

Kentucky Department for Energy Development and Independence Energy Watch

A snapshot of state and national energy issues

Columbia Gas customers' monthly costs to increase

Supply Cost is up 12.3 percent. Columbia Gas customers can expect to see their monthly bills increase this fall. The Kentucky Public Service Commission (PSC) approved the most recent Gas Cost Adjustment by Columbia Gas, raising the gas supply cost to \$6.8904 per Mcf (1,000 cubic feet), a 12.3 percent increase. The new gas supply cost will remain in effect until the next scheduled adjustment in December. (US News, September 2, 2014)

West Virginia, Kentucky leaders meet to discuss EPA lawsuit

Leaders representing the coal industry in West Virginia and Kentucky, as well as attorneys general from both states, met Wednesday to explain the rationale behind legal action against the Environmental Protection Agency's proposed carbon emissions rule. West Virginia Attorney General Patrick Morrisey and Kentucky Attorney General Jack Conway represent two of 11 states that have filed a lawsuit in the United States Court of Appeals challenging the EPA's authority to issue standards of performance for existing power plants under the Clean Air Act. (Charleston Daily Mail, September 3, 2014)

Electricity prices rise at fastest pace in years

The average price of residential electricity rose at the highest rate in five years in the first six months of 2014, the government reported Tuesday. Prices averaged 12.3 cents per kilowatt hour in the first six months of 2014, a 3.2 percent increase from the same period a year prior, the Energy Information Administration (EIA) said. That's the largest increase since 2009. New England saw the largest average increase of 11.8 percent. Prices grew in all census divisions except the Pacific contiguous area, which includes California, Oregon and Washington. (The Hill, September 2, 2014)

Dominion, Duke propose huge new natural gas pipeline from West Virginia to North Carolina

Dominion Resources, Duke Energy and other partners are proposing a \$5 billion natural gas pipeline to connect the Southeast with the prodigious supplies of natural gas being produced in Pennsylvania, Ohio and West Virginia. Gas is being relied upon to generate more of the nation's electricity in recent years because enormous new domestic supplies have drastically lowered its price and because natural gas burns cleaner than the nation's other most important fuel for electric power, coal. (US News, September 2, 2014)

NC utilities will meet target for generating electricity from poultry waste

After two years of delays, North Carolina electricity producers will finally meet a state mandate for generating power from poultry waste in 2014. But the producers say they need to delay a similar requirement for making juice from swine waste for at least one more year. The mandate, enacted by the N.C. General Assembly in the state's renewable energy portfolio in 2007, was delayed in 2012 and 2013 by the state Utilities Commission after power producers said the technology was not ready and costs were too high. (News Observer.com, September 3, 2014)

U.S. Now World's Leading Natural Gas Producer

According to the BP 2014 statistical world energy review, the U.S. has achieved world-leading natural gas production, by reaching a new all-time high of 328 billion cubic feet per day (BCPD). World usage of natural gas is about 24% of all primary energy consumed, behind oil's 33% and coal's 30%. Over the past five years, U.S. natural gas production has grown over 20%. This is obviously due to the capturing of natural gas as a by-product to the massive shale expansion, as the shale "fracking" revolution seems to continue its unprecedented growth. (The Desert Sun, September 2, 2014)

China now gets more oil from the Middle East than the US does

China is quickly overtaking the United States as the world's biggest importer of oil. Not only that, but China now buys more crude oil from the Middle East than the US does — a shift that some experts think could have big geopolitical implications in the years ahead. Roughly half of China's imported oil now comes from the Persian Gulf, whereas America's reliance on Middle Eastern crude has been steadily shrinking in recent years. (Vox, September 4, 2014)

Alternative energy bills can jump

Rising utility rates are prompting many Ohioans to consider switching to alternative energy providers. Many are finding the low rates for which they initially signed up didn't remain that way. Larry Dowler of Liberty Township says the rates charged by his alternative energy supplier, Cincinnati Bell Energy, varied very little for about two years. "It was around 6 cents per kilowatt hour," Dowler said. The rate Dowler paid was in line with that charged by Duke Energy Ohio — until late last year. He says, "I didn't really realize it but it went to 8.99 cents per kilowatt hour and then did the same thing for the January billing." (Cincinnati.com, August 27, 2014)

Kentucky Retail Fuel Prices (Dollars per gallon)

| Product | 9/4/2014 | 8/28/2014 | 8/21/2014 | 8/14/2014 | Year Ago |
|------------------------------|----------|-----------|-----------|-----------|----------|
| Gasoline (State avg.) | \$ 3.42 | \$ 3.43 | \$ 3.44 | \$ 3.47 | \$ 3.59 |
| Ashland | \$ 3.61 | \$ 3.49 | \$ 3.38 | \$ 3.47 | \$ 3.77 |
| Covington | \$ 3.74 | \$ 3.56 | \$ 3.60 | \$ 3.64 | \$ 3.69 |
| Lexington | \$ 3.34 | \$ 3.45 | \$ 3.33 | \$ 3.45 | \$ 3.60 |
| Louisville | \$ 3.69 | \$ 3.72 | \$ 3.64 | \$ 3.64 | \$ 3.68 |
| Owensboro | \$ 3.35 | \$ 3.32 | \$ 3.32 | \$ 3.31 | \$ 3.52 |
| Diesel (State avg.) | \$ 3.76 | \$ 3.80 | \$ 3.81 | \$ 3.82 | \$ 3.94 |
| Ashland | \$ 3.66 | \$ 3.68 | \$ 3.65 | \$ 3.70 | \$ 3.97 |
| Covington | \$ 3.79 | \$ 3.79 | \$ 3.81 | \$ 3.82 | \$ 3.95 |
| Lexington | \$ 3.73 | \$ 3.73 | \$ 3.74 | \$ 3.78 | \$ 3.96 |
| Louisville | \$ 3.76 | \$ 3.76 | \$ 3.78 | \$ 3.80 | \$ 3.92 |
| Owensboro | \$ 3.80 | \$ 3.79 | \$ 3.81 | \$ 3.79 | \$ 3.90 |

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 | 9/4/2014 | 8/28/2014 | 8/21/2014 | 8/11/2014 | Year Ago |
|---|----------|-----------|-----------|-----------|-----------|
| Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i> | \$ 92.92 | \$ 95.38 | \$ 96.44 | \$ 98.09 | \$ 108.67 |
| Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i> | \$ 3.94 | \$ 4.00 | \$ 3.89 | \$ 4.00 | \$ 3.68 |

Source: the Wall Street Journal

| Futures | | October 2014 | November 2014 | December 2014 |
|--|-----------|--------------|---------------|---------------|
| Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i> | 9/3/2013 | \$ 95.54 | \$ 94.68 | \$ 94.16 |
| | 8/27/2014 | \$ 93.88 | \$ 93.34 | \$ 93.06 |
| Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i> | 9/3/2014 | \$ 3.85 | \$ 3.89 | \$ 3.98 |
| | 8/27/2014 | \$ 4.00 | \$ 4.07 | \$ 4.16 |
| Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i> | 9/3/2014 | \$ 1.04 | \$ 1.05 | \$ 1.05 |
| | 8/27/2014 | \$ 1.03 | \$ 1.03 | \$ 1.04 |
| Coal (Dollars per ton) <i>Central Appalachian</i> | 9/3/2014 | \$ 56.93 | \$ 56.87 | \$ 56.88 |
| | 8/27/2014 | \$ 57.08 | \$ 57.29 | \$ 57.29 |

Source: CME Group

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