

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues

Natural gas costs expected to stay the same this winter

The state Public Service Commission said Monday that natural gas costs will likely stay about the same this winter, good news for the 44 percent of the state's residents who use the fuel to heat their homes. The average resident can expect to pay about 1 percent less this November than last, according to the commission's analysis. But the organization warned that weather, not the price of gas, is the biggest factor in determining total energy costs. "Consumers should always look for ways to reduce energy usage," PSC Chairman David Armstrong said in a statement. "It is wise to invest current savings from lower heating costs to make permanent improvements, such as weatherization, that will pay off in long-term savings." (The Herald-Leader, Nov. 1, 2011)

Taking the chill off a winter bill

In what has been a sometimes chilly autumn, November brings a program to the public which could help keep some low income households warm this winter. On Nov. 7, based on an alphabetical schedule, the first applications will be taken for the Low Income Home Energy Assistance Program in Kentucky. Locally, thousands of households are expected to apply by the deadline. Applications continue through November to Dec. 14, and open applications for those who miss their alphabet date are Dec. 15 and 16. All eligible households may benefit from the subsidy component of the program, focussed on assisting with home heating this time of year. (The Ledger Independent, Nov. 2, 2011)

Kentucky biomass project saves, creates over 350 jobs

A biomass cogeneration project in Louisville, Ky., has not only saved 340 jobs, but has also created 14 new jobs and will bring \$22 million in investment to the city, Kentucky Gov. Steve Beshear announced at a press conference regarding the facility. Expected to be operational in the second quarter of 2012, Recast Energy's proposed biomass energy plant is a partnership with latex manufacturer Lubrizol Corp. and specialty elastomer maker Zeon Chemicals, the two customers the plant will supply steam, power and other utilities to. In 2009, the utility provider to Zeon Chemicals and Lubrizol notified them that it would be closing, leaving the companies without the required utilities for their operations and forcing them to shut down. After collaborating with local and state officials, however, the companies were able to obtain a contract from Recast Energy, which will retrofit the current coal-fired power plant to biomass. (Biomass, Nov. 3, 2011)

\$470M bio-fuel facility considered for Kentucky

An Indiana-based company is considering building a \$470 million biomass facility in Gallatin County, near Warsaw, Ky. Nature's Fuel Gallatin LLC, a subsidiary of Fort Wayne, Ind.-based Nature's Fuel, received preliminary approval on Thursday for up to \$35 million in tax incentives from the Kentucky Economic Development Finance Authority, Business First of Louisville reported. According to documents submitted to the KEDFA board, the company would build a facility on 115 acres in Gallatin County, about 65 miles northeast of Louisville. It would employ about 280 people with an average hourly wage of \$20.47. Nature's Fuel would use the facility to convert wood waste, construction waste, industrial waste, municipal solid waste and manure into renewable bio-crude oil. (Business Courier, Oct. 28, 2011)

PSC hearing upcoming in KU and LG&E environmental compliance cases

The Kentucky Public Service Commission (PSC) will hold a public evidentiary hearing next week on the environmental compliance plans and associated environmental surcharge requests submitted by Kentucky Utilities Co. (KU) and Louisville Gas & Electric Co. (LG&E). The hearing will begin at 9 a.m. EST on Wednesday, Nov. 9 at the PSC offices at 211 Sower Blvd. in Frankfort. The hearing is scheduled to last two days, although, additional days may be added as necessary. The hearing will be open to the public and may be viewed live on the PSC website, psc.ky.gov. There will be an opportunity for brief public comments at the start of the hearing. The PSC held public meetings to take comments in Henderson, Corbin, Lexington and Louisville. (PSC Press Release, Nov. 3, 2011)

Duke Energy posts 30 pct drop in 3Q profit

Duke Energy Corp. said Thursday that profits declined about 30 percent in the third quarter as energy consumption fell while costs rose more than expected for a new power plant in Indiana. The Charlotte, N.C., power company reported earnings of \$472 million, or 35 cents per share, for the three months ended Sept. 30. That compares with \$670 million, or 51 cents per share, for the same part of 2010. Revenue was flat at \$3.96 billion. Excluding special costs including overruns for its coal gasification plant in Indiana, Duke says adjusted earnings were 50 cents per share. The results beat Wall Street profit expectations, but they fell short of revenue estimates. Analysts, who typically exclude special items, expected a profit of 47 cents per share on revenue of \$4.11 billion, according to FactSet. (Chicago Tribune, Nov. 3, 2011)

Natural gas expands

Even in the heart of coal country, utilities are shifting away from coal-powered electricity and toward what environmentalists and climate scientists regard as a problematic substitute: natural gas. Responding to environmental regulations and economic forces, two Kentucky power companies, Kentucky Utilities and Louisville Gas and Electric, recently announced plans to close three coal-fired power plants and filed for permission from the state to build a plant powered by natural gas as a replacement. (Science Line, Nov. 3, 2011)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	11/3/2011	10/26/2011	10/20/2011	10/13/2011	Year Ago
Gasoline (State avg.)	3.382	3.365	3.392	3.398	2.741
Ashland	3.427	3.422	3.272	3.24	2.786
Covington	3.382	3.361	3.414	3.423	2.801
Lexington	3.41	3.372	3.393	3.438	2.742
Louisville	3.41	3.342	3.407	3.403	2.759
Owensboro	3.196	3.258	3.289	3.329	2.665
Diesel (State avg.)	3.85	3.802	3.791	3.737	3.029
Ashland	3.868	3.785	3.802	3.76	3.038
Covington	3.832	3.813	3.755	3.703	3.058
Lexington	3.859	3.817	3.807	3.737	3.044
Louisville	3.842	3.806	3.789	3.731	3.016
Owensboro	3.82	3.777	3.765	3.76	3.033

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	11/2/2011	10/27/2011	10/20/2011	10/14/2011	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	92.51	90.2	86.11	84.23	84.69
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	3.425	3.656	3.598	3.455	3.375

Source: The Wall Street Journal

Futures		11-Dec	12-Jan	12-Feb
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	11/2/2011	92.51	92.35	92.19
	10/26/2011	90.20	90.18	*
	10/20/2011	86.29	86.43	86.11
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	11/2/2011	3.749	3.882	3.893
	10/26/2011	3.775	3.911	3.59
	10/20/2011	3.813	3.95	3.586
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	11/2/2011	1.45	1.455	1.438
	10/26/2011	1.47	1.473	1.468
	10/20/2011	1.446	1.449	1.445
Coal (Dollars per ton) <i>Central Appalachian</i>	11/2/2011	72.72	72.85	72.85
	10/26/2011	72.67	73.22	72.92
	10/20/2011	72.78	72.77	73.07

Source: CME Group

* - Information Not Available



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