KENTUCKY ENERGY WATCH

A weekly update of energy issues & prices

Media Excerpts: A snapshot of state and national energy issues

Boone Schools celebrate ENERGY STAR rating — Boone County Schools has its first Energy Star-rated building. Burlington Elementary School, for its efforts in conserving energy this school year, was presented with a certificate of recognition Friday by the Kentucky Department for Energy Development and Independence. Energy Star is a program of the U.S. Environmental Protection Agency and the U.S. Department of Energy. Burlington, built in 1938, is one of 22 schools in the district. "They've done an excellent job, especially for a 1938 building," said Cathy Reed. Reed was one of 36 energy managers hired across the state this school year to help schools reduce energy costs. She said Burlington has formed student energy teams to save energy and educate their peers on how to do the same, and the custodial staff is very energy conscious as it goes through the building each day. (Cincinnati.com, Jan. 7, 2011)

Duke Energy buying Progress Energy for over $13B — Duke Energy Corp. is buying Progress Energy Inc. for more than $13 billion in stock in a deal that would create the biggest U.S. utility in terms of customers. The new company's size will allow it to better afford replacing aging transmission infrastructure and old power plants that are struggling to keep up with tightening environmental regulations. "We have a tsunami of capital we are going to have to raise and deploy," said Duke Chief Executive Jim Rogers in an interview. The transaction announced Monday by the two North Carolina companies would add Progress' customers in North Carolina, South Carolina and Florida to Duke's customers in those states as well as Indiana, Kentucky and Ohio. Rogers also said the combined company will be able to run power plants more efficiently. This, he said, will save $600 to $800 million in fuel costs over the five years after the combination is completed. While much of those savings will be passed along to customers, electric bills aren't expected to fall. The cost of building new plants, erecting new wires, and upgrading existing plants to meet clean air and clean water regulations are going to increase the cost of power. (Courier-Journal, Jan. 10, 2011)

Pump Prices Likely to Stay Above $3 — U.S. retail gasoline may linger above $3 a gallon through 2011, but prices will be fueled by a global appetite for diesel. The recession cut consumption, and stricter fuel-emission standards and increased use of biofuels has helped build ample supply. Instead, refiners trying to meet global demand for fuels such as diesel will bid up the price of crude oil. This, in turn, will keep the heat on gasoline prices. "There's some pretty heavy world-wide demand for diesel," said Jim Williams, energy economist at oil-and-gas consultancy WTRG Economics. (Wall Street Journal, Jan. 6, 2011)

Fayette schools saved $700,000 on energy since last summer, consultant says — A new sustainability initiative has saved Fayette County Public Schools about $700,000 in energy costs since its inception last summer. Sustainability consultant Scott Smith told the Fayette County Board of Education at its planning meeting Monday night that the total represents annual and one-time savings, including: about $200,000 in annual savings resulting from intervention to get the schools a better deal in Kentucky Utilities' rate-increase case before the state Public Service Commission last year; about $300,000 in negotiated annual savings on the district's natural gas contract with MXenergy; about $100,000 in one-time savings on electrical hookups for the new Locust Trace Agriscience Farm; about $60,000 by ensuring that all schools entitled to cheaper "all-electric" rates are actually getting them. Smith said more savings are expected as the district continues to develop an overall sustainability plan to eliminate energy waste and promote efficiency in all schools. (Herald-Leader, Jan. 11, 2011)

Switchgrass proving to be good for farmers, energy and environment — As many farmers, especially tobacco producers, search for another profitable cash crop, the growing market for new energy sources could provide at least one answer to the dilemma. A pilot project using switchgrass as an additive to coal being conducted by the University of Kentucky (UK) College of Agriculture in conjunction with East Kentucky Power Cooperative (EKPC) and 20 Northeastern Kentucky producers is showing hope. The native grass is ideal for many reasons and thus far has worked well in the trial. Dr. Ray Smith, a UK forage extension specialist said the success of this project should encourage farmers to try it on a larger scale."I think the greatest success of the project has been in providing practical advice to farmers on growing an alternative cash crop, and seeing them be successful," he said. "These 20 farmers and their neighbors who have followed the project will be much more willing to try growing biomass crops on a large scale after seeing the success of the project and gaining the knowledge of how to grow and harvest switchgrass." The plant grew well for producers even in the midst of a drought. In fact, growers have faced two droughts during the pilot period. "The 20 switchgrass stands grew well this year. Since it is a warm season grass (grows best when temperatures are in the 90's) and is very efficient with water, the heat and dry weather had very little effect on production," he said. "Many of our farmers were amazed at the continued growth even when their pastures and hayfields had turned brown. Yields for the mature stands ranged from four to six tons per acre. We also know that with improved harvest techniques and new varieties that are coming on the market on-farm yields will steadily increase."(Business Lexington, Jan. 11, 2011)

These are media summaries. Please consult sources directly to ensure accuracy of information presented. Underlined titles are links to online articles in their entirety.

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ASK ABOUT ENERGY STAR

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	1/13/10	1/07/10	12/29/10	12/17/10	Year Ago
Gasoline (State avg.)	3.609	3.062	3.059	2.933	2.692
Ashland	3.163	3.200	3.206	2.960	2.695
Covington	3.105	3.089	3.101	2.981	2.735
Lexington	3.077	3.058	3.096	2.956	2.663
Louisville	3.067	3.044	3.098	2.962	2.698
Owensboro	3.035	3.032	2.972	2.882	2.685
Diesel (State avg.)	3.258	3.247	3.231	3.171	2.830
Ashland	3.293	3.303	3.275	3.196	2.845
Covington	3.251	3.274	3.242	3.184	2.825
Lexington	3.251	3.240	3.232	3.182	2.833
Louisville	3.224	3.202	3.193	3.147	2.815
Owensboro	3.238	3.244	3.200	3.117	2.828

Note: The record high average price for gasoline in Kentucky is $4.089, reported on July 10, 2008.
Source: Gasoline (unleaded regular) & Diesel: National AAA,

Product	1/10/09	1/03/09	12/20/09	12/13/09	Year Ago
Heating Oil (dollars per gallon)	2.952	2.953	2.892	2.849	2.551
Propane (dollars per gallon)	2.525	2.487	2.464	2.245	2.422

Source: Propane and Heating Oil: http://tonto.eia.doe.gov/dnav/pet/pet_pri_wfr_dcus_nus_w.htm

Wholesale Fuel Prices

Spot Prices	1/13/10	1/06/10	12/28/10	12/16/10	Year Ago
Crude Oil (Dollars per barrel) *West Texas Intermediate, fob*	91.86	88.38	91.49	87.70	79.65
Natural Gas (Dollars per MMBtu) *Henry-Hub*	4.545	4.490	4.114	4.105	5.605

Source: Wall Street Journal

Futures		February-11	March-11	April-11
Crude Oil (Dollars per barrel) *Light Sweet Crude Oil*	01/12/10	91.86	92.87	93.74
	01/06/10	88.38	89.75	90.90
	12/28/10	91.49	92.23	92.83
Natural Gas (Dollars per MMBtu) *Henry-Hub*	01/12/10	4.531	4.526	4.522
	01/06/10	4.434	4.404	4.375
	12/28/10	4.216	4.288	4.287
Propane (Dollars per gallon) *Mt Belvieu (OPIS)*	01/12/10	1.355	1.295	1.244
	01/06/10	1.302	1.247	1.202
	12/28/10	1.322	1.264	1.211
Coal (Dollars per ton) *Central Appalachian*	01/12/10	75.50	75.92	76.27
	01/06/10	78.32	78.32	78.40
	12/28/10	76.12	75.87	76.48

Source: CME Group

*Information not available at time of publication

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