

# Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues



## ***Kenergy to see slight increase in monthly bills***

Kenergy customers will soon see a slight increase in their monthly bills. The Kentucky Public Service Commission announced its decision Tuesday in a rate adjustment case from 2011. The case involves Big Rivers, the Kenergy supplier. The PSC says that decision will only have a small impact on residential customers, meaning about 45 cents per month more on their electric bills. Customers who will see that increase are Kenergy customers locally, along with two other cooperatives in other parts of Kentucky, all three get their power from Big Rivers. (14 news.com, January 29, 2013)

## ***Energy-saving plan exceeding expectations at U of L***

A long-term effort to save energy on the University of Louisville's campus is surpassing its goals. The university says fuel use on the main Belknap Campus has dropped nearly 50 percent. Electricity and water use dropped 27 percent and 31 percent from their annual usage before the project started. The numbers are from 2011, the first full year after improvements were finished. At the start of the project, engineers predicted fuel use on the campus would drop nearly 40 percent and electricity use by at least 20 percent. (Kentucky.com., January 29, 2013)

## ***Coal tax drop could bring layoffs, tax increases to Eastern Kentucky counties***

A sharp drop in Eastern Kentucky coal production has created million-dollar budget shortfalls that could bring layoffs and tax increases to some coal counties. In Knott County, the fiscal court appointed a committee last week to recommend ways to deal with a projected shortfall of \$1.2 million in budgeted coal severance tax receipts. "You can't pay your bills at this point," Andrew Hartley, staff attorney for the state Department for Local Government, told officials at the fiscal court meeting. (Kentucky.com, January 26, 2013)

## ***Appalachian basin coal seems to be struggling more than coal from other regions***

While the nation's coal industry is seeing a drop in production all around, Appalachian producers seem to be taking the biggest hit. In 2012, production in Central Appalachia dropped 16 percent and prices dropped 18 percent, according to the Energy Information Administration. The price decline was the most significant decrease since 2009. In the Powder River Basin, which covers parts of Wyoming and Montana, production dropped 9 percent and prices declined by 30 percent. In the Illinois basin, which includes portions of Indiana, Illinois and Kentucky, production increased by 9 percent while prices decreased by 5 percent. So why are other coal producing areas not seeing the same problems Appalachia faces? The issue is a confluence of factors. (The State Journal, January 31, 2013)

## ***Natural gas production booming in Eastern Kentucky***

Problems plaguing the coal industry are weighing heavily on the minds of many Eastern Kentuckians, but officials in Pike and Floyd Counties say other natural fuels, like natural gas, are helping boost economies. "We have 6,500 plus wells in the county. We have three transmission lines in the county that carry our natural gas north and south," said Pike County Judge Executive Wayne T. Rutherford. Kentucky Oil and Gas Association President Doug Hyden says the oil and gas industry employs nearly 31,000 people across the commonwealth and produced nearly \$630 million in revenue last year. He says nearly one third of that came from Pike and Floyd Counties. (www.wkyt.com, January 29, 2013)

## ***MSU gets funds from settlement***

The West Kentucky AgBioworks Initiative at Murray State University is one of 13 Kentucky organizations to receive a grant under the 2011 settlement agreement between the U. S. Environmental Protection Agency and the Tennessee Valley Authority (TVA). The settlement is a result from alleged violations of the Clean Air Act that requires TVA to invest in new and upgraded state-of-the-art pollution controls that will reduce pollution, save energy and protect public health and the environment. Gov. Steve Beshear said the recipients include education, housing, agricultural and economic development organizations and projects. Kentucky will receive \$11.2 million over five years to implement the projects. "These projects represent many innovative initiatives in schools, universities, private industry, agriculture, nonprofits and government and will help us to further the state's energy and environmental goals and provide long-term benefits to the citizens of the commonwealth," Beshear said. "Many of the projects build upon existing programs that have already demonstrated the value of investments in energy efficiency technologies and practices." (www.murrayledger.com, January 31, 2013)

## ***Ashland Inc. To Invest \$15 Million in Calvert City, Kentucky, Manufacturing Facility***

A company that provides specialty chemicals and technologies to customers in a wide range of consumer and industrial markets, Ashland Inc. will invest \$15 million at its Calvert City, Kentucky, manufacturing plant, which will help to retain 500 jobs. Ashland plans to replace the facility's inefficient coal-fired boiler and an aging gas-fired boiler with three new heat recovery steam generators that could eventually become part of a co-generation system. The system would support plant operations during power outages, such as the ice storm of 2009. In addition, the company plans to add three high-efficiency heat recovery steam generators to the facility, thereby reducing emissions and improving energy efficiency. Construction and installation of the new generators is set to begin in March, with the system in operation by spring of 2014. (Area Development Online, January 30, 2013)

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

Product	1/31/2013	1/24/2013	1/17/2013	1/10/2013	Year Ago
Gasoline (State avg.)	3.38	3.31	3.289	3.316	3.413
Ashland	3.583	3.383	3.21	3.286	3.346
Covington	3.514	3.296	3.341	3.337	3.44
Lexington	3.449	3.405	3.273	3.374	3.425
Louisville	3.174	3.218	3.324	3.26	3.432
Owensboro	3.314	3.18	3.184	3.224	3.361
Diesel (State avg.)	3.899	3.881	3.894	3.919	3.782
Ashland	3.988	3.932	3.925	3.946	3.816
Covington	3.868	3.87	3.896	3.952	3.746
Lexington	3.883	3.871	3.881	3.916	3.765
Louisville	3.866	3.83	3.866	3.901	3.74
Owensboro	3.97	3.974	3.976	3.974	3.852

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	1/28/2013	1/21/2013	1/14/2013	1/7/2013	Year Ago
Heating Oil (dollars per gallon)	3.541	3.553	3.585	3.562	3.391
Propane (dollars per gallon)	2.21	2.131	2.113	2.138	2.623

Source: U.S. Energy Information Administration

**Wholesale Fuel Prices**

Spot Prices	1/30/2013	1/23/2013	1/16/2013	1/9/2013	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	97.94	95.23	94.24	93.1	97.61
MMBtu <i>Henry-Hub</i>	3.238	3.545	3.455	3.12	2.328

Source: the Wall Street Journal

Futures		13-Mar	13-Apr	13-May
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	1/30/2013	97.94	98.38	98.77
	1/23/2013	96.24	95.23	95.75
	1/16/2013	94.24	94.68	35.05
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	1/30/2013	3.335	3.385	3.445
	1/23/2013	3.55	3.55	3.58
	1/16/2013	3.435	3.437	3.466
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	1/30/2013	0.87	0.88	0.88
	1/23/2013	0.87	0.87	0.88
	1/16/2013	0.799	0.804	0.811
Coal (Dollars per ton) <i>Central Appalachian</i>	1/30/2013	57.85	59.27	59.27
	1/23/2013	55.75	56.67	58.7
	1/16/2013	57	57.48	59.75

Source: CME Group

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