

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF THE FUEL)
ADJUSTMENT CLAUSE REGULATION 807 KAR) CASE NO.
5:056, PURCHASED POWER COSTS, AND) 2022-00190
RELATED COST RECOVERY MECHANISMS)

**COMMENTS AND RESPONSES OF JOINT INTERVENORS KENTUCKIANS FOR
THE COMMONWEALTH, MOUNTAIN ASSOCIATION, METROPOLITAN HOUSING
COALITION,
AND EARTH TOOLS, INC.**

Kentuckians for the Commonwealth (KFTC), Mountain Association (MA), Metropolitan Housing Coalition (MHC) and Earth Tools, Inc. (ETI) (collectively “Joint Intervenors”) appreciate the opportunity to offer these comments in response to the Kentucky Public Service Commission’s (“Commission” or “PSC”) March 10, 2026 Order proposing changes to the fuel adjustment clause regulation (“FAC”), 807 KAR 5:5056.

Proposed changes under consideration include: (1) quarterly adjustments to the FAC factor (rather than monthly); (2) annual review of the application of the FAC and resetting the base FAC factor (as opposed to six-month and two-year reviews); and (3) adjustment of the FAC calculation (a) to use 12-month actual rolling average expenses (instead of monthly expenses), and (b) to use two-year average of the three months in the quarter for sales.¹ The Commission directed the utility parties² to recalculate their 2024 and 2025 FAC factors using the proposed FAC calculation changes.

¹ Order at 2.

² Specifically, Kentucky Power Company, East Kentucky Power Cooperative, Louisville Gas & Electric, Kentucky Utilities, Big Rivers Electric Corporation, and Duke Energy Kentucky.

Fuel price volatility continues to dramatically affect bill affordability and disrupt utility bill budgeting for families, communities, and businesses statewide, hundreds of thousands of which already struggle with high energy burdens.³ Joint Intervenors are hopeful that the changes under consideration could provide some relief, and ask the Commission for an additional comment opportunity following the utilities' FAC factor recalculations.

As advanced in Joint Intervenors earlier comments,⁴ averaging FAC costs over multiple months, or even annually, should result in a more stable FAC factor that smooths customers' exposure to short-term fuel market volatility. If this expectation is borne out in the utilities' recalculations of their 2024 and 2025 FAC factors, the Commission's changes could be reasonably expected to reduce volatility for customers and encourage billing stability.⁵

Unfortunately, FAC calculation changes can only do so much. Calculation changes cannot take the volatility out of fuel or energy markets; and calculation changes cannot realign utility incentives to manage exposure to those volatile markets. To these ends, Joint Intervenors continue to urge serious evaluation of fuel-free resources as an integral component of all CPCN, IRP, and DSM/EE dockets,⁶ and recommend adopting a mechanism through which utilities would "share the burden" (i.e. remain responsible for) between 2% and 10% of the fuel cost rather than ratepayers paying 100% of the costs.⁷

The Joint Intervenors appreciate the Commission's proposed changes, and look forward to the utility parties' recalculation of their 2024 and 2025 FAC factors.

³ Comments of Movants for Joint Intervention at 4-6 (Dec. 2, 2022).

⁴ Comments of Movants for Joint Intervention at 8 (Dec. 2, 2022).

⁵ KRS 278.277 ("In the administration of an electric utility's fuel adjustment clause and any associated tariffs, the commission may, upon the request of an electric utility, extend the period for recovery of fuel adjustment costs that are typically recoverable in order to reduce volatility for consumers and encourage stability in rates.").

⁶ Comments of Movants for Joint Intervention at 11-13 (Dec. 2, 2022).

⁷ Comments of Movants for Joint Intervention at 8-11 (Dec. 2, 2022).

Respectfully submitted,

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CERTIFICATE OF SERVICE

In accordance with the Commission's July 22, 2021 Order in Case No. 2020-00085, Electronic Emergency Docket Related to the Novel Coronavirus COVID-19, this is to certify that the electronic filing was submitted to the Commission on May 11, 2026; that the documents in this electronic filing are a true representations of the materials prepared for the filing; that no hard copy of this filing will be made; and that the Commission has not excused any party from electronic filing procedures for this case at this time

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Byron Gary