

# Kentucky Energy Watch

Department for Energy Development and Independence

*A snapshot of state and national energy issues*



## ***Alltech highlights algae plant***

Alltech, an animal nutrition firm based in Nicholasville, cut the ribbon for its trailblazing algae fermentation plant on Wednesday, advancing high hopes for the organic material in feed and fuel. The ceremony served as a centerpiece for Alltech's annual Algae Conference in Lexington this week, drawing about 60 guests from the conference along with state and local officials to the Winchester Industrial Park. Alltech founder and president, Dr. Pearse Lyons, extolled the operation as a green industry vanguard that will likely double in size over the next five years. The facility is expected to employ 50 workers when it reaches full steam in April and will produce 10,000 tons of dried algae each year for use in animal feed products, bio-fuel and ethanol. "This is truly a game changer, and what our state needs at the moment are game changers," Lyons said. "This is a game changer for education and a game changer for technology." (The Jessamine Journal, Feb. 24, 2011)

## ***EKPC can seek to recoup costs of canceled plant through higher rates***

The Kentucky Public Service Commission has approved East Kentucky Power Cooperative's request to seek recovery of up to \$157 million in expenses from a canceled power plant through a rate increase. The commission's decision only allows EKPC to document the expenses for possible future recovery. How much the cooperative will actually recoup will be decided in a future rate case. The EKPC, which supplies energy to co-ops serving 87 Kentucky counties, said last November it was canceling plans for its Smith coal-fired plant in Clark County because of the economy, weak demand and pressure from environmental groups. The PSC approved the cancellation Monday, along with the request to seek recovery of expenses. (The Courier-Journal, Feb. 28, 2011)

## ***Kentucky schools save energy, cut costs***

Armed with clipboards and checklists, fourth and fifth graders at Crossroads Elementary School in Bullitt County check classrooms each month, making sure teachers are turning off lights and computers and unplugging appliances. Like peers across the state, these "energy police" are helping their schools do what's good for the planet — and what's turning out to be good for many cashstrapped school districts. Collectively, the efforts coordinated through the Kentucky Energy Efficiency Program for Schools helped 97 school districts cut their energy costs by nearly \$3.5 million from 2009 to 2010. "It's huge considering the total square footage and student populations both increased," said Chris Wooton, a spokesman for the program. "The savings should grow as more districts get further into implementation." All 174 Kentucky school districts were required to enroll in the program, called KEEPS, last year, submitting reports on energy usage and costs. (The Courier-Journal, Feb. 27, 2011)

## ***Plug pulled on PSC elections idea***

Lawmakers reversed course Monday on legislation that would have required elections for members of the Public Service Commission, opting instead to study the issue. The House Tourism Development and Energy Committee approved a revised bill less than a week after a coalition of business leaders called on lawmakers to pull the plug on the measure that would end the current process under which PSC members are appointed by the governor and approved by the Senate. "I'm glad today that we kept the conversation alive," said state Rep. Keith Hall, D-Phelps, an eastern Kentucky community where electric rates have increased by some 31 percent since 2006. Hall said the revised bill calls for the study to be completed by Dec. 15, in time for lawmakers to reconsider the proposal in next year's legislative session. "By keeping the conversation alive and doing the study, I'm going to resurrect it on another day," he said. (The Gleaner, Feb. 28, 2011)

## ***CO2 pipeline bill heads to governor's desk***

A bill that would help build carbon dioxide pipelines in Kentucky through state incentives and eminent domain rights received final passage by an 80-17 vote today in the House. Senate Bill 50, sponsored by Sen. Tom Jensen, R-London, would add carbon dioxide pipelines to the short list of pipelines currently built by eminent domain in Kentucky, including natural gas and oil pipelines. House Majority Floor Leader Rocky Adkins, D-Sandy Hook, said carbon dioxide pipeline projects eligible for incentives under SB 50 would have to have a minimum investment of \$50 million. (KY Post, March. 1, 2011)

## ***Utilities seek rate increases***

Rural homes would pay approximately 10 percent more for electricity if rate increases being sought by Big Rivers Electric Corp. and Kenergy Corp. are approved. Rates for businesses and industries served by the Kenergy rural electric co-op would also go up, although not as much. Kenergy filed a 628-page application on Tuesday with the Kentucky Public Service Commission, detailing the proposed \$25.5 million in combined increases. It indicated that Big Rivers, a Henderson-based power plant operator and transmission co-op, wants to raise Kenergy's wholesale electric rates by nearly \$23.5 million per year. "It's been 20 years since we last had a rate increase," Big Rivers President and CEO Mark Bailey said Tuesday. (The Courier Press, March 1, 2011)

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

Product	3/3/2011	2/25/2011	2/18/2011	2/10/2011	Year Ago
Gasoline (State avg.)	3.4	3.254	3.127	3.086	2.631
Ashland	3.462	3.35	3.167	3.211	2.651
Covington	3.446	3.298	3.133	3.113	2.661
Lexington	3.407	3.285	3.165	3.097	2.608
Louisville	3.403	3.272	3.165	3.065	2.587
Owensboro	3.347	3.184	3.063	2.995	2.59
Diesel (State avg.)	3.692	3.537	3.455	3.435	2.801
Ashland	3.673	3.519	3.459	3.467	2.847
Covington	3.705	3.528	3.392	3.392	2.79
Lexington	3.694	3.541	3.464	3.434	2.797
Louisville	3.671	3.491	3.429	3.415	2.775
Owensboro	3.716	3.571	3.479	3.411	2.803

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	2/28/2011	2/21/2011	2/14/2011	2/7/2011	Year Ago
Heating Oil (dollars per gallon)	3.755	3.144	3.132	3.092	2.903
Propane (dollars per gallon)	2.857	2.57	2.574	2.574	2.684

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	3/2/2011	2/25/2011	2/17/2011	2/9/2011	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	102.23	95.98	86.36	86.71	80.87
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	3.795	3.83	3.878	4.13	4.78

Source: Wall Street Journal

Futures		11-Apr	11-May	11-Jun
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	3/2/2011	102.23	103.48	104.03
	2/24/2011	97.28	98.74	*
	2/17/2011	88.84	91.18	*
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	3/2/2011	3.818	3.894	3.961
	2/24/2011	3.872	3.94	*
	2/17/2011	3.901	3.968	*
Propane (Dollars per gallon) <i>Mt Behvieu (OPIS)</i>	3/2/2011	1.441	1.383	1.377
	2/24/2011	1.362	1.357	*
	2/17/2011	1.27	1.266	*
Coal (Dollars per ton) <i>Central Appalachian</i>	3/2/2011	69.07	69.19	69.34
	2/24/2011	66.47	66.52	*
	2/16/2011	68	68.73	*

Source: CME Group

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