wishes to become a party to a case before the commission may, by
6 timely motion, request leave to intervene, subject to the following:

7 (a) The motion shall include the movant's full name, mailing address, and
8 email address and shall state his or her interest in the case and how
9 intervention is likely to present issues or develop facts that will assist the
10 commission in fully considering the matter without unduly complicating,
11 delaying, or disrupting the proceedings or causing any party or the
12 commission to incur unwarranted costs;

13 (b) The motion shall include a certification signed by the movant or the
14 movant's counsel stating that the movant is not seeking to intervene for the
15 purpose of, without justification pursuant to applicable law, delaying or
16 otherwise interfering with a project that is a subject of the proceedings;

17 (c) For movants who reside or are domiciled outside of the Commonwealth, the
18 motion shall include an affidavit signed by the movant or certification
19 signed by the movant's counsel stating whether the movant derives revenues
20 from any foreign government; and

21 (d) The motion may include a request by movant for delivery of commission
22 orders by United States mail and shall state how good cause exists for that
23 means of delivery to movant.

24 (2) The commission shall grant a person leave to intervene if the commission finds
25 that he or she has made a timely motion for intervention and has a special
26 interest in the case that is not otherwise adequately represented or that his or her
27 intervention is likely to present issues or to develop facts that assist the

1 commission in fully considering the matter without unduly complicating,
2 delaying, or disrupting the proceedings or causing any party or the commission to
3 incur unwarranted costs.

4 (3) If the commission determines that an intervening party is unduly complicating,
5 delaying, or disrupting the proceedings, causing any party or the commission to
6 incur unwarranted costs, or participating in the case for the purpose of, without
7 justification pursuant to applicable law, delaying or otherwise interfering with a
8 project that is a subject of the proceedings, the commission may:

9 (a) Deny or limit the intervening party's rights to participate in discovery;

10 (b) Dismiss the intervening party from the action; or

11 (c) Take any other action that the commission deems appropriate.

12 (4) Unless electronic filing procedures established in administrative regulation are
13 used in the case, a party shall serve a person granted leave to intervene with all
14 papers that the party submits in the case after the order granting intervention, but
15 the party shall not be required to provide any papers submitted prior to the
16 issuance of that order, unless the commission otherwise orders.

17 (5) Unless the commission finds good cause to order otherwise, a person granted
18 leave to intervene in a case shall, as a condition of his or her intervention, be
19 subject to the procedural schedule in existence in that case when the order
20 granting the person's intervention is issued.

21 (6) (a) A person who the commission has not granted leave to intervene in a case
22 may file written comments regarding the subject matter of the case, which
23 shall be filed in the case record.

24 (b) A person filing written comments under this subsection shall not be deemed
25 a party to the proceeding and shall not be required to be named as a party to
26 an appeal.

27 ➔Section 3. KRS 278.020 is amended to read as follows:

- 1 (1) (a) No person, partnership, public or private corporation, or combination thereof
2 shall commence providing utility service to or for the public or begin the
3 construction of any plant, equipment, property, or facility for furnishing to the
4 public any of the services enumerated in KRS 278.010, except:
- 5 1. Retail electric suppliers for service connections to electric-consuming
6 facilities located within its certified territory;
 - 7 2. Ordinary extensions of existing systems in the usual course of business;
8 or
 - 9 3. A water district created under KRS Chapter 74 or a water association
10 formed under KRS Chapter 273 that undertakes a waterline extension or
11 improvement project if the water district or water association is a Class
12 A or B utility as defined in the uniform system of accounts established
13 by the commission according to KRS 278.220 and:
 - 14 a. The water line extension or improvement project will not cost
15 more than five hundred thousand dollars (\$500,000); or
 - 16 b. The water district or water association will not, as a result of the
17 water line extension or improvement project, incur obligations
18 requiring commission approval as required by KRS 278.300.
- 19 In either case, the water district or water association shall not, as a result
20 of the water line extension or improvement project, increase rates to its
21 customers;
- 22 until that person has obtained from the Public Service Commission a
23 certificate that public convenience and necessity require the service or
24 construction.
- 25 (b) Upon the filing of an application for a certificate, and after any public hearing
26 which the commission may in its discretion conduct for all interested parties,
27 the commission may issue or refuse to issue the certificate, or issue it in part

1 and refuse it in part, except that the commission shall not refuse or modify an
2 application submitted under KRS 278.023 without consent by the parties to
3 the agreement.

4 (c) The commission, when considering an application for a certificate to construct
5 a base load electric generating facility, may consider the policy of the General
6 Assembly to foster and encourage use of Kentucky coal by electric utilities
7 serving the Commonwealth.

8 (d) The commission, when considering an application for a certificate to construct
9 an electric transmission line, may consider the interstate benefits expected to
10 be achieved by the proposed construction or modification of electric
11 transmission facilities in the Commonwealth.

12 (e) Unless exercised within one (1) year from the grant thereof, exclusive of any
13 delay due to the order of any court or failure to obtain any necessary grant or
14 consent, the authority conferred by the issuance of the certificate of
15 convenience and necessity shall be void, but the beginning of any new
16 construction or facility in good faith within the time prescribed by the
17 commission and the prosecution thereof with reasonable diligence shall
18 constitute an exercise of authority under the certificate.

19 (2) For the purposes of this section, construction of any electric transmission line of
20 one hundred thirty-eight (138) kilovolts or more and of more than five (5)
21 miles~~[five thousand two hundred eighty (5,280) feet]~~ in length shall not be
22 considered an ordinary extension of an existing system in the usual course of
23 business and shall require a certificate of public convenience and necessity.
24 However, ordinary extensions of existing systems in the usual course of business
25 not requiring such a certificate shall include:

26 (a) The replacement or upgrading of any existing electric transmission line; or

27 (b) The relocation of any existing electric transmission line to accommodate

1 construction or expansion of a roadway or other transportation infrastructure;

2 or

3 (c) An electric transmission line that is constructed solely to serve a single
4 customer and that will pass over no property other than that owned by the
5 customer to be served.

6 (3) Prior to granting a certificate of public convenience and necessity to construct
7 facilities to provide the services set forth in KRS 278.010(3)(f), the commission
8 shall require the applicant to provide a surety bond, or a reasonable guaranty that
9 the applicant shall operate the facilities in a reasonable and reliable manner for a
10 period of at least five (5) years. The surety bond or guaranty shall be in an amount
11 sufficient to ensure the full and faithful performance by the applicant or its
12 successors of the obligations and requirements of this chapter and of all applicable
13 federal and state environmental requirements. However, no surety bond or guaranty
14 shall be required for an applicant that is a water district or water association or for
15 an applicant that the commission finds has sufficient assets to ensure the continuity
16 of sewage service.

17 (4) No utility shall exercise any right or privilege under any franchise or permit, after
18 the exercise of that right or privilege has been voluntarily suspended or
19 discontinued for more than one (1) year, without first obtaining from the
20 commission, in the manner provided in subsection (1) of this section, a certificate of
21 convenience and necessity authorizing the exercise of that right or privilege.

22 (5) No utility shall apply for or obtain any franchise, license, or permit from any city or
23 other governmental agency until it has obtained from the commission, in the
24 manner provided in subsection (1) of this section, a certificate of convenience and
25 necessity showing that there is a demand and need for the service sought to be
26 rendered.

27 (6) No person shall acquire or transfer ownership of, or control, or the right to control,

1 any utility under the jurisdiction of the commission by sale of assets, transfer of
2 stock, or otherwise, or abandon the same, without prior approval by the
3 commission. The commission shall grant its approval if the person acquiring the
4 utility has the financial, technical, and managerial abilities to provide reasonable
5 service.

6 (7) No individual, group, syndicate, general or limited partnership, association,
7 corporation, joint stock company, trust, or other entity (an "acquirer"), whether or
8 not organized under the laws of this state, shall acquire control, either directly or
9 indirectly, of any utility furnishing utility service in this state, without having first
10 obtained the approval of the commission. Any acquisition of control without prior
11 authorization shall be void and of no effect. As used in this subsection, the term
12 "control" means the possession, directly or indirectly, of the power to direct or
13 cause the direction of the management and policies of a utility, whether through the
14 ownership of voting securities, by effecting a change in the composition of the
15 board of directors, by contract or otherwise. Control shall be presumed to exist if
16 any individual or entity, directly or indirectly, owns ten percent (10%) or more of
17 the voting securities of the utility. This presumption may be rebutted by a showing
18 that ownership does not in fact confer control. Application for any approval or
19 authorization shall be made to the commission in writing, verified by oath or
20 affirmation, and be in a form and contain the information as the commission
21 requires. The commission shall approve any proposed acquisition when it finds that
22 the same is to be made in accordance with law, for a proper purpose and is
23 consistent with the public interest. The commission may make investigation and
24 hold hearings in the matter as it deems necessary, and thereafter may grant any
25 application under this subsection in whole or in part and with modification and
26 upon terms and conditions as it deems necessary or appropriate. The commission
27 shall grant, modify, refuse, or prescribe appropriate terms and conditions with

1 respect to every such application within sixty (60) days after the filing of the
2 application therefor, unless it is necessary, for good cause shown, to continue the
3 application for up to sixty (60) additional days. The order continuing the application
4 shall state fully the facts that make continuance necessary. In the absence of that
5 action within that period of time, any proposed acquisition shall be deemed to be
6 approved.

7 (8) Subsection (7) of this section shall not apply to any acquisition of control of any:

8 (a) Utility which derives a greater percentage of its gross revenue from business
9 in another jurisdiction than from business in this state if the commission
10 determines that the other jurisdiction has statutes or rules which are applicable
11 and are being applied and which afford protection to ratepayers in this state
12 substantially equal to that afforded such ratepayers by subsection (7) of this
13 section;

14 (b) Utility by an acquirer who directly, or indirectly through one (1) or more
15 intermediaries, controls, or is controlled by, or is under common control with,
16 the utility, including any entity created at the direction of such utility for
17 purposes of corporate reorganization; or

18 (c) Utility pursuant to the terms of any indebtedness of the utility, provided the
19 issuance of indebtedness was approved by the commission.

20 (9) In a proceeding on an application filed pursuant to this section, any interested
21 person, including a person over whose property the proposed transmission line will
22 cross, may request intervention, and the commission shall, if requested, conduct a
23 public hearing in the county in which the transmission line is proposed to be
24 constructed, or, if the transmission line is proposed to be constructed in more than
25 one county, in one of those counties. The commission shall issue its decision no
26 later than ninety (90) days after the application is filed, unless the commission
27 extends this period, for good cause, to one hundred twenty (120) days. The

1 commission may utilize the provisions of KRS 278.255(3) if, in the exercise of its
2 discretion, it deems it necessary to hire a competent, qualified and independent firm
3 to assist it in reaching its decision. The issuance by the commission of a certificate
4 that public convenience and necessity require the construction of an electric
5 transmission line shall be deemed to be a determination by the commission that, as
6 of the date of issuance, the construction of the line is a prudent investment.

7 (10) The commission shall not approve any application under subsection (6) or (7) of
8 this section for the transfer of control of a utility described in KRS 278.010(3)(f)
9 unless the commission finds, in addition to findings required by those subsections,
10 that the person acquiring the utility has provided evidence of financial integrity to
11 ensure the continuity of sewage service in the event that the acquirer cannot
12 continue to provide service.

13 (11) The commission shall not accept for filing an application requesting authority to
14 abandon facilities that provide services as set forth in KRS 278.010(3)(f) or to cease
15 providing services unless the applicant has provided written notice of the filing to
16 the following:

- 17 (a) Kentucky Division of Water;
- 18 (b) Office of the Attorney General; and
- 19 (c) The county judge/executive, mayor, health department, planning and zoning
20 commission, and public sewage service provider of each county and each city
21 in which the utility provides utility service.

22 (12) The commission may grant any application requesting authority to abandon
23 facilities that provide services as set forth in KRS 278.010(3)(f) or to cease
24 providing services upon terms and conditions as the commission deems necessary
25 or appropriate, but not before holding a hearing on the application and no earlier
26 than ninety (90) days from the date of the commission's acceptance of the
27 application for filing, unless the commission finds it necessary for good cause to act

1 upon the application earlier.

2 (13) If any provision of this section or the application thereof to any person or
3 circumstance is held invalid, the invalidity shall not affect other provisions or
4 applications of this section which can be given effect without the invalid provision
5 or application, and to that end the provisions are declared to be severable.

6 ➔Section 4. KRS 278.040 is amended to read as follows:

7 (1) (a) The Public Service Commission shall constitute an independent department
8 of state government within the meaning of KRS Chapter 12 and shall be
9 administratively attached to the Auditor of Public Accounts only for those
10 limited functions and purposes expressly requested by the commission to be
11 performed by the Auditor of Public Accounts.

12 (b) The commission shall have sole discretion as to which functions shall be
13 deemed necessary for its efficient operation.

14 (c) The commission shall consist of the five (5) commissioners appointed under
15 Section 1 of this Act, an executive director appointed under Section 7 of this
16 Act, and other agents and employees as necessary to carry out the
17 commissions obligations under this chapter.

18 (2) Notwithstanding any provision of law to the contrary:

19 (a) The commission shall conduct all procurements necessary for the
20 performance of its duties in accordance with the procurement procedures
21 outlined in KRS Chapter 45A, this chapter, and the administrative
22 regulations promulgated under this chapter, but the commission shall not
23 be subject to any provision of KRS Chapter 45A that requires the approval
24 of any Finance and Administration Cabinet official for the commission to
25 proceed with any aspect of the procurement process;

26 (b) Upon approval of the commission, the executive director shall be deemed
27 the chief purchasing officer for the purposes of conducting procurements

1 for the commission and shall have all of the authority and responsibility
2 with regard to the commission's procurements as the secretary for the
3 Finance and Administration Cabinet has for procurements under KRS
4 Chapter 45A; and

5 (c) In the bidding and negotiation processes, the executive director, upon
6 approval of the commission, shall perform his or her own bidding and
7 procurement in accordance with the procedures established by KRS Chapter
8 45A.

9 (3) (a) Except as provided in paragraph (b) of this subsection, in any matter to be
10 decided by the commission, the chair of the commission shall assign three
11 (3) commissioners to hear and decide the matter. No more than two (2) of
12 the assigned commissioners shall be of the same political party.

13 (b) In his or her sole discretion, the chair may assign all five (5) commissioners
14 to hear and decide a matter before the commission.

15 (4) (a) Notwithstanding Section 12 of this Act or any provision of KRS Chapter
16 18A to the contrary, the commission may, in its sole discretion, identify and
17 determine the compensation for categories of its professional employees at
18 the amounts it deems necessary to recruit and retain employees who have
19 the experience, expertise, and education required to perform their job
20 responsibilities with the commission.

21 (b) Noncontractual employees of the commission shall otherwise be subject to
22 the requirements and benefits of KRS Chapter 18A.

23 (5) The commission may engage hearing officers, consultants, and other persons and
24 entities on a contractual basis as needed to assist with the performance of the
25 commission's duties under this chapter and the administrative regulations
26 promulgated thereunder. The scope of responsibilities and duties held by a
27 hearing officer shall be established by the commission by rule.

1 **(6) All personal service contracts entered into by the commission shall be subject to**
 2 **review by the Government Contract Review Committee established by KRS**
 3 **45A.705.**

4 **(7) The** ~~Public Service~~ commission shall regulate utilities, ~~and~~ enforce the
 5 provisions of this chapter **and the rules and administrative regulations**
 6 **promulgated hereunder, and exercise all powers necessary and incidental thereto.**

7 The commission shall be a body corporate, with power to sue and be sued in its
 8 corporate name. The commission may adopt a seal bearing the name "Public
 9 Service Commission of Kentucky," which seal shall be affixed to all writs and
 10 official documents, and to such other instruments as the commission directs, and all
 11 courts shall take judicial note of the seal.

12 ~~(8)(2)~~ The jurisdiction of the commission shall extend to all utilities in this state. The
 13 commission shall have exclusive jurisdiction over the regulation of rates and
 14 service of utilities, but with that exception nothing in this chapter is intended to
 15 limit or restrict the police jurisdiction, contract rights or powers of cities or political
 16 subdivisions.

17 ~~(9)(3)~~ The commission may **promulgate** ~~adopt~~ in **accordance** ~~keeping~~ with KRS
 18 Chapter 13A ~~and~~ reasonable **administrative** regulations to implement the provisions
 19 of KRS Chapter 278 and investigate the methods and practices of utilities to require
 20 them to conform to the laws of this state, and to all reasonable rules, regulations and
 21 orders of the commission not contrary to law.

22 **(10) The commission shall not be subject to reorganization under KRS Chapter 12.**

23 ➔Section 5. KRS 278.060 is amended to read as follows:

24 (1) Each commissioner shall be a resident and qualified voter of this state, not less than
 25 twenty-five (25) years of age at the time of his **or her** appointment and
 26 qualification, and shall have resided in this state for at least three (3) years prior to
 27 his **or her** appointment and qualification. Each commissioner shall take and

1 subscribe to the constitutional oath of office, which shall be recorded in the office
2 of the Secretary of State.

3 (2) No person shall be appointed to or hold the office of commissioner who holds, or
4 whose immediate family member holds, any official relationship to any utility, or
5 who owns any stocks or bonds thereof, or who has any pecuniary interest therein,
6 except for a pension or retirement savings account if no contributions have been
7 made to it for at least one (1) year prior to the appointment.

8 (3) No commissioner shall receive any rebate, pass, percentage of contract or other
9 thing of value from any utility.

10 (4) In addition to the restrictions on members of the commission set forth in Section 1
11 of this Act ~~[KRS 278.050(1)]~~, no commissioner shall engage in any occupation or
12 business inconsistent with his duties as such commissioner.

13 (5) If any commissioner becomes a member of any political party committee, his or her
14 office as commissioner shall be thereby vacated.†

15 ~~(6) In making appointments to the commission, the Governor shall consider the various~~
16 ~~kinds of expertise relevant to utility regulation and the varied interests to be~~
17 ~~protected by the commission, including those of consumers as well as utility~~
18 ~~investors, and no more than two (2) members shall be of the same occupation or~~
19 ~~profession.]~~

20 ➔Section 6. KRS 278.070 is amended to read as follows:

21 (1) The officer who appointed the commissioner ~~[Governor]~~ may remove the ~~[any]~~
22 commissioner for cause, after giving him or her a copy of the charges against him
23 or her and an opportunity of being publicly heard in person or by counsel in his or
24 her own defense upon not less than ten (10) days' notice.

25 (2) If a commissioner is removed, the officer who appointed the
26 commissioner ~~[Governor]~~ shall file in the office of the Secretary of State a complete
27 statement of all charges against the commissioner and his or her findings thereon,

1 and a complete record of the proceedings.

2 **(3)** Any commissioner so removed may bring action in the proper court to determine
3 whether or not he or she was legally removed in accordance with this section.

4 ➔Section 7. KRS 278.100 is amended to read as follows:

5 **(1)** The commission shall have the sole authority to appoint an executive director, by a
6 majority vote of the members of the commission and subject to confirmation by
7 the Senate pursuant to KRS 11.160, who shall hold office at the~~[during its]~~
8 pleasure of the commission and shall devote his or her entire time to the duties of
9 the~~[his]~~ office.

10 **(2)** The executive director shall be selected on the basis of experience and training
11 demonstrating capacity to deal with the problems of management and governmental
12 regulation and knowledge relatable to utility regulation.

13 **(3)** The executive director shall be the chief administrative officer for the commission
14 and shall be responsible for implementing the programs, directing the staff, and
15 maintaining the official records of commission proceedings, including all approved
16 orders.

17 ➔Section 8. KRS 278.120 is amended to read as follows:

18 ~~(1) The chairman and the other two (2) members of the commission shall be paid a~~
19 ~~salary fixed under KRS 64.640 to be paid monthly.~~

20 ~~(2)~~ Notwithstanding Section 12 of this Act or any provision of KRS Chapter 18A to
21 the contrary, the executive director of the commission shall be paid a salary to be
22 fixed solely by the commission~~[, with the approval of the Governor]~~.

23 ~~(2)~~~~(3)~~ The commissioners, the executive director, and employees of the commission
24 are entitled to all expenses, including hotel bills, incurred in traveling on business
25 of the commission.

26 ~~(3)~~~~(4)~~ The salaries and expenses provided for by this section, and all other expenses
27 of the commission incurred in the administration of this chapter, shall be paid out of

1 appropriations as provided by law out of the general expenditure fund.

2 ➔Section 9. KRS 278.702 is amended to read as follows:

- 3 (1) There is hereby established the Kentucky State Board on Electric Generation and
4 Transmission Siting. The board shall be composed of nine (9)~~seven (7)~~ members
5 as follows:
- 6 (a) The five (5)~~three (3)~~ members of the Kentucky Public Service Commission;
 - 7 (b) The secretary of the Energy and Environment Cabinet or the secretary's
8 designee;
 - 9 (c) The secretary of the Cabinet for Economic Development or the secretary's
10 designee;
 - 11 (d) 1. If the facility subject to board approval is proposed to be located in one
12 (1) county, two (2) ad hoc public members to be appointed by the
13 Governor from a county where a facility subject to board approval is
14 proposed to be located:
 - 15 a. One (1) of the ad hoc public members shall be the chairman of the
16 planning commission with jurisdiction over an area in which a
17 facility subject to board approval is proposed to be located. If the
18 proposed location is not within a jurisdiction with a planning
19 commission, then the Governor shall appoint either the county
20 judge/executive of a county that contains the proposed location of
21 the facility or the mayor of a city, if the facility is proposed to be
22 within a city; and
 - 23 b. One (1) of the ad hoc public members shall be appointed by the
24 Governor and shall be a resident of the county in which the facility
25 is proposed to be located.
 - 26 2. If the facility subject to board approval is proposed to be located in more
27 than one (1) county, two (2) ad hoc public members to be chosen as

1 follows:

- 2 a. One (1) ad hoc public member shall be the county judge/executive
3 of a county in which the facility is proposed to be located, to be
4 chosen by majority vote of the county judge/executives of the
5 counties in which the facility is proposed to be located; and
6 b. One (1) ad hoc public member shall be a resident of a county in
7 which the facility is proposed to be located, and shall be appointed
8 by the Governor.

9 If a member has not been chosen by majority vote, as provided in
10 subdivision a. of this subparagraph, by thirty (30) days after the filing of
11 the application, the Governor shall directly appoint the member.

12 3. Ad hoc public members appointed to the board **and their immediate**
13 **family members** shall have no direct financial interest in the facility
14 proposed to be constructed **and shall be subject to the executive branch**
15 **code of ethics established in KRS Chapter 11A.**

16 (2) The term of service for the ad hoc members of the board shall continue until the
17 merchant electric generating facility for which they were appointed has been
18 constructed and begins generating electricity for sale or the construction certificate
19 expires. The remaining members of the board shall be permanent members.

20 (3) The board shall be attached to the Public Service Commission for administrative
21 purposes. The commission staff shall serve as permanent administrative staff for the
22 board. The members of the board identified in subsection (1)(a) to (d) of this
23 section shall promulgate administrative regulations in accordance with KRS
24 Chapter 13A to implement KRS 278.700 to 278.716.

25 (4) No member of the board shall receive any salary or fee for service on the board or
26 shall have any financial interest in any facility the application for which comes
27 before the board, but each member shall be reimbursed for actual travel and

1 expenses directly related to service on the board.

2 (5) The chair~~[chairman]~~ of the Public Service Commission shall be the
3 chair~~[chairman]~~ of the board. The chair~~[chairman]~~ shall designate one (1) member
4 of the board as vice chair~~[chairman]~~. A majority of the members of the board shall
5 constitute a quorum for the transaction of business. No vacancy on the board shall
6 impair the right of the remaining members to exercise all of the powers of the
7 board. The board shall convene upon the call of the chair~~[chairman]~~.

8 ➔Section 10. KRS 12.020 is amended to read as follows:

9 Departments, program cabinets and their departments, and the respective major
10 administrative bodies that they include are enumerated in this section. It is not intended
11 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
12 bureau, interstate compact, commission, committee, conference, council, office, or any
13 other form of organization shall be included in or attached to the department or program
14 cabinet in which they are included or to which they are attached by statute or statutorily
15 authorized executive order; except in the case of the Personnel Board and where the
16 attached department or administrative body is headed by a constitutionally elected
17 officer, the attachment shall be solely for the purpose of dissemination of information and
18 coordination of activities and shall not include any authority over the functions,
19 personnel, funds, equipment, facilities, or records of the department or administrative
20 body.

21 I. Cabinet for General Government - Departments headed by elected officers:

- 22 (1) The Governor.
23 (2) Lieutenant Governor.
24 (3) Department of State.
25 (a) Secretary of State.
26 (b) Board of Elections.
27 (c) Registry of Election Finance.

- 1 (4) Department of Law.
- 2 (a) Attorney General.
- 3 (5) Department of the Treasury.
- 4 (a) Treasurer.
- 5 (6) Department of Agriculture.
- 6 (a) Commissioner of Agriculture.
- 7 (b) Agricultural Development Board.
- 8 (c) Kentucky Agricultural Finance Corporation.
- 9 (7) Auditor of Public Accounts.
- 10 (a) Commonwealth Office of the Ombudsman.
- 11 **(b) Public Service Commission.**
- 12 II. Program cabinets headed by appointed officers:
- 13 (1) Justice and Public Safety Cabinet:
- 14 (a) Department of Kentucky State Police.
- 15 1. Office of Administrative Services.
- 16 a. Division of Operational Support.
- 17 b. Division of Management Services.
- 18 2. Office of Operations.
- 19 a. Division of West Troops.
- 20 b. Division of East Troops.
- 21 c. Division of Special Enforcement.
- 22 d. Division of Commercial Vehicle Enforcement.
- 23 3. Office of Technical Services.
- 24 a. Division of Forensic Sciences.
- 25 b. Division of Electronic Services.
- 26 c. Division of Records Management.
- 27 (b) Department of Criminal Justice Training.

- 1 (c) Department of Corrections.
- 2 (d) Department of Juvenile Justice.
- 3 (e) Office of the Secretary.
- 4 (f) Office of Drug Control Policy.
- 5 (g) Office of Legal Services.
- 6 (h) Office of the Kentucky State Medical Examiner.
- 7 (i) Parole Board.
- 8 (j) Kentucky State Corrections Commission.
- 9 (k) Office of Legislative and Intergovernmental Services.
- 10 (l) Office of Human Resource Management.
 - 11 1. Division of Human Resource Administration.
 - 12 2. Division of Employee Management.
- 13 (m) Department of Public Advocacy.
- 14 (n) Office of Communications.
 - 15 1. Information Technology Services Division.
- 16 (o) Office of Financial Management Services.
 - 17 1. Division of Financial Management.
- 18 (p) Grants Management Division.
- 19 (2) Energy and Environment Cabinet:
 - 20 (a) Office of the Secretary.
 - 21 1. Office of Legislative and Intergovernmental Affairs.
 - 22 2. Office of Legal Services.
 - 23 a. Legal Division I.
 - 24 b. Legal Division II.
 - 25 3. Office of Administrative Hearings.
 - 26 4. Office of Communication.
 - 27 5. Mine Safety Review Commission.

- 1 6. Office of Kentucky Nature Preserves.†
- 2 7. — ~~Kentucky Public Service Commission.~~‡
- 3 (b) Department for Environmental Protection.
- 4 1. Office of the Commissioner.
- 5 2. Division for Air Quality.
- 6 3. Division of Water.
- 7 4. Division of Environmental Program Support.
- 8 5. Division of Waste Management.
- 9 6. Division of Enforcement.
- 10 7. Division of Compliance Assistance.
- 11 (c) Department for Natural Resources.
- 12 1. Office of the Commissioner.
- 13 2. Division of Mine Permits.
- 14 3. Division of Mine Reclamation and Enforcement.
- 15 4. Division of Abandoned Mine Lands.
- 16 5. Division of Oil and Gas.
- 17 6. Division of Mine Safety.
- 18 7. Division of Forestry.
- 19 8. Division of Conservation.
- 20 9. Office of the Reclamation Guaranty Fund.
- 21 (d) Office of Energy Policy.
- 22 1. Division of Energy Assistance.
- 23 (e) Office of Administrative Services.
- 24 1. Division of Human Resources Management.
- 25 2. Division of Financial Management.
- 26 3. Division of Information Services.
- 27 (3) Public Protection Cabinet.

- 1 (a) Office of the Secretary.
 - 2 1. Office of Communications and Public Outreach.
 - 3 2. Office of Legal Services.
 - 4 a. Insurance Legal Division.
 - 5 b. Alcoholic Beverage Control Legal Division.
 - 6 c. Housing, Buildings and Construction Legal Division.
 - 7 d. Financial Institutions Legal Division.
 - 8 e. Professional Licensing Legal Division.
 - 9 3. Office of Administrative Hearings.
 - 10 4. Office of Administrative Services.
 - 11 a. Division of Human Resources.
 - 12 b. Division of Fiscal Responsibility.
- 13 (b) Office of Claims and Appeals.
 - 14 1. Board of Tax Appeals.
 - 15 2. Board of Claims.
 - 16 3. Crime Victims Compensation Board.
- 17 (c) Kentucky Boxing and Wrestling Commission.
- 18 (d) Department of Alcoholic Beverage Control.
 - 19 1. Division of Distilled Spirits.
 - 20 2. Division of Malt Beverages.
 - 21 3. Division of Enforcement.
 - 22 4. Division of Tobacco, Nicotine, and Vapor Product Licensing.
- 23 (e) Department of Financial Institutions.
 - 24 1. Division of Depository Institutions.
 - 25 2. Division of Non-Depository Institutions.
 - 26 3. Division of Securities.
- 27 (f) Department of Housing, Buildings and Construction.

- 1 1. Division of Fire Prevention.
- 2 2. Division of Plumbing.
- 3 3. Division of Heating, Ventilation, and Air Conditioning.
- 4 4. Division of Building Code Enforcement.
- 5 (g) Department of Insurance.
- 6 1. Division of Health and Life Insurance and Managed Care.
- 7 2. Division of Property and Casualty Insurance.
- 8 3. Division of Administrative Services.
- 9 4. Division of Financial Standards and Examination.
- 10 5. Division of Licensing.
- 11 6. Division of Insurance Fraud Investigation.
- 12 7. Division of Consumer Protection.
- 13 (h) Department of Professional Licensing.
- 14 1. Real Estate Authority.
- 15 2. Division of Real Property Boards.
- 16 (4) Transportation Cabinet:
- 17 (a) Department of Highways.
- 18 1. Office of Project Development.
- 19 2. Office of Project Delivery and Preservation.
- 20 3. Office of Highway Safety.
- 21 4. Highway District Offices One through Twelve.
- 22 (b) Department of Vehicle Regulation.
- 23 (c) Department of Aviation.
- 24 (d) Department of Rural and Municipal Aid.
- 25 1. Office of Local Programs.
- 26 2. Office of Rural and Secondary Roads.
- 27 (e) Office of the Secretary.

- 1 1. Office of Public Affairs.
- 2 2. Office for Civil Rights and Small Business Development.
- 3 3. Office of Budget and Fiscal Management.
- 4 4. Office of Inspector General.
- 5 5. Secretary's Office of Safety.
- 6 (f) Office of Support Services.
- 7 (g) Office of Transportation Delivery.
- 8 (h) Office of Audits.
- 9 (i) Office of Human Resource Management.
- 10 (j) Office of Information Technology.
- 11 (k) Office of Legal Services.
- 12 (5) Cabinet for Economic Development:
- 13 (a) Office of the Secretary.
- 14 1. Office of Legal Services.
- 15 2. Department for Business and Community Development.
- 16 a. Development and Retention Division – West Kentucky.
- 17 b. Development, Retention, and Administrative Division –
- 18 Central and East Kentucky.
- 19 c. Community and Workforce Development Division.
- 20 3. Department for Financial Services.
- 21 a. Kentucky Economic Development Finance Authority.
- 22 b. Finance and Personnel Division.
- 23 c. IT and Resource Management Division.
- 24 d. Compliance Division.
- 25 e. Program Administration Division.
- 26 f. Bluegrass State Skills Corporation.
- 27 g. The GRANT Commission.

- 1 4. Office of Strategy and Public Affairs.
- 2 a. Marketing and Communications Division.
- 3 b. Research and Strategy Division.
- 4 5. Office of Entrepreneurship and Innovation.
- 5 a. Commission on Small Business Innovation and Advocacy.
- 6 6. Kentucky Film Office.
- 7 a. Kentucky Film Leadership Council.
- 8 (6) Cabinet for Health and Family Services:
- 9 (a) Office of the Secretary.
- 10 1. Office of Public Affairs.
- 11 2. Office of Legal Services.
- 12 3. Office of Inspector General.
- 13 4. Office of Human Resource Management.
- 14 5. Office of Finance and Budget.
- 15 6. Office of Legislative and Regulatory Affairs.
- 16 7. Office of Administrative Services.
- 17 8. Office of Application Technology Services.
- 18 9. Office of Data Analytics.
- 19 10. Office of Medical Cannabis.
- 20 a. Division of Enforcement and Compliance.
- 21 b. Division of Licensure and Access.
- 22 (b) Department for Public Health.
- 23 (c) Department for Medicaid Services.
- 24 (d) Department for Behavioral Health, Developmental and Intellectual
- 25 Disabilities.
- 26 (e) Department for Aging and Independent Living.
- 27 (f) Department for Community Based Services.

- 1 (g) Department for Family Resource Centers and Volunteer Services.
- 2 (7) Finance and Administration Cabinet:
- 3 (a) Office of the Secretary.
- 4 (b) Office of the Inspector General.
- 5 (c) Office of Legislative and Intergovernmental Affairs.
- 6 (d) Office of General Counsel.
- 7 (e) Office of the Controller.
- 8 (f) Office of Administrative Services.
- 9 (g) Office of Policy and Audit.
- 10 (h) Department for Facilities and Support Services.
- 11 (i) Department of Revenue.
- 12 (j) Commonwealth Office of Technology.
- 13 (k) State Property and Buildings Commission.
- 14 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 15 (m) Kentucky Employees Retirement Systems.
- 16 (n) Commonwealth Credit Union.
- 17 (o) State Investment Commission.
- 18 (p) Kentucky Housing Corporation.
- 19 (q) Kentucky Local Correctional Facilities Construction Authority.
- 20 (r) Kentucky Turnpike Authority.
- 21 (s) Historic Properties Advisory Commission.
- 22 (t) Kentucky Higher Education Assistance Authority.
- 23 (u) Kentucky River Authority.
- 24 (v) Kentucky Teachers' Retirement System Board of Trustees.
- 25 (w) Executive Branch Ethics Commission.
- 26 (x) Office of Fleet Management.
- 27 (8) Tourism, Arts and Heritage Cabinet:

- 1 (a) Kentucky Department of Tourism.
 - 2 1. Division of Tourism Services.
 - 3 2. Division of Marketing and Administration.
 - 4 3. Division of Communications and Promotions.
- 5 (b) Kentucky Department of Parks.
 - 6 1. Division of Information Technology.
 - 7 2. Division of Human Resources.
 - 8 3. Division of Financial Operations.
 - 9 4. Division of Purchasing.
 - 10 5. Division of Facilities.
 - 11 6. Division of Park Operations.
 - 12 7. Division of Sales, Marketing, and Customer Service.
 - 13 8. Division of Engagement.
 - 14 9. Division of Food Services.
 - 15 10. Division of Rangers.
- 16 (c) Department of Fish and Wildlife Resources.
 - 17 1. Division of Law Enforcement.
 - 18 2. Division of Administrative Services.
 - 19 3. Division of Engineering, Infrastructure, and Technology.
 - 20 4. Division of Fisheries.
 - 21 5. Division of Information and Education.
 - 22 6. Division of Wildlife.
 - 23 7. Division of Marketing.
- 24 (d) Kentucky Horse Park.
 - 25 1. Division of Support Services.
 - 26 2. Division of Buildings and Grounds.
 - 27 3. Division of Operational Services.

- 1 (e) Kentucky State Fair Board.
- 2 1. Office of Administrative and Information Technology Services.
- 3 2. Office of Human Resources and Access Control.
- 4 3. Division of Expositions.
- 5 4. Division of Kentucky Exposition Center Operations.
- 6 5. Division of Kentucky International Convention Center.
- 7 6. Division of Public Relations and Media.
- 8 7. Division of Venue Services.
- 9 8. Division of Personnel Management and Staff Development.
- 10 9. Division of Sales.
- 11 10. Division of Security and Traffic Control.
- 12 11. Division of Information Technology.
- 13 12. Division of the Louisville Arena.
- 14 13. Division of Fiscal and Contract Management.
- 15 14. Division of Access Control.
- 16 (f) Office of the Secretary.
- 17 1. Office of Finance.
- 18 2. Office of Government Relations and Administration.
- 19 (g) Office of Legal Affairs.
- 20 (h) Office of Human Resources.
- 21 (i) Office of Public Affairs and Constituent Services.
- 22 (j) Office of Arts and Cultural Heritage.
- 23 (k) Kentucky African-American Heritage Commission.
- 24 (l) Kentucky Foundation for the Arts.
- 25 (m) Kentucky Humanities Council.
- 26 (n) Kentucky Heritage Council.
- 27 (o) Kentucky Arts Council.

- 1 (p) Kentucky Historical Society.
- 2 1. Division of Museums.
- 3 2. Division of Oral History and Educational Outreach.
- 4 3. Division of Research and Publications.
- 5 4. Division of Administration.
- 6 (q) Kentucky Center for the Arts.
- 7 1. Division of Governor's School for the Arts.
- 8 (r) Kentucky Artisans Center at Berea.
- 9 (s) Northern Kentucky Convention Center.
- 10 (t) Eastern Kentucky Exposition Center.
- 11 (9) Personnel Cabinet:
- 12 (a) Office of the Secretary.
- 13 (b) Department of Human Resources Administration.
- 14 (c) Office of Employee Relations.
- 15 (d) Kentucky Public Employees Deferred Compensation Authority.
- 16 (e) Office of Administrative Services.
- 17 (f) Office of Legal Services.
- 18 (g) Governmental Services Center.
- 19 (h) Department of Employee Insurance.
- 20 (i) Office of Diversity, Equality, and Training.
- 21 (j) Office of Public Affairs.
- 22 (10) Education and Labor Cabinet:
- 23 (a) Office of the Secretary.
- 24 1. Office of Legal Services.
- 25 a. Workplace Standards Legal Division.
- 26 b. Workers' Claims Legal Division.
- 27 c. Workforce Development Legal Division.

- 1 2. Office of Administrative Services.
- 2 a. Division of Human Resources Management.
- 3 b. Division of Fiscal Management.
- 4 c. Division of Operations and Support Services.
- 5 3. Office of Technology Services.
- 6 a. Division of Information Technology Services.
- 7 4. Office of Policy and Audit.
- 8 5. Office of Legislative Services.
- 9 6. Office of Communications.
- 10 7. Office of the Kentucky Center for Statistics.
- 11 8. Board of the Kentucky Center for Statistics.
- 12 9. Early Childhood Advisory Council.
- 13 10. Governors' Scholars Program.
- 14 11. Governor's School for Entrepreneurs Program.
- 15 12. Foundation for Adult Education.
- 16 (b) Department of Education.
- 17 1. Kentucky Board of Education.
- 18 2. Kentucky Technical Education Personnel Board.
- 19 3. Education Professional Standards Board.
- 20 (c) Board of Directors for the Center for School Safety.
- 21 (d) Department for Libraries and Archives.
- 22 (e) Kentucky Environmental Education Council.
- 23 (f) Kentucky Educational Television.
- 24 (g) Kentucky Commission on the Deaf and Hard of Hearing.
- 25 (h) Department of Workforce Development.
- 26 1. Career Development Office.
- 27 2. Office of Vocational Rehabilitation.

- 1 a. Division of Kentucky Business Enterprise.
- 2 b. Division of the Carl D. Perkins Vocational Training Center.
- 3 c. Division of Blind Services.
- 4 d. Division of Field Services.
- 5 e. Statewide Council for Vocational Rehabilitation.
- 6 f. Employment First Council.
- 7 g. Division of Program Policy and Support.
- 8 3. Office of Industry and Apprenticeship Services.
 - 9 a. Division of Apprenticeship.
 - 10 b. Division of Workforce Talent.
- 11 4. Kentucky Apprenticeship Council.
- 12 5. Division of Technical Assistance.
- 13 6. Office of Adult Education.
- 14 7. Office of the Kentucky Workforce Innovation Board.
- 15 (i) Department of Workplace Standards.
 - 16 1. Division of Occupational Safety and Health Compliance.
 - 17 2. Division of Occupational Safety and Health Education and
 - 18 Training.
 - 19 3. Division of Wages and Hours.
- 20 (j) Office of Unemployment Insurance.
- 21 (k) Kentucky Unemployment Insurance Commission.
- 22 (l) Department of Workers' Claims.
 - 23 1. Division of Workers' Compensation Funds.
 - 24 2. Office of Administrative Law Judges.
 - 25 3. Division of Claims Processing.
 - 26 4. Division of Security and Compliance.
 - 27 5. Division of Specialist and Medical Services.

- 1 6. Workers' Compensation Board.
- 2 (m) Workers' Compensation Funding Commission.
- 3 (n) Kentucky Occupational Safety and Health Standards Board.
- 4 (o) State Labor Relations Board.
- 5 (p) Employers' Mutual Insurance Authority.
- 6 (q) Kentucky Occupational Safety and Health Review Commission.
- 7 (r) Workers' Compensation Nominating Committee.
- 8 (s) Office of Educational Programs.
- 9 (t) Kentucky Workforce Innovation Board.
- 10 (u) Kentucky Commission on Proprietary Education.
- 11 (v) Kentucky Work Ready Skills Advisory Committee.
- 12 (w) Kentucky Geographic Education Board.
- 13 (x) Department for Disability Determination Services.
 - 14 1. Division of Operations.
 - 15 2. Division of Support Services.
 - 16 3. Division of Specialized Cases.
 - 17 4. Division of Case Processing.
- 18 III. Other departments headed by appointed officers:
 - 19 (1) Council on Postsecondary Education.
 - 20 (2) Department of Military Affairs.
 - 21 (3) Department for Local Government.
 - 22 (4) Kentucky Commission on Human Rights.
 - 23 (5) Kentucky Commission on Women.
 - 24 (6) Department of Veterans' Affairs.
 - 25 (7) Kentucky Commission on Military Affairs.
 - 26 (8) Office of Minority Empowerment.
 - 27 (9) Governor's Council on Wellness and Physical Activity.

1 (10) Kentucky Communications Network Authority.

2 ➔Section 11. KRS 43.015 is amended to read as follows:

3 The Auditor of Public Accounts shall have the following organizational structure:

4 (1) The Office of the State Auditor;

5 (2) The Office of the Deputy Auditor, which shall have the following offices:

6 (a) Office of Local Government Audits;

7 (b) Office of State Government Audits and Technology;

8 (c) Office of Special Investigations; and

9 (d) Office of Quality Assurance;

10 (3) The Office of Planning and Management, which shall have the following divisions:

11 (a) Division of Information Technology Services;

12 (b) Division of Financial Management; and

13 (c) Division of Human Resource Administration;

14 (4) The Office of Legal and Records Services, which shall contain the Division of
15 Records Management;~~and~~

16 (5) The Commonwealth Office of the Ombudsman, which shall have the following
17 offices:

18 (a) Office of Citizen Services and Policy Integrity;

19 (b) Office of Program Performance, which shall have the following divisions:

20 1. Division of Quality Control; and

21 2. Division of Program Access Compliance;

22 (c) Office of Professional Integrity and Employee Development; and

23 (d) Office of Policy and Research; **and**

24 **(6) The Public Service Commission established in KRS Chapter 278, which shall be**
25 **attached to the Auditor of Public Accounts for administrative purpose only.**

26 ➔Section 12. KRS 64.640 is amended to read as follows:

27 (1) Except as otherwise provided in subsection (2) of this section, and excepting

1 officers elected by popular vote, employees of the General Assembly, including
2 employees of the Legislative Research Commission, members of boards and
3 commissions, those officers and employees of Kentucky Educational Television
4 exempt from classified service as provided in KRS 18A.115, presidents and
5 employees of the state universities and the state colleges, officers employed by the
6 Department of Kentucky State Police under KRS Chapter 16, employees whose
7 compensation is set by the Public Service Commission under subsection (4) of
8 Section 4 of this Act and subsection (1) of Section 8 of this Act, and persons
9 employed by the commissioner of parks on a temporary basis under KRS 148.026,
10 the Personnel Cabinet shall prepare schedules of compensation, payable out of the
11 State Treasury, with a minimum salary rate, and other salary rates as are deemed
12 necessary or advisable, for the office or position of employment of every state
13 officer and employee, including specifically the offices and positions of
14 employment in every constitutional administrative department, statutory
15 administrative department, independent agency, board, commission, or other unit of
16 state government. The language of any statute empowering a board, commission,
17 authority, or other administrative body for which the Personnel Cabinet provides
18 personnel and payroll services, except for any board governing any of the Kentucky
19 Retirement Systems, the County Employees Retirement System, the Kentucky
20 Public Pensions Authority, the Kentucky Higher Education Assistance Authority,
21 the Kentucky Authority for Educational Television, or the Council on
22 Postsecondary Education, to establish, set, or approve the salaries of its
23 administrative head and other employees to the contrary notwithstanding, the
24 establishment or setting of salaries for administrative heads or other employees
25 shall be subject to the approval of the secretary of the Personnel Cabinet. The
26 schedules and rates shall be based upon studies of the duties and responsibilities of
27 the offices and positions and upon a comparison with rates being paid for similar or

1 comparable services elsewhere, and in the preparation of such schedules, the
2 Personnel Cabinet shall ascertain and record the duties, responsibilities, and
3 authority pertaining to the various offices and positions in the state service, and
4 classify such positions in the manner provided in KRS 18A.030, 18A.035, 18A.110,
5 18A.130, 18A.135, and 18A.150 to 18A.160. No such schedule shall become
6 effective until it has been approved by the Governor by executive order.

7 (2) The Governor shall set the compensation payable out of the State Treasury to each
8 officer or position in the state service, which officer or position heads a statutory
9 administrative department, independent agency, or other unit of state government,
10 except for those excluded under subsection (1) of this section. Such compensation
11 shall be based upon studies of the duties and responsibilities and classification of
12 the positions by the Governor and upon a comparison with compensation being paid
13 for similar or comparable services elsewhere, provided, however, such
14 compensation shall not exceed the total taxable compensation of the Governor
15 derived from state sources, the provisions of KRS 64.660 to the contrary
16 notwithstanding. For the purposes of this section, the total taxable compensation of
17 the Governor from state sources shall include the amount provided for
18 compensation to the Governor under KRS 64.480 and any benefits or discretionary
19 spending accounts that are imputed as taxable income for federal tax purposes.

20 (3) The compensation payable out of the State Treasury to officers and employees
21 subordinate to any office or position covered by subsection (2) of this section shall
22 not exceed the maximum rate established pursuant to subsection (2) of this section
23 for such office or position, except with respect to physicians as provided in KRS
24 64.655 and employees of the Public Service Commission ***not otherwise exempt***
25 ***from the requirements of this section under subsection (4) of Section 4 of this Act***
26 ***and subsection (1) of Section 8 of this Act***~~[of Kentucky]~~ whose compensation shall
27 be fixed, within constitutional limits, by the Personnel Cabinet with the approval of

1 the Governor as provided in subsection (1) of this section.

2 (4) Nothing in this section shall preclude the allowance of maintenance to officers and
3 employees of the state.

4 ➔Section 13. KRS 160.617 is amended to read as follows:

5 Notwithstanding KRS 278.040~~(8)~~~~(2)~~, or any other provision to the contrary, any utility,
6 cable service provider, or satellite broadcast and wireless cable service provider required
7 to pay the tax authorized by KRS 160.613 or 160.614 may increase its rates in any school
8 district in which it is required to pay the school tax by the amount of the school tax
9 imposed, up to three percent (3%). Any utility, cable service provider, or satellite ~~+~~
10 ~~+~~ broadcast and wireless cable service provider so increasing its rates shall separately state
11 on the bills sent to its customers the amount of the increase and shall identify the amount
12 as: "Rate increase for school tax."

13 ➔Section 14. KRS 224.10-022 is amended to read as follows:

14 There is established in the Office of the Secretary an Office of Administrative Hearings,
15 an Office of Communication, and an Office of Legislative and Intergovernmental Affairs.
16 Each of these offices shall be headed by an executive director appointed by the secretary
17 with the approval of the Governor as required by KRS 12.050. There is also established
18 in the Office of the Secretary an Office of Legal Services, headed by an executive
19 director appointed by the secretary with the approval of the Governor in accordance with
20 KRS 12.050 and 12.210. The executive directors shall be directly responsible to the
21 secretary and shall perform the functions, powers, and duties as provided by law and as
22 prescribed by the secretary. There is established in the Office of Legal Services a Legal
23 Division I and Legal Division II. Each of these divisions shall be headed by a general
24 counsel appointed by the secretary with the approval of the Governor in accordance with
25 KRS 12.050 and 12.210. The general counsels shall be directly responsible to the
26 executive director of the Office of Legal Services and shall perform the functions,
27 powers, and duties as provided by law and as prescribed by the executive director. The

1 Office of Kentucky Nature Preserves, which shall be headed by an executive director
2 appointed by the secretary with the approval of the Governor in accordance with KRS
3 12.050, and the Mine Safety Review Commission, whose members shall be appointed by
4 the Governor with the consent of the General Assembly, shall be attached to the Office of
5 the Secretary. ~~[- The Kentucky Public Service Commission, which shall be headed by an
6 executive director appointed by the commission in accordance with KRS 278.100, shall
7 be attached to the Office of the Secretary for administrative purposes.]~~

8 ➔Section 15. The following KRS section is repealed:

9 278.050 Membership of Public Service Commission -- Appointment -- Terms --
10 Chairman -- Vacancies.

11 ➔Section 16. (1) Within thirty days of the effective date of this Act, the
12 Auditor of Public Accounts shall appoint two members of the Public Service Commission
13 for terms expiring July 1, 2030.

14 (2) All current members of the Public Service Commission on the effective date
15 of this Act may serve out the remainder of their terms and any subsequent terms upon
16 reappointment without being subject to the qualifications and appointment limitations in
17 subsection (1) of Section 1 of this Act, but they shall be subject to subsections (2) to (10)
18 of Section 1 of this Act.

19 (3) On the effective date of this Act, copies of any records, files, or documents,
20 including legal documents or memoranda, associated with functions of the Public Service
21 Commission that were previously performed by the Energy and Environment Cabinet but
22 for which it is no longer deemed responsible, shall be transferred or transmitted to the
23 Auditor of Public Accounts.

24 ➔Section 17. Whereas it is critical that changes to the organization, membership,
25 and authority of the Public Service Commission be enacted as soon as possible to apply
26 to any membership vacancies or matters before the commission to which the changes
27 may apply, an emergency is declared to exist, and this Act takes effect upon its passage

1 and approval by the Governor or upon its otherwise becoming a law.