

# Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues

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## **Gasoline and oil prices continue to march higher**

Pump prices kept marching toward \$4 a gallon Thursday and signs of a stronger U.S. economy helped push the price of benchmark oil past \$108 per barrel. Retail gasoline prices haven't fallen in 35 days, rising Thursday to a national average of \$3.74 per gallon. Over the five weeks prices have increased 37 cents per gallon or 11 percent. Prices are being driven by the price of oil. They have never been so high at this time of the year. Wholesale gasoline futures rose nearly 2 percent to \$3.32 per gallon, suggesting that retail prices will keep rising in the coming days. Typically gasoline prices rise in spring as demand rises and refiners begin to make expensive summer blends of gasoline required to meet clean air laws. (Fox-News, Mar. 1, 2012)

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## **Office for the Blind awarded \$600,000 Green Bank loan**

Lt. Governor Jerry Abramson today announced a nearly \$600,000 loan has been awarded to the Kentucky Office for the Blind from the Green Bank of Kentucky program to implement energy efficiency and conservation measures at the Charles W. McDowell Rehabilitation Center in Louisville. "By partnering with the Green Bank of Kentucky program, the Office for the Blind will save valuable dollars on energy costs that can be directed to more critical needs and will help enhance the learning experience of its students at the McDowell Center," said Lt. Governor Abramson. "During this tough economy when money for building upgrades is often not available, the Green Bank helps state agencies save valuable dollars and improve their efficiency, while also creating jobs by means of education, engineering analyses and building improvements." (SurfKY, Feb. 27, 2012)

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## **PSC approves rate redesign for Owen Electric cooperative**

The Kentucky Public Service Commission (PSC) has approved a request by Owen Electric Cooperative Corp. to alter its rate structure to more accurately reflect the cost of serving its residential and small commercial customers. In approving the rates, the PSC said it agreed with Owen Electric that the restructuring will allow the distribution cooperative to maintain financial stability while stepping up efforts to encourage its customers to reduce energy usage. The PSC also approved a request by Owen Electric to offer optional rates that are designed to promote energy efficiency. The changes are designed to leave Owen Electric's total revenue unchanged. Bills for individual customers will change somewhat, depending on the amount of electric consumption, because the new rate structure allocates a larger portion of the total bill to the fixed monthly charge while reducing the amount charged for each kilowatt-hour of electricity consumed. (Kentucky NEWS RELEASE, Feb. 29, 2012)

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## **5 Pa. coal-fired power plants to close**

GenOn Energy Inc. plans to close five of its older coal-fired power plants in Pennsylvania over the next four years. The company, based in Houston, said Wednesday that tough new environmental rules make it unprofitable to operate the plants, which generate a total of 3,140 megawatts of electricity. The plants are in Portland, Shawville, Titus, New Castle and Elrama. Two plants in Ohio and one in New Jersey will also be closed. The company said the timeframes are subject to further review based on market conditions. The Sierra Club said in a statement that closing the plants will prevent about 179 premature deaths, 300 heart attacks and 2,800 asthma attacks each year. (CBS MoneyWatch Feb. 29, 2012)

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## **Natural gas prices remain at moderate levels as spring approaches**

Columbia Gas of Kentucky has received approval from the Kentucky Public Service Commission (PSC) for its most recent Gas Cost Adjustment (GCA). Columbia Gas of Kentucky's gas supply cost is now \$5.6509 per Mcf (1,000 cubic feet), a 3.6 percent increase from its previous price of \$5.4498. This price will remain in effect until the next scheduled Gas Cost Adjustment in June 2012. Columbia Gas of Kentucky typically adjusts its prices quarterly to reflect current market conditions. Natural gas distribution companies do not earn a profit on their gas commodity costs and Columbia Gas of Kentucky passes the cost along to customers without markup. A customer's monthly bill is comprised of two primary components: the gas supply cost and delivery costs. The delivery charges cover the cost of delivering the gas to the customer's home or business through the company's pipeline infrastructure, as well as line inspection, repair, 24-hour emergency service, etc. (Lex18, Mar. 1, 2012)

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## **Bright hope for our future**

Recently, I had the profoundly uplifting experience of visiting Richardsville Elementary School, outside of Bowling Green. Several weeks ago, a second-grader at Richardsville, hand-wrote a letter, inviting me to visit the school. Classes at the school had been conducting research on each university in the state; part of a thoughtful effort to get children to start thinking about college and their futures early. It was an invitation I couldn't resist. But there was no way that I could anticipate just how moving the experience would be and how it underscored many of the things that Kentucky is doing right in educating our children and preparing them for future leadership. (UK Now, Feb. 28, 2012)

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## **Update on ENERGY STAR for the foodservice equipment industry**

Although there continues to be much debate over specifications, verification testing and more, the common bond that unites everyone working with Energy Star for the commercial foodservice industry is a strong desire to see this iconic symbol for conservation remain relevant. It's been more than a year since a series of new policies and procedures surrounding Energy Star ratings for foodservice equipment took effect. Many industry observers predicted that new aspects of the program, such as third-party certification and verification-testing requirements, would completely change the groundwork for who's on the list and who's not due to enhanced financial and time burdens. (FoodService Mag, Mar. 1, 2012)

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

Product	3/1/2012	2/23/2012	2/16/2012	2/10/2012	Year Ago
Gasoline (State avg.)	3.679	3.563	3.457	3.466	3.361
Ashland	3.675	3.624	3.461	3.487	3.375
Covington	3.751	3.557	3.444	3.468	3.883
Lexington	3.709	3.607	3.455	3.447	3.383
Louisville	3.672	3.576	3.436	3.477	3.364
Owensboro	3.597	3.457	3.392	3.371	3.301
Diesel (State avg.)	3.978	3.88	3.854	3.827	3.673
Ashland	4.027	3.886	3.866	3.859	3.662
Covington	3.923	3.825	3.816	3.781	3.682
Lexington	3.983	3.867	3.859	3.826	3.692
Louisville	3.961	3.859	3.837	3.815	3.655
Owensboro	4	3.922	3.88	3.856	3.635

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	2/27/2012	2/20/2012	2/13/2012	2/6/2012	Year Ago
Heating Oil (dollars per gallon)	4.108	4.044	4.032	3.972	3.755
Propane (dollars per gallon)	2.868	2.863	2.862	2.859	2.858

Source: the U.S. Energy Information Administration

**Wholesale Fuel Prices**

Spot Prices	2/29/2012	2/23/2012	2/16/2012	2/10/2012	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	107.07	106.28	101.8	99.84	99.63
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2.426	2.61	2.535	2.495	3.855

Source: the Wall Street Journal

Futures		12-Apr	12-May	12-Jun
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	2/29/2012	107.07	107.52	107.95
	2/23/2012	106.28	106.78	*
	2/16/2012	101.08	101.60	*
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2/29/2012	2.616	2.71	2.786
	2/23/2012	2.775	2.882	*
	2/16/2012	2.616	2.738	*
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	2/29/2012	1.224	1.23	1.236
	2/23/2012	1.218	1.225	*
	2/16/2012	1.187	1.195	*
Coal (Dollars per ton) <i>Central Appalachian</i>	2/29/2012	60.67	61.03	61.45
	2/23/2012	60.88	61.74	*
	2/16/2012	59.43	59.43	*

Source: CME Group



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