

1 AN ACT relating to water districts.

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

3 ➔Section 1. KRS 74.025 is amended to read as follows:

- 4 (1) From and after the creation and establishment of a water district and the
5 appointment of water commissioners to manage the affairs of the district, and
6 following the acquisition or construction by any duly created and established water
7 district of a public water system, and the consequent establishment of regulatory
8 jurisdiction over such water district by the Public Service Commission of Kentucky,
9 the Public Service Commission may remove any water commissioner from his
10 office for good cause, including, inter alia, incompetency, neglect of duty, gross
11 immorality, or nonfeasance, misfeasance, or malfeasance in office, including,
12 without limiting the generality of the foregoing, **failure to provide adequate water**
13 **supply jeopardizing public health and safety and** failure to comply with rules,
14 regulations, and orders issued by the Public Service Commission.
- 15 (2) No such order of removal with respect to any water commissioner shall be entered
16 by the Public Service Commission until a public hearing on the merits with
17 reference to such matter has been held by the commission, at which hearing the
18 water commissioner proposed to be removed from office shall be afforded the
19 opportunity to appear, either pro se, or by counsel and file briefs, memoranda and
20 motions, cross-examine witnesses, examine exhibits, and present evidence, both
21 orally and in writing. All such orders of removal entered by the Public Service
22 Commission shall be final and shall not be subject to appeal. Any water
23 commissioner may waive such public hearing, in which case an order on removal
24 may be forthwith entered by the commission.
- 25 (3) Using procedures of this section, the Public Service Commission may also request
26 the removal of directors, trustees or other governing persons of water associations in
27 like manner.

- 1 (4) Using procedures of this section, the Public Service Commission may remove all
2 governing persons of a water district for:
- 3 (a) Failure to comply with orders of the Public Service Commission or the
4 Division of Water;
- 5 (b) Failure to manage the water system in a reasonable and prudent manner;
- 6 (c) Repeated violations of safe drinking water standards which jeopardize the
7 health and safety of water district customers or the general public; or
- 8 (d) Failure to use due diligence resulting in financial mismanagement or the
9 district becoming financially unsound.
- 10 (5) Upon removal of all governing persons of a water district by the Public Service
11 Commission:
- 12 (a) The Division of Water in cooperation with the Public Service Commission
13 shall manage the operation of the water district until it can demonstrate the
14 ability to follow acceptable management practices; or
- 15 (b) The Public Service Commission shall redraw the water district to allow
16 other water suppliers to serve the geographical area.