

1 A JOINT RESOLUTION regarding utility fuel adjustment clauses under the
2 jurisdiction of the Public Service Commission and declaring an emergency.

3 WHEREAS, electric utility bills have risen and are forecast to rise significantly;
4 and

5 WHEREAS, one of the reasons for the precipitous increase is the cost of fuel
6 feedstocks, particularly natural gas, which utilities use to power their electric generators;
7 and

8 WHEREAS, utilities can pass through fuel costs to the ratepayer on a one-to-one
9 basis through the use of a surcharge on the utility bill called the fuel adjustment charge
10 (FAC); and

11 WHEREAS, household incomes oftentimes cannot respond automatically to the
12 variances in the amounts passed through to customers because, unlike the utility,
13 households normally do not have sufficient savings to cover those unanticipated,
14 extraordinary increases; and

15 WHEREAS, as a result, Kentucky ratepayers are at risk of having their service
16 disconnected by the utility, compromising the health, safety, and financial security of the
17 household; and

18 WHEREAS, most utilities in Kentucky can disconnect a customer after ten days'
19 notice to a customer for nonpayment, and shut-offs can occur in winter or summer with
20 little regard to how cold or hot the temperature is outside; and

21 WHEREAS, in 2025, Kentucky's median household income was approximately
22 \$60,000, but eligibility for the one comprehensive statewide program which assists
23 residents with their utility bills requires a household to be at 150 percent of the federal
24 poverty level; and

25 WHEREAS, for a family of three, the poverty guidelines require the family to earn
26 no more than \$39,978 and have little cash reserve; and

27 WHEREAS, there are few other programs available to help Kentuckians with

1 paying utility bills or reconnecting service after it has been terminated, and most of those
2 programs are not designed to assist the working, middle-income families whose bills
3 have escalated far above their household budget constraints; and

4 WHEREAS, many of these households have elderly persons, children, or
5 individuals with medical or health-related needs that place them at increased risk for
6 illness or death;

7 NOW, THEREFORE,

8 ***Be it resolved by the General Assembly of the Commonwealth of Kentucky:***

9 ➔Section 1. The Public Service Commission shall, not later than May 15, 2026,
10 in a new or open administrative case, review the current FAC administrative regulation
11 with the goal of reducing the month-to-month volatility of the FAC surcharge on
12 customers' bills. The commission shall set forth a procedural schedule for the public and
13 affected utilities to comment on the proposed FAC changes. The commission shall
14 consider timely comments in determining whether and what changes should be made to
15 the FAC, and at the end of the case, the commission shall amend the administrative
16 regulation accordingly. The amended FAC administrative regulation shall be
17 promulgated not later than August 15, 2026.

18 ➔Section 2. The Public Service Commission shall issue a report to the Legislative
19 Research Commission by December 15, 2026, that includes:

20 (1) A copy of the newly amended FAC administrative regulation;

21 (2) An explanation of how the amended FAC differs from the previous
22 administrative regulation;

23 (3) A summary of the comments made in response to the draft FAC
24 administrative regulation; and

25 (4) How the new FAC administrative regulation is expected to reduce month-to-
26 month FAC surcharge volatility.

27 ➔Section 3. Whereas the dramatic increase in the cost of fuel for producing

1 electricity and the expected constraints on energy supply during the summer cooling
2 season will make the cost of electricity unaffordable for many Kentuckians, leading to
3 increased disconnections, an emergency is declared to exist, and this Act takes effect
4 upon its passage and approval by the Governor or upon its otherwise becoming a law.