

**CHAPTER 1****( SB 172 )**

AN ACT relating to utility fuel adjustment and declaring an emergency.

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

➔Section 1. KRS 278.277 is amended to read as follows:

- (1) *In the administration of an electric utility's fuel adjustment clause and any associated tariffs, the commission may, upon the request of an electric utility, extend the period for recovery of fuel adjustment costs that are typically recoverable in order to reduce volatility for consumers and encourage stability in rates.*
- (2) In any review by the commission of any fuel adjustment clause, for any contracts entered into on or after July 1, 2021, the commission shall, in determining the reasonableness of fuel costs in procurement contracts and fuel procurement practices, evaluate the reasonableness of fuel costs in contracts and competing bids based on the cost of the fuel less any coal severance tax imposed by any jurisdiction.
- (3)~~(2)~~ As used in this section, "fuel adjustment clause" means any clause or provision in any tariff or contract by which an electric utility may immediately recover increases in fuel costs subject to later scrutiny or review by the commission.

➔Section 2. Whereas it is critical that any measure to help control the volatility of electric utility rates be enacted as soon as possible to give relief to the ratepayers of the Commonwealth, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

➔Section 3. This Act may be cited as the Fuel Surcharge Stability Act.

**Signed by Governor February 19, 2026.**