
From: External Communications

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Subject: Daily Media Report for Monday, August 31, 2009

Attachments: AP082809_China_Endorses_Resolution_On_CLimate_Change.doc; BusinessFirst082909_LG&E_KU_To_Seek_Wind_Energy.doc; CJ083009_\$10-Million_In_Grants_OKed.doc; GermanNews083109_EON_Cuts_Ribbon_On_CHP_Plant_in_Sweden.doc; HendGleaner082709_Kenergy_Bills_Getting_More_Complicated.doc; HL082909_CO2_Test.pdf; HL082909_low_voltage_lighting.pdf; HL082909_shelby_energy.pdf; HL083109_strip_mine_reclamation.pdf; HL_Parade_083009_cap&trade.pdf; HuntH-D082509_Group-Energy_Bill_Would_Cause_Job_Losses.doc; OwensboroM-I083009_Edit-

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Daily Media Report

Monday, August 31, 2009

Local/State

Courier-Journal, Business First**	Aug. 29	LG&E, KU To Seek Wind Energy
All Louisville TV	Aug. 28-29	LG&E, KU To Seek Wind Energy
Courier-Journal**	Aug. 30	\$10 Million In Grants Oked For Home Cleanups
Kentucky.com**	Aug. 29	KU, LG&E To Seek Wind Energy
All Lexington TV	Aug. 28-29	KU, LG&E To Seek Wind Energy
Herald-Leader*	Aug. 31	Eco-Parks for Old Strip Mines
Herald-Leader/Parade Magazine*	Aug. 30	Will Cap & Trade Really Work?
Herald-Leader*	Aug. 29	Ancient Rocks Surfaces From CO2 Well Dig
Herald-Leader*	Aug. 29	Low Voltage Lighting Easy To Install
Herald-Leader*	Aug. 29	Shelby Energy Improves Safety
Owensboro Messenger-Inquirer*	Aug. 30	Editorial: More Effort Needed On OMU Oversight
Henderson Gleaner*	Aug. 27	Kenenergy Bills Getting More Complicated

Industry

Wall Street Journal*	Aug. 28	Edison International Unit Sued Over Clean Air Violations
Huntington (W. Va.) Herald-Dispatch*	Aug. 25	Group: Energy Bill Would Cause Job Losses

International

German News Digest**	Aug. 31	E.ON Cuts Ribbon on CHP Plant in Sweden
Reuters*	Aug. 31	Green Protesters Target E.ON's Ratcliffe Plant
Associated Press*	Aug. 28	China Endorses Resolution On Climate Change

*-Article is attached; **-Article is attached and LG&E, KU, E.ON U.S. or E.ON is mentioned

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This report has been provided by Corporate Communications. Should you have questions or need additional information, please email Brian Phillips or Cliff Feltham.

China endorses resolution on climate change

By Tini Tran, Associated Press

BEIJING — China's legislature passed a resolution Wednesday signaling its interest in "actively dealing with climate change" by considering new over greenhouse emissions.

The resolution, endorsed at the end of a four-day session by the Standing Committee of the National People's Congress, will help "accelerate" the global warming, the official Xinhua News Agency reported. However, the legislation does not break new ground from China's previous statements.

China has sought to stake out its position ahead of a major climate change conference in Copenhagen, Denmark, at the end of the year at which a global framework for curbing the greenhouse gases that are causing climate change.

Recently surpassing the USA, China has become the largest emitter of greenhouse gases worldwide. The two nations account for 40% of the world's total emissions.

China has not set a cap on its emissions, arguing that developed countries — which are responsible for the bulk of the historic buildup in greenhouse gases — should do so.

The resolution said China will play an active role in international conferences and negotiations on climate change. At the same time, it repeated that it will firmly "maintain the right to development" as a developing country, and opposes "any form of trade protectionism disguised as tackling climate change."

It also laid out China's position that developed nations should "take the lead" in setting clear targets in reducing carbon dioxide emissions and helping developing countries with funds and technology transfers.

At the same time, China must commit to energy saving and emissions reductions by promoting energy-efficient technology and products while focusing on clean energy.

Efforts will be made to improve laws on environmental protection and climate change, and at the same time, strengthen supervision of enforcement of laws with global warming.

The legislation follows an earlier report this month by several Chinese government bodies and academics that said China should "as soon as possible set relative and absolute caps in the total volume of carbon dioxide emissions" in order to reduce greenhouse gases by 2030.

The nearly 900-page "2050 China Energy and CO2 Emissions Report" said that China's gross domestic product may exceed America's by that time, but its greenhouse gases will make up 20 to 25% of the world's total emissions.

If China implements cuts on the absolute amount of its emissions, then emissions of carbon dioxide will start to slow by 2020 and peak by 2030, then gradually decline.

LG&E, KU to seek wind energy

Business First of Louisville

Kentucky's two largest utilities, Louisville Gas and Electric Co. and Kentucky Utilities Co., filed a "notice of intent" with the Kentucky Public Service Commission on Friday, stating that they plan to file a request to add wind energy to their portfolio of energy sources.

They also want to be allowed to recover the additional costs associated with the renewable energy source, according to a news release from the utilities' parent company, Louisville-based E.ON U.S.

LG&E and KU already generate 109 megawatts of hydroelectric power at Ohio Falls on the Ohio River and Dix Dam on Lake Herrington. If the commission approves the filing, the two utilities would have 109.5 megawatts of wind capacity as well.

"Already, we have invested in clean coal research, carbon sequestration studies and improved energy efficiency programs," Victor A. Staffieri, E.ON U.S. chairman, CEO and president, said in the release. "If approved, today's request would give E.ON U.S. an additional tool to help us further address environmental concerns."

The two utilities would get the wind energy from Grand Ridge Energy LLC, a subsidiary of Invenergy LLC. The Grand Ridge Energy Center in LaSalle County, Ill., would provide 109.5 megawatts of wind capacity to LG&E and KU for 20 years at a cost that is roughly 5 to 6 cents higher than the companies' average energy costs per kilowatt hour.

The utilities plan to file the request with the commission around Sept. 28 and request approval from the commission by March 23, 2010.

LG&E serves 326,000 natural gas and 401,000 electric customers in Louisville and 16 surrounding counties. Kentucky Utilities, based in Lexington, serves 536,000 customers in 77 Kentucky counties and five counties in Virginia.

Invenergy, founded in Chicago in 2001, is focused on the development, ownership, operation and management of large-scale wind energy and other clean energy generation assets in North America and Europe.

\$10 million in grants OK'd

Home cleanup maybe done in 2 weeks

By Dan Klepal
dklepal@courier-journal.com

The federal government has approved more than \$10million in grants for victims of the Aug. 4 flash flood in Louisville, and volunteer organizations are expected to finish cleaning flooded homes in the next two weeks.

At least 86 households that have requested cleanup help are still on a waiting list, while work on 299 has been finished by volunteers from all over the country, according to records inspected Friday by The Courier-Journal.

Jim Garrett, president of the Kentucky branch of Voluntary Organizations Active in Disasters, said Friday was the last day in Louisville for a couple of out-of-state volunteer organizations, but they will be replaced by others from Tennessee, North Carolina and Mississippi next week. One group, Samaritan's Purse International Relief, has agreed to stay an extra week.

In all, about 120 out-of-state volunteers will continue to work through the weekend and next week, while Metro United Way is asking for more local volunteers to pitch in.

"It will be about two weeks to have the initial phase of cleaning and sanitizing finished," Garrett said. "We're getting our arms around it at this point. We're doing pretty good; it just takes time."

Officials with the Federal Emergency Management Agency said 8,860 people have received grants, with an average payout of about \$1,200.

Geoffrey Scott, a resident of the devastated Maple Street in western Louisville, said he got \$18,000. Scott sat on his porch Friday afternoon waiting for an electrician to come and install a new breaker box so he could have his electricity turned back on. His house has been empty since the storm — which dumped 6½ inches of rain on downtown and other neighborhoods in just over an hour — and he said he is anxious to move back in.

He must replace the furnace, floors and ductwork and repair a cracked foundation, in addition to buying new furniture, clothing and other possessions. Some of the FEMA money is also intended to pay for temporary shelter.

LG&E won't restore electricity until the breaker box is replaced, he said.

"The water came up through the air ducts. I was sitting in my window watching them rescue people in boats," Scott said. "If I could get my electricity back on, I could go ahead and get started" on the repairs.

Kelly Thompson is director of the United Way's Volunteer Engagement Center, where local residents sign up to help clean and those in need of assistance request services. She said about 50 people are calling every day for help with everything from cleaning to hauling away debris — although perhaps 15 percent or 20 percent are repeat calls from those waiting for services and asking when they will get help.

Thompson said Mayor Jerry Abramson's request for more local volunteers made a difference this week, with about 150 local people signing up. There had been a total of 180 in the weeks preceding the mayor's intervention, she said.

Thompson added that more people are needed to fill up crews at the end of next week and after the Labor Day holiday. More than 1,600 people have requested services, from hauling debris (which is being handled by the city) to cleaning up (done by volunteers) to financial assistance (FEMA).

The volunteer organizations complained last week that city crews were not hauling away debris, requiring them to do that instead of the cleanup job they were in town for. That was resolved after the city agreed to begin a "targeted" curbside pickup, with the volunteer groups providing the Public Works Department with a list of addresses of homes that have been cleaned.

Thompson said the arrangement is working well.

"The city is out there every day," she said.

Debris "is something we'll need to work on for many weeks," Thompson said. "But I think people are a lot less anxious and more relaxed because they see the debris pickup is working."

Keith Hackett, assistant public works director, said the city just received the first list of cleaned homes, containing about 200 addresses. Debris has been removed as part of the city's routine junk pickup, and supervisors are now being sent back into those areas to see if more piles are on the curb so crews can make a second run if necessary, he said.

He said the debris removal should be complete by the first week in October.

Meanwhile, FEMA's two disaster relief centers will remain open at least through next week. The centers are places where people can register for FEMA aid and get other services.

Spokesman Marvin Davis said \$300,000 more in low-interest loans through the U.S. Small Business Administration have been approved for 14 people. The SBA has handed out more than 5,300 loan applications and received 275 back.

SBA spokesman Jack Kemp said that people must return the applications — even if they don't want a loan — to qualify for FEMA aid. The deadline to return the applications is Oct. 13. Loans for individuals have an interest rate of 2¾ percent and can be repaid over as many as 30 years.

Larry Koch was wrapping up his final day as a Louisville volunteer Friday. Koch, the retired state director for the Baptist Convention Disaster Relief Ministries, has been working since Aug. 5 on the Louisville flood relief. In those weeks, Baptist volunteers have come from as far away as Texas and New Mexico.

"It has worked well," Koch said.

Reporter Dan Klepal can be reached at (502) 582-4475.

German E.on cuts ribbon on EUR-300m CHP plant in Sweden

German multi-utility E.on (ETR:EOAN) is opening today its EUR-300-million (USD-429m) combined heat and power (CHP) plant in Malmo, southern Sweden.

The Oresundsverket project is a technologically advanced 440 MW gas-fired CHP plant. Replacing older coal-fired electricity generation, the facility will produce 3 billion kWh of electricity for the southern Swedish market, and 1 billion kWh of district heat for Malmo, while reducing annual emissions of carbon dioxide (CO₂) by 1 million tonnes (2.2 billion pounds).

The new CHP plant has an efficiency of 58%. Meanwhile at full cogeneration, the efficiency reaches 90%. According to E.ON, it is one of the most efficient power plants in Europe.

Kenergy bills getting more complicated

By Chuck Stinnett

Kenergy Corp. customers won't see their electric rates going up next month, but their power bills will be more complex.

Six new line items will appear on September bills related to Big Rivers Electric Corp. regaining operational control of its power plants through a complicated transaction called the "unwind."

The new line items include two charges for fuel and environmental expenses.

But the bills will also show four new credits that for the next 12 months will wipe out fuel and environmental expenses.

That will result in zero change in electric rates for now, according to both Kenergy and the Kentucky Public Service Commission, which regulates the utility and approved the Big Rivers unwind.

Future increases in coal prices and new environmental regulations are possible. But pools of money are in place to "feather," or phase in, higher power bills to reduce "rate shock" for Kenergy customers in the coming years.

Here are the new items that will appear on Kenergy bills:

Charges

- Fuel Adjustment Clause: This charge passes on to customers the cost of fuel, primarily coal, used to generate electricity.

Kenergy customers had this on their bill for many years. But the clause disappeared in 1998 when Big Rivers leased its power plants to the company that became known as E.ON U.S.

"Under E.ON, there was no fuel adjustment clause on these bills," David Hamilton, Kenergy's member services director, said Thursday. "They had no way to pass on fuel increases."

That was one of the factors that made the lease a big money-loser for E.ON, prompting the company to pay roughly \$1 billion to Big Rivers and others to terminate the lease 14 years early.

- Environmental Surcharge: This charge covers the cost of complying with the Clean Air Act and other government environmental regulations.

A "big unknown is future environmental regulations, carbon being the big one," Hamilton said.

Credits

- "Unwind" Surcredit Adjustment: The Rio Tinto Alcan and Century Aluminum smelters, in return for securing long-term, low-priced power contracts, agreed to pay a surcharge that will be passed on to Kenergy to help offset the above two charges.

- Rebate Adjustment: In any year in which Big Rivers' earnings exceed a pre-determined level, it may seek approval to rebate those excess earnings to Kenergy and two other electric distribution cooperatives. The rebate will be shared with customers of the three co-ops.

- Member Rate Stability Mechanism: The unwind created a pool of money, funded by E.ON, to be used to help offset the fuel and environmental surcharges for awhile.

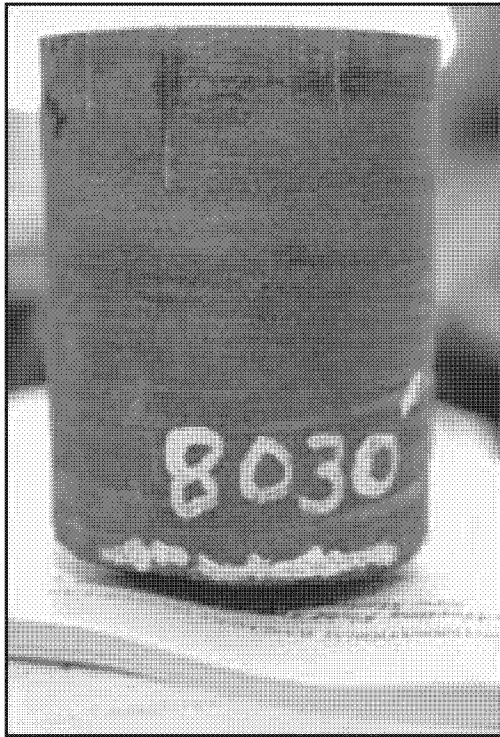
- Rural economic reserve adjustment: Also funded by E.ON, this pool of money will be used when the Member Rate Stability Mechanism is exhausted. E.ON agreed to provide these funds at the urging of the PSC to keep co-op rates as low as possible.

This new collection of charges and credits illustrate the complex negotiations that went into the unwind.

"The unwind was an immensely complicated process," Kenergy CEO Sandy Novick said in a statement. But he added that "it was well worth the years of hard work by so many people."

The completion of the unwind, Kenergy said, avoided an immediate rate increase; dramatically improved Big Rivers' financial condition, thanks to payments from E.ON; put decisions about how the power plants are operated back in hands of people who live in this area; and helped secure the future of the two aluminum smelters and the 1,200 people they employ.

Date: Aug 29, 2009; Section: City Region; Page: D1



MARK CORNELISON | mcornelison@herald-leader.com

In drilling a well in Hancock County to test burying carbon dioxide, scientists brought up a 1 billion-year-old chunk of basement rock.

Ancient rock surfaces in well dig in Hancock Co.

CARBON DIOXIDE TEST PROJECT YIELDS 'BASEMENT ROCK'

By Andy Mead

amead@herald-leader.com

It's called "basement rock," but it's unlike anything you'll find in the deepest basement.

It is a dense piece of reddish sandstone that last saw the light of day when Kentucky was a very different place.

It is 6 inches high and 4 inches in diameter, and it is thought to be a billion years old.

The "8030" painted on its side offers a hint of its origin: It came from 8,030 feet below the surface of Hancock

County.

The rock was brought up from a test well dug to help scientists find out if carbon dioxide can be stored deep below the surface instead of being spewed into air.

At 8,126 feet, the well is one of the deepest ever dug in Kentucky.

Such Kentucky basement rock is so rare that there might be only 650 or so pounds that have ever been brought to the surface, including the 450 pounds from the Hancock County well.

Rick Bowersox, who is

studying the rock at the Kentucky Geological Survey at the University of Kentucky, notes that by comparison, 840 pounds of rock were brought back from the moon.

The Hancock County rock is expensive — it cost about \$5,000 a foot to bring 30 feet of it up from the bottom of the well.

Bowersox is studying whether it is suitable rock to store carbon dioxide.

So far, it appears too dense for that, he said, although

See ROCK, D2

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ROCK | May hold clue to how continent formed

Project seeks to solve problem of carbon dioxide

Three hundred twenty-three tons of carbon dioxide were injected last week into a deep well in Western Kentucky, the Kentucky Geological Survey said. It was commercial-grade CO₂, the kind used to make soft drinks and dry ice.

The test well is 8,126 feet deep. The CO₂ was injected in the Knox dolomite formation between 3,800 and 7,400 feet. Scientists figure that overlying impermeable rock formations and natural pressure will hold the carbon forever.

The well is part of a massive research project to learn how to do something with tons of CO₂ that now spew into the air from coal-fired power plants, causing global climate change. While KGS and others are working on figuring out how to store the stuff deep in the ground, scientists at the University of Kentucky's Center for Applied Energy Research and elsewhere are learning how to strip it out of the gases given off when coal is burned.

Now, for the Hancock County well, there will be as much as three years of monitoring to make sure none of the CO₂ escapes.

ANDY MEAD

From Page D1

scientists say that shallower layers will work just fine.

He's also looking for clues to how the rock and the North American continent were formed.

In addition, he might be able to get information from



Rick Bowersox is studying possible uses for the rock.

the rock about volcanic activity, and perhaps even long-ago climate conditions.

Based on research in Ohio, the rock probably was formed by the erosion of a granite mountain range some-

where north of what is now Kentucky. It was carried to its longtime resting spot by a series of streams and shallow rivers.

It is highly unlikely that any fossils will be found in the rock, Bowersox said. There were no life forms on the Earth's surface that long ago, he said, although there were some simple things in the oceans.

All the erosion that occurs now is affected by life forms, Bowersox said. The forces that turned a granite mountain into reddish Kentucky sandstone were purely mechanical and chemical, not

Reach Andy Mead at (859) 231-3319 or 1-800-950-6397, Ext. 3319.

SENSIBLE HOME

Low-voltage lighting easy to install



**JAMES
DULLEY**
SYNDICATED
COLUMNIST

Question: I need some efficient outdoor lighting by my deck and backyard landscaping for security and entertaining. I am not an electrician, so I need something simple to install. What is your opinion of low-voltage lights? — **Ronnie S.**

Answer: I am a fan of low-voltage residential lighting and use it in landscaping and gardens around my house. As you mentioned, the big advantage of low-voltage lighting is you can install it yourself and eliminate the expense of professional installation.

Another advantage is safety. You do not have to worry about the risk of electrocution when digging with metal garden tools. I think every avid gardener has, at least once, cut through wire insulation accidentally.

The energy efficiency of low-voltage lighting is similar to 120-volt standard line-voltage outdoor light-

ing. There might be slightly more electricity loss because of transformer inefficiencies and higher current in the wiring, but it is not significant for most systems.

The newest and most energy-efficient low-voltage landscaping lighting uses super-efficient light-emitting diodes instead of standard incandescent bulbs. Each low-voltage LED fixture might use as little as 3 watts of electricity compared to about 10 times that much for some standard fixtures. The light quality from LEDs is very white and pleasing.

The most difficult part of installing a low-voltage lighting system is making sure the total wattage of all the fixtures on a line does not exceed the rated output of the transformer. The maximum 12-volt output wattage will be listed on the transformer, and instructions for the fixtures should list their individual wattages.

When selecting a low-voltage system or the components to put a system together, select a transformer with a built-in timer. These are common in many

kits and easy to find. With a timer, there is no chance of leaving the lights on all night and wasting electricity.

You probably will select a variety of path, deck and floodlights to meet most of your landscape lighting needs.

For much of the general lighting where the fixture is not noticeable, inexpensive plastic fixtures are fine. For more exposed areas, decorative metal fixtures with stained and etched glass are attractive. Another attractive option is natural wood fixtures.

To edge a path, snap-together lighted plastic simulated bricks are effective. The electrical connectors are built into the bricks so you have to run wiring only to the first brick along the edge.

Several decking material manufacturers offer built-in post and baluster lights with hidden wiring.

The following companies offer low-voltage lights:

Argee Corp. 1-800-449-3030, www.argeecorp.com

Idaho Wood 1-800-635-1100, www.idahowood.com

Intermatic (815) 675-7000, www.intermatic.com

Nightscaping 1-800-544-4840, www.nightscaping.com

Troy Landscape Lighting 1-800-677-6811, www.troylandscapelighting.com

Q: I am building a house that will use passive solar heating. It will be a ranch-style house with many south-facing windows. What is the best way to plan the rooms for the best natural heat circulation? — **Faith G.**

A: An open floor plan is generally best for passive solar heating. This allows the solar-heated air, usually on the south side of the house, to circulate more freely throughout the rest of the house.

Design the interior walls with large openings between rooms. For efficiency and a contemporary look, build curved walls and smooth transitions between rooms. Bendable drywall is ideal for this. Because it is thin, you will need two layers.

Send inquiries to James Dulley, Lexington Herald-Leader, 6906 Royalgreen Drive, Cincinnati, Ohio 45244 or go to www.dulley.com.

Lexington Herald-Leader -- Date: Aug 29, 2009; Section: Business; Page: B7

Shelby Energy improves safety

Shelby Energy Cooperative has improved its worker safety practices since a string of four fatal accidents from 1998 to 2007, the Kentucky Public Service Commission said Friday. In October 2008, the PSC hired an independent firm to study the utility. The firm's report said the utility had made significant progress in protecting both employees and contractors. The firm also looked into the utility's failure to pass on to its customers the price it paid for electricity from the East Kentucky Power Cooperative. That was found to be a one-time billing error.

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A watershed for economic security

At issue | Herald-Leader news story Aug. 16: "The plan: Plant 125 million trees; group wants to reforest E. Ky. mining sites."

By Erik Reece

Last February, when actress Ashley Judd addressed hundreds of Kentuckians concerned about mountaintop removal strip mining from the state Capitol steps, she offered some helpful advice: Don't just tell your representatives what you're against; tell them what you're for.

Bill Estep's profile of the Appalachian Regional Reforestation Initiative's effort to plant 125 million trees on former strip mine sites, creating 2,000 jobs, is an excellent example of what we should be for.

But it is also a reminder that we must continue to be very clear about what we are against: leveling Eastern Kentucky's mountains in the name of cheap energy.

ARRI's coordinator, Patrick Angel, has vision and integrity. He, with the University of Kentucky forestry's Chris Barton and Don Graves, should be commended for their research into reforesting mine sites.

However, one can easily see the coal industry co-opting this effort as justification to continue stripping the tops off mountains and burying streams with the toxic debris. We who support ARRI's work must remain adamant that mountaintop removal strip mining be stopped. There are 1.5 million acres of former mountains that have already been stripped; we need not add one acre more.

Reforestation could be important in sequestering carbon and creating jobs, but it will not bring back the thousands of miles of streams that have been buried by mountain-

ECO-PARKS ON OLD STRIP MINES COULD PROTECT THE ENVIRONMENT, PRODUCE ENERGY AND JOBS



CHARLES BERTRAM/STAFF

The author argues that an Agro Eco-Park, along the lines of the University of Kentucky's Robinson Forest in Eastern Kentucky, "provides, for free, all the natural services that a strip mine cannot."

top removal. It will not restore the original contour of the mountain, as stipulated by the Surface Mining Control and Reclamation Act of 1977. It will not prevent the damage to wells and groundwater associated with blasting, and it will not prevent slurry ponds from breaking or leaking black water.

Having said all that, I would also like to say this: Angel has offered us a glimpse of a new, clean-energy economy that could replace coal's dangerous monopoly.

Reforestation alone cannot do it. But it is part of a new economic paradigm that Kentucky must quickly adopt in the face of climate change and dwindling natural resources.

What's more, the model for such an economy exists right here — the watershed. Con-

sider this: A strip mine is a direct cause of erosion, flooding, species loss, toxic streams and the carbon dioxide production that is driving our climate crisis. By contrast, an intact watershed — such as Robinson Forest — prevents erosion and flooding, provides wildlife habitat and sequesters huge amounts of carbon. A watershed provides, for free, all the natural services that a strip mine cannot. It is diverse, decentralized, self-sufficient and conservative. It is a model not only for the economy, but for survival.

Some very bright minds are at work applying the principles of what the University of Vermont's John Todd calls "ecological design." Todd recently won the Buckminster Fuller Challenge Award for plans to build Agro Eco-Parks on former strip mines

throughout Appalachia.

Todd's model begins with reforestation (though I am convinced by Angel that UK scientists have a better reforestation plan), then manages hardwood trees for carbon sequestration and wildlife habitat, while producing fast-growing trees to create the renewable biofuels that would ultimately replace coal as the region's source of energy.

Like the diverse watershed, these parks could also offer diverse and decentralized sources of energy. Photovoltaic panels mounted on Eastern Kentucky's many south-facing valley fills could generate more energy than mountaintop removal provides. Energy from these panels, coupled with biofuel and some wind power, could be carried far beyond Kentucky on a direct-current "smart grid."

The ultimate effect of this new economy would be to take power — political and financial — away from large, absentee corporations and return it to the people of the region in the form of new energy cooperatives.

Who will pay for the start-up? Certainly some money will come from the federal stimulus package. But beyond that, we must continue to tax what is harmful. We've raised taxes on cigarettes and alcohol. It's time to raise the severance tax on coal — the most dangerous element of our economy.

But since most state legislators don't have the nerve to do that, I'll praise my representative, Congressman Ben Chandler, for voting for a federal cap-and-trade bill. It could stave off ecological catastrophe and generate profits that I trust Chandler to steer back into Kentucky's new, renewable economy.

Erik Reece, of Lexington, is a writer-in-residence at the University of Kentucky.

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August 30, 2009



Will 'Cap and Trade' Really Work?

The massive energy bill moving through Congress contains a controversial provision called "cap and trade." The measure would force some businesses to limit the carbon dioxide (CO) they create; to purchase "offsets" that support environmental initiatives; or to buy the right to emit CO from companies that pollute less. The bill's supporters say it's critical to fighting global warming, but opponents say the benefit to the environment isn't worth the price.

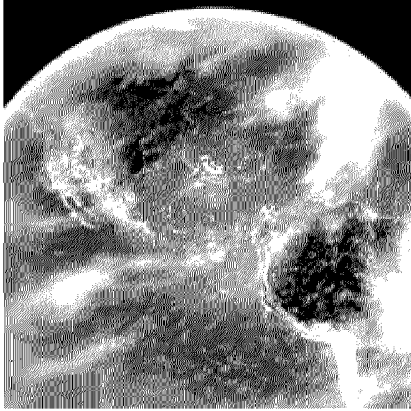
The conservative Heritage Foundation says cap and trade would raise yearly household energy bills \$1200 by 2035. The nonpartisan Congressional Budget Office estimates the cost at \$22 billion by 2020, or about \$175 per household.

Sen. Jon Kyl (R., Ariz.) says forcing companies to pay for offsets would raise the cost of energy and virtually all consumer goods: "All Americans, regardless of income, will feel the effects of this tax hike."

Environmentalists acknowledge that the measure would have costs but argue that failure to limit carbon emissions would be much worse. They want strong federal oversight to make sure offsets sold by forest landowners, farmers, and others result in measurable and sustainable carbon reductions. Says Bill Burtis of the environmental group Clean Air-Cool Planet: "A market for high-quality carbon offsets is necessary to combat global warming."

— J. Scott Orr

Group: Bill would cause job losses



The Herald-Dispatch

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CHRISTIAN ALEXANDERSEN

The Herald-Dispatch

HUNTINGTON -- Loss of American jobs and increased utility costs will occur if the Senate passes a Cap and Trade energy bill, according to a panel assembled by the West Virginia Conservative Foundation Tuesday at Marshall University.

More than 70 people stopped by the "Cap and Trade Town Hall Meeting" at the Alumni Lounge in Marshall's Memorial Student Center in Huntington. Mike Stuart, president of the foundation, moderated the panel which consisted of Margo Thorning, chief economist with the American Council for Capital Formation; Dean Cordle, executive vice president with A C & S Inc. in Nitro and Delegate Kevin Craig (D-Cabell).

The panel, who consisted of both Democrats and Republicans, are against the legislation and provided information on how it will negatively impact West Virginia families.

The Cap and Trade legislation, called the "American Clean Energy and Security Act," before the Senate means that there will be a legal limit on the quantity of greenhouse gases that a region can emit each year, "cap," and that companies can exchange among themselves the permission or permits to emit greenhouse gases, "trade."

By 2020, the legislation aims to lower greenhouse gas emissions. By 2050, the United States' emissions would be reduced by about 80 percent.

Since companies would have to eventually pay for emission permits, the panel said that the cost of those permits would come as increases in utility costs. Utility costs that will also increase over time as greenhouse gas emissions are continually lowered over the length of the bill.

"This bill will change how you live and how you work," Thorning said in front of projection screen of data she's collected.

Because coal plays a large role in the emission of greenhouse gas emissions, coal and manufacturing companies in West Virginia would close or dramatically decrease its workforce. Jobs that had previously been in the United States, would not go to countries that don't cap its emissions.

Stuart said countries like China and India would benefit most from this bill.

"It's already hard for us to compete globally, but with the passage of this bill it'll be even harder for us to compete," Stuart said.

The bill barely passed the House of Representatives on June 26 with a vote of 219 to 212. Stuart said he doesn't think there is enough votes, 60, in the Senate to pass the legislation and urged citizens to speak to their congressmen and tell them they are against Cap and Trade.

"Ordinary citizens have extraordinary impact on how their Congressman will vote on bills," Stuart said.

EDITORIAL: More Effort Needed on OMU Oversight

By Messenger-Inquirer, Owensboro, Ky.

Aug. 30--After hearing a revised recommendation on an Owensboro Municipal Utilities rate increase from two consultants last week, Owensboro Mayor Ron Payne all but declared the matter finished.

"I think we've done all we can do," Payne said, indicating his support for the proposed increase.

The Owensboro City Commission appears ready to approve a recommended rate increase that will provide OMU with an additional \$10 million in revenue this year. That's a hefty sum but is still lower than what OMU had hoped the City Commission would approve.

OMU has argued that relatively flat revenues have not been enough to cover rising expenses in recent years, and the utility has had to dip heavily into its reserves to cover costs. Other portions of the rate have been increased to cover costs like coal for the Elmer Smith power plant, and OMU wants a base rate hike to cover other expenses, such as rising administrative and personnel costs.

The City Commission has been mulling the issue over since April and turned to experts with experience in setting electric rates for advice. As Payne indicated at Tuesday's meeting, it's been a long process to determine a fair electric rate based on data about OMU's needs.

But work on OMU's rates should just be a first step in establishing better oversight of the city-owned utility and ensuring that the financial relationship between OMU and city taxpayers is viable well into the future.

In laying out OMU's revenue needs for this year, consultants Jim Adkins and Alan Zumstein listed four liabilities that needed to be met to keep the utility on an even financial keel.

The largest by far is the \$5.8 million dividend the city will require OMU to pay into the city's general fund coffers this year. That dividend has risen steadily from \$2.75 million following an agreement during the 2001-02 fiscal year that OMU would up its contribution.

The dividend has become an even larger share of the city's annual revenues during the past 10 years by increasing 110 percent while all other revenues rose 45 percent.

That growth continues this year under the electric rate recommended last week that the City Commission appears prepared to adopt. In essence, the city will be asking OMU ratepayers to pay more next year so the city won't have to trim from what it takes from OMU.

Without a change, the city will continue to expect its dividend, plus a 5 percent increase and other additions typically requested each year.

That's unsustainable given the financial difficulties OMU indicated during its pleas for a larger rate hike. The city should be sensitive to that and to the ratepayers who will carry the burden of what is essentially a shifted city tax.

This is the time to re-examine the dividend structure and to begin the discussion about the city taking a more active role in examining OMU's revenue requirements and expenses.

This increase in OMU's base electrical rate is the first in 17 years and was pushed forward in part by OMU's claims that it was losing more than \$10 million a year. At the very least, annual updates on OMU's budget for the City Commission are in order, along with more involvement by city staff and elected officials in OMU's budget process.

That oversight will be even more important over the next two years as OMU begins selling excess power from the Elmer Smith plant on the open market after a long-fought, and expensive, lawsuit against Kentucky Utilities. That move includes a fair amount of risk but also the possibility of a financial windfall for OMU, the city and OMU customers. The city should be very involved in its utility as it makes that next step.

These changes will follow an examination of an OMU rate hike that has been methodical, involved and intense -- as it should have been. Anytime the city asks its residents to carry a heavier financial burden, whether it's an increase in property taxes or electric rates, such due diligence is expected.

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REUTERS

- August 31, 2009

Green protesters target E.ON's Ratcliffe plant

LONDON, Aug 31 (Reuters) - Environmentalists campaigning against climate change said on Monday they would attempt to shut down German utility E.ON's power station at Ratcliffe in central England in a mass action planned for October.

The Climate Camp activists, currently camped on open ground in Blackheath in south London, said their invasion would take place on Oct. 17 and 18.

The European Union ranked Ratcliffe, one of Britain's biggest power stations, as the 18th most polluting power plant in Europe in 2008 in its annual "dirty 30" carbon dioxide emissions list.

In April police released without charge 114 people arrested on suspicion of conspiracy to commit aggravated trespass and criminal damage at the coal-fired plant in Nottinghamshire.

"We will shut Ratcliffe by land, water and air," said activist Charlotte Johnson.

"People will break into the plant and occupy the chimney. Coal power stations must be shut permanently if we are to have any chance of stopping catastrophic climate change."

An E.ON spokesman said the firm would work with local police to ensure the plant remained safe and in operation.

"We are supportive of peaceful protest but it is unacceptable to us for people to attempt to break into our power stations to shut them down," he said.

"It is not safe for people to go into power stations when they don't know what they are doing." (Reporting by Tim Castle)

Edison Intl Unit Sued Over Clean Air Violations

By Cassandra Sweet and Brent Kendall
Of DOW JONES NEWSWIRES

SAN FRANCISCO (Dow Jones)--As part of a larger crackdown on pollution from coal-fired power plants, the U.S. Department of Justice and the state of Illinois sued an Edison International (EIX) unit Thursday for alleged Clean Air Act violations at six Illinois coal-fired power plants.

Federal and state officials allege that the plants, owned by Edison unit Midwest Generation, have been illegally emitting "massive amounts" of pollutants including nitrogen oxides, sulfur dioxide and soot for years, particularly after they were modified in the 1990s by their previous owner, Exelon Corp. (EXC) unit Commonwealth Edison Co., without required pollution-control equipment.

Regulators are asking the court to order Midwest Generation to install new pollution-control technologies at the plants. They are also seeking civil fines for the alleged violations.

A U.S. Justice Department spokesman declined to comment on the total amount of fines that federal and state regulators are seeking.

The lawsuit potentially could expose the company to tens of millions of dollars or more in fines and perhaps hundreds of millions in pollution-control costs.

Regulators allege that the Clean Air Act violations have occurred for a decade, and maximum fines for such violations range from \$27,500 to \$37,500 per day.

The U.S. EPA notified Midwest Generation in 2007 that the plants were violating the Clean Air Act.

The Natural Resources Defense Council and other environmental groups notified Midwest Generation in late July that they planned to sue the company over Clean Air Act violations cited in "numerous" EPA notices. The groups cited a study from the Harvard School of Public Health that found that pollution from nine Chicago-

area coal plants were responsible for 311 premature deaths a year, as well as 4,100 emergency-room visits and 21,500 asthma attacks annually.

Midwest Gen spokesman Douglas McFarlan said the company believed an agreement it reached with Illinois in 2006 over emissions at its Illinois coal plants was sufficient, and that additional pollution control was unnecessary.

However, that agreement was narrowly focused on ensuring the company could comply with the state's mercury-emissions rules and had nothing to do with federal and state pollution requirements with which Midwest Generation is required to comply, said Illinois Attorney General Lisa Madigan.

"Today's lawsuit alleges that for many years Midwest Gen has and continues to violate both federal Clean Air Act and Illinois Environmental Protection Act provisions that limit emissions of particulate, sulfur dioxide and nitrogen oxides - emissions that aggravate asthma, cause acid rain and increase ozone levels," Madigan said in an email.

Midwest Gen is open to exploring a possible settlement, McFarlan said.

The Justice Department lawsuit is part of a national initiative to "stop illegal pollution from coal-fired power plants," the agency said in a statement. In addition to Midwest Gen, the agency has sued three other coal-fired power-plant operators this year for Clean Air Act violations: Westar Energy Inc. (WR) and NRG Energy Inc. (NRG) unit Louisiana Generating LLC.

In 2005 Dynegy Inc. (DYN) settled a lawsuit filed by the EPA, the state of Illinois and others over Clean Air Act violations at three Illinois coal plants. The company agreed to spend about \$545 million to install pollution control equipment at the plants, as well as pay a \$9 million civil penalty and spend \$15 million on environmental projects.

Edison International, based in Rosemead, Calif., owns California utility Southern California Edison.

Edison International shares closed down 1.2% at \$33.66.

-By Cassandra Sweet and Brent Kendall, Dow Jones Newswires; 415-439-6468; cassandra.sweet@dowjones.com