



# THE COMMITTEE ON ENERGY AND COMMERCE

## MEMORANDUM

October 25, 2013

TO: Members, Subcommittee on Oversight and Investigations

FROM: Committee Majority Staff

RE: Hearing on “EPA’s Regulatory Threat to Affordable, Reliable Energy: The Perspective of Coal Communities”

On Tuesday, October 29, 2013, the Subcommittee on Oversight and Investigations will hold a hearing entitled “EPA’s Regulatory Threat to Affordable, Reliable Energy: The Perspective of Coal Communities.” As part of the Committee’s ongoing oversight of the economic impacts of the Environmental Protection Agency’s regulatory actions, this hearing will take testimony focused on the perspective of communities particularly reliant on coal-related employment and industry.

### **I. WITNESSES**

One panel of witnesses will testify:

Albey Brock  
Bell County Judge/Executive  
Pineville, KY

Raymond C. Ventrone  
Business Manager  
Boilermakers Local 154  
Pittsburgh, PA

Roger D. Horton  
Citizens for Coal  
Holden, WV

John Pippy  
Chief Executive Officer  
Pennsylvania Coal Alliance  
Harrisburg, PA

Olen Lund  
Former County Commissioner  
Delta County, CO

John Fetterman  
Mayor  
Braddock, PA

## **II. BACKGROUND**

Coal is one of America's most abundant and affordable sources of energy, and for generations has been essential for the supply of reliable, affordable electricity to American households and businesses, ranging from manufacturing, agriculture, and transportation to telecommunications and other energy intensive industries. In the United States, power plants continue to generate more electricity using coal than any other energy source to meet the Nation's electricity demand – accounting for around 40% of electricity generation, and roughly 93% of coal use. Coal's industrial uses – accounting for an estimated 7% of total domestic consumption – include steel making, cement production, combined heat and power, and process heating.

Based on review of Energy Information Administration (EIA) data, industry analysis shows that energy consumers in 21 States, on average, generate more than half their electricity from coal, pay an average of 8.8 cents per kilowatt-hour, which is 11% less than the national average and some 30% lower than the 21 States that generate less than 9% of their power from coal.<sup>1</sup> As the National Mining Association (NMA) has testified, "it is no coincidence that these states [that rely on coal] also have the highest concentration of manufacturing."<sup>2</sup>

Coal is mined across 25 states. Wyoming is the largest coal-producing State, followed by West Virginia, Kentucky, Pennsylvania, and Texas. In addition to its vital role in providing the nation's electricity, U.S. coal mining accounted for 204,580 direct jobs in 2011 and an estimated 806,000 indirect jobs, according to the NMA.<sup>3</sup> However, NMA reports the number of jobs directly supported by coal mining – the mine workers, support activities and transportation – declined by some 6,000 in 2012, with mine closures and layoffs.

As the Congressional Research Service notes, there are two major reasons generally for the recent decline in coal use in power generation, and related impacts on coal communities: the expectation of a dramatic rise in natural gas supplies, and the impact of environmental regulations on coal-fired power plants.<sup>4</sup>

The rise of domestic natural gas production has changed the energy landscape in the United States, including as a supply for base-load electricity generation. While natural gas production has contributed to the economic forces leading to switching from coal in power generation, it has not occurred in a regulatory vacuum. Since 2009, the EPA has pursued a suite of new regulations affecting the nation's coal-fired power plants that collectively impose tens of

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<sup>1</sup> See "[Coal Facts](#)," American Coalition for Clean Coal Electricity, July 2013.

<sup>2</sup> [Testimony](#) of Hal Quinn, National Mining Association, May 5, 2011.

<sup>3</sup> See "[The Economic Contributions of U.S. Mining \(2011\)](#)," National Mining Association, September 2013.

<sup>4</sup> See "[Prospects for Coal in Electric Power and Industry](#)," Congressional Research Service, February 2013. (R42950)

billions of dollars in new compliance costs and that have contributed to plant shutdowns.<sup>5</sup> These rules have included EPA's Utility MACT Rule, Cross State Air Pollution Rule, revised air quality standards for sulfur dioxide and particulate matter, proposed Coal Ash Rule, proposed Cooling Water Intake Structures Rule, proposed revised Effluent Guidelines for power plants, regional haze implementation plans affecting power plants, and other rulemakings. EPA also has proposed greenhouse gas standards for fossil fuel-fired power plants, and is expected to propose additional greenhouse gas regulations for existing power plants next year.

Recent EPA regulations have been cited as a factor in the closure of over 303 individual coal-fueled electric generating units across 33 States, representing over 45,000 megawatts of electric generating capacity. The resulting closures in terms of units and power production occur in large numbers, for example, in Ohio, Pennsylvania, Georgia, Indiana, West Virginia, Virginia, North Carolina, and Kentucky.<sup>6</sup>

The change in power-generation, recent regulatory activity, and the prospects of additional EPA regulation is impacting many communities, including those reliant on coal for employment. For example, according to an August 2013 Kentucky Quarterly Coal Report, employment at Kentucky coal mines has declined to the lowest level recorded since 1927, when mining employment statistics were first kept.<sup>7</sup> Between July 2011 and June 2013, employment at eastern Kentucky's coal mines dropped by almost 42% (5,725 jobs).<sup>8</sup>

It is against this backdrop that panel witnesses will provide perspective on the impact of changing demand for coal, coal services, and coal-fired power on their communities.

### **III. ISSUES**

The following issues may be examined at the hearing:

- The role of coal in providing affordable, reliable electricity to localities;
- Impacts of regulatory actions on county and community public services;
- Impacts of regulatory actions on local jobs, local economy, and consumers.

### **IV. STAFF CONTACTS**

If you have any questions regarding this hearing, please contact Peter Spencer or Karen Christian of the Committee staff at (202) 225-2927.

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<sup>5</sup> See, for example, link to [selected final rules and EPA cost estimates](#).

<sup>6</sup> See "[Coal Unit Shutdowns](#)," October 15, 2013, American Coalition for Clean Coal Electricity

<sup>7</sup> [http://energy.ky.gov/Documents/Kentucky\\_Quarterly\\_Coal\\_Report\\_2013Q2.pdf](http://energy.ky.gov/Documents/Kentucky_Quarterly_Coal_Report_2013Q2.pdf)

<sup>8</sup> *Id.*