

1 A JOINT RESOLUTION directing the Kentucky Public Service Commission to
2 examine fuel price volatility on utility ratepayers.

3 WHEREAS, electric utility bills were forecast to rise by 33 percent from winter
4 2021 to winter 2022, but in some areas, the increase has doubled; and

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

7 WHEREAS, natural gas prices were around four dollars per million British Thermal
8 Units (MMBTU), but are expected to increase as high as ten dollars per MMBTU; and

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

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

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

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

22 WHEREAS, in 2022, Kentucky's median household income is approximately a little
23 over \$50,000, but eligibility for the one comprehensive statewide program which assists
24 residents with their utility bills requires a household be at 150 percent of the federal
25 poverty level; and

26 WHEREAS, for a family of three, the poverty guideline requires the family earn no
27 more than \$32,580, and have little cash reserve; and

1 WHEREAS, there are few other programs available to help Kentuckians with
2 paying utility bills or reconnecting service after it has been terminated, and most of those
3 programs are not designed to assist the working, middle-income family whose bills have
4 escalated far above the household budget constraint; and

5 WHEREAS, many of these households have elderly, children, or individuals whose
6 medical or health-related needs place them at risk for 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 open an administrative case to
10 examine the volatility of electric and natural gas fuel prices and the procurement practices
11 of its regulated utilities. The commission shall examine:

12 (a) The causes of short-term price volatility and whether escalating fuel prices are
13 anticipated to rise in the next five to ten years;

14 (b) Whether there are mechanisms other than the fuel adjustment clause to aid the
15 utility in responding to fuel price volatility rather than externalizing the cost directly to
16 the ratepayer; and

17 (c) Any other issues which the commission deems essential to a thorough
18 understanding of fuel price volatility and the impact on Kentucky ratepayers.

19 ➔Section 2. The Public Service Commission shall report its findings and
20 recommendations to the Legislative Research Commission by December 15, 2022.