

PBS Coals Idling Two Mines, Laying off 138

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PITTSBURGH (AP) — A southwestern Pennsylvania coal company is idling two of its mines and laying off 138 workers, but it hopes things will get better next year.

PBS Coals' announcement Thursday comes on the heels of a July announcement that it had laid off 225 workers. Before those layoffs, PBS had roughly 1,000 employees. Now, the Roytown and Hart mines about 60 miles southeast of Pittsburgh will be idled, too, leaving the company with about 600 employees.

PBS Coals Inc. spokeswoman Lori Mason said the Somerset-based company has been hurt by the weak global steel market. PBS is owned by Russian steel giant OAO Severstal, and almost all its coal is used to produce steel.

"The steel market has been sluggish, but we believe there is going to be a pickup in that" in 2013, Mason said, noting that the company is still making new investments in its operations.

The company also blamed tightening U.S. Environmental Protection Agency regulations, but competition from booming natural gas production has also played a role.

According to the PBS website, coal used for power generation made up 45 percent of its production in 2010. Now, steam coal is about 1 percent of current output, partly because the price for that product is so low. Many power generation plants shifted from coal to gas over the last two years because of a major drop in natural gas prices.

Other companies are struggling with the same pressures.

In September, Virginia-based Alpha Natural Resources announced it was immediately closing eight mines — four in West Virginia, three in Virginia and one in Pennsylvania — and eliminating 1,200 jobs companywide by early 2013.

Bentek, a Colorado company that follows energy markets, said in a report this week that declines in U.S. coal consumption have pushed companies to focus on exports "and relinquish the U.S. power market to gas."

The federal Energy Information Administration said in October that U.S. coal exports in 2012 were expected to break the previous record set in 1979, and that coal exports have tripled since 2003.

Overall, EIA reported this month that total U.S. coal production is expected to fall about 7 percent this year. Next year, Appalachian region coal production is expected to decline slightly.

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