

**Dan Coolidge, Chairman  
Campbell County Commissioners**

**Before the  
Committee on Natural Resources, Subcommittee on Energy and Mineral Resources**

*“Mining in America: Powder River Basin Coal Mining the Benefits and Challenges.”*

Chairman Lamborn and Members of the Subcommittee, thank you for the opportunity to appear before you today. I am the Chairman of the Campbell County Commissioners. Campbell County is located in northeastern Wyoming and sits in the heart of the Powder River Basin, a mineral rich geologic area. The board of county commissioners is responsible for conducting the business of the state and providing core infrastructure and services to citizens at the local level.

The citizens of Campbell County and the State of Wyoming have been major beneficiaries of surface coal mining since its inception in the Powder River Basin (hereinafter “PRB”) in the mid 1970’s. We believe the anti-coal stance of the current administration could be devastating to our local and state economy, as well as negatively affect the fragile economic recovery of our nation.

**Background & History of PRB Coal Production**

Wyoming is the largest producer of coal in the United States. The PRB has 13 surface mines and up to 100 foot thick coal seams. Nine of the nation’s 10 largest coal mines operate in the PRB. Coal is mined at the rate of 12 tons per second in the PRB and over 80 coal trains per day leave the PRB loaded with coal to destinations outside of Wyoming.

Coal production from the PRB in Campbell County has more than doubled since 1994. Since 2006, PRB coal production has averaged approximately 425 million tons per year. At these current production levels, the PRB could support over 400 years of continuous production. The infrastructure at our mines is in place not only to support these production levels, but also to increase it. Most of the coal mined in the PRB is burned as “steam” coal used in power plants to produce steam for generating electricity.

**Distribution of PRB Coal: Powering our Nation**

The majority of PRB coal is exported out of state to power plants in 34 states. In 2011, Texas was the top consumer, followed by Illinois, Mississippi, Iowa, and Oklahoma, respectively. Of the 20 states that consume over 8 million tons, all but one have electrical rates below the national average.

Approximately 28% of the coal used for U.S. electricity generation in 2012 came from the PRB. This is equivalent to approximately 95 nuclear plants, 175 Hoover Dams or 200,000 wind turbines. As an example, Wyoming’s North Antelope Rochelle and Black Thunder coal mines accounted for 20% of the United States’ coal production by tons in 2012. In 2012, Wyoming mines produced 401 million tons, with a total value of approximately \$4 billion.

By utilizing the coal resources that currently exist in Wyoming, our country can strive toward energy independence for North America. Coal provides electricity for hundreds of thousands of American

homes, hospitals, roadways and schools. The U.S. Geological Survey estimates that PRB recoverable coal reserves amount to 127 billion tons in 2010.

### **Mining Coal Responsibly & Reclamation**

The PRB coal mines have a long history of safe and environmentally responsible operation. Safety is the primary focus of mines in the PRB; and, consequently, their industry enjoys the second best safety record in Wyoming, behind the finance and insurance industry.

In Wyoming, we have “our cake and eat it too”. We have an abundance of natural resources within our state’s borders, including bentonite, coal, oil, gas, uranium, rare earths and timber. Yet, at the same time, we have world class wildlife, breathtaking views of our open spaces and clean air and water. In Wyoming, we reject the notion that energy policy should be an “either/or” discussion. We *can* have both, we *do* have both, and we will continue to have a robust energy economy, as well as a beautiful, clean environment. This is what is important to the citizens of Campbell County, as well as the rest of Wyoming.

The mines operate with the utmost respect for the environment. The reclamation of the mines has been successful, reclaimed lands are superior to the native topography. All lands that are mined are reclaimed to original contour, grade and re-vegetated with natural grasses, shrubs and plants. Reclaimed lands provide premier habitat for domestic grazing, as well as forage for wildlife. The Land Quality Division of the Wyoming Department of Environmental Quality provides enforcement and administration for the state and federal statutes regarding coal mining and regulations in Wyoming.

PRB surface mining is a high-tech industry which utilizes computerized technology, modern equipment, a highly skilled workforce and strict adherence to safety measures. The quality of coal mined in the PRB is considered “clean coal”. This is because PRB coal is a low sulfur and ash subbituminous coal resource. The organic structure of Wyoming coal is what makes it so desirable on the open market.

### **Economic Benefits of PRB Coal**

Locally, the coal industry is the largest single contributor to Campbell County’s revenue stream. Attached is an exhibit which outlines the 6 year history of the assessed valuation of Campbell County. As evidenced by the exhibit, the *ad valorem* taxes on coal production account for approximately 64% of the total assessed value of Campbell County. In addition, the personal property tax on facilities associated with mining is a significant contributor, and sales tax revenue generated on equipment and services purchased by the mining industry is substantial.

The unemployment rate in Campbell County is approximately 4.6%, which is far lower than the 7.6% as reported in May 2013. The mining industry is the largest employer in Campbell County. Direct employment in the area mines is approximately 5,400 people. This constitutes a large percentage in a county with a population of 46,000 and a state with a population of only 550,000. That does not account for the other jobs in service sectors directly related to mining and secondary jobs in retail and

hospitality. Furthermore, a majority of PRB mine employees have never belonged to labor unions, which is an excellent reflection of the working conditions and compensation provided. A low unemployment rate equates to Campbell County citizens having more disposable income to spend locally, further turning over dollars into our local economy.

It cannot be understated what a significant impact the mining industry has on the ability of local governments to keep pace with infrastructure and core service needs within our community. The significant revenues received from the mineral industry also afford local governments the ability to provide quality of life facilities for our citizens. Over the last five years, Campbell County, along with other local government partners, completed construction of a \$52 million recreation center, a \$44 million multi events center, a \$38 million technical education center for higher learning, as well as many other significant projects. The county has also been able to set aside significant cash reserves for the needs of future generations. Furthermore, local governments are able to provide substantial funding to human and social service organizations for those less fortunate in our communities. Finally, a benefit which cannot be ignored is the role the mining industry and its employees play as corporate citizens. The mining companies donate money to local charities and the employees donate countless hours of volunteer time which makes our community a better place to live. All this is accomplished with revenues directly attributable to the mineral industry.

The State of Wyoming is a large benefactor of coal mining, as well. Through the coal lease bonus program, the state has provided desperately needed school facilities for school districts across the state. These dollars replace aging schools, as well as provide new schools for districts experiencing student population growth. Since 1992, Wyoming has received over \$2.6 billion in coal bid lease revenue. More than \$2 billion of this money has gone to school capital construction. An additional \$2+ billion has gone into the federal coffers, as well. The severance tax money, in addition to the state's share of mineral royalties, flows through the state to local governments to assist with the costs of providing essential governmental services. Wyoming has the lowest price for electricity in the nation, averaging 6.2 cents per kilowatt hour. Wyoming citizens enjoy low energy costs due to the abundance of natural resources that we have under our feet. In 2011, the spot price for all Wyoming coal sales averaged \$13.56 per ton. For the 430 million tons of coal produced in Wyoming in 2011, the value was close to \$6 billion. Consequently, Wyoming has no state income tax, which is largely due to the contributions made by the energy industry, the backbone of our state's economy.

While the PRB is a great asset for Wyoming, it is also a catalyst for economic growth in other states. Low-cost electricity in the heartland of America starts in Campbell County, Wyoming. The 10 states that use the highest percentage of coal for electricity enjoy rates that are approximately 50% less than the cost of states that rely on other fuels. This cost-effective resource is a key element in driving U.S. industrial competitiveness and maintaining low electricity prices for residential and commercial consumers. In 2008, PRB coal producers acquired almost \$2.3 billion of industrial supplies from over 47 different states.

Finally, a point I'm sure that is not lost to Congress is the tremendous financial benefit to the federal government in lease bonuses, federal royalties and income taxes that Wyoming coal resources provide to all Americans. In an economic climate of declining revenue and federal sequestration, coal offers a way for the federal government to receive revenues.

### **Challenges of Mining PRB Coal**

The coal industry itself does not present any challenges to local governments. Perhaps the only challenge is keeping up with infrastructure needs associated with expanding mineral development. The proposed Road and Bridge budget alone for Campbell County FY 2013/2014 is in excess of \$7.6 million dollars for the year. This is a conscious decision to allocate resources to maintain governmental infrastructure for the public, as well as industrial users. Fortunately, the revenue generated from natural resources more than accommodates these expenses.

The biggest challenge we face is the attack by the current administration on the life blood of our community, our state and every family in this country that will have to make the difficult decision of feeding their family or paying exorbitant electricity charges because coal is no longer part of our national energy policy. Mining coal is part of the custom and culture of Wyoming, with the first mines opening in 1876 and having continuous production since that time. Multiple generations of Wyoming citizens have worked in the mines, paid for a college education or purchased a home with their wages from mining jobs. Coal miners are part of our state's identity, and under the current administration, this way of life remains under attack, not only in Wyoming, but also in other states.

### **Conclusion**

If the concerns with coal mining are truly environmentally based, we should do everything we can to continue to effectively utilize the vast and available reserves of PRB coal, "clean coal". PRB coal is low sulfur and clean burning. Despite some public sentiment, coal will continue to be an abundant, accessible and affordable energy source far into the future. There are simply no other alternative energy sources that can replace it. Make no mistake, we need to continue to pursue and develop alternative energy sources, but in the meantime, we need to take care of an industry that will continue to provide affordable power to our nation, other developing nations, as well as future generations. Americans have an expectation that when they flip a light switch on or turn up the heat, electricity will be there. If coal is not part of our national energy portfolio, that simple expectation is in jeopardy.

Thank you,

Dan Coolidge  
Chairman  
Campbell County Commission

ASSESSED VALUE - PAST 6 YRS

<u>PROPERTY</u>	2008	2009	2010	2011	2012	2013	INC/DEC	% CHANGE
COAL	\$2,852,086,593	\$3,321,045,794	\$3,369,006,127	\$3,527,937,616	\$3,733,390,428	\$3,542,732,502	-\$190,657,926	-5.11
OIL	\$475,025,590	\$652,781,390	\$364,821,149	\$495,470,897	\$656,493,579	\$717,200,722	\$60,707,143	9.25
GAS	\$654,460,917	\$844,766,895	\$340,034,433	\$431,608,362	\$422,726,277	\$253,122,788	-\$169,603,489	-40.12
URANIUM	\$0	\$0	\$0	\$0	\$6,691,844	\$7,225,763	\$533,919	7.98
MISC MINERALS	\$5,002,535	\$5,865,430	\$5,854,400	\$3,781,691	\$5,292,590	\$4,995,279	-\$297,311	-5.62
PUBLIC UTILITIES	\$38,672,113	\$55,092,824	\$63,598,959	\$60,099,469	\$66,634,746	\$64,741,256	-\$1,893,490	-2.84
TELEPHONE	\$3,207,239	\$3,321,282	\$2,959,862	\$2,176,744	\$1,814,928	\$1,940,137	\$125,209	6.90
PIPELINES	\$10,500,816	\$10,208,059	\$9,163,147	\$25,568,134	\$24,559,683	\$19,979,674	-\$4,580,009	-18.65
REA'S	\$21,412,547	\$26,253,183	\$67,712,978	\$71,789,273	\$64,416,939	\$71,083,420	\$6,666,481	10.35
RAILROADS	\$24,173,898	\$29,132,239	\$30,590,127	\$32,934,812	\$48,929,508	\$47,518,648	-\$1,410,860	-2.88
CABLE SAT CO.	\$817,421	\$767,580	\$784,789	\$1,397,674	\$1,240,510	\$729,650	-\$510,860	-41.18
LOCAL	\$637,462,775	\$761,319,842	\$762,140,943	\$772,800,535	\$806,874,459	\$828,167,709	\$21,293,250	2.64
<b>TOTAL</b>	<b>\$4,722,822,444</b>	<b>\$5,710,554,518</b>	<b>\$5,016,666,914</b>	<b>\$5,425,565,207</b>	<b>\$5,839,065,491</b>	<b>\$5,559,437,548</b>	<b>-\$279,627,943</b>	<b>-4.79</b>
<b><u>PRODUCTION</u></b>								
COAL (TONS)	411,822,169	428,374,712	393,061,417	401,618,421	401,648,463	360,224,379	-41,424,084	-10.31
OIL (BBLs)	8,696,940	8,086,536	7,365,680	7,789,810	8,515,388	9,721,400	1,206,012	14.16
GAS (MCF)	177,304,330	165,298,621	140,958,111	147,050,230	137,093,441	116,465,363	-20,628,078	-15.05
URANIUM (TON)	0	0	0	0	214,877	254,564	39,687	18.47
SAND & GRAVEL					3,482,942	2,921,971	-560,971	-16.11
<b><u>UNIT VALUE</u></b>								
COAL	\$6.93	\$7.75	\$8.57	\$8.78	\$9.30	\$9.83	\$0.53	5.70
OIL	\$54.62	80.72	49.53	63.61	77.09	73.78	-\$3.31	-4.29
GAS	\$3.69	\$5.11	\$2.41	\$2.94	\$3.08	\$2.17	-\$0.91	-29.55
URANIUM	\$0.00	\$0.00	\$0.00	\$0.00	\$31.14	\$28.38	-\$2.76	-8.86
SAND & GRAVEL					\$1.52	\$1.71	\$0.19	12.50