

278.277 Fuel adjustment cost recovery extension -- Any coal severance taxes imposed a factor in any fuel adjustment clause review.

- (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) 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.

Effective: February 19, 2026

History: Amended 2026 Ky. Acts ch. 1, sec. 1, effective February 19, 2026. -- Created 2021 Ky. Acts ch. 142, sec. 1, effective June 29, 2021.

Legislative Research Commission Note (2/19/2026). 2026 Ky. Acts ch. 1, sec. 3, provides that the Act, which amended this statute, may be cited as the Fuel Surcharge Stability Act.