

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY TO REDUCE FUEL)	
ADJUSTMENT CLAUSE BILLINGS FOR THE)	CASE NO.
MARCH 2026 BILLING PERIOD AND TO DEFER)	2026-00031
A PORTION OF FUEL ADJUSTMENT CLAUSE)	
CHARGES FOR LATER COLLECTION)	

ORDER

On February 12, 2026, Kentucky Power Company (Kentucky Power) filed with the Commission proposed tariff sheet seeking to reduce the Fuel Adjustment Clause (FAC) billings for the March 2026 billing period, calculated pursuant to 807 KAR 5:056 and Kentucky Power’s tariff, spreading the recovery of those amounts over a number of months. Accompanying the proposed tariff sheet was Kentucky Power’s request that, pursuant to KRS 278.180(2), and because the proposed rate is a reduction in the FAC billings for March 2026, the Commission approve a shorter notice period for the proposed rate.¹ Specifically, Kentucky Power requested that the proposed rate be approved effective for bills rendered between February 24, 2026, and March 24, 2026. The Commission previously granted similar relief requested by Kentucky Power in Case No. 2022-00125 under similar circumstances.²

¹ Application (filed. Feb. 11, 2026).

² See, Case No. 2022-00125, *In The Matter Of: Electronic Application of Kentucky Power Company To Defer a Portion of Fuel Adjustment Clause Charges For Later Collection Without Establishing a Regulatory Asset*.

Kentucky Power states that the extremely cold temperatures of Winter Storm Fern that occurred in January 2026, had a drastic impact on the price of natural gas and the associated market energy prices.³ Kentucky Power requested to postpone and spread the collection of \$5,000,000 of FAC costs, which would otherwise have been collected during the March 2026 billing month, and instead collect the amount in equal increments during the May, June, and July 2026 billing months. The FAC rate that would otherwise be billed in March 2026 is \$0.02981 per kWh, however, the rate Kentucky Power proposes to charge is \$0.02200 per kWh.

In addition to KRS 278.180, during its 2026 Regular Session, the Kentucky General Assembly enacted Senate Bill 172,⁴ the Fuel Surcharge Stability Act. (SB 172).⁵ SB 172 was signed by Governor Andy Beshear, and effective immediately pursuant to its declaration of an emergency. SB 172 amended KRS 278.277, Section 1, to state

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.

In its declaration of emergency, SB 172 states that “it is critical that any measure to help control the volatility of electric utility rates be enacted as soon as possible to give relief to the ratepayers of the Commonwealth[.]”

Having reviewed the record and being otherwise sufficiently advised, the Commission, on its own motion, finds that Kentucky Power’s request to reduce its FAC

³ Application at 3.

⁴ 26 RS SB 172/GA.

billing factor for March 2026 and to extend the collection of \$5,000,000 of FAC costs, which would otherwise have been collected during the March 2026 billing month, in equal increments during the May, June, and July 2026 billing months to be reasonable. The Commission further finds that Kentucky Power should cite the Commission's finding in this proceeding in its FAC form A, rate sheets, for the March, May, June, and July 2026 billing months along with a description of the extension of the period for recovery of its March 2026 billing month fuel costs.

The Commission also finds that Kentucky Power's proposed tariff sheets setting forth a reduced FAC billing rate for the March 2026 billing period, and the request for the Commission to approve a shorter notice period for the proposed reduction in the FAC billings rate for March 2026, pursuant to KRS 278.180(2), should both be denied as moot. With the enactment of the 2026 KY S.B. 172, 2026 Regular Session, and the Commission's approval of Kentucky Power's proposal to extend the collection of fuel costs, the proposed tariff sheets and request for a shorter notice period, are no longer necessary.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's request to reduce its FAC billing factor for March 2026 and to extend the collection of \$5,000,000 of FAC costs, which would otherwise have been collected during the March 2026 billing month, in equal increments during the May, June, and July 2026 billing months is approved.
2. Kentucky Power's proposed tariff sheets are rejected as moot.

3. Kentucky Power's request for the Commission to approve a shorter notice period for the proposed reduction in the FAC billings rate for March 2026 pursuant to KRS 278.180(2), are rejected as moot.

4. Kentucky Power shall cite the Commission's Order in this proceeding in its FAC form A, rate sheets, for the March, May, June, and July 2026 billing months along with a description of the extension of the period for recovery of its March 2026 billing month fuel costs.

5. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:



Executive Director



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