

# KENTUCKY COAL

## Economic Impacts of Legislation in Kentucky

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## *Current Political & Policy Issues and the Upcoming Election*

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# About Kentucky Coal Association

- Represents **More Than 90% of Kentucky's Coal Production**
- **15** Member Companies
- **100+** Associate Member Companies
- Provides a “**Voice**” for Kentucky Coal
- Coordinates the ***Friends of Coal-Kentucky*** and the ***Friends of Coal License Plate Program***



# About Kentucky Coal - 2015

- **61 million tons** of coal production
- **Third** in nation next to **Wyoming & WV**
- **Two Coalfields** – *Appalachian Coal Basin* and *Illinois Coal Basin*
- Primarily **Steam Coal**
- Used Domestically in **SE United States**



# Eastern Kentucky is “*Ground Zero*”

- | <b><u>PRODUCTION</u></b> | <b>E KY</b> | <b>W KY</b> |
|--------------------------|-------------|-------------|
| – 2008    121 MM         | 91 MM       | 30 MM       |
| – 2009    108 MM         | 75 MM       | 33 MM       |
| – 2010    105 MM         | 68 MM       | 37 MM       |
| – 2011    109 MM         | 68 MM       | 41 MM       |
| – 2012    91 MM          | 49 MM       | 42 MM       |
| – 2013    80 MM          | 39 MM       | 41 MM       |
| – 2014    77 MM          | 37 MM       | 40 MM       |
| – 2015    61 MM          | 28 MM       | 33 MM       |

# Eastern Kentucky is “*Ground Zero*”

- | <b><u>EMPLOYMENT</u></b> |     | <b><u>E KY</u></b> | <b><u>W KY</u></b> |
|--------------------------|-----|--------------------|--------------------|
| – 2008                   | 18K | 14K                | 3K                 |
| – 2009                   | 18K | 14K                | 4K                 |
| – 2010                   | 17K | 13K                | 4K                 |
| – 2011                   | 18K | 14K                | 4K                 |
| – 2012                   | 16K | 11K                | 5K                 |
| – 2013                   | 13K | 8K                 | 4K                 |
| – 2014                   | 12K | 7K                 | 4K                 |
| – 2015                   | 9K  | 6K                 | 4K                 |

# Coal Production by State - 2015

• 1 <sup>st</sup>	WY	376 MM	-5%
• 2 <sup>nd</sup>	WV	98 MM	-15.7%
• 3 <sup>rd</sup>	KY	61 MM	-20.7%
• 4 <sup>th</sup>	IL	56 MM	-3.1%
• 5 <sup>th</sup>	PA	48 MM	-16.3%
• 6 <sup>th</sup>	MT	42 MM	-6.1%
• 7 <sup>th</sup>	TX	36 MM	-18.2%
• 8 <sup>th</sup>	IN	34 MM	-12.7%

# Coal Production by State - 2015

• 8 <sup>th</sup>	ND	29 MM	-1.2%
• 9 <sup>th</sup>	NM	19 MM	-11.9%
• 10 <sup>th</sup>	CO	19 MM	-21.4%
• 11 <sup>TH</sup>	OH	17 MM	-22.7%
• 12 <sup>th</sup>	UT	14 MM	-19.6%
• 13 <sup>th</sup>	VA	14 MM	-10.3%
• 14 <sup>th</sup>	AL	13 MM	-20.2%
• 15 <sup>th</sup>	AZ	7 MM	-7.5%



# Two Top Priorities of KCA



# Two Top Priorities of KCA

**CPP**

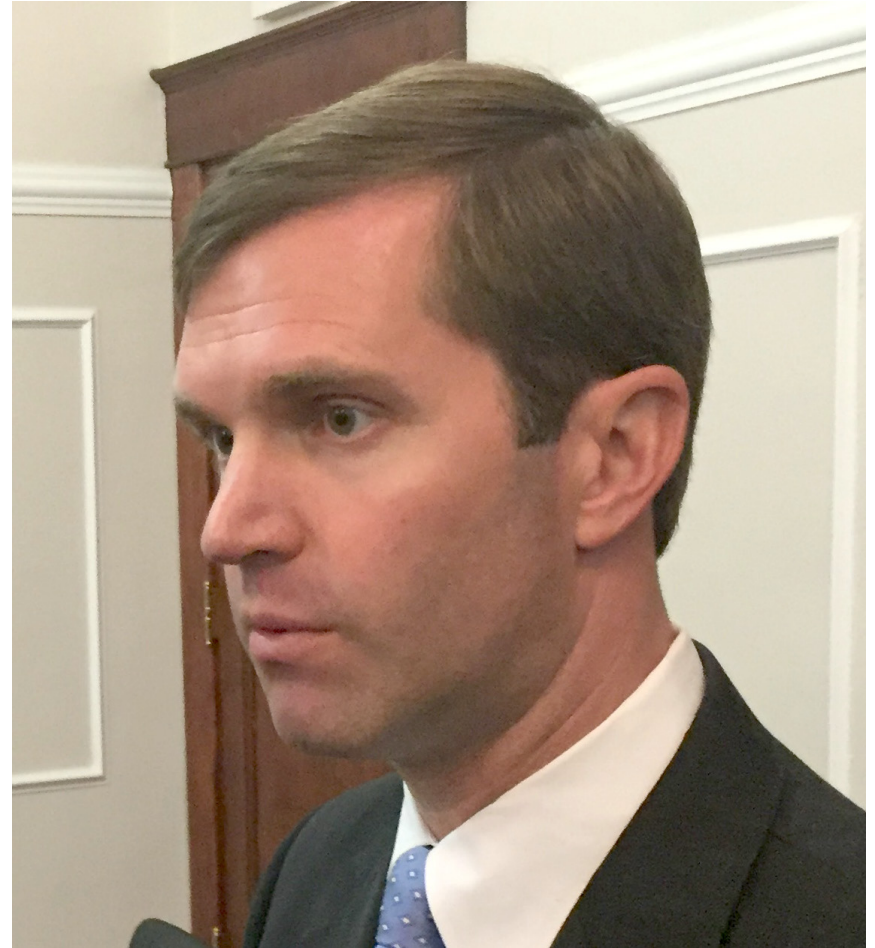
**SPR**



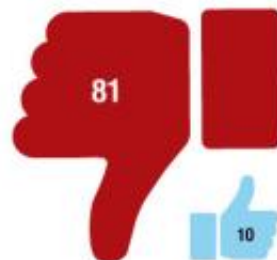
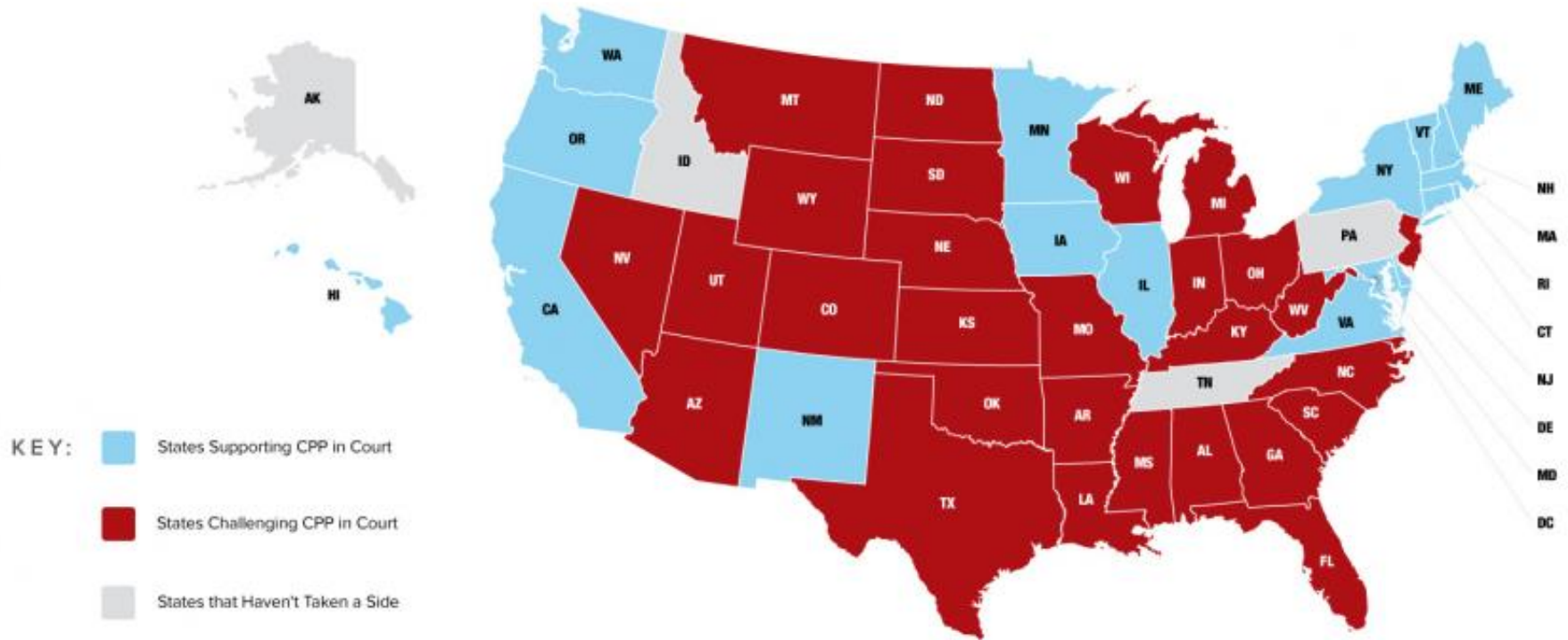
# Two Top Priorities of KCA



# Gov. Matt Bevin & AG Andy Beshear



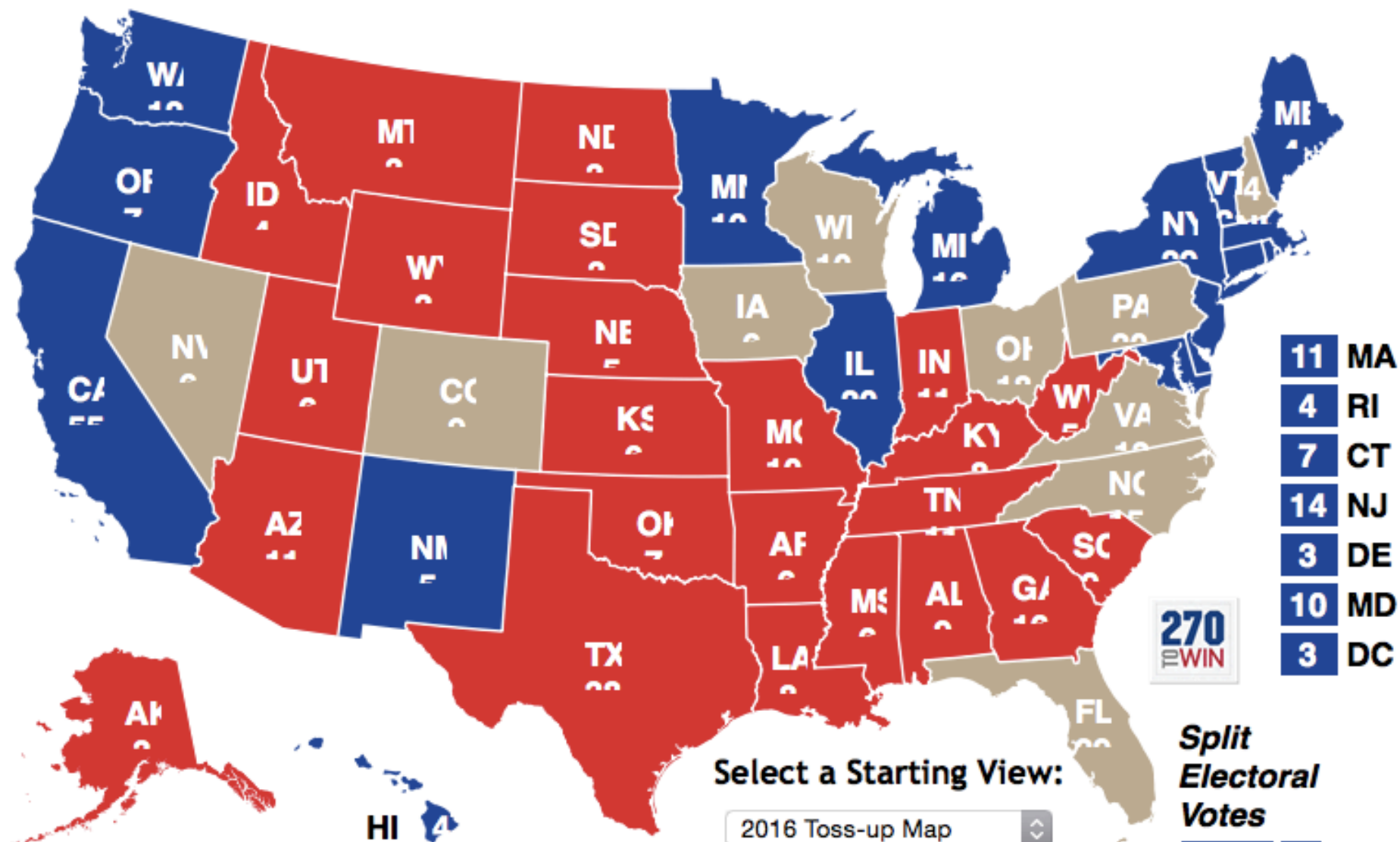
# States Opposing EPA's Clean Power Plan Face Massive Burden



U.S. CHAMBER OF COMMERCE







States most likely to be competitive

Customize your map by changing one or more states; return here to share it

# ***2016 Election – A Kentucky Perspective***





# 2016 Presidential Election



# 146 Days Left



Columbus, Ohio

9:53 PM ET

"WE'RE GOING TO PUT  
A LOT OF  
COAL MINERS  
AND COAL COMPANIES  
OUT OF BUSINESS!"

QUESTION:

Make the case to poor whites who vote Republican  
they should vote for you and your economic policies

LIVE

CNN

9:53 PM ET

## Sec. Hillary Clinton

- ***“Now we’ve got to move away from coal and all the other fossil fuels...”***

**-Town Hall at Columbus, Ohio – March 13, 2016**



## **“IF YOU ARE FOR HILLARY, THEN YOU ARE NOT FOR COAL.”**

*New Video from Columbus, Ohio Shows Hillary Clinton as an Anti-Coal Candidate*

LEXINGTON, KY – Bill Bissett, President of the Kentucky Coal Association, released the following statement in reaction to Hillary Clinton's comments yesterday at a town hall meeting in Columbus, Ohio. A transcript of Clinton's remarks and link to the video is below.

*“After reviewing the comments of Hillary Clinton, it is clear to me that anyone who believes in the production and use of coal in this country should have nothing to do with Clinton's campaign to lead this nation. At a time when nearly every coalfield in this country is suffering from the second term of President Barack Obama, Clinton's remarks are insulting to coal miners everywhere. I am especially troubled by her taking credit for ending coal jobs and opportunities by saying, “We're going to put a lot of coal miners and coal companies out of business.” If a*







# Donald Trump on Coal

- ***"We'll start winning, winning, winning, and you are going to be very proud, and for those miners, get ready because you're going to be working your asses off!" (Trump) said.***

CNN, May 6, 2016





# Sierra Club on Trump / Pence?

- ***“We believe a Trump-Pence ticket would move us more rapidly towards a climate disaster,” Sierra Club Political Director Khalid Pitts. “When it comes to the environment, there is no plan B.***

- Morning Consult, July 15, 2016

# Kentucky's 2016 U.S. Senate Race



***Keep It In The  
Ground?***



# ***The Houston Chronicle – 2/12/16***

## **'Keep it in the ground' anti-drilling movement has some liftoff**

By James Osborne | February 12, 2016 | Updated: February 15, 2016 12:16am



26





KEEP  
IT  
IN  
THE  
GROUND!



TEXT "FRACK" TO 69866

FRACKING =  
CLIMATE CHANGE  
FRACKING NOW

TE









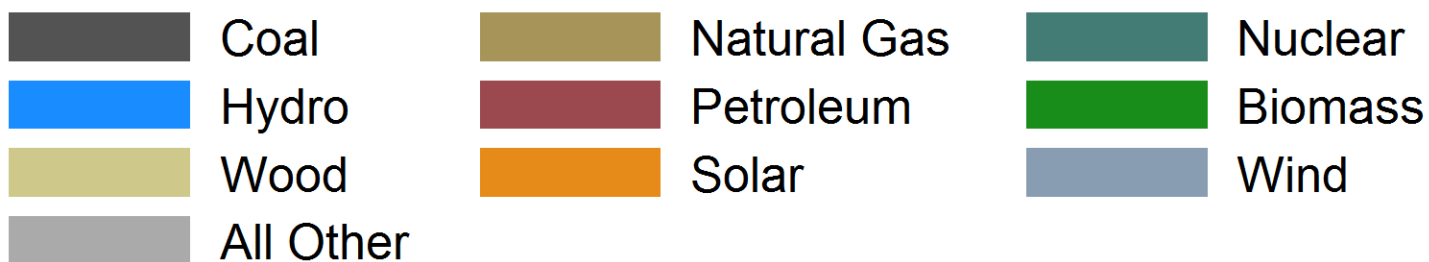
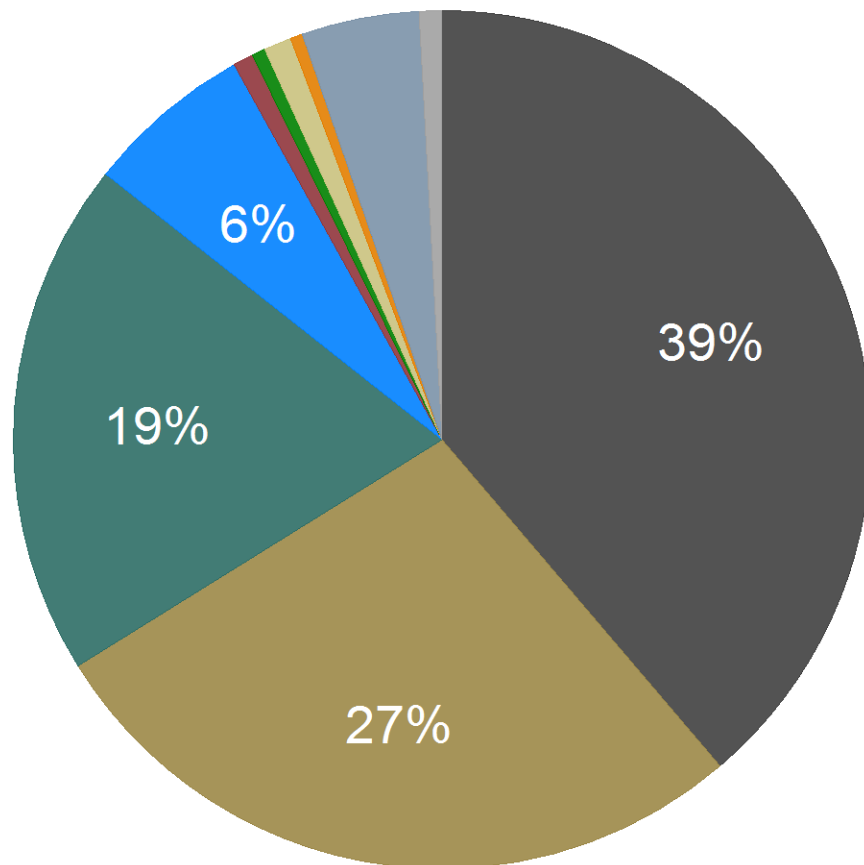
YES WE CAN  
BAN FRACKING

KEEP  
IT  
IN  
THE  
GROUND

THE  
PEOP



# United States Electricity Generation by Fuel, 2014



# ***Friends of Coal***



**Trademarked**

**Friends**  
**of Coal**®

The logo consists of the text "Friends of Coal" in a bold, blue, sans-serif font. The word "Friends" is on the top line, and "of Coal" is on the bottom line. A large, thick, black curved line, resembling a wide smile, arches from the left side of the text, passing behind the word "of", and ending on the right side of the word "Coal". A registered trademark symbol (®) is located at the end of the word "Coal".

# **Friends of Coal States**

- **West Virginia**
- **Kentucky**
- **Virginia, Ohio, Indiana,  
Illinois, Alabama, Colorado,  
Utah, Montana, Wyoming &  
Texas**

**South America: Colombia**

**Amigos**

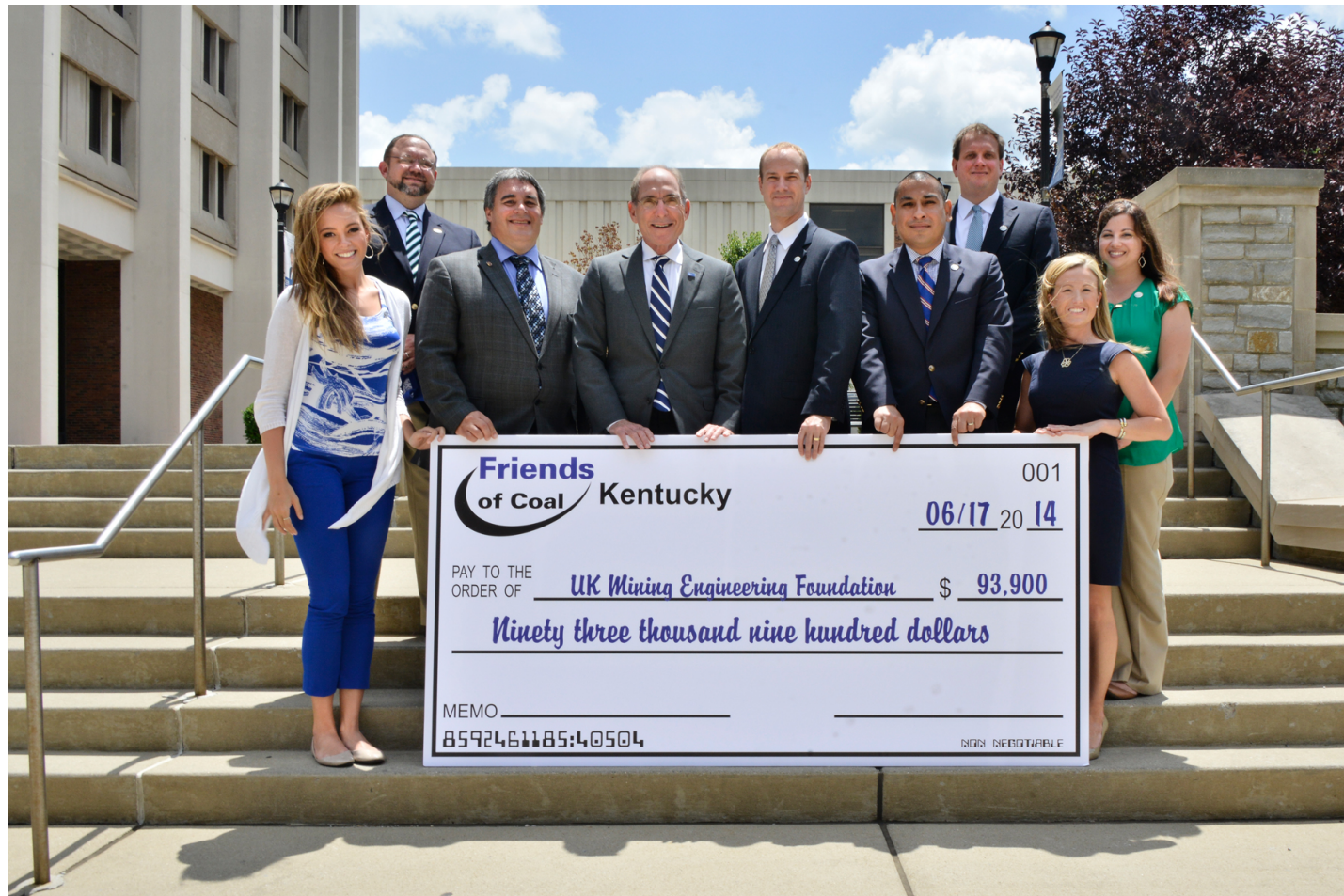
**del Carbón**



104,000+



# More Than \$340,000 in Scholarships for UK Mining Engineering in 4 Years



# ***The Future of Coal?***





# **Future of Coal?**

- **What methods will we be able to use to mine coal?**



# **Future of Coal?**

- **What methods will we be able to use to mine coal?**
- **How much coal will we mine?**

# **Future of Coal?**

- **What methods will we be able to use to mine coal?**
- **How much coal will we mine?**
- **Who will be the end user of our coal?**



# ***Wood Mackenzie – Aug 8, 2016***

18 Aug 2016

## Will there be a shortage of US coal in 2017?

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***Even as summer heat is bolstering air conditioning load and, consequently, power and coal demand, high coal stockpiles are muting the upside for coal prices. With coal prices subdued and gas prices climbing, coal producers may not receive the proper price signals to increase supply to match higher levels of demand. As a result, coal shortages are possible, perhaps even likely next year.***

Displacement of coal-fired generation by lower cost combined cycle units has driven a dramatic decline in US coal production. Indeed, coal output through June 2016 is off a staggering 33% compared to the same period just two years ago.



# ***The Motley Fool – Aug 23, 2016***

## **Maybe the Coal Market Isn't Dead After All**

Coal producers Alliance Resources, Alliance Holdings GP, and Cloud Peak Energy offered optimistic outlooks for the balance of 2016.

Matthew DiLallo ([TMFmd19](#))

Aug 23, 2016 at 12:15PM



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**AUTHOR**



# ***SNL Energy – Aug 24, 2016***

**SNL**



**LATEST  
NEWS**

◀ ▶ ■ **Ex-CEO of failed New Orleans credit union sentenced to 6 months in prison**

Wednesday, August 24, 2016 4:53 PM ET Extra

## **Hot weather, rising natural gas prices help to bring coal stockpiles lower**

Article

To receive real-time alerts for stories on similar topics, [click here](#).

By [Everett Wheeler](#)

Through the first half of the year, natural gas has a healthy lead over coal in terms of generation market share, but June figures show domestic coal-fired generation climbing substantially versus the prior month. Analysts say rising coal burn coupled with continued producer discipline could lead to a return to normal coal stockpile levels, a necessary precursor to price recovery in the domestic thermal market.



The latest government figures have coal's share of U.S. power generation at a significant deficit to that of natural gas through the first half of the year as coal-fired generation fell by more than one fifth versus the same period in 2015. According to the U.S. Energy Information Administration, coal provided 549.4 million MWh, or 28.2% of the nation's electricity through the end of June. Meanwhile, natural gas provided 655.5 million MWh, up 7.7% versus the prior year, to account for 33.6% of the nation's electricity.

Year over year, total electricity production for the six months ended June 30 was down 2.5% to 1.95 billion MWh.



# OilPrice.com – Aug 24, 2016



**MICHAEL  
MCDONALD**

Michael is an assistant professor of finance and a frequent consultant to companies regarding capital structure decisions and investments. He holds a PhD in finance...

[More Info](#)

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## Morgan Stanley And General Electric: There Is Hope For Coal

By [Michael McDonald](#) - Aug 24, 2016, 1:56 PM CDT



Events have been so bad in coal for so long that it is easy to lose hope on the sector. Most of the publicly traded coal companies have lost 95 percent of their market value. Events are so negative that the dominant mining equipment maker in the sector, Joy Global, has agreed to sell itself to Japanese construction equipment firm Komatsu at a price that is a fraction of what Joy's stock fetched a

# *Questions?*

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