

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues

Beshear appoints Linda Breathitt to Public Service Commission

Governor Steve Beshear appointed longtime energy regulator Linda Breathitt on Friday to the state Public Service Commission. Breathitt, of Lexington, has worked in the energy sector for years in state and federal positions. She replaces Charlie Borders, who resigned in December from the agency that oversees utilities in the state. Her term will begin May 21. "Linda has a broad range of experience in the energy sector that few can match," Beshear said in a statement. "Her vision and expertise in this field will serve our entire state well." (Herald Leader – May 11, 2012)

EKU student's biodiesel proposal earns second place in Appalachian Ideas program

An Eastern Kentucky University student earned second place in the eighth annual Appalachian Ideas Network Showcase. Christian Wyler, a junior pre-optometry major from Lancaster, received \$1,500 after presenting his concept, "Ethanol of Appalachia." His venture would make the plentiful source of switchgrass, which thrives on marginal land and is resistant to disease and insect invasion, more readily available to the cellulosic biorefineries of the region. The Berea College Entrepreneurship for the Public Good program (EPG), in collaboration with the Sullivan Foundation, hosted the two-day competition in April. (The Lane Report – May 10, 2012)

Five-party arrangement extends Paducah Gaseous Diffusion Plant enrichment operations

USEC Inc. today entered into a multi-party arrangement with Energy Northwest, the Bonneville Power Administration (BPA), the Tennessee Valley Authority (TVA) and the U. S. Department of Energy (DOE) to extend uranium enrichment operations at the Paducah Gaseous Diffusion Plant in Paducah, Ky. Under the agreements, DOE will provide high-assay depleted uranium hexafluoride, also known as tails, to Energy Northwest. Energy Northwest has contracted with USEC to re-enrich the tails into low enriched uranium. Energy Northwest will utilize a portion of the low enriched uranium for its Columbia Nuclear Generating Station and will sell the remainder of the U.S.-origin low enriched uranium to TVA for use in TVA's reactors, including reactors that are used to produce tritium, a vital component for maintaining the U.S. nuclear deterrent. TVA will supply the power for the re-enrichment under an agreement to extend the existing USEC-TVA power contract. (USEC – May 15, 2012)

Pipeline, electricity representatives seek regional solutions

Today, MISO hosted another workshop on interdependencies in the gas and electricity industries to provide better understanding of how both sectors can work together to offset potential infrastructure issues as the region's power generators attempt to meet the requirements of new federal air quality standards. Representatives from the two industries presented studies that outline options and challenges in light of the new regulations. MISO first commissioned a Gas and Electric Infrastructure Interdependency Analysis study, released earlier this year, to assess how the shift in the electric fuel mix may impact the gas and electric industries over the next 20 years. MISO's initial study found that gas supply availability at the wellhead for use in power generation is not an issue. However, the analysis indicated three major areas of concern: storage, pipeline capacity and timing. (PRNewswire – May 10, 2012)

Oil falls to 6-month low near \$92 on US supplies

Oil prices dropped to fresh six-month lows near \$92 a barrel Wednesday in Asia after a report showed U.S. crude supplies surged more than expected last week. Benchmark oil for June delivery was down \$1.84 to \$92.14 a barrel, the lowest since November, at late afternoon Singapore time in electronic trading on the New York Mercantile Exchange. The contract fell 80 cents to settle at \$93.98 in New York on Tuesday. Brent crude for July delivery was down \$1.20 at \$110.25 per barrel in London. The American Petroleum Institute said late Tuesday that crude inventories rose 6.6 million barrels last week while analysts surveyed by Platts, the energy information arm of McGraw-Hill Cos., had predicted an increase of 1.5 million barrels. (Herald Leader – May 15, 2012)

FedEx closes in on vehicle fleet fuel efficiency goal years ahead of schedule

FedEx Express, a unit of FedEx Corp., has made significant progress towards its goal to make its vehicle fleet 20 percent more fuel efficient by 2020, announcing today that the FedEx Express vehicle fleet is now 16.6 percent more fuel efficient through FY2011 than it was in 2005. Twenty percent of the FedEx Express diesel vehicle pickup and delivery fleet has already been converted to more efficient and cleaner emission models that comply with 2010 U.S. Environmental Protection Agency diesel emission standards. "Although we are less than halfway to the end date we set for ourselves, we have achieved 80 percent of our vehicle fuel efficiency goal as of the conclusion of fiscal year 2011, compared to our original baseline set in 2005," said Mitch Jackson, staff vice president of environmental affairs and sustainability, FedEx Corp. "As a result, we are reevaluating our 2020 goal to potentially raise the standard we originally set out to achieve." (Market Watch – May 16, 2012)

Obama camp adds coal to 'all of the above' energy strategy

President Barack Obama's re-election campaign has decided after all to add coal to its "all of the above" energy strategy. A page on Obama's campaign website now lists "clean coal" among the energy sources the president has supported during his first term, an indication that the campaign is sensitive to criticism that it is hostile to the coal industry. As Washington Wire reported the page didn't mention coal as recently as Wednesday. Rep. Ed Whitfield, a Kentucky Republican who is one of the coal industry's top supporters, pointed that out during a congressional hearing. Now the site discusses the administration's funding of research into technologies that would cut down on carbon emissions from coal-fired power plants. (The Wall Street Journal – May 11, 2012)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	5/18/2012	5/10/2012	5/3/2012	4/26/2012	Year Ago
Gasoline (State avg.)	3.616	3.609	3.706	3.787	3.934
Ashland	3.604	3.651	3.72	3.752	3.982
Covington	3.758	3.71	3.745	3.825	3.98
Lexington	3.661	3.559	3.664	3.769	3.929
Louisville	3.557	3.631	3.728	3.794	4.042
Owensboro	3.57	3.617	3.723	3.797	3.876
Diesel (State avg.)	3.951	3.993	4.033	4.041	4.008
Ashland	3.931	4.003	4.054	4.069	4.043
Covington	3.973	4.008	4.07	4.069	4.027
Lexington	3.957	3.993	4.03	4.04	4.022
Louisville	3.967	3.995	4.013	4.018	4.028
Owensboro	3.98	4.017	4.06	4.085	3.997

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	3/19/2012	3/12/2012	3/5/2012	2/27/2012	Year Ago
Heating Oil (dollars per gallon)	4.112	4.105	4.1	4.108	3.878
Propane (dollars per gallon)	2.869	2.868	2.867	2.867	2.857

Source: the U.S. Energy Information Administration

Wholesale Fuel Prices

Spot Prices	5/17/2012	5/9/2012	5/2/2012	4/25/2012	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	92.56	96.81	105.22	104.12	98.44
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2.559	2.368	2.288	1.998	4.055

Source: the Wall Street Journal

Futures		12-Jun	12-Jul	12-Aug
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	5/17/2012	92.56	92.94	93.19
	5/9/2012	96.81	97.15	97.42
	5/2/2012	105.22	105.58	105.83
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	5/17/2012	2.594	2.673	2.73
	5/9/2012	2.465	2.55	2.61
	5/2/2012	2.253	2.354	2.426
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	5/17/2012	0.938	0.943	0.951
	5/9/2012	1.005	1.01	1.02
	5/2/2012	1.09	1.093	1.1
Coal (Dollars per ton) <i>Central Appalachian</i>	5/17/2012	55.9	57.37	58.15
	5/9/2012	52.28	59.05	59.63
	5/2/2012	57.87	58.33	59.25

Source: CME Group

* - Information Not Available



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