

1 AN ACT relating to utility fuel costs.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 278 IS CREATED TO  
4 READ AS FOLLOWS:

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

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