

Economic Impact of Coal

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COAL-BASED POWER PLANTS AND OTHER RELATED electric facilities can play a big role in state economies.

In North Dakota, where lignite coal is mined from reserves buried below western prairies, counties in that state's coal country have wages associated with mining and electricity generation that are often double that of all other employment sectors in the state.

A 2008 economic study of the lignite industry in North Dakota found that energy production plays a large role in the state's economy.

The authors of the annual study on the role of the lignite industry in the state found that "The industry currently provides high-wage jobs for western North Dakota residents and generates levels of business activity that benefit the entire state."

The study is compiled by professors at North Dakota State University.

The Partners for Affordable Energy notes that the average mining wages in Mercer County, N.D., were \$73,235 in 2006, increasing from \$69,958 in 2005. Mercer County is the home of the state's largest lignite mine, The Coteau Properties' Freedom Mine, and the Beulah Mine, owned by Westmoreland Coal Company. Coal from the Freedom Mine powers the Antelope Valley Station owned and operated by Basin Electric Power Cooperative.

Additionally, a North Dakota Job Service survey showed that the mining salaries in Mercer County were about 2.3 times the average salary of all wage earners in North Dakota.

The Partners for Affordable Energy is a broad-based coalition of organizations and



businesses – including electric cooperatives in North and South Dakota – that support coal-based electricity as a low-cost, reliable and increasingly clean energy source for consumers, farms and businesses in the Upper Midwest.

According to the North Dakota State University Agricultural Economics Department, the lignite industry is the state's fourth largest industry behind agriculture, tourism and manufacturing. Oil/natural gas is ranked fifth.

PAE also noted that average wages for electric production workers in 2006 averaged \$68,000 annually. The combination of mining and electric production wages make the lignite industry among the highest wages in North Dakota, substantially higher than other sectors.

While South Dakota's coal reserves aren't as easily accessible as those in North Dakota, South Dakota is looking to get an economic boost from planned electric production facilities in the Mount Rushmore State.

In eastern South Dakota, Brookings County anticipates the addition of up to 30 full-time jobs once the Deer Creek Station begins operation in 2012. The proposed Deer Creek Station is a 300-megawatt combined-cycle power plant to be located near the town of White in eastern South Dakota.

The power plant is needed to meet growing member load requirements and will serve as an intermediate power supply, designed to "cycle" with demand, typically running about 12 to 16 hours a day when demand for electricity is higher. The plant features two turbine-generator sets: one turbine fired by natural gas,



while the other is driven by steam. Both of the turbines are connected to generators.

The power plant will use natural gas from Basin Electric's Dakota Gasification Company via the Northern Border Pipeline and a new 14-mile underground natural gas pipeline to the plant. Deer Creek will be tied into the electric grid through existing transmission lines.

Construction will take about 18 months. The project was approved by Basin Electric's board of directors in July 2007 and is scheduled to be completed in June 2012.

Larger proposed power plants could have an even bigger economic impact.

The Lignite Energy Council reports that North Dakota's economy would benefit from additional lignite-based facilities. For instance, a new 500-megawatt power plant built in North Dakota would result in:

- More electricity to meet growing regional electrical needs;
- Production of an additional 3 million tons of coal annually;
- Creation of 1,300 new jobs in North Dakota;
- Generation of an additional \$140 million in business volume; and
- Generation of \$6 million annually in tax revenue.

Photos: Coal from the Coteau Properties' Freedom Mine (above) powers the Antelope Valley Station owned by Basin Electric Power Cooperative. Both facilities are located in Mercer County, N.D. Mining salaries in Mercer County are about 2.3 times that of the average salary of all wage earners in North Dakota. Photos by Basin Electric