

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In Re: Petition on behalf of Citizens of
the State of Florida to require
Progress Energy Florida, Inc. to
refund to customers \$143 million**

DOCKET NO. 060658

Submitted for filing: January 16, 2007

**REDACTED
DIRECT TESTIMONY
OF DONNA M. DAVIS
ON BEHALF OF
PROGRESS ENERGY FLORIDA**

Volume I

R. ALEXANDER GLENN
JOHN BURNETT
PROGRESS ENERGY SERVICE
COMPANY, LLC
P.O. Box 14042
St. Petersburg, Florida 33733
Telephone: (727) 820-5180
Facsimile: (727) 820-5519

JAMES MICHAEL WALLS
Florida Bar No. 706272
DIANNE M. TRIPLETT
Florida Bar No. 0872431
CARLTON FIELDS, P.A.
Post Office Box 3239
Tampa, FL 33601
Telephone: (813) 223-7000
Telecopier: (813) 229-4133

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**IN RE: PETITION ON BEHALF OF CITIZENS OF THE
STATE OF FLORIDA TO REQUIRE PROGRESS ENERGY
FLORIDA, INC. TO REFUND CUSTOMERS \$143 MILLION**

FPSC DOCKET NO. 060658

DIRECT TESTIMONY OF

DONNA M. DAVIS

I. INTRODUCTION AND QUALIFICATIONS

BACKGROUND, EMPLOYMENT, AND PFC RESPONSIBILITIES

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Q: Please state your name and business address.

A: My name is Donna M. Davis. My business address is 100 East Davie Street,
Raleigh, North Carolina 27601.

Q: Ms. Davis, by whom are you currently employed?

A: I am currently employed by Industrial Staffing through Comensura
("Comensura") as a Mines Controller for Progress Fuels Corp. ("PFC") in
Raleigh, North Carolina.

Q: How long have you been employed by Comensura?

A: Since December 1, 2005. I became an employee of Comensura, providing
services to PFC upon my retirement from PFC.

1 **Q: Please explain how you provide services to PFC as a Comensura**
2 **employee.**

3 **A: My understanding is that Comensura is a vendor management company. It**
4 **handles payroll, withholding taxes, and other employee related administrative**
5 **matters. The only company to whom I provide services is Progress Fuels.**

6

7 **Q: What are your current responsibilities as a Mines Controller?**

8 **A: I am responsible for the financial supervision of the PFC coal mines and**
9 **oversight for the third party synfuel plants, as well as general accounting**
10 **activities, as needed.**

11

12 **Q: You indicated that prior to becoming employed by Comensura you were**
13 **employed by PFC. For how long were you employed by PFC?**

14 **A: I was employed by PFC for about 21 years, from December 3, 1984, until**
15 **November 30, 2005.**

16

17 **Q: Was Progress Fuels Corp. previously known by another name?**

18 **A: Yes, until approximately December 2001 it was known as Electric Fuels**
19 **Corp. In this testimony I refer to both Electric Fuels Corp. and PFC as "PFC"**
20 **for convenience.**

21

22 **Q: Before becoming employed by PFC how were you employed?**

23 **A: I was employed by Tampa Electric Company or "TECO" from 1970 until**
24 **1984 in a number of accounting capacities. While I cannot recall all the**

1 positions I held with TECO in my initial years of employment, I eventually
2 became the Supervisor of Special Accounting.

3
4 **Q: Would you please summarize your responsibilities at TECO?**

5 **A:** My accounting responsibilities involved general fuel accounting and financial
6 and data filings with the Florida Public Service Commission ("FPSC") and
7 the Federal Energy Regulatory Commission ("FERC"), as well as regulatory
8 audits of that information. This included, among other responsibilities, the
9 preparation of TECO's Form 423 filings with the FERC and any audits of
10 those filings. Form 423 filings provide information as to the prices paid by
11 regulated electric utilities for fuel used in generating electricity, including
12 purchases of coal. As I indicated, I ultimately became Supervisor of Special
13 Accounting. In that position I had overall supervisory responsibility for those
14 filings and audits, among other general accounting responsibilities.

15
16 **Q: What is your educational background?**

17 **A:** I have a BA from the University of South Florida and an MBA from
18 Tampa University in Tampa, Florida.

19
20 **Q: Please summarize the nature of the responsibilities you held at PFC**
21 **during the course of your employment.**

22 **A:** Generally stated, from 1984 to 2005 I held positions involving the accounting
23 and reporting of PFC's regulated business and the reporting of fuel costs to
24 the Florida Public Service Commission and FERC. In 2004 I also became

1 responsible for the accounting of PFC's non-regulated coal activities. During
2 the period 1996-2002, which is the period covered by this testimony, I held
3 the position of Director of Regulatory and Administrative Services.
4

5 **Q: Describe your responsibilities at PFC during the period 1996 through**
6 **2002, when you held the position of Director of Regulatory and**
7 **Administrative Services.**

8 **A:** During that time period, in which I was based in St. Petersburg, Florida, I had
9 overall supervisory responsibility for all regulatory filings by PFC at the
10 FPSC relating to fuel costs and fuel cost recovery. I was responsible for, and
11 had supervisory authority over, the contract administration, financial
12 accounting and regulatory reporting and auditing for all PFC coal
13 procurement contracts and coal transportation and delivery for regulated
14 entities such as Progress Energy Florida ("PEF," previously known as Florida
15 Power Corp.). This included coal procurement for Crystal River Units 1, 2, 4
16 and 5 ("CR1," "CR2," "CR4," "CR5"). I participated in all quarterly and
17 other briefings of the FPSC Staff concerning coal procurement and coal
18 transportation and delivery during this time frame. I also oversaw all
19 regulatory audits and audit inquiries by the FPSC involving PFC's coal
20 procurement practices, including PFC Requests for Proposals ("RFPs") for
21 coal supply, as well as PFC's spot purchases of coal.
22

23 **Q: During that same period, did you regularly interact with Dennis G.**
24 **Edwards?**

1 **A:** Yes. Mr. Edwards was PFC's Vice President for Coal Procurement. He was
2 the person primarily responsible for coal procurement and related
3 transportation and delivery for PFC. I worked closely with Mr. Edwards,
4 spoke with him regularly, and was routinely copied on his communications
5 with PFC management concerning coal procurement and coal transportation
6 and delivery.

7

8 **Q:** **As a result of your responsibilities during that period and your working**
9 **relationship with Mr. Edwards, are you personally familiar with the**
10 **business procedures, practices and routines used by PFC and Mr.**
11 **Edwards in the procurement of coal for CR1, CR2, CR4, and CR5**
12 **during that period?**

13 **A:** Yes, I am. I worked closely with Mr. Edwards as he was the PFC buyer for
14 the coal and transportation purchased for delivery to Crystal River. Those
15 costs would be accounted for by myself and my staff, and we were
16 responsible for reporting those costs to PEF as well as the FPSC and FERC.
17 Mr. Edwards and I constantly reviewed the coal costs of other utilities using a
18 data base provided by RDI, which compiled costs reported by FERC and the
19 public information filed by the utilities in Florida to the FPSC. Any cost
20 procurement and transportation that was to be passed on to PEF and
21 ultimately to the ratepayer from PFC was reviewed by both Mr. Edwards and
22 myself, and I reviewed any other accounting cost that would be charged such
23 as payroll and other overhead. Mr. Edwards and I would discuss his

1 selections of coal and transportation suppliers and he copied me on all coal
2 and transportation purchases.
3

4 **Q: Are you familiar with the business records generated by Mr.**
5 **Edwards and PFC relating to coal procurement during that period?**

6 **A:** Yes.
7

8 **Q: Is Mr. Edwards still employed by PFC?**

9 **A:** No, he retired in early 2003.
10

11 **Q: What period of time does your testimony primarily address?**

12 **A:** My testimony primarily addresses the period 1996 through the end of 2002,
13 before Mr. Edwards retired from PFC, and primarily the coal procurement
14 decisions for CR4 and CR5 since those decisions are the subject of this
15 proceeding. Other witnesses address fuel procurement in the period from
16 2003 on.
17

18 **II. SUMMARY OF TESTIMONY** 19

20 **Q: What is the purpose of your testimony?**

21 **A:** My testimony has four principal purposes.

22 First, I will explain the PFC coal procurement process and resulting decisions
23 affecting Crystal River Units 4 and 5 during the period 1996 through the end
24 of 2002 when I was Director of Regulatory and Administrative Services and

1 worked with Mr. Edwards. An accurate understanding of the process used
2 and the decisions made will demonstrate that FPC and PEF acted reasonably
3 and prudently in their coal procurement decisions under the circumstances
4 existing at the time.

5 Second, I will explain the processes and decisions involved in PFC
6 purchasing synfuel for CR4 and CR5 during that time frame. An accurate
7 understanding of those processes and decisions will demonstrate that PFC's
8 purchases of synfuel were not driven by a desire to generate federal income
9 tax credits for what Mr. Sansom calls "affiliates" of PFC, but to purchase the
10 lowest cost fuel available for CR4 and CR5, and thus for PEF's ratepayers,
11 which is what we did.

12 Third, I will discuss and illustrate how PFC's coal (and synfuel)
13 procurement decisions during this time were regularly discussed with FPSC
14 Staff, OPC, and the Florida Industrial Power Users Group ("FIPUG"), and
15 that PFC's records concerning all such procurement processes and decisions
16 were maintained as an "open book" available to the FPSC for review and
17 audit.

18 Finally, I will discuss and refute Mr. Sansom's assertion that TECO
19 was purchasing Powder River Basin ("PRB") coal during this time period at a
20 lower cost than the cost for bituminous coal incurred by PFC for CR4 and
21 CR5.

22
23 **Q: Please give a brief summary of your testimony.**

1 **A:** Although my testimony covers more than this summary, I would summarize
2 the principal points as follows.

3 **First**, throughout the period 1996 through the end of 2002 PFC's
4 practice was to first evaluate for purchase the coal meeting PFC's quality
5 specifications that was offered at the lowest delivered cost. That is the cost to
6 purchase the coal together with the cost to transport it to the Crystal River
7 Energy Complex. This is the cost passed directly on to ratepayers in the fuel
8 adjustment proceedings, and keeping this cost as low as possible was a major
9 PFC priority.

10 **Second**, PFC purchased coal throughout this period using a
11 competitive solicitation process and by spot purchases in which the delivered
12 cost of all coal offers were compared.

13 **Third**, sub-bituminous coal, including PRB coal, was always included
14 in our RFP solicitations, of which there were three solicitations (1996, 1998,
15 and 2001) for CR4 & CR5 during the time period covered by my testimony.
16 PFC's RFP specifications included specifications for sub-bituminous coal as
17 well as bituminous coal. Sub-bituminous producers would have been
18 considered had they offered coal to PFC on the spot market, but to the best of
19 my knowledge none did so.

20 **Fourth**, PFC would also compare coals using an "evaluated cost"
21 (sometimes called a "busbar cost") basis when coals that had not been
22 previously used at CR4 and CR5 (such as sub-bituminous coal) were offered
23 and presented either the lowest delivered cost or appeared to be potentially
24 cost competitive. The evaluated cost analysis used a computer model that is

1 widely used in the electric power industry. The model evaluates the probable
2 cost impact on the utility plant of burning a specified type of coal compared
3 to a coal whose cost impact on the plant is known. Such an analysis was not
4 generally a factor when the only competitive offers were for the type of
5 bituminous coal with which CR4 and CR5 had long experience. Those were
6 the coals against which other coals were modeled. In addition, bituminous
7 coal does not generally vary significantly in quality.

8 *Fifth*, sub-bituminous coal was not the lowest cost coal offered on a
9 delivered or evaluated cost basis and was generally not even competitive.
10 The one occasion in which sub-bituminous coal was arguably competitive
11 was in May 2001 when PRB sub-bituminous coal was the lowest cost coal on
12 an evaluated cost basis, but even then only for contracts of durations different
13 from that which PFC ultimately contracted.

14 *Sixth*, PFC examined the use of sub-bituminous coal regularly,
15 including an ongoing comparison of PFC's costs to those of TECO, which
16 burned such coal at its Gannon plant. PFC determined that TECO was
17 paying more for sub-bituminous coal than for bituminous coal and therefore
18 inferred that TECO was purchasing sub-bituminous coal for reasons other
19 than minimizing the delivered cost of coal. Further, PFC determined that
20 CR4 and CR5 regularly generated electricity at a lower cost per mmBtu and
21 per Kwh than the TECO plants that were burning sub-bituminous coal.

22 *Seventh*, contrary to Mr. Sansom's testimony, PFC never favored
23 synfuel producers or marketers in which PFC held a financial interest. Like
24 all other types of coal, when synfuel was the lowest cost coal product offered

1 it was purchased from the entity making the lowest offer. The fact that PFC
2 purchased synfuel with some frequency from companies in which PFC had
3 an interest is explained by the fact that those companies were the largest
4 producers of synfuel in the country, frequently made the lowest cost offer,
5 and on a number of occasions provided the *only* offer, despite wide
6 publication of PFC's interest in receiving proposals to purchase coal and
7 synfuel. PEF's ratepayers benefited from purchases of the lowest cost
8 synfuel. We saw no reason to avoid purchasing from whatever supplier
9 offered the lowest cost synfuel simply to avoid purchasing from entities in
10 which PFC had an interest. This was consistent with my understanding of
11 with the FPSC's policies concerning purchases from affiliated entities as
12 well.

13 *Finally*, PFC met frequently with the FPSC Staff, FIPUG, and OPC
14 to brief them and answer questions from them concerning our coal
15 procurement policies. All of our records of coal procurement were always
16 open to the FPSC and OPC and were subject to audit. Given the level of
17 information PFC provided them, I believe the fact that the Staff and OPC had
18 no issues with our coal procurement actions during this time period reflects
19 that they properly regarded those practices as reasonable and prudent, which
20 they were.

21
22 **Q: Are you sponsoring any exhibits with your testimony?**

23 **A:** Yes, I am. First, I am sponsoring all of Mr. Edwards' monthly reports on
24 coal procurement in Composite Exhibit No. ____ (DMD-9) to this testimony.

1 This composite exhibit represents business records prepared at or near the
2 time of the events recorded in the records, which records it was a regular
3 practice for Mr. Edwards to keep to perform his and my responsibilities. I
4 am also sponsoring the following exhibits, which I discuss in my testimony,
5 that were prepared by me or under my supervision or control, or they
6 represent business records prepared at or near the time of the events recorded
7 in the records, which records it was a regular practice for me or those who
8 worked with me to keep to perform our responsibilities:

- 9 • Exhibit No. ____ (DMD-1); which are the coal procurement policies
10 applicable to coal procurement decisions for CR4 and CR5 during the period
11 of time addressed in my testimony;
- 12 • Exhibit No. ____ (DMD-2), which is a typical PFC bidder list from 1996 to
13 2002;
- 14 • Exhibit No. ____ (DMD-3), which is a typical RFP for CR4 and CR5 from
15 1996 to 2002;
- 16 • Exhibit No. ____ (DMD-4), which is the estimated Powder River Basin
17 Origin Transportation Market cost;
- 18 • Exhibit No. ____ (DMD-5), which is a composite exhibit of the 1998 RFP
19 response list and Kennecott's declination letter in response to that RFP;
- 20 • Exhibit No. ____ (DMD-6), which is the May 2001 RFP;
- 21 • Exhibit No. ____ (DMD-7), which is the bidder list for the May 2001 RFP;
- 22 • Exhibit No. ____ (DMD-8), which are the evaluations of the bid responses to
23 the May 2001 RFP;

- 1 • Exhibit No. ____ (DMD-10), which is the report of FERC Form 423 TECO
2 costs for 1996-2005;
- 3 • Exhibit No. ____ (DMD-11), which are cost comparisons with TECO on a
4 generated cost per Kwh basis from 1996 to 2002;
- 5 • Exhibit No. ____ (DMD-12), which are cost comparisons with TECO on a
6 generated cost per million Btu basis from 1996 to 2002;
- 7 • Exhibit No. ____ (DMD-13), which is a 1996 analysis of PRB and
8 bituminous compliance coals;
- 9 • Exhibit No. ____ (DMD-14), which is a February 9, 1998 memo from Dennis
10 Edwards to Mr. Cumbie;
- 11 • Exhibit No. ____ (DMD-15), which is a 1999 estimate of the cost of PRB
12 coal at Crystal River by 2003;
- 13 • Exhibit No. ____ (DMD-16), which are agendas for the meetings between
14 PFC, PEF, the Commission Staff, and other interested parties, including
15 OPC, regarding PFC's coal procurement activities;
- 16 • Exhibit No. ____ (DMD-17), which are outlines for the meetings between
17 PFC, PEF, the Commission Staff, and other interested parties, including
18 OPC, regarding PFC's coal procurement activities;
- 19 • Exhibit No. ____ (DMD-18), which is a composite exhibit of the results of
20 internal audits for the years 1999-2005 with respect to PFC's coal
21 procurement for the Company;
- 22 • Exhibit No. ____ (DMD-19), which is the report of FERC Form 423 PEF
23 costs for 1996-2005; and

- 1 • Exhibit No. ____ (DMD-20), which is the Staff comparison of the
2 waterborne costs for PEF, TECO, and Gulf from 1995 to 2000.

3 All of these exhibits are true and correct.
4

5 **III. PURPOSE OF PFC**
6

7 **Q: What is the purpose of PFC?**

8 **A:** During the period covered by my testimony, PFC provided fuel procurement
9 services, among other things, to PEF. These services included the
10 procurement of coal to fuel PEF's coal fired generating plants, including
11 CR1, CR2, CR4, and CR5. PFC contracted directly with coal suppliers and
12 with transportation providers, such as railroads, water transport (barge)
13 companies, and transloading facilities, such as International Marine
14 Terminals (IMT) for transportation services.
15

16 **Q: Did PFC have objectives that it sought to meet in procuring coal for CR4 and**
17 **CR5?**

18 **A:** Yes. We had three principal objectives.
19

20 **Q: What were those principal objectives?**

21 **A:** First, to ensure an adequate, reliable supply of coal for the operation of CR4
22 and CR5. Second, to ensure that the coal supply met the utility's quality
23 specifications. Third, to purchase coal at the lowest cost possible, consistent
24 with achieving the first two objectives.

1 V. ACHIEVING THE OBJECTIVES

2
3 *Adequate Supply*

4 Q: Briefly explain how PFC achieved the first objective.

5 A: In the fall of each year the utility would provide PFC with data showing the
6 amount of coal burned at CR4 and CR5 in the past year and the utility's
7 estimate of the amount of coal needed for burns and inventory target levels
8 the next year. This information was also updated regularly during the course
9 of the year, but this was the starting point for our coal procurement decisions.
10 After determining the amount of coal already under contracts that extended
11 into the next year, we would calculate the amount of coal that PFC needed to
12 procure for the coming year. This is discussed in somewhat more detail later
13 in this testimony.

14
15 *Quality Assurance/Specifications*

16 Q: Briefly explain how PFC achieved the second objective.

17 A: PEF and PFC established detailed specifications (commonly referred to as
18 "specs") for the quality of coal that it desired to operate CR4 and CR5.
19 Those specs changed little if any in the years covered by my testimony. The
20 specs covered a variety of characteristics, including sulfur content, ash
21 content, moisture content, and so on. PFC incorporated these specifications
22 in all RFPs. Some of these criteria were more critical than others in the
23 judgment of the utility. Those that were somewhat less critical could be
24 satisfied by the average quality of a number of shipments, while others, such

1 as sulfur content, had to be satisfied on a per shipment basis. Responses to
2 RFPs that did not meet these specifications were disqualified.

3

4 **Q: Did these specifications include bituminous coal?**

5 **A:** Yes.

6

7 **Q: Did the specifications also include sub-bituminous coal?**

8 **A:** Yes, they included separate specifications for sub-bituminous coal.

9

10 **Q: How were the "specs" for bituminous coal developed?**

11 **A:** The "specs" for bituminous coal were based on PEF's operating experience
12 burning bituminous coal in those units. Those units had operated since their
13 inception in the early 1980's on Eastern bituminous coal, largely coal mined
14 in the Central Appalachian Region ("CAPP Coal"). The specs described the
15 physical and chemical characteristics that the utility had found from
16 experience would provide the most efficient, highest output operation of the
17 units. I would note that, while CR4 and CR5 are each "nameplate" rated to
18 produce 665 MW of electric energy, in fact they have historically operated on
19 a bituminous coal supply meeting these specs just described to produce
20 approximately 750 to 770 MW a piece.

21

22 **Q: Do you know how the specs for sub-bituminous coal were developed?**

23 **A:** No, although I know that they have been the same since the early 1980's, so
24 I assume in reviewing the original contract that they were based on the

1 original design of the boiler. I can say that PFC used the sub-bituminous coal
2 specs provided to it by PEF in all RFPs.

3
4 **Q: What specs did PFC use for coal quality in the spot market?**

5 **A:** The same specs as used in RFPs were used to evaluate the potential purchase
6 of bituminous and sub-bituminous coal. Spot contracts were for durations of
7 one year or less.

8
9 **Q: Did satisfaction of the specs by a coal producer ensure that the coal**
10 **would function in a desirable fashion in the units?**

11 **A:** Yes, as to bituminous coal because those specs were based on long term
12 operating experience with such coal. Bituminous coals that met those specs
13 were very much a "known quantity." The answer was not necessarily "yes"
14 as to sub-bituminous coals, however, since operating experience with such
15 coal at CR4 and CR5 did not exist. The specs used were thought to describe
16 sub-bituminous coal that could be burned as efficiently as possible by the
17 units, but the actual performance of such coals was not known. Because
18 there had been no occasion since the construction of CR4 and CR5 when
19 such coals were cost-competitive, and indeed since sub-bituminous coals
20 were generally not offered to PFC, sub-bituminous coal had not been the
21 subject of actual operating experience or testing in the units.

22
23 *Lowest Cost*

24 **Q: How did PFC achieve the third primary objective?**

1 **A:** PFC used a competitive RFP and spot purchase process to obtain the lowest
2 cost coal available meeting the utility's quality specifications. There were a
3 number of steps in this process.
4

5 **Q: Did the FPSC establish any requirements or guidelines in this regard?**

6 **A:** Yes. The FPSC has established by orders that electric utilities' purchases of
7 fuel, including coal, should be made using a "competitive solicitation"
8 process and that spot purchases be made at market price. As I recall, that
9 began with a "generic" order to that effect issued in 1983 Order No. 12645,
10 which applied to all regulated Florida electric utilities. Over the years
11 following 1983 the FPSC issued additional orders tailored to PEF and PFC.
12 We adhered to each of those orders as they were issued. FPSC Order No.
13 13220 (1984); Order No. 20605 (1986); and Order No. 22401 (1990).
14

15 **Q: Did the FPSC dictate exactly how a utility was to go about complying**
16 **with these directives?**

17 **A:** No. The FPSC expressly declined to do that, leaving that to the sound
18 judgment of utility management. The FPSC has also declined to dictate what
19 documentation the utility should adopt or maintain concerning that process.
20 The FPSC has found that to be a "utility management decision." Order No.
21 22401.
22

23 **Q: Did PFC adopt any fuel procurement policies directed to the**
24 **procurement of coal?**

1 **A:** Yes. PFC established written coal procurement policies and procedures in
2 1987 to comply with the FPSC guidelines and good business practices. Those
3 policies were followed throughout my tenure with PFC and as far as I know
4 are still in place and followed. The policies necessarily included the exercise
5 of judgment at various points; the policies provided an overall framework for
6 analysis and procedures, not a straightjacket for decision making. Those
7 policies are contained in Exhibit No. ____ (DMD-1) to my testimony.

8
9 **Q:** Did PFC follow those policies during your tenure at PFC?

10 **A:** Yes.

11

12 **VI. HOW THE PROCESS WORKED**

13

14 **Q:** Was the coal procurement process at PFC a single step process?

15 **A:** No. It involved a number of steps.

16

17 *Step 1: Identifying Coal Supply Needs.*

18 **Q:** Without going into great detail, what was the first step in that
19 procurement process?

20 **A:** As I indicated earlier, the first step each year was to identify the utility's coal
21 supply needs for CR4 and CR5 for the coming year. In the fall of each year,
22 PEF provided PFC with coal tonnage needs for CR Units 1, 2, 4 and 5 for the
23 coming year. This was based on, among other things, the utility's actual
24 "amount of coal burned" during the preceding year and the expected coal to

1 be burned in the coming year, as well as inventory target levels. We were
2 also kept advised on a monthly basis of the coal burned each month and the
3 expected burn for the following month.

4 All of this information was stated separately for (a) CR4 and CR5 and
5 (b) CR1 and CR2. While all four units are coal fired, CR1 and CR2 burn
6 coal with a higher sulfur content than CR4 and CR5. The latter units are
7 designed to burn coal with lower sulfur content, commonly referred to as
8 "compliance coal."

9
10 **Q: Was that all the information that PFC needed to determine what amount**
11 **of coal needed to be purchased by PFC in the coming year?**

12 **A:** No. This told us how much coal PEF would need, but we then had to take
13 into account what existing coal supply contracts were already in force that
14 would continue in force in the coming year. The difference between (a) the
15 utility's projected coal needs for the coming year, and (b) the tonnage already
16 under contract for the next year yielded the amount of new coal that PFC
17 needed to procure. As I explained, we also took into account any changes in
18 the amount of coal that the utility desired to maintain in on-site inventory at
19 Crystal River and at IMT in New Orleans. In addition, if the existing
20 contracts had price reopeners, PFC might need to issue an RFP for the same
21 type of coal under contract or initiate a review of market prices for similar
22 coals in order to negotiate the price for the remaining contract term.

23

1 **Q: Can you give us an approximate idea of how much “new” coal needed to**
2 **be procured each year during the period 1996-2002?**

3 **A:** During that period the annual “burns” of coal at CR4 and CR5 were
4 approximately 3.25 million to 3.7 million tons per year. Typically,
5 approximately 2 million to 2.5 million tons were under contract. As a result,
6 the new coal procurement needs for those units on an annual basis ranged
7 between 750,000 tons and 1.7 million tons.

8 The amount under contract was impacted significantly each year until
9 early 2002 by two long term (20 year) contracts entered into in the early
10 1980’s when long term contract commitments were deemed desirable to
11 ensure the availability of coal supply, particularly for base load plants such as
12 CR4 and CR5. Such a contract duration was a standard term in utility coal
13 contracts at the time. In fact, the Florida Department of Environmental
14 Protection (“DEP”) required proof of the existence of a long term coal supply
15 under contract as part of DEP’s approval of the siting of the units. The
16 Massey contract was submitted to DEP as proof of compliance with that
17 requirement, and DEP approved the siting of the units. The Massey and
18 Powell Mountain contracts were also entered into during a period of coal
19 price stability.

20

21 **Q: What was the tonnage covered by the Massey and Powell Mountain**
22 **contracts?**

23 **A:** Each was a nominal 1 million ton/year contract. Each gave PFC the option to
24 buy 10% to 15% more or less than the nominal tonnage when the contract

1 price differed from the market price. Each of these contracts expired in the
2 spring of 2002.

3 They accounted for roughly 60 to 66% of the annual needs of CR4
4 and CR5, subject to the ability of PEF to purchase 10% to 15% less if the
5 contract price exceeded market.

6

7 **Q: Was assuring an adequate supply of coal that would operate efficiently
8 and as expected in Units 4 and 5 of particular importance?**

9 **A:** Yes. Units 4 and 5 are “base load” plants, meaning they generate electricity
10 around the clock to meet PEF’s constant or “base load” statewide customer
11 needs for electricity. They are not “peakers” or other plants that operate only
12 to meet spikes in demand. Assuring an adequate and reliable performing fuel
13 supply for baseload plants is therefore critical to ensuring that the “lights
14 come on” whenever PEF’s 1.6 million customers “flip the switch.”

15

16 ***Step Two: Balancing Contract Durations***

17 **Q: What was the next step in the procurement process?**

18 **A:** To achieve a prudent mixture of coal supply contracts by having an
19 appropriate balance of long term, medium term, and “spot” supply contracts.
20 This is consistent with FPSC policies and orders.

21

22 **Q: What do you mean by the term “spot” contracts?**

1 **A:** Within PFC we use the term “spot” contract to describe contracts having a
2 duration of one year or less. This can include purchases for a single month or
3 even a single shipment.
4

5 **Q:** **Please explain what you mean by having a “balance” of contracts.**

6 **A:** As is common in the industry, we contracted with various coal consulting
7 services, including EVA, that provided forecasts as to future conditions in the
8 coal markets over various periods of time ranging from the short term to the
9 much longer term. We took those into account in evaluating how much of
10 our coal supply we wanted to be on medium term contracts (such as 18
11 months to three years) and how much we wanted to purchase on a spot basis
12 during a year.

13 For example, if we believed, based on an evaluation of market
14 forecasts, that the price of coal would move downward during a year and coal
15 on the spot market would be abundant, we may opt to maximize our
16 flexibility to take advantage of such drops by entering into fewer contracts
17 for a year or more in order to be able to purchase in the spot market.
18 However, even in such a situation we may choose to hedge against the
19 forecast proving inaccurate by putting some portion of our coal supply under
20 contract. Because, as discussed in more detail later, the coal market was
21 generally soft during the 1990’s and through the year 2000, we issued three
22 RFPs for CR4 and CR5 – in 1996, 1998 and 2001 – during the period
23 covered by my testimony.
24

1 **Q: What was the long term component of the contract mix?**

2 **A:** During the period 1996-2002 the Powell Mountain and Massey contracts
3 provided the long term component of this mixture. No other long term
4 contracts of similar duration were sought or entered into. PEF would
5 exercise its contractual right to purchase the contractual minimum under
6 these long term contracts during periods in which other coal was at a more
7 economical delivered price to CR4 and CR5. During much of the period
8 1996-2002 PFC was purchasing the contract minimums under the Massey
9 and Powell Mountain contracts.

10 Having arrived at a determination of what balance of longer, shorter
11 and spot contracts seem most prudent, PFC would turn to the next step in the
12 process.

13

14 *Step Three: Creating a Competitive Solicitation Document*

15 *And List of Recipients*

16 **Q: Please describe this third step in the procurement process.**

17 **A:** Having identified the needed supply of coal from new contract purchases,
18 and if it was determined that an RFP, rather than spot purchases, was
19 appropriate, an RFP was drawn up. A list of potential coal suppliers, usually
20 exceeding 100 in number, was maintained and updated, with coal suppliers
21 being regularly added to the list of prospective proposers. The list was the
22 result of such information as (a) known coal mining companies identified by
23 knowledge of the industry and various industry data, publications and the
24 like; (b) previous responders to an RFP; and (c) entities that had contacted us

1 to express an interest in being included in RFPs. If a company wanted to be
2 added to the list, all that was necessary was for them to contact PFC and
3 request to be added. A typical such list is Exhibit No. ____ (DMD-2) to my
4 testimony.

5
6 **Q: Did PFC send the RFPs to producers of sub-bituminous coal?**

7 **A:** Yes. To the best of my knowledge, during the period covered by my
8 testimony four companies comprised the bulk of the sub-bituminous
9 producers. They were Arch Coal, Peabody Coal, Triton Coal, and Kennecott
10 Coal. Arch later purchased Triton. Those companies were routinely included
11 in all RFPs. A typical bid solicitation sheet showing the producers that were
12 regularly solicited for proposals is Exhibit No. ____ (DMD-2) to my
13 testimony.

14
15 **Q: Was there a way that a coal producer who may not have been sent an**
16 **RFP could learn of the RFP and make a proposal?**

17 **A:** Yes. Our RFPs regularly appeared in widely read coal industry publications.
18 We affirmatively provided information concerning our RFPs to those
19 publications so as to achieve even broader dissemination of our RFPs than
20 even the lengthy list of producers to whom the RFP went. Coal Outlook, Coal
21 Daily, Energy Argus Daily, US Coal Review and McCloskey Coal Report are
22 just a few of the publications we used and which could have reported our
23 RFPs. It was not unusual for prospective coal suppliers who had not received
24 the RFP from us to contact us, request an RFP, and submit a proposal.

1 **Q: What about spot purchasing? Was there a way in which sub-bituminous**
2 **coal producers could make offers on the spot market to PFC?**

3 **A:** Yes. PFC was a substantial purchaser in the spot market. In our experience
4 most suppliers assumed we were more or less always open to spot purchases.
5 In addition, the same coal industry publications routinely publicized
6 companies purchasing in the spot market, which would have included PFC.

7
8 **Q: Describe the contents of the RFPs that were used.**

9 **A:** We used a relatively standardized form of RFP, although the substantive
10 contents would change with the needs of the company. Examples of the
11 RFPs used by PFC during the period 1996-2002 appear in Exhibit No. ____
12 (DMD-3) to my testimony.

13 Typically, and among other things, the RFP would state:

- 14 • the minimum annual tons desired, delivered in monthly, ratable amounts;
- 15 • the duration of the desired contract, which may include soliciting
- 16 proposals for more than one time period;
- 17 • “required coal specifications” for *both* bituminous and sub-bituminous
- 18 coal;
- 19 • that proposers should identify both their “typical” quality compared to the
- 20 specifications and their “guaranteed” quality;
- 21 • that PFC was “indifferent” as to the origin of the coal;
- 22 • that both rail and barge loading origins would be considered;
- 23 • that rail deliveries were to be quoted FOB the mine loading point; and
- 24 barge deliveries should be quoted FOB the barge.

1 *Step Four: Evaluating The Responses*

2 *A. Delivered Price*

3 **Q: Once responses to an RFP were received, how were they evaluated?**

4 **A:** Our primary basis for comparison was which proposal, if accepted, would
5 involve the lowest "delivered cost" or "delivered price." These terms are
6 interchangeable.

7
8 **Q: What do you mean by "delivered cost"?**

9 **A:** "Delivered cost" was the cost calculated by PEF based on (a) the FOB mine
10 price specified in the proposal, plus (b) the cost of transporting the coal to the
11 Crystal River Complex.

12
13 **Q: Why was this the primary basis for comparison?**

14 **A:** PEF's ratepayers pay for fuel purchases on a cost pass-through basis under
15 FPSC orders. In the case of coal, the amount that ratepayers pay through this
16 "fuel adjustment" charge is the delivered price of coal. We therefore sought
17 to ensure that PEF's ratepayers paid for the lowest delivered price of coal by
18 emphasizing lowest delivered price in our coal procurement policies and
19 procedures.

20
21 *B. Mine Price*

22 **Q: Where would PFC obtain the FOB mine price?**

23 **A:** That would come directly from the proposal.

1 *C. Transportation Costs*

2 **Q: What were PFC's transportation options for getting coal to Crystal**
3 **River?**

4 **A:** Transportation of coal to Crystal River could be by rail or by water. The
5 complex was served by a CSX rail line. Water deliveries were by barge. The
6 FPSC had directed PEF and thus PFC to maximize the use of rail deliveries.
7 We did this every year. The 1 million (nominal) tons of coal under the
8 Powell Mountain long term contract were delivered by rail. The similar
9 tonnage under the long term Massey contract were shipped by water. I would
10 note that maintaining waterborne transportation provides an alternative
11 transport system in the event of rail strikes or other surface transportation
12 disruptions, as well as providing a means to negotiate the most favorable
13 rates from both forms of transportation. Also in Order No. 21847 (1986) the
14 Commission again reaffirmed the desirability of maintaining alternative
15 transportation routes for the purposes of increasing reliability and enhancing
16 price competition.

17

18 **Q: Can you give us an idea of how important transportation charges were to**
19 **the overall cost of coal procurement?**

20 **A:** Transportation charges were a very significant portion of the total delivered
21 price of coal from all potential sources. In the case of sub-bituminous coal, it
22 was by far the greatest portion of the total delivered price, significantly
23 exceeding the FOB mine price at all times.

24

1 **Q:** Did PFC have a preference for whether coal for CR4 and CR5 was
2 delivered by rail or by water?

3 **A:** PFC generally tried to maximize the use of rail transport, as directed by the
4 FPSC. Because CR4 and CR5 burn what is called "compliance coal," and
5 because it was harder to obtain rail transport for compliance coal, we
6 generally emphasized the use of water for compliance coal for CR4 and CR5.

7

8

(i) Rail

9 **Q:** Could all of PEF's coal for CR4 and CR5 have been delivered by rail?

10 **A:** No, even if we had wanted to do that, it was neither possible nor desirable
11 from a transportation charge perspective.

12

13 **Q:** Please explain.

14 **A:** CSX Transport, which is also the only railroad company operating in Florida,
15 maintains a single ("one way") rail line between Dunnellon and Crystal
16 River. As a result, it is not possible to run more than one train at a time
17 between Dunnellon and Crystal River. Moreover, the rail spur at the Crystal
18 River Energy Complex is a loop. This imposes an inherent limitation on the
19 number of train sets that can run into the complex, which makes it physically
20 impossible to meet the transport needs of the complex, or of CR4 and CR5,
21 entirely or principally by rail.

22

23 **Q:** What about sub-bituminous coal? What were the transportation options
24 for shipping that kind of coal to Crystal River?

1 **A:** My understanding was that rail delivery of sub-bituminous coal to Crystal
2 River was cost prohibitive and that the only realistic option was rail transport
3 from the mine to water and then by waterborne delivery to Crystal River. I
4 understand that another witness testifying on behalf of PEF will address this
5 in detail. In my basic working understanding, however, this was a result of
6 (a) the distance from the Powder River Basin in Wyoming and Montana to
7 Crystal River; (b) the fact that no single railroad company could provide rail
8 service from Wyoming and Montana to Crystal River; and (c) the
9 substantially greater amount of sub-bituminous coal that would have to be
10 shipped compared to bituminous coal due to the lower Btu content of sub-
11 bituminous coal.

13 Q: How was the rail transportation cost determined?

14 **A:** PFC had negotiated rail rates with CSX, which is the only railroad operating
15 into Crystal River.

17 (ii) *Waterborne*

18 Q: How was the water transportation cost determined?

19 **A:** For water transportation, PEF would use (until 2005) the “waterborne proxy”
20 rates established by the FPSC for PEF’s water transportation and water
21 transportation related costs. The waterborne proxy rates included various
22 components, namely (a) truck transportation to an upriver dock, transloading
23 to barges, and river barge transportation rates for transport on the Ohio and
24 Mississippi rivers; (b) transloading costs, for transferring the coal to storage

1 or transferring coal from a river barge to a Gulf barge at IMT in New
2 Orleans; and (c) cross-Gulf barge rates for ultimate delivery to Crystal River.
3

4 **Q: Please explain the waterborne proxy.**

5 **A:** The waterborne proxy was established by the FPSC in order to eliminate the
6 need to thereafter constantly calculate PFC's "actual" waterborne transport
7 charges. The Commission felt that cost-plus pricing had led to lingering
8 suspicions that it resulted in higher cost due to affiliate transactions and that a
9 market proxy could be established. The proxy established in 1993 was based
10 on PFC's actual costs in 1992 and was thereafter annually escalated or de-
11 escalated by FPSC specified indices linked to certain market escalators.
12 Once established by FPSC order, the proxy became the cost that PFC was
13 required to use to calculate waterborne transportation rates. All parties to the
14 FPSC proceeding establishing the waterborne proxy, including the FPSC,
15 understand that by its very nature the proxy may deviate from PFC's actual
16 costs, be the deviation up or down. The proxy was replaced in 2004 by a
17 stipulated charge (which stipulation included OPC), and in 2005 by market
18 based rates to the extent that market based rates existed.
19

20 **Q: How did PFC use the waterborne proxy in calculating the water**
21 **transportation component of delivered cost for sub-bituminous coal?**

22 **A:** The waterborne proxy was developed by combining the cost of discrete
23 stages of water transportation (e.g., river barge rates from upriver docks to
24 the IMT terminal in New Orleans). This also lent itself to being used to

1 calculate the waterborne proxy rate applicable to each transport stage as
2 necessary to reflect the actual stages involved in particular transports. PFC
3 therefore used the applicable rates from the waterborne proxy for the portions
4 that applied to the route that would be taken to Crystal River by sub-
5 bituminous coal.

6
7 **Q: Has the FPSC recognized such a stage approach in any order?**

8 **A:** Yes, in 1994 the FPSC approved PFC's use of such an approach in
9 calculating the appropriate proxy rate for the shipment of imported coal
10 which might be purchased at IMT, which did not use any part of the river
11 stage of the full waterborne proxy. The FPSC sanctioned the use of 50.2% of
12 the full waterborne proxy to reflect the stages that included transloading at
13 IMT and cross-Gulf transportation from IMT to Crystal River. Although the
14 circumstances that gave rise to the FPSC's order involved imported coal, the
15 actual methodology employed in the order was based on the portion of the
16 waterborne proxy that would be involved in the purchase of any kind of coal
17 at IMT. In 2004 the FPSC approved a waterborne proxy for foreign
18 (imported) coal FOB Barge by calculating the portion of the transport
19 activities included in the waterborne proxy that were actually involved in
20 transporting foreign coal to Crystal River for 2001 to 2003, less the
21 transloading component, which cost the foreign coal supplier absorbed.

22
23 **Q: Can you illustrate how PFC calculated delivered cost for sub-bituminous**
24 **coal?**

1 A: Yes. An example appears as Exhibit No. ____ (DMD-4) to my testimony.
2 This is a calculation of the estimated transportation cost of coal originating in
3 the Powder River Basin in 1997. In this estimate, the three transportation
4 cost components were the mine to the river (here, the Cora dock on the
5 Mississippi), the river dock to IMT, and the movement of the coal from IMT
6 across the Gulf to Crystal River, including all transloading charges.

7 In Exhibit No. ____ (DMD-4), the first leg of the trip was estimated
8 based on information obtained from the marketplace for such mine to river
9 rail costs. The second leg, the trip from the Cora dock on the Mississippi to
10 IMT, is a conservative estimate of the relative percentage of the waterborne
11 proxy for the river to IMT movement to the shorter movement on the river to
12 IMT for PRB coal.

13 The ratio of the miles from the Cora dock to IMT to the miles from
14 the Ceredo dock to IMT ($995 \div 1564$) was multiplied times the original
15 waterborne proxy rate from the Ceredo dock (\$7.71), which is the further
16 river dock from IMT under the waterborne proxy, to provide an "implied"
17 original Cora waterborne proxy rate (\$4.97). To arrive at the escalation of
18 this rate from the origin of the waterborne proxy in 1992 to get a 1997
19 "market" rate, the percentage escalation from the original total base river
20 waterborne cost (which was the average of the costs from all docks from
21 which PFC purchased coal plus the waterway user tax) of \$7.32 to the 1997
22 river waterborne proxy rate of \$8.30 was first determined (13.4%). This
23 percentage increase was then applied to the "implied" Cora to IMT 1992

1 river rate of \$4.91 to get the 1997 Cora to IMT implied waterborne proxy rate
2 of \$5.57.

3 Once the river part of the waterborne proxy was determined, it was
4 added to the market estimate of the mine to river cost plus transloading costs
5 (\$14.00) and the estimated IMT and Gulf waterborne proxy rates (\$12.70) to
6 obtain a total estimated transportation cost from the PRB to Crystal River of
7 \$32.27/ton. To get the delivered cost number, the dollar per ton price FOB
8 mine must be added to the \$32.27/ton estimated transportation cost.

9
10 ***B Evaluated Cost/Busbar Cost***

11 **Q: Was any cost basis other than delivered cost ever used to compare and**
12 **evaluate responses to RFPs?**

13 **A:** Yes. We would employ what we called the "evaluated cost" of coal, which
14 was sometimes also referred to as the "busbar cost."

15
16 **Q: Explain what you mean by an "evaluated" or "busbar" cost.**

17 **A:** The physical and chemical characteristics of coal can have an impact on the
18 operation of the boilers and other operating aspects of the utility plant in
19 which it is burned. This impact can add an operating and maintenance
20 expense and capital costs that will ultimately be passed on to ratepayers
21 during rate adjustments, apart from the fuel adjustment charges that are
22 periodically passed through. The "evaluated cost" or "busbar cost" analysis
23 was a way of estimating such costs.

1 **Q:** By the way, could you explain the reference to "busbar" as used in
2 "busbar cost."

3 **A:** Yes, although I am not an expert in how it is calculated. My working
4 understanding is that the busbar is essentially the physical point in the utility
5 generating plant that marks the end of the generating system and the
6 beginning of the transmission system. The term "busbar cost" is, in my
7 understanding, used to describe what cost impact certain coals will have on
8 the cost of burning the coal and thus ultimately generating electricity up to
9 the point at which the generation system ends. I understand that other
10 witnesses may address the calculation of this cost more knowledgeably.

11

12 **Q:** Who performed the evaluated cost or busbar cost analysis?

13 **A:** When we requested such an evaluation, our request went to the utility, which
14 then performed the evaluation with us and produced the results. The results
15 were expressed as a cost in ¢/MM Btu higher or lower than (or the same as)
16 the historically established and known cost impact on the plant of coal
17 meeting the utility's "ideal" physical and chemical specifications.

18

19 **Q:** You indicated that you are not an expert in how evaluated or busbar cost
20 is determined, but that you have a working understanding of it. What is
21 your understanding of how it is done?

22 **A:** My understanding is that it was done using a computerized model created by
23 the Electric Power Research Institute's ("EPRI") model. We used the results

1 provided by the utility in comparing the evaluated or busbar cost of various
2 proposals.

3
4 **Q: Was it always necessary to calculate an evaluated cost or busbar cost in**
5 **comparing responses to RFPs?**

6 **A:** No, not always. If the "short list" of proposers was comprised of suppliers
7 with whose coal we had substantial experience or on which we had
8 previously done a busbar analysis, it was generally unnecessary.

9
10 **Q: What kind of situations would provide a reason to believe that using an**
11 **evaluated or busbar cost comparison would provide additional cost**
12 **information that would be useful in evaluating proposals?**

13 **A:** It was most commonly used when we received proposals for coals of a type
14 that the utility had not previously used and which had different chemical or
15 physical properties from the coal with which the utility had extensive,
16 historic operational experience (CAPP coal). When the only proposals
17 received were for types of coal, typically CAPP coal, with which the utility
18 had such extensive historic experience, there was no need to go beyond
19 determining the delivered cost since the evaluated costs were known. It was
20 also not necessary to do such additional evaluations when non-CAPP coal
21 was already highly non-competitive on a delivered cost basis. In such
22 situations there was no reason to believe that further evaluations using the
23 evaluated or busbar cost would affect which proposal was the lowest cost
24 proposal.

1

2 **Q: Can you give us an example of a type of coal that as to which an**
3 **evaluated cost or busbar cost analysis could provide important**
4 **information?**

5 **A: Yes. Sub-bituminous coal is such a coal.**

6

7 **Q: Were evaluated or busbar cost comparisons done on spot purchases?**

8 **A: No, it was not practical to subject short term spot purchases to such**
9 **modeling. One reason for this is that the tonnage had an impact on the**
10 **busbar costs – the more tons the facility has to handle and operate with, the**
11 **higher the cost typically. Spot purchases generally involved lower tonnage**
12 **and shorter time periods than contract purchases.**

13

14 **Q: Can you give us an idea of how many responses to RFPs PFC might get**
15 **from sub-bituminous coal producers during the time period covered by**
16 **your testimony?**

17 **A: Yes. It is first important to keep in mind that the only RFPs that PFC issued**
18 **for CR4 and CR5 during the time period covered by my testimony were in**
19 **1996, 1998 and May 2001. At all other times PFC met the tonnage needs of**
20 **CR4 and CR5 (above that already under contract) by purchases in the spot**
21 **market. In response to the 1998 RFP Kennecott, a major PRB coal producer,**
22 **expressly declined to make a proposal, and we received no proposals from**
23 **any other sub-bituminous coal supplier. Please see Composite Exhibit No.**
24 **___ (DMD-5) to my testimony, which includes the 1998 RFP response list**

1 and Kennecott's declination letter. In the May 2001 RFP proposals were
2 received from two sub-bituminous producers (Triton and Arch), each of
3 which was the lowest evaluated cost proposal for certain possible contract
4 durations but not others. This is discussed later in this testimony.

5
6 **C. Short Listing**

7 **Q: Now, once the responsive proposals were examined on a delivered or**
8 **evaluated cost (where used) basis, what did PFC do?**

9 **A:** The initial evaluation resulted in the creation of a "short list." This was
10 usually the 3 to 5 proposals with the lowest delivered cost, or lowest
11 evaluated cost if calculated. Bidders who did not make the short list were
12 notified and advised that we would include them on future proposals and
13 welcomed their continued interest. The short list proposers were then the
14 group with whom PEF negotiated to obtain the best price. The contract was
15 then eventually entered into with the proposer(s) offering the best lowest
16 ultimate price.

17
18 **VII. SUB-BITUMINOUS COAL EVALUATIONS 1996-2002**

19
20 **Q: During 1996-2002 was sub-bituminous coal competitive with other types**
21 **of coal on either a delivered or evaluated cost basis?**

22 **A:** No. During this period the FOB mine price for sub-bituminous coal was
23 substantially lower than that of bituminous coals, including CAPP coal.
24 However, the transportation cost for getting such coal to Crystal River from

1 the mine, typically located in Wyoming, was the vast bulk of the delivered
2 cost and rendered it non-competitive on a delivered cost basis. Sub-
3 bituminous proposals, when made, typically did not make the "short list,"
4 except arguably in the May 2001 RFP. I would note again that Kennecott, a
5 sub-bituminous producer, expressly declined to bid for our business in
6 response to the 1998 RFP, and that we received no bids from other PRB
7 producers in response to that solicitation. I can recall receiving no sub-
8 bituminous coal proposal in response to an RFP prior to 2001.

9
10 **Q: What about spot purchases?**

11 **A:** To my knowledge during the 1996 through 2002 time period we never
12 received an offer for a spot sale of sub-bituminous coal.
13

14 **Q: You mentioned an occasion in which sub-bituminous coal was arguably**
15 **competitive. Please explain.**

16 **A:** In May of 2001 we issued an RFP that went, as usual, to many coal
17 producers, including sub-bituminous producers. There was a major upward
18 spike in coal prices after two decades or more of highly stable prices, and we
19 wanted to try to lock in our coal contracts earlier in light of these
20 uncertainties. A copy of the May 2001 RFP and the bidder list is Exhibit No.
21 ____ (DMD-6) and Exhibit No. ____ (DMD-7) to my testimony, respectively.

22 PFC was attempting to evaluate what this market situation indicated,
23 if anything, in terms of longer term price increases or instability. We
24 therefore requested proposals for contracts of 1, 2, 3 and 5 years so that we

1 could examine different scenarios as we evaluated the unusual situation and
2 possible future market conditions.

3 We received proposals from sub-bituminous and bituminous coal
4 producers, as well as for South American coal. We did an evaluated cost
5 analysis on all proposals. The results of those analyses appear in Exhibit No.
6 ____ (DMD-8) to this testimony.

7 Sub-bituminous coal proposals were not the lowest on an evaluated
8 cost basis for the 1 year and 3 year analyses. A PRB response (Arch Coal)
9 was the only one proposing a 2 year contract. Two PRB proposals (both
10 from Triton coal, for different Btu PRB coals) were the lowest on an
11 evaluated cost basis for a 5 year contract.

12 PFC did not ultimately deem a 5 year agreement prudent. Although
13 the coal markets had undergone an abrupt spike in prices in 2001, PFC was
14 not comfortable signing a contract of such duration in light of the uncertainty
15 as to what the 2001 market conditions indicated, if anything, for the future
16 direction of the market. PFC therefore negotiated with the lowest cost
17 proposer for a 3 year contract, which was a proposal for high Btu imported
18 coal, which negotiations ultimately resulted in a one year contract with that
19 proposer.

20

21 **Q: Just so we are clear, PFC signed a one year contract for imported**
22 **bituminous coal in May 2001?**

23 **A:** Correct.

24

1 **Q: Was sub-bituminous proposal the lowest proposal on an evaluated cost**
2 **basis for a 1 year contract?**

3 **A:** No.
4

5 **Q: Do all the PFC records reflecting the details of the evaluations done on**
6 **responses to RFPs in the 1996-2002 time period still exist?**

7 **A:** No, some were discarded well prior to the commencement of this proceeding
8 (and anything remaining we found after the proceeding commenced was
9 maintained), and in the absence of any indication that there was any potential
10 for a question to arise as to the fuel procurement decisions made under those
11 RFPs. These materials were destroyed within time frames consistent with
12 PFC's records retention policy.
13

14 **Q: Does the fact that those particular documents are no longer available**
15 **affect your testimony?**

16 **A:** No, it does not. First, they involve only the three RFPs issued during that
17 time period, in 1996, 1998 and 2001, which were the only RFPs issued
18 during the 1996-2002 time period. Second, we have the key document for
19 the 2001 RFP, which is Exhibit No. ____ (DMD-8), which shows that no sub-
20 bituminous coal was the lowest cost offer for the 1 year contract period
21 selected by PFC. Finally, my recollection of the events to which I testify
22 herein is not dependent on having such records, but is an independent
23 recollection. While having the actual records might permit me to add

1 additional detail, I have no reason to believe it would materially affect my
2 testimony or contradict it.

3
4 **Q: Before moving to the next topic, could you describe the nature of the coal**
5 **market generally during the 1990's and how it generally affected PFC's**
6 **procurement environment?**

7 **A:** Generally speaking the 1990's were characterized by a "soft" coal market,
8 meaning coal was abundant and relatively inexpensive. It was basically a
9 "buyer's market." In addition, those producers who responded to our RFPs
10 tended to respond with bituminous coal with high Btus and high quality
11 specifications. As a result, PFC tended to utilize more short term and spot
12 purchases as a strategy for maximizing our ability to purchase high quality
13 coal at low prices. The general nature of the market and PFC's strategy and
14 responses to it are reflected in the monthly reports provided by Mr. Edwards
15 to his superior(s). Those reports are contained in Composite Exhibit No.
16 ____ (DMD-9) to this testimony.

17
18 ***C. Monitoring PRB Usage By Others And Forecasting Its Eventual***

19 ***Competitiveness***

20 **Q: Did PFC familiarize itself with PRB usage by other Southeastern**
21 **utilities?**

22 **A:** Yes. Through the period 1996 through 2002 PFC was aware that TECO, our
23 most geographically proximate "competitor," and The Southern Company
24 were using sub-bituminous PRB coal in some plants.

1 **Q: Why did PFC look at such information?**

2 **A:** Whenever we saw a generating utility in our region using such coal, we
3 attempted to determine why such coal might make economic sense for them
4 to use, even though it did not appear economic for PEF. It was a means of
5 quality assurance, if you will, to make sure we were not missing something,
6 even though we had no reason to think we were.

7

8 **Q: What did you conclude as to TECO?**

9 **A:** We could find no basis to believe that TECO's purchases of PRB coal were
10 based on purchasing the lowest cost coal. This is borne out by data reported
11 by TECO on FERC Form 423. This data shows that TECO's purchases of
12 PRB coal were never the cheapest, and often among the most expensive, coal
13 TECO purchased on a delivered cost basis to the transfer facility. This is
14 illustrated in Exhibit No. ____ (DMD-10) to this testimony, which contains
15 that FERC information.

16 Our assessment was that even though PRB coal was not the lowest
17 cost coal available to TECO, TECO was purchasing such coal for emissions
18 control purposes in order to address specific emissions needs of TECO and
19 Hillsborough County where TECO's Gannon plant is located. At that time
20 there was a considerable amount of press coverage regarding TECO's SO₂
21 emissions and Hillsborough County being (or being in danger of becoming) a
22 "non-attainment" area for SO₂ emissions. My non-expert understanding of a
23 non-attainment area is that it is an area that has been designated by the

1 federal Environmental Protection Agency as consistently failing to meet
2 federal air quality standards for particular substances, such as SO₂.

3
4 **Q: Did PFC collect or generate any other data that bears on this**
5 **conclusion?**

6 **A:** Yes. We also regularly compared PEF's and TECO's coal costs, measured
7 on a generated cost per Kwh basis, using information reported by both
8 utilities to the FPSC for fuel adjustment purposes. On this basis PEF's costs
9 were consistently lower than those of TECO during the period 1996-2002.
10 This information appears in Exhibit No. ____ (DMD-11) to this testimony.

11 We made a similar comparison using a generated cost per million Btu
12 basis. PEF's coal costs measured on this basis also compared favorably, and
13 were frequently lower than, those of TECO during the period 1996 to 2002.
14 This information appears in Exhibit No. ____ (DMD-12) to this testimony.

15
16 **Q: What did PFC conclude as to what all this information indicated?**

17 **A:** Basically, we never found a basis for concern that we were not procuring coal
18 on a lowest cost basis.

19
20 **Q: Are there other indications that PFC was evaluating potential purchases**
21 **of sub-bituminous coal during the 1996-2002 time period?**

22 **A:** Yes. Even though sub-bituminous coal had not proved itself competitive
23 economically, PFC continued to monitor it for potential future use. This is
24 illustrated, for example, in a 1996 exercise done by Mr. Edwards (Exhibit

1 No. ____ (DMD-13)) which estimated (among other things) the delivered
2 cost of 8,800 Btu PRB coal through McDuffie Terminal in Mobile, Alabama.

3 In addition, Exhibit No. ____ (DMD-4), created in 1997 or 1998,
4 illustrates PFC's attempts to fairly estimate the cost of transporting PRB coal
5 to Crystal River using the waterborne proxy rates, coupled with estimated rail
6 charges from the Western mines to the Mississippi River.

7 Also, in Mr. Edwards' February 9, 1998, memo to Mr. Cumbie
8 (Exhibit No. ____ (DMD-14)), Mr. Edwards discussed his thoughts on the cost
9 of switching all "compliance" (so called "D" coal) to rail delivery and all
10 non-compliance ("A" coal) to water delivery. In that memo Mr. Edwards
11 observes that:

I believe we should recognize that we will, in all
likelihood, be using Powder River Basin coals at [CR] 4 & 5 by
about 2000 (my guess.) Since those coals, and others like South
American, best move to Crystal River by water and are generally
"compliance" grade, we would likely switch back to "D" water at
this time in any event.

12 That memo is Exhibit No. ____ (DMD-14) to this testimony.

13 In 1999 PFC estimated that PRB would potentially be the lowest cost
14 coal, using a 50/50 CAPP/PRB blend, by 2003. See Exhibit No. ____ (DMD-
15 15) to this testimony.

16 These all illustrate that PFC was very open to the idea that at some point
17 in the next several years PRB coal may become the coal of choice on a lowest
18 cost basis. I would also note that the last mentioned exhibit (Exhibit No. ____
19 (DMD-15)) further indicates that PFC was well aware of the original boiler
20 design for CR4 and CR5.

D. Previously Untested Types of Coal.

1
2 **Q: Had sub-bituminous coal been the lowest cost coal on an evaluated cost**
3 **basis, what policies or practices would PFC have employed before**
4 **contracting for it?**

5 **A:** As I have discussed, sub-bituminous coal had not previously been burned in
6 CR4 and CR5. As a result, PFC's and PEF's standard procedures would have
7 required that the coal offered be subjected to a "test burn" before a contract
8 was finalized. This did not occur during the period 1996-2002 because sub-
9 bituminous coal was not the lowest priced coal and therefore the need to
10 conduct such a test evaluation was never presented.

11
12 **Q: Wasn't the purpose of the evaluated cost calculation done with the EPRI**
13 **model to determine the impact of the coal on the cost of operating the**
14 **plant?**

15 **A:** Yes, but the evaluated cost calculation done by the EPRI model is still only a
16 computer model that is useful to give an indication of the *estimated* impact.
17 My understanding is that before a previously unused coal would actually be
18 contracted for, the utility would desire to test it to confirm, with actual field
19 experience, the effects on the operation of CR4 and CR5.

20
21 **Q: What function did the evaluated cost analysis and EPRI modeling serve**
22 **then?**

23 **A:** Had they suggested that sub-bituminous coal was the lowest cost coal on an
24 Evaluated Cost basis, the model would have served the purpose of placing

1 that coal into active contention for testing and eventual purchase. It did not
2 so indicate during the period covered by my testimony, however.

3

4 **Q: Can you point to any example of such a process being followed during**
5 **your tenure at PFC?**

6 **A:** Yes. This was the procedure followed in evaluating whether to purchase
7 "Petcoke" in 1999 and synfuel in the late 1990's. In both instances, when it
8 appeared that these fuels, previously untested at CR4 and CR5, were
9 potentially the lowest cost coals, PFC and PEF arranged for test burns to
10 determine the actual field performance of these new fuels.

11

12 **Q: What is your understanding of what occurred concerning sub-**
13 **bituminous coal after 2002?**

14 **A:** My understanding is that beginning in late 2003 to early 2004, PRB coal
15 began to emerge as the lowest, or potentially lowest, cost coal, and that PEF
16 began testing it in accordance with the policies and practices I just described.
17 I recall that as a result Mr. Pitcher began actively considering sub-bituminous
18 coal, preparing to test burn such coal, and directing others to evaluate
19 transportation costs for sub-bituminous coal.

20

21 **VIII. SYNFUEL**

22

23 **Q: Did PFC purchase synfuel purchases for CR4 and CR5 during your**
24 **tenure?**

1 **A:** Yes.

2

3 **Q:** How did PFC evaluate whether to purchase synfuel and from what
4 **supplier?**

5 **A:** PFC evaluated synfuel on the same basis as all other coal offers. That was to
6 determine what the lowest delivered cost and evaluated cost offers of coal,
7 including synfuel, were and to purchase fuel meeting the utility's
8 specifications at the lowest such cost. As I have indicated, in the case of
9 synfuel, the utility also tested synfuel before authorizing substantial
10 purchases.

11

12 **Q:** Are you familiar with the testimony of Mr. Sansom in this proceeding in
13 which he contends that PFC favored the purchase of synfuel from
14 producers in which EFC had a financial interest?

15 **A:** Yes, I have read his testimony.

16

17 **Q:** Is he correct in this regard?

18 **A:** No he is not.

19

20 **Q:** Did PFC favor or give preference to synfuel produced or marketed by
21 companies in which PFC (or EFC before it) had an equity interest?

22 **A:** No, it did not.

23

1 **Q: Are you aware that Mr. Sansom asserts that it is “statistically**
2 **impossible” for PFC to purchase as much synfuel as it did from such**
3 **companies absent such favoritism?**

4 **A: Yes, I have read his testimony.**
5

6 **Q: Is there an explanation for the amount of synfuel that PFC purchased**
7 **from such companies?**

8 **A: Yes. It was not unusual for PFC to purchase synfuel from entities marketing**
9 **synfuel produced by companies in which PFC had some equity interest for**
10 **the simple reason that those companies were by far the largest producers of**
11 **synfuel in the country. In fact, on a number of occasions such companies**
12 **were the *only ones offering* synfuel on a spot purchase basis. Therefore, but**
13 **for them PFC would have had to purchase coal at a higher cost to ratepayers**
14 **than the synfuel it purchased.**
15

16 **Q: How did synfuel prices compare generally to coal prices?**

17 **A: Generally, synfuel was priced \$1 to \$2 per ton below the market price of**
18 **bituminous CAPP coal, yet it had an equivalent heating value.**
19

20 **Q: How did this impact PEF’s ratepayers?**

21 **A: Obviously, it benefited them. They paid in effect \$1 to \$2 less per ton**
22 **through the fuel adjustment proceedings.**
23

1 **Q: Just to be clear, did PFC also purchase synfuel from other synfuel**
2 **suppliers having no direct or an indirect connection with Progress**
3 **Energy?**

4 **A:** Yes, as I said we purchased from the proposer, be it synfuel or coal, offering
5 the lowest price and which met the utility's quality specifications. As a
6 result, we purchased synfuel from producers having no connection with PFC
7 when producers in which PFC had a financial interest were not the lowest
8 cost product offered.

9
10 **Q: How does the amount of tax credits generated for Progress Energy, the**
11 **holding company for PFC, by sales of synfuel to PFC compare to**
12 **Progress Energy's overall tax credits from synfuel sales to others?**

13 **A:** The tax credits from synfuel sales to PFC for Crystal River were minimal
14 compared to the tax credits generated from sales of synfuel to other utilities
15 and industrial customers. This is because tax credits were not available on
16 sales from a company with a majority equity position in a synfuel producer to
17 an affiliated company. The synfuel producers in which PFC held a majority
18 equity position sold their synfuel coal product to utilities other than PEF and
19 industrial customers.

20 New River Synfuel LLC, the synfuel producer that sold 80 percent of
21 the synfuel purchased for CR4 and CR5 between 2000 and 2005, is a synfuel
22 producer in which PFC held only a 10 percent equity position. Even New
23 River Synfuel LLC, however, sold more synfuel to other utilities and
24 industrial customers than it did to Crystal River. The total tax credits claimed

REDACTED

1 by New River Synfuel LLC for the period 2000 to 2005 for all synfuel sales
2 to all utilities and other customers were [REDACTED]. The total tax credits
3 claimed by New River Synfuel LLC for the same period for synfuel sales to
4 Crystal River were [REDACTED], with operating losses of [REDACTED], for a
5 net total tax credit claim of [REDACTED].

6 When the [REDACTED] net tax credit claimed on New River synfuel
7 sales to Crystal River from 2000 to 2005 is compared to the \$1.25 billion
8 value of all synfuel tax credits claimed on all synfuel sales by Progress
9 Energy over the same time period --- which Mr. Sansom says at page 26,
10 lines 9-10 of his testimony was reported by Argus Coal Daily --- the
11 insignificance of the tax credits on synfuel sales to Crystal River is self
12 evident. They account for less than [REDACTED] percent of the total tax credits. As a
13 result, there is no basis in fact for anyone to suggest that synfuel tax credits
14 influenced in any way the purchasing decisions for CR4 and CR5.

15
16 **Q: Are you familiar with something referred to as "twist" arrangements**
17 **involving synfuel?**

18 **A:** Yes. A "twist" arrangement is where PFC has stepped into the middle of a
19 coal contract. Someone has a contract for coal and PFC steps in the middle
20 and the coal is made into synfuel and sold to the end user as synfuel at a \$1 to
21 \$2 discount. As a result of such an arrangement, the end user, in the case of
22 Crystal River, the ratepayers, benefit as they have paid less than they would
23 have paid had PFC not done the twist deal.

1 As I have explained, for the New River synfuel that was delivered to
2 Crystal River, PFC received a 10% portion of the tax credit associated with
3 synfuel. However, in all cases the ratepayer was obtaining fuel (synfuel) at a
4 cost below the cost the ratepayer would have paid had the original coal
5 contract price been paid, which coal contract price itself, it should be
6 remembered, reflected the lowest cost coal at the time the coal supply
7 contract was entered into. Such an arrangement was therefore a "win-win"
8 situation in which the ratepayer benefited.

9
10 **IX. REGULAR DIALOGUE WITH FPSC STAFF AND OPC.**

11
12 **Q: Did PFC provide the FPSC Staff with information concerning its coal**
13 **procurement activities during the period 1996-2002?**

14 **A:** Yes, of course. We maintained a regular dialogue with the FPSC Staff on
15 coal procurement practices and results during the entire period 1996 (and
16 before) through the present. These meeting typically occurred quarterly and
17 were generally referred to as "Staff Update Meetings." They were used to
18 bring the Staff up to date on PFC fuel procurement activities since the last
19 such meeting, to share information with Staff about how we saw coal
20 procurement going forward, including our expected coal sources, costs and
21 challenges. OPC representatives were in attendance. The meetings were
22 always open to OPC.

23 In the meetings we answered Staff and OPC questions and provided
24 post-meeting information and further answers where the information

1 necessary to answer questions was not on hand at the meeting or required
2 research. PEF maintained agendas for each of these meetings. They are
3 Composite Exhibit No. ____ (DMD-16) to this testimony.

4 PEF also created outlines for the meetings, which outlines were not
5 handed out at the meeting, but used as notes for the PEF representatives to
6 guide their presentation. Those outlines reflect with reasonable accuracy the
7 information provided at the meetings. Those outlines are Composite Exhibit
8 No. ____ (DMD-17) to this testimony.

9
10 **Q: Are there any other examples of PFC sharing information or making**
11 **information available to the Staff in connection with coal procurement?**

12 **A:** Yes. Pursuant to an order of the FPSC PFC and PEF were required to
13 conduct an internal audit annually to compare PFC's revenue requirements
14 under full regulatory treatment relative to the revenue requirements using an
15 equity amount of 55% of net long term assets (the latter being called the
16 "short-cut method"). These audits specifically focused on revenues
17 associated with the purchase of coal since coal purchases were treated as part
18 of the "regulated" portion of PFC's business.

19 This audit was conducted annually and its results provided to the
20 FPSC. In connection with this FPSC mandated audit, PFC maintained and
21 made available to FPSC all records relating to coal procurement. This
22 underscores and illustrates how all of PFC's records regarding coal purchase
23 transactions were open to the FPSC.

1 Copies of the results of these internal audits for the years 1999-2005
2 are Composite Exhibit No. ____ (DMD-18) to this testimony. Similar audit
3 results for the years prior to 1999 have been destroyed in compliance with
4 PFC's Document Retention Policy.

5
6 **Q: Are there any other examples of such information being shared with the**
7 **FPSC?**

8 **A:** PEF participated in all the FPSC's fuel adjustment dockets and provided all
9 data concerning fuel procurement policies and practices required or requested
10 by the FPSC at that time. Between January 1996 and 2005, PEF went
11 through 14 such fuel adjustment dockets.

12
13 **X. SANSOM**

14
15 **Q: I want to return to one topic briefly for elaboration. Are you familiar**
16 **with Mr. Sansom's testimony in which he asserts that TECO was**
17 **purchasing PRB coal at a lower cost than the bituminous coal that PFC**
18 **was purchasing? (Sansom Testimony at p. 41 and Sansom Ex. RS-21)**

19 **A:** Yes, I have read his testimony.

20
21 **Q: Do you agree with him in this regard?**

22 **A:** No, I do not.

23
24 **Q: Please explain your answer.**

1 A: I would make a number of points in response to Mr. Sansom's testimony on
2 this point.

3 I would note initially that information from which Mr. Sansom draws
4 his conclusion is the data reported by each utility in FERC Form 423, which I
5 discussed earlier in my testimony. I have reviewed that same data, as I
6 regularly did in my duties at PFC. This information for TECO is attached as
7 Exhibit No. ____ (DMD-10) to this testimony. Similar information for PFC
8 and PEF is attached as Exhibit No. ____ (DMD-19) to this testimony.

9 My first point is that the data reveals that Mr. Sansom is comparing
10 TECO *spot* purchases of sub-bituminous coal to PFC's annual total of *all*
11 (contract and spot) coal deliveries for CR4 and CR5 each year. This is an
12 "apples to oranges" comparison because it includes deliveries of coal under
13 various PFC contracts whose prices were established in years prior to the
14 year in which the delivery occurred – i.e., the year of contracting.

15 Second, I think it is very noteworthy that the sub-bituminous coal
16 delivered cost shown for TECO is *higher* than the delivered cost shown for
17 TECO spot purchases of bituminous coals during the same period. As I have
18 previously indicated, this suggests strongly that TECO may have been
19 purchasing sub-bituminous coal for reasons other than price.

20 Third, he fails to account for the actual delivered cost of coal to CR4
21 and CR5. The delivered cost to TECO's transfer facility at Davant,
22 Louisiana, which is what is reflected in the FERC Form 423, does not include
23 a transfer charge while PEF's does include a transfer charge. I know this
24 from having worked in fuel accounting matters at both TECO and PFC and

1 having prepared the Form 423s for both companies. This can also be derived
2 from Exhibit No. ____ (DMD-20) to my testimony, which is the Staff
3 comparison of the waterborne costs for PEF, TECO, and Gulf from 1995 to
4 2000.

5 Fourth, TECO's transportation charges to final delivery in Tampa,
6 which comprise the bulk of the delivered cost for sub-bituminous coal, are
7 not the same as those of PEF. I also know this from having worked at both
8 TECO and PEF. PEF's water transport charges were the "waterborne proxy"
9 set by FPSC Orders. TECO's water transport charges were not calculated
10 using that proxy and were in fact capped, rather than set by proxy, by FPSC
11 Order. Moreover, because of different channel depths at Port Tampa where
12 TECO's barges offloaded, and Crystal River, TECO was able to use much
13 larger barges capable of hauling greater quantities of coal than the barges that
14 PEF could use to deliver to Crystal River.

15 Fifth, I would also note that the spot TECO purchase of sub-
16 bituminous coal that Mr. Sansom uses for 1998 was from Kennecott, a
17 producer that declined to bid for PFC business in 1998.

18 Finally, as I have previously testified, I would note that PEF
19 compared favorably to TECO in comparative coal costs measured on both a
20 generated cost per MM Btu and generated cost per Kwh basis. See Exhibits
21 Nos. (DMD-11) and (DMD-12) to this testimony.

22 As a result, Mr. Sansom's comparisons are misleading, "apples to
23 oranges" comparisons and therefore do not support the assertion or

1 implication that sub-bituminous coal was the lowest delivered cost coal for
2 CR4 and CR5 during the 1996-2002 time period.

3

4 **Q: Does this conclude your testimony?**

5 **A: Yes.**

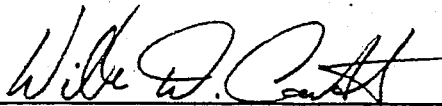
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8

ELECTRIC FUELS CORPORATION
COAL PROCUREMENT PROCEDURES

APPROVED:



Vice President of Operations

03/04/87

PROCUREMENT POLICIES

When purchasing coal and transportation services, it is the intent of Electric Fuels Corporation (EFC) to utilize procedures that comply with good business practice and Public Service Commission guidelines.

It is EFC's policy to procure both coal and transportation services in the most cost-efficient manner possible. We attempt to maintain a reasonable balance between spot purchases and long-term purchases, as well as waterborne deliveries and rail deliveries of fuel, in order to ensure that fuel and transportation services will be available at reasonable and stable costs to Florida Power Corporation.

Transactions with affiliated companies for fuel or services will be consistent with or lower than current market conditions and terms that EFC might receive from an independent supplier. Further, it is our policy that contracts with affiliates be administered in the same manner as with independent organizations.

Any personnel having a conflict of interest in a particular firm seeking a long-term fuel or service contract would be removed from the selection process and administration of the contract.

APPROVED: William D. C. [Signature]
Vice President of Operations

COAL PROCUREMENT PROCEDURES

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-1)
Page 3 of 13

This manual will outline the general procedures followed when purchasing contract and spot coal for use by Florida Power Corporation.

Once Florida Power Corporation has supplied parameters for quality and quantity, the first step required is to make a decision as to whether the coal purchase should be a term purchase or a spot purchase. In the event it is determined that this should be a term contract purchase, then EFC has two options regarding a given term purchase.

Option Number One

The first option would be to do a review of current market conditions and pricing as related to the type and volume of coal we intend to purchase. Market information is gathered through our current spot purchases and from recent contract purchases, as well as a review of trade publications such as Southern Coal, Coal Week, and Coal Outlook. Generally speaking, a review of the market situation, the motivation for the purchase, the area from where the purchase should come (a foreign source for purchasing strategy reasons), or whether or not there are other extenuating business circumstances that would affect the purchase are taken into consideration.

Once a producer(s) who is a known and dependable producer(s) is selected for consideration, price quotes would be solicited and subject to analysis. The economic analysis will be developed on a delivered cost basis. This analysis will include FOB mine price and all transportation elements. Since the transportation elements are such a large portion of our delivered cost, maximum effort is expended to determine the best transportation estimates available. Once delivered prices are estimated, a cents per million Btu cost is calculated by the following formula:

Delivered Cost Per Ton \div (Guaranteed Btu/lb. \times .002).

Once a potential producer(s) is selected, EFC shall begin the process of securing additional information on the producer(s) and his coals. Supplemental information should include, but not be limited to, the following:

1. Detailed quality data including proximate, ultimate, and ash mineral analyses, ash fusion temperatures for all four measures, sulfur forms, and any other items of particular concern. This data should be by seam if more than one seam is involved, as well as for the blend expected to be shipped. This data is then submitted to Florida Power Corporation for evaluation and approval.

2. Reserve and permit data, together with a mining plan, on those reserves expected to be dedicated to an EFC contract.
3. Mine ownership data, including principals and parent companies, if any.
4. Mine equipment lists.
5. Business and customer references.
6. Complete description of preparation plant and loadout facilities including proposals for sampling and weighing.
7. Thoughts on contract provisions such as escalation/de-escalation, premium/penalties, force majeure, etc.

Upon receipt, this information will be evaluated by EFC for operating strengths of the mine or mines, quality, and the lowest bidder applicable. EFC will complete a field inspection of the operations under consideration. This will confirm the existence and condition of the mine, facilities, and equipment, as well as allowing face-to-face discussions with key mining personnel. Once the inspection process is completed, the only remaining step is to negotiate a contract.

In negotiating a contract, efforts should proceed toward achieving the best all-around draft contract document. Documentation is kept on all the procurement process and reasoning behind the final decision..

Option Number Two

The second option would be to prepare a formal solicitation for coal bids. The procedure for this is as follows. A bidder's list would be prepared from research and industry manuals and EFC files, and notices would be placed in trade publications. The number of responses to the solicitation will vary depending upon the current market situation. For example, in a strong market the number of responses from even a published notice could be quite small. Complete documentation will be kept on how the bid list was developed and who was solicited.

The solicitation will include a bid closing date. This date will ideally allow four to five weeks for responses; however, shorter times may be allowed depending on the urgency of the need for coal. As proposals are received prior to this closing date, the Operations Department secretary will be responsible for receiving, logging, and securing these proposals unopened until closing date has occurred. Upon receipt of the proposal, the secretary will generate a form letter acknowledging receipt which shall be sent to the respondent. After the closing date, all bids will be opened and reviewed for completeness and to insure that the basic quality parameters are in line with the solicitation. Late bids will not

be considered for the current solicitation, but shall be retained for possible use on other coal purchases. For all qualifying bids an economic analysis will be developed on a "delivered cost" basis. This analysis will include FOB mine price and all transportation elements. Since the transportation element is such a large portion of our delivered costs, maximum effort is expended to determine the best transportation estimates available. Once delivered prices are estimated, a cents per million Btu cost is calculated by the following formula:

Delivered Cost Per Ton \div (Guaranteed Btu/lb. X .002).

Once a delivered cents per million Btu cost has been determined for each coal submitted, a ranking by delivered cost can be made. Starting with the candidate having the lowest delivered cents per million Btu cost, EFC will begin the process of securing additional information on the producer and his coals. This supplemental information should include, but not be limited to, the following:

1. Detailed quality data including proximate, ultimate, and ash mineral analyses, ash fusion temperatures for all four measures, sulfur forms, and any other items of particular concern. This data should be by seam if more than one seam is involved, as well as for the blend expected to be shipped. This data is then submitted to Florida Power Corporation for evaluation and approval.

2. Reserve and permit data, together with a mining plan, on those reserves expected to be dedicated to an EFC contract.
3. Mine ownership data, including principals and parent companies, if any.
4. Mine equipment lists.
5. Business and customer references.
6. Complete description of preparation plant and loadout facilities including proposals for sampling and weighing.
7. Thoughts on contract provisions such as escalation/de-escalation, premium/penalties, force majeure, right to audit, etc.

Upon receipt, this information will be evaluated by EFC for operating strengths of the mine or mines, quality, and the lowest cost bidders. The objective at this point is to determine a list of semifinalists based on low quoted price and capability of handling a term contract. In arriving at a list of semifinalists, eliminations are carefully documented with specific reasons cited, particularly those not easily quantifiable.

Once the semifinalists have been determined, EFC field inspections of each operation will be conducted. This will confirm the existence and condition of the mine, facilities, and equipment, as well as allowing face-to-face discussions with key mining personnel. Again, for those bidders eliminated by the inspection process, documentation is produced on the particular reasons for elimination. Those bidders passing the inspection process are finalists and the only remaining step is to negotiate a contract.

In negotiating with the finalists, efforts should proceed toward achieving the best all-around draft contract document with each and then selecting the best overall contractor to sign. Again, documentation is kept on the procurement process and reasoning behind the final decision.

Whether it be a term or spot purchase utilizing the market study technique or a purchase utilizing the solicitation, all the quality data, the capability data, mine visit data, etc. is taken into consideration on same type purchases. There are many factors that go into a purchase of coal other than price. Some of the other factors to consider on contract term agreements or on spot purchases are as follows:

1. Is producer unionized? If a substantial portion of other term agreements are with unionized operations, it may be desirable to seek diversity by placing additional emphasis on non-union operations.

2. Does the producer have reasonable access to both rail and water transportation? Those producers who offer the additional flexibility of being able to ship on both the water and rail systems may warrant additional considerations.
3. Ability to ship both 1 percent and compliance sulfur coal will warrant consideration.
4. Does producer have additional capacity to ship? In times of emergencies (strike, hurricane, etc.), it may be desirable to have existing contract suppliers increase tonnages to cover falls from others. Those producers with this capability may deserve additional consideration.
5. What is past experience with this producer? It may be necessary and desirable to eliminate a producer from consideration because of bad past experience, regardless of price.

SPOT COAL PURCHASE PROCEDURES

Spot coal purchases are typically those purchases for a term of less than one year. These coal purchase requirements may be of a predictable (term contracts at a level less than 100 percent of requirements) or unpredictable (strikes, disasters, etc.) nature. Depending upon the particular circumstances, and to some extent the market situation, different approaches to purchasing spot coal may be required. The following will outline procedures for each.

Predictable Spot Requirements

If term contract commitments are less than projected coal requirements for a given period, a more orderly and thorough approach to spot coal procurement can be utilized. For these requirements, the primary considerations will be (a) delivered price, and (b) utilization of spare transportation capacity.

Other factors to consider when placing these spot orders include:

1. Is producer union or non-union? If a substantial portion of existing term requirements are from unionized producers and a new union contract is due to be negotiated during the period under consideration, it may be appropriate to place additional emphasis on non-union operators for the spot business.

2. Does the producer have the capacity to increase shipments?

If a strike situation as described in 1 develops, it may be most desirable to have the spot requirements with a producer or producers who can increase shipments to cover coal lost due to the strike.

3. Ability to ship 1 percent and compliance sulfur coal.

4. Are any term agreements coming to an end? If an existing term agreement is coming to an end, it may be desirable to place all or a portion of the spot requirements with a producer under consideration for a new term agreement to test his coals and ability to perform.

5. What is our past experience with the successful candidate?

A producer with a history of poor performance will warrant very careful review, if not exclusion, despite favorable pricing.

Procedures and responsibilities for receipt, logging, control, evaluation, and negotiation are the same for a term purchase solicitation.

Unpredictable Spot Requirements and
Purchase of Distress or Bargain Coal

Unpredictable spot requirements are those requirements resulting from events over which no control can be exerted. Examples of such

events are strikes, (UMWA, rail, water, truck, dock), natural disasters (hurricanes, cave-ins), major derailments, and the like.

For these requirements, the primary consideration will be the ability to locate and deliver usable coals. There will likely be little time to develop an organized solicitation. Therefore, EFC would place notices in the industry papers and contacting virtually everyone that can be identified from our files and from the Keystone Coal Industry Manual. Existing contract suppliers that are still operating will most likely be approached on the possibility of increased shipments inasmuch as we have some upside capabilities built into our contracts. As with other spot purchases, it is believed that a simple purchase order form will be sufficient. Thorough documentation will be kept on the nature and extent of the emergency and the details on what efforts were required to locate these coals.

In addition, EFC always attempts not to commit all of our anticipated spot volume requirements in order to take advantage of what we term "distressed coal sales". This allows us to take advantage of bargain deals and further lower our cost to Florida Power Corporation.

**"D" COAL SOLICITATION—36-MONTH TERM
OCTOBER 1, 1998
120 BIDDERS SOLICITED**

MR. FREDERICK MURRELL
PRESIDENT
ADARO ENVIROCOAL AMERICAS
THE RIVERVIEW CENTER, SUITE 140
1111 THIRD AVENUE WEST
BRADENTON, FLORIDA 34205
PHONE NO.: 941/746-8089
FAX NO.: 941/747-8081

MR. JAY HATFIELD
SALES REPRESENTATIVE
AMCI COAL SALES INC.
THREE JAMES CENTER, SUITE 1206
1051 EAST CARY STREET
RICHMOND, VIRGINIA 23219
PHONE NO.: 703/388-3243
FAX NO.:

MR. MARC MERRITT
SENIOR VICE PRESIDENT, SALES
ADDINGTON ENTERPRISES, INC.
1500 NORTH BIG RUN ROAD
ASHLAND, KENTUCKY 41102
PHONE NO.: 606/928-3433
FAX NO.: 606/928-9527

MR. ERNIE THRASHER
PRESIDENT
AMCI EXPORT CORPORATION
ONE ENERGY PLACE, SUITE 2000
LATROBE, PENNSYLVANIA 15650
PHONE NO.: 412/537-2444
FAX NO.: 412/537-2382

MR. JONATHAN COLE
MANAGER, SALES & CONTRACT
ADMINISTRATION
AEI HOLDING COMPANY, INC.
1500 BIG RUN ROAD
ASHLAND, KENTUCKY 41102
PHONE NO.: 606/928-3433
FAX NO.: 606/928-1501

MR. JAMES MCSHERRY
AMVEST COAL SALES, INC.
POST OFFICE BOX 5347
CHARLOTTESVILLE, VIRGINIA 22903
PHONE NO.: 804/972-7770
FAX NO.: 804/295-3203

MR. DANIEL VAUGHN
MARKETING MANAGER
AL PERRY ENTERPRISES, INC.
9203 PETERSBURG ROAD
EVANSVILLE, INDIANA 47711
PHONE NO.: 812/867-7727
FAX NO.: 812/867-7705

MR. DAVID LONG
PRESIDENT
APEX COAL SALES
SIX MOUNTAIN MEADOWS
CHAPMANVILLE, WEST VIRGINIA 25508
PHONE NO.: 304/752-2365
FAX NO.: 304/752-5769

VICE PRESIDENT
AMCAR CORPORATION
ONE COULT LANE
OLD LYME, CONNECTICUT 06371
PHONE NO.:
FAX NO.:

MR. ALAN GODBY
REGIONAL VICE PRESIDENT-SOUTHEAST REGION
ARCH COAL SALES COMPANY, INC.
CITYPLACE ONE, SUITE 350
ST. LOUIS, MISSOURI 63141
PHONE NO.: 314/994-2836
FAX NO.: 314/994-2719

MR. JOHN HART
MANAGER-COAL SALES
ARCO COAL COMPANY
555 SEVENTEENTH STREET
DENVER, COLORADO 80202
PHONE No.: 303/293-7963
FAX No.: 303/293-4820

MR. THOMAS LEWIS
VICE PRESIDENT
BIRMINGHAM COAL & COKE CO.
200 CAHABA PARK, SUITE 112
BIRMINGHAM, ALABAMA 35243
PHONE No.:
FAX No.:

MR. SAM BROVERMAN
PRESIDENT
BROCOAL, INC.
POST OFFICE BOX 2504
CHARLESTON, WEST VIRGINIA 25329
PHONE No.: 304/343-0555
FAX No.: 304/344-4663

MR. ROBERTO PIRAS
BULK TRADING SA
VIA VEDEGGIO 1, L'UOVO DI MANNO
CH6928 MANNO
SWITZERLAND
PHONE No.: 011/41/91/611-5130
FAX No.: 011/41/91/611-5137

MR. DON CAIN
PRESIDENT
C/C CHEMICAL & COKE COMPANY
3177 MARIA DRIVE
LEXINGTON, KENTUCKY 40516
PHONE No.:
FAX No.:

MR. ANTONIO SALAZAR
CARBONES DE COLOMBIA S.A.
CARRERA 7, #31-10, PISO 115
BOGOTA D. E., COLOMBIA
SOUTH AMERICA
PHONE No.: 011/57/1/288-1024
FAX No.: 011/57/1/287-7173

MR. WILL SHINEW
CARBONTEK TRADING COMPANY
POST OFFICE BOX 552
FINDLAY, OHIO 45839
PHONE No.:
FAX No.:

MR. CHARLES WELSH
CARDIGAN COAL & COKE CORPORATION
ASHBROOK HOUSE
1010 RUSSELL STREET
COVINGTON, KENTUCKY 41011
PHONE No.: 606/491-3300
FAX No.: 606/491-7598

MR. STEVE HERSHBERGER
CENTRAL COAL AND COKE, INC.
POST OFFICE BOX 80092
INDIANAPOLIS, INDIANA 46280
PHONE No.: 317/841-7733
FAX No.: 317/841-9180

MR. CLARK WISMAN
DIRECTOR OF MARKETING & SALES
CENTRAL COAL COMPANY
148 BRISTOL EAST ROAD
BRISTOL, VIRGINIA 24202
PHONE No.: 540/669-8599
FAX No.: 540/669-3543

MR. WILLIAM MCKEE
CHESAPEAKE ATLANTIC HOLDINGS, INC.
220 EAST MADISON STREET, SUITE #1200
TAMPA, FLORIDA 33602-4827
PHONE No.: 813/225-1141
FAX No.: 813/227-7711

MR. PAUL BLACKBURN
COAL CONCEPTS, INC.
POST OFFICE BOX 2590
PIKEVILLE, KENTUCKY 41501
PHONE No.:
FAX No.:

MR. DERON UPTON
MANAGER, BUSINESS DEVELOPMENT
COAL NETWORK, INC.
117 WEST MAIN STREET
MASON, OHIO 45040
PHONE NO.: 513/398-2625
FAX NO.: 513/398-5419

MR. CHARLES MCNAMEE
CONTINENTAL COAL SALES CORPORATION
580 LINCOLN PARK BOULEVARD, SUITE 388
DAYTON, OHIO 45429-3493
PHONE NO.: 513/296-1991
FAX NO.: 513/296-0333

MR. MARSHALL CULPEPPER
COAL SERVICES JV
POST OFFICE BOX 43285
BIRMINGHAM, ALABAMA 35243
PHONE NO.:
FAX NO.:

MR. JOHN STIREWALT
SENIOR VICE PRESIDENT
CROWN COAL & COKE COMPANY
200 NINE PARKWAY CENTER
PITTSBURGH, PENNSYLVANIA 15220
PHONE NO.: 412/921-1950
FAX NO.: 412/921-2938

MR. GENE MCBURNEY
MANAGER, SALES
COASTAL COAL SALES, INC.
310 FIRST STREET
POST OFFICE BOX 1871
ROANOKE, VIRGINIA 24008
PHONE NO.: 800/776-5722
FAX NO.: 540/983-0267

MR. CHARLES REASOR
VICE PRESIDENT, SALES
CUMBERLAND RIVER ENERGIES, INC.
1659 OAK CREST COURT
MARIETTA, GEORGIA 30066
PHONE NO.: 770/977-3177
FAX NO.: 770/977-3177

MR. ROBERT FEILNER
VICE PRESIDENT, COAL SALES
COASTAL STATES ENERGY COMPANY
NINE GREENWAY PLAZA
HOUSTON, TEXAS 77046
PHONE NO.:
FAX NO.:

MR. D. RICH
VICE PRESIDENT
DELTA COALS, INC.
CAVALIER BUILDING, SUITE 404
95 WHITE BRIDGE ROAD
NASHVILLE, TENNESSEE 37205
PHONE NO.: 615/352-5484
FAX NO.:

MR. ROBERT SCOTT
COMMONWEALTH COAL SALES, L.C.
5413 PATTERSON AVENUE, SUITE 205
RICHMOND, VIRGINIA 23226
PHONE NO.: 804/282-9826
FAX NO.: 804/282-9836

MR. THOMAS FLEMING
MANAGER, MARKETING
DEVCO CAPE BRETON DEVELOPMENT
CORPORATION
POST OFFICE BOX 2500
SYDNEY, NOVA SCOTIA B1P 6K9
PHONE NO.: 902/842-2208
FAX NO.: 902/842-2589

MR. BUD DURYEA
GENERAL SALES MANAGER
CONSOL INC.
CONSOL PLAZA
1800 WASHINGTON ROAD
PITTSBURGH, PENNSYLVANIA 15241
PHONE NO.: 412/831-4238
FAX NO.: 412/831-4594

MR. RICHARD CLONCH
PRESIDENT
DIRECT COAL SALES, INC.
1018 KANAWHA BLVD. E., SUITE 209
KANAWHA, WEST VIRGINIA 25301
PHONE NO.: 304/342-2100
FAX NO.:

MR. RANDY EDGEMON
PRESIDENT
DIVERSIFIED ENERGY, INC.
8874 KINGSTON PIKE, SUITE 200
KNOXVILLE, TENNESSEE 37923
PHONE No.: 423/690-8967
FAX No.: 423/691-4276

MR. ABBY CAPLAN
FIELDSTON COMPANY, INC.
COAL TRANSPORTATION REPORT
1800 MASSACHUSETTS AVE. NW, SUITE 500
WASHINGTON, DC 20036
PHONE No.: 202/775-0240
FAX No.: 202/872-8045

MR. RANDY TISDALE
VICE PRESIDENT, SALES OPERATIONS &
ADMINISTRATION
DRUMMOND COAL SALES, INC.
530 BEACON PKWY. W., STE. 200
BIRMINGHAM, ALABAMA 35209-3196
PHONE No.: 205/945-6407
FAX No.: 205/945-6415

MR. TIMOTHY MONSON
VICE PRESIDENT
FRANKLIN COAL SALES COMPANY
771 CORPORATE DRIVE, SUITE 310
LEXINGTON, KENTUCKY 40503
PHONE No.: 606/296-3837
FAX No.: 606/296-3837

MR. D. REED
PRESIDENT
ELK HORN COAL CORPORATION, THE
1100 BOULDERS PARKWAY
RICHMOND, VIRGINIA 23225
PHONE No.: 804/330-1860
FAX No.: 804/330-1259

MR. GEORGE WILLIAMS
SALES MANAGER
GARLAND COAL COMPANY
300 FOREST PARK BOULEVARD
POST OFFICE BOX 10288
KNOXVILLE, TENNESSEE 37939-0288
PHONE No.: 423/588-9711
FAX No.: 423/588-7130

MR. DAN MCQUADE
ENERGY TRADING COMPANY
767 FIFTH AVENUE
NEW YORK, NEW YORK 10153
PHONE No.: 212/421-1930
FAX No.: 212/421-1937

MR. GREGORY MARCUM
GLENCORE LTD.
THREE STAMFORD PLAZA
301 TRESSER BOULEVARD
STAMFORD, CONNECTICUT 06901-3244
PHONE No.: 203/328-3110
FAX No.: 203/978-6230

MR. MATT ARNOLD
ENRON CAPITAL & TRADE RESOURCES
CORPORATION
POST OFFICE BOX 1188
1400 SMITH STREET, SUITE 330
HOUSTON, TEXAS 77002-7361
PHONE No.: 713/853-6559
FAX No.: 713/646-2492

MR. WILLIAM STURGILL
PRESIDENT
GOLDEN OAK MINING Co., L.P.
1256 OLD FRANKFORT PIKE
POST OFFICE BOX 4277
LEXINGTON, KENTUCKY 40544-4277
PHONE No.: 606/254-4074
FAX No.: 606/252-6964

MR. RON YATES
NORTH AMERICAN COAL MARKETING MANAGER
EXXON COAL & MINERALS COMPANY
2401 S. GESSNER
HOUSTON, TEXAS 77063-2005
PHONE No.: 713/978-5535
FAX No.: 713/978-5562

MR. VIRG MEYER
DISTRICT MANAGER
GREAT LAKES COAL & DOCK COMPANY
1031 CHILDS ROAD
ST. PAUL, MINNESOTA 55106
PHONE No.:
FAX No.:

MR. WILLIAM MASSEY
GUASARE COAL AMERICA, INC.
FOUR NORTH FOURTH STREET, SUITE 100
RICHMOND, VIRGINIA 23219
PHONE No.: 804/648-2615
FAX No.: 804/788-1809

MR. KIRBY MARTIN
VICE PRESIDENT, SALES
HIGHLANDS COAL SALES COMPANY
8320 US 23 SOUTH
POST OFFICE BOX 1202
PAINTSVILLE, KENTUCKY 41240
PHONE No.: 606/789-5215
FAX No.: 606/789-5559

MR. THOMAS NIQUETTE
REGIONAL SALES MANAGER
HORIZON COAL SERVICES, INC.
16 EAST GRAINTE STREET
BUTTE, MONTANA 59701
PHONE No.: 406/723-3844
FAX No.: 406/723-0017

MR. BRUCE WASHBURN
INGRAM COAL COMPANY
4304 HARDING ROAD
NASHVILLE, TENNESSEE 37202
PHONE No.:
FAX No.:

MR. MARCEL VAN DEN BERG
INTER-AMERICAN COAL, INC.
5016 DORSEY HALL DRIVE, SUITE 202
ELLICOTT CITY, MARYLAND 21042
PHONE No.: 410/730-6800
FAX No.: 410/997-6842

MR. RICHARD THOMAS
PRESIDENT
INTERCARBO, INC.
POST OFFICE BOX 273
MONROE, CONNECTICUT 06468-0273
PHONE No.: 203/459-8200
FAX No.: 203/459-1904

MR. MARK DOOLEY
VICE PRESIDENT, SALES
JAMES RIVER COAL SALES, INC.
701 EAST BYRD STREET, SUITE 1100
RICHMOND, VIRGINIA 23219
PHONE No.: 804/780-3003
FAX No.: 804/780-9319

MR. M. MOORE
ASSISTANT VICE PRESIDENT, MARKETING
JIM WALTER RESOURCES, INC.
POST OFFICE BOX 133
BROOKWOOD, ALABAMA 35444
PHONE No.: 205/554-6109
FAX No.: 205/554-6161

MR. J. KELLY
MANAGER, SALES
KENNECOTT ENERGY COMPANY
505 SOUTH GILLETTE AVENUE
CALLER BOX 3009
GILLETTE, WYOMING 82717-3009
PHONE No.: 307/687-6000
FAX No.: 307/687-6015

MR. KENNY GILLIUM
EXECUTIVE VICE PRESIDENT
KENTUCKY CUMBERLAND COAL COMPANY
POST OFFICE BOX 151
LAFOLLETTE, TENNESSEE 37766
PHONE No.: 423/566-4799
FAX No.: 423/566-5646

MR. MICHAEL WEBER
VICE PRESIDENT, MARKETING & DISTRIBUTION
KENTUCKY MAY COAL COMPANY, INC.
8050 HOSBROOK ROAD, SUITE 314
CINCINNATI, OHIO 45236
PHONE No.: 513/791-0446
FAX No.: 513/791-1448

MR. ED LANE
VICE PRESIDENT, MARKETING
KERR-MCGEE COAL CORPORATION
KERR-MCGEE CENTER
POST OFFICE BOX 25861
OKLAHOMA CITY, OKLAHOMA 73125
PHONE No.: 405/270-3964
FAX No.: 405/270-2967

MR. EARL ROOP
VICE PRESIDENT, SALES
KNOTT FLOYD LAND COMPANY, INC.
POST OFFICE BOX 2765
436 DANIELS CREEK ROAD
BANNER, KENTUCKY 41603
PHONE No.: 606/874-9003
FAX No.: 606/874-1261

MR. MARK CUMMINGS
DISTRICT SALES MANAGER
KOCH CARBON, INC.
EXECUTIVE TOWERS WEST
1431 OPUS PLACE, SUITE 620
DOWNERS GROVE, ILLINOIS 60515
PHONE No.: 630/271-0180
FAX No.: 630/271-0192

MR. JOHN BARNARD
VICE PRESIDENT
LAFAYETTE COAL COMPANY
5600 EXECUTIVE CENTER DRIVE, SUITE 113
CHARLOTTE, NORTH CAROLINA 28212
PHONE No.: 704/536-5698
FAX No.: 704/536-8045

MS. MARY O'KEEFE
PRESIDENT
LAKE SHORE INTERNATIONAL, LTD.
1440 LAKE SHORE DRIVE, SUITE 8A
CHICAGO, ILLINOIS 60610
PHONE No.: 312/482-9701
FAX No.: 312/482-9703

MR. PAUL GREER
REGIONAL SALES MANAGER
LAKEWAY FUEL CORPORATION
ONE KING JAMES SOUTH, SUITE 118
24700 CENTER RIDGE ROAD
CLEVELAND, OHIO 44145
PHONE No.: 404/835-2990
FAX No.: 404/835-3027

MR. MICHAEL LYONS
VICE PRESIDENT, SALES
LESLIE RESOURCES, INC.
24250 JUNCTION DRIVE
BRISTOL, VIRGINIA 24202
PHONE No.: 540/466-4191 (BRISTOL #)
FAX No.: 540/466-5311 (BRISTOL FAX)

MR. JAMES MARTIN
NATIONAL COAL MARKETING EXECUTIVE
LG&E ENERGY MARKETING EXECUTIVE
12500 FAIR LAKES CIRCLE, SUITE 350
FAIRFAX, VIRGINIA 22033
PHONE No.: 703/968-5452
FAX No.:

MR. MIKE GOFF
EASTERN SALES MANAGER
LODESTAR ENERGY, INC.
333 WEST VINE STREET, SUITE 1700
LEXINGTON, KENTUCKY 40507-1628
PHONE No.: 606/255-4006
FAX No.: 606/255-0330

MR. KEVIN LARKIN
GENERAL MANAGER
MAPCO COAL, INC.
1717 SOUTH BOULDER AVENUE
TULSA, OKLAHOMA 74119-4817
PHONE No.: 918/592-7288
FAX No.: 918/582-8421

MR. LARRY KALIN
PRESIDENT
MARINE COAL SALES COMPANY
645 WEST CARMEL DRIVE #190
CARMEL, INDIANA 46032
PHONE No.: 317/844-6628
FAX No.: 317/844-6842

MR. KEN KIRBY
MARSHALL RESOURCES
300 ARBORETUM PLACE, SUITE 140
RICHMOND, VIRGINIA 23236
PHONE No.: 804/323-3434
FAX No.: 804/323-3447

MR. JOHN PARKER
SENIOR VICE PRESIDENT
MASSEY COAL SALES COMPANY, INC.
POST OFFICE BOX 26765
RICHMOND, VIRGINIA 23261
PHONE No.: 804/782-1678
FAX No.: 804/788-1811

MR. JOHN BAKER
MCWANE COAL SALES, INC.
1927 FIRST AVE. N., SUITE 900
BIRMINGHAM, ALABAMA 35203
PHONE No.: 205/323-2400
FAX No.:

MR. ROCCO PRICHINELLO
MANAGER, COAL, IRON ORE & FERRO ALLOYS
MITSUBISHI INTERNATIONAL CORPORATION
FERROUS RAW MATERIALS DIVISION
520 MADISON AVENUE
NEW YORK, NEW YORK 10022
PHONE No.:
FAX No.:

MR. FRANK KITAHARA
GENERAL MANAGER, COAL DEPARTMENT
MITSUI & COMPANY
200 PARK AVENUE
NEW YORK, NEW YORK 10166
PHONE No.:
FAX No.:

MR. CHRISTOPHER CASALE
DIRECTOR, ENERGY TRADING & RISK
MANAGEMENT
NATIONAL GAS CLEARINGHOUSE
1000 LOUISIANA, SUITE 5800
HOUSTON, TEXAS 77002-5050
PHONE No.: 713/507-6500
FAX No.: 713/507-6505

MR. JOSEPH SYKES
SALES CONSULTANT
NINE ENERGY SERVICES, LLC
13327 LAKE GEORGE PLACE
TAMPA, FLORIDA 33618
PHONE No.: 813/961-5760
FAX No.: 813/961-8380

MR. JOHN COLLINS
PRESIDENT
OAK HILL COAL CORPORATION
214 EAST MAIN STREET
MOREHEAD, KENTUCKY 40351
PHONE No.: 606/780-0824
FAX No.: 606/780-0749

MR. THOMAS REISHMAN
PRESIDENT
ORION RESOURCES, INC.
1290 UNITED CENTER
500 VIRGINIA STREET EAST
CHARLESTON, WEST VIRGINIA 25301
PHONE No.: 304/345-6381
FAX No.:

MR. JAY BRUTON
MARKETING MANAGER
OXBOW CARBON & MINERALS, INC.
7901 SOUTH PARK PLAZA, SUITE 202
LITTLETON, COLORADO 80120
PHONE No.: 303/795-0413
FAX No.: 303/795-1524

MS. ELLEN BEATTY
MARKETING MANAGER
PACIFIC BASIN RESOURCES
3478 BUSKIRK AVENUE, SUITE 346
PLEASANT HILL, CALIFORNIA 94523-4342
PHONE No.: 510/932-0878
FAX No.: 510/932-8920

MR. RANDY CAMPBELL
DISTRICT VICE PRESIDENT, SALES
PEABODY COALSALES COMPANY
1951 BARRETT COURT, SUITE 200
POST OFFICE BOX 1996
HENDERSON, KENTUCKY 42420-1996
PHONE No.: 502/827-6260
FAX No.: 502/827-6151

MR. ROGER BALL
VICE PRESIDENT, COAL TRADING
PEABODY COALTRADE, INC.
POST OFFICE BOX 68
KENOVA, WV 25530-0068
PHONE No.: 606/739-5752
FAX No.: 606/739-6787

MR. JOSEPH DAVIS
SENIOR VICE PRESIDENT, SALES & MARKETING
PEN COAL CORPORATION
POST OFFICE BOX 2128
BRENTWOOD, TENNESSEE 37024-2128
PHONE No.: 615/371-7330
FAX No.: 615/371-7388

MR. CECIL LEWIS
PRESIDENT OF SALES
PERRY COUNTY COAL CORPORATION
POST OFFICE BOX 5001
HAZARD, KENTUCKY 41702
PHONE NO.: 606/439-1391
FAX NO.: 606/436-9113

MR. DALE FENWICK
POWDERHORN COAL COMPANY
POST OFFICE BOX 1430
PALISADE, COLORADO 81526
PHONE NO.:
FAX NO.:

MR. JOHN KELL
GENERAL MANAGER, COAL DIVISION
PETROLEUM SOURCE & SYSTEMS GROUP, INC.
2957 CLAIRMONT ROAD, SUITE 510
ATLANTA, GEORGIA 30329
PHONE NO.: 404/321-5711
FAX NO.: 404/321-3938

MR. LARRY MILLER
PYXIS COAL SALES COMPANY
448 NORTHEAST MAIN STREET
POST OFFICE BOX 6300
LEBANON, VIRGINIA 24266
PHONE NO.:
FAX NO.:

MR. SCOTT BROWN
PRESIDENT
PICKANDS MATHER COAL COMPANY
3400 CORPORATE CIRCLE
9717 CHILLICOTHE ROAD
KIRTLAND, OHIO 44094-9200
PHONE NO.: 440/256-7622
FAX NO.: 440/256-1998

MR. JEFF SWIFT
VICE PRESIDENT, SALES
QUAKER COAL COMPANY, INC.
329 WEST MAIN STREET
POST OFFICE BOX 749
ABINGDON, VIRGINIA 24212-0749
PHONE NO.: 540/676-3565
FAX NO.: 540/676-0767

MS. NANCY PINCELLI
PINCELLI & ASSOCIATES
POST OFFICE BOX 1055
HIXON, TENNESSEE 37343
PHONE NO.:
FAX NO.:

MR. KEN STACY
RAPOCA ENERGY COMPANY
2700 LEE HIGHWAY
BRISTOL, VIRGINIA 24201
PHONE NO.:
FAX NO.:

MR. H. RUTH
SALES MANAGER
PITTSBURGH & MIDWAY COAL MINING COMPANY
6400 SOUTH FIDDLER'S GREEN CIRCLE
ENGLEWOOD, COLORADO 80111
PHONE NO.: 303/930-4141
FAX NO.: 303/930-4219

MR. ROBERT CHADWELL
RB COAL COMPANY
PATHFORK, KENTUCKY 40863
PHONE NO.:
FAX NO.:

MR. DAN HENDERICKSON
DIRECTOR, PURCHASE COAL
PITTSTON COAL SALES CORPORATION
448 NORTHEAST MAIN STREET
POST OFFICE BOX 6300
LEBANON, VIRGINIA 24266
PHONE NO.: 540/889-6300
FAX NO.: 540/889-6093

MR. DONALD DRABANT
PRESIDENT
RESOURCE FUELS, LLC
7346 BEECHMONT AVENUE
CINCINNATI, OHIO 45230
PHONE NO.: 513/233-2000
FAX NO.: 513/233-2002

MR. ROBERT SHEPARD
VICE PRESIDENT, SALES
RIVERTON COAL SALES, INC.
1524 KANAWHA BOULEVARD EAST
CHARLESTON, WEST VIRGINIA 25311
PHONE No.: 304/345-0970
FAX No.: 304/345-6034

MR. JOHN McDONNELL
VICE PRESIDENT, SALES
SMOKY MOUNTAIN COAL CORP.
9040 EXECUTIVE PARK DRIVE, SUITE 315
KNOXVILLE, TENNESSEE 37923
PHONE No.: 423/694-8222
FAX No.: 423/693-0299

MS. BEVERLY PARRISH
VICE PRESIDENT, SALES
RIVERWOOD COAL SALES, INC.
POST OFFICE BOX 2375
PIKEVILLE, KENTUCKY 41502
PHONE No.: 606/432-0843 (PIKEVILLE)
FAX No.: 606/432-9939 (PIKEVILLE)

MR. FRED BOWMAN
VICE PRESIDENT, CORPORATE DEVELOPMENT
SOLAR SOURCES
6755 SOUTH GRAY ROAD
POST OFFICE BOX 47068
INDIANAPOLIS, INDIANA 46247-7068
PHONE No.: 317/788-0084
FAX No.: 317/787-0592

MR. PHILLIP REEVES
VICE PRESIDENT
ROCKY MOUNTAIN COAL PRODUCTS, LTD.
205 NINTH AVENUE S.E.
CALGARY, ALBERTA T2G 0R4
CANADA
PHONE No.: 403/260-9800
FAX No.: 403/260-7339

MR. PETE COFER
VICE PRESIDENT
SOUTHERN APPALACHIAN COAL SALES, INC.
3909 GOLFLINKS DRIVE
ACEWORTH, GEORGIA 30101
PHONE No.: 770/974-6766
FAX No.: 770/974-6766

MR. JAMES HARRIS
SALES MANAGER
ROYAL FUEL COMPANY
POST OFFICE DRAWER 517
ONEIDA, TENNESSEE 37841
PHONE No.:
FAX No.:

MR. WILLIAM FETTER
VICE PRESIDENT, MARKETING
SSM COAL NORTH AMERICA, INC.
WOODMERE II, SUITE 105
9891 BROKENLAND PARKWAY
COLUMBIA, MARYLAND 21046
PHONE No.: 410/381-8700
FAX No.: 410/381-8777

MR. FRED CUSHMORE
VICE PRESIDENT, INTERNATIONAL SALES
RUHRKOHLE TRADING COMPANY
777 THIRD AVENUE
NEW YORK, NEW YORK 10017
PHONE No.: 212/421-9100
FAX No.: 212/319-0451

MR. JOHN STAFFORD
PRESIDENT
STAFFORD ENERGY, INC.
1301 GREENUP AVENUE
POST OFFICE BOX 187
ASHLAND, KENTUCKY 41105-0187
PHONE No.: 606/324-2625
FAX No.: 606/324-2987

MR. DERON SAYLOR
SAYLOR BROTHERS ENTERPRISES, INC.
POST OFFICE BOX 127
COLDIRON, KENTUCKY 40819
PHONE No.: 606/664-2961
FAX No.:

PEF-FUEL-005018

MR. JACK LOVELY
VICE PRESIDENT, SOUTHERN STEAM COAL
SALES
SUN COAL COMPANY
LANDMARK CENTER, SUITE N-300
1111NORTHSHORE DRIVE
POST OFFICE BOX 10388
KNOXVILLE, TENNESSEE 37939-0388
PHONE NO.: 423/558-3202
FAX NO.: 423/558-3280

MR. DANIEL MOON
PRESIDENT
SUNNY RIDGE COAL SALES, INC.
ONE POTTER DRIVE
POST OFFICE BOX 900
ROBINSON CREEK, KENTUCKY 41560
PHONE NO.: 606/639-9675
FAX NO.: 606/639-9685

MR. FRANK KELLY
MANAGER OF BUSINESS DEVELOPMENT
TANOMA COAL SALES, INC.
ONE ENERGY PLACE, SUITE 1000
LABROBE, PENNSYLVANIA 15650
PHONE NO.: 412/537-5731
FAX NO.: 412/537-5820

MR. C. MCBRIDE
REGIONAL SALES MANAGER
TECO COAL
8555 EAST HIGHWAY 904
NEVISDALE, KENTUCKY 40754
PHONE NO.: 606/549-3145
FAX NO.:

MR. STEVE ISAACS
THOROUGHbred COAL CO.
2331 FORTUNE DRIVE, SUITE 103
POST OFFICE BOX 54950
LEXINGTON, KENTUCKY 40555-4950
PHONE NO.: 606/293-5733
FAX NO.: 606/299-1287

MR. WILLIS VICARS
PRESIDENT
THUNDER MOUNTAIN COAL COMPANY
245 EAST NEW STREET, SUITE 203
POST OFFICE BOX 745
KINGSPORT, TENNESSEE 37662-0745
PHONE NO.: 423/378-3511
FAX NO.: 423/378-5765

MR. PHILLIP COSTELLO
VICE PRESIDENT
THYSEN CARBOMETAL COMPANY
1114 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10036
PHONE NO.: 212/512-9717
FAX NO.: 212/302-5037

MR. KEVIN BURNS
VICE PRESIDENT & GENERAL MANAGER
TMT COAL COMPANY LLC
18800 WOODBURN ROAD
LEESBURG, VIRGINIA 20175
PHONE NO.: 703/771-9191
FAX NO.: 703/779-2070

MR. JEAN-PAUL MARCHAL
MARKETING MANAGER, COAL DIVISION
TOUR TOTAL
24 COURS MICHELET - CEDEX 47
92069 PARIS LA DEFENSE
FRANCE
PHONE NO.: 33/1/41-35-39-80
FAX NO.: 33/1/41-35-37-61

MR. KEITH KLEISER
GENERAL MANAGER
TRANSMAR COAL, INC.
POST OFFICE BOX 119
100 L. J. KOCH BOULEVARD
SANTA CLAUS, INDIANA 47579
PHONE NO.: 812/937-4536
FAX NO.: 812/937-4639

MR. RICHARD VAN PELT
MANAGER, TECHNICAL SERVICES-SALES
U. S. STEEL MINING COMPANY, LLC
600 GRANT STREET, SUITE 1880
PITTSBURGH, PENNSYLVANIA 15219-2749
PHONE NO.: 412/433-4640
FAX NO.: 412/433-5839

MR. RONALD WHALEN
DIRECTOR OF MARKETING & SALES
VALLEY CARBON, INC.
1008 SOUTHWOOD LANE
POST OFFICE BOX 1451
BLUEFIELD, WEST VIRGINIA 24701-1451
PHONE No.: 304/327-2596
FAX No.: 304/325-3708

MS. MYRA RIVERA
VITOL GAS & ELECTRIC, L.L.C.
470 ATLANTIC AVENUE
BOSTON, MASSACHUSETTS 02210-2208
PHONE No.: 617/426-6077
FAX No.: 617/426-3151

MR. WILLIAM HARBRECHT
DIRECTOR-LAND, PERMITTING &
ENVIRONMENTAL
WESTERN SYNCOAL COMPANY
490 NORTH 31ST STREET, #308
BILLINGS, MONTANA 59101
PHONE No.: 406/252-2277
FAX No.:

MR. WILLIAM BAILEY
SOUTHERN SALES MANAGER
WOODRUFF COAL COMPANY
POST OFFICE BOX 383
JELICO, TENNESSEE 37762
PHONE No.: 423/784-3396
FAX No.: 423/784-7342

PEF-FUEL-005020

October 1, 1998

Gentlemen:

To place a portion of our requirements under a term contract for Florida Power Corporation's *Crystal River Units Nos. 4 and 5*, Electric Fuels Corporation (EFC) is considering entering into a thirty-six- (36) month contract(s) beginning January 1, 1999. Accordingly, we request that you quote a minimum of 250,000 tons annually to be delivered in generally ratable monthly amounts during the January 1, 1999 to December 31, 2001, period. The quality of all coal(s) submitted should conform to the specifications listed on the attached bid form. *Coal(s) not meeting a 1.2 LB/SO₂ maximum standard will not be considered.*

EFC prefers a price quote effective January 1, 1999, which will be fixed through December 31, 1999. EFC will consider reasonable escalation terms beginning January 1, 2000. *All prices should be quoted f.o.b. mine/barge loading point.* Your proposal for this business must be submitted in writing by 5 PM EDT on October 16, 1998, and should be valid and binding for a minimum of sixty (60) days from that date.

In evaluating the submitted proposals, EFC will consider all relevant factors including an "as burned" bus bar analysis. However, the delivered cost per million Btu has been and will continue to be the factor with the strongest overall impact to the evaluation process. Because of this and the relatively high transportation costs involved in moving coal to Florida, EFC encourages suppliers to quote their coals at the highest quality rating they feel they can comfortably maintain. All cost calculations will be based on guaranteed values rather than typical values expected. *Guaranteed values are expected to be met on a per shipment basis.* Negotiations of the remaining terms and conditions will be conducted with those suppliers making a "short list" based on delivered economics.

Due to our ability to deliver coal to Crystal River by both rail and ocean barge, EFC is essentially indifferent as to the origin of the submitted coal. Those suppliers planning to ship rail direct must be capable of shipping 24 hours per day, 7 days per week, in 90-car unit train lots (EFC-owned rapid discharge cars) and they must specify loading time requirements and rail district origin. *Please do not attempt to secure domestic rail/barge rates as these are to be negotiated by EFC.*

Draft and narrow channel restrictions at the power plant receiving facility will not accommodate large deep-draft vessels. Therefore, foreign origin coals will require delivery in shallow-draft bulk carriers or through a New Orleans area import terminal. Foreign origin coals should be quoted on a "CIF" basis.

PEF-FUEL-005006

Long-Term Coal Solicitation
October 1, 1998
Page 2

Those proposals for coal not owned or controlled by the submitting party must be accompanied by a statement from the producer authorizing the submission of the proposal on an exclusive basis.

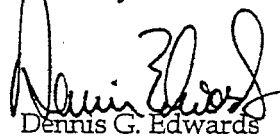
Proposals must be submitted by the date and time specified above in a sealed envelope clearly marked "*Term Contract Compliance Coal Quotation*" addressed to Dennis G. Edwards, Vice President—Coal Procurement, at our above address. Proposals must include a completed copy of the attached bid form (for multiple proposals, please copy the attached form and submit a separate form for each proposal) together with *current, dated (within the last six months), typical ash mineral analysis including minimum and maximum Na₂O (sodium oxide), typical ultimate analysis including maximum nitrogen and chlorine and all reducing ash fusion points (average and minimum temperatures)*. In some cases where suppliers are quoting a blend of various seams of coal, the above requested quality data *must be provided for the blended product as well as the individual seams*.

Weighing and sampling will be done at the mine loading facility or the power plant by a mutually agreeable independent testing company employed by EFC.

EFC reserves the right to reject any and all proposals for any reason EFC deems appropriate under the circumstances. EFC does not represent that it will accept the lowest bid or any other bid. In no event shall EFC be considered to have accepted any offer except and unless in an express written acceptance signed by an officer of EFC.

If you have any questions or require further information regarding this invitation to quote, please contact me at 727/824-6673.

Sincerely,



Dennis G. Edwards
Vice President—Coal Procurement

DGE/ro

Attachment

PEF-FUEL-005007

COAL PRODUCERS' SOLICITATION FORM
PAGE 1 OF 2
CRYSTAL RIVER 4 & 5

PRODUCER NAME:			
STREET ADDRESS:			
CONTACT:		TELEPHONE NO.:	
MINE(S):		COUNTY:	STATE:
ORIGIN RAILROAD(S)/DISTRICT: EK ____ CV ____ Big Sandy ____ Other ____		R/R TITTLE DESIGNATION/NUMBER:	
TYPE OF LOADING FACILITY:			
UNIT TRAIN: ____		SINGLE CAR: ____	TRAINLOAD: ____
MAXIMUM LOADING CAPACITY:			
____ TONS		____ HOURS	____ TRACK CAPACITY
WATER DELIVERY CAPABILITY: ____ YES ____ NO			
SHIP THROUGH: ____ DOCK			
TOTAL PRODUCTION CAPACITY PER MONTH: ____ TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: ____ TONS			
TYPE OF MINE: ____ % DEEP ____ % STRIP ____ % AUGER			
SEAMS:		BLEND RATIOS:	
COAL PREPARATION: ____ RAW		____ WASHED ____ COMBINATION	
TYPE OF COAL WASHER, IF WASHED:			

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		⁴	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %		⁴	12.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB		⁴	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H-1/2W (R)		⁴	2,500 MIN.	2,200 MIN.
VOLATILE %		⁴	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE		⁴	42 MIN. ³	65 MIN. ³
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX. ⁵	30% MAX. ⁵

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred value, coals not meeting this specification will be considered.

PEF-FUEL-005008

COAL PRODUCERS' SOLICITATION FORM
PAGE 2 OF 2
CRYSTAL RIVER 4 & 5

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TYPE OF COAL SAMPLING:

TYPE OF LABOR CONTRACT(S):

DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING:

SCALE CERTIFIED? ____ YES ____ NO

PERIOD

TONNAGE

BASE PRICE PER TON FOB MINE

January 1, 1999—December 31, 2001

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT. ____

PRODUCER'S COMMENTS:

CUSTOMER REFERENCES:

SIGNATURE:

TITLE:

DATE:

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

DENNIS G. EDWARDS
VICE PRESIDENT, COAL PROCUREMENT
ELECTRIC FUELS CORPORATION
ONE PROGRESS PLAZA, BT10C
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6673
FAX NO. 727/824-6601

PEF-FUEL-005009

**ESTIMATED POWDER RIVER BASIN
ORIGIN TRANSPORTATION "MARKET"**

Estimated Mine to Cora Dock & Transfer	\$14.00
Estimated Cora to IMT River Move ¹	5.57
Estimated IMT & Gulf	<u>12.70</u>
	<u>\$32.27</u>

¹ Base "River" Cost	\$7.32
1997 "River" Market	\$8.30
Increase	13.4%

Cora Dock to IMT Mileage	995
Ceredo Dock to IMT Mileage	1564
Ceredo Rate to IMT (1992)	\$7.71
Implied Cora Rate (1992)	\$4.91

Implied 1997 Cora Rate X 1.134 Escalation	\$5.57
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RFP RESPONSE LIST
"D" COAL SOLICITATION—LONG TERM—OCTOBER 1, 1998
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. FREDERICK MURRELL PRESIDENT ADARO ENVIROCOAL AMERICAS THE RIVERVIEW CENTER, SUITE 140 1111 THIRD AVENUE WEST BRADENTON, FLORIDA 34205 PHONE NO.: 941/746-8089 FAX NO.: 941/747-8081	PROPOSAL—1		TITLE IS ACTUALLY PRESIDENT-AMERICAS
MR. MARC MERRITT SENIOR VICE PRESIDENT, SALES ADDINGTON ENTERPRISES, INC. 1500 NORTH BIG RUN ROAD ASHLAND, KENTUCKY 41102 PHONE NO.: 606/928-3433 FAX NO.: 606/928-9527			
MR. JONATHAN COLE MANAGER, SALES & CONTRACT ADMINISTRATION AEI HOLDING COMPANY, INC. 1500 BIG RUN ROAD ASHLAND, KENTUCKY 41102 PHONE NO.: 606/928-3433 FAX NO.: 606/928-1501			
MR. DANIEL VAUGHN MARKETING MANAGER AL PERRY ENTERPRISES, INC. 9203 PETERSBURG ROAD EVANSVILLE, INDIANA 47711 PHONE NO.: 812/867-7727 FAX NO.: 812/867-7705	LETTER OF DECLINE		
MR. LARRY MILLER ALLIANCE COAL CORPORATION 152 WEST VALLEY STREET ABINGDON, VIRGINIA 24210 PHONE NO.: 540/676-3397 FAX NO.:	PROPOSAL—1		NEW ADDITION TO BID LIST
VICE PRESIDENT AMCAR CORPORATION ONE COULT LANE OLD LYME, CONNECTICUT 06371 PHONE NO.: FAX NO.:			PEF-FUEL-004984

[illegible]

RFP RESPONSE LIST
"D" COAL SOLICITATION—LONG TERM—OCTOBER 1, 1998
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
<p>MR. ALAN GODBY REGIONAL VICE PRESIDENT-SOUTHEAST REGION ARCH COAL SALES COMPANY, INC. CITYPLACE ONE, SUITE 350 ST. LOUIS, MISSOURI 63141 PHONE No.: 314/994-2836 FAX No.: 314/994-2719</p>			
<p>MR. JOHN HART MANAGER-COAL SALES ARCO COAL COMPANY 555 SEVENTEENTH STREET DENVER, COLORADO 80202 PHONE No.: 303/293-7963 FAX No.: 303/293-4820</p>			
<p>MR. THOMAS LEWIS VICE PRESIDENT BIRMINGHAM COAL & COKE CO. 200 CAHABA PARK, SUITE 112 BIRMINGHAM, ALABAMA 35243 PHONE No.: FAX No.:</p>			
<p>MR. SAM BROVERMAN PRESIDENT BROCOAL, INC. POST OFFICE BOX 2504 CHARLESTON, WEST VIRGINIA 25329 PHONE No.: 304/343-0555 FAX No.: 304/344-4663</p>			
<p>MR. ROBERTO PIRAS BULK TRADING SA VIA VEDEGGIO 1, L'UOVO DI MANNO CH6928 MANNO SWITZERLAND PHONE No.: 011/41/91/611-5130 FAX No.: 011/41/91/611-5137</p>			
<p>MR. DON CAIN PRESIDENT C/C CHEMICAL & COKE COMPANY 3177 MARIA DRIVE LEXINGTON, KENTUCKY 40516 PHONE No.: FAX No.:</p>			<p align="right">PEF-FUEL-004986</p>

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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. ANTONIO SALAZAR CARBONES DE COLOMBIA S.A. CARRERA 7, #31-10, PISO 115 BOGOTA D. E., COLOMBIA SOUTH AMERICA PHONE No.: 011/57/1/288-1024 FAX No.: 011/57/1/287-7173			
MR. WILL SHINEW CARBONTEK TRADING COMPANY POST OFFICE BOX 552 FINDLAY, OHIO 45839 PHONE No.: FAX No.:			
MR. CHARLES WELSH CARDIGAN COAL & COKE CORPORATION ASHBROOK HOUSE 1010 RUSSELL STREET COVINGTON, KENTUCKY 41011 PHONE No.: 606/491-3300 FAX No.: 606/491-7598			
MR. STEVE HERSHBERGER CENTRAL COAL AND COKE, INC. POST OFFICE BOX 80092 INDIANAPOLIS, INDIANA 46280 PHONE No.: 317/841-7733 FAX No.: 317/841-9180			
MR. CLARK WISMAN DIRECTOR OF MARKETING & SALES CENTRAL COAL COMPANY 148 BRISTOL EAST ROAD BRISTOL, VIRGINIA 24202 PHONE No.: 540/669-8599 FAX No.: 540/669-3543			
MR. WILLIAM MCKEE CHESAPEAKE ATLANTIC HOLDINGS, INC. 220 EAST MADISON STREET, SUITE #1200 TAMPA, FLORIDA 33602-4827 PHONE No.: 813/225-1141 FAX No.: 813/227-7711			
MR. PAUL BLACKBURN COAL CONCEPTS, INC. POST OFFICE BOX 2590 PIKEVILLE, KENTUCKY 41501 PHONE No.: FAX No.:			PEF-FUEL-004987

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"D" COAL SOLICITATION—LONG TERM—OCTOBER 1, 1998
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DERON UPTON MANAGER, BUSINESS DEVELOPMENT COAL NETWORK, INC. 117 WEST MAIN STREET MASON, OHIO 45040 PHONE NO.: 513/398-2625 FAX NO.: 513/398-5419			
MR. MARSHALL CULPEPPER COAL SERVICES JV POST OFFICE BOX 43285 BIRMINGHAM, ALABAMA 35243 PHONE NO.: FAX NO.:			
MR. GENE MCBURNEY MANAGER, SALES COASTAL COAL SALES, INC. 310 FIRST STREET POST OFFICE BOX 1871 ROANOKE, VIRGINIA 24008 PHONE NO.: 800/776-5722 FAX NO.: 540/983-0267	PROPOSAL—1	CHANGE OF COMPANY NAME COASTAL COAL COMPANY, LLC	
MR. ROBERT FEILNER VICE PRESIDENT, COAL SALES COASTAL STATES ENERGY COMPANY NINE GREENWAY PLAZA HOUSTON, TEXAS 77046 PHONE NO.: FAX NO.:			
MR. ROBERT SCOTT COMMONWEALTH COAL SALES, L.C. 5413 PATTERSON AVENUE, SUITE 205 RICHMOND, VIRGINIA 23226 PHONE NO.: 804/282-9826 FAX NO.: 804/282-9836			
MR. BUD DURYEA GENERAL SALES MANAGER CONSOL INC. CONSOL PLAZA 1800 WASHINGTON ROAD PITTSBURGH, PENNSYLVANIA 15241 PHONE NO.: 412/831-4238 FAX NO.: 412/831-4594	LETTER OF DECLINE		
MR. CHARLES McNAMEE CONTINENTAL COAL SALES CORPORATION 580 LINCOLN PARK BOULEVARD, SUITE 388 DAYTON, OHIO 45429-3493 PHONE NO.: 513/296-1991 FAX NO.: 513/296-0333			PEF-FUEL-004988

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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. RANDY TISDALE VICE PRESIDENT, SALES OPERATIONS & ADMINISTRATION DRUMMOND COAL SALES, INC. 530 BEACON PKWY. W., STE. 200 BIRMINGHAM, ALABAMA 35209-3196 PHONE NO.: 205/945-6407 FAX NO.: 205/945-6415			
MR. D. REED PRESIDENT ELK HORN COAL CORPORATION, THE 1100 BOULDERS PARKWAY RICHMOND, VIRGINIA 23225 PHONE NO.: 804/330-1860 FAX NO.: 804/330-1259			
MR. DAN MCQUADE ENERGY TRADING COMPANY 767 FIFTH AVENUE NEW YORK, NEW YORK 10153 PHONE NO.: 212/421-1930 FAX NO.: 212/421-1937			
MR. MATT ARNOLD ENRON CAPITAL & TRADE RESOURCES CORPORATION POST OFFICE BOX 1188 1400 SMITH STREET, SUITE 330 HOUSTON, TEXAS 77002-7361 PHONE NO.: 713/853-6559 FAX NO.: 713/646-2492	PROPOSAL—1	RESPONSE BY TOM MCQUADE AT SAME COMPANY AT SAME ADDRESS WITH NEW PHONE NO. OF 713/853-6052	
MR. RON YATES NORTH AMERICAN COAL MARKETING MANAGER EXXON COAL & MINERALS COMPANY 2401 S. GESSNER HOUSTON, TEXAS 77063-2005 PHONE NO.: 713/978-5535 FAX NO.: 713/978-5562			
MR. ABBY CAPLAN FIELDSTON COMPANY, INC. COAL TRANSPORTATION REPORT 1800 MASSACHUSETTS AVE. NW, SUITE 500 WASHINGTON, DC 20036 PHONE NO.: 202/775-0240 FAX NO.: 202/872-8045			PEF-FUEL-004990

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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. TIMOTHY MONSON VICE PRESIDENT FRANKLIN COAL SALES COMPANY 771 CORPORATE DRIVE, SUITE 310 LEXINGTON, KENTUCKY 40503 PHONE NO.: 606/296-3837 FAX NO.: 606/296-3837			
MR. GEORGE WILLIAMS SALES MANAGER GARLAND COAL COMPANY 300 FOREST PARK BOULEVARD POST OFFICE BOX 10288 KNOXVILLE, TENNESSEE 37939-0288 PHONE NO.: 423/588-9711 FAX NO.: 423/588-7130			
MR. GREGORY MARCUM GLENORE LTD. THREE STAMFORD PLAZA 301 TRESSER BOULEVARD STAMFORD, CONNECTICUT 06901-3244 PHONE NO.: 203/328-3110 FAX NO.: 203/978-6230			
MR. WILLIAM STURGILL PRESIDENT GOLDEN OAK MINING Co., L.P. 1256 OLD FRANKFORT PIKE POST OFFICE BOX 4277 LEXINGTON, KENTUCKY 40544-4277 PHONE NO.: 606/254-4074 FAX NO.: 606/252-6964			
MR. VIRG MEYER DISTRICT MANAGER GREAT LAKES COAL & DOCK COMPANY 1031 CHILDS ROAD ST. PAUL, MINNESOTA 55106 PHONE NO.: FAX NO.:			
MR. WILLIAM MASSEY GUASARE COAL AMERICA, INC. FOUR NORTH FOURTH STREET, SUITE 100 RICHMOND, VIRGINIA 23219 PHONE NO.: 804/648-2615 FAX NO.: 804/788-1809			PEF-FUEL-004991

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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. KIRBY MARTIN VICE PRESIDENT, SALES HIGHLANDS COAL SALES COMPANY 8320 US 23 SOUTH POST OFFICE BOX 1202 PAINTSVILLE, KENTUCKY 41240 PHONE No.: 606/789-5215 FAX No.: 606/789-5559			
MR. THOMAS NIQUETTE REGIONAL SALES MANAGER HORIZON COAL SERVICES, INC. 16 EAST GRAINTE STREET BUTTE, MONTANA 59701 PHONE No.: 406/723-3844 FAX No.: 406/723-0017			
MR. BRUCE WASHBURN INGRAM COAL COMPANY 4304 HARDING ROAD NASHVILLE, TENNESSEE 37202 PHONE No.: FAX No.:			
MR. MARCEL VAN DEN BERG INTER-AMERICAN COAL, INC. 5016 DORSEY HALL DRIVE, SUITE 202 ELLICOTT CITY, MARYLAND 21042 PHONE No.: 410/730-6800 FAX No.: 410/997-6842			
MR. RICHARD THOMAS PRESIDENT INTERCARBO, INC. POST OFFICE BOX 273 MONROE, CONNECTICUT 06468-0273 PHONE No.: 203/459-8200 FAX No.: 203/459-1904			
MR. MARK DOOLEY VICE PRESIDENT, SALES JAMES RIVER COAL SALES, INC. 701 EAST BYRD STREET, SUITE 1100 RICHMOND, VIRGINIA 23219 PHONE No.: 804/780-3003 FAX No.: 804/780-9319			
MR. M. MOORE ASSISTANT VICE PRESIDENT, MARKETING JIM WALTER RESOURCES, INC. POST OFFICE BOX 133 BROOKWOOD, ALABAMA 35444 PHONE No.: 205/554-6109 FAX No.: 205/554-6161			PEF-FUEL-004992

RFP RESPONSE LIST
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. J. KELLEY MANAGER, SALES KENNECOTT ENERGY COMPANY 505 SOUTH GILLETTE AVENUE CALLER BOX 3009 GILLETTE, WYOMING 82717-3009 PHONE NO.: 307/687-6000 FAX NO.: 307/687-6015	LETTER OF DECLINE		
MR. KENNY GILLIUM EXECUTIVE VICE PRESIDENT KENTUCKY CUMBERLAND COAL COMPANY POST OFFICE BOX 151 LAFOLLETTE, TENNESSEE 37766 PHONE NO.: 423/566-4799 FAX NO.: 423/566-5646			
MR. MICHAEL WEBER VICE PRESIDENT, MARKETING & DISTRIBUTION KENTUCKY MAY COAL COMPANY, INC. 8050 HOSBROOK ROAD, SUITE 314 CINCINNATI, OHIO 45236 PHONE NO.: 513/791-0446 FAX NO.: 513/791-1448	PROPOSAL—1		
MR. ED LANE VICE PRESIDENT, MARKETING KERR-McGEE COAL CORPORATION KERR-McGEE CENTER POST OFFICE BOX 25861 OKLAHOMA CITY, OKLAHOMA 73125 PHONE NO.: 405/270-3964 FAX NO.: 405/270-2967			
MR. EARL ROOP VICE PRESIDENT, SALES KNOTT FLOYD LAND COMPANY, INC. POST OFFICE BOX 2765 436 DANIELS CREEK ROAD BANNER, KENTUCKY 41603 PHONE NO.: 606/874-9003 FAX NO.: 606/874-1261			
MR. MARK CUMMINGS DISTRICT SALES MANAGER KOCH CARBON, INC. EXECUTIVE TOWERS WEST 1431 OPUS PLACE, SUITE 620 DOWNERS GROVE, ILLINOIS 60515 PHONE NO.: 630/271-0180 FAX NO.: 630/271-0192			PEF-FUEL-004993

RFP RESPONSE LIST
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MR. JOHN BARNARD VICE PRESIDENT LAFAYETTE COAL COMPANY 5600 EXECUTIVE CENTER DRIVE, SUITE 113 CHARLOTTE, NORTH CAROLINA 28212 PHONE No.: 704/536-5698 FAX No.: 704/536-8045			
MS. MARY O'KEEFE PRESIDENT LAKE SHORE INTERNATIONAL, LTD. 1440 LAKE SHORE DRIVE, SUITE 8A CHICAGO, ILLINOIS 60610 PHONE No.: 312/482-9701 FAX No.: 312/482-9703			
MR. PAUL GREER REGIONAL SALES MANAGER LAKEWAY FUEL CORPORATION ONE KING JAMES SOUTH, SUITE 118 24700 CENTER RIDGE ROAD CLEVELAND, OHIO 44145 PHONE No.: 404/835-2990 FAX No.: 404/835-3027			
MR. MICHAEL LYONS VICE PRESIDENT, SALES LESLIE RESOURCES, INC. 24250 JUNCTION DRIVE BRISTOL, VIRGINIA 24202 PHONE No.: 540/466-4191 (BRISTOL #) FAX No.: 540/466-5311 (BRISTOL FAX)			
MR. JAMES MARTIN NATIONAL COAL MARKETING EXECUTIVE LG&E ENERGY MARKETING EXECUTIVE 12500 FAIR LAKES CIRCLE, SUITE 350 FAIRFAX, VIRGINIA 22033 PHONE No.: 703/968-5452 FAX No.:			
MR. MIKE GOFF EASTERN SALES MANAGER LODESTAR ENERGY, INC. 333 WEST VINE STREET, SUITE 1700 LEXINGTON, KENTUCKY 40507-1628 PHONE No.: 606/255-4006 FAX No.: 606/255-0330			
MR. KEVIN LARKIN GENERAL MANAGER MAPCO COAL, INC. 1717 SOUTH BOULDER AVENUE TULSA, OKLAHOMA 74119-4817 PHONE No.: 918/592-7288 FAX No.: 918/582-8421	PROPOSAL—1		PEF-FUEL-004994

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MR. LARRY KALIN PRESIDENT MARINE COAL SALES COMPANY 645 WEST CARMEL DRIVE #190 CARMEL, INDIANA 46032 PHONE NO.: 317/844-6628 FAX NO.: 317/844-6842			
MR. KEN KIRBY MARSHALL RESOURCES 300 ARBORETUM PLACE, SUITE 140 RICHMOND, VIRGINIA 23236 PHONE NO.: 804/323-3434 FAX NO.: 804/323-3447	LETTER OF DECLINE		
MR. JOHN PARKER SENIOR VICE PRESIDENT MASSEY COAL SALES COMPANY, INC. POST OFFICE BOX 26765 RICHMOND, VIRGINIA 23261 PHONE NO.: 804/782-1678 FAX NO.: 804/788-1811	PROPOSALS—2		
MR. JOHN BAKER MCWANE COAL SALES, INC. 1927 FIRST AVE. N., SUITE 900 BIRMINGHAM, ALABAMA 35203 PHONE NO.: 205/323-2400 FAX NO.:			
MR. ROCCO PRICHINELLO MANAGER, COAL, IRON ORE & FERRO ALLOYS MITSUBISHI INTERNATIONAL CORPORATION FERROUS RAW MATERIALS DIVISION 520 MADISON AVENUE NEW YORK, NEW YORK 10022 PHONE NO.: FAX NO.:			
MR. FRANK KITAHARA GENERAL MANAGER, COAL DEPARTMENT MITSUI & COMPANY 200 PARK AVENUE NEW YORK, NEW YORK 10166 PHONE NO.: FAX NO.:			
MR. CHRISTOPHER CASALE DIRECTOR, ENERGY TRADING & RISK MANAGEMENT NATIONAL GAS CLEARINGHOUSE 1000 LOUISIANA, SUITE 5800 HOUSTON, TEXAS 77002-5050 PHONE NO.: 713/507-6500 FAX NO.: 713/507-6505			PEF-FUEL-004995

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<p>MR. JOSEPH SYKES SALES CONSULTANT NINE ENERGY SERVICES, LLC 13327 LAKE GEORGE PLACE TAMPA, FLORIDA 33618 PHONE No.: 813/961-5760 FAX No.: 813/961-8380</p>	<p>LETTER OF DECLINE</p>		
<p>MR. JOHN COLLINS PRESIDENT OAK HILL COAL CORPORATION 214 EAST MAIN STREET MOREHEAD, KENTUCKY 40351 PHONE No.: 606/780-0824 FAX No.: 606/780-0749</p>			
<p>MR. THOMAS REISHMAN PRESIDENT ORION RESOURCES, INC. 1290 UNITED CENTER 500 VIRGINIA STREET EAST CHARLESTON, WEST VIRGINIA 25301 PHONE No.: 304/345-6381 FAX No.:</p>			
<p>MR. JAY BRUTON MARKETING MANAGER OXBOW CARBON & MINERALS, INC. 7901 SOUTH PARK PLAZA, SUITE 202 LITTLETON, COLORADO 80120 PHONE No.: 303/795-0413 FAX No.: 303/795-1524</p>			
<p>MS. ELLEN BEATTY MARKETING MANAGER PACIFIC BASIN RESOURCES 3478 BUSKIRK AVENUE, SUITE 346 PLEASANT HILL, CALIFORNIA 94523-4342 PHONE No.: 510/932-0878 FAX No.: 510/932-8920</p>			
<p>MR. RANDY CAMPBELL DISTRICT VICE PRESIDENT, SALES PEABODY COALSALES COMPANY 1951 BARRETT COURT, SUITE 200 POST OFFICE BOX 1996 HENDERSON, KENTUCKY 42420-1996 PHONE No.: 502/827-6260 FAX No.: 502/827-6151</p> <p align="right"><i>East</i></p>	<p>LETTER OF DECLINE</p>	<p>DECLINING LETTER SENT BY MR. ROBERT BLAND, ACCOUNT EXECUTIVE PEABODY COALSALES COMPANY 301 NORTH MEMORIAL DRIVE, SUITE 300 ST. LOUIS, MISSOURI 63102-2401 PHONE No. 314/342-7600 FAX No. 314/342-7529</p>	<p align="center">PEF-FUEL-004996</p>

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MR. ROGER BALL VICE PRESIDENT, COAL TRADING PEABODY COALTRADE, INC. POST OFFICE BOX 68 KENOVA, WV 25530-0068 PHONE No.: 606/739-5752 FAX No.: 606/739-6787	PROPOSAL—1 <i>input</i>		
MR. JOSEPH DAVIS SENIOR VICE PRESIDENT, SALES & MARKETING PEN COAL CORPORATION POST OFFICE BOX 2128 BRENTWOOD, TENNESSEE 37024-2128 PHONE No.: 615/371-7330 FAX No.: 615/371-7388	LETTER OF DECLINE	DECLINING LETTER SENT BY TOM BRANSON	
MR. CECIL LEWIS PRESIDENT OF SALES PERRY COUNTY COAL CORPORATION POST OFFICE BOX 5001 HAZARD, KENTUCKY 41702 PHONE No.: 606/439-1391 FAX No.: 606/436-9113			
MR. JOHN KELL GENERAL MANAGER, COAL DIVISION PETROLEUM SOURCE & SYSTEMS GROUP, INC. 2957 CLAIRMONT ROAD, SUITE 510 ATLANTA, GEORGIA 30329 PHONE No.: 404/321-5711 FAX No.: 404/321-3938			
MR. SCOTT BROWN PRESIDENT PICKANDS MATHER COAL COMPANY 3400 CORPORATE CIRCLE 9717 CHILLICOTHE ROAD KIRTLAND, OHIO 44094-9200 PHONE No.: 440/256-7622 FAX No.: 440/256-1998			
MS. NANCY PINCELLI PINCELLI & ASSOCIATES POST OFFICE BOX 1055 HIXON, TENNESSEE 37343 PHONE No.: FAX No.:			
			PEF-FUEL-004997

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MR. H. RUTH SALES MANAGER PITTSBURGH & MIDWAY COAL MINING COMPANY 6400 SOUTH FIDDLER'S GREEN CIRCLE ENGLEWOOD, COLORADO 80111 PHONE No.: 303/930-4141 FAX No.: 303/930-4219			
MR. DAN HENDERICKSON DIRECTOR, PURCHASE COAL PITTSBURGH & MIDWAY COAL MINING CORPORATION 448 NORTHEAST MAIN STREET POST OFFICE BOX 6300 LEBANON, VIRGINIA 24266 PHONE No.: 540/889-6300 FAX No.: 540/889-6093			
MR. DALE FENWICK POWDERHORN COAL COMPANY POST OFFICE BOX 1430 PALISADE, COLORADO 81526 PHONE No.: FAX No.:			
MR. LARRY MILLER PYXIS COAL SALES COMPANY 448 NORTHEAST MAIN STREET POST OFFICE BOX 6300 LEBANON, VIRGINIA 24266 PHONE No.: FAX No.:			
MR. JEFF SWIFT VICE PRESIDENT, SALES QUAKER COAL COMPANY, INC. 329 WEST MAIN STREET POST OFFICE BOX 749 ABINGDON, VIRGINIA 24212-0749 PHONE No.: 540/676-3565 FAX No.: 540/676-0767	PROPOSAL—1		AWARDED 36-MONTH CONTRACT
MR. KEN STACY RAPOCA ENERGY COMPANY 2700 LEE HIGHWAY BRISTOL, VIRGINIA 24201 PHONE No.: FAX No.:			
MR. ROBERT CHADWELL RB COAL COMPANY PATHFORK, KENTUCKY 40863 PHONE No.: FAX No.:			PEF-FUEL-004998

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MR. DONALD DRABANT PRESIDENT RESOURCE FUELS, LLC 7346 BEECHMONT AVENUE CINCINNATI, OHIO 45230 PHONE No.: 513/233-2000 FAX No.: 513/233-2002	LETTER OF DECLINE		
MR. ROBERT SHEPARD VICE PRESIDENT, SALES RIVERTON COAL SALES, INC. 1524 KANAWHA BOULEVARD EAST CHARLESTON, WEST VIRGINIA 25311 PHONE No.: 304/345-0970 FAX No.: 304/345-6034			
MS. BEVERLY PARRISH VICE PRESIDENT, SALES RIVERWOOD COAL SALES, INC. POST OFFICE BOX 2375 PIKEVILLE, KENTUCKY 41502 PHONE No.: 606/432-0843 (PIKEVILLE) FAX No.: 606/432-9939 (PIKEVILLE)			
MR. PHILLIP REEVES VICE PRESIDENT ROCKY MOUNTAIN COAL PRODUCTS, LTD. 205 NINTH AVENUE S.E. CALGARY, ALBERTA T2G 0R4 CANADA PHONE No.: 403/260-9800 FAX No.: 403/260-7339			
MR. JAMES HARRIS SALES MANAGER ROYAL FUEL COMPANY POST OFFICE DRAWER 517 ONEIDA, TENNESSEE 37841 PHONE No.: FAX No.:			
MR. FRED CUSHMORE VICE PRESIDENT, INTERNATIONAL SALES RUHRKOHLE TRADING COMPANY 777 THIRD AVENUE NEW YORK, NEW YORK 10017 PHONE No.: 212/421-9100 FAX No.: 212/319-0451			
MR. DERON SAYLOR SAYLOR BROTHERS ENTERPRISES, INC. POST OFFICE BOX 127 COLDIRON, KENTUCKY 40819 PHONE No.: 606/664-2961 FAX No.:			PEF-FUEL-004999

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MR. JOHN McDONNELL VICE PRESIDENT, SALES SMOKY MOUNTAIN COAL CORP. 9040 EXECUTIVE PARK DRIVE, SUITE 315 KNOXVILLE, TENNESSEE 37923 PHONE No.: 423/694-8222 FAX No.: 423/693-0299			
MR. FRED BOWMAN VICE PRESIDENT, CORPORATE DEVELOPMENT SOLAR SOURCES 6755 SOUTH GRAY ROAD POST OFFICE BOX 47068 INDIANAPOLIS, INDIANA 46247-7068 PHONE No.: 317/788-0084 FAX No.: 317/787-0592	PROPOSAL—1		NEW TITLE IS VICE PRESIDENT, SALES
MR. PETE COFER VICE PRESIDENT SOUTHERN APPALACHIAN COAL SALES, INC. 3909 GOLFLINKS DRIVE ACEWORTH, GEORGIA 30101 PHONE No.: 770/974-6766 FAX No.: 770/974-6766			
MR. WILLIAM FETTER VICE PRESIDENT, MARKETING SSM COAL NORTH AMERICA, INC. WOODMERE II, SUITE 105 9891 BROKENLAND PARKWAY COLUMBIA, MARYLAND 21046 PHONE No.: 410/381-8700 FAX No.: 410/381-8777			
MR. JOHN STAFFORD PRESIDENT STAFFORD ENERGY, INC. 1301 GREENUP AVENUE POST OFFICE BOX 187 ASHLAND, KENTUCKY 41105-0187 PHONE No.: 606/324-2625 FAX No.: 606/324-2987			
MR. JACK LOVELY VICE PRESIDENT, SOUTHERN STEAM COAL SALES SUN COAL COMPANY LANDMARK CENTER, SUITE N-300 1111 NORTHSORE DRIVE POST OFFICE BOX 10388 KNOXVILLE, TENNESSEE 37939-0388 PHONE No.: 423/558-3202 FAX No.: 423/558-3280			PEF-FUEL-005000

PEF-FUEL-005001

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<p>MR. KEVIN BURNS VICE PRESIDENT & GENERAL MANAGER TMT COAL COMPANY LLC 18800 WOODBURN ROAD LEESBURG, VIRGINIA 20175 PHONE No.: 703/771-9191 FAX No.: 703/779-2070</p>			
<p>MR. JEAN-PAUL MARCHAL MARKETING MANAGER, COAL DIVISION TOUR TOTAL 24 COURS MICHELET - CEDEX 47 92069 PARIS LA DEFENSE FRANCE PHONE No.: 33/1/41-35-39-80 FAX No.: 33/1/41-35-37-61</p>			
<p>MR. KEITH KLEISER GENERAL MANAGER TRANSMAR COAL, INC. POST OFFICE BOX 119 100 L. J. KOCH BOULEVARD SANTA CLAUS, INDIANA 47579 PHONE No.: 812/937-4536 FAX No.: 812/937-4639</p>			
<p>MR. RICHARD VAN PELT MANAGER, TECHNICAL SERVICES-SALES U. S. STEEL MINING COMPANY, LLC 600 GRANT STREET, SUITE 1880 PITTSBURGH, PENNSYLVANIA 15219-2749 PHONE No.: 412/433-4640 FAX No.: 412/433-5839</p>	<p>LETTER OF DECLINE</p>	<p>DECLINING LETTER SENT BY MR. JOHN W. PIERCE, MANAGER—COMMERCIAL SERVICES, PHONE No. 412/433-4611</p>	
<p>MR. RONALD WHALEN DIRECTOR OF MARKETING & SALES VALLEY CARBON, INC. 1008 SOUTHWOOD LANE POST OFFICE BOX 1451 BLUEFIELD, WEST VIRGINIA 24701-1451 PHONE No.: 304/327-2596 FAX No.: 304/325-3708</p>			
<p>MS. MYRA RIVERA VITOL GAS & ELECTRIC, L.L.C. 470 ATLANTIC AVENUE BOSTON, MASSACHUSETTS 02210-2208 PHONE No.: 617/426-6077 FAX No.: 617/426-3151</p>			<p>PEF-FUEL-005002</p>

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MR. WILLIAM HARBRECHT DIRECTOR-LAND, PERMITTING & ENVIRONMENTAL WESTERN SYNCOAL COMPANY 490 NORTH 31ST STREET, #308 BILLINGS, MONTANA 59101 PHONE No.: 406/252-2277 FAX No.:			
MR. WILLIAM BAILEY SOUTHERN SALES MANAGER WOODRUFF COAL COMPANY POST OFFICE BOX 383 JELICO, TENNESSEE 37762 PHONE No.: 423/784-3396 FAX No.: 423/784-7342			

120 COMPANIES SOLICITED

0 RFP PACKAGES RETURNED IN MAIL DUE TO COMPANY'S FORWARDING ORDERS EXPIRING, ETC.

13 COMPANIES SUBMITTED 15 BIDS

10 COMPANIES SUBMITTED LETTERS DECLINING TO BID

PEF-FUEL-005003

Kennecott Energy Company
505 South Gillette Avenue
Callier Box 3009
Gillette, Wyoming 82717-3009
(307) 687-6000 Fax: (307) 687-6015

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10-16-98
**Kennecott
Energy**

October 15, 1998

VIA FEDERAL EXPRESS 727.824.6673

Mr. Dennis G. Edwards
Vice President - Coal Procurement
Electric Fuels Corporation
One Progress Plaza, BT10C
St. Petersburg, FL 33701

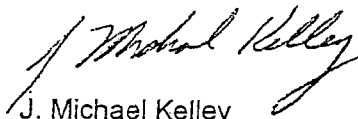
Dear Dennis:

Kennecott Energy Company appreciates receiving your proposal dated October 1, 1998, to supply coal to Electric Fuels' Crystal River via the CSX or via the Gulf of Mexico.

Our current coal portfolio is comprised of subbituminous Powder River Basin coals, with a heating value ranging from 8,400 to 9,400 BTU/lb and a Colorado coal with a heating value of 10,500 BTU. We continue to pursue opportunities that might fit your future coal requirements and would appreciate remaining on your Bid Solicitation list.

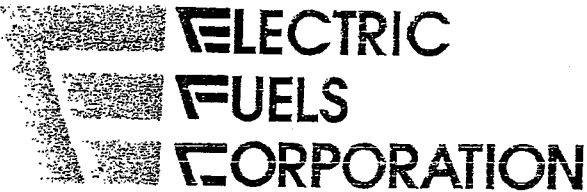
Best regards with your current solicitation.

Sincerely,


J. Michael Kelley
Manager Sales

JRM:ksn

PEF-FUEL-005082



ONE PROGRESS PLAZA, P.O. BOX 15208, ST. PETERSBURG, FLORIDA 33733, (727) 824-6600

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April 16, 2001

BID DEADLINE: 05/15/01
TIME: 5PM EDT

Gentlemen:

To place a portion of our requirements under contract for Progress Energy's *Crystal River Units Nos. 4 and 5*, Electric Fuels Corporation (EFC) is considering entering into a new coal/synfuel supply agreement(s) beginning in 2002. Accordingly, we request that you quote a minimum of 425,000 tons annually to be delivered in generally ratable monthly amounts during the following periods (please quote each separately):

1. January 1, 2002 through December 31, 2002
2. May 1, 2002 through December 31, 2004
3. May 1, 2002 through December 31, 2006

The quality of all coal(s)/synfuel(s) submitted should conform to the specifications listed on the attached bid form. *Coal(s) not meeting a 1.2 LB/SO₂ maximum standard will not be considered.*

EFC prefers a price quote effective on the start date, which will be fixed for the first twelve months. For terms longer than twelve months, EFC will consider fixed and firm, adjusted and/or reopener(s) if term is five years. *All prices should be quoted f.o.b. mine/barge loading point.* Your proposal for this business must be submitted in writing by 5 PM EDT on May 15, 2001, and should be valid and binding for a minimum of sixty (60) days from that date. EFC encourages offers that provided added value, including, but not limited to:

1. Annual tonnage flexibility (expressed as a percentage),
2. Unilateral extension option(s) for EFC,
3. "Partnering" opportunities,
4. Innovative pricing proposals.

In evaluating the submitted proposals, EFC will consider all relevant factors including an "as burned" bus bar analysis. However, the delivered cost per million Btu has been and will continue to be the factor with the strongest overall impact to the evaluation process. Because of this and the relatively high transportation costs involved, EFC encourages suppliers to quote their coals/synfuels at the highest quality rating they feel they can comfortably maintain. All cost calculations will be based on guaranteed values rather than typical values expected. *Guaranteed values are expected to be met on a per shipment basis.* Negotiations of the remaining terms and conditions will be conducted with those suppliers making a "short list" based on delivered economics.

Term Coal Solicitation
April 16, 2001
Page 2

Due to our ability to deliver coal/synfuel to Crystal River by both rail and ocean barge, EFC is essentially indifferent as to the origin of the submitted coal/synfuel. Those suppliers planning to ship by barge should indicate any dock preferences. (This would also apply to western USA coal suppliers.) Those suppliers planning to ship CSX rail direct must be capable of shipping 24 hours per day, 7 days per week, in 90-car unit train lots (EFC-owned rapid discharge cars) and they must specify loading time requirements and CSX rail district origin. *Please do not attempt to secure domestic rail/barge rates as these are to be negotiated by EFC.*

Draft and narrow channel restrictions at the power plant receiving facility will not accommodate large deep-draft vessels. Therefore, foreign origin coals will require delivery in shallow-draft bulk carriers or through a New Orleans area import terminal. Foreign origin coals should be quoted on a "CIF" basis in "Self-Discharging" type vessels.

Proposals must be submitted by the date and time specified above in a sealed envelope clearly marked "*Term Contract Compliance Coal Quotation*" addressed to Robin Ott at our above address. Proposals must include a completed copy of the attached bid form (for multiple proposals, please copy the attached form and submit a separate form for each proposal) complete with *current and projected typical ash mineral analysis including minimum and maximum Na₂O (sodium oxide), typical ultimate analysis including maximum nitrogen and chlorine, sulfur forms, all reducing ash fusion points (average and minimum temperatures), and trace elements.* In some cases where suppliers are quoting a blend of various seams of coal, the above requested quality data *must be provided for the blended product as well as the individual seams for all coals you would expect to ship on this business.*

Weighing and sampling and analysis will be done at the mine loading facility or the power plant by a mutually agreeable independent testing company.

EFC reserves the right to waive informal technicalities or irregularities and reject any and all proposals for any reason EFC deems appropriate under the circumstances. EFC does not represent that it will accept the lowest bid or any other bid. In no event shall EFC be considered to have accepted any offer except and unless in an express written acceptance or contract signed by an officer of EFC.

Thank you for your attention to this *Request for Proposals*. If you have any questions or require further information regarding this invitation to quote, please contact me at 727/824-6673.

Sincerely,

Dennis G. Edwards

Dennis G. Edwards
Vice President
CSX/Barge Coal Procurement

DGE/ro

Attachment

PEF-FUEL-004849



COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5
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PRODUCER NAME:		
STREET ADDRESS:		
CONTACT:		TELEPHONE NO.
MINE(S):	BOM DISTRICT:	COUNTY: STATE:
ORIGIN RAILROAD(S)/DISTRICT: EK _____ CV _____ Big Sandy _____ Other _____		R/R TIPPLE DESIGNATION/NUMBER:
TYPE OF LOADING FACILITY: UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: _____		
MAXIMUM LOADING CAPACITY: _____ TONS _____ HOURS _____ TRACK CAPACITY		
WATER DELIVERY CAPABILITY: _____ YES _____ NO IMPORT COAL: LOAD PORT		
SHIP THROUGH: _____ DOCK LOAD RATE::		
TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS		
TYPE OF MINE: _____ % DEEP _____ % STRIP _____ % AUGER		
SEAMS:		BLEND RATIOS:
COAL PREPARATION: _____ RAW _____ WASHED _____ COMBINATION		
TYPE OF COAL WASHER, IF WASHED:		
TYPE OF COAL SAMPLING:		
TYPE OF LABOR CONTRACT(S):		DATE FOR RENEGOTIATION:
TYPE OF COAL WEIGHING:		SCALE CERTIFIED? _____ YES _____ NO
PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS:		
CUSTOMER REFERENCES:		
SIGNATURE:		TITLE: DATE:
MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO: ROBIN OTT ELECTRIC FUELS CORPORATION ONE PROGRESS PLAZA, 9T10C ST. PETERSBURG, FLORIDA 33701 OR POST OFFICE BOX 15208 ST. PETERSBURG, FLORIDA 33701 PHONE NO. 727/824-6670 FAX NO. 727/824-6601		
PEF-FUEL-004850		



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CRYSTAL RIVER 4 & 5
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CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		⁴	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %		⁴	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB		⁴	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=1/2W (R)		⁴	2,500 MIN.	2,200 MIN.
VOLATILE %		⁴	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE		⁴	42 MIN. ³	65 MIN. ³
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR			0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %			_____	_____
HYDROGEN %			_____	_____
NITROGEN %			_____	_____
CHLORINE %			_____	_____
OXYGEN %			_____	_____

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅			Antimony		
SiO ₂			Arsenic		
Fe ₂ O ₃			Beryllium		
Al ₂ O ₃			Cadmium		
TiO ₂			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		
Na ₂ O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

PEF-FUEL-004851

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM



COAL PRODUCERS' SOLICITATION FORM
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PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		⁴	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %		⁴	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB		⁴	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=1/2W (R)		⁴	2,500 MIN.	2,200 MIN.
VOLATILE %		⁴	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE		⁴	42 MIN. ³	65 MIN. ³
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR			0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %			_____	_____
HYDROGEN %			_____	_____
NITROGEN %			_____	_____
CHLORINE %			_____	_____
OXYGEN %			_____	_____

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
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Fe ₂ O ₃			Beryllium		
Al ₂ O ₃			Cadmium		
TiO ₂			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		
Na ₂ O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

PEF-FUEL-004852

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

COMPLIANCE COAL SOLICITATION

133 BIDDERS—04/16/01

MR. FREDERICK J. MURRELL
PRESIDENT
ADARO ENVIROCOAL AMERICAS
1401 MANATEE AVENUE WEST, SUITE 520
BRADENTON, FLORIDA 34205
PHONE No.: 941/747-2630
FAX No.: 941/747-8081

MR. JOHN W. TANNER
VICE PRESIDENT, EASTERN REGION SALES
ALLIANCE COAL SALES CORPORATION
5000 SAILWIND CIRCLE
ORLANDO, FLORIDA 32810
PHONE No.: 407/523-9797
FAX No.: 407/523-7870

MR. BUD RUNYON
VICE PRESIDENT, SALES
AEI COAL SALES COMPANY, INC.
401 EDGEWOOD ROAD
HURRICANE, WEST VIRGINIA 25526
PHONE No.: 606/920-7777 (KY)
FAX No.: 606/920-7788 (KY)

MR. ROBERT G. NAGLE
VICE PRESIDENT, SALES & MARKETING
ALTEC ENERGY, INC.
1048 RAMBLEWOOD WAY
LEXINGTON, KENTUCKY 40509
PHONE No.: 606/263-3844
FAX No.: 606/263-3844

MR. MARC MERRITT
SENIOR VICE PRESIDENT, SALES
AEI RESOURCES INC.
2000 ASHLAND DRIVE
ASHLAND, KENTUCKY 41101
PHONE No.: 606/920-7776
FAX No.: 606/920-7720

MR. ANDREW W. COX
VICE PRESIDENT
AMVEST COAL SALES, INC.
POST OFFICE BOX 5347
CHARLOTTESVILLE, VIRGINIA 22905
PHONE No.: 804/972-7754
FAX No.: 804/295-3203

MR. LARRY D. MILLER
ALLIANCE COAL CORPORATION
152 WEST VALLEY STREET
ABINGDON, VIRGINIA 24210
PHONE No.: 540/676-3397
FAX No.: 540/676-0924

MR. JAMES T. MCSHERRY
VICE PRESIDENT
AMVEST COAL SALES, INC.
POST OFFICE BOX 5347
CHARLOTTESVILLE, VIRGINIA 22905-5347
PHONE No.: 804/972-7770
FAX No.: 804/295-3203

MR. STEVE ISAACS
ALLIANCE COAL SALES CORPORATION
771 CORPORATE DRIVE, SUITE 900
LEXINGTON, KENTUCKY 40503
PHONE No.:
FAX No.:

MR. GERALD L. RHEA
ANDREW LYNN RESOURCES, INC.
POST OFFICE BOX 297
PIKEVILLE, KENTUCKY 41502-0297
PHONE No.:
FAX No.:

MR. RICHARD BOLEN
ANKER ENERGY
2708 CRANBERRY SQUARE
MORGANTOWN, WEST VIRGINIA 26508
PHONE No.:
FAX No.:

MR. ROBERTO PIRAS
BULK TRADING SA
VIA VEDEGGIO 1, L'UOVO DI MANNO
CH6928 MANNO
SWITZERLAND
PHONE No.: 011/41/91/611-5130
FAX No.: 011/41/91/611-5137

MR. DAVID E. LONG
PRESIDENT
APEX COAL SALES
SIX MOUNTAIN MEADOWS
CHAPMANVILLE, WEST VIRGINIA 25508
PHONE No.: 304/752-2365
FAX No.: 304/752-5769

MR. DON E. CAIN
PRESIDENT
C/C CHEMICAL & COKE COMPANY
3177 MARIA DRIVE
LEXINGTON, KENTUCKY 40516
PHONE No.:
FAX No.:

MR. WILLIAM F. DAVISON
AQUILA ENERGY MARKETING
1505 MOUNT VERNON ROAD
CHARLESTON, WEST VIRGINIA 25314
PHONE No.: 304/346-1093
FAX No.: 304/346-1095

MR. ANTONIO SALAZAR
CARBONES DE COLOMBIA S.A.
CARRERA 7, #31-10, PISO 115
BOGOTA, COLOMBIA
SOUTH AMERICA
PHONE No.: 011/57/1/288-1024
FAX No.: 011/57/1/287-7173

MR. JONATHAN S. BARR
REGIONAL VICE PRESIDENT, SOUTHEAST
ARCH COAL SALES COMPANY, INC.
CITYPLACE ONE, SUITE 350
ST. LOUIS, MISSOURI 63141
PHONE No.: 314/994-2915
FAX No.: 314/994-2719

MR. CHARLES E. WELSH
CARDIGAN COAL & COKE CORPORATION
ASHBROOK HOUSE
1010 RUSSELL STREET
COVINGTON, KENTUCKY 41011
PHONE No.: 606/491-3300
FAX No.: 606/491-7598

MR. DANIEL L. VAUGHN
MANAGER, COAL TRADING
AVISTA ENERGY, INC.
637 BERKMAR CIRCLE
CHARLOTTESVILLE, VIRGINIA 22901
PHONE No.: 812/436-9238 (EVANSVILLE)
804/817-5555 (CHARLOTTESVILLE)
FAX No.: 812/436-9239 (EVANSVILLE) 804/817-
5557 (CHARLOTTESVILLE)

MR. STEVE HERSHBERGER
CENTRAL COAL AND COKE, INC.
POST OFFICE BOX 80092
INDIANAPOLIS, INDIANA 46280
PHONE No.: 317/841-7733
FAX No.: 317/841-9180

MR. SAM BROVERMAN
PRESIDENT
BROCOAL, INC.
POST OFFICE BOX 2504
CHARLESTON, WEST VIRGINIA 25329
PHONE No.: 304/343-0555
FAX No.: 304/344-4663

MR. CLARK WISMAN
DIRECTOR OF MARKETING & SALES
CENTRAL COAL COMPANY
148 BRISTOL EAST ROAD
BRISTOL, VIRGINIA 24202
PHONE No.: 540/669-8599
FAX No.: 540/669-3543

MR. GREG JORDAN
VICE PRESIDENT, SALES
COAL ENERGY RESOURCES INC.
108 REEDY CREEK ROAD, SUITE 1007
ABINGDON, VIRGINIA 24210
PHONE No.: 540/676-3101
FAX No.: 540/676-3068

MR. MARSHALL W. CULPEPPER
COAL SERVICES JV
POST OFFICE BOX 43285
BIRMINGHAM, ALABAMA 35243
PHONE No.:
FAX No.:

MR. GENE MCBURNEY, JR.
MANAGER, SALES
COASTAL COAL COMPANY, LLC
POST OFFICE BOX 1871
ROANOKE, VIRGINIA 24008
PHONE No.: 800/776-5722
FAX No.: 540/983-0267

MR. ROBERT A. FEILNER
VICE PRESIDENT, COAL SALES
COASTAL STATES ENERGY COMPANY
NINE GREENWAY PLAZA
HOUSTON, TEXAS 77046
PHONE No.:
FAX No.:

MR. ROBERT H. SCOTT
COMMONWEALTH COAL SALES, L.C.
5413 PATTERSON AVENUE, SUITE 205
RICHMOND, VIRGINIA 23226
PHONE No.: 804/282-9826
FAX No.: 804/282-9836

MS. RENEE MCGREGOR
COMMONWEALTH MINING
POST OFFICE BOX 190
633 CALLAHAN AVENUE
APPALACHIA, VIRGINIA 24216
PHONE No.:
FAX No.:

MR. DENNIS P. DUFFY
SALES MANAGER
CONSOL INC.
BUILDING 9A, SUITE 204
501 VILLAGE TRACE
MARIETTA, GEORGIA 30067
PHONE No.: 770/951-2625
FAX No.: 770/951-0601

MR. CHARLES R. REASOR
VICE PRESIDENT, SALES
CUMBERLAND RIVER ENERGIES, INC.
1659 OAK CREST COURT
MARIETTA, GEORGIA 30066
PHONE No.: 770/977-3177
FAX No.: 770/977-3177

MR. D. TATE RICH
VICE PRESIDENT
DELTA COALS, INC.
CAVALIER BUILDING, SUITE 404
95 WHITE BRIDGE ROAD
NASHVILLE, TENNESSEE 37205
PHONE No.: 615/352-5484
FAX No.:

MR. THOMAS P. FLEMING
DEVCO CAPE BRETON DEVELOPMENT
CORPORATION
POST OFFICE BOX 2500
SYDNEY, B1P 6K9
AUSTRALIA
PHONE No.: 902/842-2208
FAX No.: 902/842-2589

MR. RANDY C. EDGEMON
PRESIDENT
DIVERSIFIED ENERGY, INC.
8874 KINGSTON PIKE, SUITE 200
KNOXVILLE, TENNESSEE 37923
PHONE No.: 423/690-8967
FAX No.: 423/691-4276

MR. D. KEITH DROHAN
DIRECTOR, COAL AND OIL
DOMINION VIRGINIA POWER
5000 DOMINION BOULEVARD
GLEN ALLEN, VIRGINIA 23060
PHONE No.: 804/273-4110
FAX No.: 804/273-3266

MR. DAYTON E. EISEL III
DIRECTOR, COAL SALES
ELECTRIC FUELS CORPORATION
8050 HOSBROOK ROAD, SUITE 314
CINCINNATI, OHIO 45236
PHONE No.: 513/791-0446
FAX No.: 513/791-1448

MR. DENNIS J. STEUL
DIRECTOR, NORTH AMERICAN SALES
DRUMMOND COAL SALES, INC.
530 BEACON PKWY. W., STE. 800
BIRMINGHAM, ALABAMA 35209
PHONE No.: 205/945-6411
FAX No.: 205/945-6440

MR. MICHAEL E. WEBER
VICE PRESIDENT, MARKETING & DISTRIBUTION
ELECTRIC FUELS CORPORATION
8050 HOSBROOK ROAD, SUITE 314
CINCINNATI, OHIO 45236
PHONE No.: 513/791-9032
FAX No.: 513/791-1448

MR. NICK KEYS
DUKE ENERGY MERCHANTS
9025 EAST KENYEN AVENUE, SUITE 301
DENVER, COLORADO 80237
PHONE No.: 303/889-5973
FAX No.: 303/889-5931

MR. STEVEN E. WEBER
EMERALD INTERNATIONAL CORPORATION
7310 TURFWAY ROAD, SUITE 330
FLORENCE, KENTUCKY 41042
PHONE No.: 859/525-2522
FAX No.: 859/525-4052

MR. JOHN ROSE
DUKE ENERGY MERCHANTS
10777 WESTHEIMER, SUITE 650
HOUSTON, TEXAS 77042
PHONE No.: 713/975-4206
FAX No.: 713/975-4380

MR. ROBERT LEWIS
ENERGY CONSULTING, INC.
7212 KINGSTON PIKE
KNOXVILLE, TENNESSEE 37919
PHONE No.: 865/584-9200
FAX No.: 865/588-2988

MR. PETER P. BLOOD
DIRECTOR, ENERGY MARKETING
DYNERGY MARKETING AND TRADE
1000 LOUISIANA STREET, SUITE 5800
HOUSTON, TEXAS 77002
PHONE No.: 713/767-6249
FAX No.: 713/767-5986

MR. DAN McQUADE
ENERGY TRADING COMPANY
767 FIFTH AVENUE
NEW YORK, NEW YORK 10153
PHONE No.: 212/421-1930
FAX No.: 212/421-1937

MR. WEST BOETTGER
DYNERGY MARKETING AND TRADE
1000 LOUISIANA STREET, SUITE 5800
HOUSTON, TEXAS 77002
PHONE No.:
FAX No.: 713/767-5986

MR. THOMAS A. McQUADE
DIRECTOR, COAL TRADING
ENRON CAPITAL & TRADE RESOURCES
1400 SMITH STREET, EB 3129B
HOUSTON, TEXAS 77002-7361
PHONE No.: 713/853-6052
FAX No.: 713/646-2492

MR. THOMAS HIEMSTRA
EVOLUTION MARKETS LLC
65 BROADWAY, FIFTH FLOOR
NEW YORK, NEW YORK 10006
PHONE No.:
FAX No.:

MR. VIRG MEYER
DISTRICT MANAGER
GREAT LAKES COAL & DOCK COMPANY
1031 CHILDS ROAD
ST. PAUL, MINNESOTA 55106
PHONE No.:
FAX No.:

MR. RON YATES
MARKETING MANAGER, CERREJON COAL
EXXON COAL & MINERALS COMPANY
2401 S. GESSNER
HOUSTON, TEXAS 77063-2005
PHONE No.: 713/978-5535
FAX No.: 713/978-5562

MR. WILLIAM BLAIR MASSEY, JR.
GUASARE COAL AMERICA, INC.
FOUR NORTH FOURTH STREET, SUITE 100
RICHMOND, VIRGINIA 23219
PHONE No.: 804/648-2615
FAX No.: 804/788-1809

MS. ABBY CAPLAN
COAL TRANSPORTATION REPORT
FIELDSTON COMPANY, INC.
1800 MASSACHUSETTS AVE. NW, SUITE 500
WASHINGTON, DC 20036
PHONE No.: 202/775-0240
FAX No.: 202/872-8045

MR. THOMAS NIQUETTE
REGIONAL SALES MANAGER
HORIZON COAL SERVICES, INC.
16 EAST GRAINTE STREET
BUTTE, MONTANA 59701
PHONE No.: 406/723-3844
FAX No.: 406/723-0017

MR. DERON UPTON
VICE PRESIDENT, SALES AND TRADING
FIRSTENERGY FUEL MARKETING COMPANY
395 GHENT ROAD, SUITE 115
AKRON, OHIO 44333
PHONE No.: 330/315-7448
FAX No.: 330/315-7464

MR. REX HARRIS
IDDC
4511 BRAGG BOULEVARD
FAYETTEVILLE, NORTH CAROLINA 28303
PHONE No.:
FAX No.:

MR. GEORGE F. WILLIAMS
SALES MANAGER
GARLAND COAL COMPANY
300 FOREST PARK BOULEVARD
POST OFFICE BOX 10288
KNOXVILLE, TENNESSEE 37939-0288
PHONE No.: 423/588-9711
FAX No.: 423/588-7130

MR. BRUCE L. WASHBURN
INGRAM COAL COMPANY
4304 HARDING ROAD
NASHVILLE, TENNESSEE 37202
PHONE No.:
FAX No.:

MR. GREGORY L. MARCUM
GLENORE LTD.
THREE STAMFORD PLAZA
301 TRESSER BOULEVARD
STAMFORD, CONNECTICUT 06901-3244
PHONE No.: 203/328-3110
FAX No.: 203/978-2630

MR. MARCEL L. J. VAN DEN BERG
INTER-AMERICAN COAL, INC.
5016 DORSEY HALL DRIVE, SUITE 202
ELLCOTT CITY, MARYLAND 21042
PHONE No.: 410/730-6800
FAX No.: 410/997-6842

MR. MARK DOOLEY
EXECUTIVE VICE PRESIDENT & COO
JAMES RIVER COAL SALES, INC.
901 EAST BYRD STREET, SUITE 1600
RICHMOND, VIRGINIA 23219-4080
PHONE No.: 804/780-3003
FAX No.: 804/649-9319

MR. EARL ROOP
VICE PRESIDENT, SALES
KNOTT FLOYD LAND COMPANY, INC.
POST OFFICE BOX 2765
PIKEVILLE, KENTUCKY 41502
PHONE No.: 606/874-9003
FAX No.: 606/874-1261

MR. RON A. MUNSE
VICE PRESIDENT, SALES
JAMES RIVER COAL SALES, INC.
209 DELBURG STREET
POST OFFICE BOX 253
DAVIDSON, NORTH CAROLINA 28036
PHONE No.: 704/892-1662
FAX No.:

MR. GENE MITCHELL
KOCH CARBON, INC.
632 OVERHILL ROAD
ARDMORE, PENNSYLVANIA 19003
PHONE No.:
FAX No.:

MR. RODNEY L. CAMP
GENERAL MANAGER, MARKETING
JIM WALTER RESOURCES, INC.
POST OFFICE BOX 133
BROOKWOOD, ALABAMA 35444
PHONE No.: 205/554-6230 (TUSCALOOSA)
FAX No.: 205/554-6161 (TUSCALOOSA)

MR. JOHN BARNARD
VICE PRESIDENT
LAFAYETTE COAL COMPANY
5600 EXECUTIVE CENTER DRIVE, SUITE 113
CHARLOTTE, NORTH CAROLINA 28212
PHONE No.: 704/536-5698
FAX No.: 704/536-8045

MR. J. MICHAEL E. KELLEY
MANAGER, SALES
KENNECOTT ENERGY COMPANY
6300 SOUTH SYRACUSE WAY, SUITE 433
ENGLEWOOD, COLORADO 80111
PHONE No.: 307/687-6045
FAX No.: 307/687-6015

MS. MARY EILEEN O'KEEFE
PRESIDENT
LAKE SHORE INTERNATIONAL, LTD.
1440 LAKE SHORE DRIVE, SUITE 8A
CHICAGO, ILLINOIS 60610
PHONE No.: 312/482-9701
FAX No.: 312/482-9703

MR. JAMES R. "KENNY" GILLUM
EXECUTIVE VICE PRESIDENT
KENTUCKY CUMBERLAND COAL COMPANY
POST OFFICE BOX 151
LAFOLLETTE, TENNESSEE 37766
PHONE No.: 423/566-4799
FAX No.: 423/566-5646

MR. PAUL GREER
REGIONAL SALES MANAGER
LAKEWAY FUEL CORPORATION
ONE KING JAMES SOUTH, SUITE 118
24700 CENTER RIDGE ROAD
CLEVELAND, OHIO 44145
PHONE No.: 404/835-2990
FAX No.: 404/835-3027

MR. ED LANE
VICE PRESIDENT, MARKETING
KERR-MCGEE COAL CORPORATION
POST OFFICE BOX 25861
OKLAHOMA CITY, OKLAHOMA 73125
PHONE No.: 405/270-3964
FAX No.: 405/270-2967

MR. MICHAEL J. LYONS
VICE PRESIDENT, SALES
LESLIE RESOURCES, INC.
24250 JUNCTION DRIVE
BRISTOL, VIRGINIA 24202
PHONE No.: 540/466-4191 (BRISTOL #)
FAX No.: 540/466-5311 (BRISTOL FAX)

MR. JAMES K. MARTIN
NATIONAL COAL MARKETING EXECUTIVE
LG&E ENERGY MARKETING
12500 FAIR LAKES CIRCLE, SUITE 350
FAIRFAX, VIRGINIA 22033
PHONE No.: 703/968-5452
FAX No.:

MR. JOHN R. PARKER
SENIOR VICE PRESIDENT
MASSEY COAL SALES COMPANY, INC.
POST OFFICE BOX 26765
RICHMOND, VIRGINIA 23261
PHONE No.: 804/782-1678
FAX No.: 804/788-1811

MR. MIKE GOFF
EASTERN SALES MANAGER
LODESTAR ENERGY, INC.
251 TOLLAGE CREEK
PIKEVILLE, KENTUCKY 41501
PHONE No.: 606/432-9071
FAX No.:

MR. JOHN R. BAKER, JR.
MCWANE COAL SALES, INC.
1927 FIRST AVE. N., SUITE 900
BIRMINGHAM, ALABAMA 35203
PHONE No.: 205/323-2400
FAX No.:

MR. GENE STONE
DIRECTOR, MARKETING SERVICES
LODESTAR ENERGY, INC.
333 WEST VINE STREET, SUITE 1700
LEXINGTON, KENTUCKY 40507-1628
PHONE No.: 859/255-4006
FAX No.: 859/255-0330

MR. ROCCO D. PRICHINELLO
DEPARTMENT MANAGER, COAL, IRON ORE &
FERRO
MITSUBISHI INTERNATIONAL CORPORATION
520 MADISON AVENUE
NEW YORK, NEW YORK 10022
PHONE No.: 212/605-2304
FAX No.: 212/605-1935

MR. JOE CZUL
PRESIDENT
LOGAN & KANAWHA COAL CO., INC.
POST OFFICE BOX 18370
SOUTH CHARLESTON, WV 25303-8370
PHONE No.: 304/746-4011
FAX No.: 304/746-4470

MR. FRANK FUYUKI KITAHARA
GENERAL MANAGER, COAL DEPARTMENT
MITSUI & COMPANY
200 PARK AVENUE
NEW YORK, NEW YORK 10166
PHONE No.:
FAX No.:

MR. LARRY F. KAE LIN
PRESIDENT
MARINE COAL SALES COMPANY
645 WEST CARMEL DRIVE #190
CARMEL, INDIANA 46032
PHONE No.: 317/844-6628
FAX No.: 317/844-6842

MR. JOHN A. COLLINS
PRESIDENT
OAK HILL COAL CORPORATION
214 EAST MAIN STREET
MOREHEAD, KENTUCKY 40351
PHONE No.: 606/780-0824
FAX No.: 606/780-0749

MR. MARK CAMPBELL
MARSHALL RESOURCES
POST OFFICE BOX 3368
CHARLESTON, WEST VIRGINIA 25333-3368
PHONE No.:
FAX No.:

MR. THOMAS V. REISHMAN
PRESIDENT
ORION RESOURCES, INC.
1290 UNITED CENTER
500 VIRGINIA STREET EAST
CHARLESTON, WEST VIRGINIA 25301
PHONE No.: 304/345-6381
FAX No.: 304/345-6386

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MR. C. M. "CHUCK" JONES, JR.
COAL MANAGER
OXBOW CARBON & MINERALS, INC.
7901 SOUTH PARK PLAZA, SUITE 202
LITTLETON, COLORADO 80120
PHONE No.: 205/823-2321
FAX No.: 205/823-2346

MR. CECIL LEWIS
PRESIDENT OF SALES
PERRY COUNTY COAL CORPORATION
POST OFFICE Box 5001
HAZARD, KENTUCKY 41702
PHONE No.: 606/439-1391
FAX No.: 606/436-9113

MS. ELLEN BEATTY
MARKETING MANAGER
PACIFIC BASIN RESOURCES
3478 BUSKIRK AVENUE, SUITE 346
PLEASANT HILL, CALIFORNIA 94523-4342
PHONE No.: 510/932-0878
FAX No.: 510/932-8920

MR. FRED WAYAND
PERRY COUNTY COAL CORPORATION
4146 B KNOB OAK LANE
CHARLOTTE, NORTH CAROLINA 28211
PHONE No.:
FAX No.:

MR. ROBERT W. BLAND
VICE PRESIDENT, SALES
PEABODY COALS SALES COMPANY
701 MARKET STREET
ST. LOUIS, MISSOURI 63101-1826
PHONE No.: 314/342-7524
FAX No.: 314/342-7529

MR. JOHN KELL
GENERAL MANAGER, COAL DIVISION
PETROLEUM SOURCE & SYSTEMS GROUP
2957 CLAIRMONT ROAD, SUITE 510
ATLANTA, GEORGIA 30329
PHONE No.: 404/321-5711
FAX No.: 404/321-3938

MR. JOHN HANNEKAMP
PEABODY COALS SALES COMPANY
701 MARKET STREET
ST. LOUIS, MISSOURI 63101-1826
PHONE No.:
FAX No.:

MR. J. MARK CAMPBELL
PRESIDENT
PEVLER COAL COMPANY
POST OFFICE Box 3368
CHARLESTON, WEST VIRGINIA 25333
PHONE No.: 304/345-1276
FAX No.: 304/345-1278

MRS. BEVERLY J. REYNOLDS
VICE PRESIDENT, COAL TRADING
PEABODY COAL TRADE, INC.
POST OFFICE Box 68
KENOVA, WEST VIRGINIA 25530-0068
PHONE No.: 606/739-5752
FAX No.: 606/739-6787

MR. SCOTT F. BROWN
PRESIDENT
PICKANDS MATHER COAL COMPANY
9717 CHILLICOTHE ROAD
KIRTLAND, OHIO 44094
PHONE No.: 440/256-7622
FAX No.: 440/256-1998

MR. JEFF SWIFT
PEN COAL CORPORATION
5110 MARYLAND WAY, SUITE 300
BRENTWOOD, TENNESSEE 37027
PHONE No.: 615/371-7360
FAX No.: 615/371-7388

MS. NANCY PINCELLI
PINCELLI & ASSOCIATES
POST OFFICE Box 1055
HIXON, TENNESSEE 37343
PHONE No.:
FAX No.:

MR. H. LANCE RUTH
SALES MANAGER
PITTSBURGH & MIDWAY COAL MINING COMPANY
6400 SOUTH FIDDLER'S GREEN CIRCLE
ENGLEWOOD, COLORADO 80111
PHONE No.: 303/930-4141
FAX No.: 303/930-4219

MR. JOE C. JOHNSON
RAG - COAL SALES OF AMERICA
1520 KANAWHA BOULEVARD EAST
CHARLESTON, WEST VIRGINIA 25311
PHONE No.:
FAX No.:

MR. JIM CAMPBELL
PRESIDENT
PITTSTON COAL SALES CORPORATION
448 NORTHEAST MAIN STREET
POST OFFICE BOX 6300
LEBANON, VIRGINIA 24266
PHONE No.: 540/889-6300
FAX No.: 540/889-6093

MR. ROD LAWRENCE
PRESIDENT
RAG - COAL SALES OF AMERICA
999 CORPORATE BOULEVARD
LINTHICUM, MARYLAND 21090-2227
PHONE No.: 804/780-3003
FAX No.: 804/649-9319

MR. RICK MEADE
PITTSTON COAL SALES CORPORATION
448 NORTHEAST MAIN STREET
POST OFFICE BOX 6300
LEBANON, VIRGINIA 24266
PHONE No.: 540/889-6300
FAX No.: 540/889-6093

MR. KEN STACY
RAPOCA ENERGY COMPANY
2700 LEE HIGHWAY
BRISTOL, VIRGINIA 24201
PHONE No.:
FAX No.:

MR. DALE L. FENWICK
POWDERHORN COAL COMPANY
POST OFFICE BOX 1430
PALISADE, COLORADO 81526
PHONE No.:
FAX No.:

MR. ROBERT CHADWELL
RB COAL COMPANY
PATHFORK, KENTUCKY 40863
PHONE No.:
FAX No.:

MR. DAN HENDRICKSON
VICE PRESIDENT
QUAKER COAL COMPANY, INC.
329 WEST MAIN STREET
ABINGDON, VIRGINIA 24210-2633
PHONE No.: 540/676-3565
FAX No.: 540/676-0767

MR. JIM LAFORCE
RED RIVER COAL COMPANY, INC.
POST OFFICE BOX 668
NORTON, VIRGINIA 24273
PHONE No.:
FAX No.:

MR. GENE MOWERY
R&T COAL COMPANY, INC.
11852 KINGSTON PIKE
KNOXVILLE, TENNESSEE 37922
PHONE No.:
FAX No.:

MR. DONALD J. DRABANT
PRESIDENT
RESOURCE FUELS, LLC
7346 BEECHMONT AVENUE
CINCINNATI, OHIO 45230
PHONE No.: 513/233-2000
FAX No.: 513/233-2002

MR. ROBERT N. SHEPARD, JR.
VICE PRESIDENT, SALES
RIVERTON COAL SALES, INC.
1524 KANAWHA BOULEVARD EAST
CHARLESTON, WEST VIRGINIA 25311
PHONE NO.: 304/345-0970
FAX NO.: 304/345-6034

MR. TERRY EASTER
SOUTHEAST FUELS, INC.
10740 NORTH 56TH STREET, SUITE 114
TAMPA, FLORIDA 33617
PHONE NO.: 813/985-0078
FAX NO.:

MR. PHILLIP G. REEVES
VICE PRESIDENT
ROCKY MOUNTAIN COAL PRODUCTS, LTD.
205 NINTH AVENUE S.E.
CALGARY, ALBERTA T2G 0R4
CANADA
PHONE NO.: 403/260-9800
FAX NO.: 403/260-7339

MR. LARRY MCBRIDE
VICE PRESIDENT OF SALES
SOUTHEAST FUELS, INC.
POST OFFICE BOX 4061
GREENSBORO, NORTH CAROLINA 27404
PHONE NO.: 336/854-1106
FAX NO.: 336/547-8720

MR. DERON F. SAYLOR
SAYLOR BROTHERS ENTERPRISES, INC.
POST OFFICE BOX 127
COLDIRON, KENTUCKY 40819
PHONE NO.: 606/664-2961
FAX NO.:

MR. RALPH SHELTON
PRESIDENT/CEO
SOUTHEAST FUELS, INC.
POST OFFICE BOX 4061
GREENSBORO, NORTH CAROLINA 27404
PHONE NO.: 336/854-1106
FAX NO.: 336/547-8720

MR. JERRY COOKSEY
SIGMON COAL COMPANY, INC.
549 LONDONDERRY ROAD
CUMBERLAND GAP, TENNESSEE 37724
PHONE NO.:
FAX NO.:

MR. PETE A. COFER
VICE PRESIDENT
SOUTHERN APPALACHIAN COAL SALES, INC.
9050B EXECUTIVE PARK DRIVE, SUITE 100
KNOXVILLE, TENNESSEE 37923-4616
PHONE NO.: 423/470-8595
FAX NO.: 423/470-8644

MR. JOHN McDONNELL
VICE PRESIDENT, SALES
SMOKY MOUNTAIN COAL CORP.
9040 EXECUTIVE PARK DRIVE, SUITE 315
KNOXVILLE, TENNESSEE 37923
PHONE NO.: (865) 694-8222
FAX NO.: (865) 693-0299

MR. MARK CANON
SOUTHERN COMPANY ENERGY MARKETING
1155 PERIMETER CENTER WEST
ATLANTA, GEORGIA 30338
PHONE NO.:
FAX NO.:

MR. FRED A. BOWMAN
VICE PRESIDENT, SALES
SOLAR SOURCES
6755 SOUTH GRAY ROAD
POST OFFICE BOX 47068
INDIANAPOLIS, INDIANA 46247-7068
PHONE NO.: 317/788-0084
FAX NO.: 317/787-0592

MR. WILLIAM H. FETTER
VICE PRESIDENT, MARKETING
SSM PETOCKE LLC
10500 LITTLE PATUOXENT PKWY., SUITE 510
9891 BROKENLAND PARKWAY
COLUMBIA, MARYLAND 21044
PHONE NO.: 410/910-0633
FAX NO.: 410/910-0630

MR. JOHN STAFFORD
PRESIDENT
STAFFORD ENERGY, INC.
1301 GREENUP AVENUE
ASHLAND, KENTUCKY 41101-7526
PHONE No.: 606/324-2625
FAX No.: 606/326-9142

MR. JEAN-PAUL MARCHAL
MARKETING MANAGER, COAL DIVISION
TOUR TOTAL
24 COURS MICHELET - CEDEX 47
92069 PARIS LA DEFENSE
FRANCE
PHONE No.: 33/1/41-35-39-80
FAX No.: 33/1/41-35-37-61

MR. L. ELLIS DUSENBURY
VICE PRESIDENT
TANOMA ENERGY INCORPORATED
9300 HARRIS CORNERS PARKWAY, SUITE 210
CHARLOTTE, NORTH CAROLINA 28267
PHONE No.: 704/596-9253
FAX No.: 704/598-8115

MR. BILL ANDREWS
PRESIDENT
TRAIL ENERGY, INC.
POST OFFICE BOX 220
GREENBACK, TENNESSEE 37742
PHONE No.: 865/856-2859
FAX No.: 865/983-5319

MR. LARRY LAMBDIN
MANAGER, CONTRACT ADMINISTRATION
TECO COAL CORPORATION
200 ALLISON BOULEVARD
CORBIN, KENTUCKY 40701
PHONE No.: 606/523-4251
FAX No.:

MR. KEITH G. KLEISER
GENERAL MANAGER
TRANSMAR COAL, INC.
POST OFFICE BOX 119
100 L. J. KOCH BOULEVARD
SANTA CLAUS, INDIANA 47579
PHONE No.: 812/937-4536
FAX No.: 812/937-4639

MR. WILLIS R. VICARS
PRESIDENT
THUNDER MOUNTAIN COAL COMPANY
POST OFFICE BOX 745
KINGSPORT, TENNESSEE 37662-0745
PHONE No.: 423/378-3511
FAX No.: 423/378-5765

MR. STEVE SEARS
TRITON COAL COMPANY, LLC
113 SOUTH GILLETTE AVENUE, SUITE 203
GILLETTE, WYOMING 82716
PHONE No.:
FAX No.:

MR. PHILLIP COSTELLO
VICE PRESIDENT
THYSSEN CARBOMETAL COMPANY
1114 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10036
PHONE No.: 212/512-9717
FAX No.: 212/302-5037

MR. JOHN W. PIERCE
MANAGER, COMMERCIAL SERVICES
U. S. STEEL MINING COMPANY, LLC
600 GRANT STREET, SUITE 1880
PITTSBURGH, PENNSYLVANIA 15219-2749
PHONE No.: 412/433-4611
FAX No.: 412/433-5839

MR. KEVIN C. BURNS
VICE PRESIDENT & GENERAL MANAGER
TMT COAL COMPANY LLC
18800 WOODBURN ROAD
LEESBURG, VIRGINIA 20175
PHONE No.: 703/771-9191
FAX No.: 703/779-2070

MR. GARY B. CHILCOT
DIRECTOR
UNITED COAL COMPANY
80 TERRACE DRIVE
BRISTOL, VIRGINIA 24202-5818
PHONE No.: 540/466-0014
FAX No.: 540/669-2671

MR. DAN VAUGHN
UNITED POWER, INC.
19 NW 4TH STREET, SUITE 500
EVANSVILLE, INDIANA 47708
PHONE NO.:
FAX NO.:

MR. RONALD L. WHALEN, JR.
DIRECTOR OF MARKETING & SALES
VALLEY CARBON, INC.
1008 SOUTHWOOD LANE
POST OFFICE BOX 1451
BLUEFIELD, WEST VIRGINIA 24701-1451
PHONE NO.: 304/327-2596
FAX NO.: 304/325-3708

MR. WILLIAM DON BAILEY
WOODRUFF COAL COMPANY
POST OFFICE BOX 383
JELICO, TENNESSEE 37762
PHONE NO.: 423/784-3396
FAX NO.: 423/784-7342

MR. DAVE SCRUGGS
WOODRUFF COAL COMPANY
POST OFFICE BOX 50190
KALAMAZOO, MICHIGAN 49005
PHONE NO.:
FAX NO.:

CONFIDENTIAL

Electric Fuels Corporation - Florida

One Year - "D" Solicitation - *Water*

May 15, 2001

DELIVERED

[illegible]

***EFC's Water Transportation Rate, \$14.67 = Offshore**

Docket No. 060658

Progress Energy Florida

Exhibit No. (DMD-8)

Page 2 of 4

CONFIDENTIAL

Electric Fuels Corporation - Florida

Two Year - "D" Solicitation - *Water*

May 15, 2001

DELIVERED

[illegible]

***EFC's Water Transportation Rate, \$14.67 = Offshore**

EFC/DGE-

CONFIDENTIAL

Electric Fuels Corporation - Florida
Three Year - "D" Solicitation - *Water*

May 15, 2001

DELIVERED

[illegible]

***EFC's Water Transportation Rate, \$14.67 = Offshore**

Electric Fuels Corporation - Florida
Five Year - "D" Solicitation - *Water*

May 15, 2001

Supplier

Tons
(000)

**FOB
Mine
Price**

Btu

Water Market	Overhead
*	*

\$ / Ton

Bus Bar

**Evaluated
¢/MM Btu**

Comments

[illegible]

***EFC's Water Transportation Rate, \$14.67 = Offshore**



**Electric
Fuels**
CORPORATION

INTEROFFICE CORRESPONDENCE

Operations—Coal Procurement
Office

BT10C
MAC

824-6673
Telephone

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
Page 1 of 184

SUBJECT: 1996 Contract Option Coal

TO: W. D. Carter

DATE: January 18, 1996

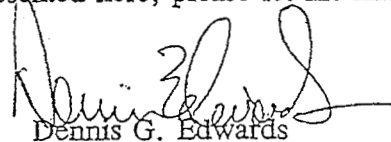
We are in receipt of Florida Power Corporation's (FPC) 1996 coal order for 3.25 million tons (+/- 200,000 tons) of Compliance "D" coal, and 1.85 million tons (+/- 100,000 tons) of Non-Compliance "A" coal. This order was generated by FPC from information on burn projections (a total of 5.5 million tons) for the Crystal River units, and EFC's projections of 1995 year-end Crystal River inventory levels. This coal order is larger than last year's and reflects an operating plan with no major turbine outages, a Crystal River Unit 3 refueling outage, and the fact that our year-end 1995 inventory was more in tune with targets despite the fact that the 1995 burn was at a very low 5.16 million tons.

Step one in planning for our 1996 purchases was to review our options for additional coal under our existing contracts. The top portion of the attached schedule will outline these tonnages for you, along with an estimated average 1996 FOB prices. Based on our forecasted 1996 spot prices, we recommended that we exercise the minimum option under all of our contract suppliers. At these contract volumes, our spot activity will be approximately 1.425 million tons, unless FPC exercises its option to increase its order. The contract notices to Franklin, Massey and Pen were sent by the required deadlines in 1995. Due to the renegotiation of the Golden Oak contract last May, no annual notice is required as the contract was adjusted to a firm 475,000 tons per year.

As you can see, we are projecting a significant spot market participation in 1996. To minimize our exposure to the month-to-month unit train compliance spot market, we placed an additional small order with Ikerd-Bandy and Ashland Coal for 1996. These coals were purchased under the same solicitations from which the Cyprus and Quaker coals were purchased.

With respect to the transportation plan shown at the bottom part of the attached schedule, you will note that we have based this plan on the FPC order. In reality, the current burn projection dictates that a 5.3 million ton delivery schedule is more realistic, which we are modeling 3.9 million tons to be delivered by rail and 1.4 million tons to be delivered by water.

If you have any questions regarding any of the items presented here, please let me know.


Dennis G. Edwards

DGE/ro

Attachments

cc: Mrs. D. M. Davis
Mrs. R. A. Hemmer
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-005245

1996 PURCHASE PLAN

1996 OPTION COAL—COMPLIANCE ("D") QUALITY

Company	1996 Average Price	Minimum	Base	Maximum
A. T. Massey	\$27.56	661,500	735,000	808,500
Franklin (Zeigler)	\$27.30	238,500	265,000	291,500
Golden Oak	\$25.70	475,000	475,000	475,000
PMJV	\$36.33	850,000	850,000	850,000
Pen (f.o.b. Barge)	\$29.13	350,000	400,000	450,000
Quaker	\$25.65	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Totals		<u>2,875,000</u>	<u>3,025,000</u>	<u>3,175,000</u>
FPC Estimated Order*		3,250,000	3,250,000	3,250,000
Open For Spot		375,000	25,000	0

1996 OPTION COAL—"WINDOW" ("A") QUALITY

Company	1996 Average Price	Minimum	Base	Maximum
Arch	\$28.01	400,000	500,000	600,000
Cyprus	\$23.75	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Totals		<u>800,000</u>	<u>900,000</u>	<u>1,000,000</u>
FPC Estimated Order*		1,850,000	1,850,000	1,850,000
Open For Spot		1,050,000	950,000	850,000

<u>Rail Requirement:</u>	<u>3,900,000</u>	<u>Water Requirement:</u>	<u>1,200,000</u>
Arch	400,000	Pen Coal	350,000
Franklin (Zeigler)	238,500	A. T. Massey	<u>661,500</u>
PMJV	850,000		
Cyprus	400,000		
Quaker	300,000		
Golden Oak	<u>475,000</u>		
	<u>2,663,500</u>		<u>1,011,500</u>
Open Spot "D"	186,500	Open Spot "D"	188,500
Open Spot "A"	1,050,000		

* FPC's Estimated Order Totals 5.1 +/- .3 MT. Promod Projects Burn At 5.5 MT.

PEF-FUEL-005246

EFC/DGE
01/17/96



INTER-OFFICE CORRESPONDENCE

Operations—Coal Procurement

BT10C

824-6673

Department

Docket No. 060658

Progress Energy Florida

Exhibit No. ____ (DMD-9)

Page 3 of 184

SUBJECT: 1997 CONTRACT OPTION COAL

TO: W. David Carter

DATE: September 23, 1996

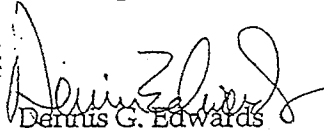
We are in receipt of Florida Power Corporation's (FPC) 1997 coal order for 3.25 million tons (+/- 200,000 tons) of Compliance "D" coal, and 2.0 million tons (+/- 100,000 tons) of Non-Compliance "A" coal. This order was generated by FPC from information on burn projections (a total of 5.5 million tons) for the Crystal River units, and EFC's projections of 1996 year-end Crystal River inventory levels. This coal order is smaller than last year's final order and reflects an operating plan with two major boiler outages (Units 2 and 5), and no Crystal River Unit 3 refueling outage.

Step one in planning for our 1997 purchases was to review our options for additional coal under our existing contracts. The top portion of the attached schedule will outline these tonnages for you, along with an estimated average 1997 FOB prices. Based on our forecasted 1997 spot prices, I recommend that we exercise the minimum option under all of our contract suppliers except Cyprus and Pen, both of whose estimated 1997 contract prices compare favorably with projected market prices. At these contract volumes, our spot activity will be approximately 2.26 million tons, unless FPC exercises its option to increase its order (potentially an additional 300,000 tons). The contract notices to Franklin, Massey, Arch, Cyprus and Pen have been prepared and are attached for your review.

As you can see, we are projecting significant spot market participation in 1997. To minimize our exposure to the volatile month-to-month unit train compliance spot market, we placed 15-month orders with Ashland and Quaker for 1997. These coals were purchased under our August 8, 1996, solicitation to replace the terminated Golden Oak and expiring Quaker agreements. We will likely place a portion (200,000—400,000 tons) of our "A" requirement under six-month agreements between now and December 1.

With respect to the transportation plan shown at the bottom part of the attached schedule, you will note that we have based this plan on the FPC order. In reality, we have to provide for the possibility that FPC will increase its order up to 300,000 tons by planning transportation requirements for the first half of 1997 at the 5.5 million ton annual level. Accordingly, we will model our transportation requirements at 3.9 million rail and 1.6 million water for at least the first half of the year and adjust as needed during the second half.

If you have any questions regarding any of the items presented here, please let me know.


Dennis G. Edwards

DGE/ro

Attachments

PEF-FUEL-005243

cc: D. M. Davis, R. A. Hemmer, R. M. Lelak, R. F. Potter

1997 PURCHASE PLAN

1997 OPTION COAL—COMPLIANCE ("D") QUALITY

Company	1997 Average Price	Minimum	Base	Maximum
A. T. Massey	\$27.68	661,500	735,000	808,500
Franklin (Zeigler)	\$27.44	238,500	265,000	291,500
PMJV	\$36.43	850,000	850,000	850,000
Pen (f.o.b. Barge)	\$29.94	350,000	400,000	450,000
Totals		2,100,000	2,250,000	2,400,000
FPC Order*		3,250,000	3,250,000	3,250,000
Open For Spot		1,150,000	1,000,000	850,000

1997 OPTION COAL—"WINDOW" ("A") QUALITY

Company	1997 Average Price	Minimum	Base	Maximum
Arch	\$28.39	400,000	500,000	600,000
Cyprus	\$24.23	360,000	400,000	440,000
Totals		760,000	900,000	1,040,000
FPC Order*		2,000,000	2,000,000	2,000,000
Open For Spot		1,240,000	1,100,000	960,000

Rail Requirement:	3,900,000	Water Requirement (Minimum):	1,350,000
Arch	400,000	Pen Coal	400,000
Franklin (Zeigler)	238,500	A. T. Massey	661,500
PMJV	850,000		
Cyprus	440,000		
	<u>1,928,500</u>		<u>1,061,500</u>
Open Spot "D"	811,500	Open Spot "D" (Minimum)	288,500
Open Spot "A"	1,160,000		

* FPC's Order Totals 5.25 +/- .3 MT. Promod Projects Burn At 5.5 MT.

EFC/DGE
09/12/96

PEF-FUEL-005244

**FINALIST LIST
15-MONTH SOLICITATION
"D" COAL WITH BUS BAR COST**

SUPPLIER	TONS (000)	FOB MINE PRICE	BTU	RAIL RATE (15 Month Average)	CAR COST	OVER- HEAD	DELIVERE D \$/TON	DELIVERE D ¢/MILLION	BUS BAR*	TOTAL ¢/MILLION
Quaker	500	\$26.35	12,800	\$15.53	\$1.8 5	\$.51	\$44.24	\$1.728	(.030)	1.698
CONSOL	425	26.75	12,900	15.53	1.85	.51	44.64	1.730	(.029)	1.701
Ashland	150	26.45	12,700	15.17	1.85	.51	43.98	1.731	(.029)	1.702
KM/BSD	225	27.45	13,100	15.53	1.85	.51	45.34	1.731	(.018)	1.713
Massey	150	24.00	12,450	16.86	1.85	.51	43.22	1.736	.018	1.754

*Bus Bar results using "typical" ash and Btu levels for coals with which we have no experience and "expected" ash and Btu levels for Quaker and Ashland.

Golden Oak '97 Forecasted Price:

\$26.02

16.54 rail

1.85 cars

.51 overhead

$\$44.92 \div 25.6 = \1.755 # to beat!

Hill '97 Forecast:

\$25.10 (12,500 "D")

\$25.70 (12,800 "D")

FINALIST LIST 15-MONTH SOLICITATION "D" COAL

SUPPLIER	TONS (000)	FOB MINE PRICE	BTU	RAIL RATE (15 Month Average)	CAR COST	OVER- HEAD	DELIVERED \$/TON	DELIVERED ¢/MILLION
CONSOL	425	\$26.75	12,900	\$15.53	\$1.85	\$.51	\$44.64	\$1.730
Ashland	150	26.45	12,700	15.17	1.85	.51	43.98	1.731
KM/BSO	225	27.45	13,100	15.53	1.85	.51	45.34	1.731
Quaker	400	26.45	12,800	15.53	1.85	.51	44.34	1.732
Massey	150	24.00	12,450	16.86	1.85	.51	43.22	1.736
Arch	400	24.00	12,400	16.86	1.85	.51	43.22	1.743

Golden Oak '97 Forecasted Price:

\$26.02

16.54 rail

1.85 cars

.51 overhead

$\$44.92 \div 25.6 = \1.755 # to beat!

Hill '97 Forecast:

\$25.10 (12,500 "D")

\$25.70 (12,800 "D")

FINALIST LIST **15-MONTH SOLICITATION** **"D" COAL**

SUPPLIER	TONS (000)	FOB MINE PRICE	BTU	RAIL RATE (15 Month Average)	CAR COST	OVER- HEAD	DELIVERE D \$/TON	DELIVERED ¢/MILLION	BUS BAR*	TOTAL ¢/MILLION
Ashland	150	\$26.45	12,700	\$15.17	\$1.8 5	\$.51	\$43.98	\$1.731	\$.000	\$1.731
Quaker	400	26.65	12,800	15.53	1.85	.51	44.54	1.740	.002	1.742
CONSOL	425	26.75	12,800	15.53	1.85	.51	44.64	1.744	.001	1.745
Massey	400	24.00	12,450	16.86	1.85	.51	43.22	1.736	.051	1.778
Arch	400	24.00	12,400	16.86	1.85	.51	43.22	1.743	.066	1.787
Used actual Btu and Ash levels for those coals we have experience with and quoted "typical" values for all others.										

Golden Oak '97 Forecasted Price:

\$26.02
16.54 rail
1.85 cars
.51 overhead
$\$44.92 \div 25.6 = \$1.755 \text{ \# to beat!}$

Hill '97 Forecast:

\$25.10 (12,500 "D")
\$25.70 (12,800 "D")

ELECTRIC INTER-OFFICE CORRESPONDENCE

FUELS
CORPORATION

Operations—Coal Procurement
Department

BT10C

824-6673

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
Page 8 of 184

SUBJECT: 1998 CONTRACT OPTION COAL

TO: W. David Carter

DATE: September 17, 1997

We are in receipt of Florida Power Corporation's (FPC) 1998 coal order for 3.7 million tons (+/- 200,000 tons) of Compliance "D" coal, and 2.14 million tons (+/- 100,000 tons) of Non-Compliance "A" coal. This order was generated by FPC from information on budget projections (a total of 5.84 million tons) for the Crystal River units, and EFC's projections of 1997 year-end Crystal River (below target) inventory levels. This coal order is larger than last year's final order and reflects an operating plan with ten week (Crystal River Unit 1) and fourteen week (Crystal River Unit 4) boiler outages, and Crystal River Unit 3 returning to service January 1.

Step one in planning for our 1998 purchases was to review our options for additional coal under our existing contracts. The top portion of the attached schedule will outline these tonnages for you, along with an estimated average 1998 f.o.b. prices. Based on our forecasted 1998 spot prices, I recommend that we exercise the minimum option under all of our contract suppliers except Franklin, whose estimated 1998 contract price (January 1, 1998 reopener) compares favorably with projected market prices. At these contract volumes, our spot activity will be approximately 3.0 million tons, unless FPC exercises its option to increase its order (potentially an additional 300,000 tons). The contract notices to Franklin, Massey, Arch, Cyprus and Pen have been prepared and are attached for your review.

As you can see, we are projecting significant spot market participation in 1998. To minimize our exposure to the volatile month-to-month unit train compliance spot market, we plan to place approximately 400,000 tons under 12-month contracts. With a water "D" spot requirement for over one million tons, we expect to place a portion of this under six- to twelve-month contract(s) also. We also expect to place a portion (200,000—400,000 tons for each six month period) of our "A" requirement under six-month agreements between now and December 1.

With respect to the transportation plan shown at the bottom part of the attached schedule, you will note that we have based this plan on the FPC order. In reality, we have to provide for the possibility that FPC will increase its order up to 300,000 tons by planning transportation requirements for the first half of 1998 at the 6.14 million ton annual level. Accordingly, we will, to the extent practical, model our annual transportation requirements at 3.9 million rail and 2.24 million water for at least the first half of the year and adjust as needed during the second half.

If you have any questions regarding any of the items presented here, please let me know.

Dennis G. Edwards

GE/ro

Attachments

cc: D. M. Davis, R. A. Hemmer, F. M. Lelak, R. F. Potter

1998 PURCHASE PLAN

1998 OPTION COAL—COMPLIANCE ("D") QUALITY

COMPANY	1998 ESTIMATED AVERAGE PRICE	MINIMUM	BASE	MAXIMUM
A. T. Massey (12,500 Btu/LB)	\$26.25	661,500	735,000	808,500
Franklin (Zeigler) (12,500 Btu/LB)	\$26.20	238,500	265,000	291,500
PMJV (12,500 Btu/LB)	\$34.55	850,000	850,000	850,000
¹ Pen (f.o.b. Barge) (12,500 Btu/LB)	\$30.08	<u>204,000</u>	<u>233,000</u>	<u>263,000</u>
Totals		<u>1,954,000</u>	<u>2,083,000</u>	<u>2,213,000</u>
FPC Base Order*		3,700,000	3,700,000	3,700,000
Open For Spot		1,746,000	1,617,000	1,487,000
¹ Contract Expires July 31, 1998				

1998 OPTION COAL—"WINDOW" ("A") QUALITY

COMPANY	1998 ESTIMATED AVERAGE PRICE	MINIMUM	BASE	MAXIMUM
Arch (13,000 Btu/LB)	\$25.25	400,000	500,000	600,000
Cyprus (12,500 Btu/LB)	\$24.42	<u>360,000</u>	<u>400,000</u>	<u>440,000</u>
Totals		<u>760,000</u>	<u>900,000</u>	<u>1,040,000</u>
FPC Base Order*		2,140,000	2,140,000	2,140,000
Open For Spot		1,380,000	1,240,000	1,100,000

RAIL/WATER REQUIREMENTS

Rail Requirement:	3,900,000	Water Requirement:	1,940,000
Arch.....	400,000	Pen Coal.....	204,000
Franklin (Zeigler).....	291,500	A. T. Massey.....	<u>661,500</u>
PMJV.....	850,000		
Cyprus.....	<u>360,000</u>		
Total.....	<u>2,061,500</u>	Total.....	<u>865,500</u>
Open Spot "D".....	618,500	Open Spot "D".....	1,074,500
Open Spot "A".....	1,380,000		

* FPC's Order Totals 5.84 +/- .3 MT. Promod Projects Burn At 5.9 MT.

ELECTRIC INTER-OFFICE CORRESPONDENCE

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Office

BT10C 824-6673

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
Page 10 of 184

SUBJECT: SWITCH "A" COAL TO WATER

TO: Mr. Bernie Cumbie

DATE: February 9, 1998

This will provide you with my thoughts on the cost impacts of switching all "D" coal to rail delivery (currently one-half of our "D" supply is rail delivered) and all "A" coal to water delivery.

SWITCH ALL "A" TO WATER AND 2.0 MILLION TONS WATER "D" COAL TO RAIL

COAL COST IMPACTS

"A" switch to water—None—Coal costs more or less equal. Transportation costs would be the same.

"D" switch to rail—The main problem is that we could not rely on spot market. I believe we would have to place most of the 2 million tons under long-term contract. Assuming we could find enough unit train "D" coal, a term contract(s) price will probably average \$1 to \$2 per ton higher than spot, particularly if we have to get someone to put a new mine in to supply the coal. In addition, much (say half) of this coal would have to originate from the Kanawha (West Virginia) District of the CSX which has a \$1.32 per ton higher rate than the current "A" coal rate district. If half of the 2,000,000 tons, this average cost would be \$.66 per ton. In addition to this rate increase, our costs of railcars would go up because of the increased turn time from the Kanawha District. In 1997, we had an average turn time of 6.14 days overall. This is with no coal originating from the Kanawha District. Past experience indicates we could expect an 8.5-day average turn time at best from this CSX district. The cost increase would be:

1,000,000 tons ÷ 9,600 tons (average train weight) =	104.00 trains
104 trains x 2.36 extra days =	245.44 train days
245.44 ÷ 6.14 current average =	39.97 trips
39.97 trips x 9,600 tons per train =	383,750.00 lost tons
Current fleet capacity =	3,900,000.00 tons
New fleet capacity =	3,516,250.00 tons
Current O&M costs of fleet (costs stay the same, fewer tons) =	\$1.78 per ton
New O&M costs of fleet =	\$1.97 per ton
Increase per ton =	\$.19

Finally, we would see an increase in all rail rates as a result of lower overall volume unless we increase our fleet size (\$11 million per train). The difference between rail rates at 3,901,000 volume and 3,516,250 volume would be an increase of at least (assumes we could negotiate around the 3.6 million ton minimum in our contract) \$.38 per ton times the 3,516,250 tons or \$.67 per ton on the 2,000,000 tons in question.

Mr. Bernie Cumbie
February 9, 1998
Page 2

SWITCH "A" COAL TO WATER

Summary of Costs

Higher coal prices, say	\$1.50 per ton
Higher CSX rate district	.66 per ton
Higher rail fleet O&M	.19 per ton
Higher (lower volume) overall CSX rate	<u>.67 per ton</u>
Total	<u>\$3.02 per ton</u>

In addition to these costs, I believe we should recognize that we will, in all likelihood, be using Powder River Basin coals at 4 & 5 by about 2000 (my guess). Since these coals, and others like South American, best move to Crystal River by water and are generally "compliance" grade; we would likely switch back to "D" water at this time in any event.

Please let me know if you have any questions on the above or require anything further from me.

Dennis G. Edwards

DGE/ro

cc: Mr. David Carter

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ELECTRIC INTER-OFFICE CORRESPONDENCE

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Operations—Coal Procurement
Office

BT10C
MAC

824-6673
Phone No.

SUBJECT: COAL COST UPDATE

DATE: February 11, 1998

TO: Mr. Byron Covey, Manager—Crystal River Units 4 & 5
Mr. Danny Douglas, Manager—Crystal River Units 1 & 2
Mr. Bernie Cumbie, Manager—Site Support

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In the unlikely event you are not already aware, I thought I would provide you with this update on your coal costs.

The year 1997 was very successful for us in that overall coal costs were held to \$1.87 per million Btu—the exact same costs as 1996 and \$.03 per million Btu under our forecast of \$1.90 per million Btu. As the attached chart of historical dollars per million Btu indicates, 1997 was the latest in a long series of flat or declining coal costs at Crystal River.

As for your competitive position, the information available to us indicates we are doing quite well. To demonstrate this, I have attached charts comparing the coal costs of Florida Power, TECO and Gulf Power on a dollars-per-million-Btu and cents-per-kilowatt-hour basis for all of 1997. As you can see, Gulf did beat us on a dollars per million Btu basis (they are closer to the coal and burn high (3%+) sulfur coal). We are, however, way out front of both TECO and Gulf Power on a kilowatt hour basis. As for the balance of your competition, the attached chart of electricity costs prepared by the Florida Municipal Electric Association lists the fuel component (of which coal is the major part for FPC) of residential electric rates per 1,000 kilowatt hours. Only Lakeland Electric, at a negative (?has to be an adjustment) \$1.00 is lower than FPC when looking at the IOU's and major MUNI's. In summary, I believe that any objective review of the facts of your coal program would conclude that, together, we have done extremely well.

At this point, I am sure you are saying, "Fine, but what are you doing for me now?" Well, actually, quite a bit. In the case of Crystal River Units 1 and 2, we have just terminated (amicably) the only remaining term agreement because the supplier (Arch) would not meet a "market" price available from another supplier. Consequently, we now have no "A" coal under contract past December 31, 1998. Effectively we are 100 percent spot for 1998, which is as aggressive as you can get! While we are comfortable in this position now because of the plentiful supply of this quality coal, we will be exploring the possibility of a new term agreement during 1998. We budgeted 1998 coal costs for Units 1 and 2 at \$1.66 per million Btu (the same as 1997 actuals), but hope to come in under this number.

As for Units 4 and 5, our challenge is a little bigger. The Eastern United States supply of "compliance" sulfur coal is probably only one-third of what the supply of Units 1 and 2 type coal, but you burn twice as much! (I expect this imbalance to grow as more utilities switch to "compliance" sulfur to meet tighter air regulations.) As a result, we have about 45 percent of your requirement under long-term agreements with prices that are generally higher than spot market. We believe this is prudent given the availability of this type coal. For example, during the last six months we had several months when no (as in zero) unit train "compliance" coal offered on our monthly spot purchase plan.

Mr. Byron Covey
Mr. Danny Douglas
Mr. Bernie Cumbie

February 11, 1998
Page Two

COAL COST UPDATE

Conversely, we always have water-delivered "compliance" coal offered. In fact, we recently had a competitive offer from South America for the first time since 1994. We purchased a 42,000-ton vessel of this coal for March delivery into International Marine Terminals. This coal will deliver to Crystal River for about \$.07 per million Btu less than the single 9,000-ton unit train offer we had for February. This is why we target the majority of monthly spot compliance purchases to water delivery. For these reasons, we feel it is imperative that we keep the flexibility our water delivery option provides open. For 1998 we budgeted Units 4 and 5 coal costs at \$1.99 per million Btu (same as 1997), but are optimistic we can come in under this figure.

Although brief, I hope this is helpful information and insight for you. In order to answer any questions you may have on this or anything not covered here, I will be contacting each of you shortly to schedule a one-on-one meeting. In the meantime, please feel free to call me anytime on any aspect of your coal supply.

Dennis G. Edwards

DGE/ro

Attachments

cc/att: Mr. Robert Niekum
Mr. David Carter

ELECTRIC INTER-OFFICE CORRESPONDENCE

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CORPORATION

Operations—Coal Procurement
Office

BT10C

824-6673

Docket No. 060658
Progress Energy Florida
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SUBJECT: MASSEY PRICE REOPENER

TO: W. David Carter

DATE: May 5, 1998

After several phone discussions and a meeting here in St. Petersburg, we have reached agreement with Massey on a new price package as follows:

- Effective January 1, 1998, price reduced from \$27.43 in Fourth Quarter 1997 to \$25.75, a reduction of \$1.68 per ton.
- Above price is fixed for 24 months.
- January 1, 2000, market price reopener to set price for final 28 months of the agreement.
- Ash level raised from 10.0% to 11.0%.
- 1998 volume remains at the minimum level of 661,500 tons.

Based on the information available to us ("Coal Markets" indicates 12,500 compliance is \$26.25. Our spot offers are in the \$25 to \$26 area), I believe this settlement is a good deal for FPC's customers. I am particularly pleased to get away from the escalation package under this agreement. I am concerned that the recent UMWA settlement will tend to drive the AHE index faster than in the past.

From Massey's perspective they get a slightly higher price initially and a chance to raise their price in two years instead of three if the market improves. Based on RDI & Hill forecasts, I see this as unlikely.

In summary, we have an agreement that will keep this valuable supplier performing for us for at least two more years. A file with all of our analysis work has been established. If you have any questions on this, please let me know.

Dennis G. Edwards

DGE/ro

cc: Ms. D. M. Davis
Mr. F. M. Lelak
Mr. R. F. Potter

ELECTRIC INTER-OFFICE CORRESPONDENCE

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Office

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SUBJECT: MID-YEAR REVIEW

DATE: July 7, 1998

TO: W. D. Carter

As you know, 1998 has been a very eventful year so far for EFC and our customer, FPC. Given these events, I thought a mid-year review of our situation might be helpful for us all. The most relevant events have been 1) record heat, 2) dismal CSX performance, 3) unit forced outages, 4) projected balance of 1998 coal burn, and 5) year-to-date coal costs. I will address each in order.

After a mild and wet winter, Florida moved into an early hot summer. For the Tampa Bay area, June was the hottest month ever recorded. Something like 15 new record high overnight lows were established during June. The resulting electricity demand set new records also and forced FPC to implement its load management program, much to the dismay of many customers. Forced outages (see below) did not help matters at all. However, coal burns remained strong for the most part with 17,000-ton burn days seen with only three units running! All this and we still have July, August and September (at least) to go!

"Pathetic" is the best word I can think of to describe the year to date CSX performance. Currently we are 130,000 tons behind our ratable 3.9 million ton plan. Based on this performance, which I do not expect to improve, we appear to be headed for a 3.65 million ton year. I believe the main problem is the CSX's obsession with the Conrail acquisition. They appear to be so afraid of repeating the errors made by the UP in the West that their entire focus is on this effort with little or no attention being paid to current business. While I agree that a repeat of UP's problems would be disastrous for all of us in the East, its regrettable that current service must suffer so dramatically. As you know, I hosted the 1998 Eastern Fuel Buyers Conference in early May. A common theme emerged among CSX (and NS for that matter) utility customers and it was "Heaven help us." As indicated, I do not expect this to improve during the second half of the year. I just hope it doesn't get worse.

Perhaps the only blessing in the poor CSX performance was the fact that it matched closely the rash of forced outages and curtailments at the coal units. Scheduled outages began in March with Unit 4 down on March 7, 1998, for a 7-week turbine outage. Unit 2 came down on March 25, 1998, for a 1-week maintenance outage. Unit 4 came back on schedule on April 25, 1998. On May 18, 1998, Unit 1 completed a scheduled boiler outage. On May 22, Unit 2 was taken off (previously run at reduced levels) to explore a "power loss" concern. Initially projected for 3 weeks, this outage lasted until the end of June. Prior to Unit 2 coming back, Unit 1 developed a "tube leak" problem and had to operate at reduced levels. Currently still under repair, Unit 1 is expected back on July 5. After Unit 1 is back, we understand Unit 2 needs to come back offline to check out continued turbine vibrations. While it is most unfortunate these problems developed during the heat wave, had they been running strong and the CSX performing where it was, I'm sure we would have had some inventory shortfalls develop.

Assuming CR 1 and 2 settle down, we expect a robust second half. A just received ProMod update forecasts second half burn at 3,176,713 tons! This assumes some economy (off system) sales which Niekum fully expects to occur given expected electricity demand. As a result of this new forecast, we have reviewed our "game plan" for the balance of the year (see attached). Since we cannot depend on the CSX,

W. D. Carter
Page Two
July 7, 1998

MID-YEAR REVIEW

we are planning on increasing water deliveries by about 250,000 tons. Fortunately, DFL has not made any extensive second half commitments to outside business and can accommodate this increase providing no serious weather delays develop. We will continue to ride the CSX for improvements since we have made some unit train purchases (Mapco and Quaker) assuming rail delivery which we are now moving to water. We can switch these back should CSX performance pick up.

On a more positive note, our year-to-date delivered coal costs are lower than expected. As of the end of June, our averaged delivered price is at \$1.85 versus a budget of \$1.91. The \$1.85 is actually below last year's average cost of \$1.87. Favorable coal market conditions are the prime contributor to these lower costs. Although the market is firming as a result of the early hot temperatures, we hope we can bring 1998 in under 1997's costs.

In summary, we've had a challenging year so far and the indications are that things will get more interesting during the second half. If you have any questions on anything herein, please let me know. Thanks.

Dennis G. Edwards

DGE/lp

Attachments

cc/att: Donna Davis
Roy Potter
Mike Lelak



**ELECTRIC
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Operations—Coal Procurement
Office

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SUBJECT: 1999 SPOT/CONTRACT SOLICITATION SCHEDULE

TO: W. D. Carter

DATE: August 5, 1998

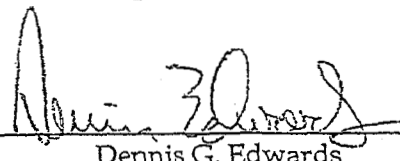
The following are the key nomination dates for existing coal supply agreements:

SUPPLIER	TYPE OF AGREEMENT	DATE	ACTION
Pen	Term "D" Agreement	10/01/98	1999 Tons
Massey	Term "D" Agreement	10/01/98	1999 Tons
Zeigler	Term "D" Agreement	10/01/98	1999 Tons
Quaker	12-Month "D" Agreement	10/15/98	1999 Extension
Mapco	12-Month "D" Agreement	10/15/98	1999 Extension
Quaker	12-Month "A" Agreement	11/01/98	1999 Extension
CONSOL	Six-Month "A" Agreement	12/01/98	1999 Extension

In addition to the above, we also have the PMJV "Option 1", which requires us to solicit "during October 1998" for a three-year "D" supply.

Based on the above, it is my current plan to release on September 29 (dated October 1, 1998) solicitations for both "A" & "D" supplies for 1999. The "A" solicitation will likely be for six-month, three-year and five-year supplies of up to 500,000 tons during each period. As you can see from the attached, we have 1.5 million tons of 1999 "A" coal uncommitted at this time. I will request responses by October 14, 1998 so we can evaluate our extension options under the existing Quaker and CONSOL agreements. The "D" solicitation will likely be for twelve-month, three-year and five-year supplies of 250,000 and 500,000 tons during each period. (The PMJV "Option 1" may require a separate three-year, 250,000-ton-per-year solicitation to comply with the Agreement.) We currently have 1,350,000 tons of 1999 "D" coal uncommitted. The "D" coal bids will likewise be due on October 14, 1998. This will allow us time to quickly review the bids prior to the extension dates on our current Quaker & Mapco "D" agreements.

If you have any questions, suggestions or comments on these tentative plans, please let me know.



Dennis G. Edwards

DGE/ro

Attachment

PEF-FUEL-005260

cc/att: Mrs. D. M. Davis, Mr. F. M. Lelak and Mr. R. F. Potter

1999
EXPECTED FPC REQUIREMENTS

Requirements Are: 3.65 Million Tons "D"
2.00 Million Tons "A"
5.65 Million Tons Total

RAIL			WATER		
Source/Type	Tons (000)	%	Source/Type	Tons (000)	%
New '99 "A"	1000		Pen "D" (7/01)	500	
New 99 "D"	600		A. T. Massey "D" (4/02)	660	
CONSOL "A" (12/99)	500		Spot "D" (49K mo.)	<u>590</u>	16%
PMJV "D" (4/02)	850		Total	<u>1,750</u>	
Zeigler "D" (4/02)	290				
Spot "A"	500	25%			
Spot "D"	<u>160</u>	4.4%			
Total	<u>3,900</u>				

"A" COAL		"D" COAL	
Supplier	Tons (000)	Supplier	Tons (000)
New 1999	1000	PMJV	850
CONSOL	500	Zeigler	290
Total	1,500	Pen	500
Requirement	<u>2,000</u>	Massey	660
Open for Spot	<u>500</u>	New 1999	600
		Total	<u>2,900</u>
		Requirement	<u>3,650</u>
		Open for Spot	<u>750</u>

EFC/DGE
08/04/98

PEF-FUEL-005261

ELECTRIC INTER-OFFICE CORRESPONDENCE
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Operations—Coal Procurement
Department

BT10C
MAC

824-6673
Phone No.

SUBJECT: 1999 CONTRACT OPTION COAL

TO: W. David Carter

DATE: September 11, 1998

We are in receipt of Florida Power Corporation's (FPC) 1999 coal order for 3.7 million tons (+/- 200,000 tons) of compliance "D" coal, and 2.0 million tons (+/- 100,000 tons) of non-compliance "A" coal. This order was generated by FPC from information on budget projections (a total of 5.7 million tons) for the Crystal River units, and EFC's projections of 1998 year-end Crystal River (on target) inventory levels. This coal order is smaller than this year's final order and reflects a major outage to install low NO_x burners at Unit No. 1.

Step one in planning for our 1999 purchases was to review our options for additional coal under our existing contracts. The top portion of the attached schedule will outline these tonnages for you along with an estimated average 1999 f.o.b. prices. Based on our forecasted 1999 spot prices (which may be a little optimistic given current market movement), I recommend that we exercise the minimum option under all of our contract suppliers except for Pen and Franklin, whose estimated 1999 contract prices compare favorably with projected market prices. At these contract volumes, our spot activity will be approximately 3.0 million tons, unless FPC exercises its option to increase its order (potentially an additional 300,000 tons). The contract notices to Franklin, Massey, and Pen have been prepared and are attached for your review.

As you can see, we are projecting significant spot market participation in 1999. To minimize our exposure to the volatile month-to-month unit train compliance spot market, we plan to place approximately 600,000 tons under 12-month contracts. With a water "D" spot requirement for over 600,000 tons, we may place a portion of this under six- to twelve-month contract(s) also. We also expect to place a portion (400,000—500,000 tons for each six month period) of our "A" requirement under six-month agreements. I previously furnished you with an expected solicitation schedule for these purchases.

With respect to the transportation plan shown at the bottom part of the attached schedule, you will note that we have based this plan on the FPC order. In reality, we have to provide for the possibility that FPC will increase its order up to 300,000 tons by planning transportation requirements for the first half of 1999 at the 6.0 million ton annual level. Accordingly, we will, to the extent practical, model our annual transportation requirements at 3.9 million rail (based on 1998 performance, I have significant doubt about the CSX's ability to achieve this level!) and 2.1 million water for at least the first half of the year and adjust as needed during the second half.

If you have any questions regarding any of the items presented here, please let me know.

Dennis G. Edwards

DGE/ro
Attachments

cc: D. M. Davis, R. A. Hemmer, F. M. Lelak, R. F. Potter

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Office

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STUC MAC Phone No.

SUBJECT: JULY SPOT OFFERS

TO: W. David Carter

DATE: June 28, 1999

Our June Gulf operations saw few delays. For June, DFL should make 11 coal and 11 rock deliveries. The DFL units will stay fully utilized in July with 12 coal and 12 rock deliveries planned (four running). We expect to make 33 CSX train loadings in June. We are planning for 34 train loadings in July. For June (estimated through June 25, 1999) the CSX is 17,631 tons under our new ratable 3.6 million-ton plan. Year-to-date June average direct unit train weight was 9,650 tons.

FPC's June (through June 23, 1999—summary attached) "A" burn was 567 tons over forecast; and the "D" burn was 6,078 tons over forecast for a total burn gain of 6,645 tons. Year to date, FPC's burn is 316,331 under forecast. Crystal River month-end inventory is projected to be 330,000 "A" and 660,000 "D" tons. Inventory targets (Y2K levels) are 220,000 "A" tons and 385,000 "D" tons. In addition, we have 325,000 tons of "D" at IMT. Otherwise, the units ran well during the month. The June average burn is forecasted to be approximately 17,667 tons per day. (June 1998 averaged 14,700!)

The ship damage to IMT has been evaluated, and it is extensive. River barge-to-ground capabilities are down until the CBUL can be rebuilt (estimated six months). Direct loading of our gulf units is being accomplished with floating cranes. This is taking about twice as long as normal. We also have lost the automatic sampling capabilities at IMT, so we are assigning composite qualities to the gulf units. Lack of ground storage and blending capabilities will force us to disregard imported coal bids until repairs are complete.

Subsequent to last month's memorandum, we received an attractive offer for "synfuel" meeting our "A" coal specifications. We have purchased 15,000 tons of this material for testing.

Our spot offers of coal and petcoke for July have been evaluated and are attached for your reference. In general, coal supplies are plentiful and prices are low. The unit train requirement for July is projected at four (4) trains. We have purchased two "A" coal trains from Cumberland River Energy and two "D" coal trains from Mapco. On the water side, we purchased 71,000 tons of "D" coal (36 from Diamond May and 35 from Black Hills). July deliveries are planned at 490,000 tons. The projected July burn is 550,000 tons. Additional petcoke purchases won't be made until what is already at Crystal River is consumed. Prices remain low.

We have completed the solicitation process we started on April 8, and I am pleased to report we have two new "A" coal agreements with Massey and Quaker. Prices are attractive and fixed for 18 months (Massey) and 12 months (Quaker). Full details of these awards have been provided earlier under separate cover; however, prices have been listed on the attached schedule for comparison purposes. These agreements replace the expiring six-month agreements with CONSOL and Quaker.

W. David Carter
June 28, 1999
Page 2

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JULY SPOT OFFERS

If you have any questions regarding our plans for July or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mrs. L. F. Pillucere
Mr. Roy F. Potter

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COAL OFFERS
July 1999

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
River Trading ¹	15,000	12,100	\$24.00	\$18.36	<u>\$42.36</u>	\$1.750
Quaker II	30,000	13,000	\$24.00	\$24.16	<u>\$48.16</u>	\$1.852
Peabody	9,500	12,500	\$22.50	24.16	<u>\$46.66</u>	\$1.866
Lodestar	9,000	12,500	\$22.75	\$24.16	<u>\$46.91</u>	\$1.876
Quaker I	30,000	12,500	\$22.75	\$24.16	<u>\$46.91</u>	\$1.876
Cumberland River	40,000	12,500	\$23.00	\$24.16	<u>\$47.16</u>	\$1.886
Diamond May	9,000	12,500	\$23.00	\$24.16	<u>\$47.16</u>	\$1.886
James River	38,000	12,700	\$24.00	\$24.16	<u>\$48.16</u>	\$1.896
Coastal	18,000	12,500	\$23.88	\$24.16	<u>\$48.04</u>	\$1.922

¹ FOB barge "synthetic" fuel purchased to test. Transportation cost is "market" cost net of transportation cost contained in coal price.

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Cumberland River	40,000	12,500	\$22.50	\$15.15	\$2.00	<u>\$39.65</u>	\$1.586
Quaker II	30,000	13,000	\$24.00	\$15.50	\$2.00	<u>\$41.50</u>	\$1.596
Peabody	9,500	12,500	\$22.75	\$15.25	\$2.00	<u>\$40.00</u>	\$1.600
Quaker ¹	N/A	12,500	\$22.75	\$15.25	\$2.00	<u>\$40.00</u>	\$1.600
Quaker I	30,000	12,500	\$22.75	\$15.25	\$2.00	<u>\$40.00</u>	\$1.600
Massey ²	N/A	12,875	\$24.00	\$15.25	\$2.00	<u>\$41.25</u>	\$1.602
Lodestar	9,000	12,500	\$22.75	\$15.50	\$2.00	<u>\$40.25</u>	\$1.610
CONSOL ¹	N/A	12,800	\$24.00	\$15.25	\$2.00	<u>\$41.25</u>	\$1.611
James River	38,000	12,700	\$24.00	\$15.15	\$2.00	<u>\$41.15</u>	\$1.620
Diamond May	9,000	12,500	\$23.00	\$16.29	\$2.00	<u>\$41.29</u>	\$1.652
Coastal	18,000	12,500	\$23.88	\$16.29	\$2.00	<u>\$42.17</u>	\$1.687

¹ Six-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

Petcoke Offers

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Oxbow	22,500	14,200	\$7.35	\$12.01	<u>\$19.36</u>	\$.682

COAL OFFERS
July 1999

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Drummond</i> ²	50,000	11,300	\$27.15	\$12.01	<u>\$39.16</u>	\$1.733
<i>Black Hills III</i> ¹	35,000	12,450	\$28.25	\$16.91	<u>\$45.16</u>	\$1.814
<i>Diamond May</i> ¹	36,000	12,500	\$28.80	\$16.66	<u>\$45.46</u>	\$1.818
<i>Black Hills IV</i> ¹	15,000	12,200	\$28.20	\$17.91	<u>\$46.11</u>	\$1.890
<i>Oak Hill</i> ¹	12,000	12,250	\$27.74	\$18.76	<u>\$46.50</u>	\$1.898
<i>Tanoma I</i>	10,000	13,500	\$27.25	\$24.16	<u>\$51.41</u>	\$1.904
<i>Mapco</i>	18,000	12,500	\$23.49	\$24.16	<u>\$47.65</u>	\$1.906
<i>Black Hills II</i> ¹	30,000	12,500	\$29.70	\$19.41	<u>\$49.11</u>	\$1.964
<i>Black Hills I</i>	30,000	12,500	\$25.00	\$24.16	<u>\$49.16</u>	\$1.966

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² South American coals FAS IMT.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Mapco</i>	18,000	12,500	\$23.49	\$15.25	\$2.00	<u>\$40.74</u>	\$1.630
<i>Tanoma</i>	10,000	13,500	\$27.25	\$14.98	\$2.00	<u>\$44.23</u>	\$1.638
<i>Quaker</i> ¹	N/A	12,500	\$25.25	\$15.25	\$2.00	<u>\$42.50</u>	\$1.700
<i>CONSOL</i> ¹	N/A	13,100	\$27.60	\$15.25	\$2.00	<u>\$44.85</u>	\$1.712
<i>Black Hills I</i>	30,000	12,500	\$25.00	\$16.59	\$2.00	<u>\$43.59</u>	\$1.744

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRE
FUELS
CORPORATION

Operations—Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
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BT10C
MAC

824-6673
Phone No.

SUBJECT: AUGUST SPOT OFFERS

TO: W. David Carter

DATE: July 23, 1999

Our July Gulf operations saw few delays. For July, DFL should make 12 coal and 12 rock deliveries. The DFL units will stay fully utilized in August with 12 coal and 12 rock deliveries planned (four running). We expect to make 32 CSX train loadings in July. We are planning for 34 train loadings in August. For July (estimated through July 23, 1999) the CSX is 12,908 tons under our new ratable 3.6 million-ton plan. Year-to-date July average direct unit train weight was 9,652 tons.

FPC's July (through July 21, 1999—summary attached) "A" burn was 1,943 tons under forecast; and the "D" burn was 11,462 tons over forecast for a **total burn gain of 9,519 tons**. Year to date, FPC's burn is 313,257 under forecast. Crystal River month-end inventory is projected to be 310,000 "A" and 620,000 "D" tons. Inventory targets (Y2K levels) are 220,000 "A" tons and 385,000 "D" tons. In addition, we have 290,000 tons of "D" at IMT. The units ran well during the month. The July average burn is forecasted to be approximately 17,750 tons per day. (July 1998 averaged 17,967.)

Last month's "synfuel" purchase has been loaded into river barges. Quality was below expectations, but Crystal River is willing to take it straight for testing. Expect delivery to Crystal River the first week of August. The petcoke burn is on hold while they attempt to "clean up" several years' accumulation of mill reject material that is high in sulfur.

Our spot offers of coal for August have been evaluated and are attached for your reference. In general, coal supplies are plentiful and prices remain low. The unit train requirement for August is projected at six (6) trains. We have purchased four "A" coal trains from Cumberland River Energy and one "D" coal train each from Mapco and Quaker. On the water side, we purchased 35,000 tons of "D" coal from Black Hills. August deliveries are planned at 500,000 tons. The projected August burn is 550,000 tons. Additional petcoke purchases won't be made until what is already at Crystal River is consumed.

If you have any questions regarding our plans for August or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mrs. L. F. Pillucere
Mr. Roy F. Potter

COAL OFFERS
August 1999

"A" Coal – River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Emerald</i>	50,000	11,800	\$30.00	\$12.01	<u>\$42.01</u>	\$1.780
<i>CONSOL</i>	57,000	12,800	\$23.50	\$24.16	<u>\$47.66</u>	\$1.862
<i>Cumberland River</i>	40,000	12,500	\$22.60	\$24.16	<u>\$46.76</u>	\$1.870
<i>Quaker I</i>	40,000	12,500	\$22.75	\$24.16	<u>\$46.91</u>	\$1.876
<i>United Coal</i>	10,000	13,000	\$24.75	\$24.16	<u>\$48.91</u>	\$1.881
<i>Knott Floyd</i>	20,000	12,000	\$21.50	\$24.16	<u>\$45.66</u>	\$1.903
<i>Diamond May</i>	9,000	12,500	\$23.75	\$24.16	<u>\$47.91</u>	\$1.916
<i>Coastal</i>	18,000	12,500	\$23.88	\$24.16	<u>\$48.04</u>	\$1.922

"A" Coal – Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Cumberland River</i>	40,000	12,500	\$22.60	\$15.15	\$2.00	<u>\$39.75</u>	\$1.590
<i>CONSOL</i>	57,000	12,800	\$23.50	\$15.25	\$2.00	<u>\$40.75</u>	\$1.592
<i>Quaker</i> ¹	N/A	12,500	\$22.75	\$15.25	\$2.00	<u>\$40.00</u>	\$1.600
<i>Quaker I</i>	40,000	12,500	\$22.75	\$15.25	\$2.00	<u>\$40.00</u>	\$1.600
<i>Massey</i> ²	N/A	12,875	\$24.00	\$15.25	\$2.00	<u>\$41.25</u>	\$1.602
<i>CONSOL</i> ¹	N/A	12,800	\$24.00	\$15.25	\$2.00	<u>\$41.25</u>	\$1.611
<i>United Coal</i>	10,000	13,000	\$24.75	\$15.15	\$2.00	<u>\$41.90</u>	\$1.612
<i>Knott Floyd</i>	20,000	12,000	\$21.50	\$15.50	\$2.00	<u>\$39.00</u>	\$1.625
<i>Diamond May</i>	9,000	12,500	\$23.75	\$16.29	\$2.00	<u>\$42.04</u>	\$1.682
<i>Coastal</i>	18,000	12,500	\$23.88	\$16.29	\$2.00	<u>\$42.17</u>	\$1.687

¹ Six-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

COAL OFFERS
August 1999

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Emerald</i>	50,000	11,600	\$27.50	\$12.01	<u>\$39.51</u>	\$1.703
<i>Drummond</i> ²	50,000	11,300	\$27.15	\$12.01	<u>\$39.16</u>	\$1.733
<i>Black Hills III</i> ¹	35,000	12,450	\$28.50	\$16.91	<u>\$45.41</u>	\$1.824
<i>Diamond May</i> ¹	36,000	12,500	\$29.55	\$16.66	<u>\$46.21</u>	\$1.848
<i>Black Hills IV</i> ¹	15,000	12,200	\$28.25	\$17.91	<u>\$46.16</u>	\$1.892
<i>Avista I</i>	30,000	12,500	\$23.50	\$24.16	<u>\$47.66</u>	\$1.906
<i>Avista II</i>	33,000	12,500	\$28.20	\$19.46	<u>\$47.66</u>	\$1.906
<i>Oak Hill</i> ¹	9,000	12,250	\$28.14	\$18.76	<u>\$46.90</u>	\$1.914
<i>Peabody</i>	15,000	12,300	\$28.25	\$19.05	<u>\$47.30</u>	\$1.923
<i>Mapco</i>	10,000	12,500	\$24.00	\$24.16	<u>\$48.16</u>	\$1.926
<i>Quaker</i>	9,600	12,500	\$24.00	\$24.16	<u>\$48.16</u>	\$1.926
<i>Black Hills II</i> ¹	15,000	12,500	\$29.70	\$19.41	<u>\$49.11</u>	\$1.964
<i>Black Hills I</i>	15,000	12,500	\$25.00	\$24.16	<u>\$49.16</u>	\$1.966

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price..

² South American coals FAS IMT.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Mapco</i>	10,000	12,500	\$24.00	\$15.25	\$2.00	<u>\$41.25</u>	\$1.650
<i>Quaker</i>	9,600	12,500	\$24.00	\$15.25	\$2.00	<u>\$41.25</u>	\$1.650
<i>Avista I</i>	30,000	12,500	\$23.50	\$16.59	\$2.00	<u>\$42.09</u>	\$1.684
<i>Quaker</i> ¹	N/A	12,500	\$25.25	\$15.25	\$2.00	<u>\$42.50</u>	\$1.700
<i>CONSOL</i> ¹	N/A	13,100	\$27.60	\$15.25	\$2.00	<u>\$44.85</u>	\$1.712
<i>Black Hills I</i>	15,000	12,500	\$25.00	\$16.59	\$2.00	<u>\$43.59</u>	\$1.744

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRE
FUELS
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Operations—Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
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BT10C
MAC

824-6673
Phone No.

SUBJECT: SEPTEMBER SPOT OFFERS

TO: W. David Carter

DATE: August 26, 1999

Our August Gulf operations saw few delays. For August, DFL should make 12 coal and 12 rock deliveries. The DFL units will stay fully utilized in September with 12 coal and 12 rock deliveries planned (four running). We expect to make 34 CSX train loadings in August. We are planning for 34 train loadings in September. For August (estimated through August 24, 1999) the CSX is 3,185 tons over our new ratable 3.6 million-ton plan. Year-to-date August average direct unit train weight was 9,668 tons.

FPC's August (through August 25, 1999—summary attached) "A" burn was 7,753 tons over forecast; and the "D" burn was 10,889 tons over forecast for a **total burn gain of 18,642 tons**. Year to date, FPC's burn is 296,908 under forecast. Crystal River month-end inventory is projected to be 286,000 "A" and 590,000 "D" tons. Inventory targets (Y2K levels) are 220,000 "A" tons and 385,000 "D" tons. In addition, we have 220,000 tons of "D" at IMT. The units ran well during the month. The August average burn is forecasted to be approximately 18,500 tons per day. (August 1998 averaged 19,580.)

During August we delivered and burned the "synfuel" previously reported. Due to the fineness of the material, handling was a problem. However, the burns are going satisfactorily at the 20 percent levels and approximately 80 percent of the material has been burned. Additional purchases of this material will be considered.

Our spot offers of coal for September have been evaluated and are attached for your reference. In general, coal supplies are plentiful and prices remain low. The unit train requirement for September is projected at eight (8) trains. We have purchased five "A" coal trains (three from CONSOL and one each from Cumberland River Energy and Woodruff Coal) and three "D" coal trains (one from Mapco and two from Tanoma). (Note: Additional "A" was available from CONSOL, but I wanted to keep Cumberland in our supply picture (ships CV!).) On the water side, we purchased 30,000 tons of "D" coal from Diamond May and 38,000 tons (Venezuelan) from Inter-American (IAC). September deliveries are planned at 480,000 tons. The projected September burn is 504,000 tons. Additional petcoke purchases won't be made until what is already at Crystal River is consumed.

With respect to the IAC purchase noted above, please be aware that this was made possible due to use of a belt discharge type vessel, which can discharge into a special hopper that IMT has for this purpose and bypass the damaged barge unloader. We have not been in a position to take advantage of attractive South American offers for several months due to the ship damage at IMT. Belt discharge vessels are relatively rare (and expensive) so we are fortunate this opportunity became available.

If you have any questions regarding our plans for September or anything contained herein, please let me know.

W. David Carter
August 26, 1999
Page 2

SEPTEMBER SPOT OFFERS

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mrs. L. F. Pillucere
Mr. Roy F. Potter

COAL OFFERS
September 1999

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Emerald</i>	50,000	11,800	\$30.00	\$12.01	<u>\$42.01</u>	\$1.780
<i>Woodruff</i>	9,000	12,500	\$20.95	\$24.16	<u>\$45.11</u>	\$1.804
<i>CONSOL</i>	57,000	12,800	\$23.25	\$24.16	<u>\$47.41</u>	\$1.852
<i>Cumberland River</i>	10,000	12,500	\$23.00	\$24.16	<u>\$47.16</u>	\$1.886
<i>Lodestar</i>	20,000	12,500	\$23.00	\$24.16	<u>\$47.16</u>	\$1.886
<i>United</i>	10,000	13,000	\$25.00	\$24.16	<u>\$49.16</u>	\$1.891
<i>Knott Floyd</i>	20,000	12,000	\$21.50	\$24.16	<u>\$45.66</u>	\$1.903
<i>Peabody</i>	9,500	12,500	\$23.50	\$24.16	<u>\$47.66</u>	\$1.906
<i>Coastal</i>	18,000	12,400	\$23.32	\$24.16	<u>\$47.48</u>	\$1.915
<i>Diamond May</i>	9,000	12,500	\$23.75	\$24.16	<u>\$47.91</u>	\$1.916
<i>Quaker I</i>	10,000	12,500	\$24.00	\$24.16	<u>\$48.16</u>	\$1.926

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Woodruff</i>	9,000	12,500	\$20.95	\$15.50	\$2.00	<u>\$38.45</u>	\$1.538
<i>CONSOL</i>	57,000	12,800	\$23.25	\$15.25	\$2.00	<u>\$40.50</u>	\$1.582
<i>Cumberland River</i>	10,000	12,500	\$22.60	\$15.15	\$2.00	<u>\$39.75</u>	\$1.590
<i>Quaker</i> ¹	N/A	12,500	\$22.75	\$15.25	\$2.00	<u>\$40.00</u>	\$1.600
<i>Massey</i> ²	N/A	12,875	\$24.00	\$15.25	\$2.00	<u>\$41.25</u>	\$1.602
<i>CONSOL</i> ¹	N/A	12,800	\$24.00	\$15.25	\$2.00	<u>\$41.25</u>	\$1.611
<i>Knott Floyd</i>	20,000	12,000	\$21.35	\$15.50	\$2.00	<u>\$38.85</u>	\$1.619
<i>United</i>	10,000	13,000	\$25.00	\$15.15	\$2.00	<u>\$42.15</u>	\$1.621
<i>Peabody</i>	9,500	12,500	\$23.50	\$15.25	\$2.00	<u>\$40.75</u>	\$1.630
<i>Quaker I</i>	10,000	12,500	\$24.00	\$15.25	\$2.00	<u>\$41.25</u>	\$1.650
<i>Coastal</i>	18,000	12,400	\$23.32	\$16.29	\$2.00	<u>\$41.61</u>	\$1.678
<i>Diamond May</i>	9,000	12,500	\$23.75	\$16.29	\$2.00	<u>\$42.04</u>	\$1.682

¹ Twelve-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

COAL OFFERS
September 1999

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Emerald II</i> ²	50,000	11,600	\$27.50	\$12.01	<u>\$39.51</u>	\$1.703
<i>Emerald III</i> ²	50,000	12,300	\$31.50	\$12.01	<u>\$43.51</u>	\$1.769
<i>Inter-American</i> ²	37,500	13,000	\$35.10	\$12.01	<u>\$47.11</u>	\$1.812
<i>Diamond May</i> ¹	36,000	12,800	\$30.00	\$16.66	<u>\$46.66</u>	\$1.823
<i>Black Hills III</i> ¹	25,000	12,450	\$28.60	\$16.91	<u>\$45.51</u>	\$1.828
<i>Peabody III</i>	10,000	12,300	\$27.25	\$19.16	<u>\$46.41</u>	\$1.887
<i>Black Hills IV</i> ¹	15,000	12,200	\$28.25	\$17.91	<u>\$46.16</u>	\$1.892
<i>Avista I</i>	10,000	12,500	\$23.15	\$24.16	<u>\$47.31</u>	\$1.892
<i>Avista II</i>	15,000	12,500	\$27.85	\$19.46	<u>\$47.31</u>	\$1.892
<i>Tanoma</i>	80,000	13,000	\$25.40	\$24.16	<u>\$49.56</u>	\$1.906
<i>Peabody I</i>	9,000	12,300	\$29.25	\$17.86	<u>\$47.11</u>	\$1.915
<i>Emerald I</i>	10,000	12,500	\$24.00	\$24.16	<u>\$48.16</u>	\$1.926
<i>Mapco</i>	30,000	12,500	\$24.25	\$24.16	<u>\$48.41</u>	\$1.936
<i>Peabody II</i>	15,000	12,300	\$28.75	\$19.16	<u>\$47.91</u>	\$1.948
<i>Black Hills II</i> ¹	15,000	12,500	\$29.70	\$19.41	<u>\$49.11</u>	\$1.964
<i>Black Hills I</i>	15,000	12,500	\$25.00	\$24.16	<u>\$49.16</u>	\$1.966

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price..

² South American coals FAS IMT.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Tanoma</i> ³	80,000	13,000	\$25.40	\$15.50	\$2.00	<u>\$42.90</u>	\$1.650
<i>Mapco</i> ²	30,000	12,500	\$24.25	\$15.25	\$2.00	<u>\$41.50</u>	\$1.660
<i>Avista I</i>	10,000	12,500	\$23.15	\$16.59	\$2.00	<u>\$41.74</u>	\$1.670
<i>Quaker</i> ¹	N/A	12,500	\$25.25	\$15.25	\$2.00	<u>\$42.50</u>	\$1.700
<i>Emerald I</i>	10,000	12,500	\$24.00	\$16.59	\$2.00	<u>\$42.59</u>	\$1.704
<i>CONSOL</i> ¹	N/A	13,100	\$27.60	\$15.25	\$2.00	<u>\$44.85</u>	\$1.712
<i>Black Hills I</i>	15,000	12,500	\$25.00	\$16.59	\$2.00	<u>\$43.59</u>	\$1.744

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

² One train per month—September, October, November.

³ One train per month with option for one additional for months of September, October, November, and December.



**ELECTRIC
FUELS**
CORPORATION

INTER-OFFICE COR
Operations—Coal Procurement

Department

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
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MAC

FIGURE NO.

SUBJECT: 2000 CONTRACT OPTION COAL

TO: W. David Carter

DATE: September 9, 1999

We are in receipt of Florida Power Corporation's (FPC) 2000 coal order for 3.7 million tons (+/- 200,000 tons) of compliance "D" coal, and 1.9 million tons (+/- 100,000 tons) of non-compliance "A" coal. This order was generated by FPC from information on budget projections (a total of 5.6 million tons) for the Crystal River units, and EFC's projections of 1999 year-end Crystal River (on target) inventory levels. This coal order is smaller than this year's order (-100,000 tons) and reflects additional use of Hines I.

Step one in planning for our 2000 purchases was to review our options for additional coal under our existing contracts. The top portion of the attached schedule will outline these tonnages for you along with estimated average 2000 f.o.b. prices. Based on our forecasted 2000 spot and the fact that most of our contracts with tonnage options (Massey, AEL, and Quaker) reopen for price as of January 1, 2000, I recommend that we exercise the maximum option under all of our contract suppliers except for Pen. If the reopener negotiations do not work out as expected, we can lower the tonnage at that time. At these contract volumes, our spot activity will be approximately 1.925 million tons, unless FPC exercises its option to increase its order (potentially an additional 300,000 tons). The contract notices to Quaker, Franklin, Massey, and Pen have been prepared and are attached for your review.

As a result of taking the maximums under our compliance contracts (except Pen) and having recently signed the Massey and Quaker "A" coal agreements for 2000, our spot market activity will be substantial, but less than recent years. On the unit train side we project a requirement for about six spot trains of compliance and 1,025,000 tons of spot "window" ("A") coal. (This reflects my continuing concern over the supply of unit train (CSX) compliance.) We expect to solicit for second half 2000 "A" coal requirements around May 1, 2000, and place a six-month agreement(s) for approximately 400,000 tons. The balance of our requirement for this coal and the projected water compliance requirement of about 850,000 tons will be purchased month-to-month.

With respect to the transportation plan shown at the bottom part of the attached schedule, you will note that we have based this plan on the FPC order. In reality, we have to provide for the possibility that FPC will increase its order up to 300,000 tons by planning transportation requirements for the first half of 2000 at the 5.9 million ton annual level. Accordingly, we will, to the extent practical, model our annual transportation requirements at 3.6 million rail (apparently the new maximum amount the CSX can do with 7 full time 90-car train sets) and 2.3 million water for at least the first half of the year and adjust as needed during the second half.

If you have any questions regarding any of the items presented here, please let me know.


Dennis G. Edwards

DGE/ro
Attachments

cc: D. M. Davis, F. M. Lelak, R. F. Potter

PEF-FUEL-005276

2000 PURCHASE PLAN

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
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2000 OPTION COAL—COMPLIANCE ("D") QUALITY

COMPANY	2000 ESTIMATED AVERAGE PRICE	MINIMUM	BASE	MAXIMUM
A. T. Massey (12,500 Btu/LB)	\$25.00	661,500	735,000	808,500
Franklin (AEI) (12,500 Btu/LB)	\$24.75	238,500	265,000	291,500
PMJV (12,500 Btu/LB)	\$31.90	850,000	850,000	850,000
Pen (f.o.b. Barge) (12,300 Btu/LB)	\$29.29	350,000	400,000	450,000
Quaker (12,500 Btu/LB)	\$24.75	400,000	450,000	500,000
Totals		<u>2,500,000</u>	<u>2,700,000</u>	<u>2,900,000</u>
FPC Base Order*		3,700,000	3,700,000	3,700,000
Open For Spot (12,500 Btu/LB)	\$24.75**	1,200,000	1,000,000	800,000
*FPC's Order Totals 3.70 +/- .2 MT.		**Estimated 2000 Spot Price FOB Mine		

2000 OPTION COAL—"WINDOW" ("A") QUALITY


COMPANY	2000 PRICE	MINIMUM	BASE	MAXIMUM
A. T. Massey (12,875 Btu/LB)	\$24.00	700,000	700,000	700,000
Quaker (12,500 Btu/LB)	\$22.57	175,000	175,000	175,000
Totals		<u>875,000</u>	<u>875,000</u>	<u>875,000</u>
FPC Base Order*		1,900,000	1,900,000	1,900,000
Open For Spot (12,500 Btu/LB)	\$23.25**	1,025,000	1,025,000	1,025,000
*FPC's Order Totals 1.9 +/- .1 MT.		**Estimated 2000 Spot Price FOB Mine		

RAIL/WATER REQUIREMENTS

Rail Requirement:	3,600,000	Water Requirement:	2,000,000
Quaker "A"	175,000	Pen Coal	350,000
Quaker "D"	500,000	A. T. Massey "D"	808,500
Franklin (AEI)	291,500		
PMJV	850,000		
A. T. Massey "A"	700,000		
Total	<u>2,516,500</u>	Total	<u>1,158,500</u>
Open Spot "D"	58,500	Open Spot "D"	841,500
Open Spot "A"	1,025,000		

PEF-FUEL-005277

EFC/DGE—09/09/99



ELECTRIC FUELS CORPORATION

ONE PROGRESS PLAZA, P.O. BOX 15208, ST. PETERSBURG, FLORIDA 33733, (727) 824-6600

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
Page 34 of 184

September 9, 1999

*Certified Mail
Return Receipt Requested*

Mr. John R. Parker
Senior Vice President
Massey Coal Sales Company, Inc.
Four North Fourth Street
Richmond, Virginia 23219

Dear Mr. Parker:

Subject: Contract Notification

In accordance with Section 7.01 of our Coal Sale and Purchase Agreement dated December 15, 1978, and amended on July 1, 1983; July 31, 1987; January 1, 1989; January 1, 1992; January 1, 1995, and January 1, 1998, Electric Fuels Corporation (EFC) hereby declares that, subject to the other provisions of our Agreement, we are exercising our option to nominate the annual tonnage for 2000 at the minimum level of 661,500 tons.

In addition to the above, Section 4.03 of the Seventh Amendment provides for a price adjustment to reflect current market conditions as of January 1, 2000. Based on current offers, published figures, and other market indicators, we believe \$24.50 is the appropriate new Base Price for January 1, 2000, subject to escalation thereafter similar to our Sixth Amendment escalation language. Assuming you agree, EFC will be in a position to consider additional volume, extended term, or other enhancements.

Please call me if you have any questions regarding the above.

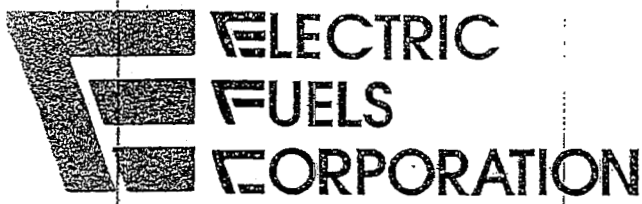
Sincerely,

Dennis G. Edwards
Vice President—Coal Procurement

DGE/ro

cc: Mr. W. D. Carter
Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-005278



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Progress Energy Florida
Exhibit No. ____ (DMD-9)
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ONE PROGRESS PLAZA, P.O. BOX 15208, ST. PETERSBURG, FLORIDA 33733, (727) 824-6600.

September 9, 1999

*Sent Via Certified Mail
Return Receipt Requested*

Mr. Dan Hendrickson
Quaker Coal Company, Inc.
329 West Main Street
Abingdon, Virginia 24210-2633

Dear Mr. Hendrickson:

Subject: Contract Notification

In accordance with Section 3.01 of our Coal Sale and Purchase Agreement dated December 3, 1998, Electric Fuels Corporation (EFC) hereby declares that, subject to Section 5.02 – Annual Price Review and all other contract provisions, we are exercising our option to nominate the annual tonnage for 2000 at the maximum level of 500,000 tons.

EFC is taking this action as a result of several operating and market-related conditions. Please call me if you have any questions regarding this action.

Sincerely,

Dennis G. Edwards
Vice President – Coal Procurement

DGE/ro

cc: Mr. W. D. Carter
Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-005279

A Florida Progress Company



ONE PROGRESS PLAZA, P.O. BOX 15208, ST. PETERSBURG, FLORIDA 33733, (727) 824-6600

September 9, 1999

*Certified Mail
Return Receipt Requested*

AEI Coal Sales Company, Inc.
Attention: Manager of Sales & Contract Administration
1500 N. Big Run Road
Ashland, Kentucky 41102

Gentlemen:

Subject: Contract Notification

In accordance with Section 7.01 of our Coal Sale and Purchase Agreement dated September 10, 1987, and as subsequently amended, Electric Fuels Corporation (EFC) hereby declares that, subject to Section 4.03—Market Price Adjustments and all other contract provisions, we are exercising our option to nominate the annual tonnage for 2000 at the maximum level of 291,500 tons.

EFC is taking this action as a result of several operating and market-related conditions. Please call me if you have any questions regarding this action.

Sincerely,

Dennis G. Edwards
Vice President—Coal Procurement

DGE/ro

cc: Mr. John Stafford
Mr. W. D. Carter
Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-005280



ONE PROGRESS PLAZA, P.O. BOX 15208, ST. PETERSBURG, FLORIDA 33733, (727) 824-6600

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
Page 37 of 184

September 9, 1999

*Certified Mail
Return Receipt Requested*

Mr. Joseph A. Davis, Jr.
Senior Vice President of Sales & Marketing
Pen Coal Corporation
5110 Maryland Way, Suite 300
Brentwood, Tennessee 37027

Dear Mr. Davis:

Subject: Contract Notification

In accordance with Section 3.01 of our Amended and Restated Agreement for the Sale and Purchase of Coal dated May 5, 1995, Electric Fuels Corporation (EFC) hereby declares that we are exercising our option to nominate the tonnage for 1999 at the minimum level of 350,000 tons.

EFC is taking this action as a result of several operating and market-related conditions. Please call me if you have any questions regarding this action.

Sincerely,

Dennis G. Edwards
Vice President — Coal Procurement

DGE/ro

cc: Mr. W. D. Carter
Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-005281

ELECTRIC INTER-OFFICE CORRECTION
FUELS
CORPORATION

Operations—Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
Page 38 of 184
MAC Phone No.

SUBJECT: OCTOBER SPOT OFFERS

TO: W. David Carter

DATE: September 27, 1999

Our September Gulf operations saw some delays as a result of Hurricane Floyd and Tropical Storm Harvey. For September, DFL should make 10 coal and 10 rock deliveries. The DFL units will stay fully utilized in October with 12 coal and 12 rock deliveries planned (four running). Due to Hurricane delays, we expect to only make 32 CSX train loadings in September. We are planning for 34 train loadings in October. For September (estimated through September 25, 1999) the CSX is 17,854 tons over our new ratable 3.6 million-ton plan. Year-to-date September average direct unit train weight was 9,675 tons.

FPC's September (through September 22, 1999—summary attached) "A" burn was 2,578 tons over forecast; and the "D" burn was 19,298 tons under forecast for a **total burn loss of 16,720 tons**. Year to date, FPC's burn is 324,667 under forecast. Crystal River month-end inventory is projected to be 295,000 "A" and 562,000 "D" tons. Inventory targets (Y2K levels) are 220,000 "A" tons and 385,000 "D" tons. In addition, we have 170,000 tons of "D" at IMT. With the exception of 8 days of reduced loads on Unit No. 4 for rebuilding a pulverizer, a separate one-day outage on Unit No. 4 to repair tube leaks, and a four-day outage on Unit No. 2 to repair a boiler feed pump, the units ran well during the month. The September average burn is forecasted to be approximately 16,333 tons per day. (September 1998 averaged 18,066.)

Subsequent to last month's memorandum, an opportunity developed to purchase 30,000 tons of very low cost (\$.85 per million Btu on the barge!), 4 LB/SO₂ coal from Cincinnati Bulk Terminals. We plan to put this coal on the ground at IMT and blend the Venezuelan IAC cargo with it to make "A" coal. The blended product will deliver to Crystal River at an estimated \$1.75 per million Btu. Our cheapest water delivered 70,000 tons (combined tons) "A" coal in September would have been \$1.86 per million Btu, an \$.11 per million Btu differential. In the process, we are giving up "D" coal at \$1.81 (IAC), which can be replaced at \$1.85 (Black Hills and Peabody). Net savings equals \$.07 per million Btu.

Our spot offers of coal for October have been evaluated and are attached for your reference. In general, coal supplies are plentiful and prices remain low. The unit train requirement for October is projected at four (4) trains. We have purchased four "D" coal trains (two from Tanoma and two from Quaker). On the water side, we purchased 9,000 tons of "D" coal (synfuel/coal blend) from Black Hawk. October deliveries are planned at 495,000 tons. The projected October burn is 520,000 tons.

On the petcoke front FPC has now determined that a 5 percent blend of petcoke (or anything else for that matter) is a very tricky situation. To perform such a blend properly, a more sophisticated blending system is needed requiring some additional capital. In addition, petcoke prices have risen (see attached petcoke solicitation results) making the projected savings on 100,000 tons during 2000 very small. FPC has been provided the specifics and will advise of their position.

W. David Carter
September 27, 1999
Page 2

OCTOBER SPOT OFFERS

If you have any questions regarding our plans for October or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mrs. L. F. Pillucere
Mr. Roy F. Potter

COAL OFFERS
October 1999

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Emerald</i>	75,000	12,000	\$30.00	\$12.01	<u>\$42.01</u>	\$1.750
<i>Quaker II</i>	10,000	12,700	\$23.25	\$24.16	<u>\$47.41</u>	\$1.867
<i>Cumberland River</i>	20,000	12,500	\$22.60	\$24.16	<u>\$46.76</u>	\$1.870
<i>United</i>	10,000	13,000	\$25.00	\$24.16	<u>\$49.16</u>	\$1.891
<i>Knott Floyd</i>	20,000	12,000	\$21.50	\$24.16	<u>\$45.66</u>	\$1.903
<i>Quaker I</i>	20,000	12,500	\$23.50	\$24.16	<u>\$47.66</u>	\$1.906
<i>Diamond May</i>	9,000	12,500	\$23.75	\$24.16	<u>\$47.91</u>	\$1.916

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Cumberland River</i>	20,000	12,500	\$22.60	\$15.25	\$2.00	<u>\$39.85</u>	\$1.594
<i>Quaker</i> ¹	N/A	12,500	\$22.75	\$15.35	\$2.00	<u>\$40.10</u>	\$1.604
<i>Massey</i> ²	N/A	12,875	\$24.00	\$15.35	\$2.00	<u>\$41.35</u>	\$1.606
<i>Quaker II</i>	10,000	12,700	\$23.25	\$15.60	\$2.00	<u>\$40.85</u>	\$1.608
<i>CONSOL</i> ¹	N/A	12,800	\$24.00	\$15.35	\$2.00	<u>\$41.35</u>	\$1.615
<i>United</i>	10,000	13,000	\$25.00	\$15.25	\$2.00	<u>\$42.25</u>	\$1.625
<i>Knott Floyd</i>	20,000	12,000	\$21.50	\$15.60	\$2.00	<u>\$39.10</u>	\$1.629
<i>Quaker I</i>	20,000	12,500	\$23.50	\$15.35	\$2.00	<u>\$40.85</u>	\$1.634
<i>Diamond May</i>	9,000	12,500	\$23.75	\$16.39	\$2.00	<u>\$42.14</u>	\$1.686

¹ Twelve-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

COAL OFFERS
October 1999

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Black Hawk</i>	9,000	12,300	\$25.00	\$19.16	<u>\$44.16</u>	\$1.795
<i>Diamond May</i> ¹	36,000	12,800	\$29.75	\$16.66	<u>\$46.41</u>	\$1.813
<i>Black Hills I</i> ¹	25,000	12,450	\$28.35	\$16.91	<u>\$45.26</u>	\$1.818
<i>Peabody II</i>	20,000	12,300	\$26.00	\$19.16	<u>\$45.16</u>	\$1.836
<i>Black Hills II</i> ¹	15,000	12,200	\$28.25	\$17.91	<u>\$46.16</u>	\$1.892
<i>Tanoma</i>	20,000	13,000	\$25.40	\$24.16	<u>\$49.56</u>	\$1.906
<i>Quaker</i>	20,000	12,500	\$24.75	\$24.16	<u>\$48.91</u>	\$1.956
<i>James River</i>	40,000	13,000	\$27.00	\$24.16	<u>\$51.16</u>	\$1.968

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price..

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Tanoma</i>	20,000	13,000	\$25.40	\$15.60	\$2.00	<u>\$43.00</u>	\$1.654
<i>Quaker</i>	20,000	12,500	\$24.75	\$15.35	\$2.00	<u>\$42.10</u>	\$1.684
<i>Quaker</i> ¹	N/A	12,500	\$25.25	\$15.35	\$2.00	<u>\$42.60</u>	\$1.704
<i>James River</i>	40,000	13,000	\$27.00	\$15.35	\$2.00	<u>\$44.35</u>	\$1.706
<i>CONSOL</i> ¹	N/A	13,100	\$27.60	\$15.35	\$2.00	<u>\$44.95</u>	\$1.716

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRE
FUELS
CORPORATION

Operations—Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
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B110C
MAC

824-6673
Phone No.

SUBJECT: NOVEMBER SPOT OFFERS

TO: W. David Carter

DATE: October 22, 1999

Our October Gulf operations saw some delays as a result of Hurricane Irene. For October, DFL should make 10 coal and 10 rock deliveries. The DFL units will stay fully utilized in November with 10 coal and 10 rock deliveries planned. We expect to only make 31 CSX train loadings in October. We are planning for 30 train loadings in November. For October (estimated through October 15, 1999) the CSX is 14,568 tons over our new ratable 3.6 million-ton plan. Year-to-date October average direct unit train weight was 9.678 tons.

FPC's October (through October 20, 1999—summary attached) "A" burn was 55,526 tons over forecast; and the "D" burn was 26,939 tons over forecast for a **total burn gain of 82,465 tons**. Year to date, FPC's burn is 253,092 under forecast. Crystal River month-end inventory is projected to be 212,000 "A" and 596,000 "D" tons. Inventory targets (Y2K levels) are 220,000 "A" tons and 385,000 "D" tons. In addition, we have 147,000 tons of coal at IMT. With the exception of minor tube leaks, etc., the units ran well during the month. Unit No. 1 is scheduled to come down on the 23rd for a 42-day outage (low NO_x burners). The October average burn is forecasted to be approximately 17,677 tons per day. (October 1998 averaged 17,387.)

Our spot offers of coal for November have been evaluated and are attached for your reference. In general, coal supplies are plentiful and prices remain low. However, this may change with the sudden entrance of Ontario Hydro into the market for 4 million tons of "compliance" and low-sulfur coal in 2000. The unit train requirement for November has been met with the multi-month Tanoma and Mapco spot orders and one new "D" train from Enron. Our water side requirement is 28,000 tons of "D". We have purchased this from Diamond May. November deliveries are planned at 500,000 tons. The projected November burn is 420,000 tons.

We have started discussions with Massey and Quaker on the new market prices needed for January 1. I have offered both suppliers a \$24.50 price based on 12,500 Btu/LB. Massey countered with a \$24.75 price in year one and \$25 thereafter. I responded to that with an offer of \$24.60. Quaker has not yet responded. A new base price is also needed for the Franklin (AEI) agreement by January 1, 2000.

If you have any questions regarding our plans for November or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis, Ms. R. A. Hemmer, Mr. F. M. Lelak, Mrs. L. F. Pillucere,
Mr. Roy F. Potter

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COAL OFFERS
November 1999

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Emerald</i>	50,000	12,200	\$28.50	\$12.01	<u>\$40.51</u>	\$1.660
<i>Enron</i>	10,000	12,800	\$23.00	\$24.16	<u>\$47.16</u>	\$1.842
<i>Cumberland River</i>	40,000	12,500	\$22.60	\$24.16	<u>\$46.76</u>	\$1.870
<i>Woodruff</i>	18,000	12,300	\$22.00	\$24.16	<u>\$46.16</u>	\$1.876
<i>Quaker I</i>	20,000	12,500	\$23.00	\$24.16	<u>\$47.16</u>	\$1.886
<i>United</i>	10,000	13,000	\$25.00	\$24.16	<u>\$49.16</u>	\$1.891
<i>Lodestar</i>	10,000	12,000	\$21.75	\$24.16	<u>\$45.91</u>	\$1.913
<i>Diamond May</i>	9,000	12,500	\$23.75	\$24.16	<u>\$47.91</u>	\$1.916

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Enron</i>	10,000	12,800	\$23.00	\$15.25	\$2.00	<u>\$40.25</u>	\$1.572
<i>Cumberland River</i>	40,000	12,500	\$22.60	\$15.25	\$2.00	<u>\$39.85</u>	\$1.594
<i>Quaker</i> ¹	N/A	12,500	\$22.75	\$15.35	\$2.00	<u>\$40.10</u>	\$1.604
<i>Massey</i> ²	N/A	12,875	\$24.00	\$15.35	\$2.00	<u>\$41.35</u>	\$1.606
<i>Woodruff</i>	18,000	12,300	\$22.00	\$15.60	\$2.00	<u>\$39.60</u>	\$1.610
<i>Quaker I</i>	20,000	12,500	\$23.00	\$15.35	\$2.00	<u>\$40.35</u>	\$1.614
<i>CONSOL</i> ¹	N/A	12,800	\$24.00	\$15.35	\$2.00	<u>\$41.35</u>	\$1.615
<i>United</i>	10,000	13,000	\$25.00	\$15.25	\$2.00	<u>\$42.25</u>	\$1.625
<i>Lodestar</i>	10,000	12,000	\$21.75	\$15.35	\$2.00	<u>\$39.10</u>	\$1.629
<i>Diamond May</i>	9,000	12,500	\$23.75	\$16.39	\$2.00	<u>\$42.14</u>	\$1.686

¹ Twelve-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

COAL OFFERS
November 1999

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Diamond May</i> ¹	36,000	12,800	\$29.50	\$16.66	<u>\$46.16</u>	\$1.803
<i>Black Hills III</i> ¹	35,000	12,450	\$28.05	\$16.91	<u>\$44.96</u>	\$1.806
<i>Duke Energy</i>	9,300	12,000	\$26.50	\$17.66	<u>\$44.16</u>	\$1.840
<i>Enron</i>	10,000	12,800	\$23.50	\$24.16	<u>\$47.66</u>	\$1.862
<i>Black Hills II</i> ¹	15,000	12,500	\$29.70	\$16.91	<u>\$46.61</u>	\$1.864
<i>Oak Hill</i>	10,000	12,250	\$26.98	\$18.76	<u>\$45.74</u>	\$1.867
<i>Black Hills IV</i>	10,000	12,200	\$28.00	\$17.91	<u>\$45.91</u>	\$1.882
<i>Arch Coal</i>	30,000	12,800	\$30.75	\$18.66	<u>\$49.41</u>	\$1.930
<i>Mapco</i>	28,500	12,500	\$24.25	\$24.16	<u>\$48.41</u>	\$1.936
<i>Black Hills I</i>	15,000	12,500	\$25.00	\$24.16	<u>\$49.16</u>	\$1.966
<i>Quaker</i>	20,000	12,500	\$25.00	\$24.16	<u>\$49.16</u>	\$1.966

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price..

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Enron</i>	10,000	12,800	\$23.50	\$15.25	\$2.00	<u>\$40.75</u>	\$1.592
<i>Mapco</i>	28,500	12,500	\$24.25	\$15.35	\$2.00	<u>\$41.60</u>	\$1.664
<i>Quaker</i>	20,000	12,500	\$25.00	\$15.35	\$2.00	<u>\$42.35</u>	\$1.694
<i>Quaker</i> ¹	N/A	12,500	\$25.25	\$15.35	\$2.00	<u>\$42.60</u>	\$1.704
<i>CONSOL</i> ¹	N/A	13,100	\$27.60	\$15.35	\$2.00	<u>\$44.95</u>	\$1.716
<i>Black Hills I</i>	15,000	12,500	\$25.00	\$16.39	\$2.00	<u>\$43.39</u>	\$1.736

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORR
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Operations—Coal Procurement
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BT10C
MAC

824-6673
Phone No.

SUBJECT: DECEMBER SPOT OFFERS

TO: W. David Carter

DATE: December 6, 1999

Our November Gulf operations saw only minor delays as a result of weather (fog). For November, DFL made 11 coal and 10 rock deliveries. The DFL units will stay fully utilized in December with 11 coal and 10 rock deliveries planned. We made 31 CSX train loadings in November. We are planning for 32 train loadings in December. For November (estimated through November 26, 1999) the CSX is 729 tons under our ratable 3.6 million-ton plan. Year-to-date November average direct unit train weight was 9,685 tons.

FPC's November (through November 30, 1999—summary attached) "A" burn was 11,525 tons under forecast; and the "D" burn was 16,299 tons over forecast for a **total burn gain of 4,774 tons**. Year to date, FPC's burn is 226,188 under forecast. Crystal River month-end inventory was 272,000 "A" and 557,000 "D" tons. Inventory targets (Y2K levels) are 220,000 "A" tons and 385,000 "D" tons. In addition, we have 107,000 tons of coal at IMT. Unit No. 1 came down on October 23 for a 42-day outage (low NO_x burners). It is now due back in service on December 15. Otherwise, the units ran well during the month. The November average burn was 14,467 tons per day. (November 1998 averaged 15,133.)

Subsequent to last month's purchases, Massey experienced serious problems in making "compliance" sulfur out of Black Castle and was unable to load a number of barges. As a result of this, we purchased an additional 9,000 tons of synfuel from Black Hawk. These problems have continued into November and another order was issued for 50,000 additional tons of synfuel from the same supplier.

Our spot offers of coal for December have been evaluated and are attached for your reference. In general, coal supplies are plentiful and prices remain low. The unit train requirement for December has been met with the multi-month Tanoma and Mapco spot orders. However, we did reach agreement with CONSOL on four new trains of "A" coal tied to deferment of four trains of their "D" contract coals. Our water side requirement is 42,000 tons of "D". We have purchased this from Diamond May. We also placed an order for 20,000 tons of "D" synfuel to cover expected Massey contract shortfall. Black Hawk is the supplier. December deliveries are planned at 475,000 tons. The projected December burn is 410,000 tons. Overall, average year-to-date delivered coal costs are at \$1.84 per million Btu. This is \$.02 per million Btu under budget.

On November 10, 1999, we released a solicitation requesting quotes on one to three trains per month of our "A" quality coal for six-month and twelve-month terms starting January 1, 2000. This invitation went to fourteen unit train suppliers who have been competitive to us in the last year. Seven 6-month and seven 12-month bids were received on December 1, 1999.

We have completed discussions with Quaker on the new market price needed for January 1. We agreed to \$24.75 (12,500 basis), fixed for 2000. Discussions continue with Massey—AEI will follow Massey.

W. David Carter
December 6, 1999
Page 2

DECEMBER SPOT OFFERS

If you have any questions regarding our plans for December or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mrs. L. F. Pillucere
Mr. Roy F. Potter

COAL OFFERS
December 1999

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
CONSOL	38,000	12,700	\$22.55	\$24.16	<u>\$46.71</u>	\$1.839
Quaker I	20,000	12,500	\$23.00	\$24.16	<u>\$47.16</u>	\$1.886
Woodruff	10,000	12,300	\$22.45	\$24.16	<u>\$46.61</u>	\$1.895
Diamond May	9,000	12,500	\$23.50	\$24.16	<u>\$47.66</u>	\$1.906

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
CONSOL	38,000	12,700	\$22.55	\$15.35	\$2.00	<u>\$39.90</u>	\$1.571
Quaker ¹	N/A	12,500	\$22.75	\$15.35	\$2.00	<u>\$40.10</u>	\$1.604
Massey ²	N/A	12,875	\$24.00	\$15.35	\$2.00	<u>\$41.35</u>	\$1.606
Quaker I	20,000	12,500	\$23.00	\$15.35	\$2.00	<u>\$40.35</u>	\$1.614
CONSOL ¹	N/A	12,800	\$24.00	\$15.35	\$2.00	<u>\$41.35</u>	\$1.615
Woodruff	10,000	12,300	\$22.45	\$15.60	\$2.00	<u>\$40.05</u>	\$1.628
Diamond May	9,000	12,500	\$23.50	\$16.39	\$2.00	<u>\$41.89</u>	\$1.676

¹ Twelve-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

COAL OFFERS
December 1999

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
AMCI ²	50,000	12,200	\$30.72	\$12.01	<u>\$42.73</u>	\$1.751
Black Hawk (Synfuel) ¹	45,000	12,300	\$24.50	\$19.16	<u>\$43.66</u>	\$1.775
Diamond May ¹	50,000	12,800	\$29.00	\$16.66	<u>\$45.66</u>	\$1.784
Black Hills III ¹	25,000	12,450	\$27.60	\$16.91	<u>\$44.51</u>	\$1.788
Duke Energy ¹	15,500	11,500	\$24.00	\$17.66	<u>\$41.66</u>	\$1.811
Guasare ²	40,000	12,700	\$34.00	\$12.01	<u>\$46.01</u>	\$1.811
IAC ²	40,000	13,000	\$35.83	\$12.01	<u>\$47.84</u>	\$1.840
Oak Hill ¹	10,000	12,250	\$26.49	\$18.76	<u>\$45.25</u>	\$1.847
Black Hills II ¹	15,000	12,500	\$29.70	\$16.91	<u>\$46.61</u>	\$1.864
Enron	20,000	12,800	\$24.10	\$24.16	<u>\$48.26</u>	\$1.885
Black Hills I	15,000	12,500	\$25.00	\$24.16	<u>\$49.16</u>	\$1.966

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price..

² South American coals FAS IMT.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Enron	20,000	12,800	\$24.10	\$15.25	\$2.00	<u>\$41.35</u>	\$1.615
Quaker ¹	N/A	12,500	\$25.25	\$15.35	\$2.00	<u>\$42.60</u>	\$1.704
CONSOL ¹	N/A	13,100	\$27.60	\$15.35	\$2.00	<u>\$44.95</u>	\$1.716
Black Hills I	15,000	12,500	\$25.00	\$16.39	\$2.00	<u>\$43.39</u>	\$1.736

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRE
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MAC Phone No.

SUBJECT: JANUARY SPOT OFFERS

TO: W. David Carter

DATE: January 4, 2000

Our December Gulf operations saw no delays. For December, DFL made 13 coal and 12 rock deliveries. The DFL units will stay fully utilized in January with 12 coal and 12 rock deliveries planned. We made only 25 CSX train loadings in December. We are planning for 31 train loadings in January. For December (estimated through December 31, 1999) the CSX is 58,236 tons under our ratable 3.6 million-ton plan. Year-to-date December average direct unit train weight was 9,677 tons. Please note that the CSX shortfall of 58,236 tons is against a reduced 3.6-million-ton plan. This makes 1999 one of the worst (if not the worst) CSX performance year in my memory.

FPC's December (through December 31, 1999—summary attached) "A" burn was 54,720 tons under forecast; and the "D" burn was 22,083 tons under forecast for a **total burn loss of 76,803 tons**. For 1999, FPC's burn was 302,991 under forecast. Crystal River month-end inventory was 269,000 "A" and 549,000 "D" tons. Inventory targets (Y2K levels) are 220,000 "A" tons and 385,000 "D" tons. In addition, we have 82,000 tons of coal at IMT. The completion of the low NO_x burner outage on Unit No. 1 was delayed until December 17, 1999. Subsequent testing and repair kept the unit at low loads for much of the month. Otherwise, the units ran well during the month. The December average burn was 14,387 tons per day. (December 1998 averaged 12,225.)

Our spot offers of coal for January have been evaluated and are attached for your reference. In general, coal supplies are plentiful and prices remain low. The unit train requirement for January will be met by "catching up" the December CSX shortfall. Our water side requirement is 85,000 tons of "D". We have purchased this from Black Hawk. January deliveries are planned at 460,000 tons. The projected January burn is 482,000 tons.

On November 10, 1999, we released a solicitation requesting quotes on one to three trains per month of our "A" quality coal for six-month and twelve-month terms starting January 1, 2000. This invitation went to fourteen unit train suppliers who have been competitive to us in the last year. Seven 6-month and seven 12-month bids were received on December 1, 1999. The evaluation of these bids has been completed and a decision made to not accept any of these bids, but to stay in the month-to-month spot arena!

W. David Carter
January 4, 2000
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JANUARY SPOT OFFERS

We have completed discussions with Massey on the new market price needed for January 1, and a draft amendment has been furnished to Massey. We have also made a proposal to AEI, which was accepted on January 4, 2000. An amendment is being prepared at this time.

If you have any questions regarding our plans for January or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mrs. L. F. Pillucere
Mr. Roy F. Potter

W. David Carter
January 4, 2000
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JANUARY SPOT OFFERS

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COAL OFFERS
January 2000

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
CONSOL	38,000	12,700	\$22.55	\$25.00	<u>\$47.55</u>	\$1.872
Woodruff	10,000	12,300	\$21.20	\$25.00	<u>\$46.20</u>	\$1.878
Enron	20,000	12,800	\$23.25	\$25.00	<u>\$48.25</u>	\$1.885
Quaker	50,000	12,500	\$22.75	\$25.00	<u>\$47.75</u>	\$1.910

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
CONSOL	38,000	12,700	\$22.55	\$15.41	\$2.00	<u>\$39.96</u>	\$1.573
Woodruff	20,000	12,300	\$21.20	\$15.66	\$2.00	<u>\$38.86</u>	\$1.580
Enron	20,000	12,800	\$23.25	\$15.31	\$2.00	<u>\$40.56</u>	\$1.584
Quaker ¹	N/A	12,500	\$22.75	\$15.41	\$2.00	<u>\$40.16</u>	\$1.606
Quaker	50,000	12,500	\$22.75	\$15.41	\$2.00	<u>\$40.16</u>	\$1.606
Massey ²	N/A	12,875	\$24.00	\$15.41	\$2.00	<u>\$41.41</u>	\$1.608
CONSOL ¹	N/A	12,800	\$24.00	\$15.41	\$2.00	<u>\$41.41</u>	\$1.618

¹ Twelve-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

COAL OFFERS
January 2000

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Black Hawk (Synfuel) ¹</i>	45,000	12,300	\$23.00	\$21.00	<u>\$44.00</u>	\$1.789
<i>First Energy</i>	12,000	12,200	\$26.90	\$17.75	<u>\$44.65</u>	\$1.830
<i>Quaker</i>	50,000	12,500	\$24.25	\$25.00	<u>\$49.25</u>	\$1.970

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price..

² South American coals FAS IMT.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Quaker</i>	50,000	12,500	\$24.25	\$15.41	\$2.00	<u>\$41.66</u>	\$1.666
<i>Quaker ¹</i>	N/A	12,500	\$25.25	\$15.41	\$2.00	<u>\$42.66</u>	\$1.706
<i>CONSOL ¹</i>	N/A	13,100	\$27.60	\$15.41	\$2.00	<u>\$45.01</u>	\$1.718

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORR
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MAC

Phone No.

SUBJECT: FEBRUARY SPOT OFFERS

TO: W. David Carter

DATE: January 27, 2000

Our January Gulf operations saw only minor delays related to weather. On January 21, the Louise Howland was put into the shipyard for scheduled maintenance. She is expected out on February 3. For January, DFL projects 12 coal and 10 rock deliveries. The DFL units will stay fully utilized in February with 11 coal and 9 rock deliveries planned. The Mickey Birdsall is scheduled for a drydocking on February 12 and will be out of service for several weeks. We expect to make only 26 of the planned 31 CSX train loadings in January. We are planning for 30 train loadings in February. For January (estimated through January 26, 2000) the CSX is 35,833 tons under our ratable 3.6 million-ton plan. Year-to-date January average direct unit train weight was 9,481 tons. CSX service remains at an historically low level.

FPC's January (through January 27, 2000—summary attached) "A" burn was 5,058 tons over forecast; and the "D" burn was 4,820 tons under forecast for a **total burn gain of 238 tons**. Crystal River month-end inventory is projected to be 266,000 "A" and 526,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 108,000 tons of coal at IMT. The units ran well during the month. The January average burn is expected to be 15,355 tons per day. (January 1999 averaged 12,065.)

The problems we have been having with the failure of Massey to make contract shipment volumes peaked in January. As you know, this supplier has been struggling with higher than expected sulfur levels on their Black Castle strip mine for some time now. Massey finished up 1999 approximately 60,000 tons short of contract (minimum) volumes. This shortfall will not be made up. For January, it appears their shortfall will be in the area of 50,000 tons. Fortunately, we have had no difficulty replacing these shortfalls. A new mine plan is in place and improvement is expected.

As indicated above, we are seeing service from the CSX that is at unprecedented low levels. Our private trains are spending an inordinate amount of time sitting and waiting on crews and/or power. In December and January, they loaded coal at an annual rate of only 3 million tons. We see the same problems in our attempts to move CSX and Massey (NS) trains to Ceredo. We hear other utilities and producers are having similar difficulties. All this and the market is slow! Imagine what we'd be experiencing if it was a real winter and the market was booming! At this time, our inventories are adequate, but we cannot continue at these service levels! Our complaints are met with "don't worry, we'll get better!" Personally, I am convinced that they have put equipment and crews on the Conrail acquisition to make those customers happy with the split up and are letting existing, long-time customers suffer! We will continue to monitor this matter and evaluate our options to ensure an adequate supply of coal.

Our spot offers of coal for February have been evaluated and are attached for your reference. In general, coal supplies are plentiful and prices remain low. The unit train requirement for February will be met by "catching up" the January CSX shortfall. Our water side requirement is 80,000 tons of "D". We have purchased this from Black Hawk Synfuel. February deliveries are planned at 411,600 tons. The projected February burn is 440,000 tons.

W. David Carter
January 27, 2000
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FEBRUARY SPOT OFFERS

If you have any questions regarding our plans for February or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mrs. L. F. Pillucere
Mr. Roy F. Potter

COAL OFFERS
February 2000

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
CONSOL	38,000	12,700	\$22.55	\$25.00	<u>\$47.55</u>	\$1.872
Woodruff	10,000	12,300	\$21.05	\$25.00	<u>\$46.05</u>	\$1.872
Cumberland River	30,000	12,500	\$22.60	\$25.00	<u>\$47.60</u>	\$1.904
Quaker	100,000	12,500	\$22.75	\$25.00	<u>\$47.75</u>	\$1.910
Lodestar II	30,000	12,500	\$22.75	\$25.00	<u>\$47.75</u>	\$1.910
Lodestar I	10,000	12,000	\$21.50	\$25.00	<u>\$46.50</u>	\$1.938
James River	30,000	12,500	\$23.50	\$25.00	<u>\$48.50</u>	\$1.940

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
CONSOL	38,000	12,700	\$22.55	\$15.41	\$2.00	<u>\$39.96</u>	\$1.573
Woodruff	20,000	12,300	\$21.05	\$15.66	\$2.00	<u>\$38.71</u>	\$1.574
Cumberland River	30,000	12,500	\$22.60	\$15.31	\$2.00	<u>\$39.91</u>	\$1.596
Quaker ¹	N/A	12,500	\$22.75	\$15.41	\$2.00	<u>\$40.16</u>	\$1.606
Quaker	100,000	12,500	\$22.75	\$15.41	\$2.00	<u>\$40.16</u>	\$1.606
Massey ²	N/A	12,875	\$24.00	\$15.41	\$2.00	<u>\$41.41</u>	\$1.608
Lodestar I	10,000	12,000	\$21.50	\$15.41	\$2.00	<u>\$38.91</u>	\$1.621
James River	30,000	12,500	\$23.50	\$15.31	\$2.00	<u>\$40.81</u>	\$1.632

¹ Twelve-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

COAL OFFERS
February 2000

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹	100,000	12,300	\$23.00	\$22.00	<u>\$45.00</u>	\$1.829
Onk Hill	10,000	12,250	\$27.00	\$19.60	<u>\$46.60</u>	\$1.902
First Energy	12,000	12,200	\$26.68	\$19.95	<u>\$46.63</u>	\$1.911
Black Hills III	25,000	12,400	\$27.30	\$20.30	<u>\$47.60</u>	\$1.919
Tanoma	10,000	13,000	\$25.00	\$25.00	<u>\$50.00</u>	\$1.923
Amvest	20,000	12,400	\$23.50	\$25.00	<u>\$48.50</u>	\$1.956
Black Hills I	15,000	12,500	\$24.10	\$25.00	<u>\$49.10</u>	\$1.964
Black Hills II	15,000	12,500	\$28.80	\$20.30	<u>\$49.10</u>	\$1.964
Quaker	50,000	12,500	\$24.25	\$25.00	<u>\$49.25</u>	\$1.970

¹ FOB barge conls. The transportation figure is EFC's "market" net of transportation costs already contained in coal price..

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Tanoma	10,000	13,000	\$25.00	\$15.66	\$2.00	<u>\$42.66</u>	\$1.641
Quaker	50,000	12,500	\$24.25	\$15.41	\$2.00	<u>\$41.66</u>	\$1.666
Quaker ¹	N/A	12,500	\$24.75	\$15.41	\$2.00	<u>\$42.16</u>	\$1.686
Amvest	20,000	12,400	\$23.50	\$16.77	\$2.00	<u>\$42.27</u>	\$1.704
Black Hills I	15,000	12,500	\$24.10	\$16.77	\$2.00	<u>\$42.87</u>	\$1.715

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

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MAC

Phone No.

SUBJECT: MARCH SPOT OFFERS

TO: W. David Carter

DATE: February 25, 2000

Our February Gulf operations saw only minor delays related to weather. On February 11, the Mickey Birdsall was put into the shipyard for scheduled maintenance. She is expected out on February 28. For February, DFL projects 11 coal and 10 rock deliveries. The DFL units will stay fully utilized in March with 10 coal and 10 rock deliveries planned. We expect to make 30 of the planned 30 CSX train loadings in February. We are planning for 35 train loadings (8 trainsets) in March. For February (estimated through February 24, 2000) the CSX is 83,836 tons under our new ratable 3.8 million-ton plan (see below). Year-to-date February average direct unit train weight was 9,601 tons.

FPC's February (through February 23, 2000—summary attached) "A" burn was 12,194 tons over forecast; and the "D" burn was 3,771 tons under forecast for a total burn gain of 8,423 tons. Year to date FPC's burn is 21,913 tons over forecast. Crystal River month-end inventory is projected to be 247,000 "A" and 547,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 112,000 tons of coal at IMT. The units ran well during the month. The February average burn is expected to be 15,483 tons per day. (February 1999 averaged 11,607.)

As discussed last month, we have been seeing service from the CSX that is at unprecedented low levels. To address this issue, we have negotiated an agreement with the CSX wherein they will furnish free of charge a 90-car rapid discharge train (8th train) for all of 2000. In exchange for us agreeing to run this train, they will reduce the 1998 shortfall amount by 50 percent (to \$692,030), waive the 1999 shortfall (\$370,000), and provide us with the lower 3.9-million-ton rate levels for 2000 regardless of actual tons loaded. Based on our prior experience using an 8th train, I am not optimistic we will see much in the way of increased volume (trains still compete for the same crews and power plus we have added congestion at the load and discharge points). However, the deal was too good to refuse. The knowledge that what the CSX doesn't move by rail will move by barge continues to be outstanding motivation for the CSX.

Our spot offers of coal for March have been evaluated and are attached for your reference. In general, coal supplies are plentiful and prices remain low. The unit train requirement for March will be met by "catching up" the earlier CSX shortfall. Our water side requirement is 70,000 tons of "D". We have purchased this from Black Hawk Synfuel. March deliveries are planned at 506,000 tons. The projected March burn is 405,000 tons.

If you have any questions regarding our plans for March or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis, Ms. R. A. Hemmer, Mr. F. M. Lelak, Mrs. L. F. Pillucere, and Mr. Roy F. Potter

COAL OFFERS
March 2000

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk Synfuel ¹	25,000	12,200	\$21.75	\$22.47	<u>\$44.22</u>	\$1.812
CONSOL	38,000	12,800	\$22.55	\$25.47	<u>\$48.02</u>	\$1.876
Quaker	50,000	12,500	\$21.75	\$25.47	<u>\$47.22</u>	\$1.889
Enron	30,000	12,800	\$22.95	\$25.47	<u>\$48.42</u>	\$1.891
Lodestar	10,000	12,200	\$20.75	\$25.47	<u>\$46.22</u>	\$1.894
Cumberland River	30,000	12,500	\$22.00	\$25.47	<u>\$47.47</u>	\$1.899
James River	30,000	12,800	\$23.50	\$25.47	<u>\$48.97</u>	\$1.913

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in the coal price.

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
CONSOL	38,000	12,800	\$22.55	\$15.12	\$2.00	<u>\$39.67</u>	\$1.550
Lodestar I	10,000	12,200	\$20.75	\$15.12	\$2.00	<u>\$37.87</u>	\$1.552
Quaker	50,000	12,500	\$21.75	\$15.12	\$2.00	<u>\$38.87</u>	\$1.555
Cumberland River	30,000	12,500	\$22.00	\$14.99	\$2.00	<u>\$38.99</u>	\$1.560
Enron	30,000	12,800	\$22.95	\$14.99	\$2.00	<u>\$39.94</u>	\$1.560
James River	30,000	12,800	\$23.50	\$14.99	\$2.00	<u>\$40.49</u>	\$1.582
Quaker ¹	N/A	12,500	\$22.75	\$15.12	\$2.00	<u>\$39.87</u>	\$1.595
Massey ²	N/A	12,875	\$24.00	\$15.12	\$2.00	<u>\$41.12</u>	\$1.597

¹ Twelve-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

COAL OFFERS
March 2000

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹	100,000	12,100	\$22.50	\$22.47	<u>\$44.97</u>	\$1.858
James River	54,000	13,000	\$24.50	\$25.47	<u>\$49.97</u>	\$1.922
Black Hills III ¹	12,000	12,400	\$27.30	\$20.77	<u>\$48.07</u>	\$1.938
Tanoma	10,000	13,000	\$24.95	\$25.47	<u>\$50.42</u>	\$1.939
Oak Hill ¹	10,000	12,250	\$27.93	\$20.07	<u>\$48.00</u>	\$1.959
Black Hills I	15,000	12,500	\$24.00	\$25.47	<u>\$49.47</u>	\$1.979
Black Hills II ¹	15,000	12,500	\$28.80	\$20.77	<u>\$49.57</u>	\$1.983
Quaker	50,000	12,500	\$24.25	\$25.47	<u>\$49.72</u>	\$1.989

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price..

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Tanoma	10,000	13,000	\$24.95	\$15.37	\$2.00	<u>\$42.32</u>	\$1.628
James River	54,000	13,000	\$24.50	\$16.12	\$2.00	<u>\$42.62</u>	\$1.639
Quaker	50,000	12,500	\$24.25	\$15.12	\$2.00	<u>\$41.37</u>	\$1.655
Quaker ¹	N/A	12,500	\$24.75	\$15.12	\$2.00	<u>\$41.87</u>	\$1.675
Black Hills I	15,000	12,500	\$24.00	\$16.42	\$2.00	<u>\$42.42</u>	\$1.697

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRE
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CORPORATION

Operations—Coal Procurement
Office

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SUBJECT: MAY SPOT OFFERS

TO: W. David Carter

DATE: April 24, 2000

Our April Gulf operations saw only minor delays related to weather. On April 10, the Amy Thompson completed her shipyard maintenance. For April, DFL projects 10 coal and 10 rock deliveries. The DFL units will stay fully utilized in May with 11 coal and 11 rock deliveries planned. We now expect to make 29 of the planned 35 CSX train loadings in April. We are planning for 35 train loadings (8 trainsets) in May. For April (estimated through April 28, 2000) the CSX is 66,666 tons under our new ratable 3.6 million-ton plan. Year-to-date April average direct unit train weight was 9,735 tons.

FPC's April (through April 19, 2000—summary attached) "A" burn was 67,754 tons over forecast; and the "D" burn was 16,242 tons over forecast for a **total burn gain of 83,996 tons**. Year to date FPC's burn is 190,466 tons over forecast. Crystal River month-end inventory is projected to be 156,000 "A" and 758,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 175,000 tons of coal at IMT. Unit No. 4 completed a planned outage on April 15, 2000. On April 19, Unit No. 1 was taken down for work on the precipitator. It is expected to return to service on the April 25. Unit No. 2 is now scheduled for an outage to check a bearing problem on April 27. Otherwise, the units ran well during the month. The April average burn is expected to be 12,300 tons per day. (April 1999 averaged 11,733.)

Subsequent to last month's memorandum, a spot opened up in our train schedule, and one CONSOL "A" train was purchased. In addition, we received an offer from Emerald on one river barge of distressed coal at IMT. This "A" coal was purchased for \$25 per ton.

On April 19, 2000, EFC completed the sale of the PMJV synfuel plants to CP&L. This means that we can now purchase this product for Crystal River Units Nos. 1 and 2. Consequently, we have ordered (see below) ten (10) unit trains for delivery in May at a substantial saving over the CONSOL (second place) offer.

Our spot offers of coal for May have been evaluated and are attached for your reference. In general, coal supplies are plentiful and prices remain low. The unit train requirement for May is projected at ten (10) trains. We have purchased this from Solid Fuel LLC, our first "A" synfuel! Our water side requirement is 70,000 tons of "D". We have purchased this from Black Hawk Synfuel. May deliveries are planned at 514,000 tons. The projected May burn is 448,000 tons.

If you have any questions regarding our plans for May or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

W. David Carter
February 25, 2000
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MARCH SPOT OFFERS

cc/att: Mrs. D. M. Davis, Ms. R. A. Hemmer, Mr. F. M. Lelak, Mrs. L. F. Pillucere, and
Mr. Roy F. Potter

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COAL OFFERS
May 2000

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Solid Fuel LLC</i>	100,000	12,400	\$20.50	\$25.47	<u>\$45.97</u>	\$1.854
<i>Quaker</i>	20,000	13,000	\$23.00	\$25.47	<u>\$48.47</u>	\$1.864
<i>CONSOL</i>	50,000	12,550	\$22.00	\$25.47	<u>\$47.47</u>	\$1.891
<i>Lodestar</i>	10,000	12,300	\$21.75	\$25.47	<u>\$47.22</u>	\$1.920

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Solid Fuel LLC</i>	100,000	12,400	\$20.50	\$15.05	\$2.00	<u>\$37.55</u>	\$1.514
<i>Quaker</i>	20,000	13,000	\$23.00	\$15.18	\$2.00	<u>\$40.18</u>	\$1.545
<i>CONSOL</i>	50,000	12,550	\$22.00	\$15.18	\$2.00	<u>\$39.18</u>	\$1.561
<i>Quaker</i> ¹	N/A	12,500	\$22.75	\$15.18	\$2.00	<u>\$39.93</u>	\$1.597
<i>Massey</i> ²	N/A	12,875	\$24.00	\$15.18	\$2.00	<u>\$41.18</u>	\$1.599

¹ Twelve-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

COAL OFFERS
May 2000

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Black Hawk (Synfuel)</i> ¹	100,000	12,100	\$22.50	\$21.72	<u>\$44.22</u>	\$1.827
<i>CoalTrade (Synfuel)</i> ¹	30,000	12,300	\$23.75	\$21.47	<u>\$45.22</u>	\$1.838

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price..

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Quaker</i> ¹	N/A	12,500	\$24.75	\$15.18	\$2.00	<u>\$41.93</u>	\$1.677

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORR
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MAC

Phone No.

SUBJECT: JUNE SPOT OFFERS

TO: W. David Carter

DATE: May 24, 2000

Our May Gulf operations saw only minor delays related to weather. However, on May 21, a cable broke on Holnam's (Theodore) discharge crane and a loaded bucket was dropped on the Dotto's hold 4 hatch causing significant damage to the hatch. Estimates for repair go as high as 30 days. DFL is attempting to secure ABS permission to run this barge with a tarp over the hold. Meanwhile, the Reliance will take the Mary Cecilia to its new owner in Puerto Rico. For May, DFL projects 12 coal and 13 rock deliveries. The DFL units will stay fully utilized in June with 13 coal and 12 rock deliveries planned. We now expect to make 32 of the planned 35 CSX train loadings in May. We are planning for 35 train loadings (8 trainsets) in June. For May, (estimated through May 26, 2000) the CSX is 41,922 tons over our new ratable 3.4 million-ton plan. Year-to-date May average direct unit train weight is 9,738 tons.

FPC's May (through May 23, 2000—summary attached) "A" burn was 3,553 tons under forecast; and the "D" burn was 14,885 tons over forecast for a **total burn gain of 11,332 tons**. Year to date FPC's burn is 257,435 tons over forecast. Crystal River month-end inventory is projected to be 190,000 "A" and 740,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 200,000 tons of coal at IMT. Unit No. 2 returned from an outage to check a bearing problem on May 10. Otherwise, the units ran well during the month. The May average burn is expected to be 16,200 tons per day. (May 1999 averaged 13,419.)

On May 17 Crystal River bunkered its first "A" synfuel at 25 percent of blend in Unit No. 2. Burns were unremarkable. On the 18th, the blend percentage was raised to 50/50. Burns were also unremarkable. An attempt to bunker one mill at 75 percent synfuel did result in strange operation of the mill airflow dampers. However, a 75 percent loading of another mill did not get the same results. Unit No. 1 bunkered at 50 percent on the 20th and ran well until the evening of the 21st when it also experienced damper changes. The plan is to continue at a 50/50 blend and investigate the damper changes.

Our spot offers of coal for June have been evaluated and are attached for your reference. In general, coal prices remain low. The unit train requirement for June is projected at twelve (12) trains. We have purchased this from Solid Fuel LLC. Our water side requirement is 75,000 tons of "D". We have purchased this from Black Hawk Synfuel. June deliveries are planned at 548,000 tons. The projected June burn is 507,000 tons.

If you have any questions regarding our plans for June or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis, Ms. R. A. Hemmer, Mr. F. M. Lelak, Mrs. L. F. Pillucere, and
Mr. Roy F. Potter

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COAL OFFERS
June 2000

"A" Coal – River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Solid Fuel LLC	150,000	12,400	\$20.50	\$25.47	<u>\$45.97</u>	\$1.854
Lodestar	10,000	12,300	\$21.75	\$25.47	<u>\$47.22</u>	\$1.920
CONSOL	40,000	12,550	\$23.00	\$25.47	<u>\$48.47</u>	\$1.931

"A" Coal – Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Solid Fuel LLC	150,000	12,400	\$20.50	\$15.05	\$2.00	<u>\$37.55</u>	\$1.514
Quaker ¹	N/A	12,500	\$22.75	\$15.18	\$2.00	<u>\$39.93</u>	\$1.597
Massey ²	N/A	12,875	\$24.00	\$15.18	\$2.00	<u>\$41.18</u>	\$1.599
CONSOL	40,000	12,550	\$23.00	\$15.18	\$2.00	<u>\$40.18</u>	\$1.601

¹ Twelve-month spot agreement for comparison only

² Eighteen-month spot agreement for comparison only

COAL OFFERS
June 2000

"D" Coal – River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹	100,000	12,100	\$22.50	\$21.72	<u>\$44.22</u>	\$1.827
CoalTrade (Synfuel) ¹	10,000	12,300	\$23.75	\$21.47	<u>\$45.22</u>	\$1.838
Black Hills II ¹	12,000	12,300	\$26.60	\$20.77	<u>\$47.37</u>	\$1.926
Black Hills I	15,000	12,500	\$23.75	\$25.47	<u>\$49.22</u>	\$1.969
Quaker	10,000	13,000	\$26.00	\$25.47	<u>\$51.47</u>	\$1.980

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

"D" Coal – Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker	10,000	13,000	\$26.00	\$15.18	\$2.00	<u>\$43.18</u>	\$1.661
Quaker ¹	N/A	12,500	\$24.75	\$15.18	\$2.00	<u>\$41.93</u>	\$1.677
Black Hills I	15,000	12,500	\$23.75	\$16.49	\$2.00	<u>\$42.24</u>	\$1.690

¹ Twelve-month contracts. Coal price fixed for twelve months. For comparison only.

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MAC

Phone No.

SUBJECT: JULY SPOT OFFERS

TO: W. David Carter

DATE: June 22, 2000

Our June Gulf operations saw only minor delays related to weather. The repair on the damaged hatch cover on the Dott-o is proceeding on schedule. In the meantime, DFL has secured ABS permission to run this barge with a tarp over the hold. For June, DFL projects 13 coal and 13 rock deliveries. The DFL units will stay fully utilized in July with 12 coal and 12 rock deliveries planned. We now expect to make 31 of the planned 35 CSX train loadings in June. We are planning for 35 train loadings (8 trainsets) in July. For June, (estimated through June 30, 2000) the CSX is 41,512 tons over our new ratable 3.4 million-ton plan. Year-to-date June average direct unit train weight is 9,771 tons.

FPC's June (through June 21, 2000—summary attached) "A" burn was 69,664 tons under forecast; and the "D" burn was 15,161 tons over forecast for a **total burn loss of 54,503 tons**. Year to date FPC's burn is 245,880 tons over forecast. Crystal River month-end inventory is projected to be 280,000 "A" and 710,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 150,000 tons of coal at IMT. On June 1, Unit No. 2 was forced out due to an electrical explosion that occurred when a worker was attempting to close a switch. The worker was seriously injured and the generator rotor and stator suffered major damage and has been shipped to GE for repair. Estimated return to service at this time is July 21, 2000. In addition, Unit No. 2 was struck by lightning on June 16, causing transformer damage and was down for four days. Units Nos. 4 and 5 ran well during the month. The June average burn is expected to be 14,750 tons per day. (June 1999 averaged 17,167.)

Prior to outages described above, the "A" synfuel test burns were proceeding well. A new binder (Nalco) was tested at 100 percent levels and was a success. On the "D" side, in addition to substantial purchases of spot synfuel, we are doing a deal with Pen Coal whereby we are temporarily assigning their contract to Sandy River Synfuel (SRS) so it can be processed as synfuel. EFC will buy the synfuel from SRS at a \$1.50 per ton discount to the Pen contract price. We are now in a "full speed ahead" mode with this low-cost fuel!

Our spot offers of coal/synfuel for July have been evaluated and are attached for your reference. The unit train requirement for July is projected at twelve (12) trains. We have purchased this from Solid Fuel LLC. Our water side requirement is 70,000 tons of "D". We have purchased this from Black Hawk Synfuel. July deliveries are planned at 512,000 tons. The projected July burn is 448,000 tons.

If you have any questions regarding our plans for July or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao
Attachments

cc/att: Mrs. D. M. Davis, Ms. R. A. Hemmer, Mr. F. M. Lelak, Mrs. L. F. Pillucere, and
Mr. Roy F. Potter

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COAL OFFERS
July 2000

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Solid Fuel LLC</i>	120,000	12,400	\$20.50	\$25.47	<u>\$45.97</u>	\$1.854
<i>Lodestar</i>	10,000	12,300	\$22.75	\$25.47	<u>\$48.22</u>	\$1.960

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Solid Fuel LLC</i>	120,000	12,400	\$20.50	\$15.23	\$2.00	<u>\$37.73</u>	\$1.521
<i>Massey</i> ¹	N/A	12,875	\$24.00	\$15.36	\$2.00	<u>\$41.36</u>	\$1.606

¹ Eighteen-month spot agreement for comparison only

COAL OFFERS
July 2000

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹	75,000	12,100	\$21.95	\$21.72	<u>\$43.67</u>	\$1.805
CoalTrade (Synfuel) ¹	30,000	12,300	\$23.00	\$21.47	<u>\$44.47</u>	\$1.808

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$24.75	\$15.36	\$2.00	<u>\$42.11</u>	\$1.684

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

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MAC

PHONE NO.

SUBJECT: AUGUST SPOT OFFERS

TO: W. David Carter

DATE: July 26, 2000

Our July Gulf operations saw no delays. The repair on the damaged hatch cover on the Dott-o is complete. For July, DFL projects 16 coal and 14 rock deliveries. The DFL units will stay fully utilized in August with 12 coal and 12 rock deliveries planned. We now expect to make 26 of the planned 35 CSX train loadings in July. We are planning for 29 train loadings (7 trainsets) in August (see below). For July, (estimated through July 28, 2000) the CSX is 86,577 tons under our revised ratable 3.6 million-ton plan. Year-to-date July average direct unit train weight is 9,781 tons.

FPC's July (through July 25, 2000—summary attached) "A" burn was 96,963 tons under forecast; and the "D" burn was 4,532 tons under forecast for a **total burn loss of 101,495 tons**. Year to date FPC's burn is 111,942 tons over forecast. Crystal River month-end inventory is projected to be 330,000 "A" and 700,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 40,000 tons of coal at IMT. On June 1, Unit No. 2 was forced out due to an electrical explosion that occurred when a worker was attempting to close a switch. The worker was seriously injured and the generator rotor and stator suffered major damage and has been shipped to GE for repair. Estimated return to service at this time is September 10, 2000. Units Nos. 1, 4, and 5 ran well during the month. The July average burn is expected to be 15,032 tons per day. (July 1999 averaged 17,742.)

As a result of the extended outage on Unit No. 2, we have taken steps to reduce the amount of "A" coal being delivered to Crystal River. First we have placed a unit train in the shop for maintenance. We expect to cycle a couple of sets in this manner over the next few weeks. Second we have released the CSX's "8th" trainset back to them for at least the month of August. These steps will allow us to keep our "A" inventories from growing beyond manageable levels.

Our spot offers of coal/synfuel for August have been evaluated and are attached for your reference. The unit train requirement for August is projected at four (4) trains. We have purchased this from Solid Fuel LLC. Our water side requirement is 75,000 tons of "D". We have purchased this from Black Hawk Synfuel. August deliveries are planned at 480,000 tons. The projected August burn is 460,000 tons.

If you have any questions regarding our plans for August or anything contained herein, please let me know.

Dennis G. Edwards

W. David Carter

May 24, 2000

Page 2

JUNE SPOT OFFERS

cc/att: Mrs. D. M. Davis, Ms. R. A. Hemmer, Mr. F. M. Lelak, Mrs. L. F. Pillucere, and
Mr. Roy F. Potter

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COAL OFFERS
August 2000

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Solid Fuel LLC</i>	40,000	12,400	\$20.50	\$25.47	<u>\$45.97</u>	\$1.854
<i>Quaker</i>	10,000	12,500	\$24.50	\$25.47	<u>\$49.97</u>	\$1.999
<i>Coastal</i>	18,000	12,300	\$24.88	\$25.47	<u>\$50.35</u>	\$2.047

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Solid Fuel LLC</i>	40,000	12,400	\$20.50	\$15.23	\$2.00	<u>\$37.73</u>	\$1.521
<i>Massey</i> ¹	N/A	12,875	\$24.00	\$15.36	\$2.00	<u>\$41.36</u>	\$1.606
<i>Quaker</i>	10,000	12,500	\$24.50	\$15.36	\$2.00	<u>\$41.86</u>	\$1.674
<i>Coastal</i>	18,000	12,300	\$24.88	\$16.38	\$2.00	<u>\$43.26</u>	\$1.759

¹ Eighteen-month spot agreement for comparison only

COAL OFFERS
August 2000

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹	75,000	12,100	\$22.80	\$21.72	<u>\$44.52</u>	\$1.840
CoalTrade (Synfuel) ¹	4,500	12,300	\$24.00	\$21.47	<u>\$45.47</u>	\$1.848
Oak Hill ¹	10,000	12,200	\$30.74	\$20.07	<u>\$50.81</u>	\$2.082

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$24.75	\$15.36	\$2.00	<u>\$42.11</u>	\$1.684

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORP
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none NO.

SUBJECT: SEPTEMBER SPOT OFFERS

TO: W. David Carter

DATE: August 28, 2000

Our August Gulf operations saw no delays. For August, DFL projects 10 coal and 10 rock deliveries. The DFL units will stay fully utilized in September with 10 coal and 10 rock deliveries planned. We now expect to make 23 of the planned 29 CSX train loadings in August. We are planning for 29 train loadings (7 trainsets) in September. For August, (estimated through August 28, 2000) the CSX is 63,247 tons under our revised ratable 3.4 million-ton plan. Year-to-date August average direct unit train weight is 9,778 tons.

FPC's August (through August 23, 2000—summary attached) "A" burn was 74,433 tons under forecast; and the "D" burn was 9,126 tons over forecast for a total burn loss of 65,307 tons. Year to date FPC's burn is 41,368 tons over forecast. Crystal River month-end inventory is projected to be 330,000 "A" and 640,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 90,000 tons of coal at IMT. On June 1, Unit No. 2 was forced out due to an electrical explosion that occurred when a worker was attempting to close a switch. Estimated return to service at this time is September 2, 2000. Units Nos. 1, 4, and 5 ran well during the month. The August average burn is expected to be 15,420 tons per day. (August 1999 averaged 18,000.)

In spite of our efforts to reduce inventory growth at Crystal River Units Nos. 1 and 2 by performing maintenance on our unit trains, our "A" coal inventories remain high. Accordingly, we have advised the CSX that we will not be able to utilize their "8th" trainset for the balance of 2000. If inventories continue at high levels, we may be forced to park or lease one of the EFC sets. Ocean barge deliveries are also being reduced.

Our spot offers of coal/synfuel for September have been evaluated and are attached for your reference. As you can see from the limited offers, coal supplies have tightened and prices are rising. The unit train requirement for September is projected at two (2) trains. We have purchased these from Quaker and Aquila. Our water side requirement is 13,000 tons of "D". We have purchased this from Black Hawk Synfuel. September deliveries are planned at 451,000 tons. The projected September burn is 545,000 tons.

If you have any questions regarding our plans for September or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao
Attachments

cc/att: Mrs. D. M. Davis, Ms. R. A. Hemmer, Mr. F. M. Lelak, Mrs. L. F. Pillucere, and
Mr. Roy F. Potter

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COAL OFFERS
September 2000

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Quaker	10,000	12,400	\$24.50	\$25.47	<u>\$49.97</u>	\$2.015

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.00	\$15.36	\$2.00	<u>\$41.36</u>	\$1.606
Quaker	10,000	12,400	\$24.50	\$15.36	\$2.00	<u>\$41.86</u>	\$1.688

¹ Eighteen-month spot agreement for comparison only

COAL OFFERS
September 2000

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹	75,000	12,100	\$25.50	\$21.72	<u>\$47.22</u>	\$1.951
Aquila	10,000	12,500	\$25.50	\$25.47	<u>\$50.97</u>	\$2.039

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$24.75	\$15.36	\$2.00	<u>\$42.11</u>	\$1.684
Aquila	10,000	12,500	\$25.50	\$15.36	\$2.00	<u>\$42.86</u>	\$1.714

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRI
FUELS
CORPORATION

Operations—Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
Page 78 of 184

SUBJECT: OCTOBER SPOT OFFERS

TO: W. David Carter

DATE: September 25, 2000

Our September Gulf operations saw delays (17 barge days) resulting from Hurricanes Gordon and Helene. For September, DFL projects 7 coal and 7 rock deliveries. The DFL units will stay fully utilized in October with 13 coal and 13 rock deliveries planned. We now expect to make 23 of the planned 29 CSX train loadings in September. We are planning for 28 train loadings (7 trainsets) in October. For September, (estimated through September 25, 2000) the CSX is 78,361 tons under our revised ratable 3.3 million-ton plan. Year-to-date September average direct unit train weight is 9,772 tons.

FPC's September (through September 20, 2000—summary attached) "A" burn was 29,611 tons under forecast; and the "D" burn was 3,926 tons under forecast for a **total burn loss of 33,537 tons**. Year to date FPC's burn is 24,976 tons under forecast. Crystal River month-end inventory is projected to be 270,000 "A" and 526,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 155,000 tons of coal at IMT. Unit No. 2 was returned to service on September 6, 2000. Unit No. 1 was forced out with a tube leak on September 12 and returned to service on September 17. Otherwise, the units ran well during the month. The September average burn is expected to be 16,670 tons per day. (September 1999 averaged 16,533 tons per day.)

The most significant event this month has been the remarkable speed with which the eastern coal markets have firmed. (See September 25, 2000, *Coal Daily* article, *EIA Revises 2000 Coal Production Data Down 35 million tons!*) CSX unit train coal is practically non-existent for fourth quarter. Barge coal is available, but prices are rising. With a substantial "open" requirement for CSX "A" coal remaining for this year, I became concerned over our ability to purchase this coal. During the week of September 4, I performed a phone/e-mail solicitation to those companies (Consol, Quaker, Massey, Mapco, and Tanoma) who have provided us this coal in the past. Only Quaker and Consol were able to respond, and we have purchased everything they offered. With these purchases we were still about 100,000 tons short on our "A" coal requirement. With the firming of the coal market we also felt it prudent to lock up our fourth quarter water "D" requirements as well. We approached Black Hawk regarding synfuel and agreed on 60,000 tons per month at September prices. To "backstop" the remaining CSX "A" coal requirement we also purchased 30,000 tons per month of "A" synfuel from Black Hawk.

Our spot offers of coal/synfuel for October and fourth quarter have been evaluated and are attached for your reference. As you can see from the limited offers, coal supplies have tightened and prices are rising. We have purchased coal as outlined above, which should cover our minimum requirement for the balance of 2000. October deliveries are planned at 485,000 tons. The projected October burn is 510,000 tons.

On September 13, 2000, we released a *Request for Proposals* for 6-month and/or 12-month supplies of CSX-origin "A" coal beginning January 1, 2001. Responses are due October 16. We will evaluate our extension options under our Massey "A" spot contract as part of this solicitation. In addition, we have provided Massey ("D"), Pen, AEL, and Quaker with the required 2001 quantity nominations in accordance with

W. David Carter
September 25, 2000
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OCTOBER SPOT OFFERS

contract terms. We have taken the maximum quantity under the CSX agreements (AEI and Quaker) and the minimum quantity under the water agreements (Massey and Pen). The Quaker tons are subject to final price agreement by November 1, 2000.

If you have any questions regarding our plans for October or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mrs. L. F. Pillucere
Mr. Roy F. Potter

COAL OFFERS
October 2000

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Consol (4 th Quarter)	120,000	12,800	\$25.85	\$25.47	<u>\$51.32</u>	\$2.005
Quaker (4 th Quarter)	140,000	12,400	\$25.25	\$25.47	<u>\$50.72</u>	\$2.045
Black Hawk (Synfuel) (4 th Quarter)	130,000	12,000	\$24.75	\$25.47	<u>\$50.22</u>	\$2.093
¹ Tons per month						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.00	\$15.49	\$2.20	<u>\$41.69</u>	\$1.619
Consol (4 th Quarter)	120,000	12,800	\$25.85	\$15.49	\$2.20	<u>\$43.54</u>	\$1.701
Quaker (4 th Quarter)	140,000	12,400	\$25.25	\$15.49	\$2.20	<u>\$42.94</u>	\$1.731
¹ Eighteen-month spot agreement for comparison only							
² Tons per month							

COAL OFFERS
October 2000

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹ (4 th Quarter)	*60,000	12,100	\$25.50	\$21.72	<u>\$47.22</u>	\$1.951
Enron (October)	15,000	12,400	\$26.75	\$22.47	<u>\$49.22</u>	\$1.985
Quaker (October)	10,000	13,000	\$27.00	\$25.47	<u>\$52.47</u>	\$2.018

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² Tons per month

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$24.75	\$15.49	\$2.20	<u>\$42.44</u>	\$1.698
Quaker (October)	10,000	13,000	\$27.00	\$15.49	\$2.20	<u>\$44.69</u>	\$1.719

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRE
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Operations—Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
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MAC Phone No.

SUBJECT: DECEMBER SPOT OFFERS

TO: W. David Carter

DATE: December 1, 2000

Our November Gulf operations saw some delay as a result of weather. For November, DFL projects 10 coal and 9 rock deliveries. The DFL units will stay fully utilized in December with 12 coal and 8 rock deliveries planned. We now expect to make 20 of the planned 27 CSX train loadings in November. We are planning for 25 train loadings (7 trainsets) in December. For November, (estimated through November 24, 2000) the CSX is 81,388 tons under our revised ratable 3.2 million-ton plan. Year-to-date November average direct unit train weight is 9,760 tons.

FPC's November (through November 29, 2000—summary attached) "A" burn was 31,154 tons over forecast; and the "D" burn was 12,033 tons under forecast for a **total burn gain of 19,121 tons**. Year to date FPC's burn is 35,696 tons under forecast. Crystal River month-end inventory is projected to be 165,000 "A" and 480,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 63,000 tons of coal at IMT. Unit No.4 was down for a tube leak and precipitator work. Otherwise, the units ran well during the month. The November average burn is expected to be 15,466 tons per day. (November 1999 averaged 14,423 tons per day.)

The coal markets have continued to firm since last month, making our fourth quarter purchases very timely. As reported in all of the coal papers, there is simply no CSX unit train coal available at this time. For the first time in years, we received no spot bids at all for November—rail or water! Indications are that first half 2001 coal is rapidly disappearing also. This is a remarkable turnaround for the coal markets, which, if it holds, means we will see costs higher than budgeted amounts for 2001. Note that FPC is projecting record burn levels next year as a result (primarily) of the refueling outage on Crystal River Unit No. 3.

Our fourth quarter spot purchases are listed on the attached for reference only. As indicated last month, these purchases are expected to cover our requirements for the balance of 2000. In addition to the Black Hawk synfuel purchase for the fourth quarter, we have just structured an agreement whereby EFC will sell KRT up to 120,000 tons of our Massey contract coal f.o.b. the barge at Marmet during the fourth quarter. New River Synfuel has agreed to replace this at \$2/ton less than the Massey contract price. An additional 20,000 tons per month of the Massey coal will be "loaned" to Black Hawk during the fourth quarter. Black Hawk will replace this coal early next year with synfuel and \$2 per ton cash or synfuel equivalents. November deliveries are planned at 440,000 tons. The projected November burn is 460,000 tons.

We have evaluated the bids received from our September 13, 2000, *Request for Proposals* for 6-month and/or 12-month supplies of CSX-origin "A" coal beginning January 1, 2001. The CONSOL and Massey bids were selected for "short list" candidates, and they have been notified and requested to furnish contract comments by October 31, 2000. In addition, Quaker has requested we consider some of their "A" coal as part of agreeing to the "D" contract price for 2001. Due to the tightness in the coal market, it is my intention to complete these purchases as soon as possible.

W. David Carter
October 30, 2000

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NOVEMBER SPOT OFFERS

We have received a formal proposal from the CSX to extend our current transportation agreement. Among the terms offered is a \$.78 per ton reduction in rates starting January 1, 2001. We are evaluating their proposal and developing a counter-proposal.

If you have any questions regarding our plans for November or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mrs. L. F. Pillucere
Mr. Roy F. Potter

COAL PURCHASES
October 2000

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Consol (4 th Quarter)	120,000	12,800	\$25.85	\$25.47	<u>\$51.32</u>	\$2.005
Quaker (4 th Quarter)	140,000	12,400	\$25.25	\$25.47	<u>\$50.72</u>	\$2.045
Black Hawk (Synfuel) (4 th Quarter)	130,000	12,000	\$24.75	\$25.47	<u>\$50.22</u>	\$2.093
¹ Tons per month						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.00	\$15.49	\$2.20	<u>\$41.69</u>	\$1.619
Consol (4 th Quarter)	220,000	12,800	\$25.85	\$15.49	\$2.20	<u>\$43.54</u>	\$1.701
Quaker (4 th Quarter)	240,000	12,400	\$25.25	\$15.49	\$2.20	<u>\$42.94</u>	\$1.731
¹ Eighteen-month spot agreement for comparison only							
² Tons per month							

COAL PURCHASES
October 2000

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹ (4 th Quarter)	260,000	12,100	\$25.50	\$21.72	<u>\$47.22</u>	\$1.951

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² Tons per month

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$24.75	\$15.49	\$2.20	<u>\$42.44</u>	\$1.698

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRESP
FUELS
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Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
Page 86 of 184
MAC PHONE NO.

SUBJECT: JANUARY SPOT OFFERS

TO: W. David Carter

DATE: January 4, 2001

Our December Gulf operations saw some delay as a result of weather and unloader breakdowns. For December, DFL did 9 coal and 9 rock deliveries. The DFL units will stay fully utilized in January with 12 coal and 12 rock deliveries planned. We made 22 of the planned 24 CSX train loadings in December. We are planning for 24 train loadings (6 trainsets) in January. For December, (estimated through December 29, 2000) the CSX is 142,528 tons under our revised ratable 3.2 million-ton plan. Year-to-date December average direct unit train weight is 9,766 tons.

FPC's December (through December 31, 2000—summary attached) "A" burn was 10,182 tons over forecast; and the "D" burn was 129,654 tons under forecast for a total burn loss of 119,472 tons. Year to date FPC's burn is 161,322 tons under forecast. Crystal River month-end inventory was 126,000 "A" and 454,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 93,000 tons of coal at IMT. During most of December, one or the other of the CR North units was down for precipitator (CR4) or bearing (CR5) problems. Units 1&2 ran well during the month. The December average burn was 12,985 tons per day. (December 1999 averaged 14,355 tons per day.)

On December 12, 2000, we received a notice of force majeure from Pen claiming "extreme adverse geological conditions" are forcing them to reduce production from the mine supplying coal under our contract. At present, Pen owes us approximately 200,000 tons in 2001. This is a 12,300 Btu/lb "compliance" contract. We are evaluating our options with respect to this force majeure claim and AEI's and how best to replace this coal in a very tight coal market.

The coal markets remain extremely tight. As reported in all of the coal papers, there is simply no CSX unit train coal available at this time. We again received no domestic spot bids at all for January—rail or water! Not only are we not getting spot offers, but we also are not getting full contract shipments from any of our suppliers. CR inventories are dropping rapidly and our "A" coal inventory is approximately ½ of target! We have shopped one of our trains as we have no CSX coal to load in it. Coal suppliers are virtually nonexistent with some panic buying (\$50.00 ton F.O.B. barge for NYMEX spec coal) evident. Severe Winter conditions are making the problem worse. We have been successful in making additional South American purchases as indicated on the attached. Prices are up sharply however. January deliveries are planned at 415,000 tons. The projected January burn is 515,000 tons.

Our new "A" agreements for 2001 with Massey and Consol have been signed. Our proposed new Quaker "A" agreement and Alliance "D" agreement are still outstanding. We continue to evaluate our options for the remainder of our 2001 requirements.

W. David Carter
January 4, 2001
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JANUARY SPOT OFFERS

If you have any questions regarding our plans for January or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mrs. L. F. Pillucere
Mr. Roy F. Potter

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COAL OFFERS
January 2001

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Drummond</i> ¹	44,000	11,300	\$37.50	\$14.64	<u>\$52.14</u>	\$2.301
¹ <i>South American Coal</i>						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Massey</i> ¹	N/A	12,875	\$24.95	\$15.56	\$2.20	<u>\$42.71</u>	\$1.659
<i>Consol</i> ¹	N/A	12,900	\$25.75	\$15.56	\$2.20	<u>\$42.51</u>	\$1.648
¹ <i>Twelve-month 2001 agreement for comparison only</i>							

COAL OFFERS
January 2001

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹ (1 st Quarter)	2110,000	12,100	\$28.50	\$25.75	<u>\$54.25</u>	\$2.242
Glencore ³	70,000	12,400	\$42.50	\$14.64	<u>\$57.14</u>	\$2.304
Drummond ³	44,000	11,300	\$38.00	\$14.64	<u>\$52.64</u>	\$2.329
Interamerican Coal ³	40,000	13,000	\$46.80	\$14.64	<u>\$61.44</u>	\$2.363

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² Tons per month

³ South American imported coals.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$26.00	\$15.56	\$2.20	<u>\$43.76</u>	\$1.750

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRESPONDENCE
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Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
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SUBJECT: FEBRUARY SPOT OFFERS

TO: W. David Carter

DATE: January 30, 2001

Our January Gulf operations saw some delay as a result of weather. For January, DFL is expected to make 11 coal and 12 rock deliveries. The DFL units will stay fully utilized in February with 15 coal and 4 rock deliveries planned. We expect to do 22 of the planned 24 CSX train loadings in January. We are planning for 27 train loadings (7 trainsets) in February. For January, (estimated through January 29, 2001) the CSX is 97,925 tons under our revised ratable 3.7 million-ton plan. January average direct unit train weight is 9,726 tons.

FPC's January (through January 29, 2001 – summary attached) "A" burn was 5,088 tons over forecast; and the "D" burn was 37,769 tons under forecast for a total burn loss of 32,681 tons. Crystal River month-end inventory is forecasted to be 113,000 "A" and 318,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 139,000 tons of coal at IMT. All units ran well during the month. The January average burn was 16,645 tons per day. (January 2000 averaged 15,968 tons per day.)

We have reached a settlement agreement with AEI and are signing an Amended & Restated Coal Supply Agreement. The existing 12,500 Btu/LB "D" contract has been replaced by a 12,000 Btu/LB "A" coal agreement providing for the same number of total tons. FOB mine price is unchanged at \$24.70 for 2001 tons. Origin is the EK district of the CSX versus the original Big Sandy, which costs us about \$1 per ton more. This change will increase our costs, but avoids a lengthy lawsuit, which had doubtful prospects in any event. This will also allow us to put our seventh trainset back to work! We continue to evaluate our options with Pen.

Subsequent to last month's memo, we were offered 20,000 tons of a Colorado origin coal, which was arriving at IMT for an export vessel that was canceled. This coal was purchased FAS IMT from Emerald at attractive pricing and will allow us to test this very low sulfur (.37%) material in a blend with synfuel. Our "foreign" market was added for transportation to Crystal River.

The coal markets remain extremely tight. We again received no domestic spot bids at all for February—rail or water! We did receive two (2) offshore bids, which are shown on the attached schedules. We are not acting on either of these offers as we have "covered" our expected DFL capacity for this year. However, we continue to be "shorted" on contract shipments from most of our suppliers. As indicated above, Crystal River inventories continue to fall. February deliveries are planned at 488,600 tons. The projected February burn is 467,000 tons so some ground should be gained.

Our proposed new Quaker "A" and "D" agreements and Alliance "D" agreement are still being finalized at this time. Subsequent to last month's memo, Quaker notified us verbally that the pricing agreement reached for 2001 on the "compliance" contract (\$26/ton) would not be honored and the coal would cost us \$32.50/ton if we still wanted it. Same with the new "A" coal agreement, which had been verbally accepted but not signed. The price for that coal is now \$29.25 per ton. These are both CSX origin coals and are an important part of our CSX plan. We reluctantly accepted these higher prices, as no replacement

W. David Carter
January 30, 2001
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FEBRUARY SPOT OFFERS

coal is available at this time! We continue to evaluate our options for the remainder of our 2001 CSX requirements.

If you have any questions regarding our plans for February or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

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COAL OFFERS
February 2001

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
NONE						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.95	\$15.56	\$2.20	<u>\$42.71</u>	\$1.659
Consol ¹	N/A	12,900	\$25.75	\$15.56	\$2.20	<u>\$42.51</u>	\$1.648

¹ Twelve-month 2001 agreement for comparison only

COAL OFFERS
February 2001

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹ (1 st Quarter)	² 110,000	12,100	\$28.50	\$25.75	<u>\$54.25</u>	\$2.242
Transocean ³	70,000	11,150	\$38.25	\$14.64	<u>\$52.89</u>	\$2.372
Marine Coal Sales ³	120,000	11,400	\$39.50	\$14.64	<u>\$54.14</u>	\$2.375

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² Tons per month

³ South American imported coals.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.56	\$2.20	<u>\$50.26</u>	\$2.010

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRESPONDENCE
FUELS
CORPORATION

CSX/Barge Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
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SUBJECT: MARCH SPOT OFFERS

TO: W. David Carter

DATE: February 26, 2001

Our February Gulf operations saw very little delay as a result of weather. For February, DFL is expected to make 15 coal and 6 rock deliveries. The DFL units will stay fully utilized in March with 13 coal and 10 rock deliveries planned. For Crystal River, we expect to do 25 of the planned 27 CSX train loadings in February. We are planning for 29 train loadings (7 trainsets) in March. For February, (estimated through February 23, 2001) the CSX is 149,306 tons under our revised ratable 3.7 million-ton plan. Year to date February average direct unit train weight is 9,720 tons.

FPC's February (through February 22, 2001 – summary attached) "A" burn was 35,825 tons under forecast; and the "D" burn was 6,012 tons over forecast for a total burn loss of 29,813 tons. Year to date Crystal River is 62,072 under forecast. Crystal River month-end inventory is forecasted to be 210,000 "A" and 273,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 190,000 tons of coal at IMT. Unit No. 1 started its 23-day maintenance outage on February 18. All other units ran well during the month. The February average burn is projected to be 15,250 tons per day. (February 2000 averaged 16,071 tons per day.)

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we expect to make 18 of the planned 22 train loadings. We are planning for 24 loadings in March (12 in leased cars and 12 in CSX cars). We are attempting to divert a few of these trains as inventories are comfortable at these three plants and weather is mild. CP&L's CSX plant burns (year to date through February 25, 2001, summary attached) were 6,198.77 tons over forecast. Month-end inventories at Sutton are projected to be 246,874, at Robinson 60,931, and at Weatherspoon 33,825. Except for some cycling the CSX units ran well during the month.

We have received three (3) imported vessels into IMT so far this year. All in all these have been successful imports. Our fourth vessel is scheduled to load this weekend. This will be lower quality Colombian coal (Drummond) and will represent a blending challenge for us. We are looking hard at taking imported coal into Wilmington for Plant Sutton.

The coal markets remain extremely tight. We again received no domestic spot bids at all for March—rail or water! We did receive offshore bids, which are shown on the attached schedules. We are not acting on either of these offers as we have "covered" our expected DFL capacity for this year. However, we continue to be "shorted" on contract shipments from most of our suppliers. As indicated above, Crystal River inventories continue to fall. March Crystal River deliveries are planned at 495,600 tons. The projected March Crystal River burn is 447,000 tons so some ground should be gained. Carolina CSX inventories are recovering nicely. Projected March Carolina CSX burns are 164,000 tons with deliveries estimated at 234,000.

We finalized our new Quaker "A" and "D" agreements. Price for the "A" coal is \$29.25. Price for the "D" coal is \$32.50 with volume increased to 600,000 tons (a 100,000-ton increase) for 2001. These are both CSX origin coals and are an important part of our CSX plan. We reluctantly accepted these higher prices, as no

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February 26, 2001
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MARCH SPOT OFFERS

replacement coal is available at this time! The Alliance "D" agreement is still being finalized at this time. We continue to evaluate our options for the remainder of our 2001 CSX requirements.

If you have any questions regarding our plans for March or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

**CRYSTAL RIVER
COAL OFFERS
March 2001**

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
<i>Transocean</i>	70,000	11,150	\$38.25	\$14.64	<u>\$52.89</u>	\$2.372
<i>Marubeni</i>	40,000	11,400	\$45.20	\$14.64	<u>\$59.84</u>	\$2.625

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Massey</i> ¹	N/A	12,875	\$24.95	\$15.56	\$2.20	<u>\$42.71</u>	\$1.659
<i>Consol</i> ¹	N/A	12,900	\$25.75	\$15.56	\$2.20	<u>\$42.51</u>	\$1.648

¹ Twelve-month 2001 agreement for comparison only

CAROLINA CSX
COAL OFFERS
March 2001

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
Arch ¹	N/A	12,000	\$22.66	\$12.72	\$1.75	<u>\$37.13</u>	\$1.547

¹ Eight-month spot agreement for comparison only.

² Estimate—number being developed.

**CRYSTAL RIVER
COAL OFFERS
March 2001**

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹ (1 st Quarter)	2110,000	12,100	\$28.50	\$25.75	<u>\$54.25</u>	\$2.242
Marine Coal Sales ³	120,000	11,400	\$39.50	\$14.64	<u>\$54.14</u>	\$2.375

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² Tons per month

³ South American imported coals.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.56	\$2.20	<u>\$50.26</u>	\$2.010

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRESPONDENCE
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MAC

Phone No.

SUBJECT: APRIL SPOT OFFERS

TO: W. David Carter

DATE: March 29, 2001

Our March Gulf operations saw substantial delays as a result of weather and a maintenance outage on the unloader. For March, DFL is expected to make 12 coal and 6 rock deliveries. The DFL units will stay fully utilized in April with 14 coal and 15 rock deliveries planned. For Crystal River, we expect to do 26 of the planned 29 CSX train loadings in March. We are planning for 33 train loadings (7 trainsets) in April. For March, (estimated through March 26, 2001) the CSX is 205,524 tons under our revised ratable 3.7 million-ton plan. Year to date March average direct unit train weight is 9,731 tons.

FPC's March (through March 28, 2001 — summary attached) "A" burn was 87,297 tons under forecast; and the "D" burn was 7,440 tons under forecast for a total burn loss of 94,737 tons. Year to date Crystal River is 173,299 under forecast. Crystal River month-end inventory is forecasted to be 290,000 "A" and 170,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 250,000 tons of coal at IMT. Unit No. 2 has completed its maintenance outage. All other units ran well during the month. The March average burn is projected to be 13,968 tons per day. (March 2000 averaged 13,452 tons per day.) Unit No. 5 is scheduled to start its maintenance outage on April 14 and return to service on May 10.

As indicated above, our "D" inventories are quite low. We have completed the new Alliance "D" contract and shipments begin in April. In addition, the shipments under the Quaker "D" agreement step up in April. We have asked the CSX for one of their rotary dump unit trains to help transport this new coal. The CSX has denied this request saying, "The extra set just gets in the way"! (Jack Burgess telephone conversation of March 28, 2001.) Plan is to speed up cycle times on our 7 sets. This, together with a scheduled outage for Crystal River Unit No. 5, should allow us to build inventory back to acceptable levels during April.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we expect to make all of the planned 24 train loadings. We are planning for 21 loadings in April (12 in leased cars and 9 in CSX cars). CP&L's CSX plant burns year-to-date through March 29, 2001, were 41,205 tons over forecast. Month-end inventories at Sutton are projected to be 242,000, at Robinson 67,000, and at Weatherspoon 46,000. Except for some cycling, the Carolina CSX units ran well during the month.

We have received our fourth imported vessel into IMT. This is lower quality (11,500 Btu) Colombian coal (Drummond) and will represent a blending challenge for us. Our fifth vessel is slated to load around April 18.

The coal markets remain extremely tight. Prices are up dramatically. We received only one domestic spot bid for April—synfuel by water! We have accepted this three (3) month proposal from Black Hawk. To address the "D" inventory situation, I contacted CONSOL and Alliance to see if they had any CSX "D" available for immediate shipment. (Already had talked to Massey and Quaker—nothing.) Only CONSOL responded with two trains at \$50 per ton. I accepted. We continue to be "shorted" on contract shipments from most of our suppliers. As indicated above, Crystal River inventories continue to fall. April Crystal

W. David Carter
March 29, 2001
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APRIL SPOT OFFERS

River deliveries are planned at 535,000 tons. The projected April Crystal River burn is 475,000 tons so some ground should be gained. Carolina CSX inventories have recovered nicely. Projected April Carolina CSX burns are 174,000 tons with deliveries estimated at 190,000.

I met with Bill Knight and his staff last week in Raleigh. Given our assessment of the current coal market, we agreed it is time to solicit for our respective 2002 requirements. Accordingly, we are planning to release two (2) *Requests for Proposals* on April 16. One will be for NS and CSX 2.0 LB ("A" type) coal and one will be for CSX/Barge "compliance" coal. As you know, we have two (2) contracts currently supplying 1.5 million tons per year of this quality coal that expire at the end of April 2002. We are concerned that delaying the purchase of these replacement coals may result in the coals not being there later on.

If you have any questions regarding our plans for April or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

**CRYSTAL RIVER
COAL OFFERS**
April 2001

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
NONE						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.95	\$15.63	\$2.20	<u>\$42.78</u>	\$1.661
Consol ¹	N/A	12,900	\$25.75	\$15.63	\$2.20	<u>\$43.58</u>	\$1.689

¹ Twelve-month 2001 agreement for comparison only

**CAROLINA CSX
COAL OFFERS
April 2001**

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
Arch ¹	N/A	12,000	\$22.66	\$12.72	\$.75	<u>\$36.13</u>	\$1.505
Southern Appalachian	25,000 ²	13,000	\$41.00 ³	\$12.95	\$.75	<u>\$54.70</u>	\$2.104

¹ Eight-month spot agreement for comparison only.

² Tons per month

³ Four-month offer—75-car trains—Robinson sulfur!

**CRYSTAL RIVER
COAL OFFERS
March 2001**

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹ (2 nd Quarter)	² 100,000	12,100	\$40.50	\$25.72	<u>\$66.22</u>	\$2.736

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² Tons per month

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.63	\$2.20	<u>\$50.33</u>	\$2.013
CONSOL	19,000	13,000	\$50.00	\$15.63	\$2.20	\$67.83	\$2.609

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRESPONDENCE
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CSX/Barge Coal Procurement
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MAC Phone No.

SUBJECT: APRIL SPOT OFFERS

TO: W. David Carter

DATE: March 29, 2001

Our March Gulf operations saw substantial delays as a result of weather and a maintenance outage on the unloader. For March, DFL is expected to make 12 coal and 6 rock deliveries. The DFL units will stay fully utilized in April with 14 coal and 15 rock deliveries planned. For Crystal River, we expect to do 26 of the planned 29 CSX train loadings in March. We are planning for 33 train loadings (7 trainsets) in April. For March, (estimated through March 26, 2001) the CSX is 205,524 tons under our revised ratable 3.7 million-ton plan. Year to date March average direct unit train weight is 9,731 tons.

FPC's March (through March 28, 2001—summary attached) "A" burn was 87,297 tons under forecast; and the "D" burn was 7,440 tons under forecast for a total burn loss of 94,737 tons. Year to date Crystal River is 173,299 under forecast. Crystal River month-end inventory is forecasted to be 290,000 "A" and 170,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 250,000 tons of coal at IMT. Unit No. 2 has completed its maintenance outage. All other units ran well during the month. The March average burn is projected to be 13,968 tons per day. (March 2000 averaged 13,452 tons per day.) Unit No. 5 is scheduled to start its maintenance outage on April 14 and return to service on May 10.

As indicated above, our "D" inventories are quite low. We have completed the new Alliance "D" contract and shipments begin in April. In addition, the shipments under the Quaker "D" agreement step up in April. We have asked the CSX for one of their rotary dump unit trains to help transport this new coal. The CSX has denied this request saying, "The extra set just gets in the way"! (Jack Burgess telephone conversation of March 28, 2001.) Plan is to speed up cycle times on our 7 sets. This, together with a scheduled outage for Crystal River Unit No. 5, should allow us to build inventory back to acceptable levels during April.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we expect to make all of the planned 24 train loadings. We are planning for 21 loadings in April (12 in leased cars and 9 in CSX cars). CP&L's CSX plant burns year-to-date through March 29, 2001, were 41,205 tons over forecast. Month-end inventories at Sutton are projected to be 242,000, at Robinson 67,000, and at Weatherspoon 46,000. Except for some cycling, the Carolina CSX units ran well during the month.

We have received our fourth imported vessel into IMT. This is lower quality (11,500 Btu) Colombian coal (Drummond) and will represent a blending challenge for us. Our fifth vessel is slated to load around April 18.

The coal markets remain extremely tight. Prices are up dramatically. We received only one domestic spot bid for April—synfuel by water! We have accepted this three (3) month proposal from Black Hawk. To address the "D" inventory situation, I contacted CONSOL and Alliance to see if they had any CSX "D" available for immediate shipment. (Already had talked to Massey and Quaker—nothing.) Only CONSOL responded with two trains at \$50 per ton. I accepted. We continue to be "shorted" on contract shipments from most of our suppliers. As indicated above, Crystal River inventories continue to fall. April Crystal

W. David Carter
March 29, 2001
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APRIL SPOT OFFERS

River deliveries are planned at 535,000 tons. The projected April Crystal River burn is 475,000 tons so some ground should be gained. Carolina CSX inventories have recovered nicely. Projected April Carolina CSX burns are 174,000 tons with deliveries estimated at 190,000.

I met with Bill Knight and his staff last week in Raleigh. Given our assessment of the current coal market, we agreed it is time to solicit for our respective 2002 requirements. Accordingly, we are planning to release two (2) *Requests for Proposals* on April 16. One will be for NS and CSX 2.0 LB ("A" type) coal and one will be for CSX/Barge "compliance" coal. As you know, we have two (2) contracts currently supplying 1.5 million tons per year of this quality coal that expire at the end of April 2002. We are concerned that delaying the purchase of these replacement coals may result in the coals not being there later on.

If you have any questions regarding our plans for April or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

**CRYSTAL RIVER
COAL OFFERS**
April 2001

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
NONE						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.95	\$15.63	\$2.20	<u>\$42.78</u>	\$1.661
Consol ¹	N/A	12,900	\$25.75	\$15.63	\$2.20	<u>\$43.58</u>	\$1.689

¹ Twelve-month 2001 agreement for comparison only

**CAROLINA CSX
COAL OFFERS**
April 2001

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
Arch ¹	N/A	12,000	\$22.66	\$12.72	\$.75	<u>\$36.13</u>	\$1.505
Southern Appalachian	25,000 ²	13,000	\$41.00 ³	\$12.95	\$.75	<u>\$54.70</u>	\$2.104

¹ Eight-month spot agreement for comparison only.
² Tons per month
³ Four-month offer—75-car trains—Robinson sulfur!

**CRYSTAL RIVER
COAL OFFERS
March 2001**

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹ (2 nd Quarter)	2100,000	12,100	\$40.50	\$25.72	<u>\$66.22</u>	\$2.736

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² Tons per month

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.63	\$2.20	<u>\$50.33</u>	\$2.013
CONSOL	19,000	13,000	\$50.00	\$15.63	\$2.20	\$67.83	\$2.609

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRESPONDENCE
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SUBJECT: MAY SPOT OFFERS

TO: W. David Carter

DATE: April 30, 2001

Our April Gulf operations saw only minor delays as a result of weather. For April, DFL is expected to make 19 coal (a new record!) and 9 rock deliveries. The DFL units will stay fully utilized in May with 14 coal and 11 rock deliveries planned. For Crystal River, we expect to do 27 of the planned 33 CSX train loadings in March. We are planning for 35 train loadings (7 trainsets) in May. For April, (estimated through April 30, 2001) the CSX is 260,430 tons under our revised ratable 3.7 million-ton plan. Year to date April average direct unit train weight is 9,723 tons.

FPC's April (through April 27, 2001—summary attached) "A" burn was 13,585 tons over forecast; and the "D" burn was 29,907 tons under forecast for a total burn loss of 16,322 tons. Year to date Crystal River is 193,398 tons under forecast. Crystal River month-end inventory is forecasted to be 230,000 "A" and 350,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 171,000 tons of coal at IMT. Unit No. 5 started its scheduled maintenance outage on April 14. Scheduled completion is May 10. All other units ran well during the month. The April average burn is projected to be 12,562 tons per day. (April 2000 averaged 12,933 tons per day.)

As indicated above, our "D" inventories are beginning to recover. We project having 30+ days supply at Crystal River by the May 10 restart of Unit 5. However, we continue to experience supplier shortfalls. On April 20, PMJV called to say they must reduce shipments 50 percent over the balance of the year. This is a loss of 4 trains per month of CSX "D" coal. Pen Coal has stopped shipping altogether.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we expect to make 20 of the planned 22 train loadings. We are planning for 22 loadings in May (11 in leased cars and 11 in CSX cars). CP&L's CSX plant burns (year-to-date through April 27, 2001—summary attached) were 2,266 tons over forecast. Month-end inventories at Sutton are projected to be 275,000, at Robinson 53,000, and at Weatherspoon 46,000. Except for some cycling, the Carolina CSX units ran well during the month.

Our fifth import vessel is currently discharging at IMT. This is low Btu (11,534) compliance sulfur from Drummond's Colombian mine. Our sixth import vessel is en route to IMT with an ETA of May 3, 2001. This is our first Glencore (also Colombian origin) vessel and has a quality of approximately 12,400 Btu/LB and .67 sulfur. Our seventh vessel (IAC) is slated to load in early June in Venezuela.

The coal markets remain extremely tight. Prices are up dramatically. Subsequent to last month's memorandum, we received an offer from CONSOL for one (1) train of 13,000 Btu/LB "compliance" coal for April loading. The price for this offer of \$60 per ton was accepted. We received four domestic spot bids for May—three "D" and one "A". The three "D" trains were purchased. In addition, we made a one-train-per-month of "D" coal purchase for the June–December period from Quaker. We continue to be "shorted" on contract shipments from most of our suppliers. As indicated above, Crystal River inventories have rebounded thanks to a record month for Gulf deliveries. May Crystal River deliveries are planned at 527,000 tons. The projected May Crystal River burn is 500,000 tons. Carolina CSX

W. David Carter
April 30, 2001
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MAY SPOT OFFERS

inventories are at desired levels. Projected May Carolina CSX burns are 175,000 tons with deliveries estimated at 200,000.

Bids on our term solicitation are due in May 15. We are releasing a separate short-term solicitation this week to attempt to replace the lost PMJV and Pen tons.

If you have any questions regarding our plans for May or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

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**CRYSTAL RIVER
COAL OFFERS
May 2001**

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
CONSOL	40,000	12,800	\$52.00	\$29.47	<u>\$81.47</u>	\$3.182

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.95	\$15.63	\$2.20	<u>\$42.78</u>	\$1.661
CONSOL ¹	N/A	12,900	\$25.75	\$15.63	\$2.20	<u>\$43.58</u>	\$1.689
CONSOL	40,000	12,800	\$52.00	\$15.63	\$2.20	<u>\$69.83</u>	\$2.727

¹ Twelve-month 2001 agreement for comparison only

CAROLINA CSX
COAL OFFERS
May 2001

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
Arch ¹	N/A	12,000	\$22.66	\$12.72	\$75	<u>\$36.13</u>	\$1.505
NONE							
¹ Eight-month spot agreement for comparison only.							

**CRYSTAL RIVER
COAL OFFERS
May 2001**

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹ (2 nd Quarter)	2100,000	12,100	\$40.50	\$25.72	<u>\$66.22</u>	\$2.736

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² Tons per month

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.63	\$2.20	<u>\$50.33</u>	\$2.013
AMVEST ³	10,000	12,250	\$40.00	\$16.96	\$2.20	<u>\$59.16</u>	\$2.415
Quaker	210,000	12,500	\$58.00	\$15.63	\$2.20	<u>\$75.83</u>	\$3.033
Coal Energy	10,000	12,500	\$58.00	\$15.63	\$2.20	<u>\$75.83</u>	\$3.033
CONSOL	10,000	13,000	\$65.00	\$15.63	\$2.20	<u>\$82.83</u>	\$3.186
Coal Energy	10,000	13,000	\$62.00	\$15.63	\$2.20	<u>\$79.83</u>	\$3.193

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

² 10,000 per month for June—December.

³ Swap of Carolina "A" train! April load date!

ELECTRIC INTER-OFFICE CORRESPONDENCE
FUELS
CORPORATION

CSX/Barge Coal Procurement
Office

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SUBJECT: JUNE SPOT OFFERS

TO: W. David Carter

DATE: May 30, 2001

Our May Gulf operations saw only minor delays as a result of weather. For May, DFL is expected to make 18 coal and 13 rock deliveries. The DFL units will stay fully utilized in June with 14 coal and 14 rock deliveries planned. For Crystal River, we expect to do 34 of the planned 35 CSX train loadings in May. We are planning for 34 train loadings (8 trainsets) in June. For May, (estimated through May 29, 2001) the CSX is 207,529 tons under our revised ratable 3.7 million-ton plan. Year to date May average direct unit train weight is 9,705 tons.

FPC's May (through May 24, 2001—summary attached) "A" burn was 37,813 tons over forecast; and the "D" burn was 10,295 tons under forecast for a **total burn gain of 27,518 tons**. Year to date Crystal River is 180,061 tons under forecast. Crystal River month-end inventory is forecasted to be 176,000 "A" and 538,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 209,000 tons of coal at IMT. Unit No. 5 completed its scheduled maintenance outage on May 21. Unit No. 2 was down for six days to repair tube leaks. All other units ran well during the month. The May average burn is projected to be 13,806 tons per day. (May 2000 averaged 16,452 tons per day.)

As indicated above, our "D" inventories have recovered. We currently have 45+ days supply at Crystal River. Two outstanding back-to-back months of DFL performance allowed this quick recovery. However, we continue to experience supplier shortfalls. Our "A" coal inventories are dropping due to Massey's and AEI's continued failure to ship at contract levels. We are looking for replacement coals.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we expect to make 18 of the planned 22 train loadings due to supplier (AEI and Massey) shortfalls. We are planning for 17 loadings in May (10 in leased cars and 7 in CSX cars). CP&L's CSX plant burns (year-to-date through May 29, 2001—summary attached) were 42,698 tons over forecast. Month-end inventories at Sutton are projected to be 210,000, at Robinson 69,000, and at Weatherspoon 66,000. Except for some cycling, the Carolina CSX units ran well during the month.

Our seventh import vessel (Glencore) is scheduled to load May 29 with a June 2 ETA at IMT. This Colombian origin coal is expected to run 12,400 Btu/LB and compliance sulfur. This vessel will return promptly to Venezuela to load an IAC cargo for us.

The coal markets remain extremely tight. We received only one bid (12,000 "D") for June, which we turned down due to price and satisfactory inventory levels. Subsequent to last month's memorandum, we received "reverse bid" from Created Mining wherein they requested buyers to "bid" on compliance coal over a 6, 12, and 18-month term. EFC "won" the 12-month bid at \$52.10 for two (2) trains per month of a 13,200 coal. Also, subsequent to last month's memorandum, we received an offer from Peabody for two (2) compliance trains in May. We accepted the offer.

We continue to be "shorted" on contract shipments from most of our suppliers. Specifically, year-to-date, AEI is six "A" trains behind ratable, Quaker is 13 "D" trains behind ratable, and Massey is five "A"

W. David Carter
May 30, 2001
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JUNE SPOT OFFERS

trains behind ratable. As indicated above, Crystal River inventories have rebounded thanks to record Gulf deliveries. June Crystal River deliveries are planned at 532,000 tons. The projected June Crystal River burn is 527,000 tons. Carolina CSX inventories are at desired levels. Projected June Carolina CSX burns are 158,000 tons with deliveries estimated at 164,000.

Bids on our term solicitation received on May 15 are being evaluated. We expect to have a "short list" by June 1.

If you have any questions regarding our plans for June or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

**CRYSTAL RIVER
COAL OFFERS
June 2001**

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.95	\$15.63	\$2.20	<u>\$42.78</u>	\$1.661
CONSOL ¹	N/A	12,900	\$25.75	\$15.63	\$2.20	<u>\$43.58</u>	\$1.689
N O N E							

¹ Twelve-month 2001 agreement for comparison only

**CAROLINA CSX
COAL OFFERS**
June 2001

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
Arch ¹	N/A	12,000	\$22.66	\$12.72	\$75	<u>\$36.13</u>	\$1.505
NONE							
¹ Eight-month spot agreement for comparison only.							

**CRYSTAL RIVER
COAL OFFERS**
June 2001

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Black Hawk (Synfuel) ¹ (2 nd Quarter)	2100,000	12,100	\$40.50	\$25.72	<u>\$66.22</u>	\$2.736
Created Mining ²	27,000	12,000	\$55.00	\$29.47	<u>\$84.47</u>	\$3.520

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² Tons per month

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.63	\$2.20	<u>\$50.33</u>	\$2.013
Created Mining ²	27,000	12,000	\$55.00	\$15.50	\$2.20	<u>\$72.70</u>	\$3.029

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

² Three-month offer.

ELECTRIC INTER-OFFICE CORRESPONDENCE
FUELS
CORPORATION

CSX/Barge Coal Procurement
Office

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SUBJECT: JULY SPOT OFFERS

TO: W. David Carter

DATE: June 29, 2001

Our June Gulf operations saw only minor delays. For June, DFL is expected to make 15 coal and 12 rock deliveries. The DFL units will stay fully utilized in July with 9 coal and 10 rock deliveries planned. For Crystal River, we expect to do 29 of the planned 34 CSX train loadings in June. We are planning for 32 train loadings (8 trainsets) in July. For June, (estimated through June 29, 2001) the CSX is 214,349 tons under our revised ratable 3.7 million-ton plan. Year to date June average direct unit train weight is 9,735 tons.

FPC's June (through June 28, 2001—summary attached) "A" burn was 5,908 tons under forecast; and the "D" burn was 30,618 tons under forecast for a **total burn loss of 36,526 tons**. Year to date Crystal River is 171,108 tons under forecast. Crystal River month-end inventory is forecasted to be 166,000 "A" and 566,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 211,000 tons of coal at IMT. All units ran well during the month. The June average burn is projected to be 18,267 tons per day. (June 2000 averaged 14,333 tons per day.)

As indicated above, Crystal River's "A" coal inventories continue at less than desirable levels. Primary problem continues to be supplier shortfalls on the CSX (all but CONSOL are behind) and virtually no CSX spot "A" coal available to replace these shortfalls. (The coal yard work is currently not allowing any "A" coal by barge). We have made some additional "D" coal purchases (see below) to keep the trains busy and build inventories as we could burn "D" at 1 & 2 if necessary.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we expect to make 17 of the planned 18 train loadings. We are planning for 16 loadings in July (11 in leased cars and 5 in CSX cars). CP&L's CSX plant burns (year-to-date through June 28, 2001—summary attached) were 22,007 tons over forecast. Month-end inventories at Sutton are projected to be 231,000, at Robinson 66,000, and at Weatherspoon 64,000. Except for some cycling, the Carolina CSX units ran well during the month.

Our eighth import vessel (IAC) finished discharging at IMT on June 23, 2001. This Venezuelan origin coal came in at 12,500+ Btu/LB and compliance sulfur. We have also made our first purchase of Russian origin coal to load late August or early September.

Subsequent to last month's memorandum, several purchases were made mostly off Evolution Markets trade report. They were: (1) from Mirant Americas Energy—one "D" train at \$48 per ton, (2) from Duke Energy Merchants—one "D" train at \$52.50 per ton, (3) from Alliance—one "D" train at \$54 per ton, and (4) from Arch Coal—one 11,500 Btu, 1.8 percent sulfur train for Carolina at \$31 per ton.

The domestic coal markets remain extremely tight. We received only two CSX bids, both of which were accepted. We received an offer of Russian imported coal, which was also accepted. In addition, Black Hawk submitted a six-month offer of synfuel, which was also accepted. Attached are the various cost estimates associated with these offers. July Crystal River deliveries are planned at 465,000 tons reflecting the impact of the barge unloader outage at Crystal River. The projected July Crystal River burn is 548,000

W. David Carter
June 29, 2001
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JULY SPOT OFFERS

tons. Carolina CSX inventories are at desired levels. Projected July Carolina CSX burns are 220,000 tons with deliveries estimated at 160,000.

Purchases for 2002 and beyond under the May 15 solicitation are being finalized and a full report on the specifics of the evaluations and awards will be provided under separate cover in the near future.

If you have any questions regarding our plans for July or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

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**CRYSTAL RIVER
COAL OFFERS
July 2001**

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.95	\$15.68	\$2.20	<u>\$42.83</u>	\$1.663
CONSOL ¹	N/A	12,900	\$25.75	\$15.68	\$2.20	<u>\$43.63</u>	\$1.691
N O N E							

¹ Twelve-month 2001 agreement for comparison only

CAROLINA CSX
COAL OFFERS
July 2001

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
Arch ¹	N/A	12,000	\$22.66	\$12.72	\$.75	<u>\$36.13</u>	\$1.505
Arch	9,500	11,500	\$31.00	\$12.72	\$.75	<u>\$44.47</u>	\$1.935

¹ Eight-month spot agreement for comparison only.

**CRYSTAL RIVER
COAL OFFERS
July 2001**

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Glencore ³	70,000	11,600	\$40.15	\$14.67	<u>\$54.82</u>	\$2.363
Black Hawk (Sunfuel) ¹ (2 nd Half 2001)	260,000	12,100	\$46.75	\$25.72	<u>\$72.47</u>	\$2.995
Black Hawk (Synfuel) (2 nd Half 2001)	260,000	12,100	\$46.25	\$29.47	<u>\$75.72</u>	\$3.129

¹ FOB barge coals. The transportation figure is EFC's "market" net of transportation costs already contained in coal price.

² Tons per month.

³ Russian imported coals. Foreign "market" used for transportation costs.

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.68	\$2.20	<u>\$50.38</u>	\$2.015
N O N E							

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

ELECTRIC INTER-OFFICE CORRESPONDENCE
FUELS CORPORATION
CSX/Barge Coal Procurement
Office

Docket No. 060658
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SUBJECT: AUGUST SPOT OFFERS

TO: W. David Carter

DATE: August 2, 2001

Our July Gulf operations saw only minor delays prior to the shutdown of the barge unloader. For July, DFL made 8 coal and 12 rock deliveries. The DFL units will stay fully utilized in August with 5 coal and 9 rock deliveries plus some maintenance and repair on the barges planned. For Crystal River, we did 26 of the planned 32 CSX train loadings in July. We are planning for 36 train loadings (8 trainsets) in August if the rail unloader outage slips to September. For July, (estimated through July 31, 2001) the CSX is 328,339 tons under our revised ratable 3.7 million-ton plan. Year to date July average direct unit train weight is 9,751 tons.

FPC's July (through July 31, 2001—summary attached) "A" burn was 18,649 tons over forecast; and the "D" burn was 86,015 tons under forecast for a **total burn loss of 67,366 tons**. Year to date Crystal River is 240,226 tons under forecast. Crystal River month-end inventory was 163,000 "A" and 480,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 240,000 tons of coal at IMT. On July 20 Unit No. 5 was brought down to repair a turbine vibration problem. It is expected back on line on August 2. All other units ran well during the month. The July average burn was 15,709 tons per day. (July 2000 averaged 14,709 tons per day.)

As indicated above, Crystal River's "A" coal inventories continue at less than desirable levels. Primary problem continues to be supplier shortfalls on the CSX, which have been aggravated by the miners' vacation period. (The coal yard work is currently not allowing any "A" coal by barge). We have made a large "A" coal purchase (see below) to replace the "shorted" tons, but deliveries will not start until August.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we made 13 of the planned 16 train loadings. We are planning for 21 loadings in August (11 in leased cars and 10 in CSX cars). CP&L's CSX plant burns (year-to-date through July 31, 2001—summary attached) were 25,313 tons over forecast. Month-end inventories at Sutton were 164,000, at Robinson 60,000, and at Weatherspoon 65,000. Except for some cycling, the Carolina CSX units ran well during the month.

Our final South American vessel and the Russian vessel are both scheduled to load in August. Unless we have further domestic supply disruptions, this should wrap up our imports for this year.

Subsequent to last month's memorandum, several purchases were made. They were: (1) from Dynegy—twenty-seven (16 for Florida and 11 for Carolina) "A" trains (over six months) at \$43 per ton, (2) from Enron—two "A" trains (Carolina) at \$43.43 per ton, and (3) from Alliance—one "A" train (Florida) at \$45 per ton.

Attached are the various cost estimates associated with these offers. August Crystal River deliveries are planned at 324,000 tons reflecting the impact of the barge and rail unloader outages at Crystal River. The projected August Crystal River burn is 557,000 tons. Carolina CSX inventories are at desired levels. Projected August Carolina CSX burns are 197,000 tons with deliveries estimated at 197,000

W. David Carter
August 2, 2001
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AUGUST SPOT OFFERS

If you have any questions regarding our plans for August or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

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**CRYSTAL RIVER
COAL OFFERS
August 2001**

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
<i>Massey</i> ¹	N/A	12,875	\$24.95	\$15.68	\$2.20	<u>\$42.83</u>	\$1.663
<i>CONSOL</i> ¹	N/A	12,900	\$25.75	\$15.68	\$2.20	<u>\$43.63</u>	\$1.691
<i>Alliance</i>	10,000	12,500	\$45.00	\$15.68	\$2.20	<u>\$62.88</u>	\$2.515
<i>Dynegy</i>	² 160,000	12,000	\$43.00	\$18.59	\$2.20	<u>\$63.79</u>	\$2.658

¹ Twelve-month 2001 agreement for comparison only.

² Six months.

**CAROLINA CSX
COAL OFFERS
August 2001**

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
Arch ¹	N/A	12,000	\$22.66	\$12.72	\$.75	<u>\$36.13</u>	\$1.505
Enron ²	20,000	11,800	\$43.43	\$12.87	\$.00	<u>\$56.30</u>	\$2.386
Dynegy	³ 110,000	12,000	\$43.00	\$17.88	\$.00	<u>\$60.88</u>	\$2.537

¹ Eight-month spot agreement for comparison only.

² South American coal through the Port of Charleston, South Carolina.

³ Six months.

**CRYSTAL RIVER
COAL OFFERS
August 2001**

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Evolution Express	10,000	12,500	\$55.00	\$29.47	<u>\$84.47</u>	\$3.379

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.68	\$2.20	<u>\$50.38</u>	\$2.015
Evolution Express	10,000	12,500	\$55.00	\$17.01	\$2.20	<u>\$74.21</u>	\$2.968

¹Twelve-month contract. Coal price fixed for twelve months. For comparison only.



**ELECTRIC
FUELS**
CORPORATION

INTER-OFFICE CORR

CSX/Barge Coal Procurement

Office

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
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SUBJECT: SEPTEMBER SPOT OFFERS

TO: W. David Carter

DATE: August 27, 2001

Our August Gulf operations saw major delays related to the shutdown of the barge unloader. The outage ran over schedule about two days and then took three days to unload the first barge. For August, DFL is expected to make 4 coal and 7 rock deliveries. The DFL units will stay fully utilized in September with 11 coal and 11 rock deliveries plus the continued work on the Amy Thompson. For Crystal River, we expect to make 35 of the planned 36 CSX train loadings in August. We are planning for 21 train loadings (8 trainsets) in September due to the unloader outage. For August, (estimated through August 31, 2001) the CSX is 352,949 tons under our revised ratable 3.7 million-ton plan. Year to date August average direct unit train weight is 9,772 tons.

FPC's August (through August 23, 2001—summary attached) "A" burn was 15,653 tons under forecast; and the "D" burn was 36,204 tons under forecast for a **total burn loss of 51,857 tons**. Year to date Crystal River is 703,083 tons under forecast. Crystal River month-end inventory is projected to be 173,000 "A" and 364,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 310,000 tons of coal at IMT. Unit No. 2 went down on August 8 for a breaker failure. Repairs were completed on August. Otherwise, the units ran well during the month. The projected August average burn is 17,419 tons per day. (August 2000 averaged 15,258 tons per day.)

As indicated above, Crystal River's "D" coal inventories are at less than desirable levels. Primary problem continues to be supplier shortfalls on the CSX (Quaker) and the tons lost to the barge unloader outage. "A" coal levels will drop in September due to the rail unloader outage.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we expect to make 16 of the planned 21 train loadings. We are planning for 20 loadings in September (12 in leased cars and 8 in CSX cars). CP&L's CSX plant burns (year-to-date through August 22, 2001—summary attached) were 14,186 tons over forecast. Month-end inventories at Sutton are expected to be 139,000, at Robinson 72,000, and at Weatherspoon 63,000. Except for some cycling, the Carolina CSX units ran well during the month.

Our final South American vessel and the Russian vessel are both still scheduled to load in August. Unless we have further domestic supply disruptions, this should wrap up our imports for this year.

Subsequent to last month's memorandum, one purchase was made. We bought two (2) "A" trains from Created Mining at \$45.50 per ton. There were no offers for September!

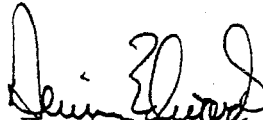
September Crystal River deliveries are planned at 416,000 tons reflecting the impact of the rail unloader outage at Crystal River. The projected September Crystal River burn is 546,000 tons.

W. David Carter
August 27, 2001
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SEPTEMBER SPOT OFFERS

Except for Sutton, Carolina CSX inventories are at desired levels. Projected September Carolina CSX burns are 142,000 tons with deliveries estimated at 215,000.

If you have any questions regarding our plans for September or anything contained herein, please let me know.


Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter



**CRYSTAL RIVER
COAL OFFERS
September 2001**

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.95	\$15.68	\$2.20	<u>\$42.83</u>	\$1.663
CONSOL ¹	N/A	12,900	\$25.75	\$15.68	\$2.20	<u>\$43.63</u>	\$1.691
N O N E							

¹ Twelve-month 2001 agreement for comparison only.

² Six months.



CAROLINA CSX
COAL OFFERS
September 2001

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
<i>Dynegy</i>	110,000	12,000	\$43.00	\$17.88	\$0.00	<u>\$60.88</u>	\$2.537
N O N E							
¹ Six months.							



**CRYSTAL RIVER
COAL OFFERS
August 2001**

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.68	\$2.20	<u>\$50.38</u>	\$2.015
N O N E							
¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.							

'2001

8:47

2001 - WEEKLY BURN vs PROJECTION - CRYSTAL RIVER

THIRD QUARTER

- BASED ON - PS-BUDGET DATED 08/15/00 -

OD	A COAL			D COAL			TOTAL		
	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE
Y 1-4	23,096	25,175	2,079	48,376	48,308	(68)	71,472	73,483	2,011
5-11	40,418	44,568	4,150	84,658	77,838	(6,820)	125,076	122,406	(2,670)
12-18	40,418	45,678	5,260	84,658	70,547 *	(14,111)	125,076	116,225	(8,851)
19-25	40,418	40,949	531	84,658	44,181	(40,477)	125,076	85,130	(39,946)
26-31	34,642	41,271	6,629	72,539	37,000	(35,539)	107,181	78,271	(28,910)
AL JULY	179,000	197,641	18,649	374,900	277,874	(97,015)	553,881	475,515	(78,366)
1	6,506	7,467	961	12,448	5,969	(6,479)	18,954	13,436	(5,518)
2-8	45,542	40,676	(4,866)	87,136	66,961	(20,175)	132,678	107,637	(25,041)
9-15	45,542	36,393	(9,149)	87,136	80,580	(6,556)	132,678	116,973	(15,705)
16-22	45,542	42,943	(2,599)	87,136	84,142	(2,994)	132,678	127,085	(5,593)
23-29									
30-31									
AL AUG	143,136	127,479	(15,653)	273,856	237,652	(36,204)	416,992	365,131	(51,857)
Y PROJ	201,700			385,900			587,600		
1-5									
6-12									
13-19									
20-26									
27-30									
AL SEPT									
Quarter	529,800	392,882	(136,918)	1,028,900	983,742	(45,158)	1,558,700	1,376,624	(182,076)
nd Quarter	508,800	567,894	59,094	873,100	823,222	(49,878)	1,381,900	1,391,116	9,216
Quarter	322,136	325,120	2,996	648,756	515,526	(133,219)	970,873	840,646	(130,223)
to Date	1,360,736	1,285,896	(74,828)	2,550,756	2,322,490	(228,255)	3,911,473	3,608,386	(303,083)

2001 - WEEKLY BURN vs PROJECTION - CSX CAROLINA
THIRD QUARTER

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9:10 8/24/2001

		ROBINSON			SUTTON			WEATHERSPOON			TOTAL		
OD		WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE
Y	1-4	4,540	4,108	(432)	15,304	11,403	(3,901)	4,540	3,672	(868)	24,384	19,183	(5,201)
	5-11	7,945	7,366	(579)	26,782	26,225	(557)	7,945	8,535	590	42,672	42,126	(546)
	12-18	7,945	7,882	(63)	26,782	27,034	252	7,945	8,617	672	42,672	43,533	861
	19-25	7,945	8,322	377	26,782	26,154	(628)	7,945	9,152	1,207	42,672	43,628	956
	26-31	6,825	6,953	128	22,950	17,346	(5,604)	6,825	5,072	(1,753)	36,600	29,371	(7,229)
AL	JULY	35,200	34,631	(569)	118,600	108,162	(10,438)	35,200	35,048	(152)	189,000	177,841	(11,159)
	1	1,090	558	(532)	3,565	2,095	(1,470)	1,032	719	(313)	5,687	3,372	(2,315)
	2-8	7,630	9,059	1,429	24,955	24,816	(139)	7,224	10,341	3,117	39,809	44,216	4,407
	9-15	7,630	8,933	1,303	24,955	31,464	6,509	7,224	9,970	2,746	39,809	50,367	10,558
	16-22	7,630	8,157	527	24,955	24,150	(805)	7,224	9,038	1,814	39,809	41,345	1,536
	23-29												
	30-31												
AL	AUG	23,980	26,707	2,727	78,430	82,525	4,095	22,704	30,068	7,364	125,114	139,300	14,186
	Proj	33,800			110,500			32,000			176,300		
T	1-5												
	6-12												
	13-19												
	20-26												
	27-30												
AL	SEPT												
Quarter		121,500	98,271	(23,229)	298,100	299,202	1,102	72,500	99,617	27,117	492,100	497,090	4,990
2nd Qter		82,300	93,297	10,997	243,200	241,735	(1,465)	66,500	88,450	21,950	392,000	423,482	31,482
3rd Qter		59,180	61,338	2,158	197,030	190,687	(6,343)	57,904	65,116	7,212	314,114	317,141	3,027
to Date		262,980	252,906	(10,074)	738,330	731,624	(6,706)	196,904	253,183	56,279	1,198,214	1,237,713	39,499



**ELECTRIC
FUELS**
CORPORATION

INTER-OFFICE CORRI

CSX/Barge Coal Procurement

Office

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
Page 136 of 184

MAC

Phone No.

SUBJECT: OCTOBER SPOT OFFERS

TO: W. David Carter

DATE: October 4, 2001

Our September Gulf operations saw minor delays related to weather and time lost to outside business and the repairs to the Louise Howland from the dropped bucket. For September, DFL made 9 coal and 9 rock deliveries. The DFL units will stay fully utilized in October with 9 coal and 9 rock deliveries plus the continued repair work on the Amy Thompson. For Crystal River, we made 21 of the planned 21 CSX train loadings in September. We are planning for 40 train loadings (9 trainsets) in October. For September, (through September 30, 2001) the CSX is 459,915 tons under our revised ratable 3.7 million-ton plan. Year to date September average direct unit train weight is 9,846 tons.

FPC's September (through September 30, 2001—summary attached) "A" burn was 47,015 tons over forecast; and the "D" burn was 27,522 tons under forecast for a total burn gain of 19,493 tons. Year to date Crystal River is 288,017 tons under forecast. Crystal River month-end inventory was 115,000 "A" and 230,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 480,000 tons of coal at IMT. The units ran well during the month. The September average burn was 17,106 tons per day. (September 2000 averaged 16,800 tons per day.)

As indicated above, Crystal River's coal inventories are at less than desirable levels. Primary problem continues to be supplier shortfalls on the CSX (Quaker and PMJV) and the tons lost to the barge and rail unloader outages. We have added an additional (9th) CSX train and are working on a tenth. Inventories should begin to recover with lower fall burns and outages.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we made 22 of the planned 20 train loadings. We are planning for 20 loadings in October (11 in leased cars and 9 in CSX cars). CP&L's CSX plant burns (year-to-date through September 30, 2001—summary attached) were 21,082 tons over forecast. Month-end inventories at Sutton were 183,000, at Robinson 65,000, and at Weatherspoon 64,000. Except for some cycling, the Carolina CSX units ran well during the month.

Our final South American vessel and the Russian vessel have both been delivered to IMT. Unless we have further domestic supply disruptions, this should wrap up our imports for this year. There were no domestic offers for October!

October Crystal River deliveries are planned at 544,000 tons. The projected October Crystal River burn is 508,000 tons. Carolina CSX inventories are at desired levels. Projected October Carolina CSX burns are 154,000 tons with deliveries estimated at 196,000.

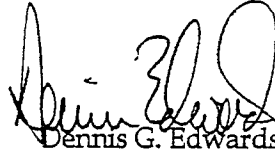
We are close to finalizing the coal supply agreements for 2002. Attached is a schedule showing expected sources of the two qualities and delivery method for FPC.

W. David Carter
October 4, 2001
Page 2

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OCTOBER SPOT OFFERS

If you have any questions regarding our plans for October or anything contained herein, please let me know.



Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

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**CRYSTAL RIVER
COAL OFFERS
October 2001**

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.95	\$15.68	\$2.20	<u>\$42.83</u>	\$1.663
CONSOL ¹	N/A	12,900	\$25.75	\$15.68	\$2.20	<u>\$43.63</u>	\$1.691
N O N E							

¹ Twelve-month 2001 agreement for comparison only.



**CAROLINA CSX
COAL OFFERS
October 2001**

COMPANY	TONS	BTU	COAL	RAIL	CARS ¹	TOTAL	\$/MMBTU
Dynegy	110,000	12,000	\$43.00	\$17.88	\$.00	<u>\$60.88</u>	\$2.537
N O N E							
¹ Six months.							



**CRYSTAL RIVER
COAL OFFERS
October 2001**

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.68	\$2.20	<u>\$50.38</u>	\$2.015
N O N E							

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

2/2001

14:12

2001 - WEEKLY BURN vs PROJECTION - CRYSTAL RIVER

THIRD QUARTER

- BASED ON - PS-BUDGET DATED 08/15/00 -

PERIOD	A COAL			D COAL			TOTAL		
	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE
LY 1-4	23,096	25,175	2,079	48,376	48,308	(68)	71,472	73,483	2,011
5-11	40,418	44,568	4,150	84,658	77,838	(6,820)	125,076	122,406	(2,670)
12-18	40,418	45,678	5,260	84,658	70,547 *	(14,111)	125,076	116,225	(8,851)
19-25	40,418	40,949	531	84,658	44,181	(40,477)	125,076	85,130	(39,946)
26-31	34,642	41,271	6,629	72,539	37,000	(35,539)	107,181	78,271	(28,910)
TOTAL JULY	179,000	197,641	18,649	374,900	277,874	(97,015)	553,881	475,515	(78,366)
Aug									
IG 1	6,506	7,467	961	12,448	5,969	(6,479)	18,954	13,436	(5,518)
2-8	45,542	40,676	(4,866)	87,136	66,961	(20,175)	132,678	107,637	(25,041)
9-15	45,542	36,393	(9,149)	87,136	80,580	(6,556)	132,678	116,973	(15,705)
16-22	45,542	42,943	(2,599)	87,136	84,142	(2,994)	132,678	127,085	(5,593)
23-29	45,542	49,507	3,965	87,136	80,291	(6,845)	132,678	129,798	(2,880)
30-31	13,022	12,422	(600)	24,908	23,961	(947)	37,930	36,383	(1,547)
TOTAL AUG	201,700	189,408	(12,288)	385,900	341,904	(43,996)	587,600	531,312	(56,284)
SEPT									
1-5	21,215	28,269	7,054	59,785	60,036	251	81,000	88,305	7,305
6-12	29,701	44,658	14,957	83,699	79,050	(4,649)	113,400	123,708	10,308
13-19	29,701	32,979	3,278	83,699	75,069	(8,630)	113,400	108,048	(5,352)
20-26	29,701	45,147	15,446	83,699	75,241	(8,458)	113,400	120,388	6,988
27-30	16,972	23,252	6,280	47,828	41,792	(6,036)	64,800	65,044	244
TOTAL SEPT	127,300	174,305	47,015	358,700	331,188	(27,522)	486,000	505,493	19,493
3rd Quarter	529,800	392,882	(136,918)	1,028,900	983,742	(45,158)	1,558,700	1,376,624	(182,076)
2nd Quarter	508,800	567,894	59,094	873,100	823,222	(49,878)	1,381,900	1,391,116	9,216
1st Quarter	508,000	561,354	53,376	1,119,500	950,966	(168,533)	1,627,481	1,512,320	(115,157)
Year to Date	1,546,600	1,522,130	(24,448)	3,021,500	2,757,930	(263,569)	4,568,081	4,280,060	(288,017)

2001 - WEEKLY BURN vs PROJECTION - CSX CAROLINA

THIRD QUARTER

14:47 10/2/2001

		ROBINSON			SUTTON			WEATHERSPOON			TOTAL		
PERIOD		WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE
JULY	1-4	4,540	4,108	(432)	15,304	11,403	(3,901)	4,540	3,672	(868)	24,384	19,183	(5,201)
	5-11	7,945	7,366	(579)	26,782	26,225	(557)	7,945	8,535	590	42,672	42,126	(546)
	12-18	7,945	7,882	(63)	26,782	27,034	252	7,945	8,617	672	42,672	43,533	861
	19-25	7,945	8,322	377	26,782	26,154	(628)	7,945	9,152	1,207	42,672	43,628	956
	26-31	6,825	6,953	128	22,950	17,346	(5,604)	6,825	5,072	(1,753)	36,600	29,371	(7,229)
TOTAL JULY		35,200	34,631	(569)	118,600	108,162	(10,438)	35,200	35,048	(152)	189,000	177,841	(11,159)
AUG	1	1,090	558	(532)	3,565	2,095	(1,470)	1,032	719	(313)	5,687	3,372	(2,315)
	2-8	7,630	9,059	1,429	24,955	24,816	(139)	7,224	10,341	3,117	39,809	44,216	4,407
	9-15	7,630	8,933	1,303	24,955	31,465	6,510	7,224	9,970	2,746	39,809	50,368	10,559
	16-22	7,630	8,157	527	24,955	24,150	(805)	7,224	9,038	1,814	39,809	41,345	1,536
	23-29	7,630	7,514	(116)	24,955	26,478	1,523	7,224	8,559	1,335	39,809	42,551	2,742
	30-31	2,190	2,724	534	7,115	10,749	3,634	2,072	2,093	21	11,377	15,566	4,189
TOTAL AUG		33,800	36,945	3,145	110,500	119,753	9,253	32,000	40,720	8,720	176,300	197,418	21,118
SEPT	1-5	5,200	3,718	(1,482)	15,615	12,115	(3,500)	3,400	2,708	(692)	24,215	18,541	(5,674)
	6-12	7,280	7,328	48	21,861	26,735	4,874	4,760	8,389	3,629	33,901	42,452	8,551
	13-19	7,280	6,292	(988)	21,861	12,364	(9,497)	4,760	3,141	(1,619)	33,901	21,797	(12,104)
	20-26	7,280	7,916	636	21,861	16,349	(5,512)	4,760	2,106	(2,654)	33,901	26,371	(7,530)
	27-30	4,160	3,036	(1,124)	12,502	7,754	(4,748)	2,720		(2,720)	19,382	10,790	(8,592)
TOTAL SEPT		31,200	28,290	(2,910)	93,700	75,317	(18,383)	20,400	16,344	(4,056)	145,300	119,951	(25,349)
First Quarter		121,500	98,271	(23,229)	298,100	299,202	1,102	72,500	99,617	27,117	492,100	497,090	4,990
Second Qtr		82,300	93,297	10,997	243,200	241,735	(1,465)	66,500	88,450	21,950	392,000	423,482	31,482
Third Qtr		100,200	99,866	(334)	322,800	303,232	(19,568)	87,600	92,112	4,512	510,600	495,210	(15,390)
Year to Date		304,000	291,434	(12,566)	864,100	844,169	(19,931)	226,600	280,179	53,579	1,394,700	1,415,782	21,082

2002 FPC REQUIREMENTS

Requirements Are*: 3.6 Million Tons "D"
2.2 Million Tons "A"
5.8 Million Tons Total

RAIL			WATER		
Source/Type	Tons (000)	%	Source/Type	Tons (000)	%
CONSOL "A" (06/03)	1,000		Guasare "D" (12/02)	300	
Massey "A" (12/04)	600		A. T. Massey "D" (10/03)	690	
Quaker "A" (12/04)	500		Enron "D" (12/03)	400	
AEI "A" (4/02)	150		Spot	540	
Quaker "D" (12/04)	400		IMT Inventory Reduction	<u>340</u>	
PMJV "D" (4/02)	160				
Massey "D" (08/03)	500		Total	<u>2,270</u>	
Amvest "D" (12/03)	210				
Created "D" (06/02)	120				
Alliance "D" (12/03)	<u>300</u>				
Total	<u>3,940</u>				

"A" COAL		"D" COAL	
Supplier	Tons (000)	Supplier	Tons (000)
CONSOL	1,000	Alliance	300
Massey	600	Enron	400
Quaker	500	PMJV	160
AEI	<u>150</u>	Amvest	210
Total	2,250	Guasare	300
Requirement	<u>2,200</u>	Massey (Rail & Water)	1,190
Over Purchase	<u>50</u>	Quaker	400
		Created	<u>120</u>
		Total	3,080
		Requirement	<u>3,600</u>
		10% Over Purchase	360
		Open for Spot	<u>880</u>

*08/21/01 Fuel INVXP Base Senario EBIT-L4

EFC/DGE
09/27/00



ELECTRIC INTER-OFFICE CORP
FUELS
CORPORATION

CSX/Barge Coal Procurement
Office

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BT10C
MAC

824-6613
Phone No.

SUBJECT: NOVEMBER SPOT OFFERS

TO: W. David Carter

DATE: November 2, 2001

Our October Gulf operations saw major delays related to weather and time lost to outside business and the repairs to the Amy Thompson. For October, DFL made 6 coal and 8 rock deliveries. The DFL units will stay fully utilized in November with 10 coal and 9 rock deliveries plus the continued repair work on the Amy Thompson. For Crystal River, we made 37 of the planned 40 CSX train loadings in October. We are planning for 43 train loadings (10 trainsets) in November. For October, (through October 31, 2001) the CSX is 4,661 tons over our revised ratable 3.6 million-ton plan. Year to date October average direct unit train weight is 9,874 tons.

FPC's October (through October 31, 2001—summary attached) "A" burn was 57,958 tons under forecast; and the "D" burn was 72,145 tons under forecast for a **total burn loss of 130,103 tons**. Year to date Crystal River is 418,120 tons under forecast. Crystal River month-end inventory was 170,000 "A" and 177,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 536,000 tons of coal at IMT. Unit No. 4 came down for a tube leak on October 19 and returned to service on October 23. Unit No. 2 started a scheduled outage on October 19 and is due back on November 10. Otherwise, the units ran well during the month. The October average burn was 14,919 tons per day. (October 2000 averaged 15,774 tons per day.)

As indicated above, Crystal River's coal inventories remain at less than desirable levels. Primary problem continues to be supplier shortfalls on the CSX (Quaker and PMJV) and the tons lost to the barge and rail unloader outages. We have added an additional (10th) CSX train and will be using Carolina trains from time to time to ensure a 3.6 million minimum. Inventories should begin to recover with lower fall burns and outages.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we made 18 of the planned 20 train loadings. We are planning for 17 loadings in November (10 in leased cars and 7 in CSX cars). CP&L's CSX plant burns (year-to-date through October 31, 2001—summary attached) are 30,033 tons under forecast. Month-end inventories at Sutton were 238,000, at Robinson 66,000, and at Weatherspoon 75,000. Except for some cycling, the Carolina CSX units ran well during the month.

Subsequent to last month's letter, we made spot purchases from AEI (one "D" coal train for October), Massey (one "D" coal train for October), Duke Energy (one "D" coal train for October), and Alliance (three "D" coal trains per month for November and December). The Alliance trains were our only offers for November.

November Crystal River deliveries are planned at 613,000 tons. The projected November Crystal River burn is 447,000 tons. Carolina CSX inventories are at desired levels. Projected November Carolina CSX burns are 178,000 tons with deliveries estimated at 156,000.

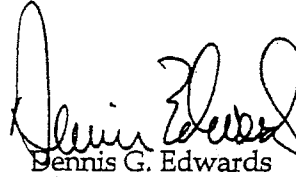
W. David Carter
November 2, 2001
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NOVEMBER SPOT OFFERS

We have finalized our purchases from the May solicitation and have all of our Florida and Carolina requirements for 2002 covered. The details of the solicitation results and the awards made will be provided under separate cover.

If you have any questions regarding our plans for November or anything contained herein, please let me know.



Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter



**CRYSTAL RIVER
COAL OFFERS
November 2001**

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.95	\$15.68	\$2.20	<u>\$42.83</u>	\$1.663
CONSOL ¹	N/A	12,900	\$25.75	\$15.68	\$2.20	<u>\$43.63</u>	\$1.691
N O N E							

¹ Twelve-month 2001 agreement for comparison only.



CAROLINA CSX
COAL OFFERS
November 2001

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
Dynegy	110,000	12,000	\$43.00	\$17.88	\$0.00	<u>\$60.88</u>	\$2.537
N O N E							
¹ Six months.							



**CRYSTAL RIVER
COAL OFFERS
November 2001**

"D" Coal – River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"D" Coal – Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.68	\$2.20	<u>\$50.38</u>	\$2.015
Alliance	30,000	12,500	\$45.00	\$15.68	\$2.20	<u>\$62.88</u>	\$2.515

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.

2001 - WEEKLY BURN vs PROJECTION - CRYSTAL RIVER

FOURTH QUARTER

- BASED ON - PS-BUDGET DATED 08/15/00 -

IOD	A COAL			D COAL			TOTAL		
	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE
1-3	19,695	12,847	(6,848)	37,656	28,623	(9,033)	57,351	41,470	(15,881)
4-10	45,955	40,631	(5,324)	87,864	73,797	(14,067)	133,819	114,428	(19,391)
11-17	45,955	47,938	1,983	87,864	80,411	(7,453)	133,819	128,349	(5,470)
18-24	45,955	28,589	(17,366)	87,864	60,648	(27,216)	133,819	89,237	(44,582)
25-31	45,940	15,537	(30,403)	87,852	73,476	(14,376)	133,792	89,013	(44,779)
TOTAL OCT	203,500	145,542	(57,958)	389,100	316,955	(72,145)	592,600	462,497	(130,103)
V									
1-7									
8-14									
15-21									
22-28									
29-30									
TOTAL NOV									
LY PROJ									
2									
1-5									
6-12									
13-19									
20-26									
27-31									
TOTAL DEC									
1st Quarter	529,800	392,882	(136,918)	1,028,900	983,742	(45,158)	1,558,700	1,376,624	(182,076)
2nd Quarter	508,800	567,894	59,094	873,100	823,222	(49,878)	1,381,900	1,391,116	9,216
3rd Quarter	508,000	561,354	53,376	1,119,500	950,966	(168,533)	1,627,481	1,512,320	(115,157)
4th Quarter	203,500	145,542	(57,958)	389,100	316,955	(72,145)	592,600	462,497	(130,103)
Year to Date	1,750,100	1,667,672	(82,406)	3,410,600	3,074,885	(335,714)	5,160,681	4,742,557	(418,120)

2001 - WEEKLY BURN vs PROJECTION - CSX CAROLINA

FOURTH QUARTER

11:55 11/1/2001

IOD	ROBINSON			SUTTON			WEATHERSPOON			TOTAL		
	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE
T 1-3	3,195	2,453	(742)	9,600	3,959	(5,641)	1,956	0	(1,956)	14,751	6,412	(8,339)
4-10	7,455	7,053	(402)	22,400	10,744	(11,656)	4,564	0	(4,564)	34,419	17,797	(16,622)
11-17	7,455	7,096	(359)	22,400	9,308	(13,092)	4,564	0	(4,564)	34,419	16,404	(18,015)
18-24	7,455	7,591	136	22,400	19,252	(3,148)	4,564	1,931	(2,633)	34,419	28,774	(5,645)
25-31	7,440	8,435	995	22,400	21,694	(706)	4,552	6,759	2,207	34,392	36,888	2,496
TAL OCT	33,000	32,628	(372)	99,200	64,957	(34,243)	20,200	8,690	(11,510)	152,400	106,275	(46,125)
V 1-7												
8-14												
15-21												
22-28												
29-30												
TAL NOV												
y Proj												
D 1-5												
6-12												
13-19												
20-26												
27-31												
TAL DEC												
4th Quarter	82,300	93,297	10,997	243,200	241,735	(1,465)	66,500	88,450	21,950	392,000	423,482	31,482
3rd Qter	100,200	99,866	(334)	322,800	303,232	(19,568)	87,600	92,112	4,512	510,600	495,210	(15,390)
2nd Qter	33,000	32,628	(372)	99,200	64,957	(34,243)	20,200	8,690	(11,510)	152,400	106,275	(46,125)
1st Qter												
YTD to Date	215,500	225,791	10,291	665,200	609,924	(55,276)	174,300	189,252	14,952	1,055,000	1,024,967	(30,033)

ELECTRIC INTER-OFFICE CORRESPONDENCE
FUELS CORPORATION
CSX/Barge Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
Page 151 of 184
MAC Phone No.

SUBJECT: DECEMBER SPOT OFFERS

TO: W. David Carter

DATE: December 4, 2001

Our November Gulf operations saw minor delays related to weather and time lost to outside business and the repairs to the Amy Thompson. For November, DFL made 10 coal and 10 rock deliveries. The DFL units will stay fully utilized in December with 9 coal and 9 rock deliveries. For Crystal River, we made all 43 of the planned CSX train loadings in November. We are planning for 44 train loadings (11 trainsets) in December. For November, (through November 30, 2001) the CSX is projected to be 12,668 tons over our revised ratable 3.6 million-ton plan. Year to date November average direct unit train weight is 9,884 tons.

FPC's November (through November 30, 2001—summary attached) "A" burn was 23,143 tons under forecast; and the "D" burn was 26,514 tons under forecast for a **total burn loss of 49,657 tons**. Year to date Crystal River is 474,277 tons under forecast. Crystal River month-end inventory was 288,000 "A" and 271,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 579,000 tons of coal at IMT. Crystal River Unit No. 1 started its turbine upgrade on November 11. It is expected back on December 17. Otherwise, the units ran well during the month. The November average burn was 12,633 tons per day. (November 2000 averaged 15,400 tons per day.)

As indicated above, Crystal River's "D" coal inventories, while increasing, remain at less than desirable levels. Primary problem continues to be supplier shortfalls on the CSX (Quaker and PMJV) and the tons lost to the barge and rail unloader outages. We have added an additional (11th) train and are using Carolina trains from time to time to ensure a 3.6 million minimum (no dead freight!). Inventories should continue to recover with lower fall burns and outages.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we made 13 of the planned 17 train loadings. We are planning for 18 loadings in December (6 in leased cars and 12 in CSX cars). CP&L's CSX plant burns (year-to-date through November 30, 2001—summary attached) are 65,957 tons under forecast. Month-end inventories at Sutton were 272,000, at Robinson 67,000, and at Weatherspoon 75,000. Except for some cycling, the Carolina CSX units ran well during the month.

Subsequent to last month's letter, we made a spot purchase from Marshall Resources of one "D" coal train for November. We had one offer for December (one Created "D" train), which we purchased.

December Crystal River deliveries are planned at 609,000 tons. The projected December Crystal River burn is 481,000 tons. Carolina CSX inventories are at desired levels. Projected December Carolina CSX burns are 192,000 tons with deliveries estimated at 171,000.

If you have any questions regarding our plans for December or anything contained herein, please let me know.

W. David Carter
December 4, 2001

Page 2

DECEMBER SPOT OFFERS

Dennis G. Edwards

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
Page 152 of 184

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

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**CRYSTAL RIVER
COAL OFFERS
December 2001**

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Massey ¹	N/A	12,875	\$24.95	\$15.68	\$2.20	<u>\$42.83</u>	\$1.663
CONSOL ¹	N/A	12,900	\$25.75	\$15.68	\$2.20	<u>\$43.63</u>	\$1.691
N O N E							

¹ Twelve-month 2001 agreement for comparison only.

CAROLINA CSX
COAL OFFERS
December 2001

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
Dynegy	1110,000	12,000	\$43.00	\$17.88	\$.00	<u>\$60.88</u>	\$2.537
N O N E							
¹ Six months.							

**CRYSTAL RIVER
COAL OFFERS
December 2001**

"D" Coal – River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
Created Mining	10,000	13,000	\$46.75	\$29.45	<u>\$76.20</u>	\$2.931

"D" Coal – Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
Quaker ¹	N/A	12,500	\$32.50	\$15.68	\$2.20	<u>\$50.38</u>	\$2.015
Created Mining	10,000	13,000	\$46.75	\$17.05	\$2.20	<u>\$63.80</u>	\$2.454

¹ Twelve-month contract. Coal price fixed for twelve months. For comparison only.



INTER-OFFICE CORRE

CSX/Barge Coal Procurement

Office

Docket No. 060658

Progress Energy Florida

Exhibit No. _____ (DMD-9)

Page 156 of 184

MAC

Phone No. _____

SUBJECT: JANUARY SPOT OFFERS

TO: W. David Carter

DATE: January 4, 2002

Our December Gulf operations again saw minor delays related to weather and time lost to outside business and the repairs to the Amy Thompson. For December, DFL made 10 coal and 9 rock deliveries. The DFL units (all four) will stay fully utilized in January with 12 coal and 12 rock deliveries. For Crystal River, we made 41 of the planned 44 CSX train loadings in December. We are planning for 29 train loadings (7 trainsets) in January. For December, (through December 31, 2001) the CSX is projected to be 6,800 tons under our revised ratable 3.6 million-ton plan. For 2001 average direct unit train weight was 9,926 tons.

FPC's December (through December 31, 2001—summary attached) "A" burn was 13,196 tons over forecast; and the "D" burn was 121,603 tons under forecast for a **total burn loss of 108,407 tons**. For 2001 Crystal River was 582,684 tons under forecast. Crystal River month-end inventory was 403,000 "A" and 380,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 600,000 tons of coal at IMT. Crystal River Unit No. 1 completed its turbine upgrade on December 17. Otherwise, the units ran well during the month. The December average burn was 11,380 tons per day. (December 2000 averaged 13,000 tons per day.)

As indicated above, Crystal River's "D" coal inventories have rebounded with the mild weather related reduced burns. We have returned all of the "extra" trainsets to their respective owners. The myriad of problems caused by running an 11-train fleet are being documented and will be provided to you under separate cover shortly.

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we made 12 of the planned 18 train loadings. We are planning for 15 loadings in January (9 in leased cars and 6 in CSX cars). CP&L's CSX plant burns (year-to-date through December 31, 2001—summary attached) are 51,922 tons under forecast. Month-end inventories at Sutton were 255,000, at Robinson 59,000, and at Weatherspoon 82,000. Except for some cycling, the Carolina CSX units ran well during the month.

We had no spot offers for January and made no spot purchases.

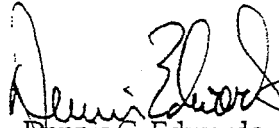
January Crystal River deliveries are planned at 522,000 tons. The projected January Crystal River burn is 567,000 tons. Projected January Carolina CSX burns are 220,000 tons with deliveries estimated at 148,500.

W. David Carter
January 4, 2002
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JANUARY SPOT OFFERS

If you have any questions regarding our plans for January or anything contained herein, please let me know.


Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. Roy F. Potter

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CRYSTAL RIVER
COAL OFFERS
January 2002

"A" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"A" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
N O N E							



*CAROLINA CSX
COAL OFFERS
January 2002*

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
N O N E							



CRYSTAL RIVER
COAL OFFERS
January 2002

"D" Coal—River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"D" Coal—Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
N O N E							

2001 - WEEKLY BURN vs PROJECTION - CSX CAROLINA

FOURTH QUARTER

12:21 1/2/2002

		ROBINSON			SUTTON			WEATHERSPOON			TOTAL		
PERIOD		WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE
OCT	1-3	3,195	2,453	(742)	9,600	3,959	(5,641)	1,956	0	(1,956)	14,751	6,412	(8,339)
	4-10	7,455	7,053	(402)	22,400	10,744	(11,656)	4,564	0	(4,564)	34,419	17,797	(16,622)
	11-17	7,455	7,096	(359)	22,400	9,308	(13,092)	4,564	0	(4,564)	34,419	16,404	(18,015)
	18-24	7,455	7,591	136	22,400	19,252	(3,148)	4,564	1,931	(2,633)	34,419	28,774	(5,645)
	25-31	7,440	8,435	995	22,400	21,694	(706)	4,552	6,759	2,207	34,392	36,888	2,496
TOTAL OCT		33,000	32,628	(372)	99,200	64,957	(34,243)	20,200	8,690	(11,510)	152,400	106,275	(46,125)
NOV													
	1-7	2,520	6,347	3,827	24,759	17,014	(7,745)	4,130	3,836	(294)	31,409	27,197	(4,212)
	8-14	2,520	1,987	(533)	24,759	19,545	(5,214)	4,130	5,388	1,258	31,409	26,920	(4,489)
	15-21	2,520	0	(2,520)	24,759	18,309	(6,450)	4,130	6,034	1,904	31,409	24,343	(7,066)
	22-28	2,520	0	(2,520)	24,759	13,830	(10,929)	4,130	1,174	(2,956)	31,409	15,004	(16,405)
	29-30	720	0	(720)	7,064	5,212	(1,852)	1,180	0	(1,180)	8,964	5,212	(3,752)
TOTAL NOV		10,800	8,334	(2,466)	106,100	73,910	(32,190)	17,700	16,432	(1,268)	134,600	98,676	(35,924)
		Maint Outage						thru 11/22					
DEC													
	1-5	2,565	1,158	(1,407)	14,015	9,036	(4,979)	3,115	0	(3,115)	19,695	10,194	(9,501)
	6-12	3,591	6,770	3,179	19,621	14,281	(5,340)	4,361	828	(3,533)	27,573	21,879	(5,694)
	13-19	3,591	7,679	4,088	19,621	17,677	(1,944)	4,361	2,410	(1,951)	27,573	27,766	193
	20-26	3,591	6,780	3,189	19,621	29,227	9,606	4,361	7,181	2,820	27,573	43,188	15,615
	27-31	2,562	5,520	2,958	14,022	21,636	7,614	3,102	5,952	2,850	19,686	33,108	13,422
TOTAL DEC		15,900	27,907	12,007	86,900	91,857	4,957	19,300	16,371	(2,929)	122,100	136,135	14,035
First Quarter		82,300	93,297	10,997	243,200	241,735	(1,465)	66,500	88,450	21,950	392,000	423,482	31,482
Second Qter		100,200	99,866	(334)	322,800	303,232	(19,568)	87,600	92,112	4,512	510,600	495,210	(15,390)
Thrd Qter		59,700	68,869	9,169	292,200	230,724	(61,476)	57,200	41,493	(15,707)	409,100	341,086	(68,014)
Year to Date		242,200	262,032	19,832	858,200	775,691	(82,509)	211,300	222,055	10,755	1,311,700	1,259,778	(51,922)

1/2/02

11:31

2001 - WEEKLY BURN vs PROJECTION - CRYSTAL RIVER

FOURTH QUARTER

- BASED ON - PS-BUDGET DATED 08/15/00 -

		A COAL			D COAL			TOTAL		
PERIOD		WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE	WEEKLY BURN FORECAST	ACTUAL BURN	VARIANCE
OCT	1-3	19,695	12,847	(6,848)	37,656	28,623	(9,033)	57,351	41,470	(15,881)
	4-10	45,955	40,631	(5,324)	87,864	73,797	(14,067)	133,819	114,428	(19,391)
	11-17	45,955	47,938	1,983	87,864	80,411	(7,453)	133,819	128,349	(5,470)
	18-24	45,955	28,589	(17,366)	87,864	54,148	(33,716)	133,819	82,737	(51,082)
	25-31	45,940	15,537	(30,403)	87,852	73,476	(14,376)	133,792	89,013	(44,779)
TOTAL OCT		203,500	145,542	(57,958)	389,100	310,455	(78,645)	592,600	455,997	(136,603)
NOV										
	1-7	24,969	19,793	(5,176)	75,159	77,116	1,957	100,128	96,909	(3,219)
	8-14	24,969	22,270	(2,699)	75,159	75,188	29	100,128	97,458	(2,670)
	15-21	24,969	19,230	(5,739)	75,159	62,100	(13,059)	100,128	81,330	(18,798)
	22-28	24,969	16,696	(8,273)	75,159	63,791	(11,368)	100,128	80,487	(19,641)
	29-30	7,124	5,868	(1,256)	21,464	17,391	(4,073)	28,588	23,259	(5,329)
TOTAL NOV		107,000	83,857	(23,143)	322,100	295,586	(26,514)	429,100	379,443	(49,657)
DEC										
	1-5	16,855	13,833	(3,022)	57,530	42,678	(14,852)	74,385	56,511	(17,874)
	6-12	23,597	22,166	(1,431)	80,542	58,031	(22,511)	104,139	80,197	(23,942)
	13-19	23,597	21,048	(2,549)	80,542	44,257	(36,285)	104,139	65,305	(38,834)
	20-26	23,597	35,977	12,380	80,542	47,095	(33,447)	104,139	83,072	(21,067)
	27-31	16,846	24,664	7,818	57,544	43,036	(14,508)	74,390	67,700	(6,690)
TOTAL DEC		104,500	117,688	13,196	356,700	235,097	(121,603)	461,200	352,785	(108,407)
First Quarter		529,800	392,882	(136,918)	1,028,900	983,742	(45,158)	1,558,700	1,376,624	(182,076)
Second Quarter		508,800	567,894	59,094	873,100	823,222	(49,878)	1,381,900	1,391,116	9,216
Third Quarter		508,000	561,354	53,376	1,119,500	950,966	(168,533)	1,627,481	1,512,320	(115,157)
Fourth Quarter		415,000	347,087	(67,905)	1,067,900	841,138	(226,762)	1,482,900	1,188,225	(294,667)
Year to Date		1,961,600	1,869,217	(92,353)	4,089,400	3,599,068	(490,331)	6,050,981	5,468,285	(582,684)

**PROGRESS
FUELS**
CORPORATION

INTER-OFFICE CORP

CSX/Barge Coal Procurement

Office

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
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BT10C

MAC

824-6673

Phone No.

SUBJECT: FEBRUARY SPOT OFFERS

TO: W. David Carter

DATE: February 5, 2002

Our January Gulf operations again saw minor delays related to weather and time lost to barge unloader repairs. For January, DFL made 11 coal and 12 rock deliveries. The DFL units (all four) will stay fully utilized in February with 14 coal and 14 rock deliveries. For Crystal River, we made 23 of the planned 29 CSX train loadings in January. We are planning for 29 train loadings (7 trainsets) in February. For January, (through January 31, 2002) the CSX was 110,000 tons under our ratable 3.9 million-ton plan. For January the average direct unit train weight was 9,892 tons.

FPC's January (through January 31, 2002—summary attached) "A" burn was 58,695 tons under forecast; and the "D" burn was 28,097 tons under forecast for a total burn loss of 86,792 tons. Crystal River month-end inventory was 406,000 "A" and 334,000 "D" tons. Inventory targets are 200,000 "A" tons and 350,000 "D" tons. In addition, we have 580,000 tons of coal at IMT. The units ran well during the month. The January average burn was 15,490 tons per day. (January 2001 averaged 16,612 tons per day.)

For the Carolina CSX plants (Sutton, Robinson, and Weatherspoon), we made 17 of the planned 15 train loadings. We are planning for 16 loadings in February (10 in leased cars and 6 in CSX cars). CP&L's CSX plant burns (year-to-date through January 31, 2002—summary attached) are 76,150 tons under forecast. Month-end inventories at Sutton were 243,000, at Robinson 67,000, and at Weatherspoon 92,000. Except for some cycling, the Carolina CSX units ran well during the month.

We had no spot offers for February and made no spot purchases.

February Crystal River deliveries are planned at 452,000 tons. The projected February Crystal River burn is 472,000 tons. Projected February Carolina CSX burns are 153,000 tons with deliveries estimated at 144,000.

If you have any questions regarding our plans for February or anything contained herein, please let me know.

Dennis G. Edwards

DGE/rao

Attachments

cc/att: Mrs. D. M. Davis

Mr. F. M. Lelak

Mr. Roy F. Potter

**CRYSTAL RIVER
COAL OFFERS
February 2002**

"A" Coal – River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"A" Coal – Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
N O N E							

CAROLINA CSX
COAL OFFERS
February 2002

COMPANY	TONS	BTU	COAL	RAIL	CARS ²	TOTAL	\$/MMBTU
N O N E							

**CRYSTAL RIVER
COAL OFFERS
February 2002**

"D" Coal – River

COMPANY	TONS	BTU	COAL	TRANSPORTATION	TOTAL	\$/MMBTU
N O N E						

"D" Coal – Rail

COMPANY	TONS	BTU	COAL	RAIL	CARS & LOCOMOTIVES	TOTAL	\$/MMBTU
N O N E							

**ELECTRIC
FUELS**
CORPORATION

INTER-OFFICE CO

Operations—Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
Page 167 of 184

BT10C
MAC

04-0000
Phone No.

SUBJECT: 12- MONTH AND 36-MONTH "D" AWARDS

TO: W. D. Carter

DATE: December 18, 1998

We have completed the selection process begun on October 1, 1998, to replace an expiring 12-month coal supply agreement with Quaker Coal Company.

With a projected 1999 "D" burn of 3.65 million tons and 2.2 million tons under existing term agreements, I felt it prudent to continue our practice of placing a large portion of our remaining rail "D" requirement under 12-month agreements. The reason I believe this is because we continue to find supplies of compliance coal from CSX unit train shippers to be very limited leading to many months when no offers are made on our monthly spot program.

Attached is a schedule showing the five lowest ("short list") delivered price proposals, together with forecasts of average CSX rates, railcar ownership, and overhead costs. As indicated, Quaker was the winner with CONSOL a very close second. We have forged agreements with both these suppliers.

Subsequent to these agreements, we opened discussions with Quaker on the possibility of turning the 12-month agreement into a 36-month agreement since Quaker was the low (with their 12-month price of \$25.50) bid on this RFP as well. (See attached schedules of rail and water 36-month bids.) I am pleased to report that we have finalized agreement on a 36-month contract with second and third year prices to be determined each year based on market conditions. In addition, as a part of our agreeing to increase the volume under our "A" contract with Quaker, they have agreed to reduce the "D" price \$.25 per ton during the first six months of 1999.

These purchases essentially cover our expected unit train "D" requirements for 1999. I think it is important to note the limited number of tons on this short list. CONSOL, one of the largest coal producers in the United States, had only 115,000 tons of "D" to offer for the whole year. The Coastal offer was contingent upon an acquisition and could not start supplying until May. The Aquila offer was really Mapco Coal (same coal Mapco offered) and we have had considerable difficulty getting Mapco's 1998 contract finished. All this confirms our belief that unit train "D" supplies are extremely limited.

With a remaining water-delivered "D" requirement in the area of 1 million tons and current supplies tight, we considered the 12-month water bids also. As you can see from the attached schedule, the South American bids were the most competitive. (The Oxbow and AMCI coals were low fusion and not suitable for Crystal River Units Nos. 4 and 5.) We have evaluated the bus-bar

PEF-FUEL-004978

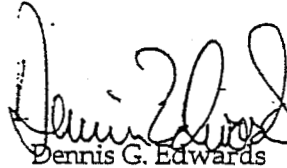
Mr. W. D. Carter
December 18, 1998
Page 2

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12-MONTH AND 36-MONTH "D" AWARDS

effect of the Drummond and Glencore bids and have sent Drummond a draft agreement to review. I expect to complete an agreement with one of these suppliers.

A file has been established, which contains all of the details of our evaluation and correspondence. If you have any questions regarding this solicitation, please let me know.



Dennis G. Edwards

DGE/ro

cc: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-004979

"SHORT LIST"
TWELVE MONTH "D" SOLICITATION—OCTOBER 1, 1998
RAIL BIDS

SUPPLIER	TONS (000)	FOB MINE PRICE	BTU	RAIL RATE*	CAR COST	OVERHEAD	DELIVERED \$/TON	DELIVERED ¢/MILLION BTU	BUS BAR	TOTAL ¢/MILLION BTU	COMMENTS
* Quaker	400	\$25.50	12,500	\$15.22	\$1.96	\$.55	\$43.23	\$1.729	N/A	\$1.729	Existing Supplier
* CONSOL	115	\$27.60	13,100	\$15.22	\$1.96	\$.55	\$45.33	\$1.730	N/A	\$1.730	
Coastal	250	\$25.75	12,750	\$16.21	\$1.96	\$.55	\$44.47	\$1.737	N/A	\$1.737	New Acquisition Required—5/99 Start
Aquila	230	\$26.45	12,500	\$15.22	\$1.96	\$.55	\$44.18	\$1.767	N/A	\$1.767	Mapco Coal
Mapco	250	\$26.50	12,500	\$15.22	\$1.96	\$.55	\$44.23	\$1.769	N/A	\$1.769	Can't Start Until April 1
*Estimated Average 1999 Rates (05/28/97 Ten Year Forecast)											

EFC/DGE—11/09/98

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PEF-FUEL-004980

*Purchased.

**TWELVE MONTH "D" SOLICITATION—OCTOBER 1, 1998
WATER BIDS—SHORT LIST**

SUPPLIER	TONS (000)	FOB MINE PRICE	BTU	TRANSPORTATION	OVERHEAD	DELIVERED \$/TON	DELIVERED ¢/MILLION BTU	BUS BAR	TOTAL ¢/MILLION BTU	COMMENTS
Oxbow	348	\$30.50	12,300	\$14.25	\$.55	\$45.30	\$1.841			Colorado Coal FOB Barge <i>LOW EMISSION</i>
Drummond	400	\$30.66	11,500	\$12.06	\$.55	\$43.27	\$1.881	(.044)	\$1.837	Colombian Coal
AMCI II	500	\$22.85	9,600	\$12.06	\$.55	\$35.46	\$1.864			Indonesian Coal <i>LOW EMISSION</i>
Glencore	200	\$34.35	12,400	\$12.06	\$.55	\$46.96	\$1.894	(.042)	\$1.852	Colombian Coal—Bld good for 7 Days

EFC/DGE—12/11/98

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PEF-FUEL-004981

THIRTY-SIX MONTH "D" SOLICITATION—OCTOBER 1, 1998
RAIL BIDS

SUPPLIER	TONS (000)	FOB MINE PRICE	BTU	RAIL RATE*	CAR COST	OVERHEAD	DELIVERED \$/TON	DELIVERED ¢/MILLION BTU	BUS BAR	TOTAL ¢/MILLION BTU	COMMENTS
Coastal A	250	\$25.75 ✓	12,800 ✓	\$10.21 ✓	\$1.96	\$.55	\$44.47	\$1.737			
Quaker B	400	\$26.00 25.50	12,500	\$15.22	\$1.96	\$.55	\$43.75 23	\$1.745 29			
Alliance	115	\$27.50	12,800	\$15.09	\$1.96	\$.55	\$45.10	\$1.762			
Aquila	230	\$26.45	12,500	\$15.22	\$1.96	\$.55	\$44.18	\$1.767			Two Year Quote
Mapco C	250	\$26.50	12,500	\$15.22	\$1.96	\$.55	\$44.23	\$1.769			April 1, 1999 Start Date
Peabody D	360	\$25.00	12,300	\$16.52	\$1.96	\$.55	\$44.03	\$1.790			
Enron	240	\$25.40	12,300	\$16.52	\$1.96	\$.55	\$44.43	\$1.806			No Source Named
Massey I E	360	\$27.00	12,500	\$16.52	\$1.96	\$.55	\$46.03	\$1.841			
Kentucky May	324	\$29.43	12,600	\$16.21	\$1.96	\$.55	\$48.15	\$1.911			
Solar	500	\$23.50	11,100	\$16.50	\$1.96	\$.55	\$42.51	\$1.915			
FOLA		\$24.47	12,500	\$16.52	\$1.96	\$.55	\$43.50	\$1.74			
PEP											

*Estimated Average 1999 Rates (05/28/97 Ten Year Forecast)

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PEF-FUEL-004982

EFC/DGE--10/19/98

**THIRTY-SIX MONTH "D" SOLICITATION—OCTOBER 1, 1998
WATER BIDS (ALL BIDS)**

SUPPLIER	TONS (000)	FOB MINE PRICE	BTU	TRANSPORTATION	OVERHEAD	DELIVERED \$/TON	DELIVERED ¢/MILLION BTU	BUS BAR	TOTAL ¢/MILLION BTU	COMMENTS
AMCI II	500	\$22.85	9,600	\$12.06	\$.55	\$35.46	\$1.864			Indonesian Coal
AMCI I	500	\$35.44	12,600	\$12.06	\$.55	\$48.05	\$1.907			Polish Coal
Coastal	250	\$25.75	12,800	\$24.25	\$.55	\$50.55	\$1.975			
Peabody	360	\$25.00	12,300	\$24.25	\$.55	\$49.80	\$2.024			
Quaker	400	\$26.00	12,500	\$24.25	\$.55	\$50.80	\$2.032			
Enron	240	\$25.40	12,300	\$24.25	\$.55	\$50.20	\$2.041			
Alliance	115	\$27.50	12,800	\$24.25	\$.55	\$52.30	\$2.043			350,000 Year Two and Three
Aquila	230	\$26.45	12,500	\$24.25	\$.55	\$51.25	\$2.050			Mapco Coals
Mapco	250	\$26.50	12,500	\$24.25	\$.55	\$51.30	\$2.052			
Massey I	360	\$27.00	12,600	\$24.25	\$.55	\$51.80	\$2.072			
Massey II	480	\$27.50	12,600	\$24.25	\$.55	\$52.30	\$2.075			
Adaro	462	\$28.09	9,540	\$12.06	\$.55	\$40.70	\$2.133			Indonesian Coal
Kentucky May	324	\$29.43	12,600	\$24.25	\$.55	\$54.23	\$2.152			
Solar	500	\$23.50	11,100	\$24.25	\$.55	\$48.30	\$2.177			Indiana Compliance?

PEF-FUEL-004983

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**ELECTRIC
FUELS**
CORPORATION

INTER-OFFICE CO
Operations—Coal Procurement
Department

Docket No. 060658
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B110C
MAC

824-6613
Phone No.

SUBJECT: 2001 CONTRACT OPTION COAL

TO: W. David Carter

DATE: September 8, 2000

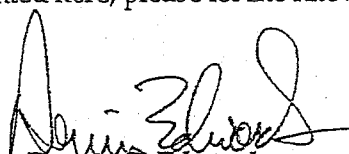
We are in receipt of Florida Power Corporation's (FPC) 2001 coal order for 3.7 million tons (+/- 200,000 tons) of compliance "D" coal, and 1.9 million tons (+/- 100,000 tons) of non-compliance "A" coal. This order was generated by FPC from information on budgeted burn projections (a total of 6.05 million tons) for the Crystal River units, and EFC's projections of 2000 year-end Crystal River (above target) inventory levels. This coal order is the same as this year's order.

Step one in planning for our 2001 purchases was to review our options for additional coal under our existing contracts. The top portion of the attached schedule will outline these tonnages for you along with estimated average 2001 f.o.b. prices. Based on our forecasted 2001 spot prices, I recommend that we exercise the maximum option under both of our CSX contract suppliers (Quaker and AEI) and minimums under both of our water suppliers (Pen and Massey). At these contract volumes, our open spot activity will be approximately 3.093 million tons (1.9 million "A" and 1.193 million "D"), unless FPC exercises its option to increase its order (potentially an additional 300,000 tons). The contract notices to Quaker, AEI, Massey, and Pen have been prepared and are attached for your review. Note the Pen agreement expires at the end of July!

As a result of taking the maximums under our CSX compliance contracts and having no "A" coal agreements for 2001, our spot market activity will be substantial, more than recent years. On the unit train side we project a requirement for about sixteen spot trains of compliance and 1,000,000 tons of spot "window" ("A") coal. (This reflects my ongoing concern over the supply of unit train compliance.) We expect to solicit for second half 2001 "A" coal requirements around September 13, 2000, and place six-month or twelve-month agreement(s) for approximately 900,000 tons. The balance of our requirement for this coal and the projected water compliance (likely to be synfuel) requirement of about 1,035,000 tons will be purchased month-to-month.

With respect to the transportation plan shown at the bottom part of the attached schedule, you will note that we have based this plan on the FPC order. In reality, we have to provide for the possibility that FPC will increase its order up to 300,000 tons by planning transportation requirements for the first half of 2001 at the 6.0 million ton annual level. Accordingly, we will, to the extent practical, model our annual transportation requirements at 3.7 million and 2.3 million water for at least the first half of the year and adjust, as needed, during the second half.

If you have any questions regarding any of the items presented here, please let me know.


Dennis G. Edwards

DGE/ro
Attachments
cc: Mrs. D. M. Davis
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-005268

2001 PURCHASE PLAN

2001 OPTION COAL—COMPLIANCE ("D") QUALITY

COMPANY	2001 ESTIMATED AVERAGE PRICE	MINIMUM	BASE	MAXIMUM
A. T. Massey (12,500 Btu/LB)	\$24.80	661,500	735,000	808,500
Franklin (AEI) (12,500 Btu/LB)	\$24.70	238,500	265,000	291,500
PMJV (12,800 Btu/LB)	\$31.00	850,000	850,000	850,000
Pen (f.o.b. Barge) (12,300 Btu/LB)	\$29.65	204,000	233,000	262,000
Quaker (12,500 Btu/LB)	\$25.00	<u>400,000</u>	<u>450,000</u>	<u>500,000</u>
Totals		<u>2,354,000</u>	<u>2,533,000</u>	<u>2,712,000</u>
FPC Base Order*		3,700,000	3,700,000	3,700,000
Open For Spot (12,500 Btu/LB)	\$25.00**	1,346,000	1,167,000	988,000
*FPC's Order Totals 3.70 +/- .2 MT.		**Estimated 2001 Spot Coal Price FOB Mine		

2001 OPTION COAL—"WINDOW" ("A") QUALITY

COMPANY	2001 PRICE	MINIMUM	BASE	MAXIMUM
None	None	N/A	N/A	N/A
Totals		<u>0</u>	<u>0</u>	<u>0</u>
FPC Base Order*		1,900,000	1,900,000	1,900,000
Open For Spot (12,500 Btu/LB)	\$23.50**	1,900,000	1,900,000	1,900,000
*FPC's Order Totals 1.9 +/- .1 MT.		**Estimated 2001 Spot Coal Price FOB Mine		

RAIL/WATER REQUIREMENTS

<u>Rail Requirement:</u>		3,700,000	<u>Water Requirement:</u>		1,900,000
New "A"	900,000		Pen Coal	204,000	
Quaker "D"	500,000		A. T. Massey "D"	<u>661,500</u>	
Franklin (AEI)	291,500				
PMJV	<u>850,000</u>				
Total	<u>2,541,500</u>		Total	<u>865,500</u>	
Open Spot "D"	158,500		Open Spot "D"	1,034,500	
Open Spot "A"	1,000,000				

PEF-FUEL-005269

EFC/DGE—09/06/99

ELECTRIC FUELS CORPORATION

ONE PROGRESS PLAZA, P.O. BOX 15208, ST. PETERSBURG, FLORIDA 33733, (727) 824-6600

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
Page 175 of 184

September 8, 2000

*Certified Mail
Return Receipt Requested*

Mr. John R. Parker
Senior Vice President
Massey Coal Sales Company, Inc.
Four North Fourth Street
Richmond, Virginia 23219

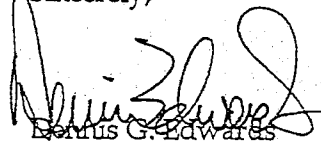
Dear Mr. Parker:

Subject: Contract Notification

In accordance with Section 7.01 of our Coal Sale and Purchase Agreement dated December 15, 1978, and amended on July 1, 1983; July 31, 1987; January 1, 1989; January 1, 1992; January 1, 1995, January 1, 1998, and January 1, 2000, Electric Fuels Corporation (EFC) hereby declares that, subject to the other provisions of our Agreement, we are exercising our option to nominate the annual tonnage for 2001 at the minimum level of 661,500 tons.

Please call me if you have any questions regarding the above.

Sincerely,



Dennis G. Edwards
Vice President - Coal Procurement

DGE/ro

cc: Mr. W. D. Carter
Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-005270



ONE PROGRESS PLAZA, P.O. BOX 15208, ST. PETERSBURG, FLORIDA 33733, (727) 824-6600

September 8, 2000

*Certified Mail
Return Receipt Requested*

AEI Coal Sales Company, Inc.
Attention: Manager of Sales & Contract Administration
1500 N. Big Run Road
Ashland, Kentucky 41102

Gentlemen:

Subject: Contract Notification

In accordance with Section 7.01 of our Coal Sale and Purchase Agreement dated September 10, 1987, and as subsequently amended, Electric Fuels Corporation (EFC) hereby declares that, subject to all other contract provisions, we are exercising our option to nominate the annual tonnage for 2001 at the maximum level of 291,500 tons.

EFC is taking this action as a result of several operating and market-related conditions. Please call me if you have any questions regarding this action.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Dennis G. Edwards', is written over a horizontal line.

Dennis G. Edwards
Vice President—Coal Procurement

DGE/ro

cc: Mr. John Stafford
Mr. W. D. Carter
Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-005271



Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
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ONE PROGRESS PLAZA, P.O. BOX 15208, ST. PETERSBURG, FLORIDA 33733, (727) 824-6600

September 8, 2000

*Sent Via Certified Mail
Return Receipt Requested*

Mr. Dan Hendrickson
Quaker Coal Company, Inc.
329 West Main Street
Abingdon, Virginia 24210-2633

Dear Mr. Hendrickson:

Subject: Contract Notification

In accordance with Section 3.01 of our Coal Sale and Purchase Agreement dated December 3, 1998, Electric Fuels Corporation (EFC) hereby declares that, subject to Section 5.02—Annual Price Review and all other contract provisions, we are exercising our option to nominate the annual tonnage for 2001 at the maximum level of 500,000 tons.

EFC is taking this action as a result of several operating and market-related conditions. Please call me if you have any questions regarding this action.

Sincerely,

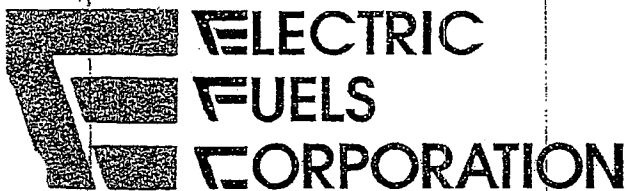
A handwritten signature in dark ink, appearing to read 'Dennis G. Edwards', with a stylized flourish at the end.

Dennis G. Edwards
Vice President—Coal Procurement

DGE/ro

cc: Mr. W. D. Carter
Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-005272



ONE PROGRESS PLAZA, P.O. BOX 15208, ST. PETERSBURG, FLORIDA 33733, (727) 824-6600

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-9)
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September 8, 2000

*Certified Mail
Return Receipt Requested*

Mr. Joseph A. Davis, Jr.
Senior Vice President of Sales & Marketing
Pen Coal Corporation
5110 Maryland Way, Suite 300
Brentwood, Tennessee 37027

Dear Mr. Davis:

Subject: Contract Notification

In accordance with Section 3.01 of our Amended and Restated Agreement for the Sale and Purchase of Coal dated May 5, 1995, Electric Fuels Corporation (EFC) hereby declares that we are exercising our option to nominate the tonnage for 2001 at the minimum level of 204,000 tons.

EFC is taking this action as a result of several operating and market-related conditions. Please call me if you have any questions regarding this action.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Dennis Edwards', written over a horizontal line.

Dennis G. Edwards
Vice President - Coal Procurement

DGE/ro

cc: Mr. W. D. Carter
Mrs. D. M. Davis
Ms. R. A. Hemmer
Mr. F. M. Lelak
Mr. R. F. Potter

PEF-FUEL-005273



ELECTRIC INTER-OFFICE COF
FUELS
CORPORATION

Coal Procurement
Office

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-9)
Page 179 of 184

BT10C
MAC

824-6673
Phone No.

SUBJECT: TERM SOLICITATION

TO: W. David Carter

DATE: November 2, 2001

On April 16, 2001, EFC (Carolina and Florida) issued a wide-ranging *Request for Proposals (RFP)* requesting one-, three-, and five-year proposals for:

1. Norfolk Southern 2 LB coal (Carolina)
2. CSX origin 2 LB coal (Carolina and Florida)
3. CSX/barge origin 1.2 LB coal (Florida)

The St. Petersburg procurement group handled items numbers 2 and 3 above, and this report will provide you with the results of our activities.

By way of background, it should be made clear that this solicitation was prompted by a dramatic change in the U. S. coal markets, which spilled over into the world markets. Beginning in late 2000 production and permit problems started to impact supply levels and prices rose rapidly. With rise in prices, "problems" began to plague most all our producers shipping on low-price contracts. Our problems started when AEI shut down a mine from which we were receiving "compliance" coal. Then Quaker filed Chapter 11 and demanded higher prices on both our 2001 agreements before the ink had dried! Pen force majeure'd us on their compliance contract, and Massey started to fall behind in shipments. Meanwhile, inventory started to fall at Crystal River, as well as at many other utilities.

On a short-term basis we responded to the above by dramatically increasing our import coal purchases. By year end, we will have purchased almost 600,000 tons of import coal, including our first-ever purchase of Russian coal. This is more import coal than we purchased during the entire decade of the '90s! We also made our first significant purchases from coal traders like Dynegy, Mirant, Duke, and Enron, as these were the only folks who had any coal!

Given the above, a decision was made to solicit for coal for one-, three-, and five-year periods with the intention of contracting for 110 percent of expected 2002 requirements. The extra 10 percent is to be for "cushion" to cover expected shortfalls. The timing of the solicitation was quite a bit earlier in the year than normal as we were concerned about availability, and we wanted to "beat the rush".

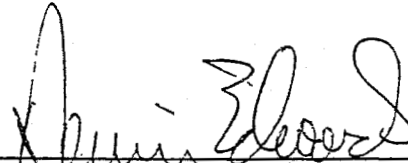
Overall the bid responses were better than I expected. Pricing on the more competitive responses ran about \$10 to \$12 per ton less than current spot prices, but was still \$12 to \$14 per ton higher than last year's bids. Also, bidders were demanding multi-year agreements in order to get 2002 tons. Subsequent negotiations resulted in most agreements having a 36-month term with the pricing for the first 18-month period fixed. The specifics of the agreements that we have signed are outlined for you on the attached schedule.

W. David Carter
November 2, 2001
Page 2

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TERM SOLICITATION

A file has been established, which contains all of the bid information and evaluation. Please let me know if you require any additional details.



Dennis G. Edwards

DGE/ro

Attachment

cc/att: Donna M. Davis
F. Michael Lelak
Roy F. Potter

CSX/BARGE PURCHASE PLAN FOR 2002
REVISED

CRYSTAL RIVER UNITS NOS. 4 & 5—COMPLIANCE

<u>Company</u>	<u>Delivery</u>	<u>Annual Tons</u>	<u>Btu</u>	<u>2002 FOB Price</u>	<u>Term</u>
Massey—ER/Twist	Water	690,000	12,500	\$37.50	18/36 Months
Massey—BM	Rail	500,000	12,100	\$38.50	18/36 Months
Amvest—Option	Rail	212,500	12,500	\$40.00	18/36 Months
Guasare—SA	Water	300,000	12,800	\$49.65	12 Months
Enron Twist	Water	400,000	13,200	\$41.25	24/36 Months
Created	Rail	120,000	13,200	\$52.10	6 Months
Synfuel	Water	540,000	12,100	\$39.25	12 Months
Total		2,762,500			
Plus Contract		860,000	{PMJV, Quaker, Alliance}		
Compliance Grand Total		<u>3,622,500</u>			

CRYSTAL RIVER UNITS NOS. 1 & 2 AND CAROLINA—2 LB/SO₂

<u>Company</u>	<u>Delivery</u>	<u>Annual Tons</u>	<u>Btu</u>	<u>2002 FOB Price</u>	<u>Term</u>
<u>Crystal River Units 1 & 2</u>					
Massey—Goff	Rail	600,000	12,500	\$38.25	18/36 Months
Quaker	Rail	500,000	12,500	\$37.75	18/36 Months
CONSOL	Rail	1,000,000	12,800	\$38.25	18/36 Months
AEI	Rail	150,000	12,000	\$24.70	6 Months
Total		2,250,000			
<u>Carolina</u>					
Peabody	Rail	1,000,000	12,500	\$36.41	12 Months
AEI	Rail	500,000	12,500	\$37.66	36 Months
Dynegy	Rail	450,000	12,500	\$41.50	12 Months
Imports	Water	150,000	12,000	\$39.00	Open
Total		2,100,000			
2 LB/SO ₂ Grand Total		<u>4,350,000</u>			

FINALIST LIST
15-MONTH SOLICITATION
"D" COAL WITH BUS BAR COST

SUPPLIER	TONS (000)	FOB MINE PRICE	BTU	RAIL RATE (15 Month Average)	CAR COST	OVER- HEAD	DELIVERE D \$/TON	DELIVERE D ¢/MILLION	BUS BAR*	TOTAL ¢/MILLION
Quaker	500	\$26.35	12,800	\$15.53	\$1.85	\$.51	\$44.24	\$1.728	(.030)	1.698
CONSOL	425	26.75	12,900	15.53	1.85	.51	44.64	1.730	(.029)	1.701
Ashland	150	26.45	12,700	15.17	1.85	.51	43.98	1.731	(.029)	1.702
KM/BSD	225	27.45	13,100	15.53	1.85	.51	45.34	1.731	(.018)	1.713
Massey	150	24.00	12,450	16.86	1.85	.51	43.22	1.736	.018	1.754
*Bus Bar results using "typical" ash and Btu levels for coals with which we have no experience and "expected" ash and Btu levels for Quaker and Ashland.										

Golden Oak '97 Forecasted Price: \$26.02
16.54 rail
1.85 cars
.51 overhead
\$44.92 ÷ 25.6 = \$1.755 # to beat!

Hill '97 Forecast: \$25.10 (12,500 "D")
\$25.70 (12,800 "D")

FINALIST LIST 15-MONTH SOLICITATION "D" COAL

SUPPLIER	TONS (000)	FOB MINE PRICE	BTU	RAIL RATE (15 Month Average)	CAR COST	OVER- HEAD	DELIVERED \$/TON	DELIVERED ¢/MILLION
CONSOL	425	\$26.75	12,900	\$15.53	\$1.85	\$0.51	\$44.64	\$1.730
Ashland	150	26.45	12,700	15.17	1.85	.51	43.98	1.731
KM/BSD	225	27.45	13,100	15.53	1.85	.51	45.34	1.731
Quaker	400	26.45	12,800	15.53	1.85	.51	44.34	1.732
Massey	150	24.00	12,450	16.86	1.85	.51	43.22	1.736
Arch	400	24.00	12,400	16.86	1.85	.51	43.22	1.743

Golden Oak '97 Forecasted Price: \$26.02
 16.54 rail
 1.85 cars
 .51 overhead
\$44.92 ÷ 25.6 = \$1.755 # to beat!

Hill '97 Forecast: \$25.10 (12,500 "D")
 \$25.70 (12,800 "D")

FINALIST LIST 15-MONTH SOLICITATION "D" COAL

SUPPLIER	TONS (000)	FOB MINE PRICE	BTU	RAIL RATE (15 Month Average)	CAR COST	OVER- HEAD	DELIVERE D \$/TON	DELIVERED ¢/MILLION	BUS BAR*	TOTAL ¢/MILLION
Ashland	150	\$26.45	12,700	\$15.17	\$1.8 5	\$.51	\$43.98	\$1.731	\$0.000	\$1.731
Quaker	400	26.65	12,800	15.53	1.85	.51	44.54	1.740	.002	1.742
CONSOL	425	26.75	12,800	15.53	1.85	.51	44.64	1.744	.001	1.745
Massey	400	24.00	12,450	16.86	1.85	.51	43.22	1.736	.051	1.778
Arch	400	24.00	12,400	16.86	1.85	.51	43.22	1.743	.066	1.787
Used actual Btu and Ash levels for those coals we have experience with and quoted "typical" values for all others.										

Golden Oak '97 Forecasted Price:	\$26.02 16.54 rail 1.85 cars .51 overhead \$44.92 ÷ 25.6 = \$1.755 # to beat!
Hill '97 Forecast:	\$25.10 (12,500 "D") \$25.70 (12,800 "D")

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In Re: Petition on behalf of Citizens of
the State of Florida to require
Progress Energy Florida, Inc. to
refund to customers \$143 million**

DOCKET NO. 060658

Submitted for filing: January 16, 2007

**REDACTED
DIRECT TESTIMONY
OF DONNA M. DAVIS
ON BEHALF OF
PROGRESS ENERGY FLORIDA**

Volume II

**R. ALEXANDER GLENN
JOHN BURNETT
PROGRESS ENERGY SERVICE
COMPANY, LLC
P.O. Box 14042
St. Petersburg, Florida 33733
Telephone: (727) 820-5180
Facsimile: (727) 820-5519**

**JAMES MICHAEL WALLS
Florida Bar No. 706272
DIANNE M. TRIPLETT
Florida Bar No. 0872431
CARLTON FIELDS, P.A.
Post Office Box 3239
Tampa, FL 33601
Telephone: (813) 223-7000
Telecopier: (813) 229-4133**

DOCUMENT NUMBER-DATE

00429 JAN 16 5

FPSC-COMMISSION CLERK

Plant Operator Coal Transactions - Annual Format
Transactions JAN 1996 Through DEC 2005

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-10)
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Record Type		Supplier Information					Purchase Information										
St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	Expir. S/C	Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu	
Plant Operator: Tampa Electric Co. Plant: Big Bend; Tampa, FL; Transp: BG																	
***2002 ***																	
F	FL/Not	Tampa Electric Co.	Tampa Electric Co.	Beneficiated Coal *	S	UNKN	S	82.64	6,077	1.46	4.79	25.58	N/A	N/A	N/A	12.57 103.40	
2002 Total for SPOT:								82.64	6,077	1.46	4.79	25.58	12.57	N/A	N/A	12.57 103.40	
Big Bend Total for 2002 :								82.64	6,077	1.46	4.79	25.58	12.57	N/A	N/A	12.57 103.40	
***2003 ***																	
F	FL/Not	Tampa Electric Co.	Tampa Electric Co.	Beneficiated Coal *	S	UNKN	S	58.28	4,950	1.27	5.12	34.28	N/A	N/A	N/A	7.35 74.24	
2003 Total for SPOT:								58.28	4,950	1.27	5.12	34.28	7.35	N/A	N/A	7.35 74.24	
Big Bend Total for 2003 :								58.28	4,950	1.27	5.12	34.28	7.35	N/A	N/A	7.35 74.24	
***2004 ***																	
F	FL/Not	Tampa Electric Co.	Tampa Electric Co.	Beneficiated Coal *	S	UNKN	S	38.10	3,853	1.15	5.97	39.14	N/A	N/A	N/A	13.35 173.18	
2004 Total for SPOT:								38.10	3,853	1.15	5.97	39.14	13.35	N/A	N/A	13.35 173.18	
Big Bend Total for 2004 :								38.10	3,853	1.15	5.97	39.14	13.35	N/A	N/A	13.35 173.18	
***2005 ***																	
F	NA/Not	Glencore, Ltd.	PRODECO	La Jagua De Ibirico	S	BG	S	146.80	12,318	0.70	1.13	6.20	60.24	14.07	0.00	74.31 301.62	
F	PA/Greene	Foundation Coal	Emerald Coal	Emerald No.1	U	CSX	S	66.81	11,218	3.41	6.08	11.37	36.35	22.59	0.00	58.94 262.70	
2005 Total for SPOT:								213.61	11,974	1.55	2.58	7.82	52.77	16.73	0.00	69.50 290.22	
Big Bend Total for 2005 :								213.61	11,974	1.55	2.58	7.82	52.77	16.73	0.00	69.50 290.22	
Big Bend Total :								392.63	8,902	1.45	3.25	18.52	33.74	9.10	0.00	42.84 240.63	
Plant Operator: Tampa Electric Co. Plant: Big Bend Transfer Facility @ D; Davant, LA; Transp: BG																	
***1996 ***																	
F	CO/Las Animas	Montana Power Co.	Basin Resources, Inc.	Golden Eagle	U	CW	C 06/09	137.62	12,929	0.48	0.75	10.04	31.64	17.68	0.00	49.32 190.74	
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	C 12/96	64.95	12,742	2.67	4.19	8.26	30.58	9.73	0.00	40.31 158.16	
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley (C)	S	TK	C 12/96	84.40	12,749	2.71	4.26	8.69	31.05	9.61	0.00	40.66 159.48	

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Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu	
F	IL/Perry	Horizon Natural	Zeigler Coal Holding	Zeigler Coal	S	UP	C	12/04	891.24	10,980	3.03	5.52	9.65	35.99	7.96	0.00	43.95 200.13	
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Big Ridge Prep	S	TK	C	12/04	248.29	12,187	1.84	3.02	8.50	31.26	10.17	0.00	41.43 169.97	
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining,	Patriot	S	TECO	C	12/04	465.77	11,255	2.44	4.34	8.06	23.08	6.71	0.00	29.79 132.32	
F	KY/Webster	Alliance Coal, LLC	Webster County	Dotiki	U	CSX	C	UNKN	24.00	12,513	2.96	4.73	8.20	31.28	8.06	0.00	39.34 157.20	
F	KY/Webster	Bluegrass Coal Co.	Ohio County Coal	Baker	U	TK	C	UNKN	51.37	12,086	3.01	4.98	9.70	40.90	6.50	0.00	47.40 196.11	
F	NA/Not	P.T. Adaro of	P.T. Adaro	P T Adaro	S	BG	C	12/99	730.65	9,639	0.31	0.65	1.49	17.94	10.92	0.00	28.86 149.70	
1996 Total for CONTRACT:									2,698.29	11,007	1.93	3.52	7.00	27.99	9.31	0.00	37.30 169.41	
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley (C)	S	TK	S		201.79	12,720	2.72	4.27	8.88	21.23	9.60	0.00	30.83 121.19	
F	IL/Saline	Jader Fuel Co.	Jader Fuel Co.	Garden Valley	S	TK	S		149.38	12,931	3.01	4.66	9.28	22.76	10.56	0.00	33.32 128.85	
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	S		1,353.66	12,154	1.32	2.18	6.15	25.64	9.04	0.00	34.68 142.67	
F	KY/Henderson	Peabody Coal Co.	C R Mining	Henderson No.1	S	TECO	S		41.24	11,038	2.68	4.85	9.45	20.47	6.37	0.00	26.84 121.57	
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining,	Patriot	S	TECO	S		73.34	11,135	2.57	4.62	8.90	22.61	6.62	0.00	29.23 131.26	
F	KY/Ohio	Lewis Creek Docks,	Lewis Creek Docks,	Lewis Creek	S	TECO	S		166.39	11,492	2.88	5.01	10.20	19.92	7.08	0.00	27.00 117.46	
F	KY/Ohio	Peabody Coal Co.	Peabody Coal Co.	Ken	S	TK	S		144.61	11,441	3.90	6.82	10.83	19.02	8.42	0.00	27.44 119.91	
F	KY/Union	CONSOL Energy, Inc.	Island Creek Coal	Ohio No.11	S	TECO	S		563.38	11,955	2.71	4.54	5.92	22.70	6.01	0.00	28.71 120.05	
F	KY/Webster	Alliance Coal, LLC	Webster County	Dotiki	U	CSX	S		129.79	12,550	2.95	4.70	7.98	25.09	8.07	0.00	33.16 132.13	
F	NA/Not	P.T. Adaro of	P.T. Adaro	P T Adaro	S	BG	S		77.16	9,813	0.11	0.22	1.30	17.97	11.41	0.00	29.38 149.70	
F	WV/Monongalia	CONSOL Energy, Inc.	CONSOL Energy,	Humphrey No.7	U	TECO	S		157.54	13,120	2.38	3.62	8.01	26.16	7.98	0.00	34.14 130.10	
F	WY/Campbell	Peabody Coal Co.	Powder River Coal	North Antelope	S	BNSF	S		590.70	8,833	0.21	0.48	4.39	4.27	20.82	0.00	25.09 142.00	
1996 Total for SPOT:									3,648.98	11,563	1.80	3.11	6.62	20.56	10.35	0.00	30.91 133.66	
Big Bend Transfer Facility @ D Total for 1996 :									6,347.27	11,327	1.85	3.27	6.78	23.71	9.91	0.00	33.62 148.43	
***1997 ***																		
F	IL/Perry	Horizon Natural	Zeigler Coal Holding	Zeigler Coal	S	UP	C	12/04	69.00	10,900	3.00	5.50	9.60	36.60	8.18	0.00	44.78 205.40	
F	IL/Perry	International Coal	International Coal	Zeigler Coal	U	UP	C	12/04	917.85	11,000	3.01	5.47	9.31	36.80	8.17	0.00	44.97 204.40	
F	IL/Saline	Jader Fuel Co.	Jader Fuel Co.	Garden Valley	S	TK	C	12/99	494.83	12,875	2.99	4.65	9.15	22.13	10.76	0.00	32.89 127.73	
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Big Ridge Prep	S	TK	C	12/04	22.38	12,044	1.86	3.09	9.10	31.83	10.49	0.00	42.32 175.70	
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Big Ridge Prep(C)	U	TK	C	12/04	215.53	12,319	1.92	3.12	8.41	31.94	10.09	0.00	42.03 170.57	
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	12/99	893.92	11,971	1.19	2.00	7.23	25.20	8.72	0.00	33.92 141.66	
F	KY/Henderson	Peabody Coal Co.	C R Mining	Henderson No.1	S	TECO	C	UNKN	147.31	11,102	2.68	4.83	8.88	21.79	6.17	0.00	27.96 125.93	
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining,	Patriot	S	TK	C	12/04	407.06	11,365	2.54	4.46	8.42	20.82	9.56	0.00	30.38 133.66	
F	KY/Muhlenberg	Peabody Coal Co.	Peabody Coal Co.	Martwick	U	TK	C	12/04	5.93	11,665	2.70	4.63	8.80	22.45	8.58	0.00	31.03 133.00	
F	KY/Union	Peabody Coal Co.	Highland Mining Co.	Highland 9 Mine (Camp	U	TK	C	12/04	109.83	11,457	2.94	5.13	8.90	20.38	8.07	0.00	28.45 124.15	

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Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu	
F	KY/Webster	Bluegrass Coal Co.	Ohio County Coal	Baker	U	TK	C	UNKN	15.30	12,741	0.95	1.49	5.70	49.36	6.39	0.00	55.75	218.80
F	KY/Whitley	Carbon Partners	Blue Gem Mining,	Blue Gem Mining (Gatliff	S	CSX	C	12/98	27.89	12,639	1.05	1.66	6.12	40.45	14.86	0.00	55.31	218.80
F	NA/Not	P.T. Adaro of	P.T. Adaro	P T Adaro	S	BG	C	12/99	741.25	9,614	0.35	0.73	1.44	20.58	10.71	0.00	31.29	162.72
F	WV/Harrison	Bell Mining Co.	Bell Mining Co.	Bell Mining *	U	TK	C	UNKN	1.64	13,627	2.69	3.95	7.30	21.51	12.72	0.00	34.23	125.60
1997 Total for CONTRACT:									4,069.72	11,335	1.98	3.49	7.20	26.68	9.29	0.00	35.97	158.68
F	FL/Not	James Marine	James Marine	James Marine (Various	S	UNKN	S		1.53	12,750	2.60	4.08	11.90	N/A	N/A	N/A	22.41	87.90
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	S		390.12	12,708	2.68	4.22	9.06	21.64	9.81	0.00	31.45	123.76
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley (C)	S	TK	S		25.64	12,592	2.65	4.21	8.90	22.31	9.82	0.00	32.13	127.60
F	IL/Saline	Jader Fuel Co.	Jader Fuel Co.	Garden Valley	S	TK	S		45.18	13,038	3.00	4.60	8.40	24.67	10.92	0.00	35.59	136.50
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	S		48.48	12,132	1.15	1.90	6.20	26.90	8.91	0.00	35.81	147.60
F	IN/Knox	Peabody Coal Co.	Black Beauty Coal	Air Quality No.1	U	TK	S		4.81	11,216	0.70	1.25	7.30	23.58	12.55	0.75	36.88	164.40
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining,	Patriot	S	TK	S		242.70	11,238	2.57	4.58	8.76	20.87	9.06	0.00	29.93	133.16
F	KY/Ohio	Peabody Coal Co.	Peabody Coal Co.	Ken	S	TK	S		356.50	11,254	3.94	7.01	11.87	19.31	8.50	0.00	27.81	123.53
F	KY/Union	CONSOL Energy, Inc.	Island Creek Coal	Ohio No.11	S	TECO	S		59.52	11,900	2.70	4.54	5.90	24.29	6.06	0.00	30.35	127.50
F	KY/Union	CONSOL Energy, Inc.	Island Creek Coal	Ohio No.11	U	TECO	S		48.38	11,894	2.74	4.61	5.97	23.26	6.06	0.00	29.32	123.24
F	KY/Webster	Alliance Coal, LLC	Webster County	Dotiki	U	CSX	S		405.07	12,266	3.07	5.01	9.52	24.87	8.12	0.00	32.99	134.49
F	KY/Webster	Bluegrass Coal Co.	Ohio County Coal	Baker	U	TK	S		118.68	12,119	3.02	4.98	10.71	25.33	6.40	0.00	31.73	130.90
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		58.64	12,953	1.47	2.27	3.50	20.67	13.06	0.00	33.73	130.20
F	WV/Harrison	Bell Mining Co.	Bell Mining Co.	Bell Mining *	U	TK	S		86.55	12,999	3.01	4.63	9.38	20.24	12.70	0.00	32.94	126.71
F	WV/Logan	[Not Reported]	[Operator Not	Pioneer	S	CSX	S		1.10	12,042	0.90	1.49	10.20	19.91	12.10	-6.00	26.01	108.00
F	WV/Monongalia	CONSOL Energy, Inc.	CONSOL Energy,	Humphrey No.7	U	TECO	S		249.19	13,246	1.93	2.91	7.14	26.52	7.95	0.00	34.47	130.10
F	WY/Campbell	Kennecott Energy &	Jacobs Ranch Coal	Jacobs Ranch	S	UP	S		956.43	8,719	0.43	0.99	5.30	3.95	20.48	0.13	24.56	140.86
F	WY/Campbell	Peabody Coal Co.	Powder River Coal	North Antelope	S	BNSF	S		14.13	8,794	0.21	0.48	4.70	3.85	21.21	1.50	26.56	151.00
1997 Total for SPOT:									3,112.65	11,124	2.08	3.75	7.89	16.90	12.45	0.05	29.40	132.13
Big Bend Transfer Facility @ D Total for 1997 :									7,182.37	11,243	2.02	3.60	7.50	22.44	10.66	0.02	33.12	147.30
***1998 ***																		
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	C	UNKN	541.26	12,705	2.63	4.14	8.97	24.15	9.68	0.00	33.83	133.13
F	IL/Perry	International Coal	International Coal	Zeigler Coal	U	UP	C	12/04	1,120.35	10,967	2.98	5.43	9.08	36.99	7.77	0.00	44.76	204.06
F	IL/Saline	Jader Fuel Co.	Jader Fuel Co.	Garden Valley	S	TK	C	12/99	472.39	12,759	2.93	4.59	9.57	21.81	10.57	0.00	32.38	126.90
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Big Ridge Prep(C)	U	TK	C	12/04	262.25	12,255	1.76	2.88	7.38	30.36	9.90	0.00	40.26	164.25
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	12/99	914.65	12,000	1.30	2.17	7.10	25.08	8.47	0.00	33.55	139.80
F	IN/Warrick	Peabody Coal Co.	Peabody Coal Co.	Lynnville	S	YDRR	C	UNKN	30.43	10,864	3.03	5.58	10.20	18.79	8.41	0.00	27.20	125.20

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F	KY/Henderson	Peabody Coal Co.	C R Mining	Henderson No.1	S	TECO	C	UNKN	229.24	11,166	2.69	4.83	8.51	21.85	5.96	0.00	27.81 124.51	
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining,	Patriot	S	TK	C	12/04	372.39	11,403	2.68	4.69	8.71	20.08	9.45	0.00	29.53 129.51	
F	KY/Muhlenberg	Peabody Coal Co.	Peabody Coal Co.	Gibraltar	S	TECO	C	12/04	33.18	11,597	2.76	4.76	9.30	23.99	6.56	0.00	30.55 131.70	
F	KY/Muhlenberg	Peabody Coal Co.	Peabody Coal Co.	Martwick	U	TK	C	UNKN	32.00	11,514	2.72	4.72	9.50	21.20	8.41	0.00	29.61 128.60	
F	KY/Union	Peabody Coal Co.	Highland Mining Co.	Highland 9 Mine (Camp	U	TK	C	12/04	187.59	11,510	2.76	4.79	9.00	21.23	7.65	0.00	28.88 125.46	
F	NA/Not	P.T. Adaro of	P.T. Adaro	P T Adaro	S	BG	C	12/99	300.50	9,433	0.19	0.41	1.03	20.43	10.38	0.00	30.81 163.30	
1998 Total for CONTRACT:									4,496.23	11,624	2.28	3.92	8.03	26.77	8.78	0.00	35.55 152.91	
F	FL/Not	James Marine	James Marine	James Marine (Various	S	UNKN	S		3.01	12,642	2.39	3.79	8.15	N/A	N/A	N/A	21.47 84.94	
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	S		422.75	12,622	2.81	4.45	9.56	21.46	9.62	0.00	31.08 123.12	
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining,	Patriot	S	TK	S		196.86	11,136	2.54	4.56	8.73	19.51	9.41	0.00	28.92 129.84	
F	KY/Union	CONSOL Energy, Inc.	Island Creek Coal	Ohio No.11	U	TECO	S		660.94	11,940	2.81	4.71	6.12	25.39	5.70	0.00	31.09 130.20	
F	KY/Webster	Alliance Coal, LLC	Webster County	Dotiki	U	CSX	S		15.98	12,248	2.99	4.88	8.90	24.92	8.00	0.00	32.92 134.40	
F	NA/Not	P.T. Adaro of	P.T. Adaro	P T Adaro	S	BG	S		296.50	9,598	0.23	0.49	1.15	18.85	10.07	0.00	28.92 150.67	
F	WV/Harrison	Bell Mining Co.	Bell Mining Co.	Bell Mining *	U	TK	S		32.99	12,988	3.13	4.83	8.79	20.58	12.57	0.00	33.15 127.60	
F	WV/Marion	CONSOL Energy, Inc.	CONSOL Energy,	Loveridge No.22	U	TK	S		125.26	13,273	2.02	3.04	7.23	26.01	11.15	0.00	37.16 140.00	
F	WY/Campbell	Kennecott Energy &	Jacobs Ranch Coal	Jacobs Ranch	S	UP	S		1,064.40	8,724	0.40	0.92	5.15	4.11	19.34	0.00	23.45 134.39	
1998 Total for SPOT:									2,818.69	10,599	1.58	2.98	6.03	15.63	12.49	0.00	28.12 132.64	
Big Bend Transfer Facility @ D Total for 1998 :									7,314.92	11,229	2.01	3.58	7.26	22.48	10.21	0.00	32.69 145.54	
***1999 ***																		
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	C	UNKN	762.23	12,727	2.58	4.05	8.71	23.22	9.66	0.00	32.88 129.17	
F	IL/Perry	International Coal	International Coal	Zeigler Coal	U	UP	C	12/04	1,047.21	10,987	3.04	5.53	9.41	37.26	7.74	0.00	45.00 204.79	
F	IL/Saline	Jader Fuel Co.	Jader Fuel Co.	Garden Valley	S	TK	C	12/99	424.56	12,749	3.00	4.71	10.13	20.87	10.57	0.00	31.44 123.30	
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Big Ridge Prep(C)	U	TK	C	12/04	250.53	12,369	1.75	2.84	7.19	30.19	9.82	0.00	40.01 161.74	
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	12/99	1,072.82	12,097	1.13	1.86	6.56	23.71	8.42	0.00	32.13 132.79	
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining,	Patriot	S	TK	C	12/04	51.13	11,150	2.50	4.49	8.24	19.40	9.35	0.00	28.75 128.91	
F	KY/Union	Peabody Coal Co.	Highland Mining Co.	Highland 9 Mine (Camp	U	TK	C	12/04	295.96	11,530	2.87	4.98	9.09	20.58	7.63	0.00	28.21 122.33	
F	NA/Not	P.T. Adaro of	P.T. Adaro	P T Adaro	S	BG	C	12/99	73.48	9,349	0.28	0.60	1.10	20.29	10.24	0.00	30.53 163.30	
1999 Total for CONTRACT:									3,977.92	11,907	2.28	3.83	8.25	26.94	8.78	0.00	35.72 149.99	
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	S		262.08	12,574	3.00	4.77	10.01	21.70	9.62	0.00	31.32 124.54	
F	IL/Saline	Jader Fuel Co.	Jader Fuel Co.	Garden Valley	S	TK	S		119.01	12,631	3.14	4.97	10.69	20.63	10.33	0.00	30.96 122.56	
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	S		95.66	12,091	1.15	1.89	6.45	24.74	8.36	0.00	33.10 136.86	
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining,	Patriot	S	TK	S		9.79	11,150	2.51	4.50	8.10	19.33	9.26	0.00	28.59 128.20	

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Supplier Information							Purchase Information										
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu
F	KY/Pike	Arch Coal, Inc.	Arch of Kentucky	Arch Of Kentucky	U	CSX	S		4.05	12,866	1.10	1.71	8.70	20.25	11.91	-16.08	62.50
F	KY/Union	CONSOL Energy, Inc.	Island Creek Coal	Ohio No.11	U	TECO	S		262.49	11,891	2.76	4.65	6.48	24.39	5.60	0.00	126.10
F	KY/Union	Peabody Coal Co.	Highland Mining Co.	Highland 9 Mine (Camp	U	TK	S		306.23	11,510	2.91	5.05	9.13	20.77	7.75	0.00	123.92
F	NA/Not	P.T. Adaro of	P.T. Adaro	P T Adaro	S	BG	S		465.30	9,408	0.11	0.24	1.05	14.63	10.06	0.00	131.20
F	WV/Monongalia	CONSOL Energy, Inc.	CONSOL Energy,	Blacksville No.2	U	TK	S		326.69	13,242	2.02	3.05	7.73	22.78	11.36	0.00	128.90
F	WY/Campbell	Kennecott Energy &	Jacobs Ranch Coal	Jacobs Ranch	S	UP	S		13.92	8,740	0.34	0.78	4.70	4.25	16.88	0.00	120.90
F	WY/Campbell	Peabody Coal Co.	Powder River Coal	North Antelope Rochelle	S	BNSF	S		416.47	8,804	0.19	0.43	4.47	4.84	17.45	0.00	126.57
1999 Total for SPOT:									2,281.69	11,068	1.63	2.94	6.16	17.47	10.71	-0.03	127.16
Big Bend Transfer Facility @ D Total for 1999 :									6,259.61	11,601	2.04	3.52	7.49	23.49	9.48	-0.01	142.05
***2000 ***																	
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	C	UNKN	170.04	12,638	2.72	4.31	9.17	23.94	9.93	0.00	134.00
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley (C)	S	TK	C	UNKN	116.77	12,636	2.71	4.29	9.27	24.05	9.90	0.00	134.33
F	IL/Gallatin	Peabody Coal Co.	Coal Miners, Inc.	Eagle Valley/Wildcat (C)	U	TK	C	UNKN	470.20	12,602	2.65	4.20	9.16	23.86	10.30	0.00	135.53
F	IL/Perry	International Coal	International Coal	Zeigler Coal	U	UP	C	12/04	998.11	10,975	2.98	5.43	9.03	38.43	8.19	0.00	212.39
F	IL/Saline	Jader Fuel Co.	Jader Fuel Co.	Garden Valley	S	TK	C	UNKN	785.73	12,676	2.99	4.73	10.17	21.96	10.95	0.00	129.81
F	IL/Saline	Jader Fuel Co.	Jader Fuel Co.	Garden Valley	S	TK	C	UNKN	21.50	12,319	3.45	5.59	12.01	20.89	11.02	0.00	129.50
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Big Ridge Prep(C)	U	TK	C	12/04	238.53	12,339	2.02	3.28	7.49	30.59	10.28	0.00	165.62
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	UNKN	1,169.97	12,146	1.25	2.06	6.27	24.98	8.80	0.00	139.04
F	KY/Union	Peabody Coal Co.	Highland Mining Co.	Highland 9 Mine (Camp	U	TK	C	12/04	262.80	11,765	2.89	4.92	9.22	22.31	7.99	0.00	128.78
F	KY/Union	Peabody Coal Co.	Peabody Coal Sales	Peabody Coalsales	U	TK	C	UNKN	48.71	11,578	2.89	4.99	9.10	13.32	8.08	0.00	92.40
2000 Total for CONTRACT:									4,282.36	12,035	2.40	3.99	8.45	27.36	9.33	0.00	152.44
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	S		135.70	12,470	2.91	4.66	10.15	20.92	9.91	0.00	123.60
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley (C)	S	TK	S		63.57	12,511	3.03	4.84	10.40	21.43	9.90	0.00	125.20
F	IL/Gallatin	Peabody Coal Co.	Coal Miners, Inc.	Eagle Valley/Wildcat (C)	U	TK	S		560.79	12,511	3.06	4.90	10.32	21.63	10.34	0.00	127.76
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	S		108.40	12,077	1.18	1.96	6.31	23.50	8.96	0.00	134.37
F	KY/Union	Peabody Coal Co.	Highland Mining Co.	Highland 9 Mine (Camp	U	TK	S		56.36	11,667	2.85	4.89	8.90	21.33	8.09	0.00	126.10
F	NA/Not	AMCI Export Corp.	AMCI Export Corp.	AMCI Export	U	UNKN	S		14.25	12,031	2.12	3.52	10.90	N/A	N/A	N/A	107.40
F	NA/Not	Cerrejon Consortium	InterCor	Mina Norte	S	BG	S		40.17	13,275	0.61	0.92	5.20	33.74	8.00	0.00	157.20
F	OH/Belmont	Robert Murray	Ohio Valley Coal Co.	Powhatan No.6	U	NS	S		134.30	12,641	3.68	5.83	8.25	18.55	10.32	0.00	114.20
F	PA/Greene	Foundation Coal	Foundation Coal	Cumberland	U	TECO	S		170.06	13,192	2.60	3.94	7.79	24.85	7.56	0.00	122.82
F	WY/Campbell	Peabody Coal Co.	Powder River Coal	North Antelope Rochelle	S	BNSF	S		104.05	8,795	0.18	0.42	4.54	4.97	18.00	0.00	130.60
F	WY/Converse	Kennecott Energy &	Antelope Coal Co.	Antelope	S	BNSF	S		512.49	8,829	0.24	0.54	5.19	4.02	20.02	-2.87	119.87

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		Supplier Information						Purchase Information									
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu
2000 Total for SPOT:									1,900.14	11,344	1.96	3.46	7.86	16.36	12.80	-0.77	28.39 125.14
Big Bend Transfer Facility @ D Total for 2000 :									6,182.50	11,823	2.26	3.83	8.27	23.98	10.40	-0.24	34.14 144.39
***2001 ***																	
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	C	UNKN	494.65	12,431	2.87	4.62	9.75	23.63	10.16	0.00	33.79 135.92
F	IL/Gallatin	Peabody Coal Co.	Coal Miners, Inc.	Eagle Valley/Wildcat (C)	U	TK	C	UNKN	304.77	12,384	2.81	4.53	9.50	23.22	10.26	0.00	33.48 135.17
F	IL/Perry	International Coal	International Coal	Zeigler Coal	U	UP	C	12/04	1,102.28	10,980	2.89	5.27	8.73	39.01	8.36	0.00	47.37 215.70
F	IL/Saline	Jader Fuel Co.	Jader Fuel Co.	Garden Valley	S	TK	C	UNKN	171.68	12,679	3.05	4.81	10.48	22.67	11.23	0.00	33.90 133.69
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Big Ridge Prep(C)	U	TK	C	12/04	270.53	12,262	2.92	4.76	8.87	30.96	10.34	0.00	41.30 168.43
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	UNKN	940.93	12,067	1.21	2.01	6.25	25.70	8.53	0.00	34.23 141.83
F	NA/Not	Weglokoks SA	Weglokoks SA	Weglokoks	U	UNKN	C	UNKN	66.61	12,629	0.52	0.82	7.20	N/A	N/A	N/A	50.21 198.80
F	WY/Campbell	Arch Coal, Inc.	Thunder Basin Coal	Black Thunder North	S	UP	C	UNKN	15.08	8,842	0.37	0.84	5.50	7.32	17.30	0.00	24.62 139.20
2001 Total for CONTRACT:									3,366.53	11,837	2.36	4.00	8.31	30.21	9.02	0.00	39.23 165.69
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	S		699.71	12,157	3.18	5.24	10.48	22.70	10.21	0.00	32.91 135.36
F	IL/Jackson	Knight Hawk Coal,	Knight Hawk Coal,	Creek Paum	S	TK	S		48.00	11,878	1.30	2.19	5.29	30.30	8.73	0.00	39.03 164.30
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	S		180.79	12,074	1.17	1.94	6.27	25.12	8.75	0.00	33.87 140.28
F	IN/Gibson	Peabody Coal Co.	United Minerals Co.,	Somerville	S	TK	S		791.24	11,319	3.16	5.58	8.83	21.94	9.37	0.00	31.31 138.33
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining,	Patriot	S	TECO	S		492.37	11,132	2.61	4.68	8.58	26.59	5.58	0.00	32.17 144.50
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	S		52.64	12,603	2.77	4.40	9.56	33.32	5.26	0.00	38.58 153.07
F	KY/Webster	Bluegrass Coal Co.	Ohio County Coal	Baker	U	TK	S		248.76	12,167	1.75	2.87	10.61	27.45	6.70	0.00	34.15 140.33
F	KY/Webster	K.M.M.C. LLC	Vision Mining	Vision No. 9 (Sebree) (C)	U	TECO	S		204.34	11,993	3.00	5.00	9.48	27.47	6.37	0.00	33.84 141.09
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		120.86	12,996	0.69	1.06	5.55	34.78	13.16	0.00	47.94 184.42
F	NA/Not	Exxon/Carbocol	InterCor	El Cerrejon Norte	U	UNKN	S		81.14	11,582	0.56	0.97	8.80	N/A	N/A	N/A	41.72 180.10
F	WY/Campbell	Arch Coal, Inc.	Thunder Basin Coal	Black Thunder North	S	UP	S		75.58	8,854	0.27	0.62	5.10	7.49	17.21	0.00	24.70 139.48
F	WY/Campbell	Vulcan Partners, LP	Triton Coal Company,	North Rochelle	S	BNSF	S		565.30	8,722	0.23	0.54	4.61	7.01	17.85	0.00	24.86 142.55
F	WY/Campbell	[Not Reported]	[Operator Not	Westwood *	S	BNSF	S		22.72	8,421	0.34	0.81	5.10	3.83	18.04	14.00	35.87 213.00
2001 Total for SPOT:									3,583.45	11,201	2.17	3.87	8.23	21.97	10.03	0.09	32.09 143.25
Big Bend Transfer Facility @ D Total for 2001 :									6,949.98	11,509	2.26	3.93	8.27	25.96	9.54	0.05	35.55 154.43
***2002 ***																	
F	IL/Gallatin	Illinois Fuel Co., LLC	Illinois Fuel Co., LLC	I-1 Mine	S	TK	C	12/04	171.84	12,519	3.32	5.30	10.40	26.60	10.93	0.00	37.53 149.88
F	IL/Gallatin	Illinois Fuel Co., LLC	Illinois Fuel Co., LLC	I-1 Mine	S	TK	C	UNKN	316.57	12,591	3.41	5.42	10.49	25.44	10.64	0.00	36.08 143.29
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	C	12/02	63.47	12,145	3.25	5.35	9.88	22.59	9.50	0.00	32.09 132.10

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Supplier Information						Purchase Information											
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu
F	IL/Gallatin	Peabody Coal Co.	Coal Miners, Inc.	Eagle Valley/Wildcat (C)	U	TK	C	12/03	304.86	12,412	2.68	4.31	8.43	23.05	10.00	0.00	33.05
F	IL/Gallatin	Peabody Coal Co.	Coal Miners, Inc.	Eagle Valley/Wildcat (C)	U	TK	C	UNKN	89.82	12,403	2.50	4.03	7.93	25.09	10.43	0.00	35.52
F	IL/Perry	International Coal	International Coal	Zeigler Coal	U	UP	C	12/04	1,050.12	11,009	2.88	5.24	8.52	37.97	8.31	0.00	46.28
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Big Ridge Prep(C)	U	TK	C	12/04	63.78	12,223	2.78	4.54	9.22	29.14	10.05	0.00	39.19
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/02	27.49	12,339	2.42	3.92	6.81	22.29	9.20	0.00	31.49
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/03	20.44	12,374	2.42	3.91	6.83	23.05	9.20	0.00	32.25
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/04	238.51	12,331	2.60	4.22	7.56	28.93	10.24	0.00	39.17
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	12/04	235.05	12,153	1.31	2.15	6.49	26.09	9.10	0.00	35.19
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	UNKN	1,364.99	12,180	1.31	2.16	6.17	25.49	8.88	0.00	34.37
F	PA/Washington	Robert Murray	Maple Creek Mining,	Maple Creek	U	TECO	C	12/04	61.63	13,407	1.39	2.07	6.27	30.49	9.79	0.00	40.28
2002 Total for CONTRACT:									4,008.57	11,972	2.25	3.76	7.74	28.90	9.22	0.00	38.12
F	IL/Gallatin	Illinois Fuel Co., LLC	Illinois Fuel Co., LLC	I-1 Mine	S	TK	S		100.47	12,495	3.46	5.54	11.07	24.07	10.56	0.00	34.63
F	IL/Gallatin	Peabody Coal Co.	Big Ridge, Inc.	Eagle Valley	U	TK	S		114.20	12,274	2.79	4.54	8.59	24.67	10.02	0.00	34.69
F	IL/Gallatin	Peabody Coal Co.	Coal Miners, Inc.	Eagle Valley/Wildcat (C)	U	TK	S		148.99	12,408	2.51	4.04	7.21	26.43	10.06	0.00	36.49
F	IL/Jackson	Knight Hawk Coal,	Knight Hawk Coal,	Creek Paum	S	TK	S		27.11	11,914	1.27	2.13	5.00	27.09	8.79	0.00	35.88
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	S		137.52	12,223	2.53	4.14	7.57	23.91	9.18	0.00	33.09
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	S		93.22	12,475	1.38	2.21	6.22	29.57	9.25	0.00	38.82
F	IN/Gibson	Peabody Coal Co.	United Minerals Co.,	Somerville	S	TK	S		161.90	11,452	3.05	5.33	8.06	20.93	9.35	0.00	30.28
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining,	Patriot	S	TECO	S		94.75	11,127	2.60	4.67	8.65	23.77	5.80	0.00	29.57
F	KY/Union	Peabody Coal Co.	Peabody Coal Co.	Camp No.9 Prep	U	TECO	S		22.57	11,227	2.49	4.44	8.13	20.03	5.89	5.00	30.92
F	KY/Union	Peabody Coal Co.	Peabody Coal Co.	Camp No.9 Prep	U	TECO	S		48.62	11,200	2.51	4.49	8.28	20.08	5.80	5.00	30.88
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	S		280.85	12,783	2.64	4.13	8.32	35.41	5.42	0.00	40.83
F	KY/Webster	Alliance Coal, LLC	Webster County	Dotiki	U	CSX	S		297.80	12,367	2.96	4.78	8.32	31.80	8.74	0.00	40.54
F	KY/Webster	K.M.M.C. LLC	Vision Mining	Vision No. 9 (Sebree) (C)	U	TECO	S		226.98	12,028	3.02	5.03	9.34	26.35	6.56	0.00	32.91
F	KY/Whitley	Carbon Partners	Blue Gem Mining,	Blue Gem Mining (Gatliff	S	CSX	S		8.55	12,160	1.00	1.64	9.64	33.39	13.95	-13.95	33.39
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		290.49	12,971	0.69	1.06	5.83	31.45	13.30	0.00	44.75
F	WY/Campbell	Arch Coal, Inc.	Thunder Basin Coal	Black Thunder North	S	UP	S		15.97	8,766	0.41	0.93	6.72	5.77	17.08	0.77	23.62
F	WY/Campbell	Vulcan Partners, LP	Triton Coal Company,	North Rochelle	S	BNSF	S		45.77	8,800	0.22	0.50	4.42	7.85	17.67	0.00	25.52
F	WY/Converse	Kennecott Energy &	Antelope Coal Co.	Antelope	S	BNSF	S		304.96	8,799	0.26	0.60	5.13	4.70	19.96	-1.41	23.25
2002 Total for SPOT:									2,420.72	11,765	2.10	3.57	7.53	24.66	10.46	-0.07	35.05
Big Bend Transfer Facility @ D Total for 2002 :									6,429.29	11,894	2.19	3.69	7.66	27.32	9.68	-0.03	36.97

***2003 ***

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Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	Expir. S/C	Date	Tons (000s)	Btu/Lb	% Sulfur	LbSO2/mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu
F	IL/Gallatin	Illinois Fuel Co., LLC	Illinois Fuel Co., LLC	I-1 Mine	S	TK	C	12/04	414.50	12,455	3.36	5.39	10.22	25.88	10.88	0.00	36.76 147.57
F	IL/Gallatin	Peabody Coal Co.	Coal Miners, Inc.	Eagle Valley/Wildcat (C)	U	TK	C	12/04	18.86	12,388	2.65	4.28	7.39	26.20	10.30	0.00	36.50 147.30
F	IL/Gallatin	Peabody Coal Co.	Coal Miners, Inc.	Eagle Valley/Wildcat (C)	U	TK	C	UNKN	19.30	12,369	2.49	4.03	7.42	26.36	10.52	0.00	36.88 149.09
F	IL/Perry	International Coal	International Coal	Zeigler Coal	U	UP	C	12/04	993.60	11,002	2.85	5.17	8.40	39.25	8.21	0.00	47.46 215.69
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/02	268.58	12,265	2.43	3.96	6.98	22.37	9.21	0.00	31.58 128.76
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/03	539.44	12,221	2.45	4.01	7.14	25.53	8.88	0.00	34.41 140.77
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/04	207.66	12,207	2.69	4.40	8.28	31.88	10.16	0.00	42.04 172.19
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	12/04	986.46	12,047	1.25	2.07	6.71	26.46	8.85	0.00	35.31 146.56
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	UNKN	9.76	12,369	2.70	4.37	7.66	25.21	8.88	0.00	34.09 137.80
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	C	12/04	172.92	12,667	2.53	3.99	8.59	33.14	5.40	0.00	38.54 152.14
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	C	12/07	209.32	12,664	2.52	3.99	8.57	34.01	5.36	0.00	39.37 155.44
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	C	12/08	3.80	12,836	2.62	4.08	8.43	33.05	5.61	0.00	38.66 150.60
2003 Total for CONTRACT:									3,844.20	11,936	2.36	3.96	7.89	30.29	8.67	0.00	38.96 163.23
F	IL/Perry	International Coal	International Coal	Zeigler Coal	U	UP	S		51.56	11,027	2.93	5.31	8.45	38.50	8.01	0.00	46.51 210.90
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	S		151.69	12,121	2.57	4.24	7.65	24.40	9.17	0.00	33.57 138.47
F	KY/Henderson	Peabody Coal Co.	Grand Eagle Mining, Patriot		S	TECO	S		22.06	11,199	2.53	4.51	8.47	20.34	7.17	0.00	27.51 122.81
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	S		36.32	12,653	2.61	4.12	8.59	34.16	5.61	0.00	39.77 157.17
F	KY/Webster	Alliance Coal, LLC	Webster County	Dotiki	U	CSX	S		101.33	12,368	2.91	4.71	8.12	32.21	8.94	0.00	41.15 166.36
F	KY/Webster	K.M.M.C. LLC	Vision Mining	Vision No. 9 (Sebree) (C)	U	TECO	S		17.91	12,057	3.04	5.04	9.35	29.69	6.75	0.00	36.44 151.10
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare)	S	TK	S		189.49	12,711	0.68	1.07	6.00	25.38	13.66	0.00	39.04 153.55
F	NA/Not	Unknown	Unknown	Venezuela Coal	X	UNKN	S		169.74	13,007	0.65	1.00	5.77	N/A	N/A	N/A	39.54 152.01
F	OH/Belmont	Robert Murray	Ohio Valley Coal Co.	Powhatan No.6	U	NS	S		122.26	12,676	4.52	7.13	8.65	22.78	14.01	0.00	36.79 145.13
2003 Total for SPOT:									862.36	12,465	2.12	3.41	7.26	29.54	8.69	0.00	38.23 153.36
Big Bend Transfer Facility @ D Total for 2003 :									4,706.56	12,033	2.32	3.85	7.77	30.15	8.68	0.00	38.83 161.36
***2004 ***																	
F	IL/Perry	International Coal	International Coal	Zeigler Coal	U	UP	C	12/04	886.78	11,018	2.94	5.34	8.48	41.05	8.38	0.00	49.43 224.30
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/04	825.59	12,100	2.83	4.68	8.65	25.56	9.48	0.00	35.04 144.80
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/05	55.63	12,081	2.86	4.73	8.92	24.95	9.46	0.00	34.41 142.40
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	UNKN	1.57	12,226	2.66	4.35	8.45	34.39	9.82	0.00	44.21 180.80
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	12/04	277.57	12,046	1.13	1.87	6.75	26.35	8.83	0.00	35.18 146.03
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	C	12/04	172.11	12,693	2.46	3.88	8.55	32.65	5.64	0.00	38.29 150.81
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	C	12/07	305.38	12,691	2.46	3.87	8.52	33.06	5.56	0.00	38.62 152.17

Plant Operator Coal Transactions - Annual Format

Transactions JAN 1996 Through DEC 2005

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Supplier Information										Purchase Information									
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu		
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	C	12/08	225.75	12,000	2.91	4.86	8.20	30.59	5.59	0.00	36.18	150.76	
2004 Total for CONTRACT:									2,750.38	11,840	2.64	4.45	8.35	32.31	8.07	0.00	40.38	170.53	
F	IL/Macoupin	General Dynamics	Freeman United Coal	Crown II	U	IC	S		55.94	10,710	3.59	6.70	8.85	24.59	9.21	0.00	33.80	157.79	
F	IL/Perry	Knight Hawk Coal,	Knight Hawk Coal,	Red Hawk	S	TK	S		12.95	11,275	2.65	4.70	8.90	32.48	10.75	0.00	43.23	191.70	
F	IN/Gibson	Alliance Coal, LLC	Gibson County Coal	Gibson Mine	U	TK	S		80.46	11,162	0.79	1.42	9.39	41.05	10.21	0.00	51.26	229.62	
F	KY/Hopkins	No. 1 Contractor, Inc.	No. 1 Contractor, Inc.	No.1 Contractor No.2 Mine	S	TK	S		213.50	11,541	4.28	7.42	12.21	20.84	10.62	0.00	31.46	136.29	
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		91.95	13,086	0.69	1.05	5.27	41.59	14.16	0.00	55.75	213.02	
F	NA/Not	Glencore, Ltd.	PRODECO	La Jagua De Ibirico	S	BG	S		35.63	12,314	0.74	1.20	5.97	61.68	12.75	0.00	74.43	302.20	
F	OH/Belmont	Robert Murray	Ohio Valley Coal Co.	Powhatan No.6	U	NS	S		352.16	12,626	4.46	7.07	8.74	21.88	14.90	0.00	36.78	145.67	
2004 Total for SPOT:									842.59	12,100	3.41	5.64	9.20	27.63	12.75	0.00	40.38	166.85	
Big Bend Transfer Facility @ D Total for 2004 :									3,592.97	11,901	2.82	4.74	8.55	31.21	9.17	0.00	40.38	169.65	
***2005 ***																			
F	IL/Macoupin	General Dynamics	Freeman United Coal	Crown II	U	IC	C	12/05	64.62	10,589	3.38	6.38	8.48	25.72	11.42	0.00	37.14	175.36	
F	IL/Perry	Knight Hawk Coal,	Knight Hawk Coal,	Red Hawk	S	TK	C	12/05	71.22	11,215	2.90	5.16	8.87	32.63	12.49	0.00	45.12	201.16	
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/05	140.48	12,100	2.81	4.64	8.69	28.35	10.46	0.00	38.81	160.37	
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/07	609.40	12,121	2.93	4.83	8.93	28.20	11.61	0.00	39.81	164.21	
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	C	12/08	403.83	12,181	2.95	4.85	8.95	26.42	12.65	0.00	39.07	160.35	
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	12/04	30.58	11,940	1.07	1.79	6.81	28.50	9.55	0.00	38.05	159.35	
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	12/05	130.24	11,928	1.09	1.83	6.94	27.41	10.24	0.00	37.65	157.84	
F	IL/White	Alliance Coal, LLC	White County Coal,	Pattiki - Mine II	U	CSX	C	04/05	149.73	11,834	3.10	5.24	6.10	43.35	10.00	0.00	53.35	225.40	
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	C	12/05	41.97	12,539	2.61	4.15	8.34	32.42	6.13	0.00	38.55	153.72	
F	KY/Union	Union County Coal	Dodge Hill Mining Co.	Dodge Hill No.6	U	TECO	C	12/08	519.99	12,614	2.55	4.04	8.66	34.50	6.73	0.00	41.23	163.43	
2005 Total for CONTRACT:									2,162.06	12,148	2.72	4.47	8.48	30.55	10.25	0.00	40.80	167.93	
F	IL/Macoupin	General Dynamics	Freeman United Coal	Crown II	U	IC	S		175.04	10,626	3.36	6.33	8.18	26.38	9.91	0.00	36.29	170.75	
F	IL/Perry	Knight Hawk Coal,	Knight Hawk Coal,	Red Hawk	S	TK	S		157.88	11,298	2.81	4.98	9.01	33.01	11.64	0.00	44.65	197.59	
F	IL/Saline	Peabody Coal Co.	Big Ridge, Inc.	Willow Lake Portal (No.3)	U	TK	S		204.74	11,501	3.34	5.80	10.71	32.36	11.27	0.00	43.63	189.69	
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	S		12.10	11,767	2.18	3.71	7.52	35.90	9.80	0.00	45.70	194.20	
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	S		12.05	11,809	1.83	3.10	8.02	36.14	9.73	0.00	45.87	194.20	
F	IL/White	Alliance Coal, LLC	White County Coal,	Pattiki - Mine II	U	CSX	S		406.41	11,860	3.06	5.16	6.22	37.43	11.89	0.00	49.32	207.91	
F	IN/Gibson	Peabody Coal Co.	United Minerals Co.,	Somerville	S	ISRR	S		80.76	11,289	3.17	5.61	10.30	29.98	13.18	0.00	43.16	191.17	
F	KY/Henderson	Peabody Coal Co.	Ohio County Coal	Freedom	U	TECO	S		279.40	11,312	3.16	5.58	10.28	34.24	9.48	0.00	43.72	193.23	
F	KY/Muhlenberg	Robert Murray	Ken American	Paradise No.9	U	PAL	S		209.00	11,761	2.85	4.84	8.79	37.67	12.95	0.00	50.62	215.21	

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Supplier Information						Purchase Information											
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu
F	KY/Union	Peabody Coal Co.	Highland Mining Co.	Highland 9 Mine (Camp	U	TK	S		23.76	11,449	3.18	5.56	9.96	34.24	9.22	0.00	43.46 189.80
F	LA/Not	Kinder Morgan Energy	Kinder Morgan	International Marine	X	UNKN	S		192.99	11,635	3.29	5.65	10.66	N/A	N/A	N/A	47.84 205.60
F	LA/Not	TECO Transport &	TECO Transport &	Blended Import / Electro	S	UNKN	S		93.46	11,793	3.69	6.25	11.86	N/A	N/A	N/A	41.88 177.58
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		119.29	12,866	0.68	1.05	6.79	55.92	16.75	0.00	72.67 282.41
F	NA/Not	Glencore, Ltd.	PRODECO	La Jagua De Ibirico	S	BG	S		39.63	12,352	0.64	1.04	5.79	62.28	13.76	0.00	76.04 307.80
F	OH/Belmont	Robert Murray	Ohio Valley Coal Co.	Powhatan No.6	U	NS	S		59.27	12,517	4.30	6.86	8.89	22.58	16.27	0.00	38.85 155.20
2005 Total for SPOT:									2,065.78	11,627	2.98	5.13	8.84	37.20	10.21	0.00	47.41 203.85
Big Bend Transfer Facility @ D Total for 2005 :									4,227.84	11,894	2.84	4.78	8.66	33.80	10.23	0.00	44.03 185.09
Big Bend Transfer Facility @ D Total :									59,193.31	11,600	2.21	3.81	7.75	25.76	9.85	-0.02	35.59 153.39
Plant Operator: Tampa Electric Co. Plant: Gannon; Tampa, FL; Transp: CSX:BG																	
***1996 ***																	
F	KY/Pike	TECO Energy, Inc.	Miller Brothers Coal,	Pike County No.1 (P)	S	CSX	C	12/98	471.41	12,925	1.31	2.02	8.09	41.87	20.56	0.00	62.43 241.50
F	KY/Whitley	Carbon Partners	Blue Gem Mining,	Blue Gem Mining (Gatliff	S	CSX	C	12/98	53.13	12,905	1.13	1.75	5.60	43.87	17.45	0.00	61.32 237.60
F	KY/Whitley	Carbon Partners	Blue Gem Mining,	Blue Gem Mining (Gatliff	S	CSX	C	12/99	629.30	12,647	1.04	1.64	6.12	40.84	19.21	0.00	60.05 237.43
1996 Total for CONTRACT:									1,153.84	12,772	1.15	1.80	6.90	41.40	19.68	0.00	61.08 239.12
F	KY/Lawrence	Big Sandy Resources,	Big Sandy	Big Sandy Reclamation	S	TK	S		13.73	12,884	1.37	2.13	6.00	24.25	12.12	12.00	48.37 187.70
F	KY/Pike	TECO Energy, Inc.	Miller Brothers Coal,	Pike County No.1 (P)	S	CSX	S		18.55	12,775	1.06	1.66	8.50	23.58	20.56	4.00	48.14 188.40
1996 Total for SPOT:									32.28	12,821	1.19	1.86	7.44	23.86	16.97	7.40	48.23 188.10
Gannon Total for 1996 :									1,186.12	12,774	1.15	1.80	6.92	40.92	19.61	0.20	60.73 237.73
***1997 ***																	
F	KY/Pike	TECO Energy, Inc.	Miller Brothers Coal,	Pike County No.1 (P)	S	CSX	C	12/98	647.57	12,908	1.32	2.04	7.98	42.80	20.44	0.00	63.24 244.96
F	KY/Whitley	Carbon Partners	Blue Gem Mining,	Blue Gem Mining (Gatliff	S	CSX	C	12/99	313.50	12,517	1.06	1.69	6.83	42.18	19.21	0.00	61.39 245.24
1997 Total for CONTRACT:									961.07	12,781	1.23	1.93	7.61	42.61	20.03	0.00	62.64 245.05
Gannon Total for 1997 :									961.07	12,781	1.23	1.93	7.61	42.61	20.03	0.00	62.64 245.05
***1998 ***																	
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	C	12/99	79.51	12,002	1.26	2.09	7.27	28.50	14.35	0.00	42.85 178.50
F	KY/Pike	TECO Energy, Inc.	Miller Brothers Coal,	Pike County No.1 (P)	S	CSX	C	12/98	548.45	12,866	1.26	1.95	8.25	45.05	18.96	0.00	64.01 248.76

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Supplier Information							Purchase Information											
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu	
F	KY/Whitley	Carbon Partners	Blue Gem Mining,	Blue Gem Mining (Gatliff	S	CSX	C	12/99	210.01	12,468	1.08	1.73	6.96	44.26	17.93	0.00	62.19	249.40
1998 Total for CONTRACT:									837.97	12,684	1.21	1.91	7.83	43.29	18.26	0.00	61.55	242.61
Gannon Total for 1998 :									837.97	12,684	1.21	1.91	7.83	43.29	18.26	0.00	61.55	242.61
***1999 ***																		
F	KY/Pike	TECO Energy, Inc.	Miller Brothers Coal,	Pike County No.1 (P)	S	CSX	C	UNKN	295.32	12,747	1.33	2.09	8.09	47.17	17.49	0.00	64.66	253.64
F	KY/Whitley	Carbon Partners	Blue Gem Mining,	Blue Gem Mining (Gatliff	S	CSX	C	12/99	185.68	12,540	0.98	1.56	7.91	47.14	16.54	0.00	63.68	253.90
F	KY/Whitley	Carbon Partners	Blue Gem Mining,	Blue Gem Mining (Gatliff	S	CSX	C	UNKN	29.55	12,444	1.01	1.62	7.08	45.87	17.32	0.00	63.19	253.90
1999 Total for CONTRACT:									510.55	12,654	1.18	1.87	7.96	47.08	17.14	0.00	64.22	253.75
Gannon Total for 1999 :									510.55	12,654	1.18	1.87	7.96	47.08	17.14	0.00	64.22	253.75
***2000 ***																		
F	KY/Letcher	CONSOL Energy, Inc.	CONSOL of	Mill Creek Prep	U	CSX	C	UNKN	18.05	12,675	1.17	1.85	8.70	21.22	17.36	0.00	38.58	152.20
F	KY/Pike	TECO Energy, Inc.	Premier Elkhorn Coal	Premier Elkhorn Coal	S	CSX	C	UNKN	194.84	12,931	1.10	1.71	7.88	21.28	17.50	0.00	38.78	149.96
2000 Total for CONTRACT:									212.89	12,909	1.11	1.72	7.95	21.28	17.49	0.00	38.77	150.15
Gannon Total for 2000 :									212.89	12,909	1.11	1.72	7.95	21.28	17.49	0.00	38.77	150.15
***2001 ***																		
F	KY/Letcher	CONSOL Energy, Inc.	CONSOL of	Mill Creek/Jones Fork	S	CSX	C	UNKN	55.35	12,711	1.23	1.94	9.10	21.44	17.25	0.00	38.69	152.20
2001 Total for CONTRACT:									55.35	12,711	1.23	1.94	9.10	21.44	17.25	0.00	38.69	152.20
F	KY/Letcher	CONSOL Energy, Inc.	CONSOL of	Mill Creek/Jones Fork	S	CSX	S		156.19	12,689	1.26	1.98	9.32	21.45	17.17	0.00	38.62	152.20
F	KY/Letcher	United Coal	Sapphire Coal Co	Sapphire Prep	U	CSX	S		29.32	13,161	1.41	2.14	7.59	37.80	17.18	0.00	54.98	208.88
F	KY/Pike	TECO Energy, Inc.	Premier Elkhorn Coal	Premier Elkhorn Coal	S	CSX	S		138.28	12,463	1.02	1.64	8.17	35.10	17.71	0.00	52.81	211.85
2001 Total for SPOT:									323.79	12,635	1.17	1.85	8.68	28.76	17.40	0.00	46.16	182.67
Gannon Total for 2001 :									379.14	12,646	1.18	1.87	8.74	27.69	17.38	0.00	45.07	178.20
***2002 ***																		
F	KY/Knox	TECO Energy, Inc.	Headache Coal Co.,	Sugartree (C)	U	CSX	S		17.22	12,160	1.00	1.64	9.64	26.36	17.85	0.00	44.21	181.80
2002 Total for SPOT:									17.22	12,160	1.00	1.64	9.64	26.36	17.85	0.00	44.21	181.80
Gannon Total for 2002 :									17.22	12,160	1.00	1.64	9.64	26.36	17.85	0.00	44.21	181.80

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Supplier Information							Purchase Information											
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu	
Gannon Total :									4,104.96	12,735	1.19	1.86	7.63	40.26	18.80	0.06	59.12	232.13
Total for Tampa Electric Co.:									63,690.90	11,656	2.14	3.67	7.81	26.74	10.43	-0.02	37.15	159.35
Grand Total:									63,690.90	11,656	2.14	3.67	7.81	26.74	10.43	-0.02	37.15	159.35

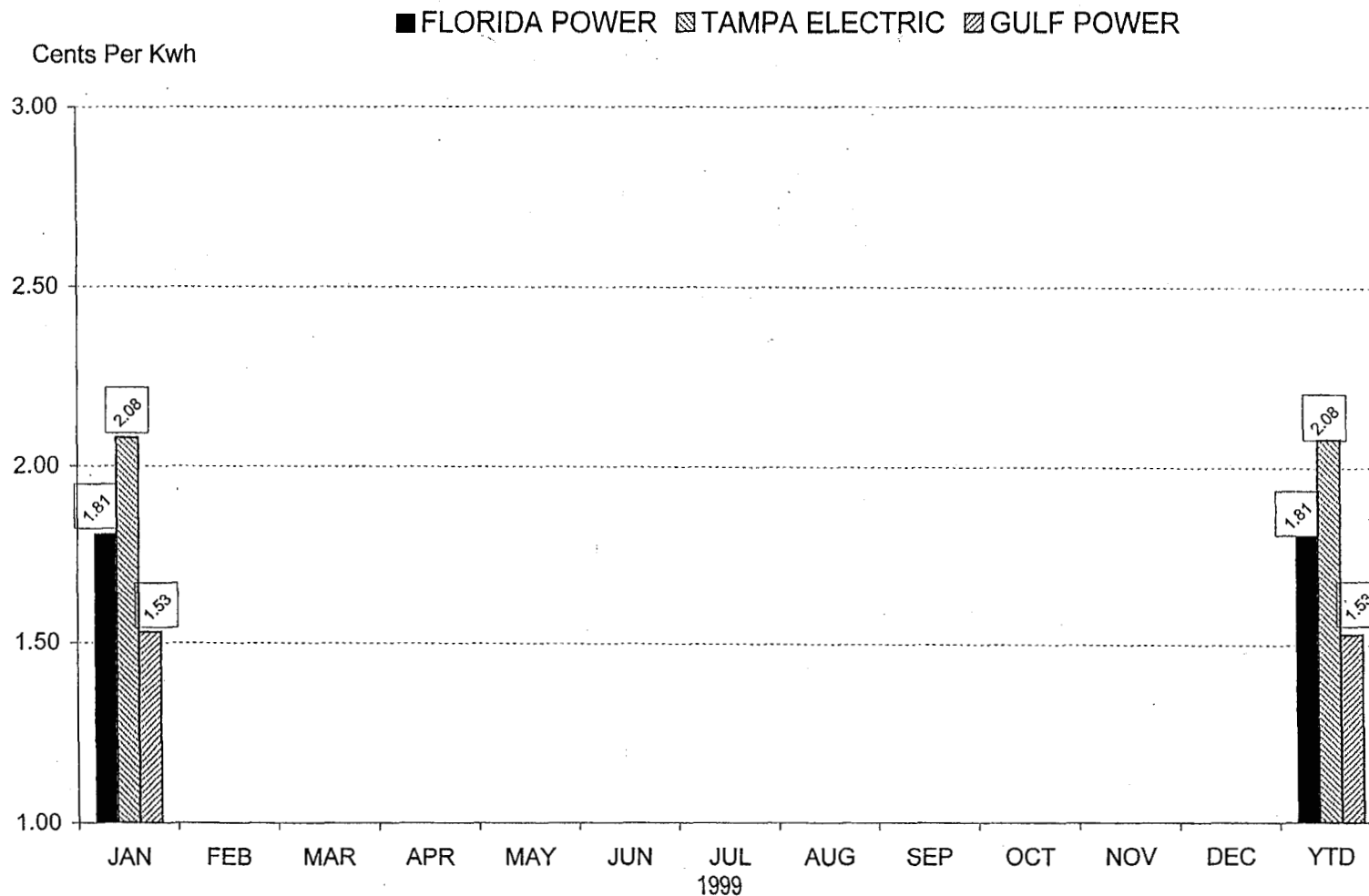
ELECTRIC FUELS CORPORAION
GENERATED C/KWH COSTS

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<u>YEAR</u>	<u>FPC</u>	<u>TECO</u>	<u>GULF</u>
1985	2.30	2.34	2.61
1986	2.15	2.23	2.50
1987	2.00	2.05	2.05
1988	1.98	2.16	1.81
1989	1.95	2.12	2.01
1990	1.92	2.18	2.15
1991	1.90	2.28	2.11
1992	1.84	2.23	2.03
1993	1.86	2.25	1.99
1994	1.84	2.23	1.97
1995	1.80	2.14	2.05
1996	1.79	2.04	1.97
1997	1.79	2.01	1.93
1998	1.79	2.03	1.62
1999	1.79	2.05	1.53
2000	1.76	1.94	1.60
2001	2.03	2.15	1.70
AVG	2.03	2.28	2.10

Comparative Coal Cost Generated Cost Per Kwh

Schedule IV



As Reported to the FPSC for Fuel Adjustment

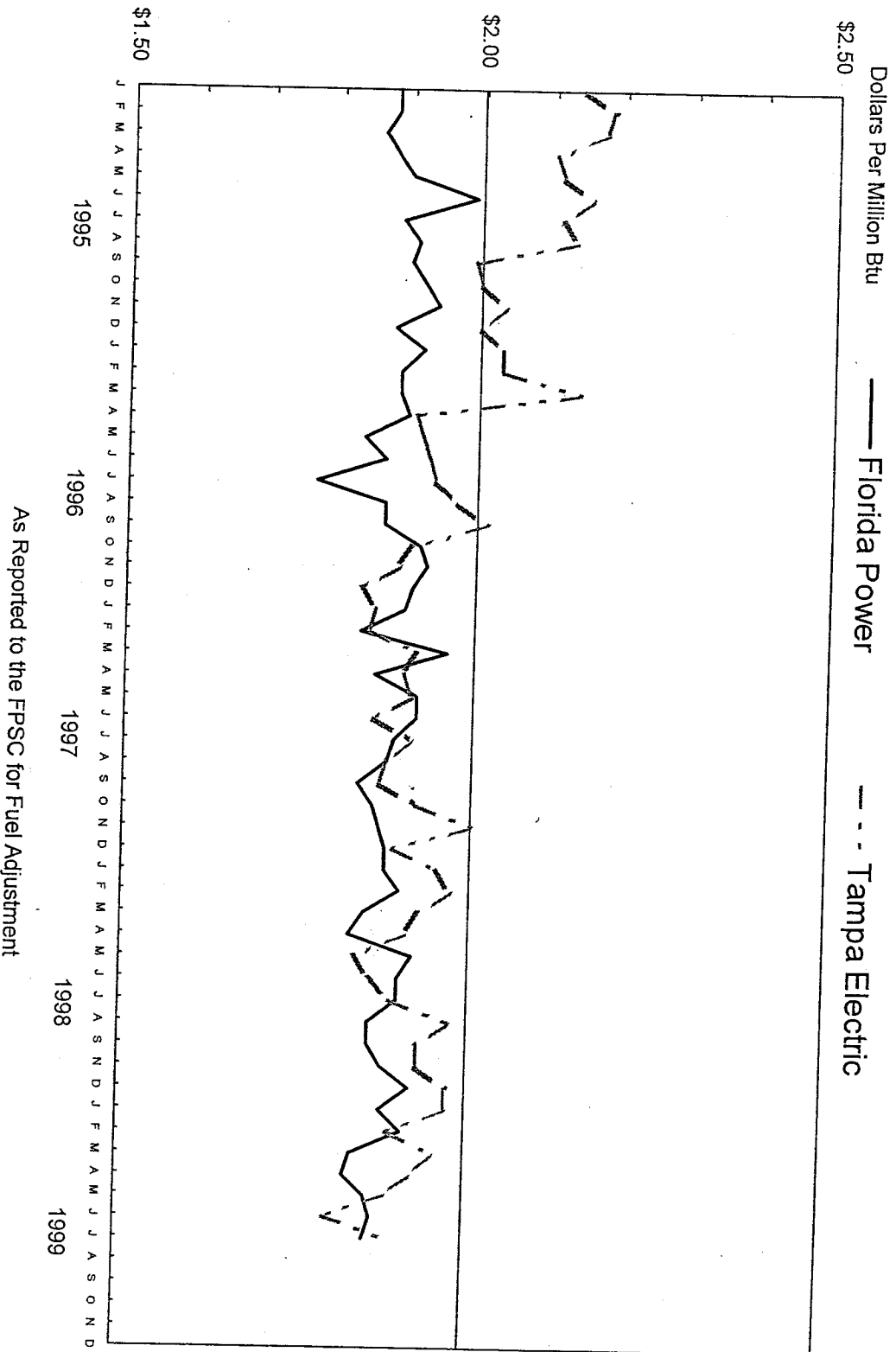
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OCT	NOV	DEC	YTD
			1.81
			2.08
			1.53

Month	Florida Power	Tampa Electric	Gulf Power
JAN	2.00	2.00	0.50
MAR	2.00	2.00	0.50
MAY	2.00	2.00	0.50
JUL	2.00	2.00	0.50
SEP	2.00	2.00	0.50
NOV	2.00	2.00	0.50
YTD	2.00	2.00	0.50

☒ FLORIDA POWER
☒ TAMPA ELECTRIC
☐ GULF POWER

Comparative Coal Cost Generated Cost Per Million Btu

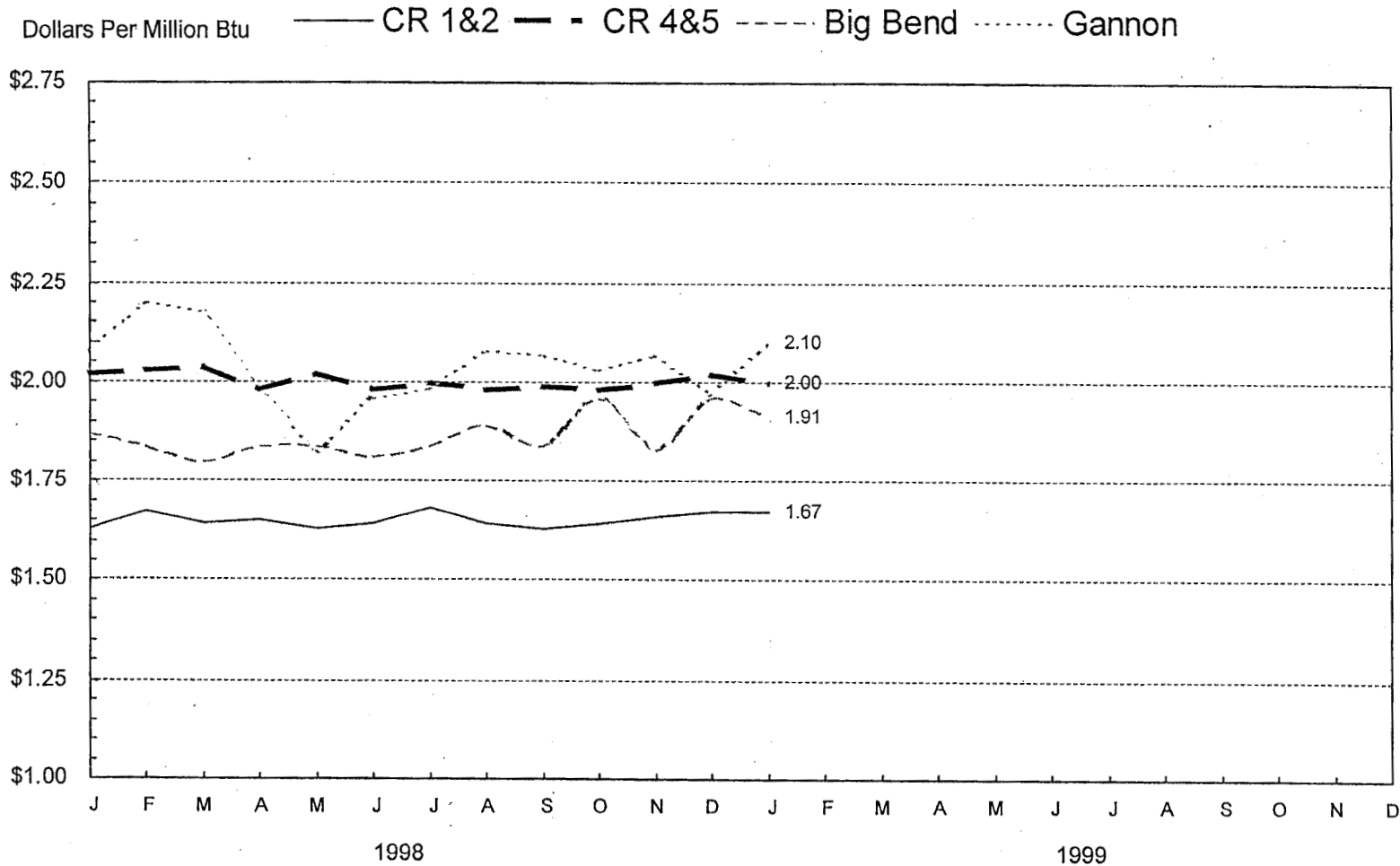


Comparative Coal Cost

Generated Cost Per Million Btu

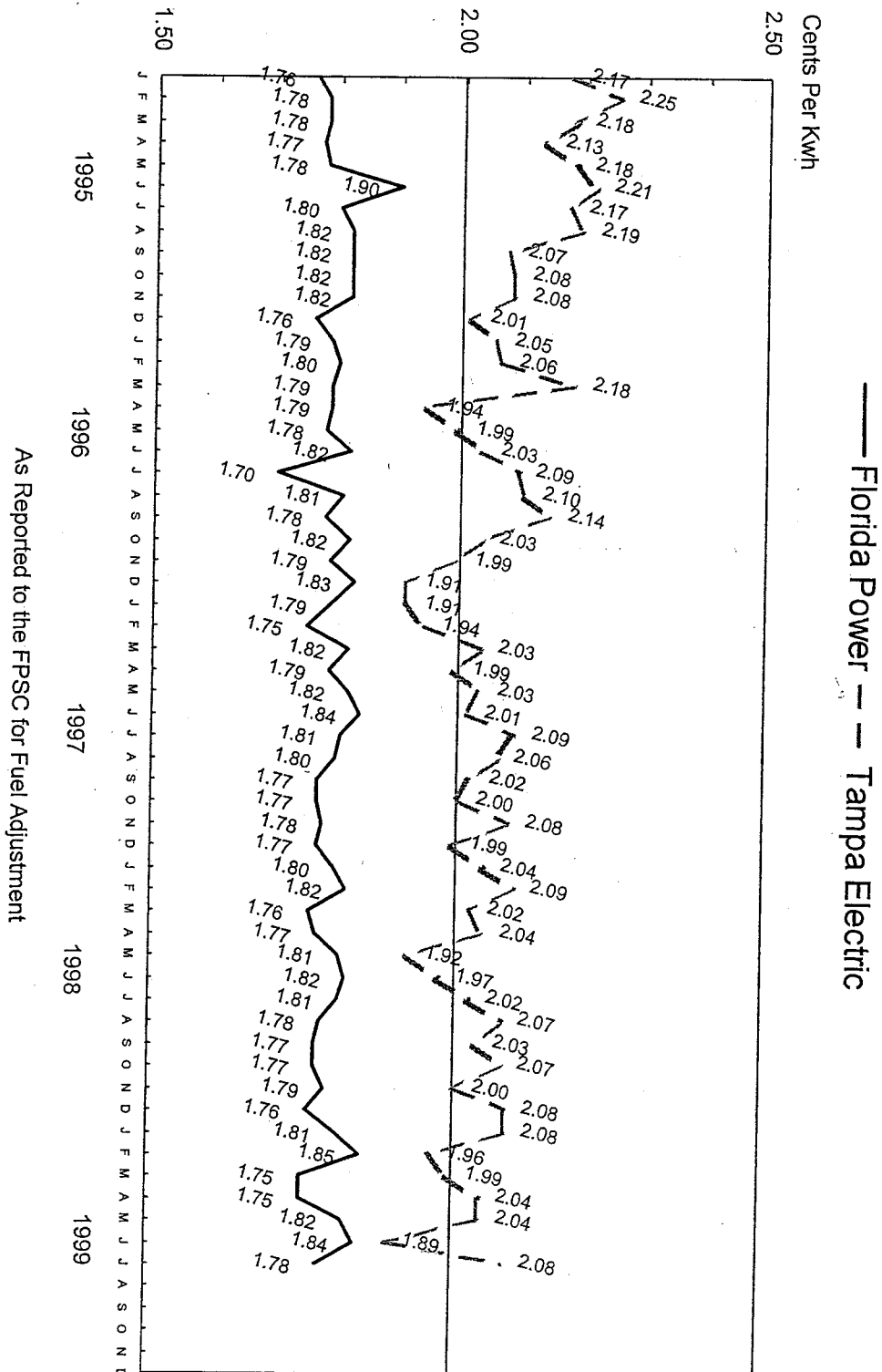
Florida Power and Tampa Electric

Schedule V

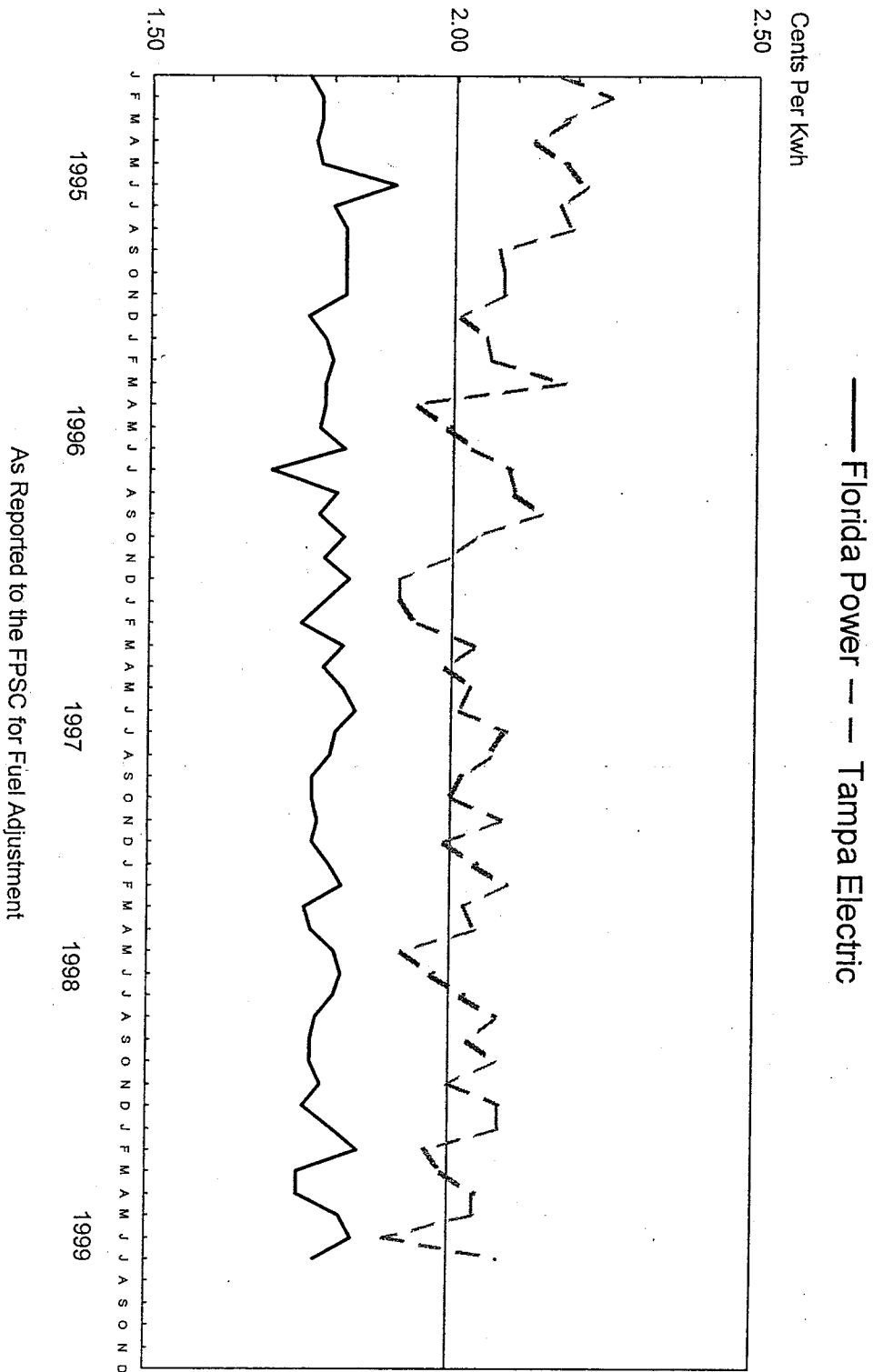


As Reported to the FPSC for Fuel Adjustment

Comparative Coal Cost Generated Cost Per Kwh



Comparative Coal Cost Generated Cost Per Kwh



1996 TECO "AS-BURNED" A-4 DATA

FUEL COSTS—CENTS PER MILLION BTU

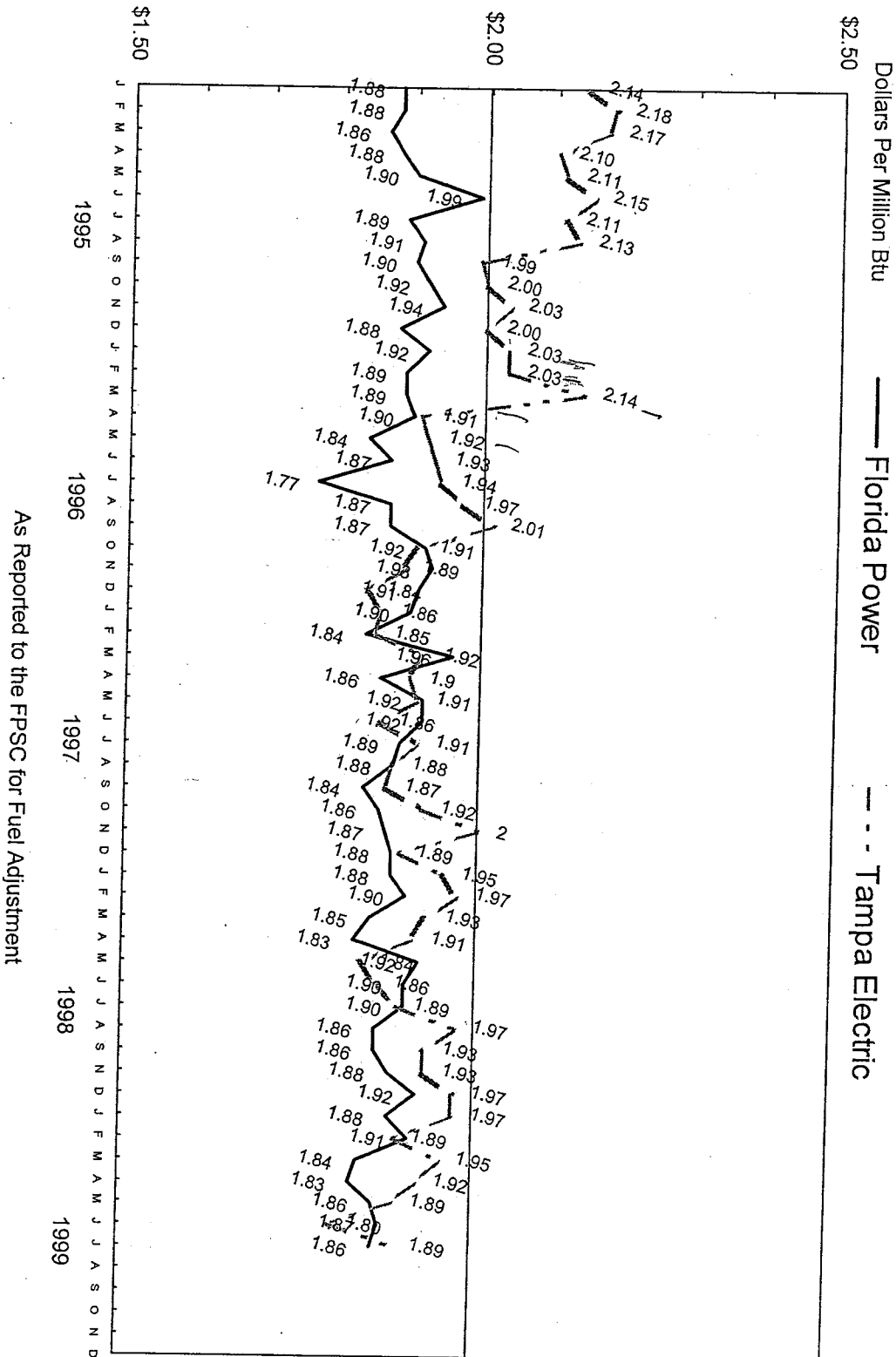
MONTH	OVERALL	GANNON (LS)	COMMENTS	BIG BEN (HS)	COMMENTS
January '96	2.03	2.13	Heavy Rail (2.40) Little Spot	1.99	170K* @ \$1.37 NOLA—Colorado Coal
February	2.03	2.28	Heavy Rail (2.40) Little Spot	1.98	270K* @ \$1.36 NOLA—Colorado Coal
March	2.14	2.40	Heavy Rail (2.40) Little Spot	1.91	186K* @ \$1.38—Big Zeigler Tons
April	1.91	2.11	Spot Water Increases	1.83	246K* @ \$1.38—Big Petcoke Tons—Colorado Stops
May	1.92	2.10	Sugar Camp Starts PRB Starts (Spot)	1.84	512K* @ \$1.38 NOLA
June	1.93	2.00	Sugar Camp PRB	1.87	311K* @ \$1.34 NOLA
July	1.94	2.03	Sugar Camp PRB	1.88	447K* @ \$1.42 NOLA
August	1.97	2.08	Sugar Camp PRB	1.91	413K* @ \$1.38 NOLA
September	2.01	2.08	Sugar Camp PRB	1.97	363K* @ \$1.38 NOLA
October	1.91	2.05	Sugar Camp PRB	1.85	600K* @ \$1.32 NOLA
November	1.89	2.00	Sugar Camp PRB	1.84	475 K* @ 1.35 NOLA
December	1.84	1.94	No Data	1.80	No Data
January '97	1.86	2.08	No Data	1.78	No Data

*Spot and Indonesian Combined.

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EFC/DGE- 3/07/97

Comparative Coal Cost Generated Cost Per Million Btu

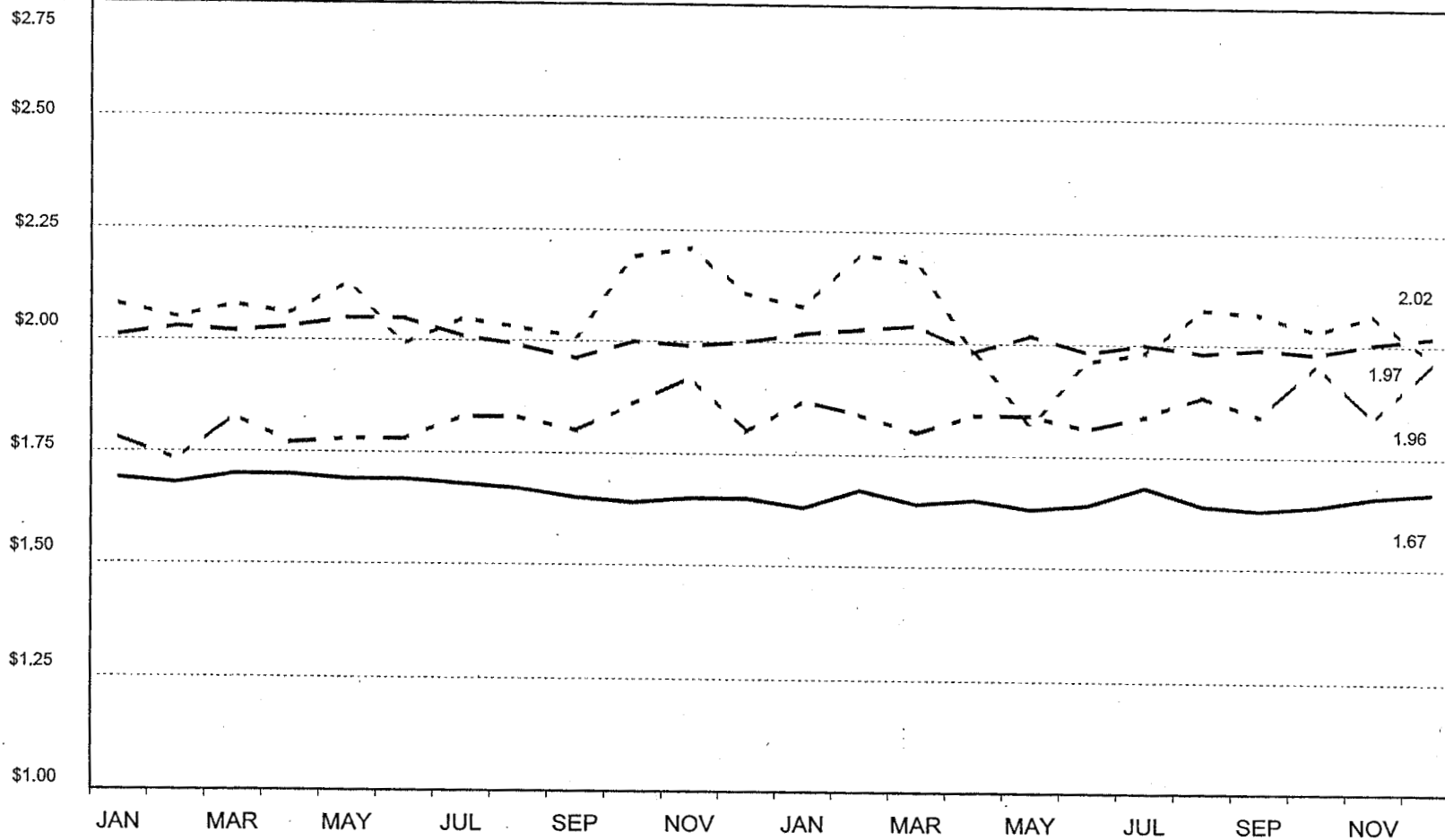


Comparative Coal Cost Generated Cost Per Million Btu

Schedule V

Florida Power
 CR 1&2 CR 4&5 Tampa Electric
 Big Bend Gannon

Dollars Per Million Btu



As Reported to the FPSC for Fuel Adjustment

PRB ANALYSIS—REGULATED COAL

340,000 TONS IN 1997			
Eastern (12,500 Btu)		PRB (8,800 Btu)	
Tons	340,000	Tons	480,000
Delivered Cost	\$1.822	Delivered Cost	\$1.822
Margins:		Margins	
DMCC	? (\$28.95 f.o.b. barge)	DFL	\$1.52
KCT	\$.50	MEMCO (\$1.70/ton on 340,000)	1.20
MEMCO ¹	2.70	Market	3.63
IMT	.10	Total	\$6.35
DFL	1.52		
Market	2.22		
Total	\$7.04		
Market	\$16.75 (24.25 - 7.50)	Market (\$1 less than NOLA)	\$11.06
Less Costs	-6.45 (River)	Less Costs	-2.20 (Mobile)
	-1.92 (IMT)		-5.23 ³
	-6.16 (DFL) ²		\$3.63
	\$ 2.22		
Total Margin	\$7.04 x 340,000 = \$2,393,600	Total Margin	\$6.35 x 480,000 = \$3,048,000
			σ = \$684,400
		DFL (65% No.)	+\$282,000
		Net Total EFC	\$966,400

¹ \$7.50 rate in 1996 = \$3.75 margin; \$6.45 rate in 1997 = \$2.70

² 1997 budget = 116,000 reduced rate tons. On 340,000 tons, DFL rate is—116,000 @ \$3.35; 224,000 @ \$7.61—340,000 @ \$6.16

³ On 480,000 tons, DFL rate is—203,000 @ \$3.02; \$277,000 @ \$6.85—480,000 @ \$5.23

PRB ANALYSIS—REGULATED COAL

340,000 TONS IN 1997			
Eastern (12,500 Btu)		PRB (8,800 Btu)	
Tons	340,000	Tons	480,000
Delivered Cost	\$1.822	Delivered Cost	\$1.822
Margins:		Margins:	
DMCC	? (\$28.95 f.o.b. barge)	DFL	\$1.52
KCT	\$.50	MEMCO (\$1.70/ton on 340,000)	1.20
MEMCO ¹	2.70	Market	<u>3.63</u>
IMT	.10	Total	\$6.35
DFL	1.52		
Market	<u>2.22</u>		
Total	\$7.04		
Market	\$16.75 (24.25 - 7.50)	Market (\$1 less than NOLA)	\$11.06
Less Costs	-6.45 (River)	Less Costs	-2.20 (Mobile)
	-1.92 (IMT)		<u>-5.23³</u>
	<u>-6.16 (DFL)²</u>		\$3.63
	\$ 2.22		
Total Margin	\$7.04 x 340,000 = \$2,393,600	Total Margin	\$6.35 x 480,000 = \$3,048,000
			$\sigma = \$684,400$
		DFL (65% No.)	+\$282,000
		Net Total EFC	\$966,400

¹ \$7.50 rate in 1996 = \$3.75 margin; \$6.45 rate in 1997 = \$2.70

² 1997 budget = 116,000 reduced rate tons. On 340,000 tons, DFL rate is—116,000 @ \$3.35; 224,000 @ \$7.61—340,000 @ \$6.16

³ On 480,000 tons, DFL rate is—203,000 @ \$3.02; \$277,000 @ \$6.85—480,000 @ \$5.23

Electric Fuels Corporation
Tampa Electric
Gannon&GannonDavant
1996

	Spot Kerr McGee		Spot Mapco		LTC Mapco		Spot Powder River		Spot Sugar Camp		Spot Jader	
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>
Tons:												
Jan	94.93	1.30	-		-							
Feb	94.66	1.32	-		-							
Mar	111.47	1.30	8.16	2.60	-							
Apr	160.42	1.30	8.14	2.70	-							
May	108.94	1.30	-		6.35	2.70	112.70	0.22	43.09	2.80		
Jun	68.72	1.40	-		38.03	2.90	140.66	0.22	12.81	2.90		
Jul	144.97	1.30	22.80	2.90	12.52	2.80	42.32	0.22	18.89	2.80	13.56	3.10
Aug	121.10	1.20	37.71	3.00	12.47	2.70	55.70	0.20	15.51	2.80	23.09	3.00
Sept	97.13	1.40	23.02	3.00	16.61	2.70	55.49	0.22	12.32	2.60	21.34	3.00
Oct	97.21	1.40	31.22	2.90	17.90	2.70	70.93	0.19	42.57	2.70	33.38	3.10
	<u>1,099.55</u>	<u>1.31</u>	<u>131.04</u>	<u>2.92</u>	<u>103.89</u>	<u>2.79</u>	<u>477.81</u>	<u>0.21</u>	<u>145.18</u>	<u>2.76</u>	<u>91.37</u>	<u>3.05</u>

C/Mmbtu

Jan	146.45	-	-		-							
Feb	141.65	-	-		-							
Mar	144.91	160.34	-		-							
Apr	144.32	159.15	-		-							
May	139.65	-	155.42		140.43		121.02					
Jun	139.65	-	156.19		139.93		121.26					
Jul	141.21	135.52	157.52		142.90		124.27				125.67	
Aug	139.47	132.40	157.02		141.32		123.15				124.62	
Sept	142.06	134.26	159.01		142.74		124.36				125.30	
Oct	134.57	127.83	152.17		135.08		118.19				120.62	
	<u>141.57</u>	<u>135.58</u>	<u>156.16</u>		<u>140.08</u>		<u>121.15</u>				<u>123.47</u>	
	<u>181.57</u>	<u>175.58</u>	<u>196.16</u>		<u>180.08</u>		<u>161.15</u>				<u>163.47</u>	

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Electric Fuels Corporation
Tampa Electric
Gannon&GannonDavant
1996

	<u>Gatliff</u>		<u>Gatliff</u>		<u>Modern Recycling</u>		<u>Fla Tires</u>		<u>Total Tons</u>	<u>Total Sulfur</u>
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>		
<u>Tons:</u>										
Jan	66.22	1.06	15.87	1.30					177.02	1.21
Feb	70.60	1.00	41.32	1.32					206.58	1.21
Mar	70.54	1.13	39.91	1.25	1.11				231.19	1.28
Apr	72.66	1.21	21.45	1.35	0.17				262.84	1.32
May	74.54	1.20	23.20	1.37			0.98		369.81	1.15
Jun	53.13	1.13	31.47	1.29					344.81	1.09
Jul	81.90	1.03	33.42	1.36					370.37	1.41
Aug	71.62	1.13	46.62	1.32					383.82	1.45
Sept	28.65	0.80	61.14	1.35					315.69	1.47
Oct	36.36	0.88	54.15	1.28	-	-	-	-	383.72	1.58
	<u>626.20</u>	<u>1.08</u>	<u>368.54</u>	<u>1.32</u>	<u>1.28</u>	<u>-</u>	<u>0.98</u>	<u>-</u>	<u>3,045.84</u>	<u>1.33</u>

<u>C/Mmbtu</u>								
Jan	236.33		235.19					188.03
Feb	235.72		235.56					192.58
Mar	233.58		236.33					187.60
Apr	233.15		233.71					176.53
May	232.86		235.61					162.42
Jun	231.10		234.30					163.63
Jul	236.11		234.59					169.58
Aug	234.64		233.47					167.24
Sept	236.56		233.31					166.93
Oct	236.07		234.36		-	-	-	155.61
	<u>234.50</u>		<u>234.51</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>170.31</u>
	<u>234.50</u>		<u>234.51</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>170.31</u>

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Electric Fuels Corporation
Tampa Electric
Gannon&GannonDavant
1996

	<u>Total Gatliff</u>		<u>Modern Recycling</u>		<u>Fla Tires</u>		<u>Spot Kerr Mcgee</u>		<u>Total Mapco</u>		<u>Spot Powder River</u>		<u>Spot Sugar Camp</u>		<u>Spot Jader</u>		<u>Total Tons</u>	<u>Total Sulfur</u>
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>		
<u>Tons:</u>																		
Jan	82.09	1.11					94.93	1.30	-	-							177.02	1.21
Feb	111.92	1.12					94.66	1.32	-	-							206.58	1.21
Mar	110.45	1.17	1.11				111.47	1.30	8.16	2.60							231.19	1.28
Apr	94.10	1.24	0.17				160.42	1.30	8.14	2.70							262.84	1.32
May	97.74	1.24			0.98		108.94	1.30	6.35	2.70	112.70	0.22	43.09	2.80			369.81	1.15
Jun	84.60	1.19					68.72	1.40	38.03	2.90	140.66	0.22	12.81	2.90			344.81	1.09
Jul	115.31	1.13					144.97	1.30	35.32	2.86	42.32	0.22	18.89	2.80	13.56	3.10	370.37	1.41
Aug	118.25	1.20					121.10	1.20	50.17	2.93	55.70	0.20	15.51	2.80	23.09	3.00	383.82	1.45
Sept	89.79	1.17					97.13	1.40	39.63	2.87	55.49	0.22	12.32	2.60	21.34	3.00	315.69	1.47
Oct	90.51	1.12	-	-	-	-	97.21	1.40	49.12	2.83	70.93	0.19	42.57	2.70	33.38	3.10	383.72	1.58
	<u>994.74</u>	<u>1.17</u>	<u>1.28</u>	<u>-</u>	<u>0.98</u>	<u>-</u>	<u>1,099.55</u>	<u>1.31</u>	<u>234.92</u>	<u>2.86</u>	<u>477.81</u>	<u>0.21</u>	<u>145.18</u>	<u>2.76</u>	<u>91.37</u>	<u>3.05</u>	<u>3,045.84</u>	<u>1.33</u>
<u>C/Mmbtu</u>																		
Jan	236.11						146.45		-		-						188.03	
Feb	235.66						141.65		-		-						192.58	
Mar	234.57						144.91		160.34		-						187.60	
Apr	233.28						144.32		159.15		-						176.53	
May	233.51						139.65		155.42		140.43		121.02				162.42	
Jun	232.29						139.65		156.19		139.93		121.26				163.63	
Jul	235.67						141.21		143.32		142.90		124.27		125.67		169.58	
Aug	234.18						139.47		138.52		141.32		123.15		124.62		167.24	
Sept	234.35						142.06		144.64		142.74		124.36		125.30		166.93	
Oct	235.05		-	-	-	-	134.57		136.70		135.08		118.19		120.62		155.61	
	<u>234.50</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141.57</u>		<u>144.68</u>		<u>140.08</u>		<u>121.15</u>		<u>123.47</u>		<u>170.31</u>	
	<u>234.50</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181.57</u>		<u>144.68</u>		<u>180.08</u>		<u>161.15</u>		<u>163.47</u>		<u>170.31</u>	

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Electric Fuels Corporation
Tampa Electric
Davant/Gannon
1996

dmd

	Spot Kerr McGee		Spot Mapco		LTC Mapco		Spot Powder River		Spot Sugar Camp		Spot Jader		Total Tons	Total Sulfur
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>		
<u>Tons:</u>														
Jan	94.93	1.30	0.00		0.00								94.93	
Feb	94.66	1.32	0.00		0.00								94.66	
Mar	111.47	1.30	8.16	2.60	0.00								119.63	
Apr	160.42	1.30	8.14	2.70	0.00								168.57	
May	108.94	1.30	0.00		6.35	2.70	112.70	0.22	43.09	2.80			271.09	
Jun	68.72	1.40	0.00		38.03	2.90	140.66	0.22	12.81	2.90			260.22	
Jul	144.97	1.30	22.80	2.90	12.52	2.80	42.32	0.22	18.89	2.80	13.56	3.10	255.06	
Aug	121.10	1.20	37.71	3.00	12.47	2.70	55.70	0.20	15.51	2.80	23.09	3.00	265.57	
Sept	97.13	1.40	23.02	3.00	16.61	2.70	55.49	0.22	12.32	2.60	21.34	3.00	225.91	
Oct	<u>97.21</u>	<u>1.40</u>	<u>31.22</u>	<u>2.90</u>	<u>17.90</u>	<u>2.70</u>	<u>70.93</u>	<u>0.19</u>	<u>42.57</u>	<u>2.70</u>	<u>33.38</u>	<u>3.10</u>	293.21	
	<u>1,099.55</u>	<u>1.31</u>	<u>131.04</u>	<u>2.92</u>	<u>103.89</u>	<u>2.79</u>	<u>477.81</u>	<u>0.21</u>	<u>145.18</u>	<u>2.76</u>	<u>91.37</u>	<u>3.05</u>	<u>2,048.83</u>	<u>1.41</u>

C/Mmbtu

Jan	146.45	0.00	0.00	0.00									146.45	
Feb	141.65	0.00	0.00	0.00									141.65	
Mar	144.91	160.34	0.00	0.00									145.96	
Apr	144.32	159.15	0.00	0.00									145.04	
May	139.65	0.00	155.42	140.43				121.02					137.38	
Jun	139.65	0.00	156.19	139.93				121.26					141.31	
Jul	141.21	135.52	157.52	142.90				124.27		125.67			139.70	
Aug	139.47	132.40	157.02	141.32				123.15		124.62			137.43	
Sept	142.06	134.26	159.01	142.74				124.36		125.30			140.13	
Oct	<u>134.57</u>	<u>127.83</u>	<u>152.17</u>	<u>135.08</u>				<u>118.19</u>		<u>120.62</u>			131.08	
	<u>141.57</u>	<u>135.58</u>	<u>156.16</u>	<u>140.08</u>				<u>121.15</u>		<u>123.47</u>			<u>139.33</u>	

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Electric Fuels Corporation
Comparison of 96 vs. 95
Davant

dmd	<u>Montana Power</u>		<u>Sugar Camp</u>		<u>Zeigler</u>		<u>Bailey Dw & Thomas</u>		<u>Adaro</u>		<u>Consol</u>		<u>Costain</u>		<u>Mapco</u>	
	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>
<u>Tons:</u>																
Jan	75.73	38.43		7.84	126.86	73.79	11.33	24.72	73.25		29.65		45.30		24.08	
Feb	62.46	73.74		8.03	101.77	76.41	10.06	17.55	67.35				46.19		23.79	
Mar	63.14	25.45	3.43		75.76	107.25	11.49	25.71	73.62				8.32		19.84	
Apr	51.54		3.11		89.07	69.99	19.14	23.31								
May	51.33			6.35	86.70	74.99	22.16	18.94		141.08					23.03	
Jun	63.55		3.15	14.03	91.09	62.46	25.76	33.33							8.18	24.00
Jul	61.95		1.48	12.52	85.55	75.55	15.98	10.78		146.69						
Aug	62.41			12.47	87.11	69.49	23.22	18.41		75.10						
Sept	75.22			16.61	94.63	77.62	18.37	18.52	69.81	69.47						
Oct	<u>102.69</u>	<u>0.00</u>	<u>0.00</u>	<u>17.90</u>	<u>56.99</u>	<u>97.86</u>	<u>18.49</u>	<u>23.65</u>	<u>0.00</u>	<u>145.71</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>22.01</u>	<u>0.00</u>	<u>0.00</u>
	<u>670.02</u>	<u>137.62</u>	<u>11.17</u>	<u>95.75</u>	<u>895.53</u>	<u>785.41</u>	<u>176.00</u>	<u>214.92</u>	<u>284.03</u>	<u>578.05</u>	<u>29.65</u>	<u>0.00</u>	<u>99.81</u>	<u>22.01</u>	<u>98.92</u>	<u>24.00</u>
<u>C/Mmbtu</u>																
Jan	184.60	193.50		162.20	183.69	198.40	169.90	174.00	135.90		191.60		210.00		161.60	
Feb	188.00	188.60		157.80	204.70	198.40	173.70	169.20	135.30				200.20		165.00	
Mar	180.90	192.80	112.90		204.70	198.40	165.80	173.50	148.60				165.90		157.90	
Apr	182.40		114.40		204.70	200.60	168.20	172.90								
May	181.30			156.80	206.60	200.60	166.80	167.60		149.70					160.30	
Jun	187.50		134.40	156.80	206.60	200.60	173.70	167.50							166.60	157.20
Jul	187.50		131.30	161.30	199.90	204.00	165.80	171.50		149.70						
Aug	183.50			160.20	199.90	204.00	166.80	170.30		149.70						
Sept	184.10			161.30	194.60	204.00	167.30	171.50	149.70	149.70						
Oct	<u>183.40</u>	<u>0.00</u>	<u>0.00</u>	<u>155.00</u>	<u>189.70</u>	<u>201.50</u>	<u>167.30</u>	<u>165.40</u>	<u>0.00</u>	<u>149.70</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>194.30</u>	<u>0.00</u>	<u>0.00</u>
	<u>184.35</u>	<u>190.75</u>	<u>121.82</u>	<u>158.80</u>	<u>199.15</u>	<u>200.95</u>	<u>168.50</u>	<u>170.25</u>	<u>142.44</u>	<u>149.70</u>	<u>191.60</u>	<u>0.00</u>	<u>201.79</u>	<u>194.30</u>	<u>161.79</u>	<u>157.20</u>

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Electric Fuels Corporation
Comparison of 96 vs. 95
Davant

dmd	<u>Bowlin</u>		<u>Bowlin</u>		<u>Peabody</u>		<u>Addington</u>		<u>Spot</u>	
	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>
<u>Tons:</u>										
Jan	8.14		11.73			53.74			52.76	170.78
Feb	8.27		15.44		25.04	46.26			52.24	270.49
Mar	9.52		20.73		36.21	50.74			172.86	194.53
Apr	12.43		22.94		43.05	41.16			191.46	254.80
May	6.56		7.70		38.06	43.76			193.89	371.61
Jun	7.38		9.64		41.66	42.16			135.65	310.96
Jul	13.87				38.80	33.84			167.57	299.64
Aug	3.34				48.46	10.50			241.00	338.17
Sept	5.69				49.85	39.71	1.67		222.12	293.33
Oct	<u>1.47</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>39.14</u>	<u>44.19</u>	<u>0.00</u>	<u>0.00</u>	<u>180.80</u>	<u>453.95</u>
	<u>76.67</u>	<u>0.00</u>	<u>88.18</u>	<u>0.00</u>	<u>360.27</u>	<u>406.06</u>	<u>1.67</u>	<u>0.00</u>	<u>1,610.35</u>	<u>2,958.26</u>
<u>C/Mmbtu</u>										
Jan	233.56		232.80			136.50			153.60	136.64
Feb	235.40		233.50		138.30	131.50			152.31	135.66
Mar	226.30		226.30		130.20	136.00			136.63	138.59
Apr	227.80		227.80		132.00	135.20			131.03	138.31
May	226.60		226.60		130.60	129.70			126.25	132.98
Jun	232.90		232.90		137.70	129.60			135.37	134.01
Jul	230.20				134.60	133.60			141.45	137.51
Aug	225.10				129.00	132.30			132.06	135.95
Sept	129.90				129.90	133.60	166.80		135.27	136.39
Oct	<u>225.90</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>129.80</u>	<u>127.10</u>	<u>0.00</u>	<u>0.00</u>	<u>131.56</u>	<u>127.49</u>
	<u>222.45</u>	<u>0.00</u>	<u>229.56</u>	<u>0.00</u>	<u>132.12</u>	<u>132.63</u>	<u>166.80</u>	<u>0.00</u>	<u>134.73</u>	<u>134.67</u>

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Electric Fuels Corporation
Tampa Electric
Davant/Big Bend
1996

	LTC Basin Resources <u>Montana Power</u>		LTC Mapco <u>Sugar Camp</u>		LTC <u>Zeigler</u>		LTC Peabody,III -Bailey & Thomas		LTC <u>P.T. Adaro</u>		Spot <u>Consol</u>		Spot <u>Pyramid</u>		Petcoke Spot <u>Oxbow Carbon</u>	
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>
<u>Tons:</u>																
Jan	38.43	0.48	7.84	2.70	73.79	3.00	24.72	1.84			48.18	2.60	27.67	2.80	17.61	4.90
Feb	73.74	0.49	8.03	2.60	76.41	3.10	17.55	1.85	77.16	0.11	73.19	2.60	9.13	2.70	21.38	4.80
Mar	25.45	0.45			107.25	3.10	25.71	1.87			58.36	2.70	15.10	2.80	45.89	4.70
Apr					69.99	3.10	23.31	1.82			64.93	2.70	15.32	2.90	66.64	4.80
May					74.99	2.90	18.94	1.82	141.08	0.44	51.08	2.70	21.27	2.90	16.40	4.60
Jun					62.46	3.00	33.33	1.80			48.12	2.80	22.91	2.90		
Jul					75.55	3.00	10.78	1.86	146.69	0.10	4.50	2.90	1.49	2.90	4.74	4.80
Aug					69.49	3.00	18.41	1.88	75.10	0.13	34.04	2.80				
Sept					77.62	3.00	18.52	1.91	69.47	0.35	39.66	2.80	9.13	3.00		
Oct	<u>0.00</u>				<u>97.86</u>	<u>3.10</u>	<u>23.65</u>	<u>1.86</u>	<u>145.71</u>	<u>0.38</u>	<u>18.76</u>	<u>2.70</u>	<u>24.32</u>	<u>2.90</u>	<u>0.00</u>	
	<u>137.62</u>	<u>0.48</u>	<u>15.87</u>	<u>2.65</u>	<u>785.42</u>	<u>3.04</u>	<u>214.92</u>	<u>1.85</u>	<u>655.21</u>	<u>0.27</u>	<u>440.80</u>	<u>2.70</u>	<u>146.32</u>	<u>2.86</u>	<u>172.66</u>	<u>4.76</u>
<u>C/Mmbtu</u>																
Jan	193.50		162.20		198.40		174.00				120.37		126.66		73.33	
Feb	188.60		157.80		198.40		169.20		149.55		115.99		122.34		74.36	
Mar	192.80		161.80		198.40		173.50				123.34		121.17		75.03	
Apr			161.70		200.60		172.90				122.16		119.19		78.13	
May			156.80		200.60		167.60		149.70		117.07		114.84		80.46	
Jun			156.80		200.60		167.50				116.93		113.20			
Jul			161.30		204.00		171.50		149.70		119.49		115.62		79.83	
Aug			160.20		204.00		170.30		149.70		120.19					
Sept			161.30		204.00		171.50		149.70		121.43		121.43			
Oct	<u>0.00</u>		<u>155.00</u>		<u>201.50</u>		<u>165.40</u>		<u>149.70</u>		<u>115.24</u>		<u>109.14</u>		<u>0.00</u>	
	<u>190.74</u>		<u>159.97</u>		<u>200.95</u>		<u>170.25</u>		<u>149.68</u>		<u>119.40</u>		<u>117.87</u>		<u>76.62</u>	

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Electric Fuels Corporation
Tampa Electric
Davant/Big Bend
1996

	<u>Spot Green Coal</u>		<u>Spot Consol</u>		<u>LTC Peabody,Ky</u>		<u>Spot Peabody</u>		<u>Spot Gatliff</u>		<u>TOTAL</u>	<u>Sulfur</u>
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>		
<u>Tons:</u>												
Jan					53.74	2.33					291.98	2.47
Feb	4.67	2.70	11.68	2.70	46.26	2.37					419.19	1.92
Mar	1.44	2.70			50.74	2.39					329.93	2.83
Apr	5.99	2.50			41.16	2.46					287.33	3.19
May	4.58	2.60			43.76	2.43	0.84	2.75			372.93	1.90
Jun	6.10	2.50			42.16	2.50					215.08	2.65
Jul	10.82	2.60	32.20	2.75	33.84	2.53					320.60	1.57
Aug	4.66	3.10			10.50	2.47	23.06	2.60			235.26	1.91
Sept	2.98	3.10			39.71	2.52	16.75	2.58			273.84	2.13
Oct	<u>0.00</u>		<u>0.00</u>		<u>44.19</u>	<u>2.52</u>	88.82	3.62	22.01	3.04	465.32	2.20
	<u>41.23</u>	<u>2.68</u>	<u>43.87</u>	<u>2.74</u>	<u>406.06</u>	<u>2.44</u>	<u>129.47</u>	<u>3.30</u>	<u>22.01</u>	<u>3.04</u>	<u>3,211.46</u>	<u>2.25</u>
<u>C/Mmbtu</u>												
Jan					136.50							
Feb	120.98		119.34		131.50							
Mar	127.13				136.00							
Apr	124.52				135.20							
May	118.09				129.70							
Jun	117.93				129.60							
Jul	122.08		122.20		133.60							
Aug	120.82				132.30		132.50					
Sept	120.28				133.60		133.79					
Oct	<u>0.00</u>		<u>0.00</u>		<u>127.10</u>		<u>118.60</u>		<u>203.45</u>			
	<u>121.16</u>		<u>121.44</u>		<u>132.63</u>		<u>122.27</u>		<u>203.45</u>		<u>152.23</u>	

Electric Fuels Corporation
Tampa Electric
Gannon Davant & Gannon Deliveries
1996

	Total Gatliff		Modern Recycling		Fla Tires		Spot Kerr Mcgee		Total Mapco		Spot Powder River		Spot Sugar Camp		Spot Jader		Total Tons	Total Sulfur
	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.		
Tons:																		
Jan	82.09	1.11	-	-	-	-	94.93	1.30	-	-	-	-	-	-	-	-	177.02	1.21
Feb	111.92	1.12	-	-	-	-	94.66	1.32	-	-	-	-	-	-	-	-	206.58	1.21
Mar	110.45	1.17	1.11	-	-	-	111.47	1.30	8.16	2.60	-	-	-	-	-	-	231.19	1.28
Apr	94.10	1.24	0.17	-	-	-	160.42	1.30	8.14	2.70	-	-	-	-	-	-	262.84	1.32
May	97.74	1.24	-	-	0.98	-	108.94	1.30	6.35	2.70	112.70	0.22	43.09	2.80	-	-	369.81	1.15
Jun	84.60	1.19	-	-	-	-	68.72	1.40	38.03	2.90	140.66	0.22	12.81	2.90	-	-	344.81	1.09
Jul	115.31	1.13	-	-	-	-	144.97	1.30	35.32	2.86	42.32	0.22	18.89	2.80	13.56	3.10	370.37	1.41
Aug	118.25	1.20	-	-	-	-	121.10	1.20	50.17	2.93	55.70	0.20	15.51	2.80	23.09	3.00	383.82	1.45
Sept	89.79	1.17	-	-	-	-	97.13	1.40	39.63	2.87	55.49	0.22	12.32	2.60	21.34	3.00	315.69	1.47
Oct	90.51	1.12	-	-	-	-	97.21	1.40	49.12	2.83	70.93	0.19	42.57	2.70	33.38	3.10	383.72	1.58
	<u>994.74</u>	<u>1.17</u>	<u>1.28</u>	<u>-</u>	<u>0.98</u>	<u>-</u>	<u>1,099.55</u>	<u>1.31</u>	<u>234.92</u>	<u>2.86</u>	<u>477.81</u>	<u>0.21</u>	<u>145.18</u>	<u>2.76</u>	<u>91.37</u>	<u>3.05</u>	<u>3,045.84</u>	<u>1.33</u>
C/Mmbtu																		
Jan	236.11		-		-		146.45		-		-		-		-		188.03	
Feb	235.66		-		-		141.65		-		-		-		-		192.58	
Mar	234.57		-		-		144.91		160.34		-		-		-		187.60	
Apr	233.28		-		-		144.32		159.15		-		-		-		176.53	
May	233.51		-		-		139.65		155.42		140.43		121.02		-		162.42	
Jun	232.29		-		-		139.65		156.19		139.93		121.26		-		163.63	
Jul	235.67		-		-		141.21		143.32		142.90		124.27		125.67		169.58	
Aug	234.18		-		-		139.47		138.52		141.32		123.15		124.62		167.24	
Sept	234.35		-		-		142.06		144.64		142.74		124.36		125.30		166.93	
Oct	235.05		-		-		134.57		136.70		135.08		118.19		120.62		155.61	
	<u>234.50</u>		<u>-</u>		<u>-</u>		<u>141.57</u>		<u>144.68</u>		<u>140.08</u>		<u>121.15</u>		<u>123.47</u>		<u>170.31</u>	
	<u>234.50</u>		<u>-</u>		<u>-</u>		<u>181.57</u>		<u>144.68</u>		<u>180.08</u>		<u>161.15</u>		<u>163.47</u>		<u>170.31</u>	

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Electric Fuels Corporation
Tampa Electric
Gannon Davant & Gannon Deliveries
1995

	<u>Total Gatliff</u>		<u>LTC KerrMcGee</u>		<u>Spot Consol</u>		<u>Spot PT Adaro</u>		<u>Rio Doce</u>		<u>Spot Ziegler</u>		<u>Total</u>	
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>
<u>Tons:</u>														
Jan	123.66	1.04	52.76	1.16	-	-	-	-	-	-	-	-	176.42	1.08
Feb	126.40	1.03	35.35	1.13	-	-	-	-	-	-	-	-	161.74	1.05
Mar	161.94	1.04	60.52	1.15	5.20	2.80	3.40	0.09	-	-	-	-	231.06	1.09
Apr	122.99	1.05	61.47	1.12	-	-	-	-	-	-	-	-	184.46	1.07
May	120.65	1.02	56.06	1.27	-	-	-	-	-	-	-	-	176.70	1.10
Jun	118.83	0.94	56.06	1.20	-	-	-	-	-	-	-	-	174.89	1.02
Jul	120.99	1.10	101.84	1.30	-	-	-	-	8.02	-	-	-	230.85	1.15
Aug	115.36	1.06	102.18	1.30	-	-	-	-	-	-	-	-	217.54	1.17
Sept	145.89	1.09	110.49	1.30	-	-	-	-	-	-	8.66	1.10	265.04	1.18
Oct	141.06	1.09	78.49	1.30	-	-	-	-	-	-	8.63	1.20	228.17	1.16
	<u>1,297.77</u>	<u>1.05</u>	<u>715.19</u>	<u>1.24</u>	<u>5.20</u>	<u>2.80</u>	<u>3.40</u>	<u>0.09</u>	<u>8.02</u>	<u>-</u>	<u>17.29</u>	<u>1.15</u>	<u>2,046.88</u>	<u>1.11</u>
<u>C/Mmbtu</u>														
Jan	230.76		153.23		-		-		-		-		207.58	
Feb	228.49		156.28		-		-		-		-		212.71	
Mar	227.31		148.67		128.57		150.48		-		-		203.36	
Apr	225.41		149.72		-		-		-		-		200.19	
May	227.29		148.48		-		-		-		-		202.29	
Jun	224.73		155.02		-		-		-		-		202.38	
Jul	226.35		151.45		-		-		-		-		185.44	
Aug	222.89		139.96		-		-		-		-		183.94	
Sept	214.50		141.25		-		-		-		169.81		182.51	
Oct	218.13		140.61		-		-		-		168.68		189.59	
	<u>224.41</u>		<u>147.08</u>		<u>128.57</u>		<u>150.48</u>		<u>-</u>		<u>169.25</u>		<u>195.68</u>	

ELECTRIC FUELS CORPORATION
Tampa Electric
Gannon Davant & Gannon Deliveries
Comparison - 1996 versus 1995

	Total						Total Gatliff					
	1996		1995		Increase(Decrease)		1996		1995		Increase(Decrease)	
	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.
Tons:												
Jan	177.02	1.21	176.42	1.08	0.60	0.13	82.09	1.11	123.66	1.04	(41.57)	0.07
Feb	206.58	1.21	161.74	1.05	44.84	0.16	111.92	1.12	126.40	1.03	(14.48)	0.09
Mar	231.19	1.28	231.06	1.09	0.12	0.19	110.45	1.17	161.94	1.04	(51.49)	0.13
Apr	262.84	1.32	184.46	1.07	78.39	0.25	94.10	1.24	122.99	1.05	(28.89)	0.19
May	369.81	1.15	176.70	1.10	193.10	0.05	97.74	1.24	120.65	1.02	(22.91)	0.22
Jun	344.81	1.09	174.89	1.02	169.93	0.07	84.60	1.19	118.83	0.94	(34.23)	0.25
Jul	370.37	1.41	230.85	1.15	139.52	0.27	115.31	1.13	120.99	1.10	(5.68)	0.03
Aug	383.82	1.45	217.54	1.17	166.28	0.28	118.25	1.20	115.36	1.06	2.89	0.15
Sept	315.69	1.47	265.04	1.18	50.65	0.29	89.79	1.17	145.89	1.09	(56.11)	0.09
Oct	383.72	1.58	228.17	1.16	155.55	0.42	90.51	1.12	141.06	1.09	(50.55)	0.03
	<u>3,045.84</u>	<u>1.33</u>	<u>2,046.88</u>	<u>1.11</u>	<u>998.96</u>	<u>0.22</u>	<u>994.74</u>	<u>1.17</u>	<u>1,297.77</u>	<u>1.05</u>	<u>(303.03)</u>	<u>0.12</u>
C/Mmbtu												
Jan	188.03		207.58		(19.55)		236.11		230.76		5.35	
Feb	192.58		212.71		(20.13)		235.66		228.49		7.17	
Mar	187.60		203.36		(15.76)		234.57		227.31		7.27	
Apr	176.53		200.19		(23.65)		233.28		225.41		7.87	
May	162.42		202.29		(39.86)		233.51		227.29		6.23	
Jun	163.63		202.38		(38.75)		232.29		224.73		7.56	
Jul	169.58		185.44		(15.86)		235.67		226.35		9.32	
Aug	167.24		183.94		(16.70)		234.18		222.89		11.29	
Sept	166.93		182.51		(15.58)		234.35		214.50		19.84	
Oct	155.61		189.59		(33.99)		235.05		218.13		16.92	
	<u>170.31</u>		<u>195.68</u>		<u>(25.37)</u>		<u>234.50</u>		<u>224.41</u>		<u>10.09</u>	

ELECTRIC FUELS CORPORATION
Tampa Electric
Gannon Davant & Gannon Deliveries
Comparison - 1996 versus 1995

Kerr McGee							Total Mapco					
	<u>1996</u>		<u>1995</u>		<u>Increase(Decrease)</u>		<u>1996</u>		<u>1995</u>		<u>Increase(Decrease)</u>	
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>
Tons:												
Jan	94.93	1.30	52.76	1.16	42.17	0.14	-	-	-	-	-	-
Feb	94.66	1.32	35.35	1.13	59.32	0.19	-	-	-	-	-	-
Mar	111.47	1.30	60.52	1.15	50.96	0.15	8.16	2.60	-	-	8.16	2.60
Apr	160.42	1.30	61.47	1.12	98.96	0.18	8.14	2.70	-	-	8.14	2.70
May	108.94	1.30	56.06	1.27	52.88	0.03	6.35	2.70	-	-	6.35	2.70
Jun	68.72	1.40	56.06	1.20	12.66	0.20	38.03	2.90	-	-	38.03	2.90
Jul	144.97	1.30	101.84	1.30	43.13	-	35.32	2.86	-	-	35.32	2.86
Aug	121.10	1.20	102.18	1.30	18.92	(0.10)	50.17	2.93	-	-	50.17	2.93
Sept	97.13	1.40	110.49	1.30	(13.36)	0.10	39.63	2.87	-	-	39.63	2.87
Oct	97.21	1.40	78.49	1.30	18.73	0.10	49.12	2.83	-	-	49.12	2.83
	<u>1,099.55</u>	<u>1.31</u>	<u>715.19</u>	<u>1.24</u>	<u>384.36</u>	<u>0.07</u>	<u>234.92</u>	<u>2.86</u>	<u>-</u>	<u>-</u>	<u>234.92</u>	<u>2.86</u>
C/Mmbtu												
Jan	146.45		153.23		(6.78)		-		-		-	
Feb	141.65		156.28		(14.63)		-		-		-	
Mar	144.91		148.67		(3.76)		160.34		-		160.34	
Apr	144.32		149.72		(5.40)		159.15		-		159.15	
May	139.65		148.48		(8.83)		155.42		-		155.42	
Jun	139.65		155.02		(15.37)		156.19		-		156.19	
Jul	141.21		151.45		(10.24)		143.32		-		143.32	
Aug	139.47		139.96		(0.49)		138.52		-		138.52	
Sept	142.06		141.25		0.81		144.64		-		144.64	
Oct	134.57		140.61		(6.04)		136.70		-		136.70	
	<u>141.57</u>		<u>147.08</u>		<u>(5.50)</u>		<u>144.68</u>		<u>-</u>		<u>144.68</u>	

ELECTRIC FUELS CORPORATION
Tampa Electric
Gannon Davant & Gannon Deliveries
Comparison - 1996 versus 1995

Spot - Powder River							Spot - Sugar Camp							
Tons:	1996		1995		Increase(Decrease)		Tons	Sulf.	1996		1995		Increase(Decrease)	
	Tons	Sulf.	Tons	Sulf.	Tons	Sulf.			Tons	Sulf.	Tons	Sulf.		
Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	
Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	
Apr	-	-	-	-	-	-	-	-	-	-	-	-	-	
May	112.70	0.22	-	-	112.70	0.22	43.09	2.80	-	-	43.09	2.80		
Jun	140.66	0.22	-	-	140.66	0.22	12.81	2.90	-	-	12.81	2.90		
Jul	42.32	0.22	-	-	42.32	0.22	18.89	2.80	-	-	18.89	2.80		
Aug	55.70	0.20	-	-	55.70	0.20	15.51	2.80	-	-	15.51	2.80		
Sept	55.49	0.22	-	-	55.49	0.22	12.32	2.60	-	-	12.32	2.60		
Oct	70.93	0.19	-	-	70.93	0.19	42.57	2.70	-	-	42.57	2.70		
	477.81	0.21	-	-	477.81	0.21	145.18	2.76	-	-	145.18	2.76		
C/Mmbtu														
Jan	-		-		-		-		-		-			
Feb	-		-		-		-		-		-			
Mar	-		-		-		-		-		-			
Apr	-		-		-		-		-		-			
May	140.43		-		140.43		121.02		-		121.02			
Jun	139.93		-		139.93		121.26		-		121.26			
Jul	142.90		-		142.90		124.27		-		124.27			
Aug	141.32		-		141.32		123.15		-		123.15			
Sept	142.74		-		142.74		124.36		-		124.36			
Oct	135.08		-		135.08		118.19		-		118.19			
	140.08		-		140.08		121.15		-		121.15			

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ELECTRIC FUELS CORPORATION
Tampa Electric
Gannon Davant & Gannon Deliveries
Comparison - 1996 versus 1995

	Spot - Jader						Spot - Other					
	1996		1995		Increase(Decrease)		1996		1995		Increase(Decrease)	
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>
Tons:												
Jan	-	-	-	-	-	-	-	-	-	-	-	-
Feb	-	-	-	-	-	-	-	-	-	-	-	-
Mar	-	-	-	-	-	-	1.11	-	8.60	1.73	(7.49)	(1.73)
Apr	-	-	-	-	-	-	0.17	-	-	-	0.17	-
May	-	-	-	-	-	-	0.98	-	-	-	0.98	-
Jun	-	-	-	-	-	-	-	-	-	-	-	-
Jul	13.56	3.10	-	-	13.56	3.10	-	-	8.02	-	(8.02)	-
Aug	23.09	3.00	-	-	23.09	3.00	-	-	-	-	-	-
Sept	21.34	3.00	-	-	21.34	3.00	-	-	8.66	1.10	(8.66)	(1.10)
Oct	33.38	3.10	-	-	33.38	3.10	-	-	8.63	1.20	(8.63)	(1.20)
	<u>91.37</u>	<u>3.05</u>	<u>-</u>	<u>-</u>	<u>91.37</u>	<u>3.05</u>	<u>2.27</u>	<u>-</u>	<u>33.91</u>	<u>1.02</u>	<u>(31.65)</u>	<u>(1.02)</u>
C/Mmbtu												
Jan	-	-	-	-	-	-	-	-	-	-	-	-
Feb	-	-	-	-	-	-	-	-	-	-	-	-
Mar	-	-	-	-	-	-	-	-	-	-	-	-
Apr	-	-	-	-	-	-	-	-	137.23	-	(137.23)	-
May	-	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-	-	-	-	-	-
Jul	125.67	-	-	-	125.67	-	-	-	-	-	-	-
Aug	124.62	-	-	-	124.62	-	-	-	-	-	-	-
Sept	125.30	-	-	-	125.30	-	-	-	-	-	-	-
Oct	120.62	-	-	-	120.62	-	-	-	169.81	-	(169.81)	-
	<u>123.47</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123.47</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168.68</u>	<u>-</u>	<u>(168.68)</u>	<u>-</u>
									<u>121.09</u>		<u>(121.09)</u>	

Electric Fuels Corporation

Tampa Electric

Big Bend & Davant Big Bend

1996

	LTC Basin Resources Montana Power		LTC Mapco Sugar Camp		LTC Zeigler		LTC Peabody, Ill -Bailey & Thomas		LTC P.T. Adaro		Spot Consol		Spot Pyramid		Petcoke Spot Oxbow Carbon	
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>
Tons:																
Jan	38.43	0.48	7.84	2.70	73.79	3.00	24.72	1.84			48.18	2.60	27.67	2.80	17.61	4.90
Feb	73.74	0.49	8.03	2.60	76.41	3.10	17.55	1.85	77.16	0.11	73.19	2.60	9.13	2.70	21.38	4.80
Mar	25.45	0.45			107.25	3.10	25.71	1.87			58.36	2.70	15.10	2.80	45.89	4.70
Apr					69.99	3.10	23.31	1.82			64.93	2.70	15.32	2.90	66.64	4.80
May					74.99	2.90	18.94	1.82	141.08	0.44	51.08	2.70	21.27	2.90	16.40	4.60
Jun					62.46	3.00	33.33	1.80			48.12	2.80	22.91	2.90		
Jul					75.55	3.00	10.78	1.86	146.69	0.10	4.50	2.90	1.49	2.90	4.74	4.80
Aug					69.49	3.00	18.41	1.88	75.10	0.13	34.04	2.80				
Sept					77.62	3.00	18.52	1.91	69.47	0.35	39.66	2.80	9.13	3.00		
Oct	<u>0.00</u>				<u>97.86</u>	<u>3.10</u>	<u>23.65</u>	<u>1.86</u>	<u>145.71</u>	<u>0.38</u>	<u>18.76</u>	<u>2.70</u>	<u>24.32</u>	<u>2.90</u>	<u>0.00</u>	
	<u>137.62</u>	<u>0.48</u>	<u>15.87</u>	<u>2.65</u>	<u>785.42</u>	<u>3.04</u>	<u>214.92</u>	<u>1.85</u>	<u>655.21</u>	<u>0.27</u>	<u>440.80</u>	<u>2.70</u>	<u>146.32</u>	<u>2.86</u>	<u>172.66</u>	<u>4.76</u>
C/Mmbtu																
Jan	193.50		162.20		198.40		174.00				120.37		126.66		73.33	
Feb	188.60		157.80		198.40		169.20		149.55		115.99		122.34		74.36	
Mar	192.80		161.80		198.40		173.50				123.34		121.17		75.03	
Apr			161.70		200.60		172.90				122.16		119.19		78.13	
May			156.80		200.60		167.60		149.70		117.07		114.84		80.46	
Jun			156.80		200.60		167.50				116.93		113.20			
Jul			161.30		204.00		171.50		149.70		119.49		115.62		79.83	
Aug			160.20		204.00		170.30		149.70		120.19					
Sept			161.30		204.00		171.50		149.70		121.43		121.43			
Oct	<u>0.00</u>		<u>155.00</u>		<u>201.50</u>		<u>165.40</u>		<u>149.70</u>		<u>115.24</u>		<u>109.14</u>		<u>0.00</u>	
	<u>190.74</u>		<u>159.97</u>		<u>200.95</u>		<u>170.25</u>		<u>149.68</u>		<u>119.40</u>		<u>117.87</u>		<u>76.62</u>	

Electric Fuels Corporation
Tampa Electric
 Big Bend & Davant Big Bend
1996

	<u>Spot Green Coal</u>		<u>Spot Consol</u>		<u>LTC Peabody, Ky</u>		<u>Spot Peabody</u>		<u>Spot Gatliff</u>		<u>Spot Koch Carbon</u>		<u>TOTAL</u>	<u>Sulfur</u>
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>		
<u>Tons:</u>														
Jan					53.74	2.33							291.98	2.47
Feb	4.67	2.70	11.68	2.70	46.26	2.37							419.19	1.92
Mar	1.44	2.70			50.74	2.39							329.93	2.83
Apr	5.99	2.50			41.16	2.46					24.17	7.27	311.51	3.50
May	4.58	2.60			43.76	2.43	0.84	2.75					372.93	1.90
Jun	6.10	2.50			42.16	2.50							215.08	2.65
Jul	10.82	2.60	32.20	2.75	33.84	2.53							320.60	1.57
Aug	4.66	3.10			10.50	2.47	23.06	2.60					235.26	1.91
Sept	2.98	3.10			39.71	2.52	16.75	2.58					273.84	2.13
Oct	<u>0.00</u>		<u>0.00</u>		<u>44.19</u>	<u>2.52</u>	<u>88.82</u>	<u>3.62</u>	<u>22.01</u>	<u>3.04</u>			<u>465.32</u>	<u>2.20</u>
	<u>41.23</u>	<u>2.68</u>	<u>43.87</u>	<u>2.74</u>	<u>406.06</u>	<u>2.44</u>	<u>129.47</u>	<u>3.30</u>	<u>22.01</u>	<u>3.04</u>	<u>24.17</u>	<u>7.27</u>	<u>3,235.63</u>	<u>2.28</u>

C/Mmbtu

Jan					136.50									
Feb	120.98		119.34		131.50									
Mar	127.13				136.00									
Apr	124.52				135.20						118.32			
May	118.09				129.70									
Jun	117.93				129.60									
Jul	122.08		122.20		133.60									
Aug	120.82				132.30		132.50							
Sept	120.28				133.60		133.79							
Oct	<u>0.00</u>		<u>0.00</u>		<u>127.10</u>		<u>118.60</u>		<u>203.45</u>					
	<u>121.16</u>		<u>121.44</u>		<u>132.63</u>		<u>122.27</u>		<u>203.45</u>		<u>118.32</u>		<u>151.98</u>	

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Electric Fuels Corporation
Tampa Electric
Gannon&GannonDavant
1996

	Spot <u>Kerr Mcgee</u>		Spot <u>Mapco</u>		LTC <u>Mapco</u>		Spot <u>Powder River</u>		Spot <u>Sugar Camp</u>		Spot <u>Jader</u>	
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>
<u>Tons:</u>												
Jan	94.93	1.30	-		-							
Feb	94.66	1.32	-		-							
Mar	111.47	1.30	8.16	2.60	-							
Apr	160.42	1.30	8.14	2.70	-							
May	108.94	1.30	-		6.35	2.70	112.70	0.22	43.09	2.80		
Jun	68.72	1.40	-		38.03	2.90	140.66	0.22	12.81	2.90		
Jul	144.97	1.30	22.80	2.90	12.52	2.80	42.32	0.22	18.89	2.80	13.56	3.10
Aug	121.10	1.20	37.71	3.00	12.47	2.70	55.70	0.20	15.51	2.80	23.09	3.00
Sept	97.13	1.40	23.02	3.00	16.61	2.70	55.49	0.22	12.32	2.60	21.34	3.00
Oct	97.21	1.40	31.22	2.90	17.90	2.70	70.93	0.19	42.57	2.70	33.38	3.10
	<u>1,099.55</u>	<u>1.31</u>	<u>131.04</u>	<u>2.92</u>	<u>103.89</u>	<u>2.79</u>	<u>477.81</u>	<u>0.21</u>	<u>145.18</u>	<u>2.76</u>	<u>91.37</u>	<u>3.05</u>

C/Mmbtu

Jan	146.45	-	-	-	-	-	-	-	-	-	-	-
Feb	141.65	-	-	-	-	-	-	-	-	-	-	-
Mar	144.91	160.34	-	-	-	-	-	-	-	-	-	-
Apr	144.32	159.15	-	-	-	-	-	-	-	-	-	-
May	139.65	-	155.42	-	140.43	-	121.02	-	-	-	-	-
Jun	139.65	-	156.19	-	139.93	-	121.26	-	-	-	-	-
Jul	141.21	135.52	157.52	-	142.90	-	124.27	-	125.67	-	-	-
Aug	139.47	132.40	157.02	-	141.32	-	123.15	-	124.62	-	-	-
Sept	142.06	134.26	159.01	-	142.74	-	124.36	-	125.30	-	-	-
Oct	134.57	127.83	152.17	-	135.08	-	118.19	-	120.62	-	-	-
	<u>141.57</u>	<u>135.58</u>	<u>156.16</u>	-	<u>140.08</u>	-	<u>121.15</u>	-	<u>123.47</u>	-	-	-
	<u>181.57</u>	<u>175.58</u>	<u>196.16</u>	-	<u>180.08</u>	-	<u>161.15</u>	-	<u>163.47</u>	-	-	-

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Electric Fuels Corporation
Tampa Electric
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1996

	<u>Gatliff</u>		<u>Gatliff</u>		<u>Modern Recycling</u>		<u>Fla Tires</u>		<u>Total Tons</u>	<u>Total Sulfur</u>
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>		
<u>Tons:</u>										
Jan	66.22	1.06	15.87	1.30					177.02	1.21
Feb	70.60	1.00	41.32	1.32					206.58	1.21
Mar	70.54	1.13	39.91	1.25	1.11				231.19	1.28
Apr	72.66	1.21	21.45	1.35	0.17				262.84	1.32
May	74.54	1.20	23.20	1.37			0.98		369.81	1.15
Jun	53.13	1.13	31.47	1.29					344.81	1.09
Jul	81.90	1.03	33.42	1.36					370.37	1.41
Aug	71.62	1.13	46.62	1.32					383.82	1.45
Sept	28.65	0.80	61.14	1.35					315.69	1.47
Oct	36.36	0.88	54.15	1.28	-	-	-	-	383.72	1.58
	<u>626.20</u>	<u>1.08</u>	<u>368.54</u>	<u>1.32</u>	<u>1.28</u>	<u>-</u>	<u>0.98</u>	<u>-</u>	<u>3,045.84</u>	<u>1.33</u>
<u>C/Mmbtu</u>										
Jan	236.33		235.19						188.03	
Feb	235.72		235.56						192.58	
Mar	233.58		236.33						187.60	
Apr	233.15		233.71						176.53	
May	232.86		235.61						162.42	
Jun	231.10		234.30						163.63	
Jul	236.11		234.59						169.58	
Aug	234.64		233.47						167.24	
Sept	236.56		233.31						166.93	
Oct	236.07		234.36		-	-	-	-	155.61	
	<u>234.50</u>		<u>234.51</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170.31</u>	
	<u>234.50</u>		<u>234.51</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170.31</u>	

Electric Fuels Corporation
Tampa Electric
Gannon&GannonDavant
1996

	<u>Total Gatliff</u>		<u>Modern Recycling</u>		<u>Fla Tires</u>		<u>Spot Kerr Mcgee</u>		<u>Total Mapco</u>		<u>Spot Powder River</u>		<u>Spot Sugar Camp</u>		<u>Spot Jader</u>		<u>Total Tons</u>	<u>Total Sulfur</u>
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>		
<u>Tons:</u>																		
Jan	82.09	1.11					94.93	1.30	-	-							177.02	1.21
Feb	111.92	1.12					94.66	1.32	-	-							206.58	1.21
Mar	110.45	1.17	1.11				111.47	1.30	8.16	2.60							231.19	1.28
Apr	94.10	1.24	0.17				160.42	1.30	8.14	2.70							262.84	1.32
May	97.74	1.24			0.98		108.94	1.30	6.35	2.70	112.70	0.22	43.09	2.80			369.81	1.15
Jun	84.60	1.19					68.72	1.40	38.03	2.90	140.66	0.22	12.81	2.90			344.81	1.09
Jul	115.31	1.13					144.97	1.30	35.32	2.86	42.32	0.22	18.89	2.80	13.56	3.10	370.37	1.41
Aug	118.25	1.20					121.10	1.20	50.17	2.93	55.70	0.20	15.51	2.80	23.09	3.00	383.82	1.45
Sept	89.79	1.17					97.13	1.40	39.63	2.87	55.49	0.22	12.32	2.60	21.34	3.00	315.69	1.47
Oct	90.51	1.12	-	-	-	-	97.21	1.40	49.12	2.83	70.93	0.19	42.57	2.70	33.38	3.10	383.72	1.58
	<u>994.74</u>	<u>1.17</u>	<u>1.28</u>	<u>-</u>	<u>0.98</u>	<u>-</u>	<u>1,099.55</u>	<u>1.31</u>	<u>234.92</u>	<u>2.86</u>	<u>477.81</u>	<u>0.21</u>	<u>145.18</u>	<u>2.76</u>	<u>91.37</u>	<u>3.05</u>	<u>3,045.84</u>	<u>1.33</u>
<u>C/Mmbtu</u>																		
Jan	236.11						146.45		-		-						188.03	
Feb	235.66						141.65		-		-						192.58	
Mar	234.57						144.91		160.34		-						187.60	
Apr	233.28						144.32		159.15		-						176.53	
May	233.51						139.65		155.42		140.43		121.02				162.42	
Jun	232.29						139.65		156.19		139.93		121.26				163.63	
Jul	235.67						141.21		143.32		142.90		124.27		125.67		169.58	
Aug	234.18						139.47		138.52		141.32		123.15		124.62		167.24	
Sept	234.35						142.06		144.64		142.74		124.36		125.30		166.93	
Oct	235.05		-	-	-	-	134.57		136.70		135.08		118.19		120.62		155.61	
	<u>234.50</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141.57</u>		<u>144.68</u>		<u>140.08</u>		<u>121.15</u>		<u>123.47</u>		<u>170.31</u>	
	<u>234.50</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181.57</u>		<u>144.68</u>		<u>180.08</u>		<u>161.15</u>		<u>163.47</u>		<u>170.31</u>	

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Davant/Gannon

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dmd

	Spot Kerr McGee		Spot Mapco		LTC Mapco		Spot Powder River		Spot Sugar Camp		Spot Jader		Total Tons	Total Sulfur
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>		
Tons:														
Jan	94.93	1.30	0.00		0.00								94.93	
Feb	94.66	1.32	0.00		0.00								94.66	
Mar	111.47	1.30	8.16	2.60	0.00								119.63	
Apr	160.42	1.30	8.14	2.70	0.00								168.57	
May	108.94	1.30	0.00		6.35	2.70	112.70	0.22	43.09	2.80			271.09	
Jun	68.72	1.40	0.00		38.03	2.90	140.66	0.22	12.81	2.90			260.22	
Jul	144.97	1.30	22.80	2.90	12.52	2.80	42.32	0.22	18.89	2.80	13.56	3.10	255.06	
Aug	121.10	1.20	37.71	3.00	12.47	2.70	55.70	0.20	15.51	2.80	23.09	3.00	265.57	
Sept	97.13	1.40	23.02	3.00	16.61	2.70	55.49	0.22	12.32	2.60	21.34	3.00	225.91	
Oct	<u>97.21</u>	<u>1.40</u>	<u>31.22</u>	<u>2.90</u>	<u>17.90</u>	<u>2.70</u>	<u>70.93</u>	<u>0.19</u>	<u>42.57</u>	<u>2.70</u>	<u>33.38</u>	<u>3.10</u>	293.21	
	<u>1,099.55</u>	<u>1.31</u>	<u>131.04</u>	<u>2.92</u>	<u>103.89</u>	<u>2.79</u>	<u>477.81</u>	<u>0.21</u>	<u>145.18</u>	<u>2.76</u>	<u>91.37</u>	<u>3.05</u>	<u>2,048.83</u>	<u>1.41</u>
C/Mmbtu														
Jan	146.45		0.00		0.00		0.00						146.45	
Feb	141.65		0.00		0.00		0.00						141.65	
Mar	144.91		160.34		0.00		0.00						145.96	
Apr	144.32		159.15		0.00		0.00						145.04	
May	139.65		0.00		155.42		140.43		121.02				137.38	
Jun	139.65		0.00		156.19		139.93		121.26				141.31	
Jul	141.21		135.52		157.52		142.90		124.27		125.67		139.70	
Aug	139.47		132.40		157.02		141.32		123.15		124.62		137.43	
Sept	142.06		134.26		159.01		142.74		124.36		125.30		140.13	
Oct	<u>134.57</u>		<u>127.83</u>		<u>152.17</u>		<u>135.08</u>		<u>118.19</u>		<u>120.62</u>		131.08	
	<u>141.57</u>		<u>135.58</u>		<u>156.16</u>		<u>140.08</u>		<u>121.15</u>		<u>123.47</u>		<u>139.33</u>	

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Electric Fuels Corporation
Comparison of 96 vs. 95
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dmd	<u>Montana Power</u>		<u>Sugar Camp</u>		<u>Zeigler</u>		<u>Bailey Dw & Thomas</u>		<u>Adaro</u>		<u>Consol</u>		<u>Costain</u>		<u>Mapco</u>	
	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>
<u>Tons:</u>																
Jan	75.73	38.43		7.84	126.86	73.79	11.33	24.72	73.25		29.65		45.30		24.08	
Feb	62.46	73.74		8.03	101.77	76.41	10.06	17.55	67.35				46.19		23.79	
Mar	63.14	25.45	3.43		75.76	107.25	11.49	25.71	73.62				8.32		19.84	
Apr	51.54		3.11		89.07	69.99	19.14	23.31								
May	51.33			6.35	86.70	74.99	22.16	18.94		141.08					23.03	
Jun	63.55		3.15	14.03	91.09	62.46	25.76	33.33							8.18	24.00
Jul	61.95		1.48	12.52	85.55	75.55	15.98	10.78		146.69						
Aug	62.41			12.47	87.11	69.49	23.22	18.41		75.10						
Sept	75.22			16.61	94.63	77.62	18.37	18.52	69.81	69.47						
Oct	<u>102.69</u>	<u>0.00</u>	<u>0.00</u>	<u>17.90</u>	<u>56.99</u>	<u>97.86</u>	<u>18.49</u>	<u>23.65</u>	<u>0.00</u>	<u>145.71</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>22.01</u>	<u>0.00</u>	<u>0.00</u>
	<u>670.02</u>	<u>137.62</u>	<u>11.17</u>	<u>95.75</u>	<u>895.53</u>	<u>785.41</u>	<u>176.00</u>	<u>214.92</u>	<u>284.03</u>	<u>578.05</u>	<u>29.65</u>	<u>0.00</u>	<u>99.81</u>	<u>22.01</u>	<u>98.92</u>	<u>24.00</u>
<u>C/Mmbtu</u>																
Jan	184.60	193.50		162.20	183.69	198.40	169.90	174.00	135.90		191.60		210.00		161.60	
Feb	188.00	188.60		157.80	204.70	198.40	173.70	169.20	135.30				200.20		165.00	
Mar	180.90	192.80	112.90		204.70	198.40	165.80	173.50	148.60				165.90		157.90	
Apr	182.40		114.40		204.70	200.60	168.20	172.90								
May	181.30			156.80	206.60	200.60	166.80	167.60		149.70					160.30	
Jun	187.50		134.40	156.80	206.60	200.60	173.70	167.50							166.60	157.20
Jul	187.50		131.30	161.30	199.90	204.00	165.80	171.50		149.70						
Aug	183.50			160.20	199.90	204.00	166.80	170.30		149.70						
Sept	184.10			161.30	194.60	204.00	167.30	171.50	149.70	149.70						
Oct	<u>183.40</u>	<u>0.00</u>	<u>0.00</u>	<u>155.00</u>	<u>189.70</u>	<u>201.50</u>	<u>167.30</u>	<u>165.40</u>	<u>0.00</u>	<u>149.70</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>194.30</u>	<u>0.00</u>	<u>0.00</u>
	<u>184.35</u>	<u>190.75</u>	<u>121.82</u>	<u>158.80</u>	<u>199.15</u>	<u>200.95</u>	<u>168.50</u>	<u>170.25</u>	<u>142.44</u>	<u>149.70</u>	<u>191.60</u>	<u>0.00</u>	<u>201.79</u>	<u>194.30</u>	<u>161.79</u>	<u>157.20</u>

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Electric Fuels Corporation
Comparison of 96 vs. 95
Davant

dmd	<u>Bowlin</u>		<u>Bowlin</u>		<u>Peabody</u>		<u>Addington</u>		<u>Spot</u>	
	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>
<u>Tons:</u>										
Jan	8.14		11.73			53.74			52.76	170.78
Feb	8.27		15.44		25.04	46.26			52.24	270.49
Mar	9.52		20.73		36.21	50.74			172.86	194.53
Apr	12.43		22.94		43.05	41.16			191.46	254.80
May	6.56		7.70		38.06	43.76			193.89	371.61
Jun	7.38		9.64		41.66	42.16			135.65	310.96
Jul	13.87				38.80	33.84			167.57	299.64
Aug	3.34				48.46	10.50			241.00	338.17
Sept	5.69				49.85	39.71	1.67		222.12	293.33
Oct	<u>1.47</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>39.14</u>	<u>44.19</u>	<u>0.00</u>	<u>0.00</u>	<u>180.80</u>	<u>453.95</u>
	<u>76.67</u>	<u>0.00</u>	<u>88.18</u>	<u>0.00</u>	<u>360.27</u>	<u>406.06</u>	<u>1.67</u>	<u>0.00</u>	<u>1,610.35</u>	<u>2,958.26</u>
<u>C/Mmbtu</u>										
Jan	233.56		232.80			136.50			153.60	136.64
Feb	235.40		233.50		138.30	131.50			152.31	135.66
Mar	226.30		226.30		130.20	136.00			136.63	138.59
Apr	227.80		227.80		132.00	135.20			131.03	138.31
May	226.60		226.60		130.60	129.70			126.25	132.98
Jun	232.90		232.90		137.70	129.60			135.37	134.01
Jul	230.20				134.60	133.60			141.45	137.51
Aug	225.10				129.00	132.30			132.06	135.95
Sept	129.90				129.90	133.60	166.80		135.27	136.39
Oct	<u>225.90</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>129.80</u>	<u>127.10</u>	<u>0.00</u>	<u>0.00</u>	<u>131.56</u>	<u>127.49</u>
	<u>222.45</u>	<u>0.00</u>	<u>229.56</u>	<u>0.00</u>	<u>132.12</u>	<u>132.63</u>	<u>166.80</u>	<u>0.00</u>	<u>134.73</u>	<u>134.67</u>

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Electric Fuels Corporation
Tampa Electric
Davant/Big Bend
1996

	LTC Basin Resources Montana Power		LTC Mapco Sugar Camp		LTC Zeigler		LTC Peabody,III -Bailey & Thomas		LTC P.T. Adaro		Spot Consol		Spot Pyramid		Petcoke Spot Oxbow Carbon	
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>
Tons:																
Jan	38.43	0.48	7.84	2.70	73.79	3.00	24.72	1.84			48.18	2.60	27.67	2.80	17.61	4.90
Feb	73.74	0.49	8.03	2.60	76.41	3.10	17.55	1.85	77.16	0.11	73.19	2.60	9.13	2.70	21.38	4.80
Mar	25.45	0.45			107.25	3.10	25.71	1.87			58.36	2.70	15.10	2.80	45.89	4.70
Apr					69.99	3.10	23.31	1.82			64.93	2.70	15.32	2.90	66.64	4.80
May					74.99	2.90	18.94	1.82	141.08	0.44	51.08	2.70	21.27	2.90	16.40	4.60
Jun					62.46	3.00	33.33	1.80			48.12	2.80	22.91	2.90		
Jul					75.55	3.00	10.78	1.86	146.69	0.10	4.50	2.90	1.49	2.90	4.74	4.80
Aug					69.49	3.00	18.41	1.88	75.10	0.13	34.04	2.80				
Sept					77.62	3.00	18.52	1.91	69.47	0.35	39.66	2.80	9.13	3.00		
Oct	0.00				97.86	3.10	23.65	1.86	145.71	0.38	18.76	2.70	24.32	2.90	0.00	
	<u>137.62</u>	<u>0.48</u>	<u>15.87</u>	<u>2.65</u>	<u>785.42</u>	<u>3.04</u>	<u>214.92</u>	<u>1.85</u>	<u>655.21</u>	<u>0.27</u>	<u>440.80</u>	<u>2.70</u>	<u>146.32</u>	<u>2.86</u>	<u>172.66</u>	<u>4.76</u>
C/Mmbtu																
Jan	193.50		162.20		198.40		174.00				120.37		126.66		73.33	
Feb	188.60		157.80		198.40		169.20		149.55		115.99		122.34		74.36	
Mar	192.80		161.80		198.40		173.50				123.34		121.17		75.03	
Apr			161.70		200.60		172.90				122.16		119.19		78.13	
May			156.80		200.60		167.60		149.70		117.07		114.84		80.46	
Jun			156.80		200.60		167.50				116.93		113.20			
Jul			161.30		204.00		171.50		149.70		119.49		115.62		79.83	
Aug			160.20		204.00		170.30		149.70		120.19					
Sept			161.30		204.00		171.50		149.70		121.43		121.43			
Oct	0.00		155.00		201.50		165.40		149.70		115.24		109.14		0.00	
	<u>190.74</u>		<u>159.97</u>		<u>200.95</u>		<u>170.25</u>		<u>149.68</u>		<u>119.40</u>		<u>117.87</u>		<u>76.62</u>	

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Electric Fuels Corporation

Tampa Electric

Davant/Big Bend

1996

	Spot Green Coal		Spot Consol		LTC Peabody, Ky		Spot Peabody		Spot Gatliff		TOTAL	Sulfur
	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>	<u>Tons</u>	<u>Sulf.</u>		
Tons:												
Jan					53.74	2.33					291.98	2.47
Feb	4.67	2.70	11.68	2.70	46.26	2.37					419.19	1.92
Mar	1.44	2.70			50.74	2.39					329.93	2.83
Apr	5.99	2.50			41.16	2.46					287.33	3.19
May	4.58	2.60			43.76	2.43	0.84	2.75			372.93	1.90
Jun	6.10	2.50			42.16	2.50					215.08	2.65
Jul	10.82	2.60	32.20	2.75	33.84	2.53					320.60	1.57
Aug	4.66	3.10			10.50	2.47	23.06	2.60			235.26	1.91
Sept	2.98	3.10			39.71	2.52	16.75	2.58			273.84	2.13
Oct	<u>0.00</u>		<u>0.00</u>		<u>44.19</u>	<u>2.52</u>	88.82	3.62	22.01	3.04	465.32	2.20
	<u>41.23</u>	<u>2.68</u>	<u>43.87</u>	<u>2.74</u>	<u>406.06</u>	<u>2.44</u>	<u>129.47</u>	<u>3.30</u>	<u>22.01</u>	<u>3.04</u>	<u>3,211.46</u>	<u>2.25</u>

C/Mmbtu

Jan				136.50							
Feb	120.98		119.34	131.50							
Mar	127.13			136.00							
Apr	124.52			135.20							
May	118.09			129.70							
Jun	117.93			129.60							
Jul	122.08		122.20	133.60							
Aug	120.82			132.30		132.50					
Sept	120.28			133.60		133.79					
Oct	<u>0.00</u>		<u>0.00</u>	<u>127.10</u>		<u>118.60</u>		<u>203.45</u>			
	<u>121.16</u>		<u>121.44</u>	<u>132.63</u>		<u>122.27</u>		<u>203.45</u>			<u>152.23</u>

ELECTRIC INTER-OFFICE CORRESPONDENCE

FUELS
CORPORATION

Operations—Coal Procurement
Office

BT10C
MAC

824-6673
Phone No.

SUBJECT: SWITCH "A" COAL TO WATER

TO: Mr. Bernie Cumbie

DATE: February 9, 1998

This will provide you with my thoughts on the cost impacts of switching all "D" coal to rail delivery (currently one-half of our "D" supply is rail delivered) and all "A" coal to water delivery.

SWITCH ALL "A" TO WATER AND 2.0 MILLION TONS WATER "D" COAL TO RAIL

COAL COST IMPACTS

"A" switch to water—None—Coal costs more or less equal. Transportation costs would be the same.

"D" switch to rail—The main problem is that we could not rely on spot market. I believe we would have to place most of the 2 million tons under long-term contract. Assuming we could find enough unit train "D" coal, a term contract(s) price will probably average \$1 to \$2 per ton higher than spot, particularly if we have to get someone to put a new mine in to supply the coal. In addition, much (say half) of this coal would have to originate from the Kanawha (West Virginia) District of the CSX which has a \$1.32 per ton higher rate than the current "A" coal rate district. If half of the 2,000,000 tons, this average cost would be \$.66 per ton. In addition to this rate increase, our costs of railcars would go up because of the increased turn time from the Kanawha District. In 1997, we had an average turn time of 6.14 days overall. This is with no coal originating from the Kanawha District. Past experience indicates we could expect an 8.5-day average turn time at best from this CSX district. The cost increase would be:

1,000,000 tons ÷ 9,600 tons (average train weight) =	104.00 trains
104 trains x 2.36 extra days =	245.44 train days
245.44 ÷ 6.14 current average =	39.97 trips
39.97 trips x 9,600 tons per train =	383,750.00 lost tons
Current fleet capacity =	3,900,000.00 tons
New fleet capacity =	3,516,250.00 tons
Current O&M costs of fleet (costs stay the same, fewer tons) =	\$1.78 per ton
New O&M costs of fleet =	\$1.97 per ton
Increase per ton =	\$.19

Finally, we would see an increase in all rail rates as a result of lower overall volume unless we increase our fleet size (\$11 million per train). The difference between rail rates at 3,901,000 volume and 3,516,250 volume would be an increase of at least (assumes we could negotiate around the 3.6 million ton minimum in our contract) \$.38 per ton times the 3,516,250 tons or \$.67 per ton on the 2,000,000 tons in question.

Mr. Bernie Cumbie
February 9, 1998

Page 2

SWITCH "A" COAL TO WATER

Summary of Costs

Higher coal prices, say	\$1.50 per ton
Higher CSX rate district	.66 per ton
Higher rail fleet O&M	.19 per ton
Higher (lower volume) overall CSX rate	<u>.67 per ton</u>
Total	<u>\$3.02 per ton</u>

In addition to these costs, I believe we should recognize that we will, in all likelihood, be using Powder River Basin coals at 4 & 5 by about 2000 (my guess). Since these coals, and others like South American, best move to Crystal River by water and are generally "compliance" grade; we would likely switch back to "D" water at this time in any event.

Please let me know if you have any questions on the above or require anything further from me.

Dennis G. Edwards

DGE/ro

cc: Mr. David Carter

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2003 COMPLIANCE COAL COSTS

CENTRAL APPALACHIAN_____

Coal \$26.70 @ 12,500 (11/98 Hill Forecast)
Rail/Water 21.00 includes cars for rail (Assumes Kanawha origin)

\$47.70 or \$1.91 per million Btu

POWDER RIVER BASIN_____

Coal \$ 5.47 @ 8,700 (11/98 Hill Forecast)
Rail Mobile 18.50 Railroad cars?
Transfer 2.50 McDuffie Terminal
Gulf 5.00

\$31.47 or \$1.81 per million Btu

CENTRAL APPALACHIAN/POWDER RIVER BASIN_____

50/50 Blend = \$1.86 per million Btu

SOUTH AMERICAN_____

Not likely to be materially different than our other options. Will tend to demand price in line with other options.

AGENDA
FPSC UPDATE MEETING
AUGUST 27, 1998

I. YEAR-TO-DATE 1998 ACTIVITY

- A. CYPRUS TERMINATION
- B. SECOND HALF SPOT CONTRACTS
- C. 1998 SPOT MONTH-TO-MONTH
- D. EXPECTED 1998 COSTS

II. BALANCE OF YEAR PLANS

- A. FIRST HALF 1999 SPOT FOR CRYSTAL RIVER UNITS 1 & 2
- B. TWELVE-MONTH 1999 CRYSTAL RIVER UNITS 4 & 5 SPOT
- C. AMVEST OPTION ON 3-YEAR, 250,000-TON/YEAR AGREEMENT
- D. ZEIGLER REOPENER - 01/01/99

III. 1999 PICTURE

- A. EXPECTED COAL SOURCES
- B. EXPECTED COSTS
- C. CHALLENGES

IV. ACQUISITIONS - NEW VENTURES

- A. PROGRESS RAIL
- B. BUTCH'S BISCUIT WORLD

V. FPC ITEMS

AGENDA
FPSC UPDATE MEETING
JULY 7, 1999

- I. ANNUAL MARKET RATE/CAPITAL UPDATE**
 - A. 1998 PMJV PRICE TRUE-UP
 - B. 1999 WATERBORNE TRANSPORTATION RATE
 - C. 1998 COST OF CAPITAL COMPARISON
- II. FOURTH QUARTER 1998 ACTIVITY**
 - A. COAL MARKET FIRMED
 - B. FIRST HALF SPOT CONTRACTS FOR CRYSTAL RIVER UNITS 1 AND 2
 - C. TWELVE-MONTH 1999 COMPLIANCE CONTRACTS
 - D. AMVEST OPTION ON 3-YEAR, 250,00 TONS/YEAR
 - E. ZEIGLER/ADDINGTON JANUARY 1, 1999 REOPENER
 - F. ACTUAL COSTS
- III. YEAR-TO-DATE 1999 ACTIVITY**
 - A. YEAR-TO-DATE MONTHLY PURCHASES
 - B. PETCOKE PURCHASE
 - C. SECOND HALF SPOT CONTRACTS FOR CRYSTAL RIVER UNITS 1 AND 2
 - D. SYNFUEL
 - E. YEAR-TO-DATE COSTS
- IV. BALANCE OF YEAR PLANS**
 - A. CONTINUE MONTH-TO-MONTH. Y2K INVENTORY
 - B. MASSEY & ADDINGTON REOPENERS JANUARY 1, 2000
 - C. FIRST HALF 2000 REQUIREMENTS—"A" AND "D"
 - D. EXPECTED COSTS
- V. 2000 PICTURE**
 - A. COAL SOURCES
 - B. BUDGETED COSTS
 - C. CHALLENGES
- VI. ACQUISITIONS—NEW VENTURES**
 - A. NEW BISCUIT WORLD
 - B. PROGRESS RAIL.
- VII. FPC ITEMS**

EFC/DGE—06/30/99

AGENDA
FPSC UPDATE MEETING
FEBRUARY 23, 2000

- I. REVIEW OF LAST (JULY 7, 1999) UPDATE MEETING**
- II. SECOND HALF 1999 ACTIVITY**
 - A. COAL MARKETS SOFT
 - B. SPOT CONTRACTS FOR CRYSTAL RIVER UNITS 1 AND 2
 - C. MASSEY/ ADDINGTON JANUARY 1, 2000 REOPENERS
 - D. CSX SERVICE
 - E. ACTUAL 1999 COSTS
- III. YEAR-TO-DATE 2000 ACTIVITY**
 - A. YEAR-TO-DATE MONTHLY PURCHASES
 - B. SYNFUEL
 - C. YEAR-TO-DATE COSTS
 - D. 8TH TRAIN
- IV. BALANCE OF YEAR PLANS**
 - A. CONTINUE MONTH-TO-MONTH.
 - B. COAL SOURCES
 - C. EXPECTED COSTS
- V. ACQUISITIONS — NEW VENTURES**
 - A. NEW SYNFUEL PLANTS
 - B. PROGRESS RAIL
 - C. CP&L
- VI. FPC ITEMS**

AGENDA
FPSC UPDATE MEETING
AUGUST 22, 2000

- I. ELECTRIC FUELS**
 - A. HISTORY
 - B. COAL COSTS
 - C. CURRENT PICTURE
 - D. FUTURE
 - E. QUESTIONS?
- II. REVIEW OF LAST (FEBRUARY 23, 2000) UPDATE MEETING**
- III. FIRST HALF 2000 ACTIVITY**
 - A. MONTHLY PURCHASES
 - B. SYNFUEL PURCHASES UP
 - C. CSX SERVICE
 - D. 2000 YEAR-TO-DATE COSTS
- IV. BALANCE OF YEAR PLANS**
 - A. CONTINUE ACTIVE MONTH-TO-MONTH
 - B. COAL SOURCES
 - C. EXPECTED COSTS
 - D. FALL – LOOK AT 2001 REQUIREMENTS – “A” & “D”
 - E. 2001 INITIATIVES
- V. ACQUISITIONS – MERGER**
 - A. NEW SYNFUEL PLANTS
 - B. CP&L MERGER
- VI. FPC ITEMS**

EFC/DGE – 08/17/00

AGENDA
FPSC UPDATE MEETING
DECEMBER 10, 2001

- I. REVIEW OF MAY 16, 2001 MEETING
- II. SECOND HALF 2001 ACTIVITY
- III. 2002 COAL SOLICITATION
- IV. ACQUISITION/MERGER

AGENDA
FPSC UPDATE MEETING
AUGUST 27, 2002

I. REVIEW OF DECEMBER 10, 2001 MEETING

II. FIRST HALF 2002 ACTIVITY

III. CURRENT MARKET CONDITIONS

IV. 2003 COAL SOURCES

V. ACQUISITION/DIVESTITURES/CHANGES

FPSC STAFF VISIT — OUTLINE

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-17)
Page 1 of 18

RECAP OF DECEMBER 9, 1997 MEETING. TOLD YOU WE:

1. HAD MASSEY/ZEIGLER THREE-YEAR REOPENERS DUE JANUARY 1, 1998. DID THESE. VERY TOUGH. WE WANTED OUT OF ESCALATOR BECAUSE OF LABOR ESCALATOR (UMWA). THEY SAID FINE IF SHORTER TERM. DID ONE-YEAR FIXED PRICE WITH ZEIGLER AND TWO-YEAR FIXED (HIGHER) PRICE WITH MASSEY. SIGNIFICANT PRICE REDUCTIONS. ZEIGLER FOR SALE!
 2. 1998 COSTS PROJECTED AT \$1.87 — SAME AS 1996 AND 1997.
 3. HAD CONCERNS OVER (A) ONTARIO HYDRO, (B) UNWA CONTRACT EXPIRING AND (C) RIVER FLOODING FROM EL NINO.
-

I. YEAR-TO-DATE ACTIVITY

- A. CYPRUS TERMINATION — SIX MONTHS TO GO (200,000 TONS) ON THREE-YEAR DEAL. OWNERSHIP CHANGED — STRONG ASSIGNMENT RIGHTS.
- B. SECOND HALF CRYSTAL RIVER UNITS 1 & 2 SPOT CONTRACT WENT TO CONSOL — 400,000 TONS — PRICE LESS THAN FIRST HALF CONTRACT. REQUESTED THREE-YEAR PROPOSALS ALSO. DID NOT LIKE ANY OF THEM. DID 12-MONTH DEAL WITH CONSOL
- C. MONTH-TO-MONTH SPOT THROUGH AUGUST:
 1. CRYSTAL RIVER UNITS 1 & 2: 335,000
 2. CRYSTAL RIVER UNITS 4 & 5 RAIL: 165,000
 3. CRYSTAL RIVER UNITS 4 & 5 WATER: 510,000 (TWO SOUTH AMERICAN CARGOES)
- D. RESULTS ARE COSTS AT \$1.85 YEAR-TO-DATE OVERALL. ("DELIVERED" NUMBER. AS GENERATED SLIGHTLY HIGHER.) IF WE CAN HOLD THESE NUMBERS, WE'D BE \$.02 UNDER 1997. ON SIX MILLION TONS THAT IS \$3 MILLION. MARKET FIRM SO IT IS NOT A DONE DEAL YET!

II. BALANCE OF YEAR PLANS

- A. EXPECT TO SOLICIT FOR FIRST HALF 1999 CRYSTAL RIVER UNITS 1 & 2 COALS ABOUT OCTOBER 1, 1998. WILL REQUEST THREE-YEAR BIDS AGAIN.
- B. EXPECT TO SOLICIT FOR 12-MONTH AND 36-MONTH CRYSTAL RIVER UNITS 4 & 5 SUPPLY ABOUT OCTOBER 1, 1998 ALSO.
- C. AMVEST OPTION. PART OF AGREEMENT TO GET AMVEST TO ACCEPT "MARKET" PRICING. "LESS THAN" LOWEST BIDS. (COMPLIANCE SULFUR)
- D. ZEIGLER REOPENER — SOLICITATION WILL SET! NEW OWNERS SHOULD BE IN PLACE.

III. 1999 PICTURE (HANDOUT)

- A. SOURCES — SOLICITATION WILL DETERMINE. SEVENTY-FIVE PERCENT OF 1 & 2 COALS NOT COMMITTED! SHOWING MAX VOLUME FOR ZEIGLER!
- B. COSTS PROJECTED AT \$1.88. HOPE TO BEAT!
- C. CHALLENGES:
 - 1. CSX PERFORMANCE VERY POOR. STRUGGLING TO MAKE 3.6 MILLION THIS YEAR. 3.9 IN 1999? (DERAILMENT)
 - 2. PHASE II DECISION TIME FOR MANY — MAY DRY UP EASTERN COMPLIANCE.
 - 3. EL NINO?

IV. ACQUISITIONS — NEW VENTURES

- A. PROGRESS RAIL — VIKING, BLUE, AMARILLO RAILCAR, UNITED INDUSTRIES (\$150 MILLION)
- B. BUTCH'S — SECTION 29 TAX DRIVEN DEALS. RECLAIM WASH PLANT REJECTS, ETC. WE'VE INSTALLED THREE PLANS — 900,000 TONS. ONE DOLLAR PER TON SAVINGS POTENTIAL PLUS VALUE OF NEW PRODUCTION ON MARKET!
- C. QUESTIONS?

V. FPC/OTHER

PREVIOUS UPDATE MEETINGS

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JULY 12, 1995
NOVEMBER 30, 1995
AUGUST 15, 1996
FEBRUARY 28, 1997
DECEMBER 9, 1997

JULY 7, 1999
FPSC STAFF VISIT – OUTLINE

RECAP OF AUGUST 27, 1998, MEETING. TOLD YOU:

1. YEAR-TO-DATE COSTS WERE AT \$1.85 OVERALL – \$.02 UNDER '97,
 2. WOULD SOLICIT FIRST HALF 1999 IN OCTOBER (1 & 2),
 3. WOULD SOLICIT 12-MONTH 1999 FOR 4 & 5 IN OCTOBER,
 4. AMVEST OPTION COMING UP.
 5. ZEIGLER SALE OF COMPANY AND REOPENER,
 6. PETCOKE BATTLE WITH DEP, AND
 7. COSTS FOR 1999 PROJECTED AT \$1.88.
-

II. FOURTH QUARTER 1998 ACTIVITY

A. MARKET FIRMED

1. ALMOST NO UNIT TRAIN COAL IN NOVEMBER/DECEMBER – +\$2/TON.
2. REDUCED WATER COAL OFFERS – WORSE THAN UMWA STRIKE.
3. PRODUCTION CUTS (ARCH AND OTHERS) PLUS STRONG DEMAND AND TRADERS "PUTS AND CALLS." (\$25.30, 12,500 "A")

B. OCTOBER 1, 1998, SOLICITATION FOR 6- AND 36-MONTH "A" SUPPLIES

1. MARKET FIRMED – 36-MONTH BIDS TOSSED.
2. DID 6-MONTH WITH CONSOL AND QUAKER.

C. OCTOBER 1, 1998, SOLICITATION FOR 12 – AND 36-MONTH "D" SUPPLIES

1. 36-MONTH BIDS TOSSED.
2. DID 12-MONTH DEALS WITH CONSOL AND QUAKER.
3. SUBSEQUENT TO AWARD, TURNED QUAKER INTO 36-MONTH WITH ANNUAL PRICE SETTING.

D. AMVEST OPTION DECLINED

E. ADDINGTON ACCEPTED NEW PRICE – ONE YEAR DEAL

F. 1998'S ACTUAL COSTS CAME IN AT \$1.86 – \$.01 UNDER '97

QUESTIONS?

III. YEAR-TO-DATE 1999 ACTIVITY

A. MONTHLY PURCHASES

1. VERY ACTIVE. {HANDOUT} AVERAGING 90,000/MONTH (20%); 40% IS MULTI-MONTH SPOT; 40% IS CONTRACT.
2. MARKET HAS TURNED TO SOFTEST EVER. (APRIL — \$22.75, 12,500 "A")
3. 400,000 TONS COMPLIANCE OFFERED FOR JUNE — 50,000 BY UNIT TRAIN!

B. PETCOKE PURCHASE

1. ON COURTHOUSE STEPS DEP RELENTED.
2. BOUGHT GULF BARGE LOAD FROM KOCH — \$.52 DELIVERED.
3. FIVE PERCENT BLEND AT CRYSTAL RIVER NOT EASY TO DO.
4. NEW PRODUCT — 1ST QUARTER VISITS.

C. SECOND HALF SPOT CONTRACTS FOR CRYSTAL RIVER UNITS 1 AND 2

1. APRIL 8 SOLICITATION FOR 6-MONTH AND 18-MONTH SUPPLY — START JULY 1, 1999.
2. GOOD NUMBER OF RESPONSES — 5.6 MILLION TONS OFFERED ON 6-MONTH!
3. PREMIUM FOR 18-MONTH ABOUT \$1 PER TON.
4. NOTHING BOOKED FOR 2000!
5. ONE 6-MONTH BIDDER EXTENDED FOR 12 MONTHS ON FIRST "SHORT LIST."
6. GAVE OTHER 6-MONTH BIDDERS OPPORTUNITY TO QUOTE ON 12-MONTH.
7. MASSEY LOWERED 6-MONTH PRICE AND SAID 12 OR 18!
8. SECOND SMALLER 12-MONTH DEAL WITH QUAKER.

D. SYNFUEL {SAMPLES}

1. BUTCH'S BISCUIT WORLD. {SAMPLE HANDOUT} 700,000+ TONS YEAR TO DATE!
2. PERMIT OBTAINED RECENTLY — CANNOT INCREASE SULFUR.
3. 15,000 TONS PURCHASED FOR JULY DELIVERY; \$.50 PER TON SAVINGS
4. WE'LL DO MORE! NOT OURS!!

E. YEAR-TO-DATE COSTS

1. THROUGH JUNE, WE'RE AT \$1.86
2. SAME AS '98 — \$.02 UNDER BUDGET.

QUESTIONS?

IV. BALANCE OF YEAR PLANS

A. REMAIN ACTIVE MONTH-TO-MONTH

1. Y2K INVENTORY TARGETS.
2. TWO MORE PETCOKES AND TWO MORE SYNFUELS?

B. MASSEY & ADDINGTON REOPENERS

1. NEW PRICE JANUARY 1, 2000 — 3 YEARS
2. LAST PRIOR TO EXPIRATION IN 2002.
3. TOTAL 900,000 PER YEAR "D."
4. PRICE NOT FAR OUT OF MARKET.

C. FIRST HALF 2000 SPOT

1. MOSTLY COVERED BY 12-MONTH AND 18-MONTH.
2. STATUS CHECK OCTOBER 1.

3. NEED "D" MARKET FOR QUAKER & MASSEY/ADDINGTON.

D. EXPECTED 1999 COSTS

1. IF MARKET REMAINS SOFT...
2. IF WE CAN DO TWO MORE PETCOKES AND TWO MORE SYNFUELS...
3. THINK WE CAN DROP TO \$1.85.

QUESTIONS?

V. 2000 PICTURE

A. COAL SOURCES {HANDOUT}

1. 44% OF CRYSTAL RIVER 1 & 2 COVERED.
2. IF REOPENERS GO OKAY, 80 PERCENT OF 4 & 5 COVERED.
3. LONG-TERM GETTING THIN!

B. BUDGET COSTS

1. CURRENTLY @ \$1.84!!
2. ASSUMES 100,000 PETCOKE AND LOW ESCALATION.
3. TAKES DOLLAR REDUCTION OF \$1.5 MILLION UNDER 1999 IF \$1.85.

C. CHALLENGES

1. PHASE II IMPACTS STILL NOT FIRM.
2. COMPLIANCE REOPENERS COULD BE TESTY!

QUESTIONS?

VI. ACQUISITIONS — NEW VENTURES

A. NEW BISCUIT WORLDS

1. PLANTS AT KANAWHA DOCKS.
2. OTHERS POSSIBLE

B. PROGRESS RAIL

1. NOTHING PUBLIC RECENTLY
2. FOUR OR FIVE DEALS ON RADAR — SOME INTERNATIONAL.

VII. FPC/OTHER

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NOVEMBER 30, 1995
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FEBRUARY 28, 1997
DECEMBER 9, 1997
AUGUST 27, 1998

FEBRUARY 23, 2000
FPSC STAFF VISIT – OUTLINE

I. RECAP OF JULY 7, 1999, MEETING. TOLD YOU:

- A. COAL MARKETS HAD SOFTENED.
- B. VERY ACTIVE IN MONTH-TO-MONTH SPOT MARKET.
- C. PETCOKE EPIC.
- D. SYNFUEL – SECTION 29 TAX CREDITS – SAMPLES.
- E. EIGHTEEN-MONTH & TWELVE-MONTH DEALS FOR CRYSTAL RIVER UNITS NOS. 1 AND 2
- F. COSTS THROUGH JUNE WERE \$1.86! EFC #!
- G. BALANCE OF YEAR PLANS:
 - 1. MASSEY & AEI REOPENERS.
 - 2. CHECK "A" IN FALL!
 - 3. 1999 COSTS AT \$1.85.

II. SECOND HALF 1999 ACTIVITY

- A. MONTHLY PURCHASES
 - 1. VERY ACTIVE – AVERAGED OVER 100,000 PER MONTH.
 - 2. MARKET WENT FROM SOFT TO MUSH! (APRIL \$22.75-\$12,500 "A" – SEPTEMBER \$22.55-12,800!).
- B. SYNFUEL PURCHASES UP
 - 1. BLACK HAWK – QUINCY DOCK.
 - 2. \$2 PER TON UNDER BEST COAL PRICE! (4 & 5)
- C. PETCOKE DIED
 - 1. EPA – YOU CAN'T DO THAT..
 - 2. SOLD REMAINING 1,500 TONS TO LAKE LAND.
- D. NOVEMBER 10, 1999 "A" SOLICITATION
 - 1. SIX AND TWELVE MONTHS – '00.
 - 2. BIDS WAY OVER MARKET.
 - 3. NO PURCHASES MADE.
- E. MASSEY & AEI REOPENERS
 - 1. 900,000 TONS PER YEAR OF "COMPLIANCE" (24%).
 - 2. 20-YEAR AGREEMENTS – 3-YEAR REOPENER.
 - 3. LOWEST PRICE EVER! (BY OVER \$1 PER TON!)

F. CSX SERVICE

1. DEFINING EVENT FOR 1999 — 66% OF DELIVERIES.
2. POOREST SERVICE EVER — MANY COMPLAINTS.
3. CONRAIL ACQUISITION DIVERTED RESOURCES.
4. 3.5 MILLION TONS VERSUS 3.9 MILLION EXPECTED.
5. OWED \$1.7 MILLION IN HIGHER RATES ('98 & '99).

G. 1999 COSTS

1. \$1.84 — \$1.63 "A" AND \$1.95 "D".
2. HAND OUT CHART. DOESN'T INCLUDE FPC COSTS!
3. LOW TO HIGH SPREAD = \$90 MILLION PER YEAR!
4. CONTINUED TREND OF LOWERING COSTS.

III. YEAR-TO-DATE 2000 ACTIVITY

A. MONTHLY PURCHASES

1. NO CSX DUE TO SERVICE. PLAN WAS 6 TRAINS PER MONTH.
2. 60,000 TO 80,000 PER MONTH — WATER "D".

B. A-2. HAS BEEN ALL SYNFUEL AT \$2 PER TON UNDER BEST COAL PRICE

C. YEAR-TO-DATE COSTS AT \$1.85

1. INCLUDES ACCRUAL FOR THE CSX PAYMENT OF \$700,000.
2. WILL COME DOWN I THINK.

D. 8TH TRAIN

1. CSX DEAL FOR 2000!
2. FREE RAPID-DISCHARGE, 90-CAR TRAIN 01/30/00.
3. CUT SHORTFALL BILL TO \$700,000.
4. GIVE US 3.9 MILLION RATES REGARDLESS IN '00 — SAVES \$1.5 MILLION!
5. HISTORY SAYS IT WON'T HELP TOTAL VOLUME.

IV. BALANCE OF YEAR PLANS

A. CONTINUE ACTIVE MONTH-TO-MONTH

1. 725,000 "A".
2. 860,000 "D".
3. MUCH OF THIS EXPECTED TO BE SYNFUEL!

B. COAL SOURCES {HANDOUT}

1. SPLIT RAIL/WATER AND "A"/"D".
2. NEW SPOT UNCOMMITTED.
3. 50% OF "A" AND 23% OF "D".

C. MAY 1 — LOOK AT SECOND HALF "A" REQUIREMENTS

D. FALL — LOOK AT '01 REQUIREMENTS — "A" & "D"

E. EXPECTED COSTS

1. BUDGET IS \$1.84—SAME AS '99.
2. LOW CASE \$1.82—HIGH CASE \$1.86.
3. THINK \$1.83 IS MOST PROBABLE!
4. WOULD CONTINUE THE DOWN TREND!

V. ACQUISITIONS—NEW VENTURES (WEB SITE! WWW.FPC.COM)

A. NEW SYNFUEL PLANTS

1. CEREDO DOCK—OHIO—3 MTPY—04/01.
2. CYRUS DOCK—BIG SANDY—3 MTPY—04/01.

B. PROGRESS RAIL {SLIDE HANDOUT}

1. CAE VANGUARD—\$47 MILLION—CANADA COMPANY.
2. AXLES AND TRACTION MOTORS.
3. OTHERS IN WORKS—25 STATES NOW!

C. CP&L

1. FERC FILING DONE.
2. SCHEDULE HOLDING FOR SEPTEMBER CLOSE.
3. LOOKING AT WAYS TO COMBINE COAL GROUPS.

VI. FPC ITEMS

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NOVEMBER 30, 1995
AUGUST 15, 1996
FEBRUARY 28, 1997
DECEMBER 9, 1997
AUGUST 27, 1998
JULY 7, 1999

AUGUST 22, 2000
FPSC STAFF VISIT – OUTLINE

I. ELECTRIC FUELS

A. HISTORY

1. FORMED IN 1976 AS A SUBSIDIARY OF FPC. OFFSHOOT OF OIL EMBARGOES.
2. "CONTROL OUR FUELS DESTINY" AND "FRUIT SALAD" APPROACH TO FUELS.
3. OWN MINES, RESERVES AND TRANSPORTATION.
4. OVER TIME FIND WAYS TO CONTRIBUTE TO EARNINGS.

B. COAL COSTS

1. FIRST JOB IS GET COAL FOR CRYSTAL RIVER – COMPETITIVE.
2. CHART ON HISTORICAL COAL COSTS.
3. \$94 MILLION IN ANNUAL SAVINGS.

C. CURRENT PICTURE

1. MAP OF OPERATIONS – 4 PRINCIPAL BUSINESS UNITS.
2. MULTI-NATIONAL COMPANY – 23 STATES, CANADA, AND MEXICO.
3. \$1.7 BILLION IN REVENUES PROJECTED FOR 2000.
4. MARKET LEADER IN SYNFUEL PRODUCTION/SALES.

D. FUTURE

1. WILL BECOME A SUBSIDIARY OF ENERGY VENTURES.
2. CP&L'S COAL GROUP TO BE FOLDED INTO EFC.
3. WE STAY IN ST. PETERSBURG; THEY STAY IN RALEIGH.

E. QUESTIONS?

II. RECAP OF FEBRUARY 23, 2000, MEETING (6 MONTHS AGO)

A. COAL MARKETS REMAINED SOFT

B. VERY ACTIVE IN MONTH-TO-MONTH SPOT MARKET

C. PETCOKE DIED; SYNFUEL WAS BORN – NEW PLANTS IN APRIL AT CEREDO & CYRUS

D. NOVEMBER 10, 1999, SOLICITATION – NO BUYS

E. MASSEY AND AEI REOPENERS WENT WELL

F. CSX SERVICE AT ALL-TIME LOW

**G. 1999 COSTS (EFC ONLY) AT \$1.84 OVERALL
(AS BURNED \$1.86!)**

H. BALANCE OF YEAR PLANS WERE:

1. REMAIN ACTIVE MONTH TO MONTH.
2. FALL SOLICITATION FOR 2001 REQUIREMENTS.
3. 2000 COSTS BUDGETED AT \$1.84 -- \$1.83 POSSIBLE.

III. FIRST HALF 2000 ACTIVITY

A. MONTHLY PURCHASES

1. VERY ACTIVE -- AVERAGED OVER 150,000 PER MONTH.
2. MARKET CONTINUED SOFT UNTIL JULY.
3. QUAKER FILED CHAPTER 11.

B. SYNFUEL PURCHASES UP

1. BLACK HAWK -- QUINCY DOCK -- THIRD-PARTY OWNERSHIP.
2. \$2 PER TON UNDER BEST COAL PRICE! (4 & 5)
3. PMJV SYNFUEL -- \$1.50 TON UNDER COAL -- STARTED IN APRIL -- SOLD TO CP&L.

C. CSX SERVICE

1. DEFINING EVENT FOR 1999 -- NO BETTER THROUGH MAY 2000.
2. POOREST SERVICE EVER -- MANY COMPLAINTS -- STOCK TANKED.
3. CONRAIL ACQUISITION DIVERTED RESOURCES -- MANAGEMENT CHANGES IN MARCH.
4. JUNE 1 CRYSTAL RIVER UNIT NO. 2 GOES DOWN -- CSX IMPROVES.
5. WORKING TO MATCH REQUIREMENTS.

D. 2000 YEAR-TO-DATE JULY COSTS

1. \$1.83 -- \$1.61 "A" AND \$1.93 "D".
2. LOSS OF 300,000 AT UNITS 1 & 2 WILL HURT AVERAGE!

IV. BALANCE OF YEAR PLANS

A. CONTINUE ACTIVE MONTH-TO-MONTH

1. MUCH OF THIS EXPECTED TO BE SYNFUEL!

B. COAL SOURCES -- SYNFUEL AND REGULAR SPOT SUPPLIERS

C. EXPECTED COSTS

1. BUDGET IS \$1.84 -- SAME AS '99.
2. THINK \$1.84 IS MOST PROBABLE WITH CRYSTAL RIVER UNIT NO. 2 OUTAGE!

D. FALL -- LOOK AT 2001 REQUIREMENTS -- "A" & "D"

1. {HANDOUT ON 2001}
2. SYNFUEL PICTURE UNCLEAR!

E. 2001 INITIATIVES

1. CSX CONTRACT RENEGOTIATION!
2. AGGRESSIVE SPOT PROGRAM!

V. ACQUISITIONS—MERGER

A. NEW SYNFUEL PLANTS

1. CEREDO DOCK—OHIO—3 MTPY—04/01.
2. CYRUS DOCK—BIG SANDY—3 MTPY—04/01—SOLD TO CP&L!
3. WE'RE DONE.

B. CP&L MERGER

1. FERC APPROVAL RECEIVED—STOCKHOLDERS HAVE OKAYED.
2. SCHEDULE HOLDING FOR "FALL" CLOSE. NCPSC & SEC.
3. CP&L'S COAL GROUP BEING FOLDED INTO EFC!
 - A. 80% NS CAPTIVE!
 - B. 2 MILLION IN CSX "A" TYPE COAL.

VI. FPC ITEMS

PREVIOUS UPDATE MEETINGS

NOVEMBER 30, 1989
JANUARY 20, 1990
APRIL 10, 1990
JULY 5, 1990
OCTOBER 15, 1990
FEBRUARY 19, 1991
MARCH 12, 1991
OCTOBER 9, 1991
APRIL 16, 1992
NOVEMBER 3, 1993
JUNE 16, 1994
JANUARY 11, 1995
JULY 12, 1995
NOVEMBER 30, 1995
AUGUST 15, 1996
FEBRUARY 28, 1997
DECEMBER 9, 1997
AUGUST 27, 1998
JULY 7, 1999
FEBRUARY 23, 2000

MAY 16, 2001
FPSC STAFF MEETING

COAL MARKET UPDATE

1. JANUARY 18, 2001 TOLD YOU:
 - AEI force majeure 300,000 "D" rail.
 - Pen force majeure 300,000 "D" water.
 - CSX mine prices at \$54, 12,500 "D".
 - 400,000 South American bought for first half.
 - Had CSX deals pending with Alliance and AEI!
 - Be okay if no more supplier defaults.
2. SINCE THEN:
 - Massey behind 40,000 tons.
 - PMJV having serious problems.
 - Quaker behind 6 "D" trains.
 - Spot "D" @ \$62 or better.
 - Alliance & AEI deals completed.
 - Inventories tanked. Handout.
 - YTD costs running @ \$2.02 through April.
 - Solicited for 2002—Bids opened last night.
3. WHAT'S DRIVING MARKET:
 - Handouts.
 - Summarize.
4. BALANCE OF YEAR OUTLOOK:
 - Supplies creeping up—new entrants.
 - Weather a factor as always.
 - Estimate 2001 will come in @ \$2.10.
 - 2002 costs too early to call.
 - Substantial open position for 2002.

DECEMBER 10, 2001
FPSC STAFF VISIT — OUTLINE

I. REVIEW OF MAY 16, 2001 MEETING

- A. ALL "COMPLIANCE" SUPPLIERS SHORTING US COAL.
- B. MARKET GONE FROM WEIRD TO BAZZARE.
- C. SPOT "COMPLIANCE" OVER \$60 PER TON. CONTRACTS WERE CHEAP!
- D. INVENTORIES TANKED.
- E. YEAR-TO-DATE COSTS RUNNING @ \$2.02 AFTER \$1.86 IN 2000.
- F. 2002 BIDS JUST RECEIVED—LARGE OPEN POSITION.
- G. 2001 COSTS PROJECTED AT \$2.10.

II. SECOND HALF ACTIVITY

- A. MARKET WENT BEYOND BAZZARE.
- B. CSX "COMPLIANCE" SUPPLIERS GOT FURTHER BEHIND.
- C. WILL END YEAR 400,000 TONS SHORT ON CSX "D" CONTRACTS.
- D. CSX 3.6 MILLION MINIMUM IN DANGER!
- E. FORCED US INTO SPOT MARKETS—FIRST RUSSIAN CARGO.
- F. COAL YARD REDESIGN PROJECT—SUMMER OUTAGES.
- G. INVENTORIES JUST NOW RECOVERING {HANDOUT}
- H. December numbers already in so year will be \$2.13. (+6.75/ton over 2000)
- I. Warm weather beginning to ease market.

III. 2002 COAL SOLICITATION

- A. APRIL 16, 2001 SOLICITATION—N/S AND CSX-BARGE—ALL PLANTS.
- B. MAY 15, 2001 RESPONSES—PRICES IN UPPER \$30'S TO LOW \$40'S.
- C. MULTI-YEAR ONLY—FIXED ESCALATION.
- D. NO FAVORABLE TERMS—GOVERNMENTAL IMPOSITIONS; QUANTITY OPTIONS.
- E. 4.9 MILLION TONS OPEN.
- F. DEALS ALL DONE. {HANDOUT}
- G. PROJECTED DELIVERED COST AT \$2.37.
- H. NO SPOT UNLESS SOMEONE SHORTS US—ENRON!
- I. 2002 IS UMWA CONTRACT YEAR!
- J. RAIL INCREASE!

IV. ACQUISITION/MERGER

- A. FIRST ANNIVERSARY OF MERGER—GOING WELL. (CSX SWAPS)
- B. ADDITIONAL SYNFUEL PLANTS—OPERATOR ONLY!

PREVIOUS UPDATE MEETINGS

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APRIL 10, 1990
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OCTOBER 15, 1990
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JANUARY 11, 1995
JULY 12, 1995
NOVEMBER 30, 1995
AUGUST 15, 1996
FEBRUARY 28, 1997
DECEMBER 9, 1997
AUGUST 27, 1998
JULY 7, 1999
FEBRUARY 23, 2000
AUGUST 22, 2000
MAY 16, 2001

AUGUST 27, 2002
FPSC STAFF VISIT – OUTLINE

I. REVIEW OF DECEMBER 10, 2002 MEETING

- A. COAL MARKETS INSANE! \$60.00 "D" COAL!
- B. SHORTED 400,000 BY CSX "D" CONTRACT SUPPLIERS.
- C. INVENTORIES TANKED.
- D. 2002 SOLICITATION RESULTS:
 - 1. SELLERS MARKET! BIG OPEN POSITION!
 - 2. HIGH \$30.00, LOW \$40.00 PRICES.
 - 3. MULTI-YEAR ONLY.
 - 4. DEALS DONE – 2002 COSTS PROJECTED AT \$2.37.
- E. 2002 A UMWA CONTRACT YEAR.

II. FIRST HALF 2002 ACTIVITY

- A. NO WINTER – MARKETS FALL.
- B. EVERYBODY SHIPPING ON SCHEDULE.
- C. INVENTORIES RECOVERED (HANDOUT).
- D. YEAR-TO-DATE JULY COSTS AT \$2.33. 2002 NOW \$2.34.
- E. UMWA SETTLED EARLY.

III. CURRENT MARKET CONDITIONS

- A. SOFT AND FRAGILE!
 - 1. PRICES MID TO UPPER \$20s.
 - 2. WEST VIRGINIA PERMITS, TRUCK WEIGHTS.
 - 3. TRADERS DROPPING LIKE FLIES.
 - 4. PRODUCERS LIMPING BADLY. CUTBACKS!
- B. INVENTORIES FAT DESPITE HEAT.
- C. 2003 A "?". SELLERS GENERALLY BULLISH
- D. EL NIÑO = ANOTHER MILD WINTER?

IV. 2003 COAL SOURCES (HANDOUT)

- A. CRYSTAL RIVER 1 AND 2 - EXISTING CONTRACTS IF AGREE ON PRICE.
- B. CRYSTAL RIVER 4 AND 5 - WILL SEE WHERE INVENTORIES ARE IN THE FALL AND SOLICIT OR NOT DEPENDING ON MARKET.
- C. COSTS PROJECTED AT \$2.25/MMBTU.

V. ACQUISITIONS/DIVESTITURES/CHANGES

- A. WESTCHESTER GAS.
- B. CINCINNATI BULK TERMINALS.
- C. ORGANIZATION CHANGES.

PREVIOUS UPDATE MEETINGS

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FEBRUARY 23, 2000
AUGUST 22, 2000
MAY 16, 2001
DECEMBER 10, 2001



PFC/PEF COAL SUPPLY AGREEMENT
P181

Shaw 4/06
FINAL REPORT

MSL

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-18)
Page 1 of 20

April 27, 2006

Mr. Javier Portuondo
Director - Regulatory Planning

Ms. Margaret Yaeger
Controller - PEC

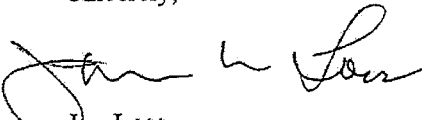
Dear Mr. Portuondo and Ms. Yaeger:

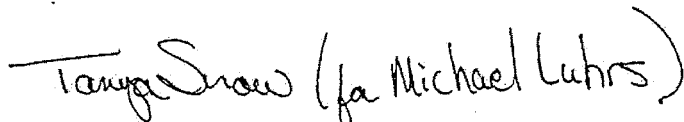
An audit of billings by Progress Fuels Corporation (PFC) for coal supplied and delivered to Progress Energy Florida (PEF) was recently completed. Prior to January 1, 2006, PFC had Coal Supply Agreements with Progress Energy Florida (PEF) for coal to be delivered to PEF's Crystal River Units #1&2 and #4&5. PFC derived the price of coal sold to PEF from general price levels, wage rates, and other costs associated with the acquisition, mining, handling, and transportation of coal. The primary objective of the audit was to ensure that billings from PFC to PEF for coal delivered to Crystal River Units #1&2 and #4&5, for the time period from January 1, 2005, through and including December 31, 2005, were in accordance with contract terms. The audit of these contracts will no longer be required by the Florida Public Service Commission after this year, because the contracts expired at the end of 2005.

Based on the results of the audit, it is our opinion that PFC's billings to PEF were effective and complied with the terms of the contract for the period audited.

We appreciate the cooperation received from Regulated Back Office personnel. If you have any questions concerning this report, please do not hesitate to contact us.

Sincerely,


Jim Loss
Senior Auditor


Michael S. Luhrs
Audit Manager

c: Mr. B. P. Barkley
Mr. R. H. Bazemore, Jr.
Mr. M. S. Foster
Mr. W. Garrett
Ms. D. K. High Brickell
Mr. W. D. Johnson
Mr. J. A. King
Mr. J. R. McArthur

Mr. M. A. Myers
Mr. P. M. Scott III
Ms. P. J. Sims
Mr. J. M. Stone
Mr. A. J. Weintraub
Mr. E. D. Wood
Deloitte & Touche LLP



June 3, 2005

Ms. Donna Davis
Controller-Coal & Regulatory Accounting-PFC

Mr. Javier Portuondo
Director-Regulatory Services-FL

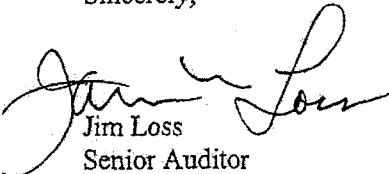
Dear Ms. Davis and Mr. Portuondo:

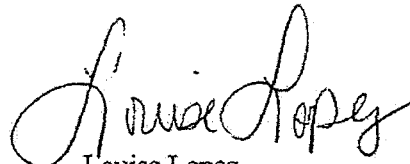
An audit of billings by Progress Fuels Corporation (PFC) for coal supplied and delivered to Progress Energy Florida (PEF) was recently completed. PEF has contracted with PFC to supply and deliver coal for PEF's Crystal River Units 1 & 2 and 4 & 5. PFC bases the price of the coal sold to PEF on general price levels, wage rates, and other costs of acquiring, mining, handling, and transporting coal. The principal objective of the audit was to provide reasonable assurance that PFC's billings to PEF were effective and complied with the terms of the contract. The scope of the audit included the billings for the 2004 calendar year.

Based on the results of the audit, it is our opinion that PFC's billings to PEF were effective and complied with the terms of the contract for the period audited.

We appreciate the cooperation received from PFC personnel. If you have any questions concerning this report, please do not hesitate to contact us.

Sincerely,


Jim Loss
Senior Auditor


Louise Lopez
Audit Manager

c: Mr. R. H. Bazemore, Jr.
Mr. G. S. Chatas
Mr. W. D. Johnson
Mr. J. R. McArthur
Mr. M. A. Myers
Mr. A. W. Pitcher
Ms. P. J. Sims
Mr. J. M. Stone
Mr. E. D. Wood
Ms. S. S. Wyckoff
Deloitte & Touche LLP



April 22, 2004

Mr. Javier Portuondo
Director, Regulatory Services-FL

Dear Mr. Portuondo:

An audit of billings by Progress Fuels Corporation (PFC) for coal supplied and delivered to Florida Power Corporation (FPC), doing business as Progress Energy Florida, was recently completed. PFC and FPC are Progress Energy subsidiaries. Both PFC and FPC fall under the Florida Progress legal entity, itself a subsidiary of Progress Energy. FPC has contracted with PFC to supply and deliver coal for FPC's Crystal River Units 1 & 2 and 4 & 5. PFC bases the price of the coal sold to FPC on general price levels, wage rates, and other costs of acquiring, mining, handling, and transporting coal. The principal objective of the audit was to provide reasonable assurance that PFC's billings to FPC were effective and in compliance with the terms of the contract. The scope of the audit included the billings for the 2003 calendar year.

Based on the results of the audit, it is our opinion that PFC's billings to FPC were effective and complied with the terms of the contract for the period audited.

We appreciate the cooperation received from PFC personnel. If you have any questions concerning this report, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew C. Powers'.

Matthew C. Powers
Senior Auditor

A handwritten signature in black ink, appearing to read 'Arlene S. Graves'.

Arlene S. Graves
Audit Manager

c: Mr. K. E. Crake
Ms. D. M. Davis
Mr. A. S. Meadows
Mr. M. A. Myers
Mr. J. M. Stone
Mr. J. M. Thomas III
Mr. E. D. Wood
Deloitte & Touche LLP



April 30, 2003

Mr. Javier Portuondo
Manager of Regulatory Services - Florida

Dear Mr. Portuondo:

An audit of billings by Progress Fuels Corporation (PFC) for coal supplied and delivered to Florida Power Corporation (FPC) was recently completed. PFC and FPC are Progress Energy subsidiaries. Both PFC and FPC fall under the Florida Progress legal entity, itself a subsidiary of Progress Energy. FPC has contracted with PFC to supply and deliver coal for FPC's Crystal River Units 1 & 2 and 4 & 5. PFC bases the price of the coal sold to FPC on general price levels, wage rates, and other costs of acquiring, mining, handling, and transporting coal. The principal objective of the audit was to provide reasonable assurance that PFC's billings to FPC were effective and complied with the terms of the contract. The scope of the audit included the billings for the 2002 calendar year.

Based on the results of the audit, it is our opinion that PFC's billings to FPC were effective and complied with the terms of the contract for the period audited.

We appreciate the cooperation received from PFC personnel. If you have any questions concerning this report, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script that reads 'James Haislip'.

James Haislip
Senior Auditor

A handwritten signature in cursive script that reads 'Mariela Perez'.

Mariela Perez
Lead Auditor

c: Ms. D. M. Davis
Mr. M. A. Myers
Mr. A. W. Pitcher
Ms. P. J. Sims
Mr. J. M. Stone
Mr. E. D. Wood
Deloitte & Touche LLP



May 14, 2002

Javier Portuondo
Manager of Regulatory Services - Florida

Dear Mr. Portuondo:

An audit of the Coal Supply and Delivery Agreements between Florida Power Corporation (FPC) and Electric Fuels Corporation (EFC) was recently completed. EFC was established as a wholly owned subsidiary of FPC in March 1976, and both entities became wholly owned subsidiaries of Florida Progress Corporation in 1982. In 1993, EFC was made a subsidiary of Progress Capital Holdings. In 2000, Carolina Power and Light acquired Florida Progress, and FPC and EFC became subsidiaries of the newly formed holding company, Progress Energy.

EFC contracted with FPC to supply and deliver coal to Crystal River Units 1 & 2 and 4 & 5. EFC bases their price on the general price levels, wages rates and other costs of acquiring, mining, handling and transporting coal. EFC is also involved in non-FPC coal activities.

The principal objective of the audit was to provide reasonable assurance that EFC's procedures for FPC billings were effective. Effective procedures help ensure that billings to FPC are in accordance with agreement terms. The scope of the audit included the billings for the 2001 calendar year.

Based on the results of the audit, it is our opinion that EFC's procedures for FPC billings were effective for the period audited.

We appreciate the cooperation received from EFC personnel. If you have any questions concerning this report, please do not hesitate to contact us.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Haislip'.

James Haislip
Lead Auditor

A handwritten signature in dark ink, appearing to read 'Beth Warren'.

Beth Warren
Audit Manager

BJW/jfh

c: Mr. R. F. Caldwell
Ms. D. M. Davis
Mr. D. G. Edwards
Mr. F. E. Eaton
Mr. M. A. Myers
Mr. E. D. Wood

*File
copy*



July 17, 2001

Mr. Javier Portuondo
Manager of Regulatory Services – Florida

Dear Mr. Portuondo:

An audit of Coal Supply and Delivery Agreements between Florida Power Corporation (FPC) and Electric Fuels Corporation (EFC) was recently completed. EFC was established as a wholly owned subsidiary of FPC in March 1976 and both entities became wholly owned subsidiaries of Florida Progress Corporation in 1982. In 1993, EFC was made a subsidiary of Progress Capital Holdings. In 2000, Carolina Power and Light acquired Florida Progress, and FPC and EFC became subsidiaries of the newly formed holding company, Progress Energy. EFC supplies coal to FPC and is also involved in non-FPC coal activities.

FPC contracted with EFC to supply and deliver coal for Crystal River Units 1 & 2 and 4 & 5. EFC bases their price on the general price levels, wage rates and other costs of acquiring, mining, handling and transporting coal. FPC purchased approximately 5.2 million tons of coal under these agreements during 2000. Both agreements contain standard audit clauses.

The audit covered billings from January 1, 2000 through December 31, 2000. Audit methodology for testing these billings included reviewing the contracts, procurement procedures, billings, EFC's return on equity calculation and EFC's financial records related to regulated operations. Detailed audit tests were performed to provide reasonable assurance that EFC's billings were in accordance with agreement terms and their policies and procedures.

The results of the audit indicate that EFC billed FPC in accordance with the agreements and related policies and procedures.

We appreciate the cooperation received from EFC personnel during this audit. If you have any questions concerning this report, please do not hesitate to contact us at 727/820-5979.

Beth Warren
Audit Manager

BJW/jkw

C: Mr. W. D. Carter
Mr. D. M. Davis
Mr. D. G. Edwards
Mr. S. M. Hopkins, II
Mr. M. A. Myers

Audit Team
James Haislip

P.O. Box 14042
St. Petersburg, FL 33733



FLORIDA
PROGRESS
CORPORATION

INTEROFFICE CORRESPONDENCE

Audit Services

OFFICE

BT21B

MAC

230-5350

TELEPHONE

SUBJECT: Audit of EFC/FPC
Coal Supply Agreements

Prior Year Audit Report

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-18)
Page 7 of 20

TO: Dale Williams

DATE: April 28, 2000

This report covers the results of the audit you requested of the Coal Supply and Delivery Agreements between Florida Power Corporation (FPC) and Electric Fuels Corporation (EFC).

BACKGROUND

EFC was established as a wholly-owned subsidiary of FPC in March 1976 and both entities became wholly-owned subsidiaries of Florida Progress Corporation in 1982. In 1993 EFC was made a subsidiary of Progress Capital Holdings. EFC supplies coal to FPC and is also involved in non-FPC coal activities.

FPC contracted with EFC to supply and deliver coal for Crystal River Units 1 & 2 and 4 & 5. The agreements, as amended, require EFC to deliver coal annually through January 31, 2002 for Units 1 & 2 and through December 31, 2004 for Units 4 & 5. EFC bases their price on the general price levels, wage rates and other costs of acquiring, mining, handling and transporting coal. FPC purchased approximately 5.6 million tons of coal under these agreements during 1999. Both agreements contain standard audit clauses.

Our last audit was completed in August 1999 for the year ended December 31, 1998.

AUDIT OBJECTIVE AND SCOPE

Our audit covered billings from January 1, 1999 through December 31, 1999. We reviewed the contracts, tonnage, procurement procedures, billings, EFC's return on equity calculation and the related internal controls. We performed detailed audit tests we considered necessary to provide reasonable assurance that EFC's billings were in accordance with the contract terms and their policies and procedures.

AUDIT SUMMARY AND OPINION

In our opinion, EFC billed FPC in accordance with the agreements and related policies and procedures. Internal controls related to the agreements are effective.

Thank you for the help given to James Haislip, who performed the audit under the direction of Ken McDonald. We appreciate the assistance received from EFC personnel.

H. C. Warner

HCW/jfh

cc: Roy Anderson Donna Davis Jeff Heinicka Rich Keller Joe Richardson
 David Carter Dennis Edwards Sam Hopkins Bob Niekum Wade Sperry



FLORIDA
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CORPORATION

INTEROFFICE CORRESPONDENCE

Audit Services
OFFICE

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230-5350
TELEPHONE

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-18)
Page 8 of 20

SUBJECT: Electric Fuels Corporation
Invoicing Process Review for Coal Sales

TO: L.E. Meade, Jr.

DATE: September 27, 1999

This report covers the results of your requested review of Electric Fuels Corporation's (EFC) coal invoicing process. It includes management's plans to improve the efficiency and effectiveness of the process.

BACKGROUND

The invoicing process was reviewed for coal sales for Kentucky May, Diamond May and Powell Mountain coal mines. The coal recovered from these mines is sold both to related parties within Florida Progress Corporation and to unrelated third party customers.

When an agreement to sell coal is negotiated a sales agreement is created that includes the price, weight and quality of the coal to be delivered. Specified premiums or penalties are applied if the actual quality of the coal shipped, as determined by an independent lab, differs from the expected quality stated in the agreement.

Coal deliveries are invoiced as either origination or destination. Origination deliveries are on actual coal weight and quality determined at the mine locations by EFC and an independent lab company. Actual coal weight and quality for destination sales are determined at the delivered locations by the customer and an independent lab company.

Invoicing for coal sales from the Kentucky May and Diamond May mines are handled through the Accounts Receivable System (ARS). ARS includes information on the sales agreement, invoicing and delivery terms. Invoicing for Powell Mountain is a manual process involving the use of spreadsheets.

The business units involved in the coal invoicing process include:

- The mines, located in Kentucky and Virginia.
- The Marketing and Distribution office in Cincinnati.
- The EFC Accounting Department in St. Petersburg.

OBJECTIVE AND SCOPE

The purpose of our review was to evaluate the effectiveness of the system of internal control surrounding coal invoicing and to document the procedures involved in the process. An effective system provides reasonable assurance that the coal invoicing process:

- Provides reliable financial and operating information.
- Complies with Company policies, plans, procedures, laws and regulations that could have a significant impact on its operations.
- Safeguards assets under its control.
- Uses resources economically and efficiently.
- Accomplishes results consistent with established goals and objectives.

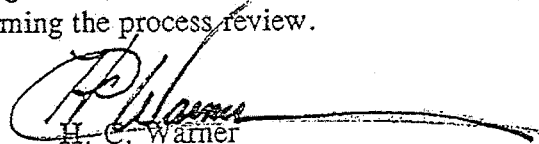
REVIEW SUMMARY AND OPINION

In our opinion, the system of internal control for the coal invoicing process is effective except as noted in our detailed review comments. Opportunities to improve the efficiency and effectiveness of the coal invoicing process include:

- Tracking premiums and penalties on coal sales from Powell Mountain.
- A second party review of the manual premium and penalty calculations performed by Marketing and Distribution.
- Kentucky Coal Terminal and Kanawha River Terminal (KCT/KRT), related customers who purchase coal from the mines, sending coal quality reports to Marketing and Distribution for reconciliation purposes.

Details of the audit comments and flowcharts of the invoicing process are attached.

Thank you for the help given to Ted Legakis and James Haislip, who performed the review under the direction of Ken McDonald. Special appreciation goes to the Cincinnati Sales Office, the mines' personnel and EFC accounting for their help in performing the process review.


H. C. Warner

HCW/jfh

attachments

cc: Sam M. Hopkins II Buddy Jones Rich Keller Lynn Porter Mike Webber

DETAILED REVIEW COMMENTS

We discuss review comments with the management level that can take action. Management and the Review Team jointly developed the review comments. Each comment includes a Management Action Plan for strengthening internal control.

1. Tracking premiums and penalties on coal sales from Powell Mountain

Premiums and penalties on sales to outside customers, which are generally brokered by Marketing and Distribution, should be tracked regularly to ensure that they are properly paid. When EFC accounting receives premiums and penalties, accounting reviews the monthly lab summary that accounting keeps on file to see if a premium or penalty was expected. The lab summary does not give the amount of the premium or penalty to be received and is not used to track outstanding premiums or penalties. Therefore current use of the lab summary does not ensure that all appropriate premiums and penalties are received.

Closed
MANAGEMENT ACTION PLAN

Marketing and Distribution currently receives premium and penalty information on the sales it brokers. Marketing and Distribution will use this information to create a listing of premiums and penalties related to coal sales from Powell Mountain and will send this listing to EFC accounting on a monthly basis. EFC accounting will use this list to track premium and penalty payments on Powell Mountain coal sales.

2. Review of manual premium and penalty calculations

The manual calculations performed by Marketing and Distribution to calculate the premium or penalty for certain customers should be reviewed by a second person prior to mailing. This should prevent any errors in the invoices sent to customers that could result in lost revenue if a customer chose not to report an underbilling on the part of EFC.

Closed
MANAGEMENT ACTION PLAN

A second person in the Marketing and Distribution office will review all manually calculated premium and penalty invoices prior to mailing.

3. Information sharing

KCT/KRT are related customers to which EFC sells coal. Most sales to KCT/KRT are delivered under destination terms. Marketing and Distribution creates coal quality reports from information downloaded from KCT/KRT's system and uses these reports to do their monthly invoice reconciliation. KCT/KRT already creates such reports. A duplication of effort exists in this area.

closed

MANAGEMENT ACTION PLAN

KCT/KRT and Marketing and Distribution will determine which reports are run by both parties. All reports needed by Marketing and Distribution that KCT/KRT already runs will be sent to Marketing and Distribution for use in their monthly invoice reconciliation.



Progress Energy

20013334 A607

PFC Rev. Requirements

JML WP# 1

Mar-Apr 2006

Pg 1 of 1

WP Title

April 6, 2006

Docket No. 060658

Progress Energy Florida

Exhibit No. (DMD-18)

Page 12 of 20

Mr. Javier Portuondo
Director - Regulatory Planning

Ms. Margaret Yaeger
Controller - PEC

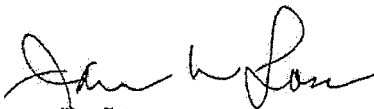
Dear Mr. Portuondo and Ms. Yaeger:

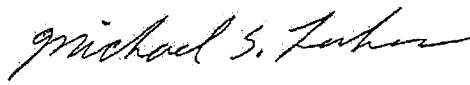
A review of the annual comparison of Progress Fuels Corporation's (PFC) revenue requirements under full regulatory treatment relative to the revenue requirements using an equity amount of 55 percent of net long-term assets (the short-cut method) was recently completed. The Florida Public Service Commission issued Order 92-0347 on May 13, 1992, which requires this comparison to be performed annually. The principal objective of the review was to evaluate the effectiveness of the revenue requirements comparison prepared by PFC. The scope of the review was for the year ended December 31, 2005. Key focus areas included reviewing schedules and calculations prepared by PFC personnel for accuracy and agreeing selected amounts shown in the schedules to PFC financial information. The comparison of revenue requirements and annual audit review will no longer be required after this year, because of the PEF base rate settlement approved by the FPSC that went into effect on January 1, 2006.

Based on the results of the review, it is our opinion that the revenue requirements comparison was effective. Revenue requirements using the short-cut method were \$107,320 or 0.027 percent lower than revenue requirements under the full regulatory calculation.

We appreciate the cooperation received from Regulated Back Office personnel. If you have any questions concerning this report, please do not hesitate to contact us.

Sincerely,


Jim Loss
Senior Auditor


Michael S. Luhrs
Audit Manager

c: Mr. B. P. Barkley
Mr. R. H. Bazemore, Jr.
Mr. W. Garrett
Mr. W. D. Johnson
Mr. J. A. King
Mr. J. R. McArthur
Ms. D. B. Massengill
Mr. M. A. Myers
Mr. P. M. Scott III
Ms. P. J. Sims
Mr. J. M. Stone
Mr. E. D. Wood
Deloitte & Touche LLP



Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-18)
Page 13 of 20

May 5, 2005

Ms. Donna Davis
Controller - Coal & Regulatory Accounting-PFC

Mr. Javier Portuondo
Director - Regulatory Services-FL

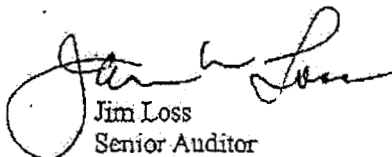
Dear Ms. Davis and Mr. Portuondo:

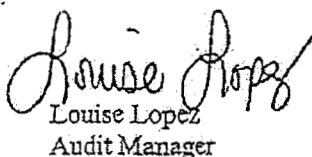
A review of the annual comparison of Progress Fuels Corporation's (PFC) revenue requirements under full regulatory treatment to revenue requirements using an equity amount of 55 percent of net long-term assets (the short-cut method) was recently completed. The Florida Public Service Commission issued Order 92-0347 on May 13, 1992, which requires this comparison to be performed annually. The principal objective of the review was to evaluate the effectiveness of the revenue requirements comparison prepared by PFC. The scope of the review was for the year ended December 31, 2004. Key focus areas included reviewing schedules and calculations prepared by PFC personnel for accuracy and agreeing selected amounts shown in the schedules to PFC financial information.

Based on the results of the review, it is our opinion that the revenue requirements comparison was effective. Revenue requirements using the short-cut method were \$86,047 or 0.026 percent higher than revenue requirements under the full regulatory calculation.

We appreciate the cooperation received from PFC personnel. If you have any questions concerning this report, please do not hesitate to contact us.

Sincerely,


Jim Loss
Senior Auditor


Louise Lopez
Audit Manager

c: Mr. R. H. Bazemore, Jr.
Mr. G. S. Chatas
Mr. W. D. Johnson
Mr. J. R. McArthur
Mr. M. A. Myers
Ms. P. J. Sims
Mr. J. M. Stone
Mr. E. D. Wood
Ms. S. S. Wyckoff
Deloitte & Touche LLP



April 22, 2004

Mr. Javier Portuondo
Director, Regulatory Services-FL

Dear Mr. Portuondo:

A review of the annual comparison of Progress Fuels Corporation's (PFC) revenue requirements under full regulatory treatment to revenue requirements using an equity amount of 55 percent of net long-term assets (the short-cut method) was recently completed. The Florida Public Service Commission issued Order 92-0347 on May 13, 1992, which requires this comparison to be performed annually. The principal objective of the review was to evaluate the effectiveness of the revenue requirements comparison prepared by PFC. The scope of the review was for the year ended December 31, 2003. Key focus areas included reviewing schedules and calculations prepared by PFC personnel for accuracy and agreement of selected amounts shown in the schedules to PFC financial information.

Based on the results of the review, it is our opinion that the revenue requirements comparison was effective. Revenue requirements using the short-cut method were \$60,659 or 0.017 percent lower than revenue requirements under the full regulatory calculation.

We appreciate the cooperation received from PFC personnel. If you have any questions concerning this report, please do not hesitate to contact us.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Matthew C. Powers'.

Matthew C. Powers
Senior Auditor

A handwritten signature in dark ink, appearing to read 'Arlene S. Graves'.

Arlene S. Graves
Audit Manager

c: Mr. K. E. Crake
Ms. D. M. Davis
Mr. A. S. Meadows
Mr. M. A. Myers
Mr. J. M. Stone
Mr. J. M. Thomas III
Mr. E. D. Wood
Deloitte & Touche LLP



April 30, 2003

Mr. Javier Portuondo
Manager of Regulatory Services - Florida

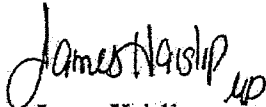
Dear Mr. Portuondo:

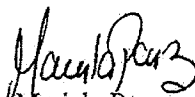
A review of the annual comparison of Progress Fuels Corporation's (PFC) revenue requirements under full regulatory treatment to revenue requirements using an equity amount of 55 percent of net long-term assets (the short-cut method) was recently completed. The Florida Public Service Commission issued Order 92-0347 on May 13, 1992, which requires this comparison to be performed annually. The principal objective of the review was to evaluate the effectiveness of the revenue requirements comparison prepared by PFC. The scope of the review was for the year ended December 31, 2002. Key focus areas included reviewing schedules and calculations prepared by PFC personnel for accuracy and agreeing selected amounts shown in the schedules to PFC financial information.

Based on the results of the review, it is our opinion that the revenue requirements comparison was effective. Revenue requirements using the short-cut method were \$47,749 or 0.014 percent higher than revenue requirements under the full regulatory calculation.

We appreciate the cooperation received from PFC personnel. If you have any questions concerning this report, please do not hesitate to contact us.

Sincerely,


James Haislip
Senior Auditor


Mariela Perez
Lead Auditor

c: Ms. D. M. Davis
Mr. M. A. Myers
Mr. A. W. Pitcher
Ms. P. J. Sims
Mr. J. M. Stone
Mr. E. D. Wood
Deloitte & Touche LLP



May 21, 2002

Mr. Javier J. Portuondo
Manager Regulatory Services, FL

Dear Mr. Portuondo:

An audit of Electric Fuels Corporation's (EFC) Cost of Capital was recently completed. The principal objective of the audit was to evaluate the effectiveness of the short-cut method for calculating revenue requirements. An effective short-cut method results in revenue requirements that are reasonably consistent with those calculated under full regulatory treatment. The Florida Public Service Commission issued order 92-0347 on May 13, 1992, which ordered Florida Power Corporation to annually compare EFC's revenue requirements calculated under full regulatory treatment to those calculated using the short-cut method. The scope of the audit included the comparison of the full regulatory treatment to the short-cut method for the year ending December 31, 2001. Key focus areas included a year-to-year comparison of revenue requirement components, current revenues, and net percentage differences. Key audit activities included:

- Reviewing schedules prepared by EFC personnel.
- Agreeing amounts shown on the schedules to the EFC accounting records.
- Reviewing the calculation for full regulatory treatment.

A notable strength observed during the audit was the preparation of the supporting schedules used for the comparison of the full regulatory treatment to the short-cut method for calculating revenue requirements.

Based on the results of the audit, it is our opinion that the short-cut method for calculating revenue requirements is effective. Revenue requirements using the short-cut method were \$152,417 or .05 percent lower than revenues under the full regulatory calculation.

We appreciate the cooperation received from EFC personnel. If you have any questions concerning this report, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kurt Feierbacher'.

Kurt Feierbacher
Auditor

A handwritten signature in black ink, appearing to read 'Beth Warren'.

Beth Warren
Audit Manager

BJW/kf

c: Mr. R. F. Caldwell
Ms. D. M. Davis
Mr. V. M. Dolan
Mr. D. G. Edwards
Mr. M. A. Myers
Mr. E. D. Wood



Florida Power

A Progress Energy Company

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-18)
Page 17 of 20

May 1, 2001

Mr. Javier J. Portuondo
Manager - Regulatory Services Florida

Dear Mr. Portuondo:

A review of Electric Fuel Corporation's (EFC) revenue requirements under full regulatory treatment compared to revenue requirements using an equity amount of 55% of net long term assets was recently completed. In PSC order 92-0347 issued May 13, 1992, the Commission ordered Florida Power Corporation (FPC) to annually compare EFC's revenue requirements under full regulatory treatment to revenue requirements using an equity amount equal to 55% of net long-term assets (short-cut method).

The purpose of the review was to compare EFC's revenue requirements under full regulatory treatment to revenue requirements using the short-cut method. Audit methodology for conducting the review included:

- Reviewing schedules prepared by EFC personnel.
- Agreeing amounts shown on these schedules to EFC accounting records.
- Reviewing the calculation for full regulatory treatment.

The comparison showed revenue requirements using the short-cut method resulted in revenues which were \$235,677 or .096% lower than revenues under the full regulatory calculation.

We appreciate the cooperation received from EFC and FPC personnel during this audit. If you have any questions concerning this report please do not hesitate to contact us at 230-5979.

Sincerely,

Beth Warren
Audit Manager

BJW/jfh

c: Mr. W.D. Carter
Ms. D.M. Davis
Mr. V.M. Dolan
Mr. M.A. Myers

Audit Team:

Mr. James Haislip

PO Box 14042
St Petersburg, FL 33733

A2



FLORIDA
PROGRESS
CORPORATION

INTEROFFICE CORRESPONDENCE

Audit Services
OFFICE

BT21B
MAC

230-5350
TELEPHONE

SUBJECT: EFC Cost of Capital Comparison

TO: Karl Wieland

DATE: March 20, 2000

Docket No. 060658
Progress Energy Florida
Exhibit No. _____ (DMD-18)
Page 18 of 20

This report summarizes the results of our comparison of Electric Fuels Corporation's (EFC) revenue requirements under full regulatory treatment to revenue requirements using an equity amount equal to 55% of net long-term assets. We commend the staff of EFC for the high degree of professionalism we observed during our audit.

BACKGROUND

In PSC order 92-0347 issued May 13, 1992, the Florida Public Service Commission ordered Florida Power Corporation to annually compare EFC's revenue requirements under full regulatory treatment to revenue requirements using an equity amount equal to 55% of net long-term assets (short-cut method). Florida Power proposed to have its Audit Services Department perform the comparison annually and present the findings to the Commission as part of its Fuel Adjustment filings.

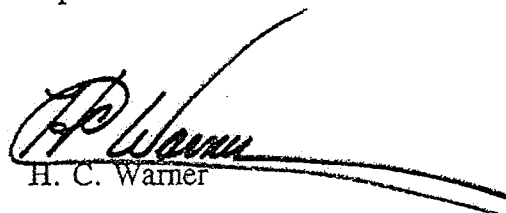
AUDIT OBJECTIVE AND SCOPE

Our purpose was to compare EFC's revenue requirements under full regulatory treatment to revenue requirements using the short-cut method. We reviewed the workpapers prepared by the staff of EFC, agreeing the amounts shown to books of original source while considering adjustments for non-reoccurring events, and assuring that the calculation was based on full regulatory treatment.

AUDIT OPINION

We found the comparison showed revenue requirements determined using the short-cut method resulted in revenues which were \$92,160 or .035% lower than revenues under the full regulatory calculation.

Thank you for the help given to James Haislip, who performed the audit under the direction of Ken McDonald.


H. C. Warner

HCW/jfh
Attachment

cc: Donna Davis
Rich Keller

Edward Moneypenny
Mark Myers

Joe Richardson

EFC Cost of Capital
Annual Audit Review
Background SummaryDocket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-18)
Page 19 of 20History

During 1980, EFC was a part of Florida Power (similar to a procurement area). They bought and delivered coal to the various power plants. As the company started divesting, FPC spun off the Coal part of the business into Electric Fuels. Since coal delivery is directly related to the power plants, it is still regulated by the same laws. At first, the majority (@ 90%) of the business was regulated. This part consisted of the coal delivery to the power plants. As EFC expanded, they acquired other non-regulated business such as railroads, barges and mines. The non regulated businesses are now the majority of EFC. EFC financial statements are divided between the two groups. The regulated side of EFC (Coal and Coal delivery) is governed by the same laws as FPC and such must follow the same guidelines as FPC.

The part of EFC that is governed as a utility should calculate earnings as if it were a utility. Since this is a long winded calculation, the Commission has agreed to a "short cut" method to calculate revenue. EFC is allowed to earn 12% on 55% debt to equity ratio. A schedule is produced annually for projected earnings, expenses etc.. A 1% return on equity is factored in each month. (12% (the allowed rate of return) /12 months).

They start with projected net income and adjust upward, gross up for taxes, interest expense, etc. Dividends are then adjusted as needed to meet the 55% requirement. See Dale Clark for more detailed information of the "short cut" calculation.

Del

Once a year the Commission requires EFC to calculate revenues under the utility method and then compare revenue under both calculations. This is done to ensure that the rate payers are not paying additional rates because the "short cut" method is used. Comparison as seen on WP D1.

Review Utility rate calculations on WP P3 prior to review.

Additional InformationTax

During 1993, the regulators reviewed the tax benefit of non utility (non -regulated) to regulated. They decided the tax effect should be distinguished between the two since there was a tax advantage to the non utility side. The financials were restated in 1993 and going forward, tax adjustments would be made to reflect the difference. The adjustments are usually done during the annual IRS audit and reflected in the tax expense reconciliation.

See Dale Clark, EFC
Del

SEA
3/2000
K



FLORIDA PROGRESS CORPORATION
EFC COST OF CAPITAL
COMPARISON AUDIT
QUARTER 1 - 2000 / FYE: 12/31/99

OFFICE CORRESPONDENCE

Audit Services
OFFICE

H2Z
MAC

230-5350
TELEPHONE

SUBJECT: EFC Cost of Capital Comparison

Prior Year Report

TO: Karl Wieland

DATE: March 22, 1999

This report summarizes the results of our comparison of Electric Fuels Corporation's (EFC) revenue requirements under full regulatory treatment to revenue requirements using an equity amount equal to 55% of net long-term assets. We wish to commend the staff of EFC for the high degree of professionalism we observed during our audit.

BACKGROUND

In PSC order 92-0347 issued May 13, 1992, the Commission ordered Florida Power to annually compare EFC's revenue requirements under full regulatory treatment to revenue requirements using an equity amount equal to 55% of net long-term assets (short-cut method). FPC proposed to have its Audit Services Department perform the comparison annually and present the findings to the Commission as part of its Fuel Adjustment filings.

AUDIT OBJECTIVE AND SCOPE

Our purpose was to compare EFC's revenue requirements under full regulatory treatment to revenue requirements using the short-cut method. We reviewed the workpapers prepared by the staff of EFC, agreeing the amounts shown to books of original source while considering adjustments for non-reoccurring events, and assuring that the calculation was based on full regulatory treatment.

AUDIT OPINION

We found the comparison showed revenue requirements determined using the short-cut method resulted in revenues which were \$153,127 or .056% lower than revenues under the full regulatory calculation.

Thank you for the help given to Diana Vorona, who performed the audit under the supervision of Jim Loss.


H. C. Warner

HCW/dv

cc: Donna Davis
Jeff Heinicka
Rich Keller
Mark Myers
Joe Richardson

Plant Operator Coal Transactions - Annual Format
Transactions JAN 1996 Through DEC 2005

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-19)
Page 1 of 10

		Supplier Information				Purchase Information											
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	Expir. S/C	Date	Tons (000s)	Btu/Lb	% Sulfur	LbSO ₂ /mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu
Plant Operator: Florida Power Corp. Plant: Crystal R@ Int Marine Terminal; Davant, LA; Transp: CSX:BG																	
***1996 ***																	
F	KY/Boyd	Appalachian Fuels	Appalachian Fuels	Big Sandy River Dock	S	MEMCO	C	04/02	20.87	12,530	0.71	1.13	9.89	37.50	6.27	0.00	43.77 174.68
F	KY/Floyd	Elk Horn Coal Corp.	Buck Coal Sales-F	Buck Coal	U	TK	C	07/98	1.25	12,502	0.61	0.98	8.75	33.59	12.20	0.00	45.79 183.12
F	KY/Floyd	Pen Holdings, Inc.	Pen Coal Corp.	Pen Coal Thru Big Sandy	U	TK	C	07/98	81.36	12,534	0.66	1.05	9.04	34.26	11.49	0.00	45.75 182.50
F	KY/Pike	A.T. Massey Coal	Sidney Coal Co., Inc.	Sidney No.1 Prep (Leslie)	U	NS	C	04/02	21.76	12,523	0.71	1.14	10.08	29.88	13.78	0.00	43.64 174.24
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	09/96	17.62	13,080	0.65	0.99	7.15	31.06	11.65	0.00	42.71 163.27
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	12/97	19.75	12,818	0.63	0.98	8.97	29.63	13.09	0.00	42.72 166.64
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	07/98	57.23	12,641	0.63	1.00	8.42	33.23	12.99	0.00	46.22 182.80
F	KY/Pike	Wexford Capital LLC	Millard Processing	Millard Processing	U	CSX	C	04/02	19.59	12,706	0.65	1.03	9.12	30.68	13.35	0.00	44.03 173.26
F	WV/Boone	A.T. Massey Coal	Elk Run Coal Co.,	Elk Run Coal	U	CSX	C	04/02	618.05	12,572	0.72	1.15	10.23	31.73	12.04	0.00	43.77 174.09
F	WV/Wayne	Pen Holdings, Inc.	Pen Coal Corp.	Kiah Creek (Rollem Fork)	S	TK	C	07/98	261.02	12,562	0.65	1.04	8.90	36.04	9.83	0.00	45.87 182.57
1996 Total for CONTRACT:									1,118.50	12,583	0.69	1.10	9.64	33.01	11.49	0.00	44.50 176.82
F	KY/Floyd	A.T. Massey Coal	Little Buck Coal, Inc.	Little Buck No.1 (C)	U	CSX	S		11.00	12,082	0.70	1.16	9.27	25.27	13.32	0.00	38.59 159.70
F	KY/Floyd	Pen Holdings, Inc.	Pen Coal Corp.	Pen Coal Thru Big Sandy	U	TK	S		0.97	12,143	0.64	1.05	10.39	27.31	11.46	0.00	38.77 159.63
F	KY/Knott	Progress Fuels Corp.	Diamond May Coal	Pioneer Prep/Yellow Creek	S	CSX	S		405.69	12,579	0.69	1.10	8.53	23.50	13.18	4.44	41.12 163.47
F	KY/Letcher	Progress Fuels Corp.	Kentucky May Coal	Progress 1 *	U	CSX	S		8.28	12,602	0.74	1.17	9.05	24.20	13.20	4.00	41.40 164.24
F	KY/Martin	Czar Coal Corp.	Taurus Coal Co., Inc.	Taurus No.5	U	TK	S		37.51	12,042	0.66	1.10	10.52	21.34	12.16	5.46	38.96 161.77
F	KY/Martin	Horizon Natural	Addington Mining	Martiki/All Pits	U	TK	S		3.36	12,273	0.65	1.06	10.04	26.26	12.05	0.00	38.31 156.08
F	KY/Perry	James River Coal Co.	Leeco, Inc.	Leeco No.64 Prep	U	CSX	S		17.85	13,351	0.70	1.05	5.72	30.86	12.59	0.00	43.45 162.73
F	KY/Perry	[Not Reported]	[Operator Not	Magoffin *	U	TK	S		165.00	12,509	0.69	1.10	8.59	27.55	13.44	0.00	40.99 163.86
F	KY/Pike	Horizon Natural	Addington	Crooked Fork	S	TK	S		25.92	12,706	0.65	1.02	7.86	27.79	12.30	0.00	40.09 157.76
F	KY/Pike	Hunts Branch Coal	Hunts Branch Coal	Hunts Branch No.1	S	TK	S		45.95	12,418	0.67	1.08	9.26	23.48	13.75	2.85	40.08 161.37
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	S		17.95	13,116	0.65	0.99	6.21	30.94	13.39	0.00	44.33 168.98
F	KY/Pike	[Not Reported]	[Operator Not	Fairway *	U	CSX	S		9.55	13,506	0.68	1.01	6.09	31.19	13.65	0.00	44.84 166.00
F	WV/Boone	Horizon Natural	C C Coal Co.	Orgas (C)	S	TK	S		69.88	12,719	0.68	1.07	11.17	24.57	11.25	4.39	40.21 158.09
F	WV/Wayne	Pen Holdings, Inc.	Pen Coal Corp.	Kiah Creek (Rollem Fork)	S	TK	S		20.89	12,143	0.64	1.05	10.39	28.96	9.81	0.00	38.77 159.63
1996 Total for SPOT:									839.80	12,567	0.68	1.09	8.80	25.00	12.94	2.95	40.89 162.70
Crystal R@ Int Marine Terminal Total for 1996:									1,958.30	12,576	0.69	1.09	9.28	29.57	12.11	1.27	42.95 170.77
***1997 ***																	
F	KY/Floyd	Elk Horn Coal Corp.	Buck Coal Sales-F	Buck Coal	U	TK	C	07/98	22.63	12,362	0.61	0.99	9.42	33.94	12.53	0.00	46.47 187.96

Plant Operator Coal Transactions - Annual Format
Transactions JAN 1996 Through DEC 2005

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (DMD-19)
Page 2 of 10

11/03/06 - 09:49:29

Supplier Information						Purchase Information											
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/Lb	% Sulfur	LbSO ₂ /mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu
F	KY/Floyd	Pen Holdings, Inc.	Pen Coal Corp.	Pen Coal Thru Big Sandy	U	TK	C	07/98	64.44	12,543	0.65	1.04	9.02	35.47	11.72	0.00	47.19 188.11
F	KY/Pike	Horizon Natural	Addington Mining	Addington Various	S	TK	C	12/97	206.27	12,449	0.68	1.09	8.86	27.94	12.22	0.00	40.16 161.30
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	12/97	55.28	12,953	0.62	0.96	7.89	31.48	12.63	0.00	44.11 170.27
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	07/98	10.13	12,398	0.65	1.05	9.61	34.36	12.51	0.00	46.87 189.02
F	KY/Pike	Wexford Capital LLC	Millard Processing	Millard Processing	U	CSX	C	04/02	9.02	12,603	0.65	1.03	9.00	31.60	13.15	0.00	44.75 177.52
F	WV/Boone	A.T. Massey Coal	Elk Run Coal Co.,	Elk Run Coal	U	CSX	C	07/98	10.06	12,765	0.64	1.00	7.95	36.16	11.95	0.00	48.11 188.44
F	WV/Boone	A.T. Massey Coal	Elk Run Coal Co.,	Elk Run Coal	U	CSX	C	04/02	656.22	12,646	0.73	1.15	10.70	33.16	12.03	0.00	45.19 178.69
F	WV/Wayne	Pen Holdings, Inc.	Argus Energy WV	Kiah Creek (Rollem Fork)	U	TK	C	07/98	12.80	12,765	0.64	1.00	7.95	38.05	10.05	0.00	48.10 188.40
F	WV/Wayne	Pen Holdings, Inc.	Pen Coal Corp.	Kiah Creek (Rollem Fork)	S	TK	C	07/98	310.62	12,543	0.66	1.04	9.06	37.21	10.01	0.00	47.22 188.24
1997 Total for CONTRACT:									1,357.47	12,595	0.69	1.10	9.77	33.41	11.61	0.00	45.02 178.73
F	CO/Gunnison	Arch Coal, Inc.	Mountain Coal Co.,	West Elk (Mt. Gunnison)	U	UP	S		14.38	11,131	0.60	1.08	7.74	16.13	24.50	0.00	40.63 182.52
F	KY/Boyd	[Not Reported]	[Operator Not	Hunts Branch *	S	TK	S		6.72	12,349	0.62	1.01	10.16	23.44	10.44	5.00	38.88 157.43
F	KY/Knott	Progress Fuels Corp.	Diamond May Coal	Pioneer Prep/Yellow Creek	S	CSX	S		318.69	12,364	0.67	1.08	9.62	23.60	12.74	4.17	40.51 163.82
F	KY/Letcher	Progress Fuels Corp.	Kentucky May Coal	Progress 1 *	U	CSX	S		103.36	12,766	0.65	1.02	8.47	24.74	12.75	4.72	42.21 165.31
F	KY/Martin	Czar Coal Corp.	Taurus Coal Co., Inc.	Taurus No.5	U	TK	S		38.87	12,242	0.64	1.05	9.75	21.68	12.34	6.43	40.45 165.21
F	KY/Perry	[Not Reported]	[Operator Not	Magoffin *	U	TK	S		2.47	11,200	0.74	1.33	14.50	21.68	13.82	2.59	38.09 170.06
F	KY/Pike	Hunts Branch Coal	Hunts Branch Coal	Hunts Branch No.1	S	TK	S		6.51	12,639	0.64	1.01	8.73	23.81	13.59	2.00	39.40 155.88
F	WV/Boone	Horizon Natural	C C Coal Co.	Orgas (C)	S	TK	S		94.10	12,810	0.68	1.06	10.81	24.44	11.26	3.64	39.34 153.57
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Kanawha River Dock No.1	S	MEMCO	S		4.69	11,547	0.61	1.06	9.29	27.97	7.85	0.00	35.82 155.10
F	WV/Mingo	Foundation Coal	Odell Processing, Inc.	Dingess Processing	S	TK	S		77.02	12,281	0.66	1.07	9.98	22.16	12.29	3.89	38.34 156.11
F	WV/Raleigh	Pups Creek Coals,	Pups Creek Coals,	Pups Creek No.2	S	TK	S		3.78	11,631	0.76	1.31	13.02	20.71	12.42	2.00	35.13 151.03
1997 Total for SPOT:									670.59	12,434	0.66	1.07	9.65	23.47	12.66	4.13	40.26 161.89
Crystal R@ Int Marine Terminal Total for 1997 :									2,028.06	12,542	0.68	1.09	9.73	30.13	11.96	1.36	43.45 173.21
***1998 ***																	
F	KY/Floyd	Pen Holdings, Inc.	Pen Coal Corp.	Pen Coal Thru Big Sandy	U	TK	C	07/98	38.51	12,399	0.65	1.05	9.23	31.99	11.52	0.00	43.51 175.45
F	KY/Floyd	Pen Holdings, Inc.	Pen Coal Corp.	Pen Coal Thru Big Sandy	U	TK	C	UNKN	28.59	12,238	0.67	1.10	9.78	34.42	11.05	0.00	45.47 185.75
F	KY/Pike	Alliance Coal, LLC	Excel Mining, LLC	MC Mining NO.3	U	CSX	C	12/98	35.76	12,633	0.66	1.04	7.38	24.32	12.70	5.00	42.02 166.30
F	KY/Pike	Horizon Natural	Addington Mining	Addington Various	S	TK	C	UNKN	28.51	12,423	0.67	1.08	8.99	28.01	12.11	0.00	40.12 161.49
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	12/97	7.39	13,031	0.64	0.98	7.31	32.47	11.91	0.00	44.38 170.27
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	07/98	39.15	12,799	0.68	1.06	8.13	35.89	12.06	0.00	47.95 187.31
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	12/98	78.50	13,003	0.71	1.09	7.36	30.98	11.92	0.00	42.90 164.96
F	KY/Pike	Wexford Capital LLC	Millard Processing	Millard Processing	S	CSX	C	04/02	63.62	12,630	0.69	1.09	9.99	30.85	12.08	0.00	42.93 169.96

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Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu	
F	WV/Boone	A.T. Massey Coal	Elk Run Coal Co.,	Elk Run Coal	U	CSX	C	04/02	641.39	12,575	0.72	1.14	10.47	31.58	11.67	0.00	43.25 171.96	
F	WV/Wayne	Pen Holdings, Inc.	Pen Coal Corp.	Kiah Creek (Rollem Fork)	S	TK	C	07/98	158.58	12,365	0.66	1.06	9.38	35.81	10.16	0.00	45.97 185.90	
F	WV/Wayne	Pen Holdings, Inc.	Pen Coal Corp.	Kiah Creek (Rollem Fork)	S	TK	C	UNKN	227.70	12,240	0.67	1.09	9.85	35.56	9.89	0.00	45.45 185.67	
1998 Total for CONTRACT:									1,347.70	12,517	0.69	1.11	9.78	32.61	11.26	0.13	44.00 175.79	
F	KY/Knott	Progress Fuels Corp.	Diamond May Coal	Pioneer Prep/Yellow Creek	S	CSX	S		351.16	12,551	0.66	1.06	9.71	23.74	12.37	6.14	42.25 168.32	
F	KY/Letcher	Progress Fuels Corp.	Kentucky May Coal	Progress 1 *	U	CSX	S		91.85	12,623	0.69	1.09	9.18	24.94	12.12	4.43	41.49 164.33	
F	KY/Martin	Czar Coal Corp.	Taurus Coal Co., Inc.	Taurus No.5	U	TK	S		8.09	12,463	0.68	1.10	8.56	22.69	11.93	11.00	45.62 183.05	
F	KY/Perry	El Paso Corp.	Coastal Coal Co.,	Little Leatherwood No.1	U	CSX	S		17.64	13,267	0.75	1.13	5.43	26.09	12.36	4.00	42.45 160.00	
F	KY/Pike	A.T. Massey Coal	Rockhouse Energy	Rockhouse No.1	U	TK	S		6.71	12,342	0.63	1.02	10.78	22.61	12.70	7.00	42.31 171.42	
F	KY/Pike	Hunts Branch Coal	Hunts Branch Coal	Hunts Branch Coal	S	TK	S		27.23	12,315	0.67	1.08	9.92	23.58	13.41	2.98	39.97 162.29	
F	KY/Pike	Rivereagle Coal	Rivereagle Coal	Rivereagle	S	TK	S		1.78	12,300	0.64	1.04	9.85	23.64	13.55	3.00	40.19 163.37	
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	S		9.93	12,949	0.81	1.25	8.93	26.08	12.64	4.00	42.72 164.96	
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		79.76	12,968	0.73	1.12	5.67	29.27	14.02	0.00	43.29 166.93	
F	WV/Clay	AMVEST Corp.	Fola Coal Co., Inc.	Monoc No.3 (Ike Fork)	S	TK	S		9.36	12,360	0.67	1.08	13.69	22.07	12.80	4.00	38.87 157.25	
F	WV/Mingo	Dingus	Dingus	Dingus *	U	TK	S		51.54	12,220	0.62	1.01	10.87	22.47	12.02	4.11	38.60 157.95	
F	WV/Mingo	Foundation Coal	Odell Processing, Inc.	Dingess Processing	S	TK	S		16.47	12,241	0.68	1.11	9.26	22.08	12.22	4.91	39.21 160.17	
F	WV/Raleigh	Pups Creek Coals,	Pups Creek Coals,	Pups Creek No.2	S	TK	S		35.38	11,788	0.77	1.30	13.17	19.01	11.90	1.90	32.81 139.15	
1998 Total for SPOT:									706.90	12,546	0.68	1.08	9.38	24.19	12.52	4.66	41.37 164.89	
Crystal R@ Int Marine Terminal Total for 1998 :									2,054.60	12,527	0.69	1.10	9.64	29.72	11.69	1.69	43.10 172.03	
***1999 ***																		
F	KY/Floyd	Pen Holdings, Inc.	Pen Coal Corp.	Pen Coal Thru Big Sandy	U	TK	C	07/01	22.41	12,340	0.67	1.08	9.72	33.95	11.54	0.00	45.49 184.30	
F	KY/Floyd	Pen Holdings, Inc.	Pen Coal Corp.	Pen Coal Thru Big Sandy	U	TK	C	UNKN	77.61	12,339	0.67	1.08	9.78	33.88	11.11	0.00	44.99 182.30	
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	12/98	9.27	12,665	0.70	1.11	8.85	28.57	12.31	0.00	40.88 161.40	
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	07/01	118.10	12,820	0.70	1.09	8.56	34.42	12.41	0.00	46.83 182.65	
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	12/01	0.51	12,629	0.81	1.28	9.17	29.23	12.60	0.00	41.83 165.60	
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	UNKN	166.79	12,928	0.66	1.03	7.67	30.40	12.34	0.00	42.74 165.31	
F	KY/Pike	Wexford Capital LLC	Millard Processing	Millard Processing	S	CSX	C	04/02	27.80	12,726	0.68	1.06	9.40	31.41	11.70	0.00	43.11 169.40	
F	WV/Boone	A.T. Massey Coal	Elk Run Coal Co.,	Elk Run Coal	U	CSX	C	04/02	604.08	12,609	0.73	1.16	10.64	30.71	11.76	0.00	42.47 168.40	
F	WV/Wayne	Pen Holdings, Inc.	Pen Coal Corp.	Kiah Creek (Rollem Fork)	S	TK	C	07/01	52.81	12,364	0.67	1.09	9.69	35.39	10.22	0.00	45.61 184.43	
F	WV/Wayne	Pen Holdings, Inc.	Pen Coal Corp.	Kiah Creek (Rollem Fork)	S	TK	C	UNKN	179.31	12,347	0.67	1.08	9.72	35.11	9.87	0.00	44.98 182.15	
1999 Total for CONTRACT:									1,258.69	12,605	0.70	1.11	9.77	32.09	11.52	0.00	43.61 173.00	
F	KY/Floyd	Lodestar Energy, Inc.	Lodestar Energy, Inc.	Spradlin Branch	S	TK	S		0.46	12,476	0.68	1.09	8.60	23.48	13.86	0.00	37.34 149.63	

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F	KY/Knott	MBC Holdings, Inc.	Miller Brothers	Combs Branch	S	CSX	S		30.22	12,130	2.68	4.41	9.58	19.08	13.12	0.00	32.20	132.71
F	KY/Knott	Progress Fuels Corp.	Diamond May Coal	Pioneer Prep/Yellow Creek	S	CSX	S		304.63	12,757	0.71	1.11	8.20	23.00	12.53	4.43	39.96	156.61
F	KY/Pike	A.T. Massey Coal	Rockhouse Energy	Rockhouse No.1	U	TK	S		9.19	12,366	0.65	1.05	9.49	18.84	12.67	7.00	38.51	155.69
F	KY/Pike	Alliance Coal, LLC	Excel Mining, LLC	MC Mining NO.3	U	CSX	S		9.00	12,697	0.50	0.79	8.17	23.34	12.64	5.00	40.98	161.38
F	KY/Pike	James River Coal Co.	Fools Gold Energy	Fools Gold No.8 (Jesse	U	CSX	S		37.80	13,102	0.74	1.13	9.66	25.39	11.69	5.00	42.08	160.58
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		60.79	12,843	0.73	1.14	6.23	34.35	13.85	0.00	48.20	187.65
F	NA/Not	Cerrejon Consortium	InterCor	Mina Norte	S	BG	S		38.56	12,904	0.66	1.02	5.62	31.11	7.90	0.00	39.01	151.15
F	WV/Boone	A.T. Massey Coal	Endurance Mining	Red Cedar Surface No.1	S	TK	S		15.08	12,447	0.70	1.12	10.48	23.41	10.95	6.00	40.36	162.13
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Remington/Synfuel Blend	X	ACBL	S		114.79	12,220	0.68	1.11	11.33	22.17	7.80	5.86	35.83	146.61
F	WV/Mingo	Appalachian Fuels	Appalachian Fuels	WV-1 Surface Mine	S	TK	S		14.80	11,847	0.95	1.61	11.39	23.35	10.48	0.00	33.83	142.77
F	WV/Mingo	Arch Coal, Inc.	Mingo Logan Coal	Mountaineer (Lefthand	U	TK	S		85.79	12,487	0.70	1.12	11.02	23.55	14.07	0.00	37.62	150.65
1999 Total for SPOT:									721.11	12,615	0.79	1.25	8.99	24.26	11.73	3.34	39.33	155.87
Crystal R@ Int Marine Terminal Total for 1999 :									1,979.80	12,609	0.73	1.16	9.49	29.23	11.60	1.22	42.05	166.76
***2000 ***																		
F	KY/Floyd	Pen Holdings, Inc.	Pen Coal Corp.	Pen Coal Thru Big Sandy	U	TK	C	07/01	43.95	12,357	0.65	1.05	9.73	34.74	11.83	0.00	46.57	188.42
F	KY/Floyd	Pen Holdings, Inc.	Pen Coal Corp.	Pen Coal Thru Big Sandy	U	TK	C	UNKN	14.95	12,381	0.64	1.03	9.95	35.21	11.35	0.00	46.56	188.01
F	KY/Pike	A.T. Massey Coal	Long Fork Coal Co.	Long Fork Prep (Gund)	U	NS	C	04/02	88.58	12,470	0.60	0.97	9.58	30.45	11.28	0.00	41.73	167.32
F	KY/Pike	A.T. Massey Coal	Long Fork Coal Co.	Long Fork Prep (Gund)	U	NS	C	UNKN	56.95	12,547	0.58	0.92	9.58	30.48	11.08	0.00	41.56	165.61
F	KY/Pike	A.T. Massey Coal	Sidney Coal Co., Inc.	Sidney No.1 Prep (Leslie)	U	NS	C	04/02	28.15	12,508	0.66	1.06	9.50	27.82	14.04	0.00	41.86	167.32
F	KY/Pike	A.T. Massey Coal	Sidney Coal Co., Inc.	Sidney No.1 Prep (Leslie)	U	NS	C	UNKN	0.11	12,587	0.68	1.08	9.84	28.34	13.78	0.00	42.12	167.32
F	KY/Pike	Wexford Capital LLC	CAM Kentucky LLC	Rob Fork Processing Plant	S	CSX	C	12/01	17.49	12,649	0.71	1.12	9.31	29.60	12.88	0.00	42.48	167.92
F	KY/Pike	Wexford Capital LLC	Millard Processing	Millard Processing	S	CSX	C	04/02	8.76	12,705	0.67	1.05	9.46	29.93	12.48	0.00	42.41	166.92
F	WV/Boone	A.T. Massey Coal	Elk Run Coal Co.,	Elk Run Coal	U	CSX	C	04/02	486.85	12,540	0.73	1.16	10.72	29.54	12.42	0.00	41.96	167.29
F	WV/Wayne	Pen Holdings, Inc.	Argus Energy WV	Kiah Creek (Rollem Fork)	U	TK	C	07/01	113.00	12,359	0.65	1.05	9.89	35.93	10.63	0.00	46.56	188.38
F	WV/Wayne	Progress Energy, Inc.	Kanawha River	Cyrus Dock (C) (Kanawha	S	BG	C	07/01	228.47	12,219	0.68	1.12	10.51	30.78	7.08	7.00	44.86	183.55
2000 Total for CONTRACT:									1,087.26	12,441	0.69	1.10	10.32	30.84	10.96	1.47	43.27	173.88
F	IL/Saline	Robert Murray	American Coal Co.	Galatia No.56-1	U	IC	S		1.43	11,840	1.04	1.76	6.57	20.81	8.48	0.00	29.29	123.69
F	KY/Pike	Alliance Coal, LLC	Excel Mining, LLC	MC Mining NO.3	U	CSX	S		9.26	12,741	0.54	0.85	7.34	24.35	12.93	5.00	42.28	165.92
F	MD/Allegany	Emerald International	Emerald International	Emerald International	U	TK	S		1.60	11,662	1.05	1.80	6.05	13.99	14.83	0.00	28.82	123.56
F	WV/Boone	A.T. Massey Coal	Elk Run Coal Co.,	Elk Run Coal	U	CSX	S		3.37	12,618	0.95	1.51	10.32	28.14	12.09	0.00	40.23	159.42
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel,	Black Hawk Synfuel Plant	U	ACBL	S		747.08	12,152	0.70	1.15	12.07	23.64	8.15	5.36	37.15	152.84
F	WV/Kanawha	Progress Fuels Corp.	Electric Fuels Corp.	New River Synfuel	U	BG	S		77.12	12,276	0.68	1.11	12.11	31.89	7.23	0.00	39.12	159.32

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F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Remington/Synfuel Blend	X	ACBL		S		138.24	12,166	0.68	1.11	11.86	22.40	8.04	5.95	36.39 149.54
F	WV/Mingo	Arch Coal, Inc.	Mingo Logan Coal	Mountaineer (Lefthand	U	TK		S		6.06	12,224	0.73	1.19	11.13	24.85	14.41	0.00	39.26 160.60
F	WV/Wayne	Progress Energy, Inc.	Kanawha River	Cyrus Dock (C) (Kanawha	S	BG		S		100.92	12,196	0.68	1.11	10.55	27.13	7.05	7.00	41.18 168.81
2000 Total for SPOT:									1,085.08	12,172	0.69	1.14	11.84	24.41	8.06	5.14	37.61 154.48	
Crystal R@ Int Marine Terminal Total for 2000 :									2,172.34	12,307	0.69	1.12	11.08	27.63	9.51	3.30	40.44 164.29	
***2001 ***																		
F	KY/Pike	A.T. Massey Coal	Sidney Coal Co., Inc.	Sidney No.1 Prep (Leslie)	U	NS		C 04/02	19.15	12,487	0.67	1.07	10.06	29.93	14.53	0.00	44.46 178.04	
F	WV/Wayne	Pen Holdings, Inc.	Argus Energy WV	Kiah Creek (Rollem Fork)	U	TK		C 07/01	86.24	12,362	0.68	1.10	10.27	39.94	9.87	0.00	49.81 201.46	
F	WV/Wayne	Pen Holdings, Inc.	Argus Energy WV	Kiah Creek (Rollem Fork)	U	TK		C UNKN	44.70	12,216	0.67	1.09	10.84	39.91	9.60	0.00	49.51 202.65	
F	WV/Wayne	[Not Reported]	[Operator Not	Mayo *	U	BG		C UNKN	47.81	12,345	0.66	1.07	9.44	43.08	6.83	0.00	49.91 202.13	
2001 Total for CONTRACT:									197.90	12,337	0.67	1.09	10.18	39.72	9.53	0.00	49.25 199.60	
F	CO/Delta	Horizon Natural	Bowie Resources,	Bowie No.2	U	UP		S		19.81	12,159	0.38	0.63	5.21	26.33	19.57	0.00	45.90 188.74
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK		S		116.51	12,668	0.70	1.11	6.07	33.75	15.11	0.00	48.86 192.87
F	NA/Not	Cerrejon Consortium	Cerrejon	Central Cerrejon	S	RR		S		84.90	12,391	0.70	1.12	6.47	31.97	16.52	0.00	48.49 195.65
F	NA/Not	Cerrejon Consortium	InterCor	Mina Norte	S	BG		S		127.95	12,793	0.71	1.11	7.01	39.40	8.69	0.00	48.09 187.95
F	NA/Not	Drummond Co., Inc	Drummond Co., Inc	Mina Pribbenow	S	BG		S		94.27	11,648	0.82	1.41	8.44	35.59	8.50	0.00	44.09 189.27
F	NA/Not	[Not Reported]	[Operator Not	Russian Coal *	U	UNKN		S		74.36	11,882	0.34	0.57	9.85	N/A	N/A	N/A	46.38 195.17
F	WV/Boone	A.T. Massey Coal	Elk Run Coal Co.,	Chess Processing Co.	S	CSX		S		42.78	12,358	0.69	1.12	11.67	31.23	12.77	0.00	44.00 178.04
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel,	Black Hawk Synfuel Plant	U	ACBL		S		1,205.07	12,217	0.69	1.13	11.84	41.56	8.15	6.96	56.67 231.94
F	WV/Kanawha	Progress Fuels Corp.	Electric Fuels Corp.	New River Synfuel	U	BG		S		605.65	12,205	0.68	1.12	11.79	34.01	7.18	0.00	41.19 168.75
2001 Total for SPOT:									2,371.30	12,242	0.68	1.11	10.83	38.39	8.51	3.54	50.44 206.00	
Crystal R@ Int Marine Terminal Total for 2001 :									2,569.20	12,249	0.68	1.11	10.78	38.50	8.59	3.26	50.35 205.50	
***2002 ***																		
F	NA/Not	ARCO Coal Co.	Guasare Coal	Guasare *	S	TK		C 11/02	60.98	12,881	0.70	1.09	6.37	27.32	17.80	10.00	55.12 213.96	
F	NA/Not	ARCO Coal Co.	Guasare Coal	Guasare *	S	TK		C 12/02	58.77	12,799	0.68	1.06	6.52	26.87	17.90	10.00	54.77 213.96	
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK		C 12/02	110.77	12,849	0.75	1.16	6.28	46.85	17.66	0.00	64.51 251.03	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel,	Black Hawk Synfuel Plant	U	ACBL		C 04/02	32.51	13,073	0.68	1.04	6.42	36.22	8.26	16.00	60.48 231.33	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel,	Black Hawk Synfuel Plant	U	CROUNS		C 11/02	35.07	12,307	0.69	1.12	11.60	30.54	8.73	17.00	56.27 228.60	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel,	Black Hawk Synfuel Plant	U	CROUNS		C 12/02	254.21	12,419	0.73	1.17	10.78	31.42	8.55	16.81	56.78 228.60	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel,	Black Hawk Synfuel Plant	U	CROUNS		C 02/03	45.44	12,385	0.67	1.07	10.43	30.00	8.74	17.88	56.62 228.60	
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Kanawha River Dock No.1	S	ACBL		C 12/03	70.12	13,103	0.69	1.06	6.36	30.94	7.68	22.00	60.62 231.33	

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Supplier Information							Purchase Information												
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu		
F	WV/Wayne	Pen Holdings, Inc.	Argus Energy WV	Kiah Creek (Rollem Fork)	U	TK	C	UNKN	12.33	12,290	0.67	1.09	10.00	39.90	9.72	0.00	49.62	201.86	
2002 Total for CONTRACT:									680.20	12,655	0.71	1.12	8.62	33.36	11.61	13.15	58.12	229.65	
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare)	S	TK	S		47.87	12,837	0.70	1.09	5.70	46.84	17.61	0.00	64.45	251.03	
F	NA/Not	Drummond Co., Inc	Drummond Co., Inc	Mina Pribbenow	S	BG	S		1.40	12,052	0.65	1.08	5.91	41.90	12.98	0.00	54.88	227.70	
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		5.20	13,281	0.69	1.04	6.51	33.73	7.72	20.00	61.45	231.33	
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		33.00	13,197	1.00	1.52	6.00	33.34	7.72	20.00	61.06	231.33	
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		26.13	13,280	0.68	1.02	6.38	33.69	7.75	20.00	61.44	231.33	
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		37.81	13,252	0.71	1.07	6.24	33.56	7.75	20.00	61.31	231.33	
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		35.48	13,044	0.73	1.12	7.68	32.60	7.75	20.00	60.35	231.33	
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		29.42	13,027	0.71	1.09	6.65	32.57	7.70	20.00	60.27	231.33	
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		29.46	13,083	0.73	1.12	6.02	32.83	7.70	20.00	60.53	231.33	
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		29.10	12,996	0.69	1.06	5.95	32.43	7.70	20.00	60.13	231.33	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel	Black Hawk Synfuel Plant	U	ACBL	S		27.32	12,339	0.67	1.08	11.09	36.41	8.03	20.67	65.11	263.83	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel	Black Hawk Synfuel Plant	U	ACBL	S		8.73	13,233	0.69	1.04	6.26	41.34	8.00	20.82	70.16	265.09	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel	Black Hawk Synfuel Plant	U	ACBL	S		8.00	12,208	1.00	1.64	12.00	34.20	8.41	22.00	64.61	264.60	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel	Black Hawk Synfuel Plant	U	ACBL	S		8.83	12,173	0.66	1.08	11.95	39.86	8.64	16.00	64.50	264.94	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel	Black Hawk Synfuel Plant	U	ACBL	S		6.99	12,518	0.71	1.14	10.57	41.19	8.64	16.00	65.83	262.93	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel	Black Hawk Synfuel Plant	U	CROUNS	S		6.61	12,461	0.67	1.07	11.01	29.74	8.73	27.00	65.47	262.70	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel	Black Hawk Synfuel Plant	U	CROUNS	S		6.78	12,392	0.69	1.11	10.19	29.42	8.73	27.00	65.15	262.86	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel	Black Hawk Synfuel Plant	U	CROUNS	S		10.69	12,287	0.68	1.10	11.51	29.18	8.73	27.00	64.91	264.14	
F	WV/Kanawha	Progress Fuels Corp.	Black Hawk Synfuel	Black Hawk Synfuel Plant	U	ACBL	S		265.03	12,490	0.67	1.08	9.84	37.78	8.14	15.64	61.56	246.43	
F	WV/Kanawha	Progress Fuels Corp.	Electric Fuels Corp.	New River Synfuel	U	BG	S		55.79	12,344	0.69	1.12	10.92	32.74	6.92	0.00	39.66	160.64	
F	WV/Kanawha	Progress Fuels Corp.	Electric Fuels Corp.	New River Synfuel	U	BG	S		64.45	12,506	0.67	1.07	9.83	33.29	6.89	0.00	40.18	160.64	
F	WV/Kanawha	Progress Fuels Corp.	Electric Fuels Corp.	New River Synfuel	U	BG	S		25.00	12,640	1.00	1.58	10.00	33.71	6.90	0.00	40.61	160.64	
F	WV/Kanawha	Progress Fuels Corp.	Electric Fuels Corp.	New River Synfuel	U	BG	S		170.83	12,238	0.66	1.08	11.02	33.02	7.02	0.00	40.04	163.58	
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Kanawha River Dock No.1	S	ACBL	S		40.00	12,267	1.00	1.63	11.00	29.96	7.58	11.00	48.54	197.84	
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Kanawha River Dock No.1	S	ACBL	S		56.13	12,284	0.67	1.09	11.69	30.70	7.91	10.00	48.61	197.84	
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Kanawha River Dock No.1	S	ACBL	S		53.82	12,554	0.69	1.10	10.19	32.77	7.91	9.00	49.68	197.84	
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Kanawha River Dock No.1	S	ACBL	S		66.72	12,583	0.69	1.10	9.55	32.67	8.12	9.00	49.79	197.84	
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Kanawha River Dock No.1	S	ACBL	S		47.61	12,694	0.70	1.11	8.33	32.22	8.18	9.83	50.23	197.84	
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Kanawha River Dock No.1	S	ACBL	S		38.17	12,948	0.70	1.08	6.77	32.05	8.18	11.00	51.23	197.84	
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Kanawha River Dock No.1	S	ACBL	S		59.34	12,724	0.67	1.05	8.63	32.30	8.19	18.14	58.63	230.41	
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Kanawha River Dock No.1	S	ACBL	S		72.39	12,833	0.67	1.04	7.82	32.38	7.72	19.49	59.59	232.16	
2002 Total for SPOT:									1,374.10	12,609	0.71	1.12	9.19	34.26	8.10	11.60	53.96	213.98	

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Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu	
Crystal R@ Int Marine Terminal Total for 2002 :									2,054.30	12,624	0.71	1.12	9.00	33.97	9.26	12.11	55.34	219.18
***2003 ***																		
F	WV/Boone	A.T. Massey Coal	Independence Coal	Liberty Processing	U	CSX	C	09/03	55.24	12,260	0.71	1.16	12.09	32.05	12.93	13.00	57.98	236.44
F	WV/Boone	A.T. Massey Coal	Independence Coal	Liberty Processing	U	CSX	C	10/03	115.16	12,418	0.72	1.16	11.17	32.89	12.83	13.00	58.72	236.44
F	WV/Logan	A.T. Massey Coal	Bandmill Coal Corp.	Rum Creek Prep	U	TK	C	10/03	60.67	12,546	0.69	1.09	7.93	30.71	13.48	15.28	59.47	236.99
2003 Total for CONTRACT:									231.07	12,414	0.71	1.14	10.54	32.12	13.02	13.60	58.74	236.59
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		51.55	13,153	0.61	0.93	5.03	27.36	17.43	0.00	44.79	170.27
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		43.93	13,146	0.68	1.03	4.22	33.18	17.28	0.00	50.46	191.92
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		87.25	13,145	0.72	1.10	6.01	32.24	17.36	0.00	49.60	188.65
F	NA/Not	Drummond Co., Inc	Drummond Co., Inc	Mina Pribbenow	S	BG	S		1.49	11,541	0.81	1.40	6.03	23.40	13.08	-6.40	30.08	130.33
F	NA/Not	Drummond Co., Inc	Drummond Co., Inc	Mina Pribbenow	S	BG	S		33.25	11,948	0.49	0.82	7.44	23.74	12.15	0.00	35.89	150.21
F	NA/Not	Drummond Co., Inc	Drummond Co., Inc	Mina Pribbenow	S	BG	S		11.99	12,791	0.54	0.84	7.25	30.20	12.00	0.00	42.20	164.96
F	NA/Not	Drummond Co., Inc	Drummond Co., Inc	Mina Pribbenow	S	BG	S		64.05	12,214	0.57	0.93	8.06	26.49	12.07	0.00	38.56	157.84
F	NA/Not	Weglokoks SA	Weglokoks SA	Weglokoks	U	BG	S		7.76	12,801	0.49	0.77	6.60	25.48	13.02	0.00	38.50	150.38
F	NA/Not	Weglokoks SA	Weglokoks SA	Weglokoks	U	BG	S		21.46	12,855	0.51	0.79	5.96	25.58	13.08	0.00	38.66	150.38
F	NA/Not	Weglokoks SA	Weglokoks SA	Weglokoks	U	BG	S		27.30	12,576	0.54	0.86	7.35	25.92	12.00	0.00	37.92	150.78
F	NA/Not	[Not Reported]	[Not Reported]	Santa Marta	S	UNKN	S		22.05	12,305	0.53	0.86	7.06	N/A	N/A	N/A	36.97	150.21
F	NA/Not	[Not Reported]	[Operator Not	Maracaibo *	S	BG	S		51.49	12,971	0.59	0.91	6.38	32.71	12.10	0.00	44.81	172.73
F	NA/Not	[Not Reported]	[Operator Not	Maracaibo *	S	BG	S		43.28	13,566	0.64	0.94	4.11	34.63	12.15	0.00	46.78	172.42
F	NA/Not	[Not Reported]	[Operator Not	Ul. Mickiewicz 29	U	UNKN	S		6.41	12,925	0.52	0.80	6.22	N/A	N/A	N/A	38.87	150.38
F	NA/Not	[Not Reported]	[Operator Not	Ul. Mickiewicz 29	U	UNKN	S		15.33	12,983	0.55	0.85	6.17	N/A	N/A	N/A	39.15	150.78
F	NA/Not	[Not Reported]	[Operator Not	Ul. Mickiewicz 29	U	UNKN	S		28.13	12,794	0.53	0.83	6.33	N/A	N/A	N/A	38.58	150.78
F	NA/Not	[Not Reported]	[Operator Not	Ul. Mickiewicz 29	U	UNKN	S		12.80	13,060	0.56	0.86	6.35	N/A	N/A	N/A	39.38	150.78
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		35.46	13,177	0.66	1.00	7.88	33.24	7.72	20.00	60.96	231.33
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		46.54	13,177	0.63	0.96	6.14	33.03	7.72	20.00	60.75	230.53
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		21.85	13,109	0.63	0.96	6.79	32.72	7.72	20.00	60.44	230.53
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		32.93	13,030	0.65	1.00	7.16	32.36	7.72	20.00	60.08	230.53
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		72.57	13,042	0.66	1.01	7.06	32.40	7.73	20.00	60.13	230.53
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		67.77	12,931	0.63	0.98	8.11	31.87	7.75	20.00	59.62	230.53
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		50.86	12,801	0.63	0.98	7.70	32.89	7.76	20.00	60.65	236.88
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S		67.01	12,999	0.68	1.05	7.49	33.84	7.75	20.00	61.59	236.89
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S		63.75	12,753	0.69	1.07	6.51	46.86	7.72	0.00	54.58	213.99
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S		17.77	12,633	0.69	1.09	10.07	43.43	7.72	0.00	51.15	202.44

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Record Type		Supplier Information					Purchase Information												
		St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu	
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S			88.13	12,575	0.65	1.03	10.29	43.20	7.72	0.00	50.92	202.44
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S			16.65	12,513	0.65	1.04	10.03	42.94	7.72	0.00	50.66	202.44
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S			56.40	12,310	0.69	1.12	11.76	50.46	7.75	0.00	58.21	236.44
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S			96.12	12,333	0.68	1.11	11.73	50.57	7.75	0.00	58.32	236.44
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S			22.83	12,418	0.65	1.05	11.51	45.82	7.63	0.00	53.45	215.22
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S			112.74	12,336	0.70	1.14	11.63	49.00	7.70	0.00	56.70	229.82
F	WV/Wayne	Riverside Synfuel,	Riverside Synfuel,	Riverside Synfuel Plant	S	BG	S			10.02	12,448	0.64	1.03	9.47	34.37	7.50	15.00	56.87	228.44
F	WV/Wayne	Riverside Synfuel,	Riverside Synfuel,	Riverside Synfuel Plant	S	BG	S			10.21	12,389	0.69	1.11	9.86	33.98	7.62	15.00	56.60	228.44
2003 Total for SPOT:										1,419.13	12,759	0.64	1.00	8.03	37.11	9.33	5.77	52.21	204.59
Crystal R@ Int Marine Terminal Total for 2003 :										1,650.20	12,711	0.65	1.02	8.38	36.40	9.85	6.87	53.12	208.97
***2004 ***																			
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	C	12/06		46.99	12,958	0.68	1.05	6.80	23.41	18.94	0.00	42.35	163.42
F	WV/Mason	Transcontinental	Transcontinental	TTI Terminals	S	ACBL	C	12/04		23.81	12,399	0.70	1.13	12.17	43.30	6.49	0.00	49.79	200.79
F	WV/Wayne	Progress Fuels Corp.	Kanawha River	Ceredo Dock	S	ACBL	C	12/04		14.85	12,431	0.65	1.05	13.47	43.77	6.15	0.00	49.92	200.79
2004 Total for CONTRACT:										85.65	12,711	0.68	1.07	9.45	32.47	13.26	0.00	45.73	179.89
F	KY/Boyd	Appalachian Fuels	Appalachian Fuels	Big Sandy River Dock	S	ACBL	S			32.94	12,170	0.65	1.07	10.89	39.21	8.44	0.00	47.65	195.76
F	KY/Boyd	Progress Fuels Corp.	Kentucky Coal	KY May River Dock	S	TK	S			3.22	12,104	0.61	1.01	12.00	34.27	13.12	0.00	47.39	195.76
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S			50.50	12,919	0.72	1.11	6.88	27.79	17.62	0.00	45.41	175.73
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S			112.19	13,040	0.62	0.95	5.65	26.96	17.54	0.00	44.50	170.61
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S			137.31	13,029	0.68	1.05	6.05	27.49	17.76	0.00	45.25	173.64
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S			48.12	13,012	0.66	1.01	5.49	27.56	17.90	0.00	45.46	174.70
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S			338.88	12,972	0.66	1.01	5.94	30.55	18.72	0.00	49.27	189.91
F	NA/Not	Cerrejon Consortium	Cerrejon	El Cerrejon Norte	S	TK	S			76.63	11,790	0.68	1.15	7.83	48.06	17.90	0.00	65.96	279.71
F	NA/Not	Cerrejon Consortium	Cerrejon	El Cerrejon Norte	S	TK	S			31.85	11,854	1.10	1.86	7.01	53.72	17.90	0.00	71.62	302.08
F	NA/Not	Cerrejon Consortium	InterCor	Mina Norte	S	BG	S			43.17	12,888	0.77	1.19	6.77	31.70	12.50	0.00	44.20	171.48
F	NA/Not	Weglokoks SA	Weglokoks SA	Weglokoks	U	BG	S			5.22	12,741	0.55	0.86	5.95	25.93	12.49	0.00	38.42	150.78
F	NA/Not	[Not Reported]	[Operator Not	Cartagena	U	BG	S			74.61	11,700	0.54	0.92	4.75	53.19	20.50	0.00	73.69	314.91
F	WV/Boone	Peabody Coal Co.	Eastern Associated	Wells Prep	U	CSX	S			15.37	13,023	0.66	1.01	10.14	40.19	16.50	7.50	64.19	246.44
F	WV/Kanawha	Progress Energy, Inc.	Marmet Synfuel, LLC	Marmet Synfuel	S	ACBL	S			19.05	12,557	0.62	1.00	9.50	37.61	8.05	7.18	52.84	210.40
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S			29.91	12,368	0.64	1.03	11.02	44.50	7.95	0.00	52.45	212.03
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S			76.72	12,470	0.61	0.97	10.44	44.63	7.84	0.00	52.47	210.38
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S			64.01	12,479	0.60	0.95	10.87	45.81	7.80	0.00	53.61	214.80

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Supplier Information					Purchase Information											
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	Expir. Date	Tons (000s)	Btu/Lb	% Sulfur	LbSO ₂ /mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S	33.31	12,031	0.67	1.12	11.95	40.11	7.82	0.00	47.93 199.18
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S	130.54	12,197	0.64	1.05	11.65	40.40	7.92	0.00	48.32 198.09
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S	81.29	12,398	0.66	1.06	11.38	43.63	8.05	0.00	51.68 208.42
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S	44.92	12,397	0.67	1.08	11.73	48.19	8.27	0.00	56.46 227.70
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S	63.76	12,434	0.65	1.04	11.33	39.90	8.78	0.00	48.68 195.76
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S	5.42	12,362	0.60	0.97	10.71	44.20	9.34	0.00	53.54 216.56
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S	46.85	12,270	0.65	1.06	12.13	40.48	8.71	0.00	49.19 200.46
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S	45.05	12,386	0.62	1.00	11.42	41.34	8.71	0.00	50.05 202.05
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S	10.57	12,612	0.74	1.17	10.12	53.59	7.75	0.00	61.34 243.17
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S	24.13	12,603	0.70	1.11	10.60	49.73	7.73	0.00	57.46 227.97
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S	24.75	12,496	0.67	1.07	10.70	50.03	7.75	0.00	57.78 231.20
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S	54.15	12,502	0.68	1.09	11.13	49.93	7.87	0.00	57.80 231.18
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S	33.36	12,366	0.72	1.16	11.63	48.80	8.67	0.00	57.47 232.39
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S	29.38	12,304	0.68	1.11	12.06	47.65	9.23	0.00	56.88 231.12
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S	28.05	12,247	0.70	1.14	11.94	48.06	8.65	0.00	56.71 231.53
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S	21.43	12,299	0.69	1.12	11.20	49.00	8.65	0.00	57.65 234.36
F	WV/Wayne	Progress Fuels Corp.	Kanawha River	Ceredo Dock	S	ACBL	S	15.25	12,449	0.64	1.03	10.48	37.37	7.00	15.00	59.37 238.44
F	WV/Wayne	Progress Fuels Corp.	Kanawha River	Ceredo Dock	S	ACBL	S	16.02	12,831	0.67	1.04	10.00	54.62	6.15	0.00	60.77 236.80
F	WV/Campbell	Vulcan Partners, LP	Triton Coal Company, North Rochelle		S	BNSF	S	26.23	8,939	0.21	0.47	4.23	7.32	23.25	0.00	30.57 171.02
2004 Total for SPOT:								1,894.16	12,508	0.66	1.05	8.64	38.44	13.23	0.25	51.92 207.55
Crystal R@ Int Marine Terminal Total for 2004 :								1,979.81	12,517	0.66	1.05	8.67	38.19	13.23	0.24	51.66 206.34
***2005 ***																
F	KY/Boyd	Arch Coal, Inc.	Arch Coal Terminal,	Arch Coal Terminal	S	BG	C 12/06	69.19	12,475	0.71	1.14	10.29	63.57	8.79	0.00	72.36 290.01
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	C 12/06	400.84	12,946	0.64	0.99	6.17	20.69	21.90	0.00	42.59 164.50
F	NA/Not	[Not Reported]	[Operator Not	Cartagena	U	BG	C 12/06	94.70	11,666	0.46	0.79	4.91	27.12	28.22	0.00	55.34 237.18
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	C 12/05	10.24	12,678	0.63	0.99	10.63	62.18	12.34	0.00	74.52 293.88
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	C 12/06	121.51	12,409	0.63	1.02	11.73	58.51	13.34	0.00	71.85 289.50
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	C 12/05	25.02	12,569	0.69	1.10	11.37	59.57	14.78	0.00	74.35 295.77
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	C 12/06	343.35	12,387	0.67	1.09	12.16	52.30	13.30	0.00	65.60 264.81
F	WV/Wayne	Progress Fuels Corp.	Ceredo Synfuel, LLC	Ceredo Synfuel Plant	S	ACBL	C 12/05	30.91	12,453	0.74	1.19	12.48	54.10	11.50	0.00	65.60 263.40
F	WV/Wayne	Progress Fuels Corp.	Kanawha River	Ceredo Dock	S	ACBL	C 12/05	31.79	12,370	0.66	1.07	11.80	58.52	6.99	0.00	65.51 264.79
2005 Total for CONTRACT:								1,127.55	12,541	0.64	1.03	9.23	40.79	17.13	0.00	57.92 230.92

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Supplier Information							Purchase Information										
Record Type	St/County	Controlling Company	Operator	Source/Mine	Mine Type	Originating Transportation	S/C	Expir. Date	Tons (000s)	Btu/ Lb	% Sulfur	LbSO2/ mmBtu	% Ash	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Delivered \$/Tn c/mmBtu
F	IL/Gallatin	[Not Reported]	[Operator Not	Gallatin, IL	U	TK	S		20.87	12,179	3.01	4.94	9.21	40.71	12.93	0.00	53.64 220.21
F	IN/Posey	Alliance Coal, LLC	Mount Vernon Coal	Mount Vernon Terminal	S	BG	S		35.82	11,821	0.43	0.73	7.19	36.82	5.87	25.00	67.69 286.32
F	LA/Not	TECO Transport &	TECO Transport &	Blended Import / Electro	S	UNKN	S		3.62	11,926	0.86	1.44	7.74	N/A	N/A	N/A	55.00 230.59
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		148.88	13,151	0.64	0.97	5.49	23.77	19.31	0.00	43.08 163.80
F	NA/Not	Carbones del	Carbones del Zulia	Paso Diablo (Guasare	S	TK	S		50.39	13,017	0.66	1.01	5.86	23.32	19.49	0.00	42.81 164.42
F	NA/Not	Consorcio Minero	Consorcio Minero	La Jagua	S	BG	S		40.54	12,053	0.71	1.18	5.24	50.68	21.68	0.00	72.36 300.17
F	NA/Not	Unknown	Unknown	Colombia Coal	X	BG	S		1.75	11,528	0.52	0.90	4.22	48.28	11.38	0.00	59.66 258.75
F	NA/Not	Unknown	Unknown	Colombia Coal	X	BG	S		79.25	11,796	0.61	1.03	7.87	56.44	11.00	0.00	67.44 285.85
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S		74.23	12,265	0.61	1.00	12.03	41.10	11.04	0.00	52.14 212.56
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S		6.98	12,197	0.65	1.07	11.96	40.35	13.25	0.00	53.60 219.73
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S		1.77	12,257	0.63	1.03	11.06	38.67	12.00	0.00	50.67 206.68
F	WV/Kanawha	Progress Fuels Corp.	Kanawha River	Quincy Dock	S	ACBL	S		43.49	12,310	0.62	1.01	11.68	59.69	13.25	0.00	72.94 296.26
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S		40.03	12,417	0.68	1.10	11.07	50.93	11.75	0.00	62.68 252.39
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S		1.79	12,008	0.67	1.12	12.57	43.10	13.25	0.00	56.35 234.63
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S		6.99	12,163	0.66	1.09	13.54	43.39	12.00	0.00	55.39 227.69
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S		25.61	12,339	1.49	2.41	10.55	44.06	12.51	0.00	56.57 229.22
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S		1.80	12,218	0.62	1.01	12.01	41.27	15.04	0.00	56.31 230.45
F	WV/Kanawha	Winifrede Dock, LLC	Winifrede Dock, LLC	Winifrede Dock	S	ACBL	S		25.83	12,228	0.70	1.14	12.28	48.85	13.25	0.00	62.10 253.93
2005 Total for SPOT:									609.64	12,447	0.75	1.20	8.38	40.31	14.57	1.47	56.35 226.36
Crystal R@ Int Marine Terminal Total for 2005 :									1,737.19	12,508	0.68	1.09	8.93	40.61	16.24	0.52	57.37 229.33
Crystal R@ Int Marine Terminal Total :									20,183.80	12,505	0.69	1.10	9.58	33.33	11.27	3.19	47.79 191.08
Total for Florida Power Corp.:									20,183.80	12,505	0.69	1.10	9.58	33.33	11.27	3.19	47.79 191.08
Grand Total:									20,183.80	12,505	0.69	1.10	9.58	33.33	11.27	3.19	47.79 191.08

FPC Waterborne Coal Transportation Costs (\$/ton-median*)

January 14, 2003

Year	A River Barge Ky/WV(R 8) to TF	B Ocean Barge Transfer Facility to CR	C Total Ky/WV(R 8) to CR (A+B)
2000 **	\$17.23	\$8.24	\$25.47
1999	\$16.35	\$7.81	\$24.16
1998	\$17.24	\$8.24	\$25.48
1997	\$17.32	\$8.27	\$25.59
1996	\$16.31	\$7.79	\$24.10
1995	\$15.93	\$7.61	\$23.54

Ky = Kentucky; WV = West Virginia; CR = Crystal River; TF = Transfer Facility(Louisiana); R = Region

* Represents the median value of all point to point shipments listed for the given calendar year.

** Median value determined from January through May data only- data for remaining months in 2000 not yet declassified.

Source: FPSC 423 Report Forms

TEC Waterborne Coal Transportation Costs (\$/ton-median*)

	A River Barge Kentucky (R 9) to TF	B River Barge WV(R 3) to TF	C River Barge Illinois(R 10) Cook T to TF	D Ocean Barge Transfer F (TF) to BB	E Total Kentucky(R 9) to BB (A+D)	F Total WV(R 3) to BB (B+D)	G Total Illinois(R 10) to BB (C+D)
2000 **	\$7.76	N.S.	\$7.72	\$10.55	\$18.31	N.S.	\$18.27
1999	\$6.16	\$5.00	\$6.15	\$9.86	\$16.01	\$17.86	\$16.01
1998	\$8.09	\$9.90	\$7.44	\$8.35	\$16.44	\$18.25	\$15.79
1997	\$7.87	\$9.90	\$7.85	\$8.32	\$16.19	\$18.22	\$16.17
1996	\$8.41	N.S.	\$8.34	\$8.40	\$16.81	N.S.	\$16.74
1995	\$8.41	N.S.	\$8.54	\$8.94	\$17.35	N.S.	\$17.48

WV = West Virginia; TF = Transfer Facility(Louisiana); N.S. = No Shipment; BB = Big Bend Plant; R = Region; T = Terminal

* Represents the median value of all point to point shipments listed for the given calendar year.

** Median value determined from January through September data only- data for remaining months in 2000 not yet declassified.

Source: FPSC 423 Report Forms

GULF Waterborne Coal Transportation Costs (\$/ton-median*)

	Total River Barge WV(R 8) to Crist Total	Total River Barge Ky(R 9) to Smith Total	Total River Barge Illinois(R 10) to Crist Total	Total River Barge Illinois(R 10) to Smith Total
2000 **	N.S.	N.S.	\$8.18	\$9.13
1999	N.S.	\$8.49	\$6.90	\$8.25
1998	\$10.48	\$8.47	\$7.31	\$8.90
1997	\$12.81	\$9.08	\$8.06	\$9.08
1996	N.S.	\$8.93	N.S.	\$8.50
1995	N.S.	N.S.	N.S.	\$8.18

WV = West Virginia; Ky = Kentucky; R = Region; N.S. = No Shipment

* Represents the median value of all point to point shipments listed for the given calendar year.

** Median value determined from January through September data only- data for remaining months in 2000 not yet declassified.

Source: FPSC 423 Report Forms