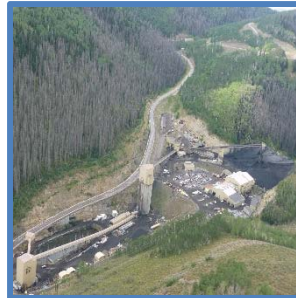




# Western States Coal Strategies Forum

## Coal's Economic Benefits and Challenges in the West

November 20, 2019



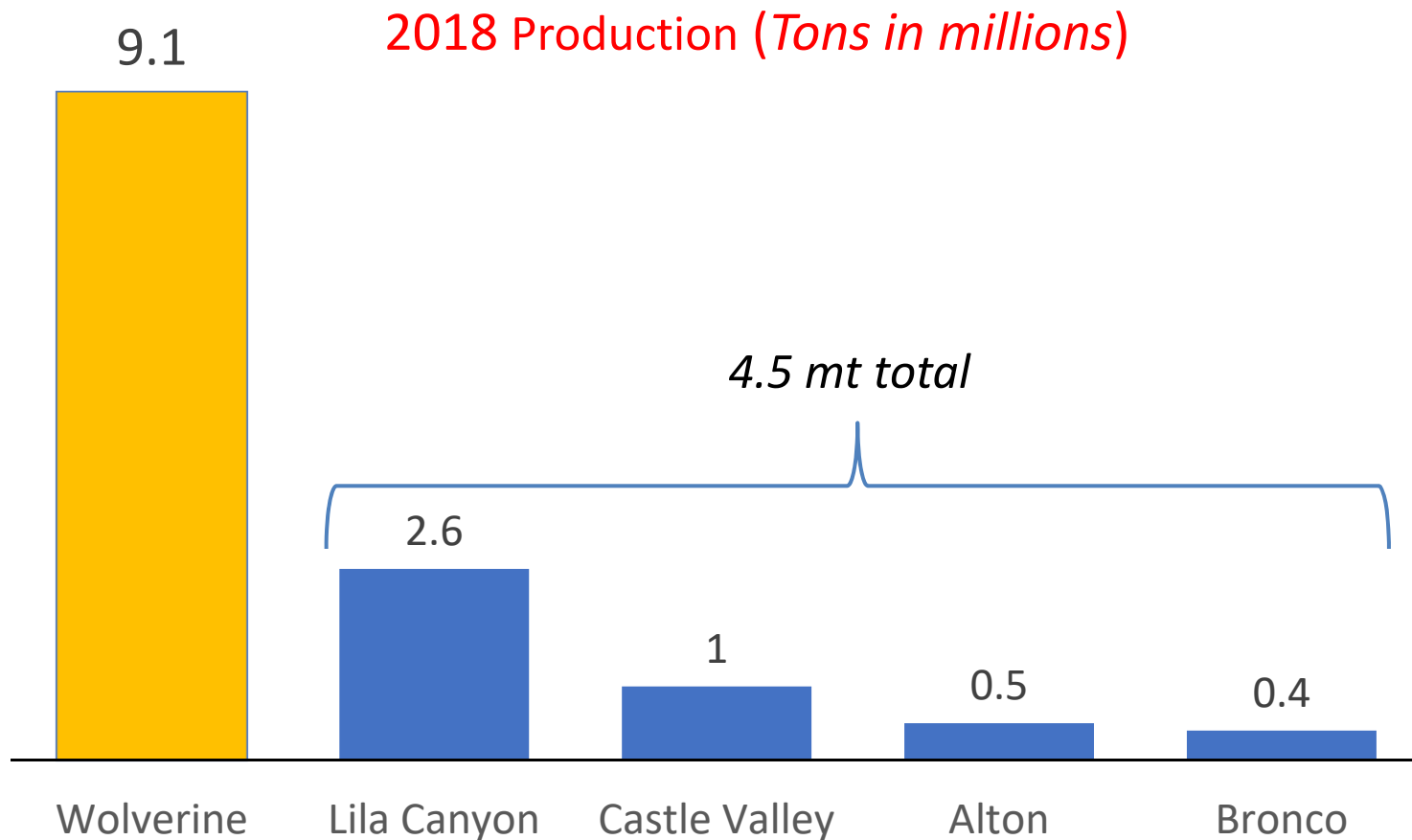
# Wolverine Fuels Overview

## Location Map



# Wolverine is the largest producer in Utah and largest supplier in the Western Bituminous Region

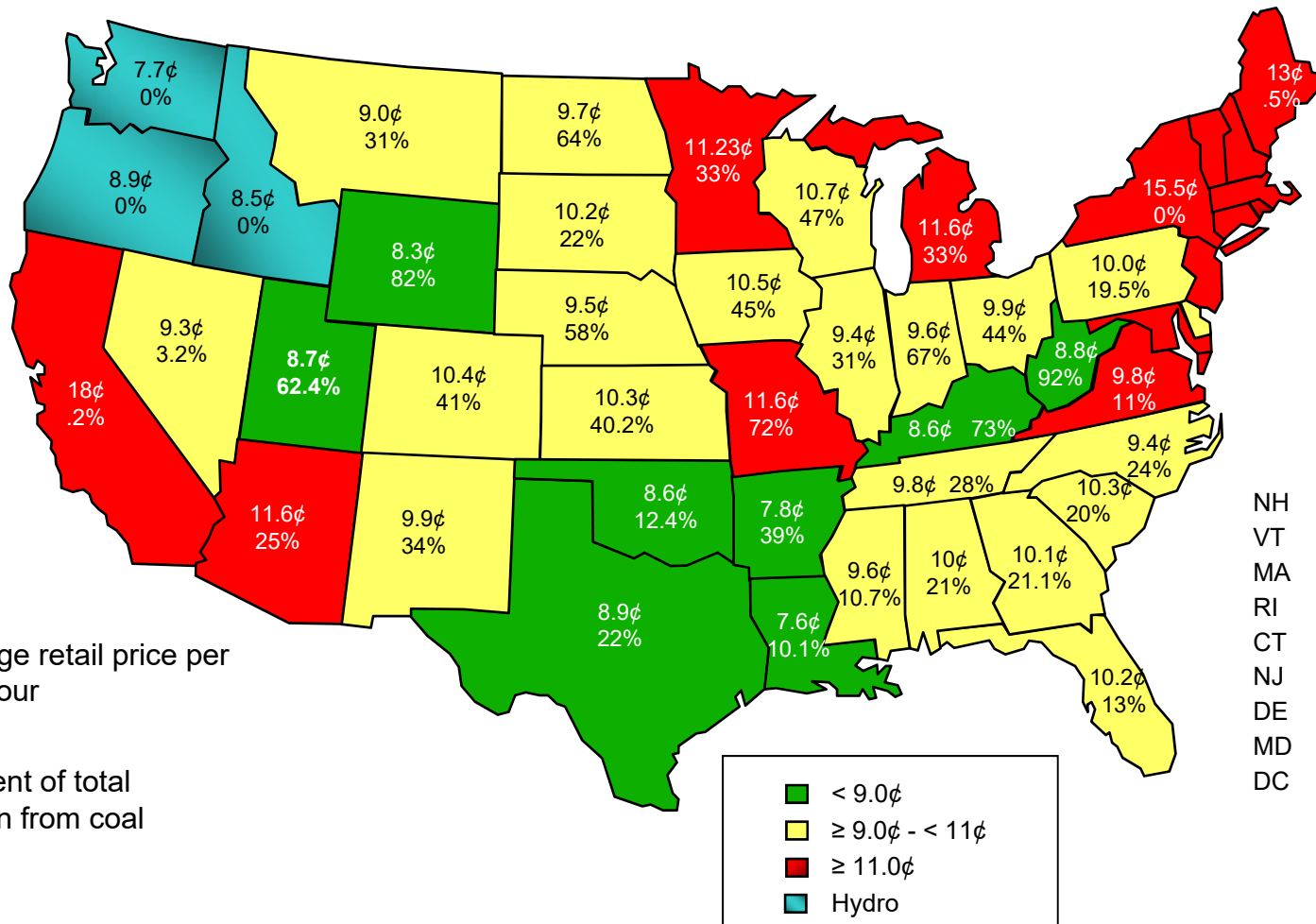
## Largest Utah Production Footprint by a Wide Margin



# In Utah, Fuel Matters

## Current Power Prices

2018 Cost Per kWh & Percent of Coal Generation



¢ = average retail price per kilowatt hour for 2018

% = percent of total generation from coal for 2018

	Cost	% Coal
NH	15.89¢	0.1%
VT	15.3¢	0%
MA	17.76¢	0%
RI	16.38¢	0%
CT	18.62¢	0%
NJ	13.72¢	0.9%
DE	10.6¢	1.3%
MD	11.8¢	28%
DC	11.9¢	0%



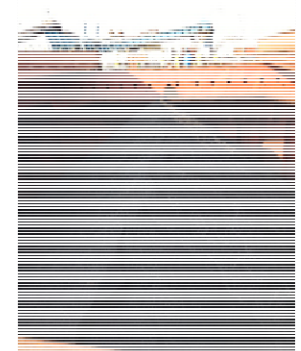
# We are a Major Exporter of Utah Coal

Wolverine is the only major coal producer with exclusive US West Coast export capacity

## West Coast Port Access



- In 2018, Wolverine exported ~3 million tons of Utah coal!
- WF coal is branded internationally as a premium, lower sulfur, high btu product
- Our coal has been shipped to Central America, South America and Asia
- Vessels are primarily loaded at the Port of Stockton and topped off at the Port of Richmond

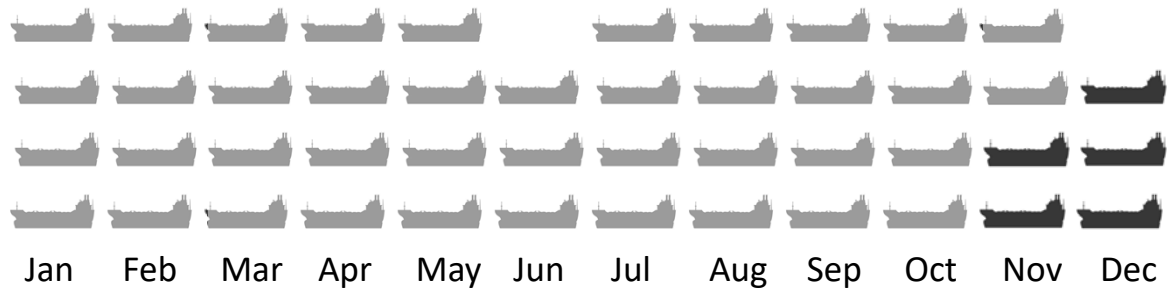


Wolverine (Utah) Coal bound for Japan



FD Angelica berthing at the Port of Stockton

## 2019 Vessel Schedule



# Wolverine's Impact on Utah's Economy in 2018

	<u>Sufco</u>	<u>Skyline</u>	<u>Dugout</u>	<u>Total</u>
<b>Total Production</b>	4,895,041	3,614,000	566,682	9,075,723
<b>Sales Value</b>	\$169,613,171	\$128,333,140	\$20,768,895	\$318,715,206
<b>Employment</b>				
<b>Full &amp; Part Time</b>	418	339	122	879
<b>Contractor</b>	43	36	12	91
<b>Indirect Employment</b>				
<b>Contract Trucking</b>	300	90	73	463
<b>Other Support (3:1)</b>	1,254	1,017	366	2,637
<b>Total Jobs</b>	2,015	1,482	573	4,070
<b>Direct Economic Impact</b>				
<b>Payroll</b>	\$44,284,730	\$31,151,000	\$9,855,000	\$85,290,730
<b>Supplies, Services, Gov't Req., &amp; Admin.</b>	\$43,772,852	\$33,062,250	\$7,509,000	\$84,344,102
<b>Utilities</b>	\$3,980,463	\$5,086,000	\$1,268,000	\$10,334,463
<b>Subtotal</b>	\$92,038,045	\$69,299,250	\$18,632,000	\$179,969,295
<b>Taxes &amp; Royalties</b>				
<b>Property Taxes</b>	\$1,398,710	\$946,750	\$325,000	\$2,670,460
<b>Production Taxes</b>	\$5,405,339	\$3,486,000	\$563,000	\$9,454,339
<b>Royalties</b>	\$10,296,869	\$17,433,000	\$2,025,000	\$29,754,869
<b>Subtotal Taxes &amp; Royalties</b>	\$17,100,918	\$21,865,750	\$2,913,000	\$41,879,668
<b>Total Direct Benefit</b>	\$109,138,963	\$91,165,000	\$21,545,000	\$221,848,963
<b>Indirect Economic Impact</b>				
<b>Trucking &amp; Freight</b>	\$34,674,674	\$35,920,000	\$3,802,000	\$74,396,674
<b>Total Direct &amp; Indirect Benefit</b>	\$143,813,637	\$127,085,000	\$25,347,000	\$296,245,637

**\$296,245,637/year**



# Potential Future Economic Impact of Wolverine

Future Royalties from Existing Leases at Sufco, Skyline, Dugout, and Fossil Rock Mines	\$291,270,000
Future Lease Costs and Economic Impact for Planned Additional Reserves	
Projected Royalties	\$295,170,000
Projected Costs (NEPA/Permitting, Bonus Bid, CAPEX, etc.)	\$358,557,000
Regular Direct and Indirect Cost Over Projected Life of Mines (Taxes, Payroll, Trucking Costs, Services, Supplies, Regulatory Compliance, Administrative Costs, etc.)	<u>\$6,841,756,000</u>

**Total**

**\$7,786,753,000**



# Challenges Facing Wolverine Fuels, LLC

- Need market certainty that will encourage capital investments
  - Current long-term plans for the Hunter and Huntington Plants indicate life at least through 2036 and 2042, respectfully. These dates need to be maintained.
  - Incentivize Rocky Mountain Power to continue to burn Utah coal.
  - Remove, to the extent possible, regulatory uncertainty.
- Access to capital
  - How can financial institutions be incentivized to invest in Utah coal?
  - Are there Federal and State tax incentives that can be created to encourage investment?
- Significant funding for Clean Coal Technology
- Finding and keeping qualified employees





A nighttime aerial photograph of Salt Lake City, Utah. The Utah State Capitol building is the central focus, brightly lit with its dome glowing. The surrounding city is a dense grid of lights, with several tall skyscrapers standing out against the dark sky. The overall scene is a vibrant display of urban illumination.

# **Wolverine Fuels, LLC**

## **Keeping Utah's Lights on!**

62.4% of the electricity generated in our state comes from coal  
~48% of all electricity generated in Utah is powered by Wolverine's coal