



APPALACHIAN VOICES

Bringing people together to defend Appalachia's rich natural and cultural heritage

QUESTIONS AND ANSWERS FACT SHEET

Appalachian Mountains Preservation Act

Will passing this legislation lead to increases in electric rates?

- In 2006, the average price difference between underground and surface mined coal from central Appalachia was \$3 per ton, or about 5%¹. By the time the costs of transporting the coal to a power plant, converting it to electricity, and transmitting that electricity to homes and businesses are factored in, this cost difference for coal amounts to a tiny fraction of the \$0.09 per kilowatt hour that NC residents pay for electricity.
- If Duke were trying to keep electricity rates low, they would already be turning to other sources of coal rather than relying entirely on Appalachian coal, which is some of the highest-priced coal in the world, selling for \$70 to \$140 per ton over the past six months compared to \$12 to \$14 per ton for coal from Wyoming's Powder River Basin². Just last year, Progress increased their rates by 16% almost entirely as a result of the increasing cost of Central Appalachian coal³.
- In 2007, Progress Energy was accused of "failures of management" and forced to return \$13.8 million to Florida ratepayers for continuing to use exorbitantly priced Appalachian coal rather than switching to lower-priced western coals⁴.
- The real risk to ratepayers is that they will have to foot the bill for a costly and rapid transition to other coal sources when mountaintop removal is made illegal - as many expect it will be in the next few years. Locking in long-term contracts from alternate sources before this occurs could save North Carolina's ratepayers a lot of money.
- According to the U.S. Energy Information Administration, 71% of central Appalachian coal reserves are only recoverable through underground mining methods⁵.

Is this act constitutional under federal interstate commerce laws?

- While the U.S. Constitution sets a high bar for states to restrict interstate commerce, such laws have repeatedly been found constitutional if a compelling interest for the citizens of the state can be demonstrated. North Carolina's reliance on such a controversial mining method for 30% of our electricity generation puts our economy at serious risk at a time when:

- Federal courts have repeatedly found the pollution and outright obliteration of headwater streams illegal – also, a number of current lawsuits could restrict or eliminate the practice at any time.
- A bill in Congress called the Clean Water Protection Act, which would restrict the dumping of mine waste into streams, ended the last Congress with 153 co-sponsors, indicating that the likelihood of it passing in the 111th Congress is quite high.
- President Obama repeatedly criticized mountaintop removal during the 2008 presidential campaign and could easily reverse Bush-era rule changes that were instituted specifically to undercut court challenges to the practice of mountaintop removal. Reversal of any of these rules would quickly put an end to mountaintop removal
- Three of four states where mountaintop removal occurs have introduced legislation that would restrict the practice.

► In addition to the risks imposed on North Carolina's ratepayers from the uncertain future of a mountaintop removal-dependent coal supply, dependence on central Appalachian coal is a risky proposition in the first place. The peak in Appalachian coal production occurred in 1947, and production has dropped by 20% since the mid-90s. The U.S. Department of Energy projects that the production of Appalachian coal will drop an additional 20% over the next decade as the supply of economically mineable reserves dwindles further⁶.

► Some of the wildlife species enjoyed by residents and visitors of North Carolina's mountains such as the Cerulean Warbler face significant threats across their range from mountaintop removal coal mining⁷. Even though mountaintop removal doesn't occur in North Carolina, the impacts on our wildlife populations do not respect state boundaries.

Why isn't this a federal issue?

► As recently as 2002, when North Carolina passed the Clean Smokestacks Act - one of the strongest air quality laws in the country at the time - North Carolinians have shown a willingness to be leaders in protecting the health and welfare of our citizens, even if it means passing laws that are stronger than federal standards. As one of the largest consumers of mountaintop removal coal, North Carolina bears a special responsibility to take action on this issue.

1. DOE/EIA – 2006 Annual Coal Report, table 28: <http://tonto.eia.doe.gov/FTPROOT/coal/05842006.pdf>

2. DOE/EIA – Coal News and Markets: <http://www.eia.doe.gov/cneaf/coal/page/coalnews/coalmar.html>

3. Raleigh N&O, May 21st, 2008, "Utilities Plan to Raise Your Rates" by John Murawski.

4. Raleigh N&O, August 7th, 2007, "Progress Making a Refund: \$13.8 Million to Repay Florida Customers..." by John Murawski.

5. DOE/EIA – 2006 Annual Coal Report, table 15: <http://tonto.eia.doe.gov/FTPROOT/coal/05842006.pdf>

6. DOE/EIA – 2009 Annual Energy Outlook, table 15: <http://www.eia.doe.gov/oiaf/aeo/index.html>

7. CATHY A. WEAKLAND' AND PETRA BOHALL WOOD, 2005, "Cerulean Warbler (*Dendroica Cerulea*) Microhabitat and Landscape-Level Habitat Characteristics in Southern West Virginia." *The Auk* 122(2):497-508, 2005

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