## West Virginia Coal 2012 ------ 2013!

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2013(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Production (2012)</td>
<td>129,556,478</td>
<td>110,000,000</td>
</tr>
<tr>
<td>Underground</td>
<td>89,500,484</td>
<td>80,000,000</td>
</tr>
<tr>
<td>Surface</td>
<td>40,055,994</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Number of Mines</td>
<td>538</td>
<td>202(e)</td>
</tr>
<tr>
<td>Underground</td>
<td>292</td>
<td></td>
</tr>
<tr>
<td>Surface</td>
<td>246</td>
<td></td>
</tr>
<tr>
<td>West Virginia Coal “Direct” Employment--</td>
<td>22,369</td>
<td>19,200</td>
</tr>
<tr>
<td>Underground</td>
<td>16,868</td>
<td></td>
</tr>
<tr>
<td>Surface</td>
<td>5,501</td>
<td></td>
</tr>
<tr>
<td>Coal Handling Facilities</td>
<td>2,150</td>
<td></td>
</tr>
<tr>
<td>Contractors</td>
<td>2,100</td>
<td></td>
</tr>
<tr>
<td>Total Coal Employment</td>
<td>26,619</td>
<td></td>
</tr>
<tr>
<td>Average Annual Coal Wage</td>
<td>$68,500</td>
<td></td>
</tr>
<tr>
<td>Coal Severance Tax Paid</td>
<td>$490 Million</td>
<td></td>
</tr>
<tr>
<td>Share of WV’s GDP</td>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>
What’s at stake?

Why it’s important?

Mining vs Manufacturing Share of Current $ WV GDP


- Mining
- MFG
West Virginia Coal 2013

West Virginia
Coal Production by County (28)

2010 Coal Production by County

- 0 tons
- 1 - 1,000,000 tons
- 1,000,001 - 5,000,000 tons
- 5,000,001 - 10,000,000 tons
- 10,000,001 - 15,000,000 tons
- 15,000,001 - 25,000,000 tons
• 28 coal-producing counties (of 55 total)
  • *Marshall #1 (17.1M); Boone #2 (15.7M)*
• The second leading coal-producing state
  • *Shipped to 26 domestic states*
  • *Baltimore – Washington area*
• Leading underground coal producing state
• Leading coal export state (@ 50%)
  • *Shipped to 37 foreign countries*
• 32 million tons = 97% WV’s electricity
  • 50% WV coal ??
• 16 coal-fired plants = 86% compliant
  • *Longview Plant = most modern*
• 56% WV electricity – exported
• 33% Appalachian “Demonstrated Reserves”
  • *EIA --- 31.7 Billion Tons (13Bt-met)*

**West Virginia Coal 2013--- Helping us SURVIVE**
Coal Production and Severance 2006-2012

- 2006-07: $384,466,833
- 2007-08: $419,708,280
- 2008-09: $458,141,521
- 2009-10: $481,188,425
- 2010-11: $527,572,390
- 2011-2012: $495,376,162

Production and Grand Total (red) compared.

Friends of Coal
Helping – **ALL** of West Virginia

**Coal Severance Payments** -- all 55 counties

- **Non-Coal Producing Counties Distribution** -- $9 million
- **Coal Producing County Distribution** -- $27 million
- **Total Coal Severance Payments** -- $36 million

**Property Taxes**—**Income**—**Sales**—**Gasoline** – **JOBS**

**OTHER USES**

- **Water/Sewer** ($20.6M)
  - 1st collected
- **WC** (old fund) ($72.6M)
- **Public Services**
Sustaining for the Future

Development & Diversification

- **MINING** creates “level” land, with development potential for many other uses. Mining is “helping to build a new West Virginia.”

  - DEVELOPED SITES
    - Joint Base West Virginia – Tyler-Morgan, Fola, Logan & Mingo (DoD/National Guard)
    - Bechtel Summit Boy Scout Complex – Fayette
    - Mingo Central High School
    - Earl Ray Tomblin Conference Center-Chief Logan
    - King Coal Highway
    - Mingo & Logan Counties’ Regional Airports
    - Twisted Gun Golf Course
    - Hatfield-McCoy Trail System
    - The City of Weirton
    - Pete Dye golf course
    - Mount View High
    - Robert Byrd High School
    - Regional jails and federal prisons
    - Anker Sports Complex
    - Beckley YMCA Soccer Complex
    - FBI Complex
    - Mylan Park
    - Bright Mountain Subdivision
    - Agriculture – Beekeepers
Challenges

- Economic “uncertainty”
  - America and worldwide
    - Industrial demand—exports down 10% (July)
- NSPS – New and Existing Plants
  - EPA says --- “No Impact” – “Technology available”???
  - Uncertainty throughout – “easiest path to permit”
- Level “playing field”
  - Winners & Losers (gas – subsidies to alt.)
- Natural gas prices
  - Undervalued now (breaking themselves!)
- Challenging reserve base—other basins
  - Same equipment – same labor pool
  - Advantage in northern WV (Mr. Murray)
- Premature plant closures
  - 58 that use WV coal to close by 2018
Additional Challenges

- Federal government impositions & behavior
  - “Encourage, not discourage”

- EPA - CWA permitting
  - “Bullying” states to accept standards
  - “Forced re-design” of engineered mine plans
  - Delay/uncertainty – following state permit review/approval
  - Litigation

- MSHA
  - Movement of equipment – biggest “risk” we face
  - Infrastructure costs
EPA’s “Air War” on the consumers

- **CSAPR**
  - $2-3 billion annually

- **HgMACT**
  - $10-11 billion annually

- **NAAQS**
  - SO2, NOx, PM, CO, Ozone, Lead
  - Initial Cost = $1.5 billion annually

- **GHG NSPS**
  - No New Coal Plants
  - *Technology Does Not Exist*

- **COAL ASH** (threatened)
  - $1.5 billion annually

- **TOTAL PROJECTED IMPACT**
  - $22.5 billion - $40.5 billion

- Currently - 1,300 coal units @ 589 plants = 300,000 MW

- EPA “shutting down” - 315 units = 48,500 MW (15%)

- Consumers *and* Grid ---- BEWARE ---- Winter 2015-16!!!!!
We **WILL** “**Push to SURVIVE**”
Assets & Opportunities

- Best coal miners & managers
- Work with State administration, Legislature & Attorney General
  - Coal Caucus
  - Jobs – taxes – revenues – production
  - NSPS for “existing sources” next June
- State mine-permitting times improving
- Emphasize WV’s Safety Program is effective
- Encourage generation assets to be under PSC jurisdiction
  - First Energy & AEP pending
  - 86% compliant
- Increase use of WV coal in WV plants
- **Quantify** that a ton of “in-state” coal has *more value than* (just) price
  - 16 million tons of additional production
We WILL “Push to SURVIVE”
More- Assets & Opportunities

• Encourage exports
  – Location to ports – transportation assets
  – Coal “fastest growing” fossil fuel – “most prominent” by 2015
    • 19% world population – NO electricity
    • 3.6 Billion people – NO or only PARTIAL access to electricity
    • India – adding 75 gigawatts new generation – 5 years
      – 250 million tons / year

• Emphasize current U.S. CO₂ emissions – 23% below 2005 levels!
  – Longview --- cleanest – advanced super-critical -- 1,600#/mwh (1,885#/mwh)
  – Alternatives need “reliable” back-up

• Does DOE have an $8 billion draft “loan guarantee” program?
  – CEQ blog (9/20) – McCarty said $6 billion
  – No confidence in DoE --- should be Research & Development

• America has more coal than any other country
  – 87 Billion more than the 2nd largest (Russia)
  – WV has some of the “highest quality” coal – plenty of it
We WILL “Push to SURVIVE”

*More* - Assets & Opportunities

- Encourage Congressional control of administrative policies
  - Let STATES do “what’s best” for them (CWA-CAA-MSHA)
  - Manchin --- Capito --- McKinley --- Rahall
  - Put the PEOPLE & STATES back in charge
  - Regional Energy Policy – not thru environmental regulation

- “Environmental Justice” includes our miners
  - Their jobs -- Their families – Our communities

- Overcome the “hypocrites”
  - Electricity-carbon-safety-subsidies
  - “Hourly” Internet traffic will exceed “annual” traffic of 2000
  - “Big Oil” – Lobbying World Bank – Federal agencies
  - Level “playing field”
Level Playing Field???

“It’s outrageous that the government is sanctioning the killing of America’s symbol, the bald eagle.” National Audubon Society CEO David Yarnold
The Bottom Line

Our **OBJECTIVE** – Everyday!

- Keep our people working – in West Virginia!

*Thank you*