

1 AN ACT relating to utility rates.

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

3 ➔SECTION 1. A NEW SECTION OF KRS 278.010 TO 278.450 IS CREATED  
4 TO READ AS FOLLOWS:

5 *(1) As used in this section, "utility" has the same meaning as in KRS 278.010(3)(a),*  
6 *(b), or (d).*

7 *(2) (a) Any utility that has received an order from the commission making a*  
8 *general adjustment of the utility's base rates under KRS 278.190 and*  
9 *278.192 within the previous five (5) years may file an application as follows*  
10 *for an adjustment of its base rates using the streamlined regulatory*  
11 *procedures set forth in this section and may continue to make such filings*  
12 *no more than once during any consecutive twelve (12) month period:*

13 *1. The utility shall file a notice of intent to file an application for an*  
14 *adjustment of its base rates using the streamlined regulatory method*  
15 *under this section no fewer than thirty (30) days and no more than*  
16 *sixty (60) days prior to filing its application;*

17 *2. The utility shall file its application using a test period as described in*  
18 *KRS 278.192;*

19 *3. No later than the date upon which the application is tendered to the*  
20 *commission, the utility shall give notice of the filing of the application,*  
21 *by:*

22 *a. Posting a copy of the public notice at its principal place of*  
23 *business;*

24 *b. Posting a copy of the public notice on its Web site with a*  
25 *hyperlink to the commission's Web site where the case*  
26 *documents are available;*

27 *c. Posting a copy of the public notice, or a link to the notice, on its*

- 1                    social media accounts;
- 2                    d. Electronically mailing a copy of the application to the Office of
- 3                    the Attorney General; and
- 4                    e. Publishing a copy of the public notice by:
- 5                    i. Mailing the public notice to customers, either included with
- 6                    a bill, electronically mailed, or as a separate mailing;
- 7                    ii. Including a notification within a bill or as a separate
- 8                    electronic mailing or mailing providing the hyperlink to the
- 9                    utility's Web site where the public notice and additional
- 10                   information has been placed pursuant to subdivision b. of
- 11                   this subparagraph;
- 12                   iii. Publishing the public notice in a newspaper of general
- 13                   circulation; or
- 14                   iv. Publishing the public notice in a trade publication or
- 15                   newsletter received by all customers.
- 16                   4. The public notice shall include:
- 17                   a. The name of the utility;
- 18                   b. The commission case number;
- 19                   c. A comparison of the utility's current and proposed rates for each
- 20                   tariff that is proposed to change, which shall include the average
- 21                   dollar and percentage increase for each affected customer class;
- 22                   d. Information regarding the right to request intervention;
- 23                   e. The proposed effective date of the proposed rates; and
- 24                   f. The commission's Web site, mailing address, and telephone
- 25                   number.
- 26                   5. Requests for intervention shall be filed no later than (15) days after
- 27                   the utility's application is filed;

- 1           6. Any intervenor may propound requests for information no later than  
2           sixty (60) days after the utility's application is filed, not to exceed fifty  
3           (50) questions, including subparts, to the utility to clarify any portions  
4           of the application;
- 5           7. Each intervenor in a streamlined rate proceeding under this section  
6           shall be allowed to file one (1) set of comments following the receipt of  
7           all responses to requests for information from the utility;
- 8           8. The utility shall be allowed to file a response to each intervenor's  
9           comments;
- 10          9. For every two hundred fifty thousand (250,000) customers of the  
11          utility, the commission shall hold one (1) public meeting for the  
12          purpose of accepting public comments on the application;
- 13          10. No evidentiary hearing shall be held unless requested by the utility;
- 14          11. The commission shall review the streamlined rate application  
15          submitted pursuant to this section by the utility within one hundred  
16          twenty (120) days of receipt and shall order the utility to make the  
17          adjustments to its tariff rates to provide that the utility shall earn the  
18          authorized return on equity established in the utility's most recent  
19          general rate case for the time period for which the rates are in effect  
20          and shall recover its historical cost of capital;
- 21          12. Any party may seek rehearing or review of the commission's order  
22          pursuant to KRS 278.400 to 278.450.
- 23          (b) In setting rates using streamlined procedures under this section, net  
24          increases or decreases in the following items may be adjusted to calculate  
25          the utility's revenue requirement, provided that any such item was approved  
26          for cost recovery in the utility's last general adjustment of base rates under  
27          KRS 278.190 and 278.192:

- 1            1. Rate base or capitalization;
- 2            2. Operations and maintenance expense;
- 3            3. Long-term and short-term interest expense;
- 4            4. Taxes;
- 5            5. Normalized billing determinants; and
- 6            6. Any regulatory asset or liability balance that is not already included in  
7            the utility's base rates.

8            (c) In any streamlined rate proceeding, the utility shall not request to adjust,  
9            nor shall the commission make any adjustments to, the utility's:

- 10           1. Depreciation rates;
- 11           2. Class cost of service study;
- 12           3. Rate design;
- 13           4. Authorized return on equity that was approved in its most recent  
14           general base rate case; or
- 15           5. Any non-base rate tariffs or riders.

16           (d) A utility shall not request a certificate of public convenience and necessity  
17           as required under KRS 278.020 as part of an application filed pursuant to  
18           this section.

19           (3) A utility may terminate an approved streamlined rate proceeding under this  
20           section only by filing a general rate case pursuant to KRS 278.190 and 278.192.

21           (4) Nothing in this section shall limit the commission's jurisdiction or authority to  
22           accept and consider complaints or initiate proceedings on its own motion as to  
23           the reasonableness of a utility's rates under KRS 278.260 and 278.270.

24           ➔SECTION 2. A NEW SECTION OF KRS 278.010 TO 278.450 IS CREATED  
25 TO READ AS FOLLOWS:

26           (1) Notwithstanding any other provision of law to the contrary, upon application by a  
27           regulated utility, the commission shall allow recovery by a separate rate rider

1 mechanism of capital, operational and maintenance costs, taxes, and a  
2 reasonable return for investment in:

3 (a) Electric generation, distribution, and transmission infrastructure  
4 improvements, which are not recovered in the existing rates of a regulated  
5 utility;

6 (b) Natural gas pipeline replacement programs and other safety modifications;

7 (c) Infrastructure improvements for the diverting, developing, pumping,  
8 impounding, distributing, or furnishing of water to the public for  
9 compensation, which are not recovered in the existing rates of a regulated  
10 utility;

11 (d) State or federal safety requirements;

12 (e) Enhancement of the safety or reliability of the utility's system;

13 (f) Recovery of system operations following weather-related natural disasters  
14 or acts of a third-party that result in damage to the utility's system; and

15 (g) Economic development initiatives related to:

16 1. Infrastructure and equipment associated with electric motor vehicle  
17 transportation;

18 2. Infrastructure and equipment associated with utility-owned renewable  
19 generation, including but not limited to solar, combined heat and  
20 power installations, and wind and hydroelectric generation;

21 3. Infrastructure that will provide opportunities for economic  
22 development benefits in the area to be directly served by the  
23 infrastructure; and

24 4. Foregone revenues associated with economic development riders and  
25 rates.

26 (2) To be eligible for recovery under subsection (1) of this section, the costs for which  
27 the utility seeks recovery must not be recovered in the existing base rates of the

1        *utility. No recovery shall be allowed unless the costs have been deemed by the*  
2        *commission to be fair, just, and reasonable.*

3        ➔Section 3. The following KRS section is repealed:

4        278.509 Recovery of costs for investment in natural gas pipeline replacement programs.