

West Virginia Coal 2014

Addressing the Challenges

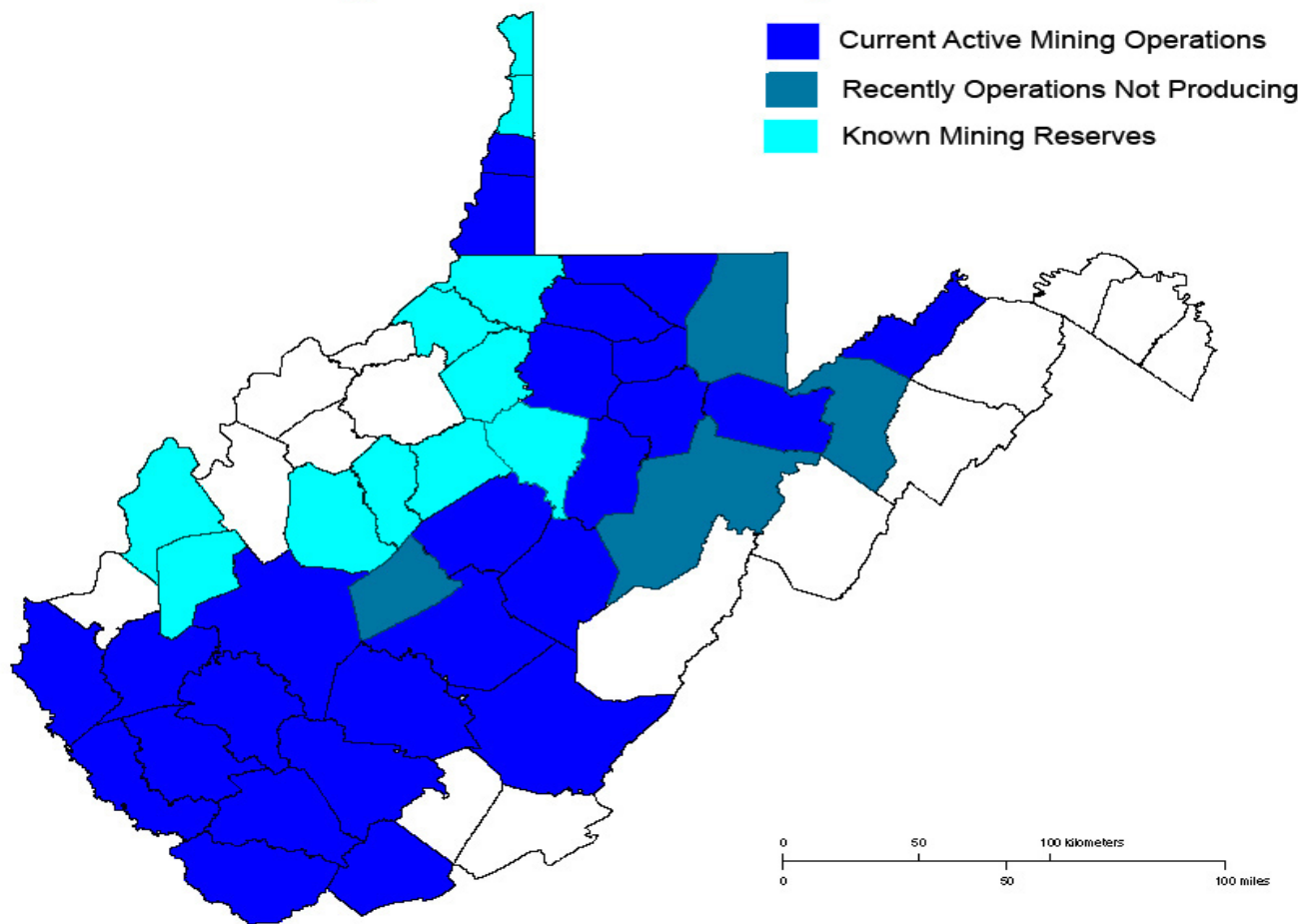


West Virginia Coal -----2012 ----- 2013

Total Production	<u>129,107,370</u>	<u>117,518,279</u>
<i>Underground</i>	89,210,479	86,148,225
<i>Surface</i>	39,896,891	31,370,054
 Number of Mines (reporting production)	 <u>184</u>	 <u>152</u>
<i>Underground</i>	114	112
<i>Surface</i>	70	40
 WV Coal “Direct” Employment (average)	 <u>22,351</u>	 <u>19,427</u> (18,200)
<i>Underground</i>	16,868	14,794 (14,100)
<i>Surface</i>	5,483	4,633 (4,100)
<i>Coal Handling Facilities</i>	2,150	2,050 e(1,946)
<i>Contractors</i>	<u>29,375</u>	<u>29,000</u> e(26,970)
Total Coal Employment	53,934	50,477 (47,116)
 Average Annual Coal Wage	 \$68,500	 \$72,500
Coal Severance/WC Tax Paid (FY)	\$532.5 Million	\$451.8 Million
Estimated Production Value	\$7.746 Billion	\$7.101 Billion
Share of WV’s GDP	13%	13%



West Virginia's Coal Mining Counties

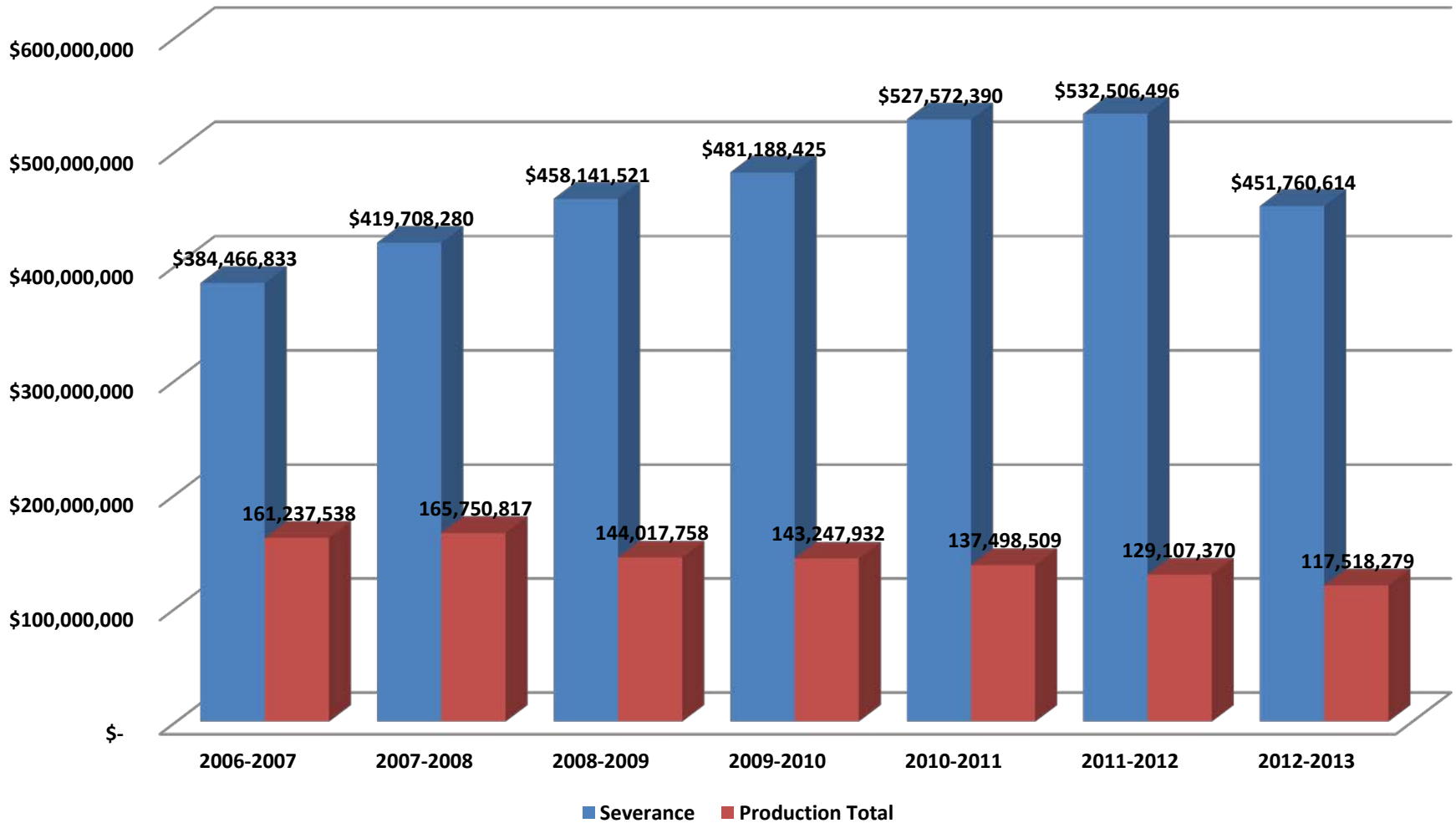


West Virginia Coal 2014--- Helping us SURVIVE

- 27 coal-producing counties (of 55 total)
 - *Marshall #1 (17.1M); Boone #2(15.7M)*
- The **#2** coal-producing state
 - *Shipped to 26 domestic states*
 - *Baltimore – Washington area*
- **#1** underground-coal producing state
- **#1** 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)*



Coal Production and Severance Collections FY 2007-2013



The State of Coal 2013-14



Coal Taxes to counties and schools

Non-Coal Producing Counties Distribution -- \$8 million

Coal Producing Counties Distribution ----- \$27 million

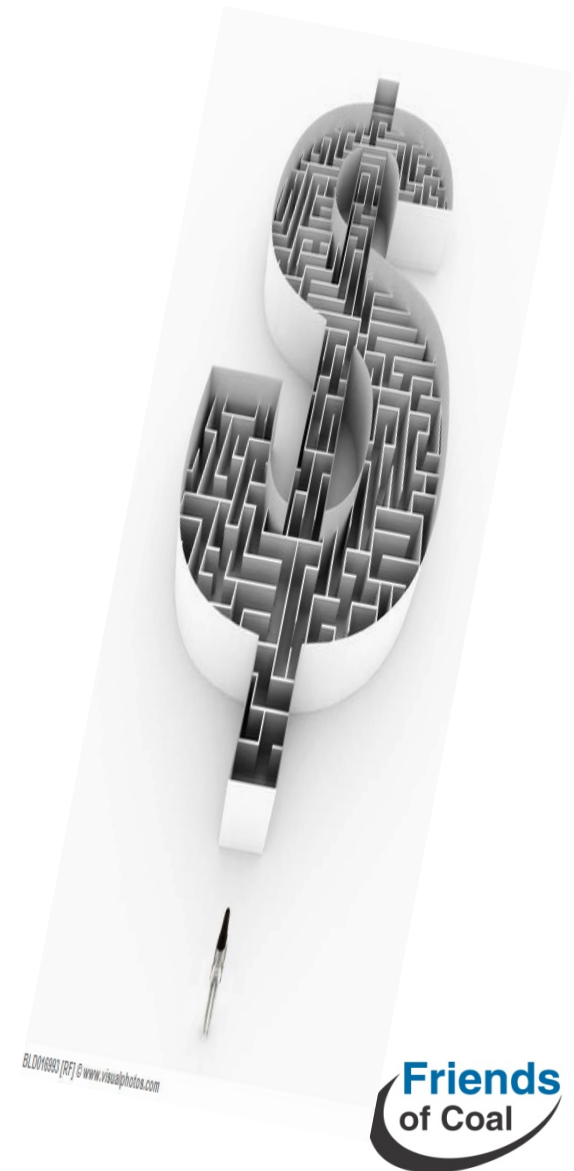
Total Coal Severance Payments Distributed -- \$35 million

Infrastructure Revolving Fund ----- \$ 16 million

Property Taxes ----- \$ 70 million

Challenges

- **Economic “uncertainty”**
- **Federal government impositions & behavior**
 - *“Encourage, not discourage”*
 - *MSHA --- OSM --- EPA*
 - *Government “picking” winners & losers (level “playing field”)*
- **NSPS – New and Existing Plants** (CO₂)
 - *Using “non-consensus” science*
 - *Technology “not available”*
 - *Ability to update boilers*
- **Premature plant closures**
 - *58 that use WV coal to close by 2018*
- **Natural gas prices**
- **Challenging reserve base** (50 billion tons)
 - *Same equipment -- same labor pool*
 - *Level “playing field” (federal & other states)*
- **Transportation**
- **Loss of “respect” for our miners and managers**



EPA's "Air War" on the consumers

- **CSAPR**

- \$2-3 billion annually

- **HgMACT**

- \$10-11 billion annually

- **NAAQS**

- SO₂, NO_x, PM, CO, Ozone, Lead
- Initial Cost = \$1.5 billion annually
- \$19-25 billion annually by 2020
- 90% SO₂, NO_x, PM reduced per kWh

- **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

- **Current Fleet – 1,300 coal units = 310,000 MW**

- *Announced EPA "shutting down" – 62,000MW by 2025 (20%)*
- *If entire coal fleet "shut-down" by 2050! Would reduce ---*
 - *CO₂ by 1%*
 - *Temp by 0.03 degrees C*
 - *Sea Level by 1.1mm (a dime is 1.35mm thick)*

• **Consumers BEWARE ---- Winter 2015-16!!!!**

We will “PUSH to SURVIVE!”

Assets & Opportunities

- **There’s “no substitute”**
 - 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
- **Best coal miners & managers in the world**
- **Best (quality) coal in the world**
- **Work with State administration, Legislature & Attorney General**
 - Maintain environmental protection & safety with a “level” playing field
 - State mine-permitting times improving
 - Generation assets under PSC jurisdiction
- **Question, stop, delay EPA’s proposals on GHG controls**
 - Take advantage--current U.S. CO2 emissions – 23% below 2005 levels!
 - State plan to EPA or not?
 - Litigation and comment
 - Reliability of the grid (plant closures)
 - “Environmental Justice” for our miners



We will “PUSH to SURVIVE!”

Assets & Opportunities

- **A ton of “WV” coal has more value than (just) price – to WV**
 - 16 million tons of additional production
 - 50 billion tons of reserve (we’ve mined 13 billion)
- **Enhance and encourage exports**
 - Location to ports – rail cooperation needed
- **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
- **Leadership change in the U.S. Senate – Maintain House**
- **Encourage business development**
 - Increase demand for electricity
 - Agriculture projects
 - Providing useable land and highways
 - Power generating plants are manufacturing facilities



Sustaining for the Future

Development & Diversification



- **MINING** can provide “developable” land that can **“help build a new West Virginia.”**

- **DEVELOPED SITES**

- Joint Base West Virginia – Tyler-Morgan, Fola, Logan & Mingo (DoD/National Guard)
- Agriculture – Beekeepers/Cattle/Veterans
- 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



Chief Logan Hotel and Convention Center
Located on a former surface mine near Logan, WV, this is a clear example the myriad uses for former surface mine land.

The Bottom Line

Our **OBJECTIVE** – Everyday!

- Keep our people working – in West Virginia!

Thank you