

Commonwealth of Kentucky

HOUSE OF REPRESENTATIVES

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SPEAKER OF THE HOUSE

August 2, 2013

President Barack Obama
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Dear Mr. President:

In the wake of your speech last month on plans to further limit the country's greenhouse gas emissions, my colleagues in the Kentucky House of Representatives and I wanted to express our deep concern over what we see as an unfair attack on coal.

For too many years now, any new effort to mine and use this critical natural resource has been turned away by federal officials and the courts. Promising initiatives that should satisfy both sides of the climate debate are essentially left in the research lab, while the environmental impact of other major energy sources is minimized by comparison. For coal, the playing field is more unlevel than ever, and the goal posts keep moving further away.

It doesn't have to be this way. Whether opponents like it or not, coal plays too big of a role in meeting our country's energy needs and has the reserves to continue that for decades to come. To repeat a phrase from your own remarks, putting our heads in the sand does not make that undeniable fact go away. At a time when our growing energy needs require an all-hands-on-deck strategy, we do ourselves a major disservice by pretending that what is still our largest source of electricity can be marginalized.

As a former U.S. Senator from Illinois, you have more than a passing knowledge of the importance of coal – and the devastating impact your recommended changes could have on coal-producing states. In Kentucky alone, the loss would measure in the billions of dollars – both from declines in the industry and what are predicted to be steep increases in energy costs.

In Kentucky, coal is not just an energy source, it's a way of life. The economic contribution of the coal mining industry to Kentucky in 2010 was \$10 billion, 42,078 jobs, and \$2.85 billion in earnings. For every 100 jobs in coal mining in Kentucky, there are an additional 120 full- and part-time jobs in other industries within the state that supply goods or services to

Letter to President Obama

August 2, 2013

Page 2

support the coal industry and its employees. Unfortunately, employment at Kentucky coal mines has decreased from more than 19,000 to nearly 14,000 in just the past few years.

When these jobs are all but gone, can you tell us how we are supposed to replace them and the more than \$1 billion in lost earnings? Job opportunities are already scarce in most of our mining communities. Our state also relies on coal-severance tax receipts, which totaled approximately \$230 million in fiscal year 2013. Where will we get the support to offset the loss of those dollars? And the companies that choose to base their business in the Commonwealth because it has some of the lowest energy rates in the nation: How are we going to be able to attract and retain those businesses and jobs?

We recognize that your plan does include measures designed to mitigate that impact, but we worry this will be too little, too late. Anyone familiar with the cost of energy infrastructure knows that \$8 billion in loan guarantees for new and cleaner fossil-fuel technologies is a drop in the bucket compared to the amount of funding support that will be needed across the country to remodel existing plants and to acquire the equipment to comply with the proposed climate-action plan.

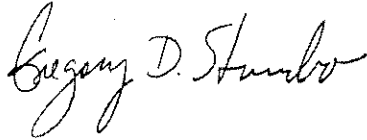
Power plants in Kentucky alone have already invested approximately \$3.8 billion in capital for environmental control technology. This does not include the annual operation and maintenance costs, both of which are substantial. As a result, the state's aggregate emissions as well as the intensity of emissions of targeted pollutants have actually decreased even though electricity demand and generation have increased.

We believe our nation would be much better served by focusing on clean-coal technology with the same dedication and ingenuity put into the Manhattan Project and the space program. Beyond strengthening our own energy independence, imagine what a breakthrough in this area could do for other nations that also rely heavily on coal and have no intention of backing away. No other project could have a greater impact on our world this century.

We also believe that our nation would be better served by increasing coal-to-liquid initiatives, something that has already drawn considerable interest from the military. This would further minimize reliance on foreign oil and better stabilize gas prices. We could also turn waste coal and higher sulfur coal into ethanol to meet our country's planned goal of having a 20 percent ethanol mix in our own petroleum by 2020.

Before your administration begins a new round of regulations, we urge you to take another look at what role coal can and should play in the years ahead. We should not ignore its continued potential, nor should we ignore those whose livelihood depends on it. As we always say, those who believe we can live without coal could find that they are the ones who are literally in the dark.

Letter to President Obama
August 2, 2013
Page 3



Gregory D. Stumbo
Speaker



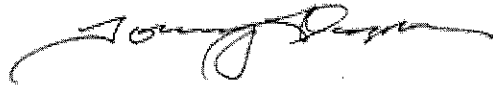
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Letter to President Obama

August 2, 2013

Page 4

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