

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues



Kentucky gas prices soar

U.S. Sen. Mitch McConnell, R-Ky., pressed Democrats on Monday for answers regarding rising gas prices, hours before the cost of a gallon of regular unleaded surged toward the \$4 mark at many stations in Bowling Green. The Senate minority leader said the rising prices pose a mortal threat to any economic rebound. "This is a critical issue," McConnell said according to a transcript released by his office. "Americans are looking for answers. And yet all they're getting from the president and Democrat leaders in Congress are gimmicks and deflection." According to AAA on Monday, the average price for regular unleaded in Kentucky is \$3.86 - up from \$3.70 a month ago and \$2.89 this time last year. (Bowling Green Daily News, May 10, 2011)

Environmental groups sue Bardstown coal company

A coalition of four environmental groups calling themselves Appalachian Voices sued a Bardstown coal company in federal court Tuesday over Clean Water Act violations. The company, Nally & Hamilton Enterprises, submitted false and incorrect water pollution reports to state regulators, the environmental groups said. When Appalachian Voices filed notice of intent to sue in March, Nally & Hamilton and the state Energy and Environment Cabinet had 60 days to investigate its claims. On Friday, the state filed an administrative action that found 4,600 violations, cabinet spokesman Dick Brown said. Civil penalties will be determined by a hearing officer, he said. (The Herald-Leader, May 11, 2011)

Kentucky Attorney General accuses Marathon Oil of price gouging

Kentucky Attorney General Jack Conway says a big jump in gas prices across the state recently was not legal. On Friday, Conway filed a motion in Franklin Circuit Court, accusing Marathon Oil of price gouging. Conway says Marathon illegally raised the wholesale price of gasoline and other motor fuels in markets across Kentucky. Conway says the price hike came during a time of emergency, with many people in western Kentucky still dealing with flooding. "I want to thank Kentuckians who called or emailed our office to report the drastic changes in gas prices that reached more than \$4 a gallon at the pump in many communities," Conway said in a news release. "Gas prices jumped about 30 cents overnight. (WKYT, May 13, 2011)

Mississippi swelling raises gasoline supply fears

Severe rain in the Southeast has forced the closure of several fuel terminals along the Mississippi River and helped raise the price of wholesale gasoline in the Midwest, traders said Monday. The flooding has combined with fears of potential refinery outages in the region to prop up wholesale gasoline prices in the Midwest despite dropping crude oil costs. Bids for unleaded conventional grade gasoline in the Chicago market was 20 cents a gallon above June RBOB prices on the New York Mercantile Exchange, up more than 10 cents from Friday despite last week's dramatic drop in oil prices. (The Wall Street Journal - Market Watch, May 9, 2011)

Spectra Energy to buy Kentucky pipeline for \$390M

Spectra Energy Partners said Wednesday it has agreed to acquire a 70-mile natural gas pipeline in eastern Kentucky from EQT Corp. for \$390 million. Spectra said it plans to pay cash for the Big Sandy Pipeline, financing the transaction through a combination of debt and equity. The transaction is expected to close in the third quarter of this year. The pipeline, which has a capacity of 171 million cubic feet per day, transports natural gas from Langley, Ky. It is interconnected with the Tennessee Gas Pipeline system, which links the Huron Shale and Appalachian Basin natural gas supplies to the Mid-Atlantic and Northeast markets. (Forbes.com, May 11, 2011)

TVA Plant Upgrading

TVA's Paradise plant has a goal and that is to be one of the cleanest coal fired plants in the country. It will be a challenge for the workers to make sure it happens but it's a challenge they are excited to take on. "What we like to think is by bringing this money in by going out and meeting these future demands prior to the need we're giving our people challenges. They love taking on those challenges and looking for new opportunities going forward," plant manager Aaron Melda said. (Marketwire, May 3, 2011)

UK gets \$6.9 million federal grant to help reduce reliance on imported oil

The University of Kentucky has received a \$6.9 million federal grant to help reduce America's reliance on imported oil, one of eight awards in the country. "It's going to be big," said UK's principal investigator, Sue Nokes, a professor in the department of biosystems and agricultural engineering. Her department will be working with other UK colleges and outside groups including the University of Wisconsin, Oak Ridge National Laboratory and the Agricultural Research Services. U.S. Agriculture Secretary Tom Vilsack and U.S. Energy Secretary Steven Chu announced Thursday that UK will receive the grant. The bulk of the grant will be used to study the process of growing switchgrass and miscanthus to create biofuel for farm machinery. (The Herald-Leader, May 6, 2011)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	5/13/2011	5/6/2011	4/29/2011	4/21/2011	Year Ago
Gasoline (State avg.)	4.019	3.914	3.885	4.108	2.849
Ashland	4.037	4.031	4.033	2.919	2.877
Covington	4.151	4.035	3.995	3.87	2.94
Lexington	4.029	3.908	3.869	3.797	2.839
Louisville	4.13	3.901	3.959	3.784	2.864
Owensboro	3.945	3.924	3.849	3.774	2.751
Diesel (State avg.)	4.038	4.061	4.051	4.056	3.055
Ashland	4.046	4.077	4.057	4.076	3.097
Covington	4.046	4.089	4.06	4.096	3.088
Lexington	4.03	4.058	4.054	4.068	3.064
Louisville	4.049	4.058	4.062	4.066	3.051
Owensboro	4.042	4.072	4.051	4.066	3.07

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,

Wholesale Fuel Prices

Spot Prices	5/12/2011	5/6/2011	4/29/2011	4/21/2011	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	98.97	99.8	112.86	110.89	74.4
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	4.1	4.3	4.34	4.335	4.255

Source: Wall Street Journal

Futures		11-Jun	11-Jul	11-Aug
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	5/12/2011	98.97	99.48	99.85
	5/6/2011	99.80	100.34	100.64
	4/29/2011	*	112.86	*
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	5/12/2011	4.194	4.256	4.3
	5/6/2011	4.261	4.331	4.376
	4/29/2011	4.377	4.571	*
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	5/12/2011	1.517	1.519	1.523
	5/6/2011	1.484	1.486	1.491
	4/29/2011	1.448	1.585	*
Coal (Dollars per ton) <i>Central Appalachian</i>	5/12/2011	73.13	74.18	74.18
	5/6/2011	74.02	74.93	74.93
	4/29/2011	79.67	78.9	*

Source: CME Group

* - Information not available

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