



What The Utilities AREN'T Telling You

About the Costs and Risks of Mountaintop Removal Coal.

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Utilities are placing risky bets with ratepayers' money

Power companies are not telling legislators about the risks of relying on such a destructive and controversial form of mining for 30% of our electricity. In other circles, however, they are more candid. Vince Stroud of Duke Energy, was quoted in the US Coal Review saying that buyers could look back “wistfully” at recent coal prices should mountaintop-removal permitting issues not be solved.

Those “permitting issues” don’t just include the many state and federal lawsuits opposing mountaintop removal, but include a slew of state and federal bills that would end or curtail the practice and a President that has spoken directly about the need to address the problem. **Mountaintop removal can only continue if some of the Bush Administration’s most controversial environmental rules are upheld, including the infamous 11th-hour change to the Stream Buffer Zone Rule - and that’s a risky bet for ratepayers.**

Diversifying our coal supply could save ratepayers money.

Appalachian coal production has declined 20% since its peak and is projected to decline another 20% in the next decade. It is some of the most expensive coal in the world and the price has tripled since 2000.

In 2007, Progress Energy was required to return \$13.8 million to ratepayers and was accused of “failures of management” by Florida officials for continuing to use Appalachian coal rather than diversifying the state’s supply to include lower-cost sources.

Duke Energy’s cost estimates are political calculations, not economic ones.

Duke Energy told the *Winston-Salem Journal* that passing HB 340 will increase residential rates by 5% and industrial rates by 8%. This would mean the cost of replacing 15 million tons of mountaintop removal coal with coal from underground mines would be about \$500 million dollars per year, or \$33 per ton. But according to the Department of Energy, the difference in price between underground and surface mined coal in Appalachia over the last five years has been in the \$3 to \$6 per ton range. Furthermore, any increase (or decrease) would be phased in between 2011 and 2016 as contracts expire.

Even if Utilities were to take the most expensive approach of switching to 100% underground mined coal from Central Appalachia, **actual price data suggest it should increase electric rates by less than 1%, or somewhere between 50 cents and a dollar on average residential bills by 2016.**