

96.535 Water plant or electric light, heat and power plant of second or third-class city -- Maintenance, operation and depreciation funds for -- Payment of surplus to general fund of city -- Fair return on property.

- (1) At the time or before or after the issuance of revenue bonds for the acquisition, extension or maintenance of a system of waterworks or electric light, heat and power plants in cities of the second and third classes, which bonds do not represent the general obligation of the city, the city legislative body shall, by ordinance, set aside and pledge the income and revenue of any such municipally owned utility into a separate and special fund to be used and applied in the payment of the cost thereof, and in the maintenance, operation and depreciation thereof, and for the purposes hereinafter set out. The ordinance shall definitely fix and determine the amount of revenue necessary to be set apart and applied to the payment of the principal and interest of the bonds, and the portion of the balance of the income and revenue to be set aside as a proper and adequate depreciation account, and the portion to be set aside for the reasonable and proper operation and maintenance of the utility, and may provide that the surplus not needed for the purposes aforesaid shall be paid over to and become a part of the general funds of such city. The rates to be charged for services from the utility shall be fixed and revised from time to time by the board appointed to operate the utility by and with the approval of the legislative body of the city so as to be sufficient to provide for the payment of interest upon all bonds and to create a sinking fund to pay the principal thereof when due; to provide for the operation and maintenance of the utility and an adequate depreciation account; and such rates may be fixed as will furnish a fair and reasonable return to the municipality on the fair value of the used and useful property of the utility.
- (2) Nothing in this section shall apply to electrical plants acquired or operated under provisions of KRS 96.550 to 96.900.

History : Created 1944 Ky. Acts ch. 28, sec. 1.