

Kentucky Department for Energy Development and Independence Energy Watch

A snapshot of state and national energy issues

TVA offers tips to save money on electric bills this winter

Cold weather is on the way, and that means electric bills are about to rise. For many last year, those big bills turned into a problem. But a TVA spokesperson said that might not be the case this year. “We’re expecting November to be kind of a wet month, and the usage in November is going to be a little bit below average temperatures,” said Scott Brooks, TVA spokesperson. “So that’s going to be reflected in the power bill.” Unlike last winter, weather experts are not predicting another polar vortex. (www.wsmv.com November 5, 2014)

KU to submit 9.6 percent revenue increase

We know what’s coming. But with any luck, it won’t be nearly as severe as last winter.

In order to recover costs associated with Kentucky’s first natural gas-combined generation unit and the creation of infrastructure jobs to improve reliability, Kentucky Utilities Company will submit a request for a 9.6 percent revenue increase of \$153 million. If approved, the average cost per kilowatt hour for customers will be raised from 8.99 cents to 10.50 cents. For a residential customer using an average of 1,200 kWh, the increase is expected to be approximately \$11 per month, or 37 cents per day (www.lanereport.com November 4, 2014)

Kentucky Power celebrates grid expansion

Kentucky Power celebrated the completion of \$50 million in improvements to its power grids at a luncheon Tuesday. The 138,000 volt line stretches 20 miles from Knott to Perry Counties, but affects electricity delivery in parts of Breathitt and Leslie Counties, according to Michael Lasslo, customer and distribution services manager for Kentucky Power’s Hazard district. “It’s the culmination of a five-year project,” said Lasslo. “It’s a new [138,000 volt] transmission line that connects our Softshell station in Knott County to our Bonnyman station in Perry County (www.wkvt.com October 21, 2014)

The fight over solar moves from net metering to rate design

Fights over electricity rates are brewing all across the country. Utilities say new rate proposals will protect customers who haven’t moved to solar and energy efficiency. But those who have moved say the proposals only protect utilities. “There are two categories of rate restructuring and rate design changes bubbling up,” explained Environmental Law & Policy Center Sr. Attorney Brad Klein. “The first is to move cost recovery from the variable per-kilowatt-hour charge and increase the monthly fixed charge. The other is to impose a monthly dollars-per-kilowatt charge on owners of distributed generation.” Many proposals are in states with little distributed generation. (www.utilitydive.com November 3, 2014)

Fracking can trigger earthquakes, scientists conclude

Evidence is growing that fracking for oil and gas is causing earthquakes that shake the heartland. States such as Oklahoma, Texas, Kansas and Ohio are being hit by earthquakes that appear linked to oil and gas activity. While the quakes are far more often tied to disposal of drilling waste, scientists also increasingly have started pointing to the fracking process itself. “Certainly I think there may be more of this that has gone on than we previously recognized,” Oklahoma Geological Survey seismologist Austin Holland told colleagues last week (www.kentucky.com November 4, 2014)

Ohio utilities feel burned by solar-energy users

People like Jack Hedge scare utility executives. He has rooftop solar panels that generate more electricity than his house needs. “My electric bill was zero most of the year,” the 66-year-old Worthington man said. Utilities, such as Columbus-based American Electric Power, say their current rate structure doesn’t allow them to cover costs related to renewable-energy owners. The result, the companies say, is that the costs get passed on to other consumers. The debate over how utilities treat rooftop solar is at the heart of a case heading to the Ohio Supreme Court. (www.dispatch.com November 2, 2014)

Coal News: Costs rise by another \$496MM at Kemper plant

Southern Co. (NYSE: SO) says it will cost at least another \$496 million to finish the power plant it’s building in eastern Mississippi’s Kemper County, pushing the total cost above \$6.1 billion. And, unlike other recent overruns, customers could have to pay \$167 million of the charges if regulators agree. The Atlanta-based parent of Mississippi Power Co. pushed back the completion date for Kemper from June 2015 to at least March 2016, and said further delays beyond that would cost \$20 million to \$30 million a month. Southern said the additional money will pay for material and labor during the plant’s startup phase, as well as additional interest the company will earn on money it’s already invested because of the delay. (www.pennenergy.com October 29, 2014)

Natural gas costs increase only slightly for this winter—PSC says consumers can reduce bills through energy efficiency

Natural gas costs at the start of the 2014-2015 heating season will be only slightly higher than last year, the Kentucky Public Service Commission (PSC) said today. Gas prices remain well below the peak reached in 2008, the PSC said. On average, Kentucky customers can expect to pay about 4.58 percent more this November than last, based on consumption of 10,000 cubic feet of natural gas. The average total bill for 10,000 cubic feet – including base rates – is projected to be about \$106.48. (<http://kentucky.gov> October 31, 2014)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	11/6/2014	10/31/2014	10/23/2014	10/16/2014	Year Ago
Gasoline (State avg.)	\$ 2.96	\$ 2.94	\$ 3.08	\$ 3.16	\$ 3.23
Ashland	\$ 3.00	\$ 3.02	\$ 3.15	\$ 3.19	\$ 3.28
Covington	\$ 3.11	\$ 3.14	\$ 3.15	\$ 3.27	\$ 3.31
Lexington	\$ 2.98	\$ 2.97	\$ 3.03	\$ 3.00	\$ 3.25
Louisville	\$ 2.93	\$ 2.99	\$ 3.22	\$ 3.15	\$ 3.21
Owensboro	\$ 2.80	\$ 2.82	\$ 2.89	\$ 2.89	\$ 3.18
Diesel (State avg.)	\$ 3.60	\$ 3.58	\$ 3.63	\$ 3.66	\$ 3.84
Ashland	\$ 3.63	\$ 3.54	\$ 3.55	\$ 3.54	\$ 3.93
Covington	\$ 3.67	\$ 3.62	\$ 3.62	\$ 3.64	\$ 3.92
Lexington	\$ 3.62	\$ 3.58	\$ 3.60	\$ 3.61	\$ 3.89
Louisville	\$ 3.66	\$ 3.63	\$ 3.65	\$ 3.66	\$ 3.84
Owensboro	\$ 3.66	\$ 3.57	\$ 3.60	\$ 3.63	\$ 3.92

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	11/3/2014	10/27/2014	10/20/2014	10/13/2014	Year Ago
Heating Oil (dollars per gallon)	\$ 3.41	\$ 3.23	\$ 3.30	\$ 3.31	\$ 3.53
Propane (dollars per gallon)	\$ 2.22	\$ 2.18	\$ 2.20	\$ 2.18	\$ 2.21

http://www.eia.gov/dnav/pet/pet_pri_wfr_dcus_SKY_w.htm

Spot Prices	11/3/2014	10/27/2014	10/22/2014	10/14/2014	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 78.77	\$ 81.26	\$ 82.76	\$ 81.72	\$ 94.74
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	\$ 3.82	\$ 3.56	\$ 3.69	\$ 3.89	\$ 3.45

Source: the Wall Street Journal

Futures		December 2014	January 2015	February 2015
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	11/5/2014	\$ 78.68	\$ 78.60	\$ 78.54
	10/30/2014	\$ 81.12	\$ 80.90	\$ 80.75
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	11/5/2014	\$ 4.19	\$ 4.29	\$ 4.25
	10/30/2014	\$ 3.83	\$ 3.91	\$ 3.90
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	11/5/2014	\$ 0.87	\$ 0.88	\$ 0.88
	10/30/2014	\$ 0.91	\$ 0.92	\$ 0.91
Coal (Dollars per ton) <i>Central Appalachian</i>	11/5/2014	\$ 52.63	\$ 53.68	\$ 54.61
	10/30/2014	\$ 53.25	\$ 53.72	\$ 54.34

Source: CME Group

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