

1 AN ACT relating to public utilities.

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

3 ➔Section 1. KRS 278.220 is amended to read as follows:

4 **(1)** The commission may establish a system of accounts to be kept by utilities subject to
5 its jurisdiction, or may classify utilities and establish a system of accounts for each
6 class, and may prescribe the manner in which such accounts shall be kept. The
7 system established shall conform as nearly as practicable to the uniform system of
8 accounts prescribed by the National Association of Regulatory Utility
9 Commissioners, except that the system established for telephone and telegraph
10 companies shall conform as nearly as practicable to the system adopted or approved
11 by the Federal Communications Commission and the system established for gas and
12 electric companies shall conform as nearly as practicable to the system adopted or
13 approved by the Federal Energy Regulatory Commission.

14 **(2)** ***Notwithstanding any provision of law to the contrary, an electric utility regulated***
15 ***under KRS Chapter 278 or 279 may, without requiring approval from the***
16 ***commission, establish and amortize a regulatory asset to defer recovery of***
17 ***expenses related to the purchase of coal, natural gas, or replacement power if***
18 ***the:***

19 **(a)** ***Effect of the deferred recovery is to lower customer bills during a period in***
20 ***which the electric utility believes the subject expense is abnormal; and***

21 **(b)** ***Regulatory asset will be fully amortized through deferred recovery within***
22 ***twelve (12) months from the date deferred recovery is established.***

23 **(3)** ***An electric utility shall:***

24 **(a)** ***Inform the commission whenever it creates a regulatory asset; and***

25 **(b)** ***Provide the commission a description of its reason for establishing the***
26 ***regulatory asset and a copy of the accounting entries it has made for the***
27 ***regulatory asset.***

- 1 (4) Any over-recovery or under-recovery of the deferred expense at the end of the
2 deferral period shall be reviewed by the commission, and the commission shall
3 either refund or charge the difference to the customers in the electric utility's:
4 (a) Next base rate case; or
5 (b) Two-year review of its fuel adjustment clause.