

Coal operator plans to open 7 mines in Pike County

A longtime coal operator plans to open seven mines in the heart of the Eastern Kentucky coalfields in a venture expected to create more than 250 jobs in a hard-pressed region where several thousand mining jobs have disappeared in recent years. Bill Smith said most of the coal extracted by his High Ridge Mining operation in Pike County will be shipped to China to help fuel its economy. "We plan on mining a million tons a year," Smith said recently. (The Herald Leader May 20, 2013)

Appalachian coal mining faces grim future

Hard times are expected to continue in the Appalachian region that was once the heart of the nation's coal production, according to a new report. Coal business in the mountains of eastern Kentucky and southern West Virginia is facing declining reserves, higher production costs and competition from other coal basins and natural gas. The region is home to a long-simmering battle between the industry and environmentalists over a mining practice known as mountaintop removal. Government agencies including the Environmental Protection Agency under the Obama administration have taken aim at the mining method, which uses blasting and heavy machinery to scrape away layers of rock and earth, drastically altering the landscape. (www.usatoday.com May 19, 2013)

Kentucky coal jobs at lowest level since state started counting in 1950

The number of coal jobs in Kentucky has dropped to the lowest level recorded since the state started keeping count in 1950, according to the Kentucky Energy and Environment Cabinet. An average of 13,109 people worked at coal mines and related facilities in the first quarter of 2013, a drop of 990 people since the end of 2012, the cabinet said in a report completed this month. The pace of the continued slide was slower than in 2012, when more than 4,000 miners in Eastern Kentucky lost their jobs, but that was little consolation. "These numbers are not surprising, but they're very concerning," said Bill Bissett, president of the Kentucky Coal Association. In the last 18 months, on-site employment at Kentucky coal mines has dropped by nearly 5,700 people — down 30 percent from the September 2011 number of 18,804. (The Herald Leader May 21, 2013)

TVA Rewards Logan Aluminum for Energy Efficiency Efforts

Logan Aluminum in Russellville is saving electricity and money on its power bills at its production facility, through energy efficiency efforts in partnership with the Tennessee Valley Authority. Logan refitted its lighting systems and upgraded equipment, including pumps and air dryers, through the EnergyRight Solutions for Industry Program, offered by TVA and Russellville Electric Plant Board. The projects reduced the mill's annual power consumption by more than 2 million kilowatt-hours, enough energy to supply about 150 homes in the Russellville district for a year. The energy saving effort also earned the company a cash incentive of about \$182,400 from TVA, which was formally announced during a recent Earth Day celebration at the plant. "We take our commitment to the environment very seriously," said Randy Schumaker, president of Logan Aluminum. "We want to impact individual behaviors both at home and at the plant to promote a culture of waste minimization and energy conservation." (www.wbko.com May 22 2013)

End result of Ky. Power's plan unclear

An application for a plan currently on file with the Public Service Commission will likely result in a lesser demand for Kentucky coal and certainly higher rates for customers. But the big question is, when all is said and done, how much higher will the rates go? The PSC hosted a public hearing last week to gather public input on Kentucky Power's plan to scuttle its largest generating unit at the Big Sandy plant in Louisa and purchase about 700 megawatts of capacity from a sister company in Ohio. Kentucky Power CEO Greg Pauley said last week the plan would increase rates for the average customer by 8 to 9 percent, if approved. The caveat, as far as we can tell, is that the capacity Kentucky Power plans to purchase from its sister in Ohio (from the Mitchell Plant near Moundsville, West Virginia) will replace approximately 700 of the 1,000 megawatts of electricity currently being generated at the Big Sandy plant in Kentucky. Where will the other 300 megawatts come from, and how much will it cost to replace it? (The Hazard Herald May 21 2013)

Coal-to-liquids' prospects dim, but boosters won't say die

It's been two years since Sen. Joe Manchin (D) and other West Virginia politicians gathered near here to break ground for and sing the praises of what they said would be the first U.S. plant to turn coal into gasoline -- and create hundreds of jobs on a former strip mine near the Kentucky line. Engineering and site preparation followed the pep rally, but there's not much to show for the effort here in Mingo County. Developers haven't yet locked up financing for a \$3 billion plant they say won't be up and running until at least 2016. "The details are much more time-consuming than we anticipated," said Randall Harris, technical director for TransGas Development Systems LLC's Adams Fork Energy project. "But we have so far not hit a roadblock." The Adams Fork site is located on a former strip mine along a winding, hilly road deep inside Mingo County, near the border with Kentucky and within 100 miles of more than 100 coal mines. (www.eenews.net May 17, 2013)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	5/23/2013	5/17/2013	5/9/2013	5/2/2013	Year Ago
Gasoline (State avg.)	\$ 3.57	\$ 3.52	\$ 3.52	\$ 3.55	\$ 3.58
Ashland	\$ 3.74	\$ 3.62	\$ 3.62	\$ 3.70	\$ 3.68
Covington	\$ 3.84	\$ 3.72	\$ 3.70	\$ 3.75	\$ 3.77
Lexington	\$ 3.57	\$ 3.47	\$ 3.39	\$ 3.46	\$ 3.56
Louisville	\$ 3.55	\$ 3.60	\$ 3.72	\$ 3.82	\$ 3.58
Owensboro	\$ 3.56	\$ 3.55	\$ 3.51	\$ 3.48	\$ 3.50
Diesel (State avg.)	\$ 3.92	\$ 3.91	\$ 3.92	\$ 3.92	\$ 3.92
Ashland	\$ 3.96	\$ 3.92	\$ 3.97	\$ 4.00	\$ 3.92
Covington	\$ 3.94	\$ 3.93	\$ 3.95	\$ 3.96	\$ 3.95
Lexington	\$ 3.94	\$ 3.94	\$ 3.95	\$ 3.93	\$ 3.92
Louisville	\$ 3.93	\$ 3.93	\$ 3.94	\$ 3.93	\$ 3.93
Owensboro	\$ 3.98	\$ 3.96	\$ 3.96	\$ 3.98	\$ 3.94

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	5/22/2013	5/16/2013	5/8/2013	5/1/2013	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 94.28	\$ 95.16	\$ 96.62	\$ 91.03	\$ 89.59
MMBtu) <i>Henry-Hub</i>	\$ 4.16	\$ 4.01	\$ 3.87	\$ 4.32	\$ 2.60

Source: the Wall Street Journal

Futures		June 2013	July 2013	August 2013
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	5/22/2013	\$ 96.16	\$ 94.28	\$ 94.46
	5/16/2013	\$ 95.16	\$ 95.45	\$ 95.56
	5/8/2013	\$ 96.62	\$ 96.85	\$ 96.77
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	5/22/2013	\$ 4.19	\$ 4.23	\$ 4.25
	5/16/2013	\$ 3.93	\$ 3.98	\$ 4.01
	5/8/2013	\$ 3.98	\$ 4.03	\$ 4.06
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	5/22/2013	\$ 0.93	\$ 0.93	\$ 0.93
	5/16/2013	\$ 0.94	\$ 0.94	\$ 0.94
	5/8/2013	\$ 0.97	\$ 0.97	\$ 0.97
Coal (Dollars per ton) <i>Central Appalachian</i>	5/22/2013	\$ 60.82	\$ 60.90	\$ 61.48
	5/16/2013	\$ 59.87	\$ 60.37	\$ 61.00
	5/8/2013	\$ 60.02	\$ 60.18	\$ 61.07

Source: CME Group



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