

Kentucky Coal Production Outlook

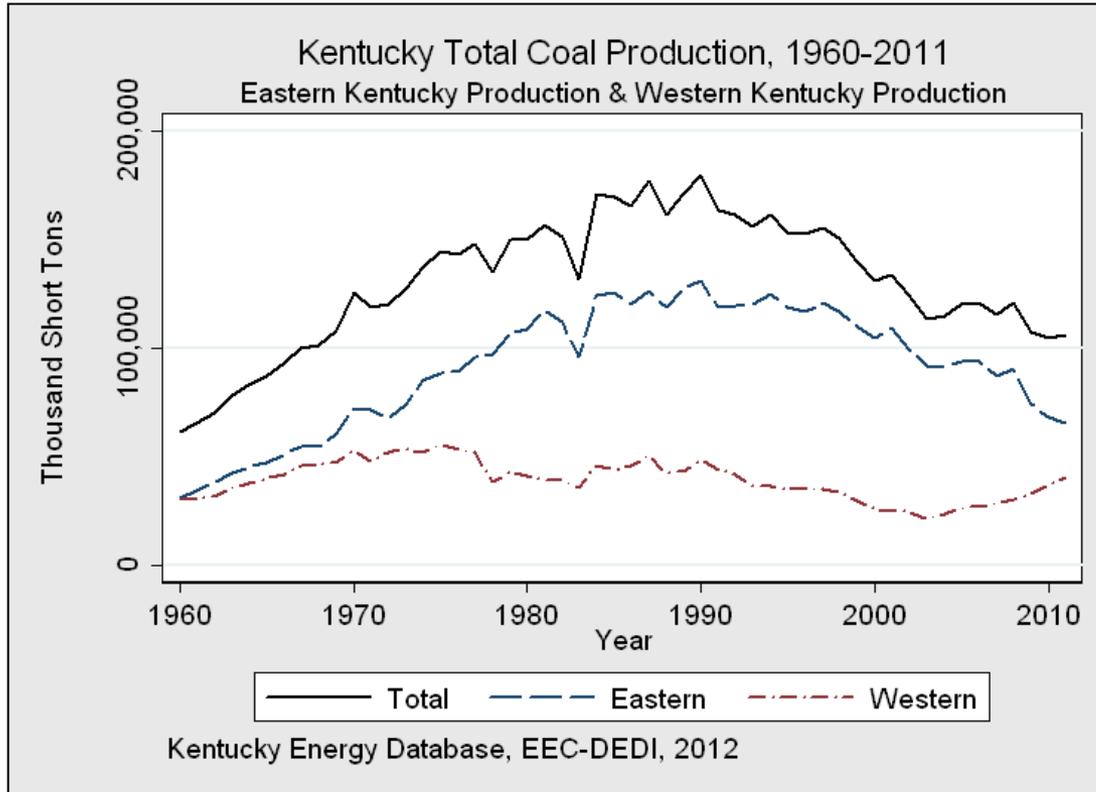


Kentucky Energy & Environment Cabinet

Program Review and Investigations Committee

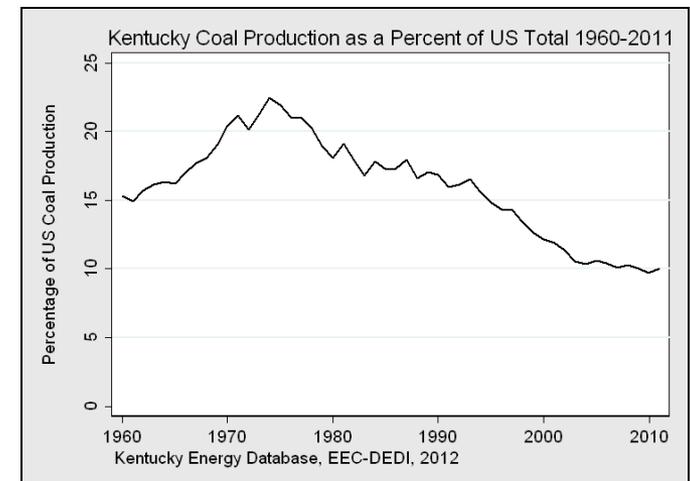
August 14, 2012

Coal Production



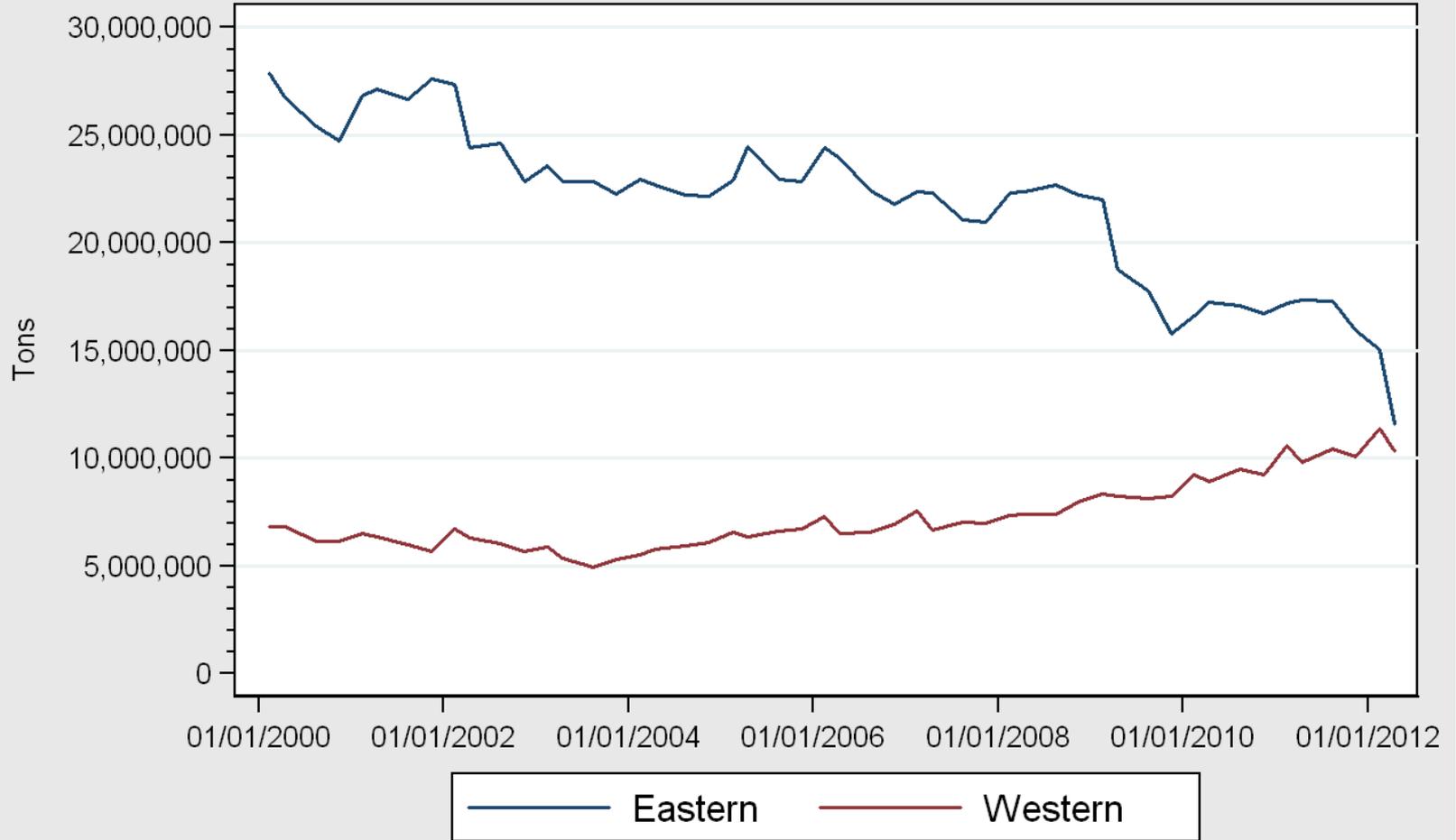
Kentucky production peaked in 1990.

Kentucky's coal production is declining, representing 10% of U.S. production.



Kentucky Coal Production

Quarterly Production by Coalfield: January 1, 2000 to June 30, 2012

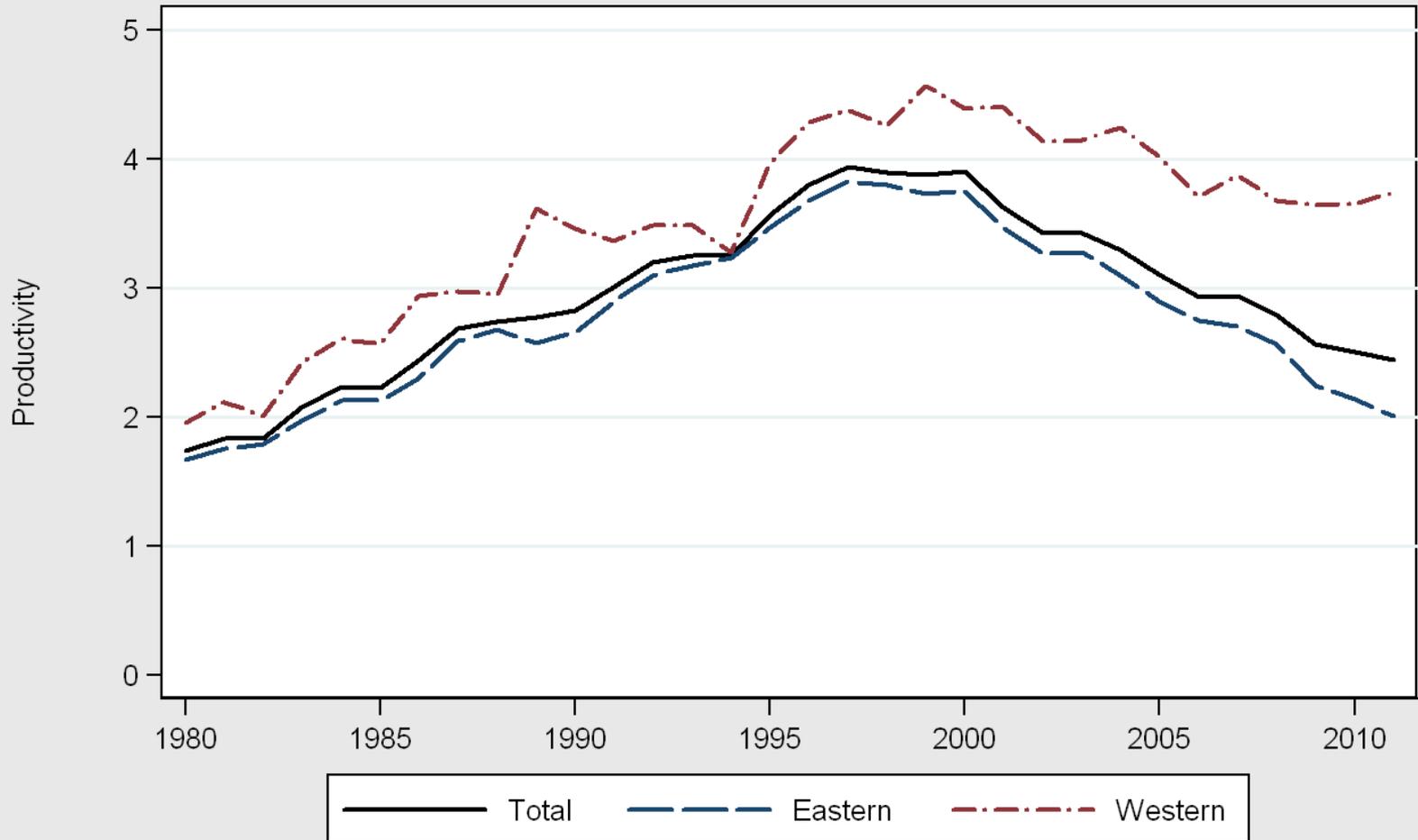


Kentucky Energy Database, EEC-DEDI, 2012

East Kentucky coal production declined by 33% since 2011.

Kentucky Coal Mining Productivity, 1980-2011

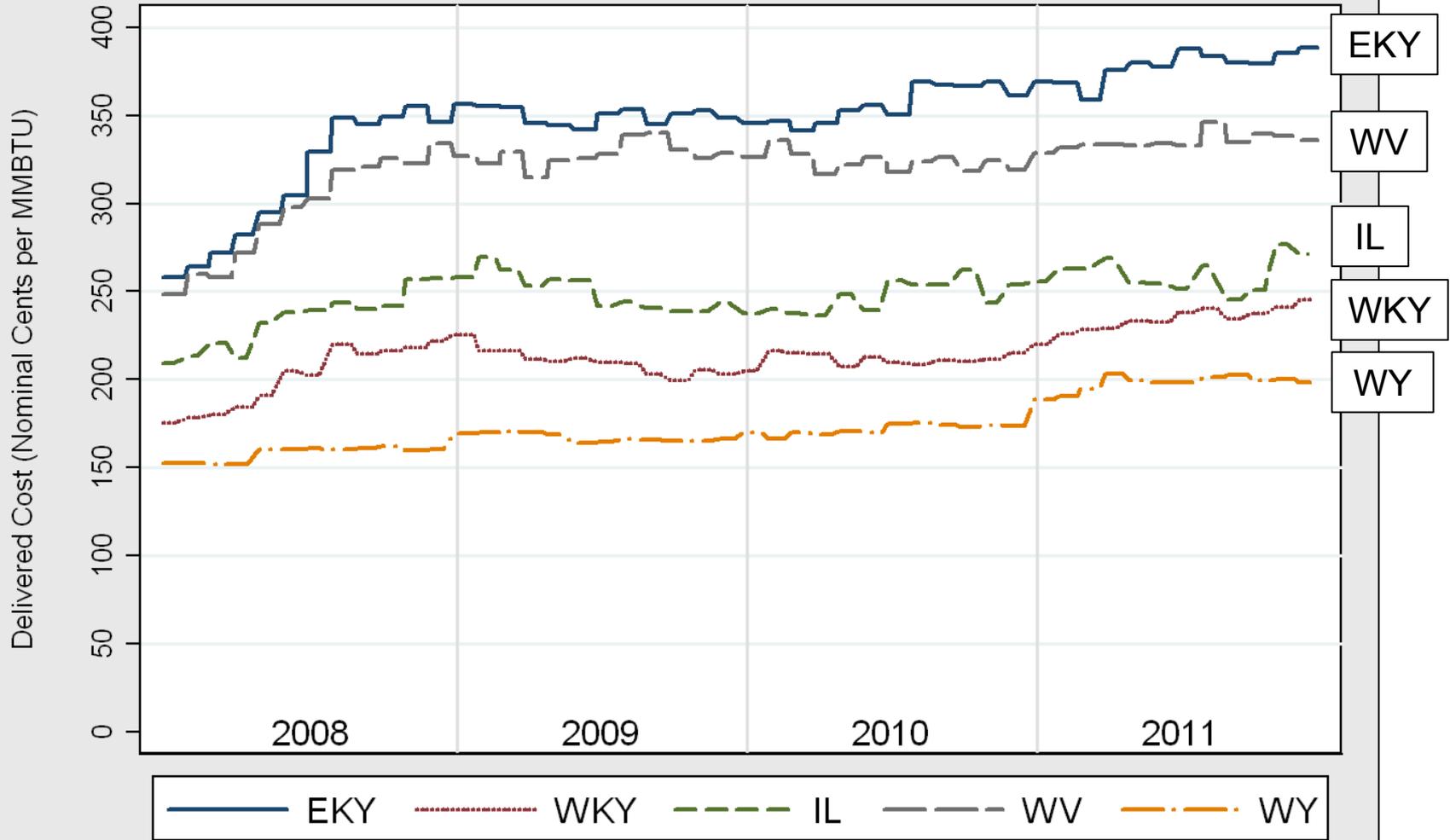
Tons per Labor Hour



Kentucky Energy Database, EEC-DEDI, 2012

Mining productivity in East KY is declining while West KY remains stable.

Average Delivered Coal Prices by Origin, 2008-2011

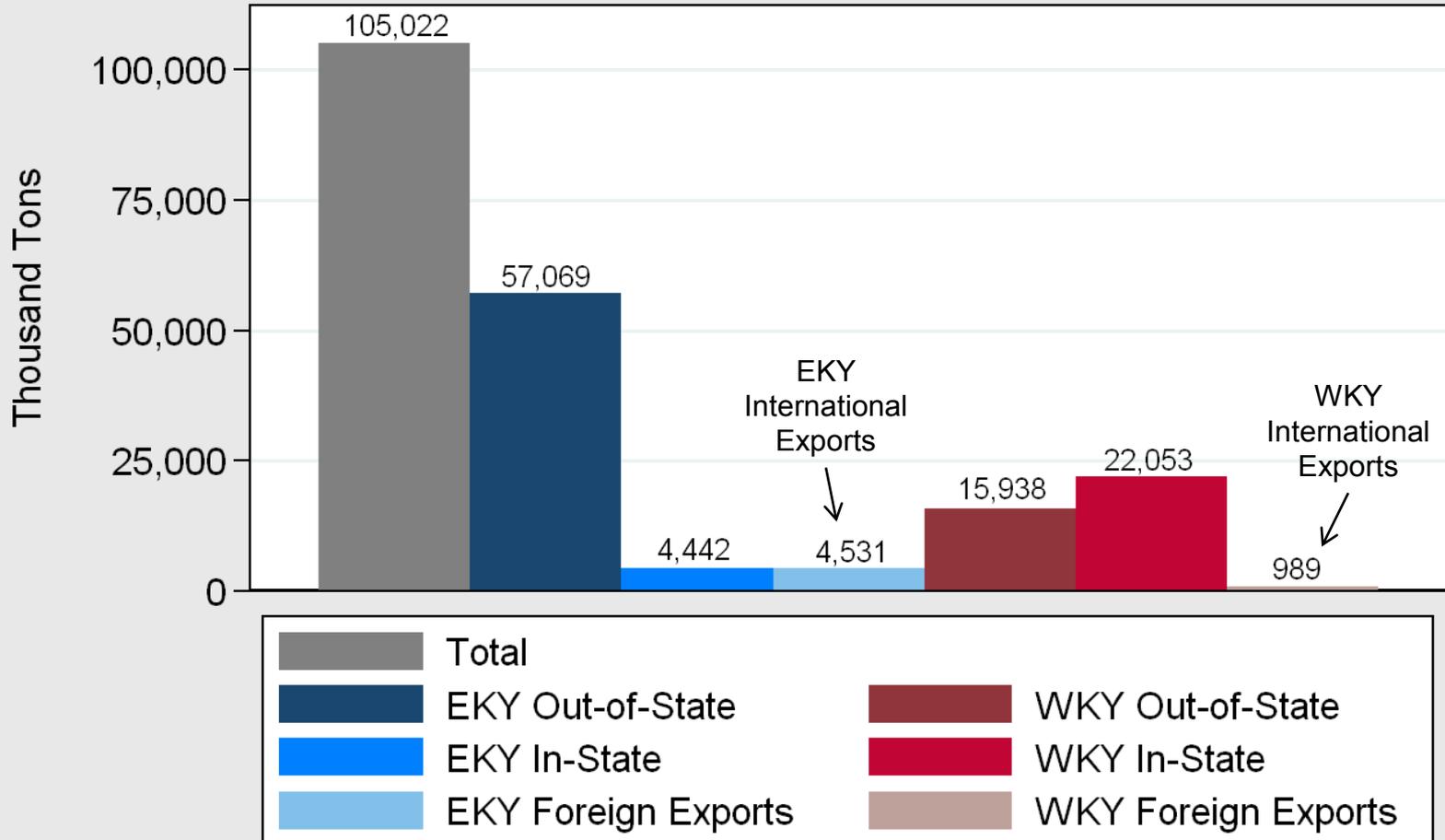


Kentucky Energy Database, EEC-DEDI, 2012

East Kentucky coal remains the most-expensive in the United States.

Kentucky Coal Production & Distribution, 2010

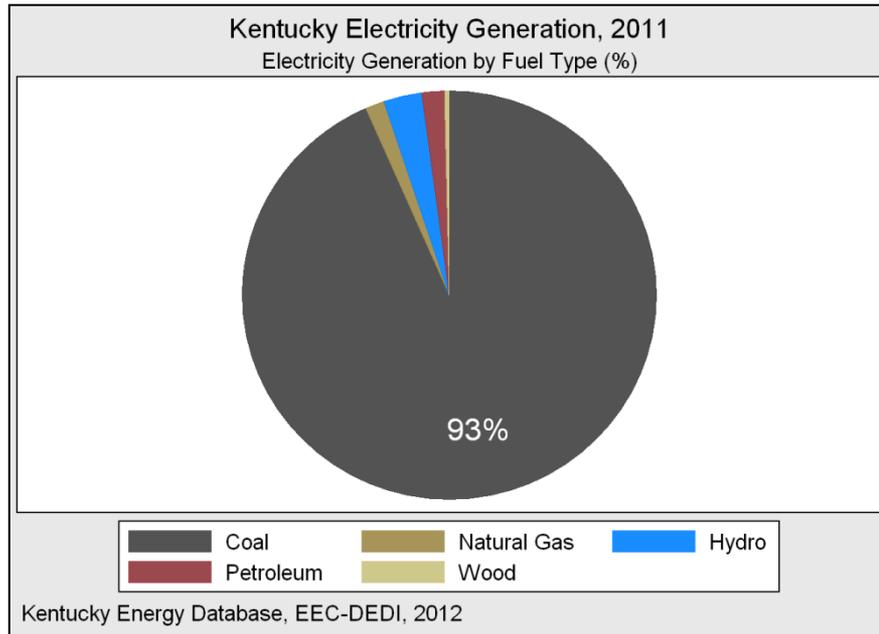
Exported Production & In-State Consumption (Thousand Tons)



Kentucky Energy Database, EEC-DEDI, 2012

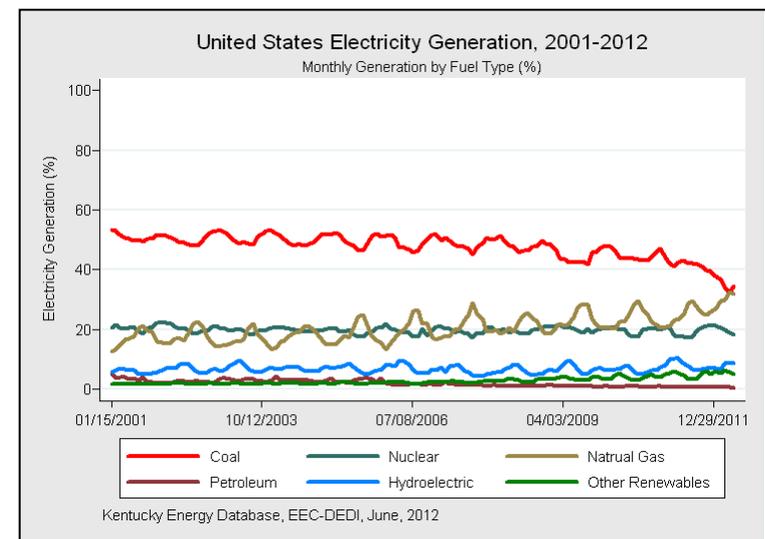
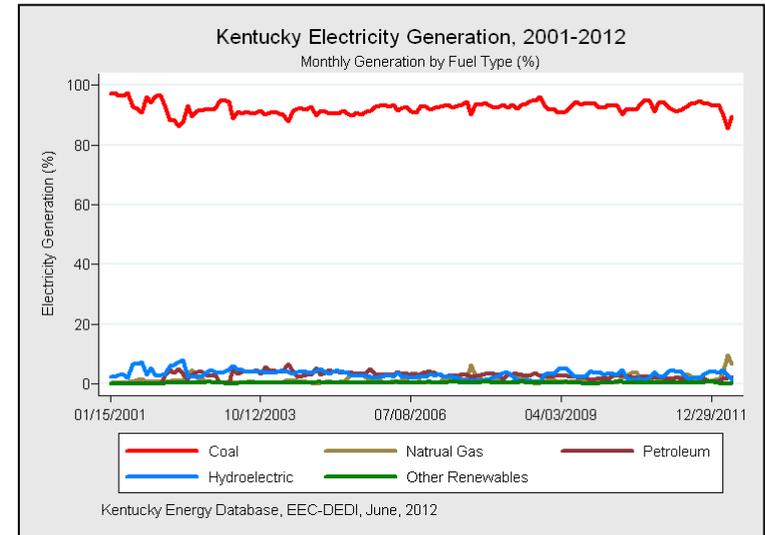
The majority of Kentucky coal production supports U.S. electricity generation.

Electricity Generation

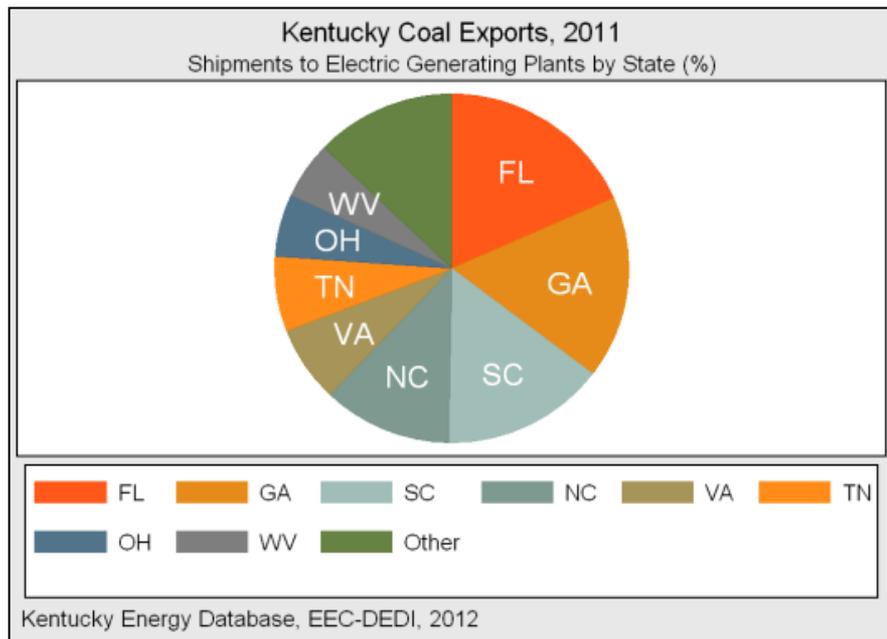


In May 2012, coal represented 34% of national electricity generation.

Coal generation is being replaced by natural gas.

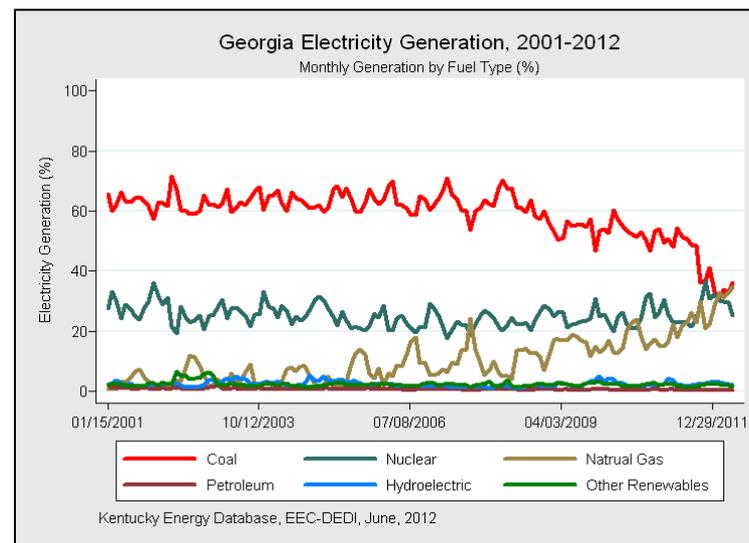
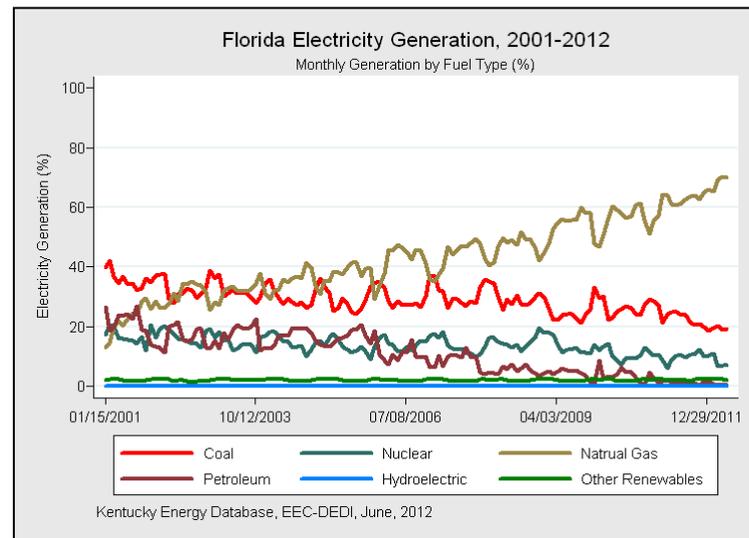


Electricity Generation

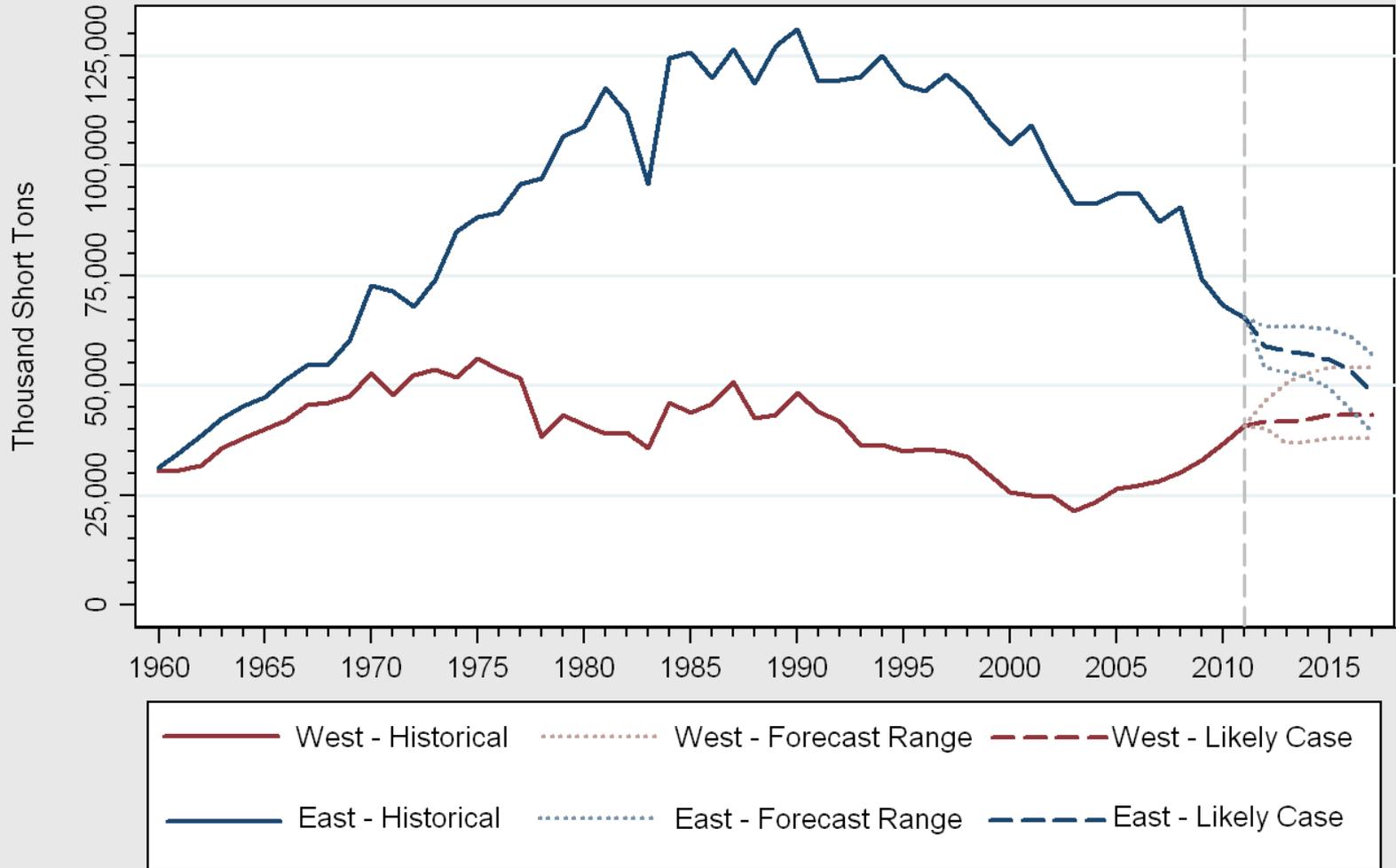


Kentucky's largest coal consumers are shifting to natural gas.

FL & GA are the top two consumers of Kentucky coal; other KY coal consuming states are trending in the same direction.



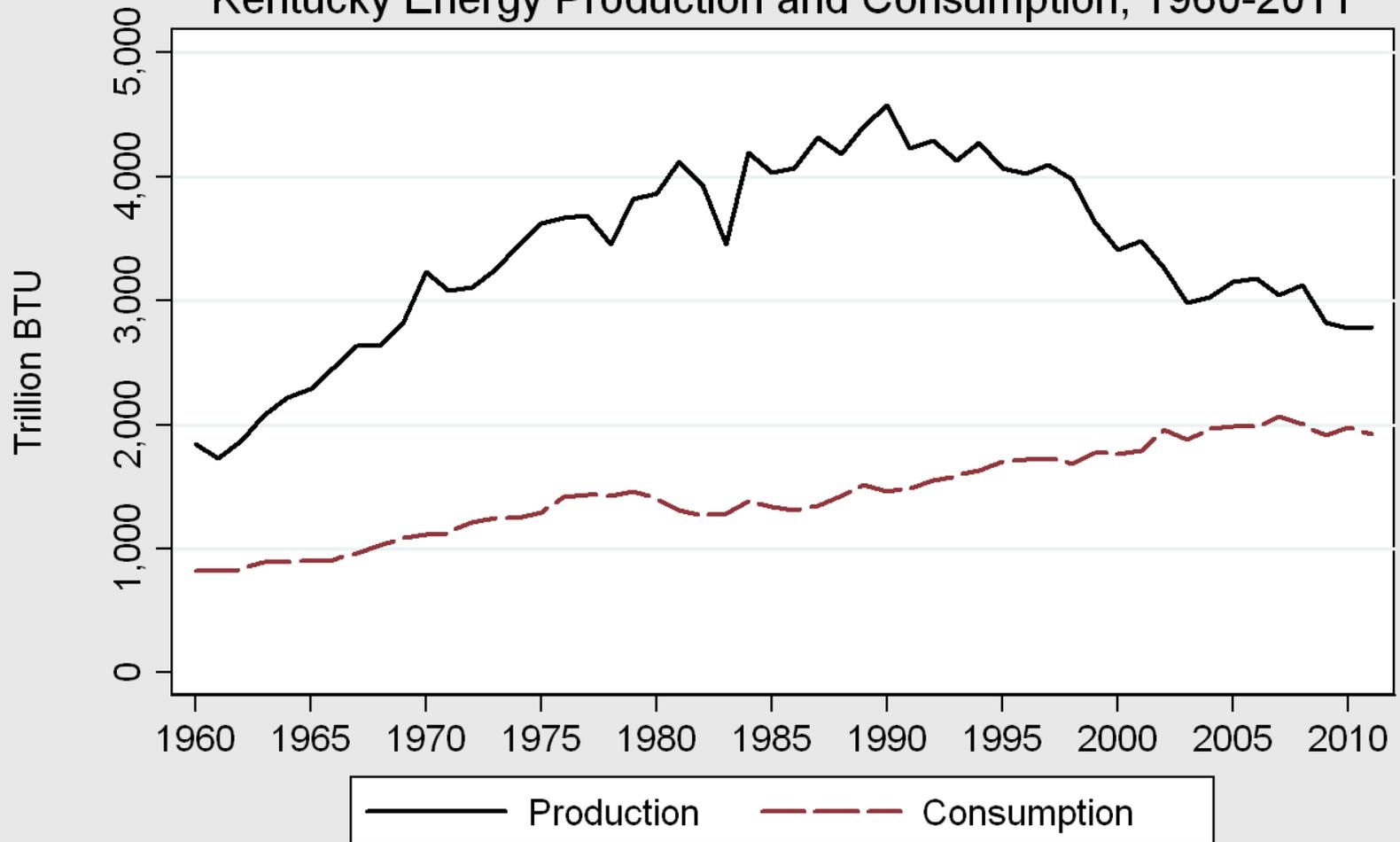
Kentucky Coal Production Forecast, 1960-2020



Kentucky Energy Database, EEC-DEDI, 2012

Eastern Kentucky production is expected to continue to decline.
The outlook for Western Kentucky coal production is stable.

Kentucky Energy Production and Consumption, 1960-2011



Kentucky Energy Database, EEC-DEDI, 2012

Data Source: 1960-2010 EIA-SEDS, 2011 EEC-DEDI Preliminary Estimates

Kentucky may soon consume more energy than is produced in state.

What these trends are telling us...

Eastern Kentucky coal production is declining.

Western Kentucky production is stable.

International markets for Kentucky coal may provide an opportunity.

Kentucky's net energy exports to other states are declining as domestic coal customers switch to natural gas.

Declining coal production is already reducing coal severance funds.