

Just the Facts:

Utilities in Kentucky

Kentucky has long enjoyed a competitive advantage in the provision of energy, natural gas, and water. The state's large coal reserves and proximity to coal-burning utility plants, a direct location on the interstate natural gas pipeline corridor and an abundant natural water supply from an extensive network of rivers, streams, and lakes keep Kentucky's utility costs among the lowest in the nation. Utility providers, with oversight by the Kentucky Public Service Commission (PSC), ensure competitive rates.

Kentucky is the nation's third-largest producer of coal, with rich deposits of low-sulfur coal in the Appalachian mountains of Eastern Kentucky and deposits of Illinois Basin coal in Western Kentucky. The Commonwealth also produces natural gas, a limited amount of crude oil, and is home to two ethanol facilities, four biodiesel production facilities, and two petroleum refineries which produce 245,000 barrels per day.

Electric Power

Kentucky's industrial sector electric power costs ranked 4th lowest nationwide in 2014, while the average retail price for the combined cost was one of the lowest nationwide. Electric power in Kentucky is distributed by investor-owned electric utilities, municipal electric systems, Tennessee Valley Authority, and rural electric cooperatives. Kentucky's Investor Owned Utilities include AEP Kentucky Power in Ashland, Kentucky; Louisville Gas and Electric Co. in Louisville, Kentucky; Kentucky Utilities Company in Lexington, Kentucky; and Duke Energy in Newport, Kentucky.

Natural Gas

The large majority of Kentucky's Natural Gas is obtained from the interstate pipeline system between the Gulf States and the Northeast, which passes directly through Kentucky, thus ensuring a competitive and readily available supply of natural gas. Most of Kentucky's natural gas comes from the Big Sandy field, which is the largest natural gas field in the Appalachian Basin.

Regulated gas companies can offer economic incentive rates for certain large industrial and commercial customers for up to five years, for both new and expanding operations. Gas companies also can offer a discount or waiver of gas main extension costs. The specific discount terms for individual customers are set by contracts negotiated with the gas companies, subject to approval by the PSC. Industries consistently using large quantities of natural gas may negotiate for transport gas service at costs substantially below normal gas service costs.

Water

An extensive surface water network of rivers, streams, and lakes, complemented by ground water supplies that are very pronounced in certain regions of the state, guarantee Kentucky an ample supply of water.

Many industries in the state withdraw water directly from Kentucky's extensive network of major rivers, man-made lakes, and ground water supplies. Concentrations of chemical and primary metals industries and electric power plants have developed in Kentucky along the Ohio River to profit from the abundant supplies of surface and ground water and from lower cost barge transportation.

Sewer

Kentucky's wastewater and sewerage treatment services are provided by both municipally operated sewer systems and sewer utilities. Municipal sewer services are available to most industrial areas of the state, except for sites in underdeveloped or remote areas.

Privately operated wastewater treatment plants may be approved by Kentucky's Department for Environmental Protection for industries not having access to a municipal sewer system.