Executive Summary

Coal production in the United States in 2007 totaled 1,146.6 million short tons (Table ES1), a decrease of 1.4 percent, or 16.1 million short tons from the 2006 record level of 1,162.8 million short tons. Although coal production declined in 2007, U.S. total coal consumption increased for the year. Coal consumption in 2007 in the electric power sector was higher by 1.8 percent, while coking coal consumption decreased by 1.1 percent and the other industrial sector declined by 4.8 percent. (Note: All percentage change calculations are done at the short-tons level.) Total coal stocks increased during the year, as some consumers continued to rebuild their stockpiles that had been seriously depleted in 2005 due to transportation issues.

The growth in coal consumption during the year was primarily a result of the weather-related increases in the demand for electricity in 2007. Total generation in the electric power sector (electric utilities and independent power producers) in the United States grew in 2007 by 2.5 percent. Coal-based generation also increased, resulting in an 18.5-million-short-ton increase in coal consumed in the electric power sector. Coal use in the non-electricity sector decreased by 3.3 percent to a level of 82.9 million short tons.

Coal prices in 2007 increased for both the mine-level prices and the consumer prices. Although the average delivered price of coal increased for most users in the United States in 2007, the increases were smaller than what had been experienced in 2006. In the domestic markets, the electric utility price-per-short-ton increase was 5.3 percent, while the increase was only 1.5 percent for independent power producers. Coking coal prices increased by 2.3 percent, while the average price for the other industrial sector increased by 5.3 percent in 2007.

Production

U.S. coal production decreased in 2007 by 1.4 percent to a level of 1,146.6 million short tons (Figure ES1 and Table ES1), 16.1 million short tons lower than the 2006 production. Although total U.S. coal production was lower in 2007, only two of the three coal-producing regions had lower production while the other increased, but only marginally. Exclusive of refuse production, the Appalachian and Interior Regions had a decrease in their production levels in 2007 of 3.4 percent and 3.1 percent respectively, while the Western Region had an increase in coal production of 0.3 percent. In the amount of tons of coal produced, the decrease in the Appalachian Region production was 13.4 million short tons, while the decrease in Interior Region production in 2007 was 4.7 million short tons. Coal production in the Western Region increased by 1.6 million short tons.

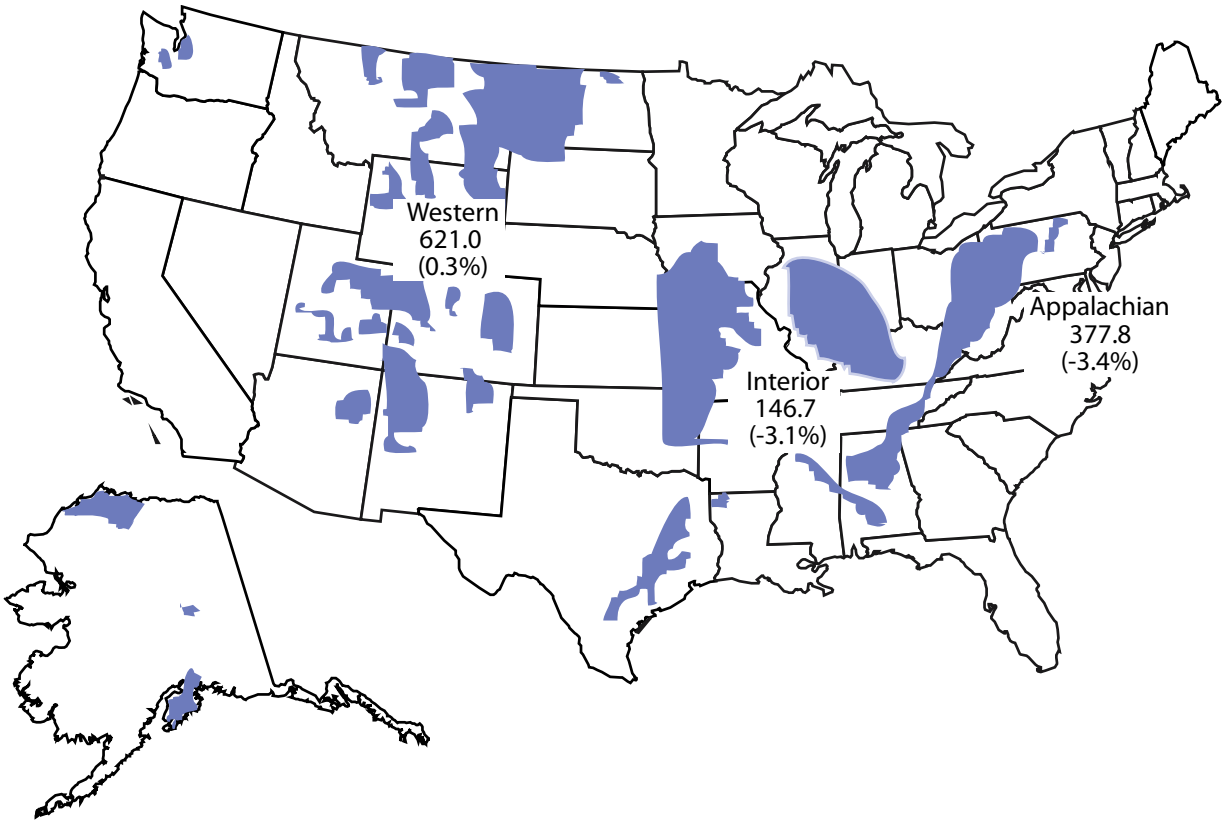
Appalachian Region

Coal production in the Appalachian Region declined for the second consecutive year in 2007, decreasing by 13.4 million short tons, to end the year at 377.8 million short tons (Table ES2), a decline of 3.4 percent, a level only slightly greater than the 2003 production total. The decrease in 2007 in coal production in the Appalachian Region was primarily driven by two different issues. One issue was the production problems at a few of the larger mines in the region; and the other was ongoing lawsuits, principally in the central portion of the Appalachian Region, concerning the issuing of Federal permits that regulate the excavation and discharge of dredged and fill material into the waters of the United States. As a consequence of these lawsuits, new permits have not been issued as quickly as they had in the past thereby limiting some possible additional production.

West Virginia, the largest coal-producing State in the Appalachian Region and the second largest in the United States, was one of the only two States in the region to have an increase in coal production in 2007. Total coal production increased slightly in West Virginia, by 0.7 percent, in 2007 to end the year with 153.5 million short tons of production, 1.1 million short tons above the 2006 level. Increases in coal production at Mettiki Coal's Mountain View mine (a replacement mine for Mettiki's depleted Maryland mine) of 2.2 million short tons and a full year's production from Frasure Creek Mining's new Mine No. 7 of 1.1 million short tons, helped to offset the declines in production experienced at Alpha Natural Resources' Mountaineer Alma A mine of 1.0 million short tons and Consol Energy's McElroy mine of 0.8 million short tons.

Eastern Kentucky produced 87.1 million short tons of coal in 2007, a decline of 7.0 percent or 6.5 million short tons, the largest tonnage decrease for any State in the Appalachian Region. Although the Locust Grove's Elm Lick mine had an increase in 2007 of 1.3 million short tons in its first full year of production and three other mines had increases of over a half-a-million short tons, production decreases by numerous other mines,

Figure ES1. Coal Production by Coal-Producing Region, 2007
(Million Short Tons and Percent Change from 2006)
Regional totals do not include refuse recovery
U.S. Total: 1,146.6 Million Short Tons (-1.4%)



Source: Energy Information Administration, *Annual Coal Report*, *2007*, DOE/EIA-0584(2007) (Washington, DC, February 2009).

including the 2007 idling of ICG's Blackberry and Nally & Hamilton Enterprises' Colliers Creek mines resulting in drops of 1.2 and 0.6 million short tons respectively, lead to the lower annual production in Eastern Kentucky for the year.

Pennsylvania produced 65.0 million short tons, a decrease of 1.5 percent from 2006, or 1.0 million short tons. There was no single mine that accounted for the majority of the decline in coal production in Pennsylvania for the year, but the slight decreases of less than 0.3 million short tons experienced by Consol's Bailey and Foundation's Cumberland and Emerald mines were more than enough to offset the increases in coal production experienced by Consol's Enlow Fork, Dana Mining's 4 West, and Rosebud Mining's Logansport mines.

Coal production in Virginia decreased in 2007 by 4.4 million short tons to a total of 25.3 million short tons, a decline of 14.8 percent. The decrease in coal production in Virginia was primarily a result of the lower production by Consol's Buchanan mine that experienced a roof fall in July and was closed for the remainder of the year, resulting in a production level for the mine that was 43.7 percent below the 2006 level. Ohio's coal production declined slightly in 2007 by 0.6 percent to end the year at 22.6 million short tons.

Besides West Virginia, Alabama was the only other State in the Appalachian Region to have increased coal production in 2007 with a total of 19.3 million short tons for the year. The increase of 0.5 million short tons, or 2.6 percent, was the result of higher coal production at the Jim Walter Resources' No. 4 mine that helped replace the lost coal production from its No. 5 mine, which was abandoned due to the depletion of its reserves, and increased production from Drummond Company's Shoal Creek mine. Tennessee had a slight decrease of 0.2 million short tons in coal production in 2007 from its prior year level, resulting in a total of 2.7 million short tons. With the closing of Mettiki Coal's Mettiki mine (the largest mine in the State) due to the depletion of coal reserves in 2007, total coal production in Maryland in 2007 decreased by 54.5 percent to end the year at 2.3 million short tons, the lowest level of any State in the Appalachian Region.

Table ES1. U.S. Coal Supply, Disposition, and Prices, 2006-2007
(Million Short Tons and Dollars per Short Ton)

Item	2006	2007
Production by Region		
Appalachian	391.2	377.8
Interior	151.4	146.7
Western	619.4	621.0
Refuse Recovery	0.8	1.2
Total	**1,162.8**	**1,146.6**
Consumption by Sector		
Electric Power	1,026.6	1,045.1
Coke Plants	23.0	22.7
Other Industrial Plants	59.5	56.6
Residential/Commercial	3.2	3.5
Total	**1,112.3**	**1,128.0**
Year-End Coal Stocks		
Electric Power	141.0	151.2
Coke Plants	2.9	1.9
Other Industrial Plants	6.5	5.6
Producers/Distributors	36.5	34.0
Total	**186.9**	**192.8**
Average Delivered Price		
Electric Utilities	$34.26	$36.06
Independent Power Producers	$33.04	$33.11
Coke Plants	$92.87	$94.97
Other Industrial Plants	$51.67	$54.42
Average U.S. Open Market Mine Price	$25.16	$26.20

Notes: Totals may not equal sum of components due to independent rounding. Sum of stock changes and consumption may not equal production, primarily because the supply and disposition data are obtained from different surveys.
Sources: Energy Information Administration, *Annual Coal Report 2007*, tables 1; 26; 27; 28; and 34; DOE/EIA-0584 (2007) (Washington, DC, February 2009).

Interior Region

The Interior Region experienced a decrease in coal production in 2007 of 4.7 million short tons, or 3.1 percent, to end the year at a total of 146.7 million short tons. The decline in coal production in the Interior Region was primarily a result of the lower coal production in Texas, the largest coal-producing State in the region. In 2007 coal production in Texas was 41.9 million short tons, a decline of 3.6 million short tons from the 2006 level. Although there was an increase in coal production at Luminant Mining's Tatum mine of 1.1 million short tons for the year, the decline of 2.6 million short tons at its Three Oaks mine and the suspension of coal production at its Winfield North mine resulted in lower coal production in Texas in 2007.

Of the two States to register increases in 2007 coal production in the Interior Region, Western Kentucky accounted for almost all of the regional increase. Coal production in Western Kentucky increased 0.9 million short tons in 2007 to end the year at 28.2 million short tons, an increase of 3.6 percent. Although Armstrong Coal's Big Run mine was idled at the end of 2006 with a resulting loss of over 1 million short tons of coal production, expansions at KenAmerican Resources' Paradise No. 9 mine of 0.6 million short tons and Hopkins County Coal's Elk Creek mine of 1.1 million short tons was more than enough to offset that loss. Arkansas, the Nation's smallest coal producing State, was the only other State in the Interior Region to have higher production in 2007. Coal production in Arkansas increased to reach a total of 83 thousand short tons, 60 thousand short tons higher than the 2006 level.

Indiana, the second-largest coal-producing State in the Interior Region, had a slight decrease of 0.3 percent in 2007 to end the year with a total of 35.0 million short tons, a level that was 0.1 million short tons below 2006. Declines of almost a half million short tons each experienced at Vigo Coal Company's Cypress Creek mine and Triad Mining's Patoka mine were balanced by Sunrise Coal's Carlisle mine, in its first year of coal production, which produced 1.0 million short tons in 2007.

Coal production in Illinois also declined slightly by 0.9 percent to end the year at 32.4 million short tons, a decrease of 0.3 million short tons. Increases in coal production by Mach Mining's No. 1 mine of 0.9 million short tons and Vigo Coal Company's Friendsville mine of 0.6 million short tons in 2007 were negated by the lower production levels of several mines, including Foundation Coal's Wabash mine which was abandoned early in 2007, and the idling of Monterey Coal's No. 1 mine and Springfield Coal's Crown II mine. The other States in the Interior Region (Kansas, Louisiana, Mississippi, Missouri, and Oklahoma), which together produced 8.9 million short tons of coal and accounted for a total of 6.1 percent of the entire region's production in 2007, all had lower coal production from their prior year levels.

Western Region

The Western Region was the only one of the three regions to show an increase in coal production in 2007. Coal production rose by 0.3 percent to reach a total of 621.0 million short tons, over 54 percent of total U.S. coal production for the year. The slight increase of 1.6 million short tons resulted in another record level for the region, the fourth year in a row. Even though there was a record level of coal production in 2007, only three States in the Western Region had higher production levels from the previous year, Colorado, Montana, and Wyoming.

Wyoming is the largest coal-producing State in the Nation, a position it has held since 1988. In 2007, Wyoming produced 453.6 million short tons of coal, an increase of 1.5 percent, or 6.8 million short tons for the year. Although nine of the twenty-one mines in Wyoming had decreases in coal production in 2007, the increased production levels at the rest of the mines pushed the State to a new production record for the year. Wyoming has dominated U.S. coal production since 1995 when it first accounted for more than one-quarter of total U.S. production. Examples of how much Wyoming dominated the U.S. coal supply include that for 2007, its production accounted for 73 percent of the Western Region production total; was 76.4 million short tons more than the entire Appalachian Region production; was more than three times the Interior Region production; and was only slightly less than 40 percent of the total U.S. coal production for the year. Also, if the 25 States that produced coal in 2007 were ranked by descending total production levels, Wyoming produced only 1.4 million short tons less than the sum of the next six largest coal-producing States (West Virginia, Kentucky, Pennsylvania, Montana, Texas, and Colorado) and 217.4 million short tons more coal than the summation of the States ranked 8th through 25th. Peabody's North Antelope Rochelle mine was the largest coal mine in Wyoming and the United States in 2007, producing a total of 91.5 million short tons, an increase of 3.0 million short tons. This one mine produced more coal than 22 of the 24 other coal-producing States in 2007. However, the one mine in Wyoming that had the largest tonnage increase in 2007 was Arch Coal's Coal Creek mine, which returned to production in mid-2006 after suspending coal production in 2000. Coal Creek increased production in 2007 by 7.1 million short tons to end the year at a total of 10.2 million short tons.

In 2007, Montana, the second largest coal-producing State in the Western Region, produced a total of 43.4 million short tons, an increase of 3.7 percent, displacing Texas as the fifth largest coal-producing State in the Nation. Although there were decreases in production at four of the six mines in Montana, the increase in coal production at Spring Creek Coal's Spring Creek mine of 1.2 million short tons in 2007, to reach a total of 15.7 million short tons, more than offset the declines. Colorado had a slight increase in coal production in 2007, ending the year with a total of 36.4 million short tons, an increase of 0.2 percent, or 62 thousand short tons.

Total coal production in North Dakota declined in 2007 by 2.6 percent to end the year at 29.6 million short tons. Declines in production at three of the four mines, Center, Falkirk, and Freedom mines, negated the increase in coal production by the Beulah mine. New Mexico had a decrease of 1.5 million short tons in 2007 to end the year with a total of 24.5 million short tons, a decline of 5.6 percent, and the second year in a row that production declined in the State. The majority of the decrease in coal production for New Mexico was attributable to the decreased production level at Chevron Mining's McKinley mine. Coal production in Utah in 2007 declined by 6.6 percent to a level of 24.3 million short tons. Although there was a 1-million-short-ton-plus increase in coal production at West Ridge Resources' West Ridge mine, decreases of over 1 million short tons at Arch Coal's Sufco mine and Andalex Resources' Aberdeen mine more than offset the increase. In 2007 coal production in Arizona decreased by 2.8 percent to end the year at 8.0 million short tons, while coal production in Alaska was 1.3 million short tons, slightly below the prior year total. There was no coal production in Washington in 2007 due to the closing of the State's

only mine, TransAlta's Centralia mine, in November of 2006.

Employment

The number of employees in U.S. coal mines decreased in 2007 by 1.6 percent to a level of 81,278. Decreases in the number of employees were experienced in both underground and surface mining in 2007 at the national level. The largest decrease in total employees in a State was in Kentucky, which had 973 fewer employees on the payroll. There were some States that had slight increases in the number of employees, while Washington, which closed its only mine in November of 2006, had no mine employees for 2007.

Productivity

Productivity at coal mines in 2007 increased slightly by 0.1 percent to a level of 6.27 tons per miner per hour. Total productivity increased as a result of an increase in surface productivity which grew in 2007 by 0.6 percent to a level of 10.25 short tons per miner per hour. Underground productivity dropped in 2007 by the same percentage, 0.6 percent to a level of 3.34 short tons per miner per hour resulting in the decrease in total productivity for the year. Part of the decline in underground productivity was a result of miners having increasing hours used in safety and health work in compliance with the MINER Act of 2006 that affected the ability to mine coal.

Changes in regional productivity varied across the U.S. in 2007, with the largest decline in the Interior Region while there was an increase in Western Region. Total productivity in the Appalachian Region decreased by 0.9 percent in 2007 to a level of 3.10 short tons per miner per hour. This drop was a reflection of the decrease in both underground productivity in the region, which declined by 1.3 percent and a decrease in surface productivity of 0.3 percent in 2007. Total productivity in the Interior Region declined by 4.8 percent to a level of 4.85 short tons per miner per hour in 2007, with declines in both underground and surface productivity. Underground productivity in the Interior Region decreased somewhat in 2007 by 0.8 percent to a level of 3.52 short tons per miner per hour while surface productivity decreased by 8.0 percent to a level of 6.76 short tons per miner per hour. Reflecting the large number of surface mines in the region, the Western Region actually had an increase in total productivity in 2007, 1.0 percent to 20.40 short tons per miner per hour. Productivity in underground mines in the Western Region dropped by 0.6 percent to 6.73 short tons per miner per hour, while surface productivity increased by 2.3 percent to a level of 26.28 short tons per miner per hour.

Consumption

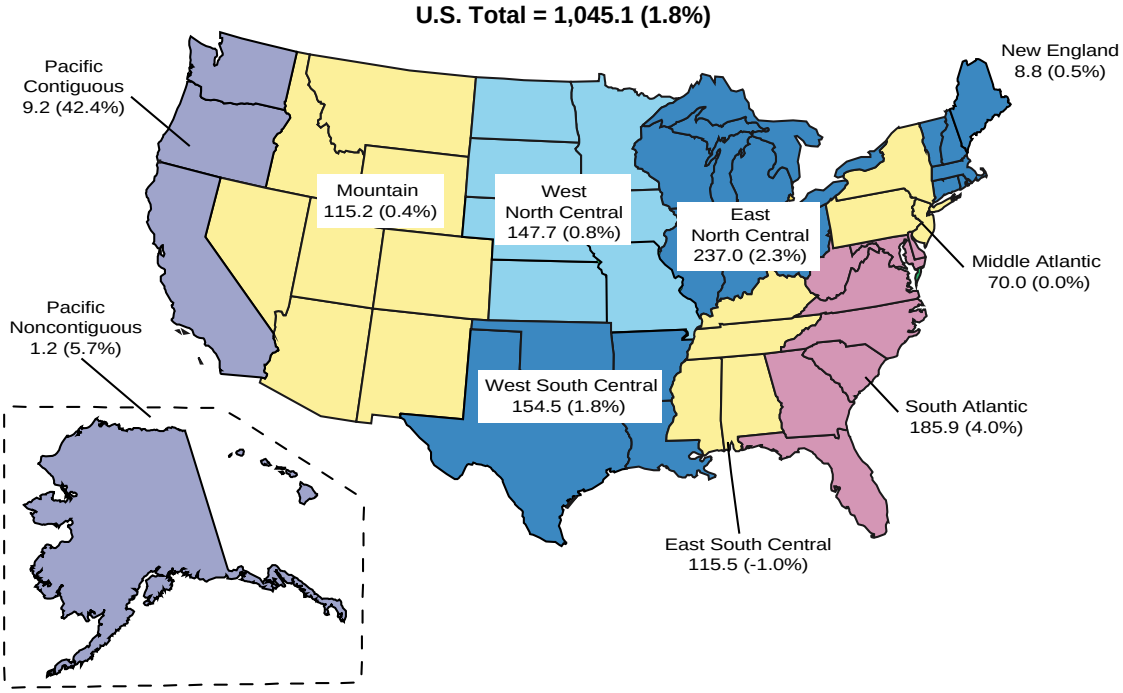
Total coal consumption rebounded in 2007, increasing by 1.4 percent over the 2006 level. Total U.S. coal consumption was 1,128.0 million short tons, an increase of 15.7 million short tons. Almost 93 percent of all coal consumed in the United States is in the electric power sector (electric utilities and independent power producers), making it the powerhouse for total coal consumption. Two of the three other coal-consuming sectors, other industrial and coking coal, had declines in their consumption totals, while the residential and commercial sector, which is the smallest of all coal consuming sectors, accounting for less than one third of one percent of total consumption, was slightly higher. The other industrial sector had a decrease in coal consumption in 2007 of 4.8 percent, while the coking coal sector had a decline of 1.1 percent.

Coal consumption in the electric power sector increased by 1.8 percent or 18.5 million short tons to end 2007 at 1,045.1 million short tons (Figure ES2). However, coal-based electricity generation increased at a slightly lower rate of 1.5 percent, reflecting increasing volumes of lower-Btu western coals (subbituminous and lignite) to generate electricity.

Coal consumption in the non-electric power sector (comprised of the other industrial, coking coal, and residential and commercial sectors) declined in 2007. Coal consumption at coke plants decreased by 0.2 million short tons to end the year at 22.7 million short tons, a decline of 1.1 percent. The decline in U.S. coke production in 2007 was a result of the decrease in pig iron production that occurred for the year combined with the slight drop in U.S. coke exports.

Although the Gross Domestic Product (GDP) grew by 2.7 percent, the economic growth did not extend into the entire manufacturing sector in 2007, and as a result, coal consumption in the other industrial sector declined by 2.9 million short tons to end the year at 56.6 million short tons. The broad range of products in the numerous North American Industry Classification System (NAICS) manufacturing plants showed varied changes in coal consumption for 2007. The nonmetallic minerals products and chemical manufacturing segments had no change in coal consumption for the year, while the food manufacturing segment had a slight increase in coal consumption. The decrease in coal consumption in 2007 in the other industrial sector was primarily a result of the large decrease in the primary metal manufacturing segment, a decline of 2.1 million short tons. The majority

Figure ES2. Electric Power Sector Consumption of Coal by Census Division, 2007
(Million Short Tons and Percent Change from 2006)



Source: Energy Information Administration, Form EIA-906, "Power Plant Report."

of the decrease in coal consumption in this segment was the result of the closing of a dedicated plant at a primary metals facility at the end of 2006. The plant closed the old facility after securing the necessary power to run a smelter from an independent power source that burns coal to generate electricity. In essence, this is a shift of coal consumption from the other industrial sector to the independent power producers' portion of the electric power sector. Coal consumption in the residential and commercial sector increased slightly in 2007.

Generation

Nationally, total generation in the electric power sector from all fuels increased in 2007 by 2.5 percent with gains in electricity generation by all sources except the hydroelectric sector in the United States. The decline of 14.6 percent in electricity generation by hydroelectric facilities in the United States was a direct result of the drought conditions experienced across most the country during the year and resulted in a decrease of its share of total generation to 6.0 percent (Figure ES3). The increase in electric generation in 2007 by other fuel sources ranged from the aforementioned 1.5 percent for coal to 10.9 percent for natural gas. The large increase in electricity generation by natural gas for 2007 was due in part to the numerous new generating facilities that came on-line during the year that were natural gas-fired. In 2007, 48 percent of the new capacity to come on-line during the year was natural-gas-fired, while new coal-fired capacity was 10 percent. However, the average cost (in dollars per million Btu) of natural gas delivered to the electric utility portion of the electric power sector in 2007 compared to 2006 had increased by only 1.5 percent, while the cost of coal had increased by 5.3 percent in the same time period.

Total electricity generation in the United States is primarily driven by two factors: economic growth and weather (measured by heating and cooling degree-days), with both factors having a positive effect on total generation. Economic growth continued throughout 2007, with the gross domestic product (GDP) of the United States increasing by 2.7 percent for the year. Also in 2007, warmer-than- normal summer weather occurred across most of the country. According to data from the National Weather Service Climate Prediction Center of the National Oceanic and Atmospheric Administration (NOAA), cooling degree-days in 2007 were higher for the country as a whole than the 30-year average, by 17.9 percent. The warmer summer weather resulted in more electricity generation to power air conditioners across the country. In contrast, the winter weather was somewhat warmer than normal, with the heating degree-days 5.3 percent below normal, lowering the need for electricity for heating, but not enough to offset the generation needed for summer for cooling.

Table ES2. U.S. Coal Production by Coal-Producing Region and State, 2006-2007
(Million Short Tons)

Coal-Producing Region and State	2006	2007
Appalachian Total	**391.2**	**377.8**
Alabama	18.8	19.3
Kentucky, Eastern	93.6	87.1
Maryland	5.1	2.3
Ohio	22.7	22.6
Pennsylvania Total	66.0	65.0
Anthracite	1.5	1.6
Bituminous	64.5	63.5
Tennessee	2.8	2.7
Virginia	29.7	25.3
West Virginia	152.4	153.5
Northern	42.4	42.2
Southern	110.0	111.3
Interior Total	**151.4**	**146.7**
Arkansas	s	s
Illinois	32.7	32.4
Indiana	35.1	35.0
Kansas	0.4	0.4
Kentucky, Western	27.2	28.2
Louisiana	4.1	3.1
Mississippi	3.8	3.5
Missouri	0.4	0.2
Oklahoma	2.0	1.6
Texas	45.5	41.9
Western Total	**619.4**	**621.0**
Alaska	1.4	1.3
Arizona	8.2	8.0
Colorado	36.3	36.4
Montana	41.8	43.4
New Mexico	25.9	24.5
North Dakota	30.4	29.6
Utah	26.0	24.3
Washington	2.6	-
Wyoming	446.7	453.6
Refuse Recovery	**0.8**	**1.2**
U.S. Total	**1,162.8**	**1,146.6**

s Value is less than 0.5 of the table metric, but value is included in any associated totals.
Note: Totals may not equal the sum of the components due to independent rounding.
Sources: U.S. Department of Labor, Mine Safety and Health Administration, Form 7000-2, "Quarterly Mine Employment and Coal Production Report."

Of the nine Census Divisions, coal is a minor component (less than 20 percent) in the fuel mix for electricity generation in two divisions, New England and Pacific, and a major component (more than 50 percent) in five divisions, East North Central, West North Central, South Atlantic, East South Central, and Mountain. In the other two divisions, coal is one of two main fuel sources for the electric power sector. In the Middle Atlantic, coal competes with nuclear power for dominance, while in the West South Central coal competes with natural gas.

Seven of the nine Census Divisions had increases in coal consumption in the electric power sector in 2007, with five of those seven having an increase of at least a million short tons. For 2007, two of the Census Divisions accounted for the majority of the increase in total coal consumption in the electric power sector. The South Atlantic Census Division accounted for 39 percent of the increase, while the East North Central accounted for another 29 percent. Total generation in the South Atlantic Census Division increased in 2007 by 3.4 percent (Table ES3), while total generation in the East North Central Division increased by 2.6 percent. Coal is the primary fuel for electricity generation in both Census Divisions. Coal generated 53.8 percent of the electricity in the South Atlantic Division and 69.6 percent in the East North Central Division during 2007. The growth in generation from coal in the South Atlantic Division resulted in an increase in coal consumption of 7.1 million short tons, up 4.0 percent to end the year at 185.9 million short tons. Coal consumption in the electric power sector in the East North Central Division increased by 2.3 percent to 237.0 million short tons, an increase of 5.3 million short tons in 2007.

In the West South Central Census Division coal competes with natural gas as the primary source for electric power generation, both accounting for about 40 percent of the Division's generation. Total generation in 2007 in the electric power sector in the West South Central Census Division grew by 2.6 percent, while coal-based generation grew by 1.3 percent. Total coal consumption in 2007 for the electric power sector in the West South Central Census Division increased by 2.7 million short tons, or 1.8 percent, ending the year at a total of 154.5 million short tons. Although the Pacific Census Division was the only division to have a decrease (1.4 percent) in total generation in the electric power sector in 2007, it had the fourth largest increase in coal consumption for the year. Even though coal is such a small part of the total generation for the division (usually less than 5 percent), the increase in coal consumption for electric power sector was 2.8 million short tons to a level of 10.4 million short tons. The substantial decrease in the generation by hydroelectric facilities, which generally account for about 40 percent of total generation, in the Pacific Census Division of 16.5 percent in 2007 helped to increase the need for coal to generate electricity.

Table ES3. Electric Power Sector Net Generation, 2006-2007 (Million Kilowatthours)

Census Division	2006	2007	Percent Change
New England			
Coal	19,411	19,791	2.0
Total	125,708	126,059	0.3
Middle Atlantic			
Coal	152,445	152,607	0.1
Total	415,192	428,648	3.2
East North Central			
Coal	451,510	456,905	1.2
Total	639,456	656,142	2.6
West North Central			
Coal	228,066	230,004	0.8
Total	301,627	311,406	3.2
South Atlantic			
Coal	423,393	438,823	3.6
Total	788,587	815,153	3.4
East South Central			
Coal	246,311	244,504	-0.7
Total	369,837	376,578	1.8
West South Central			
Coal	226,940	229,930	1.3
Total	544,000	558,246	2.6
Mountain			
Coal	209,239	209,121	-0.1
Total	348,918	363,605	4.2
Pacific			
Coal	12,420	16,706	34.5
Total	374,753	369,508	-1.4
U.S. Total			
Coal	1,969,737	1,998,390	1.5
Total	3,908,077	4,005,343	2.5

Source: Energy Information Administration, Form EIA-906, "Power Plant Report."

Coal accounts for about three-fourths of generation in the West North Central Census Division. In 2007 total generation increased by 3.2 percent, while generation from coal grew by 0.8 percent. Total coal consumption for the electric power sector in the West North Central Division rose to 147.7 million short tons, an increase of 1.1 million short tons. Over half of the electricity generated in the Mountain Census Division is derived from coal. In 2007 total generation in the Mountain Census Division increased by 4.2 percent, while coal-based generation decreased by 0.1 percent for the year. Even though coal-based generation was about level, coal consumption in the electric power sector in the Mountain Division increased slightly by 0.5 million short tons to end the year at 115.2 million short tons. In the Middle Atlantic Census Division coal competes with nuclear power for the largest share of total generation. In 2007 total generation in the Middle Atlantic Division increased by 3.2 percent, while nuclear power generation increased by 1.2 percent and coal-based generation increased by only 0.1 percent. Total coal consumption for the Middle Atlantic Census Division remained essentially unchanged at a level of 70.0 million short tons. Coal accounts for less than one-sixth of total generation in the New England Census Division, and in 2007 total coal consumption for electricity generation grew by 43 thousand short tons.

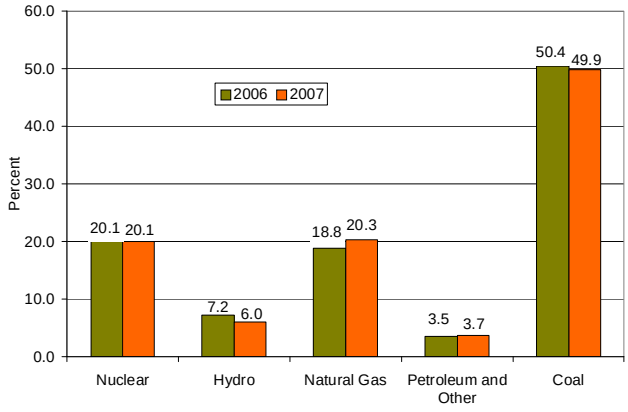
The East South Central Census Division was the only division to have lower coal consumption in the electric power sector in 2007. Coal is the dominant fuel for generation in the East South Central Division, typically accounting for about two-thirds of total generation in a year. Total electricity generation in the East South Central Division increased by 1.8 percent in 2007. Natural gas generation grew significantly in the Division, increasing by 28.0 percent while coal-based generation decreased by 0.7 percent. The slight decline in coal-based generation resulted in a decrease in coal consumption in the East South Central Census Division of 1.0 percent to end the year at a total of 115.5 million short tons.

Coal Prices

Domestic coal prices continued their increasing trend in 2007 rising for the fourth consecutive year. Although the average delivered prices in the consuming sectors increased for the year, it was at a slower rate than was experienced in 2006. The majority of coal sold in the electric power sector is through long-term contracts, in conjunction with spot purchases to supplement the demand. Coal prices in 2007 at electric utilities (a subset of the electric power sector) increased for a seventh consecutive year, to $36.06 per short ton ($1.78 per million Btu), an increase of 5.3 percent over the 2006 price. Coal prices at independent power producers in 2007 increased to $33.11 per short ton ($1.66 per million Btu), an increase of 0.2 percent. The average delivered price of coal to the other industrial sector increased by 5.3 percent to an average price of $54.42 per short ton in 2007. In 2007 the delivered price of coal to U.S. coke plants increased by 2.3 percent to reach an average price of $94.97 per short ton.

The average open market mine price of coal in 2007 increased 4.1 percent to a level of $26.20 per short ton. The average open market price of coal from underground mines rose by 5.3 percent to $40.29 per short ton while

Figure ES3. Share of Electric Power Sector Net Generation by Energy Source, 2006 vs. 2007



Source: Energy Information Administration, Form EIA-906, "Power Plant Report."

the average open market price of coal from surface mines increased by 2.8 percent to $19.41 per ton in 2007.

Coal Stocks

Total coal stocks at the end of 2007 were 192.8 million short tons, an increase of 3.8 million short tons from the prior year. Coal stocks held by producers and distributors were lower by 7.0 percent, as coal producers used stocks to supplement the increasing demand. Industrial users, including coke plants, held a total of 7.6 million short tons at the end of 2007, 1.9 million short tons less than the level at the start of the year. Coal stocks in the electric power sector continued to increase in 2007 as plants continued to rebuild stocks that had dropped substantially by the end of 2005 due to transportation problems. The electric power sector ended the year with a total of 151.2 million short tons, an increase of 10.3 million short tons, or 7.3 percent over the 2006 level.