

1 AN ACT relating to electric utility rates and declaring an emergency.

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

3 ➔Section 1. The Kentucky Public Service Commission regulates public utilities
4 in Kentucky, which by law, may demand fair, just, and reasonable rates for adequate,
5 efficient, and reasonable service. Due to the economic downturn and financial hardship of
6 the past 10 years, Kentucky contains some of the poorest counties in the nation. High
7 levels of poverty and unemployment have resulted in Kentuckians paying a
8 disproportionate percentage of their disposable income for electric service. Therefore, the
9 General Assembly recognizes the need for the commission to consider the particular
10 hardships of economically distressed counties in determining electric utility rates.

11 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 278 IS CREATED TO
12 READ AS FOLLOWS:

13 ***(1) The commission shall have continuing supervisory control over matters***
14 ***considered under this chapter to protect and promote the public interest.***

15 ***(2) The commission shall, within thirty (30) days of the effective date of this Act,***
16 ***open a case to reconsider any previous orders in cases involving retail electric***
17 ***suppliers that have economically distressed counties within their service territory***
18 ***to determine whether current approved electric rates and charges are fair, just,***
19 ***reasonable, and in the public interest for the customers in those economically***
20 ***distressed counties.***

21 ***(3) The commission may modify, repeal, or replace rates and charges that do not***
22 ***meet the criteria established in subsection (6) of Section 3 of this Act.***

23 ➔Section 3. KRS 278.030 is amended to read as follows:

24 (1) Every utility may demand, collect and receive fair, just and reasonable rates for the
25 services rendered or to be rendered by it to any person.

26 (2) Every utility shall furnish adequate, efficient and reasonable service, and may
27 establish reasonable rules governing the conduct of its business and the conditions

1 under which it shall be required to render service.

2 (3) Every utility may employ in the conduct of its business suitable and reasonable
3 classifications of its service, patrons and rates. The classifications may, in any
4 proper case, take into account the nature of the use, the quality used, the quantity
5 used, the time when used, the purpose for which used, and any other reasonable
6 consideration.

7 (4) Notwithstanding the provisions of subsection (2) of this section, no utility shall
8 energize power to an electrical service in a manufactured home or mobile home
9 where the certified installer's seal is not present pursuant to KRS 227.570.

10 (5) Notwithstanding the provisions of subsection (2) of this section, no utility shall
11 energize power to an electrical service in a previously owned manufactured home or
12 previously owned mobile home where the Class B1 seal is not present pursuant to
13 KRS 227.600.

14 **(6) Notwithstanding the provisions of subsections (1) and (2) of this section, in rate**
15 **cases involving retail electric suppliers that have economically distressed counties**
16 **within their service territory, the commission shall consider whether the increase**
17 **will have an adverse economic impact on the citizens of those counties. In rate**
18 **cases involving retail electric suppliers that have economically distressed counties**
19 **in their service territory, the assumed rate of return on investment shall be no**
20 **more than six percent (6%). Economically distressed counties are counties**
21 **having:**

22 **(a) A countywide rate of unemployment exceeding the statewide rate of**
23 **unemployment in the most recent five (5) calendar years, according to data**
24 **from the federal Bureau of Labor Statistics; or**

25 **(b) A countywide household income less than the statewide household income**
26 **in the most recent five (5) calendar years, according to data from the federal**
27 **Census Bureau.**

1 ➔Section 4. KRS 278.180 is amended to read as follows:

2 (1) Except as provided in subsection (2) of this section, no change shall be made by any
3 utility in any rate except upon thirty (30) days' notice to the commission, stating
4 plainly the changes proposed to be made and the time when the changed rates will
5 go into effect. However, the commission may, in its discretion, based upon a
6 showing of good cause in any case, shorten the notice period from thirty (30) days
7 to a period of not less than twenty (20) days. The commission may order a rate
8 change only after giving an identical notice to the utility. The commission may
9 order the utility to give notice of its proposed rate increase to that utility's customers
10 in the manner set forth in its regulations.

11 (2) The commission, upon application of any utility, may prescribe a less time within
12 which a reduction of rates may be made.

13 **(3) (a) Within six (6) months of the month that a rate increase first appears on the**
14 **bill, ratepayers of retail electric suppliers may file with the commission a**
15 **petition for rehearing of the approval of the rate increase.**

16 **(b) The petition must contain the signatures of one thousand (1,000) of the**
17 **utility's residential ratepayers.**

18 **(c) Within sixty (60) days of receiving a petition as described in paragraphs (a)**
19 **and (b) of this subsection, the commission shall hold a public hearing and**
20 **review the evidence supporting and opposing the increase. Testimony from**
21 **ratepayers shall be taken. Evidence which was not available to the**
22 **commission during the previous proceeding may be considered.**

23 **(d) Within sixty (60) days of the hearing, the commission shall render a**
24 **decision decreasing the rate or affirming the prior decision.**

25 **(e) Ratepayers may appeal the original commission decision to the Franklin**
26 **Circuit Court after the petition for rehearing is decided.**

27 ➔Section 5. Whereas the economic downturn and financial hardship of the past

1 ten years has been disproportionately concentrated in some economically distressed
2 counties in Kentucky, an emergency is declared to exist, and this Act takes effect upon its
3 passage and approval by the Governor or upon its otherwise becoming law.