

CHAPTER 19
(SB 229)

AN ACT relating to municipal utilities.

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

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

- (1) As used in this section, unless the context otherwise requires:
 - (a) "Blockchain technology" means shared or distributed data structures or digital ledgers used in peer-to-peer networks that:
 1. Store digital transactions;
 2. Verify and secure transactions cryptographically; and
 3. Allow automated self-execution of smart contracts;
 - (b) "Peer-to-peer networks" means computer systems that are connected to each other over the Internet so that each computer system:
 1. Is a client and a server simultaneously; and
 2. Allows file sharing without use of a central server;
 - (c) "Smart contract" means a computerized transaction protocol that self-executes the terms of a contract and that is integrated into the blockchain program architecture; and
 - (d) "Contract" means an agreement of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade, reached through offer and mutual acceptance by the parties to be legally bound by the terms of the agreement which includes valuable consideration for all parties.
- (2) There is hereby established a Blockchain Technology Working Group which shall be attached to the Commonwealth Office of Technology for administrative purposes.
- (3) The working group shall evaluate the feasibility and efficacy of using blockchain technology to enhance the security of and increase protection for the state's critical infrastructure, including but not limited to the electric utility grid, natural gas pipelines, drinking water supply and delivery, wastewater, telecommunications, and emergency services. The workgroup shall create a priority list of critical infrastructure that could benefit from the use of blockchain technology and then determine whether:
 - (a) Blockchain fits the distributed nature of transactions;
 - (b) The peer-to-peer network is robust enough to support the use of blockchain technology;
 - (c) A cost-benefit analysis of blockchain for each case is warranted to demonstrate its value, applicability, or efficiency; and
 - (d) If the parties involved in the blockchain would agree to its usage if deployed.
- (4) The workgroup shall consist of nine (9) members, three (3) of which shall be ex officio, as follows:
 - (a) The chief information officer for the Commonwealth Office of Technology or his or her designee who shall serve as chair;
 - (b) The secretary for the Energy and Environment Cabinet or his or her designee;
 - (c) The chief information officer for the Finance and Administration Cabinet or his or her designee;
 - (d) A representative designated by the executive director of the Kentucky Public Service Commission, who has knowledge of the spatial characteristics of the infrastructure used by public utilities;
 - (e) The executive director of Kentucky Department of Homeland Security or his or her designee;

- (f) One (1) member in academia designated by the chief information officer of the Commonwealth Office of Technology, who has expertise in blockchain technology and its applicability to different industry sectors;
 - (g) One (1) ex officio member representing **municipal utilities**~~the Kentucky Municipal Utilities Association (KMUA)~~ designated by the **Kentucky League of Cities**~~executive director of KMUA~~;
 - (h) One (1) ex officio member representing the investor-owned electric utilities designated by the executive director of the Kentucky Public Service Commission; and
 - (i) One (1) ex officio member representing Kentucky electric cooperatives designated by the chairman of the board of the Kentucky Association of Electric Cooperatives.
- (5) The workgroup shall be staffed by the Commonwealth Office of Technology.
 - (6) The workgroup shall report to the Governor and to the Legislative Research Commission by December 1 of each year. The report shall include the current priority list and a discussion of whether blockchain could be deployed, and any associated cost-benefit analysis.

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

- (1) After a board has been appointed and qualified, it shall have charge of the general supervision and control of the acquisition, improvement, operation and maintenance of the electric plant of the municipality. The board shall employ an electric plant superintendent (herein called "superintendent"), who shall be qualified by training and experience for the general superintendence of the acquisition, improvement and operation of the electric plant. His salary shall be fixed by the board. The superintendent shall be removable by the board for inefficiency, neglect of duty, misfeasance, or malfeasance in office. He shall be required to execute a bond, in a sum to be determined and approved by the board, conditioned upon the faithful performance of his official duties. The cost of the bond may be charged as an expense of the operation of the electric plant.
- (2) Within the limits of the funds available therefor, all powers of a municipality to acquire, improve, operate and maintain, and to furnish electric service, and all powers necessary or convenient thereto, conferred by KRS 96.550 to 96.900, shall be exercised on behalf of the municipality by the board and the superintendent, respectively. Subject to the provisions of applicable bonds or contracts, the board shall determine programs and make all plans for the acquisition of the electric plant, shall make all determinations as to improvements, rates and financial practices, may establish such rules and regulations as it deems necessary or appropriate to govern the furnishing of electric service, and may disburse all moneys available in the electric plant fund hereinafter established for the acquisition, improvement, operation and maintenance of the electric plant and the furnishing of electric service.
- (3) A copy of the schedule of the current rates and charges in effect from time to time and a copy of all rules and regulations of the board relating to electric service shall be kept on public file at the main and all branch offices of the electric plant and also in the office of the municipal clerk or recorder. The superintendent shall have charge of all actual construction, the immediate management and operation of the electric plant and the enforcement and execution of all rules, regulations, programs, plans and decisions made or adopted by the board.
- (4) The superintendent shall appoint all employees and fix their duties and compensation subject to and with the approval of the board. Subject to the limitations and provisions of KRS 96.550 to 96.900, the superintendent, with the approval of the board, may acquire and dispose of all property, real and personal, necessary to effectuate the purposes of KRS 96.550 to 96.900. The title to all property purchased or acquired shall be taken in the corporate name of the board.
- (5) The superintendent shall let all contracts, subject to the approval of the board, but may, without such approval, obligate the electric plant on purchase orders up to an amount to be fixed by the board, not to exceed **forty thousand dollars (\$40,000)**~~twenty thousand dollars (\$20,000)~~. All contracts shall be in the corporate name of the board and shall be signed by the superintendent and attested by the secretary-treasurer or chairman of the board. The superintendent shall make and keep or cause to be made and kept full and proper books and records, subject to the supervision and direction of the board, and the provisions of applicable contracts.

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

- (1) There is hereby created the Kentucky Infrastructure Authority, which authority shall be a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the state. The affairs of the authority shall be managed and carried out by a board consisting of eleven (11) members. The

secretaries of the Economic Development, Finance and Administration, and Energy and Environment Cabinets; the executive director of the Public Service Commission; and the commissioner of the Department for Local Government shall serve as ex officio members of the authority. The secretaries, the executive director, and the commissioner may designate alternates. The Governor shall additionally appoint six (6) at-large members. One (1) member shall be selected from a list of three (3) nominees submitted by the Kentucky Association of Counties, **two (2) members** ~~one (1) member~~ selected from a list of **six (6)** ~~three (3)~~ nominees submitted by the Kentucky League of Cities, **one (1) of whom shall represent a municipal utility that provides water and wastewater service**, one (1) member selected from a list of three (3) nominees submitted by the Kentucky Rural Water Association, one (1) member representing for-profit private water companies, **and** one (1) member selected from a list of three (3) nominees submitted by the Kentucky section of the American Water Works Association, ~~and one (1) member selected from a list of three (3) nominees submitted by the Kentucky Municipal Utilities Association~~. As the terms of the at-large members expire, the Governor shall appoint successors for terms of four (4) years and until their successors are appointed. The members shall constitute the Kentucky Infrastructure Authority, with power in that name to contract and be contracted with, sue and be sued, have and use a corporate seal, and exercise, in addition to the powers and functions specifically stated in this chapter, all of the usual powers of private corporations to the extent that the powers are not inconsistent with specifically enumerated powers of the authority. In the carrying out of its purposes and the exercise by it of the powers conferred by this chapter, the authority is deemed and declared to be performing essential governmental functions and public purposes of the state.

- (2) The members of the authority shall receive no compensation for their services in their official capacity but shall be entitled to reimbursement for all reasonable expenses necessarily incurred in connection with performance of their duties and functions as authority members.
- (3) Six (6) members of the authority shall constitute a quorum for the transaction of business, and in the absence of a quorum, one (1) or more members may adjourn from time to time until a quorum is convened. The members of the authority shall choose from their ranks a chair and a vice chair. The authority shall elect a secretary and a treasurer who shall not be members of the authority, each of whom shall serve at the pleasure of the authority and shall receive compensation as may be determined by the authority.
- (4)
 - (a) The authority shall, for administrative purposes, be attached to the Department for Local Government, which shall provide any office space required by the authority.
 - (b) The secretary of the authority shall at all times maintain therein complete records of all of the authority's actions and proceedings which shall constitute public records open to inspection at all reasonable times.

Signed by Governor March 29, 2024.