

1 AN ACT relating to utility fuel adjustment.

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

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

4 (1) ***In the administration of an electric utility's fuel adjustment clause and any***  
5 ***associated tariffs, the commission may, upon the request of an electric utility,***  
6 ***extend the period for recovery of fuel adjustment costs that are typically***  
7 ***recoverable in order to reduce volatility for consumers and encourage stability in***  
8 ***rates.***

9 **(2)** In any review by the commission of any fuel adjustment clause, for any contracts  
10 entered into on or after July 1, 2021, the commission shall, in determining the  
11 reasonableness of fuel costs in procurement contracts and fuel procurement  
12 practices, evaluate the reasonableness of fuel costs in contracts and competing bids  
13 based on the cost of the fuel less any coal severance tax imposed by any  
14 jurisdiction.

15 **(3)**~~**(2)**~~ As used in this section, "fuel adjustment clause" means any clause or  
16 provision in any tariff or contract by which an electric utility may immediately  
17 recover increases in fuel costs subject to later scrutiny or review by the commission.