

# Kentucky Energy Watch

Department for Energy Development and Independence

*A snapshot of state and national energy issues*



## ***Future of Kentucky's houseboat industry might be on land***

An effort to revitalize the state's beleaguered houseboat industry is set to begin with construction of the prototype of a product for land instead of lake. The idea is to build energy-efficient modular homes on the same factory lines that normally produce luxury houseboats. The goal is to boost jobs at the Lake Cumberland-area factories and at material suppliers while creating a model of relatively low-cost, highly energy-efficient houses. Supporters see a number of potential markets for the houses, including lower-income people, people who want compact vacation homes and empty-nesters looking to downsize. There might even be a market to use the homes for military housing or to replace dwellings destroyed in disasters such as Hurricane Katrina. (The Herald-Leader, Feb. 14, 2011)

## ***Obama budget hits coal, boosts rail service***

In a push for newer technology over old that would be felt in Kentucky and Indiana, President Barack Obama's budget would take away tax benefits for the coal industry and direct federal money to improving rail service and infrastructure. The plan, for the fiscal year that begins Oct. 1, drew fire from Republicans and some praise from Democrats even as Congress debates massive cuts in current-year spending. "We don't have the money," declared Senate Minority Leader Mitch McConnell, a Kentucky Republican who said Obama's budget was "a huge disappointment." But Rep. John Yarmuth, D-3rd District, praised Obama for a forward-looking budget. "We know what the future looks like," he said. "If we don't make significant changes and some investments, it's not very pretty." (The Courier-Journal, Feb. 14, 2011)

## ***Kentucky protesters rally against mountaintop removal mining***

As one group of environmentalists ended their three-day sit-in in the governor's office, hundreds of others marched several blocks to the state Capitol Monday, rallying against the destruction caused by Eastern Kentucky strip mining. Speakers praised the U.S. Environmental Protection Agency, which has tightened its enforcement of clean water rules, and criticized Gov. Steve Beshear, who has joined the coal industry to sue the EPA over its policies. "The governor is a friend of mine," said U.S. Rep. John Yarmuth, D-3rd District, "and I want to see him get reelected. But he and I are on way different ends of the spectrum on this." Playing off Beshear's comment in his State of the Commonwealth address — that he wanted the EPA to "get off our backs" — Yarmuth said: "We want the bulldozers to stay off our mountains' backs." He touted a bill he has co-sponsored in Congress, the Clean Water Protection Act, which he said "would effectively end mountaintop removal" mining." (The Courier-Journal, Feb. 14, 2011)

## ***Lawmakers want study of elected vs. appointed utility regulators***

A panel of state lawmakers wants a study on whether electing the Kentucky Public Service Commission would be a better deal for utility ratepayers. Currently, the governor appoints the three-member commission, which authorizes utility rate increases. The Senate Natural Resources and Energy Committee on Wednesday approved a substitute version of Senate Bill 151. As sent to the full Senate, the bill calls for a legislative study of the PSC and whether electing the commissioners would make the PSC more responsive to citizens. Sen. Ray Jones, D-Pikeville, said he originally sponsored a bill calling for an elected, seven-member PSC because of frustration over painfully large rate increases. In his district, American Electric Power last year won PSC approval for a 17 percent rate increase, Jones said. "The current system is not adequately looking out for low-income ratepayers," Jones told the committee. "Folks in my district got a 17 percent increase. I can assure you that nobody got a 17 percent increase in their Social Security checks or their pensions or their paychecks." (Herald-Leader, Feb. 17, 2011)

## ***TVA rate change could mean \$3 more or \$3 less***

The Tennessee Valley Authority is changing its 19-year-old rate structure April 1 but can't yet say who among its 9 million customers will have to pay more. TVA is leaving decisions about customer rates to its 155 distributors that supply power in Tennessee, Alabama, Mississippi, Kentucky, Georgia, North Carolina and Virginia. The nation's largest public utility disputes claims that the move aimed at changing power use habits mostly means higher bills for retirees who are customers of small rural distributors and don't turn down their thermostats during the workday. A TVA senior vice president, John Trawick, said the change in the 1992 rate structure is "revenue neutral" for TVA. He said some customers who use an average of 1,000 kilowatts monthly will pay about \$3 more and some will pay \$3 less, depending on how distributors pass along the cost. TVA is making the change to promote energy efficiency and reduce peak power demand. (The Herald-Leader, Feb. 17, 2011)

**Kentucky Retail Fuel Prices (Dollars per gallon)**

Product	2/18/2011	2/10/2011	2/3/2011	1/27/2011	Year Ago
Gasoline (State avg.)	3.127	3.086	3.051	3.03	2.528
Ashland	3.167	3.211	3.14	3.1	2.554
Covington	3.133	3.113	3.11	3.055	2.559
Lexington	3.165	3.097	3.046	2.979	2.506
Louisville	3.165	3.065	3.057	2.996	2.496
Owensboro	3.063	2.995	2.95	2.961	2.491
Diesel (State avg.)	3.455	3.435	3.375	3.355	2.751
Ashland	3.459	3.467	3.379	3.373	2.785
Covington	3.392	3.392	3.343	3.336	2.756
Lexington	3.464	3.434	3.374	3.349	2.769
Louisville	3.429	3.415	3.352	3.347	2.742
Owensboro	3.479	3.411	3.312	3.268	2.769

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	2/14/2011	2/7/2011	1/31/2011	1/24/2011	Year Ago
Heating Oil (dollars per gallon)	3.132	3.092	3.04	3.037	2.423
Propane (dollars per gallon)	2.574	2.574	2.564	2.562	2.469

Source: Propane and Heating Oil: [http://tonto.eia.doe.gov/dnav/pet/pet\\_pri\\_wfr\\_dcus\\_nus\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pri_wfr_dcus_nus_w.htm)

**Wholesale Fuel Prices**

Spot Prices	2/17/2011	2/9/2011	2/3/2011	1/27/2011	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	86.36	86.71	90.86	87.33	79.06
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	3.878	4.13	4.555	4.41	5.39

Source: Wall Street Journal

Futures		11-Mar	11-Apr	11-May
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	2/17/2011	86.36	88.84	91.18
	2/9/2011	86.71	90.1	93.19
	2/2/2011	90.86	93.68	95.78
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2/17/2011	3.868	3.901	3.968
	2/9/2011	4.044	4.083	4.149
	2/2/2011	4.429	4.445	4.485
Propane (Dollars per gallon) <i>Mt Behieu (OPIS)</i>	2/17/2011	1.3	1.27	1.266
	2/9/2011	1.288	1.251	1.247
	2/2/2011	1.285	1.248	1.245
Coal (Dollars per ton) <i>Central Appalachian</i>	2/16/2011	67.8	68	68.73
	2/9/2011	71.85	72.08	72.08
	2/2/2011	75.63	76.27	76.27

Source: CME Group

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