

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues



McConnell pushes plan to force EPA action on surface-mining permits

The federal government would face a deadline to issue or deny surface-mining permits under legislation Senate Republican Leader Mitch McConnell plans to file next week. McConnell said Monday that the U.S. Environmental Protection Agency has failed to act on dozens of proposed permits for surface mines in Eastern Kentucky, holding up some for years as coal jobs in the region plummet. Repeating a familiar theme as he ramped up for a re-election campaign in 2014, Kentucky's senior senator said the EPA's inaction is part of the Obama administration's attack on the coal industry. (The Herald Leader, April 29, 2013)

Deal saves 650 jobs at Century Aluminum smelter

Century Aluminum and its power suppliers have reached an agreement on electric rates that could preserve hundreds of jobs at Century's smelter in Hancock County. Century announced the new arrangement with Big Rivers Electric Corp. and Kenergy Corp. on Monday. Under the agreement, the electric cooperatives would buy electricity on the open market, add whatever costs they incur to the market price, then pass it on to Century, which no longer would be a direct customer, according to the news release. "I'm elated. This is so significant for this part of Western Kentucky," said state Rep. Tommy Thompson, D-Owensboro. "That plant will now stay open and those jobs will be maintained." Century's Hawesville plant employs about 650 people. (The Courier Journal, April 30, 2013)

AEP Receives FERC Approvals To Transfer Ohio Generating Assets

American Electric Power /quotes/zigman/217343/quotes/nls/aep -0.22% received approval from the Federal Energy Regulatory Commission (FERC) to separate its Ohio generating assets from its Ohio distribution and transmission operations and transfer these assets to a competitive generation company and regulated affiliates. AEP is awaiting FERC approval of additional transactional agreements between AEP affiliates. "With these approvals, we reached another milestone in the transition to full electricity competition in Ohio. The FERC decisions allow us to move forward with the ownership transfer of our Ohio generation-related assets into a separate unregulated generation company and to other AEP operating companies," said Nicholas K. Akins, AEP president and chief executive officer. "We anticipate decisions from FERC on our other related filings soon and expect to fully separate our Ohio generation from our Ohio utility operations at the end of this year. (The Wall Street Journal, May 1, 2013)

First Lady Jane Beshear Welcomes First Electric Vehicles to State Fleet

First Lady Jane Beshear welcomed the first electric vehicles into the state vehicle fleet today in a ceremony that kicked off a day of Earth Day activities. Energy and Environment Cabinet Secretary Len Peters and Finance and Administration Cabinet Lori H. Flanery joined the First Lady in the ribbon-cutting. The First Lady led the ceremony surrounded by four new Chevy Volts and two charging stations that were recently installed outside the headquarters for the Department for Environmental Protection. The vehicles and charging stations will be used by state workers conducting official business on behalf of the Commonwealth. "Plug-in hybrids bring us one step closer to fulfilling the goals of the Governor's Energy Plan," said Mrs. Beshear. "These new vehicles get more miles per gallon and produce fewer tailpipe emissions than any conventional vehicle in the state fleet." Mrs. Beshear added, "Improving the efficiency of our fleet makes good economic sense, and it's better for our environment." (www.elp.com April 30 2013)

Big Rivers Electric Rates Likely to Increase

Big Rivers Electric's decision to let Century Aluminum out of its contract in August, may mean significant electric rate increases throughout the region. Big Rivers spokesperson Marty Littrel said the aluminum smelter will be able to buy electricity elsewhere on the open market. But since the smelter is Big Rivers' biggest customer, Littrel said the power supplier has to raise rates about 20 percent. "All we're trying to do is cover our expenses here," he said. "We'll likely have to idle a plant because this is a huge revenue loss for us." (www.wkms.org May 1, 2013)

PSC Grants Rate Adjustment to Kentucky Frontier Gas

The Kentucky Public Service Commission (PSC) has granted a request by Kentucky Frontier Gas Co. for an adjustment that will equalize rates for customers throughout its system. The new rates and two surcharges will increase bills for Kentucky Frontier's 3,400 customers, although the size of the increase will vary substantially among Kentucky Frontier's 10 distribution systems. The new rates and surcharges take effect today. Kentucky Frontier owns and operates 10 small natural gas distribution systems, with most of the customers in Floyd, Magoffin and Pike counties. The systems were acquired by Kentucky Frontier beginning in 2008. The company has continued to charge rates that were in place when it bought the systems. In its application, Kentucky Frontier said that equalizing its rates will put all customers on an equal footing while providing sufficient revenue to improve operations. (Kentucky Public Service Commission, April 30, 2013)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	5/2/2013	4/25/2013	4/18/2013	4/11/2013	Year Ago
Gasoline (State avg.)	\$ 3.55	\$ 3.45	\$ 3.45	\$ 3.50	\$ 3.72
Ashland	\$ 3.70	\$ 3.59	\$ 3.44	\$ 3.51	\$ 3.73
Covington	\$ 3.75	\$ 3.66	\$ 3.58	\$ 3.66	\$ 3.76
Lexington	\$ 3.46	\$ 3.35	\$ 3.45	\$ 3.44	\$ 3.68
Louisville	\$ 3.82	\$ 3.65	\$ 3.51	\$ 3.60	\$ 3.74
Owensboro	\$ 3.48	\$ 3.34	\$ 3.35	\$ 3.39	\$ 3.73
Diesel (State avg.)	\$ 3.92	\$ 3.91	\$ 3.93	\$ 3.96	\$ 4.03
Ashland	\$ 4.00	\$ 3.93	\$ 3.97	\$ 3.99	\$ 4.06
Covington	\$ 3.96	\$ 3.94	\$ 3.97	\$ 4.01	\$ 4.05
Lexington	\$ 3.93	\$ 3.92	\$ 3.95	\$ 3.98	\$ 4.03
Louisville	\$ 3.93	\$ 3.90	\$ 3.93	\$ 3.95	\$ 4.01
Owensboro	\$ 3.98	\$ 3.99	\$ 3.99	\$ 3.99	\$ 4.07

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,

Spot Prices	5/1/2013	4/24/2013	4/17/2013	4/10/2013	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 91.03	\$ 91.43	\$ 86.68	\$ 94.64	\$ 105.22
MMBtu) <i>Henry-Hub</i>	\$ 4.32	\$ 4.28	\$ 4.23	\$ 4.11	\$ 2.29

Source: the Wall Street Journal

Futures		June 2013	July 2013	August 2013
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	5/1/2013	\$ 91.03	\$ 91.24	\$ 91.21
	4/24/2013	\$ 88.76	\$ 91.43	\$ 91.69
	4/17/2013	\$ 86.68	\$ 86.97	\$ 87.19
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	5/1/2013	\$ 4.33	\$ 4.38	\$ 4.41
	4/24/2013	\$ 4.17	\$ 4.20	\$ 4.25
	4/17/2013	\$ 4.21	\$ 4.24	\$ 4.29
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	5/1/2013	\$ 0.93	\$ 0.93	\$ 0.93
	4/24/2013	\$ 0.94	\$ 0.94	\$ 0.95
	4/17/2013	\$ 0.94	\$ 0.94	\$ 0.94
Coal (Dollars per ton) <i>Central Appalachian</i>	5/1/2013	\$ 60.38	\$ 60.67	\$ 61.57
	4/24/2013	\$ 57.57	\$ 58.47	\$ 60.67
	4/17/2013	\$ 57.43	\$ 58.43	\$ 60.62

Source: CME Group



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