

Testimony Before the Department of Environmental Protection

RE: DEP Section 111(d) Public Listening Session

Thursday, September 25, 2014
Department of Education Building
Harrisburg, PA

Thomas E. Kovalchuk
Senior Geologist Permitting and Compliance Manager
Amerikohl Mining Inc.

Good morning, my name is Tom Kovalchuk. I am a Professional Geologist with Amerikohl Mining Inc., a Pennsylvania Corporation.

Thank you for the opportunity to testify on EPA's proposed Clean Power Plan Rule. Section 111(d) of the Clean Air Act (CAA) to reduce carbon dioxide emissions from fossil fuel- fired electric generating units (EGUs). We appreciate that you realize the importance of hearing from Pennsylvanians that will be directly affected by this proposed rule and for considering our concerns on the issue.

Amerikohl mines coal by the surface mining method in 13 Pennsylvania counties. We continue to mine and last year we produced approximately one (1) million tons of coal and directly employed 120 workers with family-sustaining jobs that average \$30,000 more than the median income of the counties in which we operate. Our coal is supplied to Electric Generating Units (UGL)s

For the past thirty-plus years, we have successfully completed mining of more than 300 separate mine sites and have re-mined and reclaimed hundreds of acres of abandoned mineland and put it back into productive post-mining uses including parks, residential communities, working farms, and forestland. The abandoned mineland reclamation was done at no cost to tax payer. Working on so many projects scattered over a wide multi county area impacts many small communities. We take a proactive approach when working with municipalities and home owners surrounding our sites and take pride in our accomplishments and take very seriously our role as stewards of the land within the communities where we live and work.

Amerikohl contributed tax revenue for multiple counties in Pennsylvania. These counties rely on that revenue for schools, roads and development and we are proud to provide it. In short, we don't just do business in these counties, we play an integral role within them and wish to continue to support them.

That brings me to the current state of our industry. The coal industry has been hit hard by market forces, the Marcellus Shale boom and low gas prices and a weak economy that have suppressed energy demand, but this is a cyclical issue that without government intervention will adjust itself by market forces over time as we have seen before.

In Pennsylvania, coal provides about 40 percent of the electric make-up and is a base load supply that is able to meet continuous electric demand and produce

electricity at a constant rate at night or day and during cold and hot weather trends. Coal is a reliable and economical fuel. We do not need to be regulated and forced into improvements; the industry is already working on them. Early retirement of coal fired power plants forced by reductions in emission standards will lead to increased electricity prices.

Coal Fired Power plants have come a long way in technological advancements. There is a constant evolution of improvements and changes in the way plants are run. The economics of making boilers more efficient and squeezing more net energy out of each pound of coal makes sense to the plant operators. According to you at DEP, CO2 emissions from Pennsylvania's electric generating fleet declined by 12 percent from 2005-2012 and are projected to decline by 22 percent from 2005 through 2020. Even with reductions in use by conservation measures and increased boiler efficiency domestic coal use will increase.

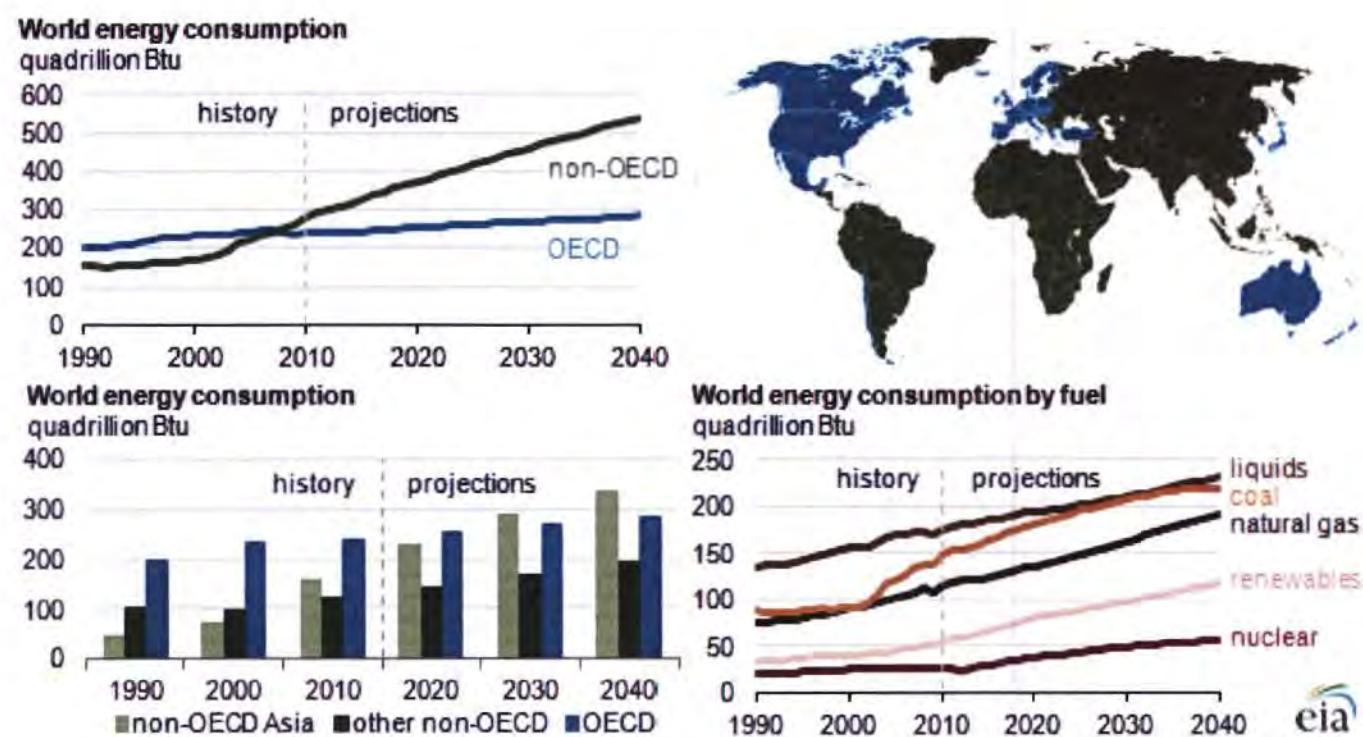
Although we don't necessarily believe that CO2 should be reduced at Pa power plants without other CO2 generators in the world participating in the same program. We do agree in general with the pragmatic approach that DEP has taken in the white paper on the proposed rule. DEP said in their letter to EPA and we agree "Importantly, Pennsylvania does not believe that environmental agencies should regulate or influence energy markets and that energy markets should not be in the business of environmental regulation."

With this new rule we are embarking on CO2 reduction regulations that will do little if anything to atmospheric CO2 levels but we will be increasing electricity rates for Pennsylvania and PJM consumers by increasing the regulatory burden of fossil fuel use.

At the UN Climate Summit, China, not represented at the UN meeting, will not be participating in talks or be available to sign any sort of treaty concerning global CO2 emissions. China is by far the world's largest producer and consumer of coal, accounting for 46% of global coal production and 49% of global coal consumption – almost as much as the rest of the world combined. The top 10 coal-producing countries supplied 90% of the world's coal in 2012. China produced nearly four times as much coal as the second largest producer, the United States, which had a 12% share of global production. China has accounted for 69% of the 3.2 billion ton increase in global coal production over the past 10 years.

There doesn't appear to be a declining demand curve for coal. Consider this: in Africa, some 60 percent of the continent's 600 million people, do not have access to electricity. The EIA predicts African coal consumption will rise by 70 percent by 2040. In India, another big consumer of coal, 300 million people remain disconnected to the electricity grid. The country plans to increase its use of renewable energy by 15 percent by 2020, but still faces the challenge of energy demand exceeding supply by 10 percent

Projections of the Energy Information Administration (EIA) show that Organization for Economic Cooperation and Development (OECD) will be using coal in the 2040 future and Non-OECD developing countries will have growing energy requirements that coal will fill, they will be reaching for a higher standard of living that requires more energy investments and coal is the low price fuel alternative. There is little or no incentive for these countries to want to participate in CO₂ reductions regardless of the threat of real or perceived climate change.



We should be proud to have an abundant supply of domestic natural resources right here in Pennsylvania establishing us as an energy leader, we should have the right to continue to reap the rewards from them.
Thank you for this opportunity to testify.