

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues

Utilities in Kentucky warn of 20 percent rate increases

Officials of the state's utility companies told lawmakers Thursday [the 2nd] that all Kentucky customers can expect average rate increases of 20 percent during the next five years. John Voyles Jr., a vice president of Louisville Gas & Electric and Kentucky Utilities, told a legislative committee that a host of new Environmental Protection Agency regulations will mean upgrades and changes to the state's coal-fired power plants, resulting in increased costs to customers. Voyles said power companies are looking at an "unprecedented number of proposed regulations" in the next four years that will require changes to comply with pollution standards. (The Herald-Leader, June 3, 2011)

Politicians' 'War on Coal' rhetoric politically-beneficial, but exaggeration

In the past week, several Kentucky politicians have spoken out against the federal Environmental Protection Agency and what they call its "war on coal." Senate Minority Leader Mitch McConnell, Governor Steve Beshear and State Representative Jim Gooch Jr. have all complained that EPA regulation is endangering the state's coal industry. Secretary of the Energy and Environment Cabinet Len Peters says one of the reasons for the outrage is several different EPA regulations all being implemented at once. "It's a perfect storm," Peters said. "It's a perfect storm in terms of the regulatory aspect against the utilities as well as what's occurring with the mining of coal today." (WFPL News June 6, 2011)

Kentucky coal industry compliance drops

The Kentucky coal industry's compliance with U.S. surface mining regulations dropped sharply from 2008 to 2010, while the environmental impact of the violations has worsened, federal records show. A U.S. Office of Surface Mining Reclamation and Enforcement report analyzing state enforcement of the federal surface mining and reclamation law shows the industry's compliance rate in Kentucky dropped from 87 percent of surveyed mining sites in 2007 and 2008 to 65 percent in 2010. The most common violations involved water quality, permit administration, and backfilling and grading, the report said — often harming water, land, structures and people beyond the mining site. The agency found that as the compliance levels dropped, the frequency of such problems as water pollution violations, landslides or flying rock have risen — from 3 percent of mine sites in 2000 to 21 percent last year. (The Courier-Journal, June 5, 2011)

AEP, Duke Energy to develop new transmission project with TVA in Indiana and Kentucky

Pioneer Transmission LLC, a joint venture between American Electric Power (AEP) and Duke Energy, will develop a 55-mile, extra-high-voltage transmission project with Tennessee Valley Authority (TVA) in Indiana and Kentucky. Under the terms of a memorandum of understanding with TVA, the parties propose to build a 765-kilovolt (kV) transmission line connecting AEP's Rockport Station (east of Evansville, Ind.) with TVA's Paradise Station in Drakesboro, Ky. (Duke Energy, June 2, 2011)

Wet spring delays solar field project

On Wednesday, June 8th, it was still a field of dreams with nearly 500 metal poles protruding from the ground. As the sun beat down on workers, they dreamed about the solar energy that soon will be collected on the site off Louisville Road. "Yeah, I am betting they are really wishing this was up and operating today," said Randy Wilson, owner of Southern Kentucky Construction, of developer Jim Scott and others who have helped put together the solar field project. (Bowling-Green Daily News, June 2, 2011)

CEO foresees decline of W.Va. coal

The head of Alpha Natural Resources, which hopes to buy Massey Energy Co. to create the state's third-largest private employer, said the company has plans to deal with what's expected to be a sharp drop in Appalachian coal production. Alpha CEO Kevin Crutchfield said the company was prepared to cope with a fall in coal production by carefully choosing its customers, selling premium coal to foreign steelmakers and eventually buying mines outside the United States. The Alpha/Massey merger is still the subject of legal challenges that could delay or upend the deal ahead of a vote Wednesday by shareholders of both companies to approve Alpha's purchase. (Charleston Daily Mail, May 30, 2011)

Alltech revives plans to construct the 'farm of the future'

Alltech opened one of the largest algae production facilities in the world in April, and now the company has revived its plans to build the farm of the future. The farm would truly be a closed-loop system, according to Becky Timmons, Alltech director of applications research, combining several systems including production facilities for solid state fermentation, aquaculture, cellulosic ethanol, algal biomass, livestock and dairy, all integrated together using a power and thermal cogeneration facility. (Ethanol Producer Magazine, June 2, 2011)

Mines in Letcher, Perry counties get 30 citations apiece

Federal inspectors issued 30 citations at an underground coal mine in Letcher County during a special inspection last month, according to a news release. Among other things, the citations allege that the operator of Vision Coal Inc.'s Mine No. 2 failed to follow the approved plans for supporting the mine roof and drilling test holes, exposing miners to potential injuries from roof falls and the danger of being inundated by water and harmful gases, the U.S. Mine Safety and Health Administration said. (The Herald-Leader, June 3, 2011)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	6/9/2011	6/2/2011	5/26/2011	5/20/2011	Year Ago
Gasoline (State avg.)	3.701	3.718	3.745	3.873	2.655
Ashland	3.77	3.824	3.868	3.967	2.709
Covington	3.877	3.85	3.825	3.931	2.737
Lexington	3.677	3.733	3.727	3.862	2.659
Louisville	3.823	3.839	3.844	3.973	2.711
Owensboro	3.67	3.667	3.748	3.832	2.544
Diesel (State avg.)	3.904	3.92	3.942	3.988	2.936
Ashland	3.959	3.966	4.025	4.045	2.985
Covington	3.917	3.943	3.954	3.995	2.96
Lexington	3.899	3.94	3.959	3.996	2.952
Louisville	3.903	3.951	3.966	4.009	2.956
Owensboro	3.934	3.941	3.944	3.997	2.903

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	6/9/2011	6/2/2011	5/26/2011	5/19/2011	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	100.74	100.29	101.32	98.44	74.38
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	4.86	4.625	4.358	4.055	4.755

Source: Wall Street Journal

Futures		11-Jul	11-Aug	11-Sep
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	6/9/2011	101.93	102.45	102.91
	6/2/2011	100.29	100.86	*
	5/26/2011	101.32	101.82	*
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	6/9/2011	4.674	4.704	4.726
	6/2/2011	4.629	4.667	*
	5/26/2011	4.423	4.469	*
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	6/9/2011	1.566	1.57	1.575
	6/2/2011	1.517	1.521	*
	5/26/2011	1.486	1.489	*
Coal (Dollars per ton) <i>Central Appalachian</i>	6/9/2011	78.45	78.78	79.15
	6/2/2011	76.5	77.05	*
	5/26/2011	75.65	76.15	*

Source: CME Group

* - Information Not Available



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