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February 26, 2004

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

COMMISSION
CLERK

FEB 26 PM 3:32

Re: Fuel and Purchased Power Cost Recovery Clause with Generating
Performance Incentive Factor; FPSC Docket No. 030001-EI

CONFIDENTIAL DOCUMENTS ENCLOSED *031033-EI*
per PAT P. AUSLEY

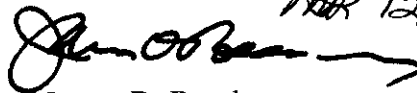
Dear Ms. Bayo:

We submit on behalf of Tampa Electric Company a single confidential version of the company's Transportation Storage and Transfer Agreement between Tampa Electric Company and TECO Transportation Corporation dated as of June 30, 1998 and a single confidential version of the company's Transportation Storage and Transfer Agreement between Tampa Electric Company and TECO Transport Corporation dated as of October 6, 2003. This filing is being accompanied by a Notice of Intent to Seek Confidential Classification being separately filed this date with your office.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

**CONFIDENTIAL
DECLASSIFIED**

APR 12. 28. 05

JDB/pp
Enclosures

cc: All parties of record (w/o encls.)

This docketed notice of intent was filed with Confidential Document No. 02875-04. The document has been placed in confidential storage pending timely receipt of a request for confidentiality.

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CONFIDENTIAL

031033-51

TRANSPORTATION STORAGE AND TRANSFER AGREEMENT

BETWEEN

TAMPA ELECTRIC COMPANY

AND

TECO TRANSPORT CORPORATION

Dated as of June 30, 1998

Rev. 12.28.05
**DECLASSIFIED
CONFIDENTIAL**

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Part 1 of 2
DOCUMENT NUMBER-DATE

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TRANSPORTATION, STORAGE AND TRANSFER AGREEMENT

THIS AGREEMENT dated as of the 30th day of June, 1998, by and between Tampa Electric Company, a Florida corporation ("Tampa Electric"), and TECO Transport Corporation, a Florida corporation ("Carrier").

WITNESSETH:

WHEREAS, Tampa Electric has need for an assured, reliable, and economical system to transport, store and transfer coal and/or petroleum coke originating at inland shipping points and moving by river barge via the Mississippi River and its tributaries, or originating offshore and moving by ocean bulk carrier to Tampa Electric's generating plants in the vicinity of Tampa, Florida;

WHEREAS, the provision of all of such services by a single vendor offers distinct advantages over segmented service procurement in terms of clear accountability, security, ease of administration, and efficient coordination and management of operating risks;

WHEREAS, Carrier owns bulk transportation, material transfer and storage subsidiary companies, namely, Mid-South Towing Company, a Florida corporation ("Mid-South"), Electro-Coal Transfer Corporation, a Louisiana corporation ("Electro-Coal"), and Gulfcoast Transit Company, a Florida corporation ("Gulfcoast"); and

WHEREAS, Carrier's subsidiary companies own and/or operate adequate equipment and facilities to provide transportation, storage and transfer services in the movement of coal and/or petroleum coke from various shipping points to Tampa Electric's generating plants in Florida: (1) Mid-South will transport coal and/or petroleum coke by barge from inland river shipping points down tributaries of the Mississippi River, thence down the Lower Mississippi River to Electro-Coal's terminal and transfer facility in Davant, Louisiana; and (2) Electro-Coal will store and/or transfer such river coal (and/or petroleum coke) and/or other coal (and/or petroleum coke) received from ocean bulk carrier to vessels owned and/or operated or controlled by Gulfcoast; and (3) Gulfcoast will transport such coal and/or petroleum coke

across the Gulf of Mexico to Tampa Electric's generating plants in the vicinity of Tampa, Florida; and (4) Carrier will also arrange rail transportation as requested by Tampa Electric to move coal and/or petroleum coke to river origin points;

WHEREAS, pursuant to the Stipulation approved by the Florida Public Service Commission in Order No. 20298, Tampa Electric and Carrier have negotiated market-based rates and charges, which rates and charges are deemed by Tampa Electric to be fair and reasonable, and other terms and conditions of service that among other things facilitate the prudent administration thereof and the accurate reporting of actual transfer prices in fuel adjustment proceedings; and

NOW, THEREFORE, in consideration of the mutual covenants, provisions, benefits and agreements hereinafter set forth and of other good and valuable considerations flowing between the parties hereto, the receipt and sufficiency of which are hereby acknowledged, Tampa Electric and Carrier do hereby covenant and agree as follows:

1. DEFINITIONS

For purpose of this Agreement, the following definitions shall apply:

1.0 Cargo

Coal or petroleum coke.

1.1. Effective Date

January 1, 1999

1.2. Contract or Agreement Year

Each of the twelve-month periods comprising the term of this Agreement beginning January 1, and ending the following December 31.

1.3. Short Ton, Net Ton or Ton

A ton of two thousand (2,000) pounds avoirdupois.

1.4. Freetime

The period allowed by Carrier for Tampa Electric, or its agents, to load or unload vessels without charge to Tampa Electric.

1.5. Laytime

The period during which a vessel or barge is available and held in readiness for loading and/or unloading by a dock facility.

1.6. Terminal

Carrier's transloading facility located near Davant, Louisiana.

1.7. Priority Handling

Carrier's obligation to ship, load, or unload Tampa Electric's Cargo with all due dispatch and in accordance with any reasonable request of Tampa Electric. This obligation includes the duties (a) to ship, load or unload Tampa Electric's Cargo ahead of cargoes of any other customer of Carrier when to do so would not be a violation of an existing firm commitment to such customer, (b) to seek any necessary consent of such other customers of Carrier in order to ship, load or unload Tampa Electric's Cargo ahead of cargoes of such other customers and (c) to present to Tampa Electric the opportunity to secure any such consent by, for example, negotiating to absorb demurrage costs or charges occasioned by reprioritizing cargoes.

1.8. Critical Coals

Types of coal designated from time to time through notice from Tampa Electric to be the predominant coals burned in its boiler units and, therefore, essential for power plant operation.

1.9 FAS Cargo

Cargo received at the Carrier's Terminal from Cargo transporters other than Carrier on an FAS basis.

2. EFFECTIVE DATE AND TERM

2.1. Term

The initial term of this Agreement shall begin January 1, 1999 and shall continue in full force for a period of five (5) years until December 31, 2003; provided, however, that this Agreement shall continue until final delivery with respect to any Cargo being transported on such date.

2.2. Provisions for Extension of Term

At the end of the initial term of this Agreement, if Tampa Electric has a continued need for the transportation of fuels beyond the initial term of this Agreement, the Carrier shall have the option of renewing this agreement under the circumstances set forth in this Section 2.2. This option is provided in recognition of the substantial investment made by the Carrier for the purpose of transporting coal to Tampa Electric during the initial period. In such event, Tampa Electric shall notify the Carrier of that need for such transportation ("Notice of Need") at least three (3) months prior to the end of the initial term. Within fifteen (15) days of its receipt of the Notice of Need, the Carrier shall advise Tampa Electric, in writing, of its intention to exercise its option to renew. If the Carrier fails to notify Tampa Electric of its intention to renew within this fifteen (15) day period, then the Carrier's option to renew shall be extinguished. If the Carrier notifies Tampa Electric in a timely manner of its intention to exercise its option, then Tampa Electric shall (i) determine the prevailing market prices, terms and conditions and the most cost-effective fuel transportation alternative for the transportation services sought for the renewal period, in a commercially reasonable manner, through requests for proposals, analyses of comparable transportation agreements, market analyses by outside consultants or other reasonable and verifiable means, and (ii) notify Carrier of same. Carrier shall then have the right to exercise its option on the terms, price and conditions so identified. Should the Carrier decline to exercise its option, then Tampa Electric shall be free to obtain all or any portion of the transportation services from one or more third party carriers ready, willing and able to provide same, subject to the Carrier's right of first refusal to match the best offer of any third party carrier to provide all or any portion of said services.

3. CARGO

Carrier shall transport Cargo by barge from inland shipping points on the tributaries of the Mississippi River down the Lower Mississippi River to the Carrier's Terminal. In addition, Carrier shall receive Cargo at the Carrier's Terminal from Cargo transporters other than Carrier on an FAS basis ("FAS Cargo"). Carrier shall store, blend and transload such Cargo at the Terminal as requested by, and agreed with, Tampa Electric, and then load such Cargo into ocean-going vessels owned, operated and/or controlled by Carrier and transported across the Gulf of Mexico to Tampa, Florida and vicinity. Carrier shall be totally responsible for executing all phases of its operations to ensure timely deliveries consistent with agreed upon schedules.

Tampa Electric shall tender and Carrier shall transport, store and/or transfer the following minimum quantities of Cargo in each Contract Year for each of the following transportation segments ("Minimum Annual Quantities").

- (1) For transportation from river origins to the Terminal (or other destinations in the Port of New Orleans): Tampa Electric's entire requirements for said transportation, but not less than 4,000,000 tons and not more than 6,000,000 tons.

- (2) For storage and/or transfer services within the Port of New Orleans: Tampa Electric's entire requirements for said services, but not less than 7,500,000 tons and not more than 8,500,000 tons
- (3) For transportation from the Terminal (or other origins in the Port of New Orleans or other ports located on the Gulf of Mexico) to Tampa Electric's generating plants near Tampa, Florida: Tampa Electric's entire requirements for said transportation, but not less than 7,500,000 tons and not more than 8,500,000 tons.

Subject to Section 7.1 hereof, Tampa Electric may obtain its requirements for transportation services in excess of the Minimum Annual Quantities from carriers other than Carrier.

Should Carrier fail, for reasons other than Force Majeure, to provide transportation storage or transfer services for the Minimum Annual Quantities, Tampa Electric shall have the ability to enforce any and all remedies available under Section 5 for the tonnages not transported. Should Tampa Electric fail, for reasons other than Force Majeure, to tender cargoes in the amount of the Minimum Annual Quantities, Carrier shall be entitled to payment, as liquidated damages and not as a penalty, the dead freight charges set forth in Section 10.4.1 for the tonnages not tendered.

4. SERVICES AND OPERATIONS.

4.1. Transportation

4.1.1. Equipment

Carrier shall provide the necessary river towboats and hopper barges, having a nominal capacity of 1400 short tons each, for transporting Cargo from Mississippi River tributary terminal locations, to be designated by Tampa Electric, to the Terminal and the necessary ocean-going vessels to transport Cargo from the Terminal to Tampa, Florida, and vicinity, based on annual tonnages estimated in Section 3. In the event Carrier is unable to provide said equipment, sufficient harbor tugs and fleeting areas required to assure safe and expeditious service, within the provisions of Section 4.1.3, Tampa Electric may apply remedies as provided for in Section 5.

4.1.2. Safety

Carrier shall properly maintain the barges, towboats, tugs and other equipment such that they remain seaworthy and in compliance with Coast Guard and other applicable local, state and Federal regulations. Carrier shall correct or replace any barges which are unseaworthy or otherwise unsuitable prior to loading. Tampa Electric shall be responsible for safe berthing facilities at origin loading locations and at its generating facilities

in the Tampa, Florida vicinity. If Carrier arranges for the movement of Cargo by rail to the river facilities, the responsibility for safe loading at the river facilities will be assumed by Carrier.

4.1.3. Scheduling

On or before July 31st of each year, Tampa Electric shall notify Carrier of its estimated river and Gulf movements for the succeeding year. Tampa Electric and Carrier shall schedule the yearly movements in approximately equal monthly shipments unless otherwise mutually agreed to, in writing, by both parties.

Time is of the essence in the performance of each party's obligations hereunder. Tampa Electric shall notify Carrier on or before the 25th day of each month of the total estimated tons to be moved for each of the next twelve (12) months. For inland river movements, Tampa Electric shall provide the then known information on inland loading points, quantities, Cargo suppliers and destination storage piles at the Terminal. For movements across the Gulf of Mexico, Tampa Electric shall provide quantities and Cargo type to be delivered to each power plant location. Tonnages designated for months four (4) through twelve (12) shall be subject to change in subsequent monthly notifications. Total tonnage amounts designated for each of months one (1) through three (3) shall not be revised more than 20% below or 20% above those amounts in subsequent monthly notifications, except by mutual agreement. The number of river origin locations for months one (1) through three (3) shall not be increased in subsequent monthly notifications, except by mutual agreement.

On a weekly basis, Tampa Electric and Carrier shall review delivery schedules to each power plant location. Deliveries made according to mutually agreed upon delivery schedules will be eligible for demurrage under the terms of Section 4.1.10. Deliveries made without a mutually agreed upon schedule will not be eligible for demurrage under the terms of Section 4.1.10. Agreement to proposed delivery schedules shall not be unreasonably withheld by either party.

4.1.4. Loss

As more fully described in Section 17 hereof, Carrier shall have the risk and liability for loss of Cargo during the period commencing when Tampa Electric Cargo is loaded into barges at origin loading points, for inland river tendered tonnages, or commencing with transfer and storage functions at the Terminal for tonnages delivered there by third party carriers, and terminating when it secures the loaded ocean-going vessels at the Tampa Electric generating facility. Carrier, however, shall not be responsible for shrinkage of Cargo inventories in its custody which does not exceed shrinkages normally accepted as reasonable within the

industry. In the event of a dispute concerning liability for shrinkages, the provisions of Section 16 - Dispute Resolution shall apply.

Carrier warrants that it has expertise in handling Cargo and has necessary licenses and permits to properly conduct transfer operations. Carrier further warrants that the Terminal is permitted for ground storage of Cargo.

Carrier shall provide adequate surveillance of any barge which is leaking and in danger of sinking. Such barge shall remain in Carrier's care and custody until unloaded and Carrier shall bear the risk of loss of Cargo which cannot be unloaded from such a barge.

4.1.5. Barge Cleaning and Acceptance

Carrier shall provide equipment which has been suitably cleaned and free of debris and foreign material. The loading facility operator, acting as an agent of Tampa Electric, may reject any equipment which it reasonably deems to be unacceptable. The loading of a barge by a loading facility operator shall constitute acceptance by such loading facility operator and Tampa Electric.

4.1.6. Loading

Carrier shall coordinate the planning and scheduling of river barge loading and direct deliveries to the Terminal with the Tampa Electric Cargo suppliers' Cargo loading facilities and will coordinate the planning and scheduling of ocean-going vessels with the Fuels Department of Tampa Electric and Tampa Electric's generating plants.

4.1.7. Unloading at the Generating Facilities

Carrier agrees to perform the docking and positioning of vessels at Tampa Electric's generating facilities, including repositioning of vessels as reasonably required during unloading. The unloading of vessels at the generating facilities will be the responsibility of Tampa Electric.

4.1.8. Priority Handling

Carrier agrees to accord the loading, shipping and unloading of Tampa Electric Cargo such priority as required to conform to all scheduling as set forth in this Agreement. In the event of a forecasted shortage of Critical Coals at Tampa Electric's power plants, as determined solely by Tampa Electric, Tampa Electric cargo will receive Priority Handling.

4.1.9. Cargo Transportation Report

Tampa Electric shall have responsibility to assure that river origin Cargo loading facilities provide Carrier with daily loading information. Carrier shall provide Tampa Electric with a daily status report containing the name, location, destination, estimated time of arrival, cargo tons and Cargo type of all vessels and tows handling Tampa Electric's Cargo. Carrier shall also provide Tampa Electric on a daily basis with the loading points and tonnages of all barges loaded the previous day and the number of barges scheduled to be loaded the current day at each loading point. Carrier agrees to maintain a record of tons loaded from each loading point and report to Tampa Electric the accumulated monthly tonnage to date for each loading point on a daily basis.

4.1.10. Demurrage

Tampa Electric shall make every reasonable effort to coordinate with Carrier the scheduling of Cargo loadings at designated river locations, FAS Cargo shipments and Cargo shipments to the Tampa Electric generating facilities to permit efficient and continuous cycling of marine equipment and efficient operation of the transloading facility. The following Freetime will be allowed before the imposition by Carrier of demurrage charges:

- a. Four (4) days at origin river locations
- b. Two (2) days at Tampa Electric generating plants

Laytime shall begin at the first 0700 time following placement, actual or constructive, of the river barge at an inland river Cargo loading origin or following the tendering of the vessel at the Tampa Electric generating facilities. After expiration of the allowed freetime, the demurrage charge for inland river barges is \$150 per barge per day, based on a quarterly credit/debit barge demurrage system. For ocean-going vessels the demurrage charge is \$500 per hour for each hour beyond the Freetime.

For FAS Cargo shipments received from river barges, Tampa Electric shall be responsible for the first five (5) days of any third party demurrage incurred. Carrier shall be responsible for any such third party demurrage beyond five (5) days on a per barge basis at the same rate per barge that Tampa Electric shall be held liable for by the relevant barging agreement but not to exceed \$150 per barge per day. For shipments received from ocean bulk carriers, Carrier's responsibility for third party demurrage is set out in Exhibit (A).

4.1.11. Rail Shipment Notice

For Cargo trains proceeding to Cook Coal Terminal, Tampa Electric shall cause a departure notice and estimated arrival time at Cook Coal Terminal to be given to Carrier within one hour of the departure of a

loaded train from a rail origin point ("First Notice"). Tampa Electric shall cause a notice of arrival at Centralia, Illinois, and an estimated arrival time at Cook Coal Terminal to be given to Carrier upon the loaded train's arrival at Centralia ("Second Notice"). Carrier shall be liable for any detention, release and hold charges levied by the railroad on Tampa Electric as the direct result of empty barge placement after the Actual or Constructive Placement of the train plus five (5) hours. Should Tampa Electric fail to provide the First Notice and Second Notice, Carrier shall be liable for such charges levied as the direct result of empty barge placement after the Actual or Constructive Placement of the train plus twenty four (24) hours.

4.2. Storage and Transfer

4.2.1. Facilities

Carrier shall provide the necessary facilities and services at the Terminal for the unloading, sampling, storing, blending, compacting and loading of up to 8,500,000 tons of Cargo per year (or such other tonnage as the parties shall mutually agree, in writing, is appropriate), including fleeting space for a minimum of 150 loaded barges and 150 empty barges, and shall perform such services in a prompt and efficient manner.

Carrier shall provide a minimum of two coal handling systems at the Terminal for Critical Coals. Carrier shall provide up to twelve (12) separate storage pads or storage areas with a total storage capability of 1,200,000 tons. Carrier shall provide suitable base material for the storage areas, and shall be responsible for control of spontaneous combustion and prevention of contamination of Tampa Electric's Cargo.

4.2.2. Right of Inspection

Tampa Electric shall have the right to inspect and review (or to have its representatives inspect and review), at its own risk and expense, at any time during regular business hours, and upon reasonable notice so as not to disrupt Carrier's operations, any part of Carrier's Cargo transportation, transloading, loading, sampling and storage operations by which Cargo handled under this Agreement is transported, unloaded, stored, sampled and loaded, including, but not limited to, records of operations, transportation and transfer equipment and procedures, analytical procedures, storage piles, loading/unloading docks and all other equipment used to handle or transport Cargo for Tampa Electric.

4.2.3. Water Depth

Carrier shall maintain, or cause to be maintained, adequate water depth at the Terminal facility to accommodate vessels to a maximum draft to transit the Southwest Pass channel consistent with the operation of the Terminal facility for the purpose intended by this Agreement. Tampa Electric shall maintain, or cause to be maintained, adequate water depth at Tampa facilities to accommodate vessels to a maximum draft of 34 feet at Big Bend Station and 29 feet at Gannon Station consistent with the operation of the Tampa facilities for the purpose intended by this Agreement.

4.2.4. Scheduling

Carrier shall load the oceangoing vessels with Cargo to the maximum appropriate draft on a continuous 24 hours a day, 7 days a week basis, except for holidays observed at the Terminal as listed below, and coordinate the schedule and delivery rate as agreed upon and in accordance with Section 4.1.3, Scheduling, with respect to notification and revised estimates of tonnage.

The following recognized holidays (other than Christmas) shall mean consecutive 24 hours commencing on 07:00 A.M. on such day and ending at 07:00 A.M. on the next working day:

Mardi Gras

Anniversary Picnic: Last Saturday of April

Independence Day

Thanksgiving Day

Christmas Day:

(the consecutive 24 hours commencing on
7:00 p.m. December 24 and ending 7:00 p.m.
December 25)

4.2.5. Unloading at the Terminal

Unloading of river barges at the Terminal shall be performed by Carrier by use of an unloader, of appropriate design and capacity, which is capable of a minimum sustained unloading rate of 3000 tons per hour; provided, however, Tampa Electric's sole remedy for Carrier's failure to use such unloader or failure to achieve such unloading rate shall be assumption of third party demurrage charges as specifically provided in Section 4.1.10 hereof. Cargo shall be piled and compacted as jointly agreed upon by the parties.

Unloading of ocean bulk carriers at the Terminal shall be performed by Carrier in accordance with the provisions of Exhibit (A) attached hereto

4.2.6. Loading at the Terminal

Carrier will trim the ocean-going vessels in accordance with standard practices for safe and environmentally acceptable transport. The Terminal equipment will be capable of a minimum loading rate of 30,000 tons per 24 hour day. Carrier shall have the capability to load and maintain separately two different types of coal in a single ocean-going vessel.

4.2.7. Blending and Dust Suppression

Upon request, Carrier shall blend Cargo to the ratios specified by Tampa Electric. No additional charge shall be made for blending, pile maintenance, compaction, grooming and management due to weather. Carrier shall provide at no additional charge all additional equipment to handle problem cargoes either at discharge of the barge or occurring in the storage yard. Carrier shall apply dust suppression surfactant to Tampa Electric's Cargo at the Terminal upon reasonable request of Tampa Electric. Cost of application of dust suppression surfactant shall be for the account of Carrier, and cost of dust suppression surfactant materials shall be stated as a separate item on Carrier's invoices to Tampa Electric hereunder and shall be payable by Tampa Electric on a cost pass-through basis.

4.2.8. Inventory

Carrier shall maintain inventory records for each pile of Tampa Electric Cargo at the Terminal. The quantity of Cargo added to or subtracted from pile Inventories shall be based on Tampa Electric weights determined at river origin points or power plants, respectively. Carrier shall have aerial surveys of the Terminal Cargo inventory performed semi-annually on or about January 1 and July 1. The difference between the book inventory and the aerial survey inventory shall be adjusted to account for the plus or minus three percent ($\pm 3\%$) accuracy of the aerial survey. Carrier's responsibility, if any, for shrinkage shall be as set forth in Section 4.1.4 hereof. The adjusted difference will then be used to correct the inventory records. A report on the aerial survey adjustment shall be sent to Tampa Electric no later than 30 days after the survey. Carrier shall pay for the aerial surveys of the Terminal inventories.

4.2.9. Cargo Storage Report

Carrier shall report for each weekday to Tampa Electric the inventory, by Cargo type, of Tampa Electric's Cargo at the Terminal.

4.2.10. Stevedore Damage

Carrier shall directly handle all stevedore damage claims from ocean vessels or barges without expense to Tampa Electric.

4.3. Sampling

Automatic sampling equipment and facilities which meet the conditions of ASTM Standard D2234 shall be made available to Tampa Electric, or its designated agent, by Carrier for use on all inbound and outbound Cargo at the Terminal facility. The parties recognize that laboratory services may be provided by an independent third party contractor and should Tampa Electric elect to obtain said services, Tampa Electric will pay the contractor directly for same.

4.4. Weights and Weighing

The tonnages for purposes of application of rates and invoices rendered for the transportation, transfer, storage and off-loading of such tonnages under this Agreement shall be provided by Tampa Electric and shall be derived as follows:

- Rail - Official rail weights from certified scales
- River Barges and FAS Cargoes - Official weight as determined for each loading point
- Gulf Vessels - Tampa Electric's scale weights or draft weights upon unloading

Carrier shall have no responsibility to determine or verify any weights provided by Tampa Electric and shall rely on such weights to demonstrate compliance with Tampa Electric's requirements under this Agreement; provided, however, that Carrier shall have the right to dispute such weights if, upon visual inspection, there appears to be a material deviation in the weights provided by Tampa Electric and the tonnage in the barge(s) or in storage. Such dispute will be resolved according to Section 16.

4.5. Subcontracting

Nothing in this Section shall prohibit Carrier from subcontracting for the performance of any of its obligations hereunder except that Carrier shall remain liable for its and its subcontractors' performance under this Agreement in such an event.

5. COVER REMEDY FOR CARRIER'S FAILURE TO PERFORM

Notwithstanding any other provisions in this Agreement, if Carrier fails to provide transportation services for the Minimum Annual Quantities, Tampa Electric may, for Carrier's account and expense, arrange for substitute transportation services in good faith and pursuant to terms negotiated at arm's length.

Any additional cost paid by Tampa Electric for such transportation services greater than the applicable cost hereunder shall be reimbursed to Tampa Electric by Carrier, and the tonnage so transported shall be deducted from Tampa Electric's Minimum Annual Quantities under this Agreement. Any additional loading, unloading or other handling costs incurred by Tampa Electric because of Carrier's failure to deliver the scheduled quantities or type of Cargo shall also be reimbursed by Carrier to Tampa Electric. Such reimbursement shall be Carrier's sole liability to Tampa Electric for failure to provide transportation services for the Minimum Annual Quantities, except in the event of default as provided for in Section 10.

The requirement for Carrier to underwrite the costs of Tampa Electric's arrangements for substitute transportation services shall not be applicable if Carrier's failure to provide the required services results from Force Majeure circumstances as set forth herein or from any default by Tampa Electric.

6. RATES AND CHARGES

Tampa Electric agrees to pay Carrier the rates per short ton specified herein for the transportation and handling of Cargo performed under this Agreement from river origins to Tampa Electric's generating facilities, including storage and transfer at the Terminal and rail movements, if applicable. The rates referred to herein, shall include all costs and expenses for Carrier's operation and maintenance of its fleet and equipment, as well as charges for dockage, line handling, barge fleetling, barge shifting, on and off tug service for landing barge tows and tug service landing ocean-going barges.

6.1. Rail and Dump Charges

Tampa Electric shall have the right of approval, prior to any rail movements, for all rail and dump charges that Carrier could incur when moving Tampa Electric's Cargo. Included in this right is the requirement that Tampa Electric must grant approval of all contract terms prior to Carrier entering into said contract for the movement of Tampa Electric's Cargo. Tampa Electric shall have the right, but not the obligation, to contract for such services on its own behalf. Tampa Electric shall be provided with sufficient proof of documentation for such costs incurred. For tonnages moved by rail to water, contracted by Carrier for Tampa Electric, Tampa Electric agrees to pay for all costs prudently incurred by Carrier in accordance with this Section 6.1, to move Tampa Electric's Cargo by rail from the applicable mines and into barges.

6.2. River Charges

Tampa Electric shall pay the River Rates specified in Exhibit (B) for inland barge movements from river origins to the Terminal.

6.3. Terminal and Gulf Charges.

Tampa Electric shall pay the Terminal/Gulf Rates specified in Exhibit (C) for tons loaded at the Terminal for transport to the generating facilities in Tampa, Florida.

6.4. Adjustment of Rates

The River Rates and Terminal/Gulf Rates shall be adjusted quarterly in accordance with Exhibits (D) and (E). Fuel and Variable component bases shall be established using fourth quarter 1998 indices.

6.5. Change of Law or Taxes

In the event any unit of government or port authority having jurisdiction over the Carrier or its activities imposes any new laws, rules or regulations or modifies any existing laws, rules or regulations, or imposes a new fee or tax or increases or decreases any existing fee or tax (including without limitation any user charge or toll, imposed, levied or collected from Carrier for its use of the Mississippi and Ohio Rivers or their tributaries or of the locks and dams in said river systems but excluding taxes on net income), or any similar additional rail charges and any fuel surcharges imposed during the course of performance of the transportation services rendered hereunder, the effect of which is to increase or decrease the cost of performance by Carrier hereunder, the then current selling price shall be adjusted upward or downward to reflect such increase or decrease, effective the date such increase or decrease is incurred. Tampa Electric shall have the right to audit Seller's books and records to determine the amount of any upward or downward price adjustment under this section.

If the amount of any one such upward adjustment due to governmental authority exceeds the then current freight and handling charges by twenty-five percent (25%) or more, Tampa Electric shall be entitled, by written notice to Carrier, to limit the upward adjustment to twenty-five percent (25%), in which case Carrier shall be entitled to terminate this Agreement by written notice to Tampa Electric. If the amount of any one such downward adjustment due to governmental authority exceeds the then current freight and handling charges by twenty-five percent (25%) or more, Carrier shall be entitled, by written notice to Tampa Electric, to limit the downward adjustment to twenty-five percent (25%), in which case Tampa Electric shall be entitled to terminate this Agreement by written notice to Carrier.

6.6. Approval of Price Revisions

Carrier shall promptly submit all price revisions and supporting data in as much detail as is reasonably required to establish the amount of the revisions by the end of the first month of each quarter, and Tampa Electric shall approve or reject the proposed price revisions within twenty (20) days after receipt of reasonably sufficient data. Such approval shall not be unreasonably withheld by Tampa Electric.

It is understood by both parties that acceptance of any price revision on the part of Tampa Electric does not waive Tampa Electric's right to audit under the provisions of Section 9 hereof or to correct any overpayment or underpayment that might be determined by such audit.

Tampa Electric and Carrier agree to negotiate in good faith to settle any disputed price revisions, but such negotiations will not affect Carrier's obligation to provide services as provided for herein, nor will they affect Tampa Electric's obligation to pay for such services in accordance with the provisions of Section 8 hereof.

Should Tampa Electric and Carrier be unable to agree within ninety (90) days after receipt of Carrier's request, the parties shall proceed as set forth by the provisions of Section 16. The resolution of any dispute settled as provided for in Section 16 shall be binding upon the parties.

7. NEGOTIATION OF TRANSPORTATION RATES ON SPOT PURCHASES OF CARGO

7.1. Right to Negotiate

The parties agree that during the initial term of the Agreement, Tampa Electric shall have the right to request proposals, and negotiate and sign agreements with others ready, willing and able to provide transportation, transfer and storage services for spot purchases of coal ("Spot Services"), provided, however, that Carrier shall have an option to provide such Spot Services as follows. Upon written notice to the Carrier of Tampa Electric's need for spot services, the Carrier shall within fifteen (15) notify Tampa Electric in writing of its intention to exercise its option to provide such services. If the Carrier fails to so notify Tampa Electric of its intention to provide the desired Spot Services, then the Carrier's option shall be extinguished. If the Carrier notifies Tampa Electric in a timely manner of its intention to exercise its option, then Tampa Electric shall (i) determine the prevailing market prices, terms and conditions and the most cost-effective fuel transportation alternative for the Spot Services sought by Tampa Electric, in a commercially reasonable manner, through requests for proposals, analyses of comparable transportation agreements, market analyses by outside consultants or other reasonable and verifiable means, and (ii) notify Carrier of same. Carrier shall then have the right to exercise its option on the terms, price and conditions so identified. Should the Carrier decline to exercise its option, then Tampa Electric shall be free to obtain all or any portion of the Spot Services

from one or more third party carriers ready, willing and able to provide same, subject to the Carrier's right of first refusal to match the best offer of any third party carrier to provide all or any portion of said services. The provision or non-provision by Carrier of Spot Services hereunder shall not affect the obligation of either party to tender or transport their respective Minimum Annual Quantities as set forth in Section 3 hereof.

7.2. Other Transportation Origins

For inland barge movements from river origins other than those listed in Exhibit (B), Carrier shall quote a river rate upon request by Tampa Electric. If the river origin to be quoted is located on the same river as an upstream river origin listed in Exhibit (B), the quoted river rate may not exceed that provided for the nearest upstream comparable river origin as listed in Exhibit (B), other than to provide for an allowance to cover special or unique fleeting, shifting or other costs associated with such non-listed river origin.

8. PAYMENT AND CREDIT

8.1. Application of Rates

In determining the applicable rate level under this Agreement, the date the cargo becomes Carrier's responsibility at rail or inland river origins shall determine the applicable river rate level. The date that a Gulf vessel completed loading shall determine the applicable Terminal/Gulf rate level.

8.2. Invoice and Payment

8.2.1. Contents of Invoices

All invoices or credit memoranda issued hereunder shall specify the date of shipment to which the invoice or credit memorandum pertains, the monthly and cumulative yearly tonnage shipped for each origin, the applicable price and such other information as shipped for each origin, the applicable price and such other information as is reasonably necessary to enable Tampa Electric to verify the billing or credit amount.

8.2.2. Invoicing

Carrier shall prepare and mail an invoice to Tampa Electric immediately following the 15th of each month for all services rendered hereunder from the first of the prior month through the end of the prior month inclusive.

8.2.3. Invoicing Error Corrections

If it is determined that an error occurred in the preparation of any invoice, Carrier agrees to issue a corrected invoice or credit memorandum, as applicable, within ten (10) days after determination or notification of the error.

8.2.4. Invoicing Mailing Address

Tampa Electric shall advise Carrier in writing of the proper address (or any changes thereto) to which billing invoices should be mailed.

8.2.5. Payment of Undisputed Invoices and Credit Memoranda

Tampa Electric shall, within twenty (20) calendar days of receipt of any invoice pertaining to services rendered hereunder, pay to Carrier the full net amount of said invoice; provided, however, that if Tampa Electric shall, pursuant to Section 8.2.5, in good faith dispute any portion of any invoice, then only the undisputed portion of said invoice need be paid within the time period specified in Section 8.2.6. Unless otherwise requested by Carrier in writing, payment shall be treated as made when the same is either (1) transferred by wire to Carrier's account and/or bank as Carrier from time to time may designate in writing; (2) personally delivered to the President of the Carrier's Company or such other person as Carrier may from time to time designate in writing; or (3) deposited in the U.S. mail, postage prepaid, and properly addressed as follows:

TECO Transport Corporation
702 North Franklin Street
Suite 900
Tampa, Florida 33602
Attention: Vice President - Controller

Credit memoranda issued by Carrier to Tampa Electric, for whatever reasons, will normally be applied against outstanding invoices for services rendered hereunder. However, Carrier agrees to make direct payment to Tampa Electric with respect to any credit memorandum within ten (10) calendar days after receiving a request from Tampa Electric for any such payment. Said payment shall be treated as made when the same is either (1) transferred by wire to Tampa Electric's account and/or as Tampa Electric may from time to time designate in writing, (2) personally delivered to Tampa Electric's Chief Financial Officer or such other person as Tampa Electric may from time to time designate in writing; or (3) deposited in the U.S. mail, postage prepaid, and properly addressed as follows:

Tampa Electric Company
P.O. Box 3285
Tampa, Florida 33601
Attention: Controller

8.2.6. Payment of Disputed Invoices and Price Revisions

If Tampa Electric disputes Carrier's invoices or price revisions, Tampa Electric will make payment of all amounts due Carrier which are not in dispute. In the event that settlement cannot be reached within ninety (90) days after Carrier's issuance of the disputed invoice, either party may refer to the provisions of Section 16.

9. BOOKS, RECORDS AND AUDITS

9.1. Maintaining Books and Records

(a) Carrier shall maintain books and records of all payments, price adjustments, credits, debits, weights and supporting documentation establishing the bases for the price and all similar data related to the performance under this Agreement, in order that all provisions of this Agreement can be adequately administered. In so doing, Carrier shall use accounting methods and practices in accordance with generally accepted accounting principles, consistently applied. Such books and records shall be retained for a minimum of five (5) years, unless there is an ongoing Tampa Electric audit or dispute involving such books and records at the end of the five (5) years, in which case such books and records shall be retained until such audit is completed or dispute is resolved. In addition, Carrier shall itemize for Tampa Electric all data pertaining to price adjustments requested under Section 6 of this Agreement and shall make its books and records available to Tampa Electric at any reasonable time so that Tampa Electric can document any change, revision or adjustment to the various prices specified herein. Carrier shall submit any additional information which Tampa Electric may request which is reasonably available from Carrier's records and pertinent to the adjustment to be made.

(b) Tampa Electric shall maintain records, operational documentation and similar data relating to its performance under this Agreement. Such records shall be retained for a minimum of five (5) years, unless there is an ongoing audit or dispute involving such records at the end of the five (5) year period. In such event, Tampa Electric shall maintain such records until such audit is completed or such dispute is resolved.

9.2. Right to Audit and Request Audit

Upon written request, Carrier shall make available for Tampa Electric's audit and information, copies of all appropriate books and records which Carrier makes or has made in connection with the ordinary conduct of its business as the same relate to performance of this Agreement.

Tampa Electric may, on prior written notice, but no more frequently than once a year, examine through its agents, employees or any independent auditor reasonably satisfactory to Carrier, the appropriate books and records related to Carrier's performance of this Agreement.

Tampa Electric may, on prior written notice, but no more frequently than once a year, have Carrier examine through their agents, employees or any independent auditor reasonably satisfactory to Tampa Electric, the appropriate books and records of Carrier's subcontractors that relate to their performance of the subcontracted work for this Agreement. Subcontractors of Carrier with whom Carrier does not have audit rights as of the effective date of this Agreement shall be exempt from this audit requirement for the duration of the existing Subcontract. Carrier shall use their best efforts to ensure that all new subcontract agreements shall provide Carrier with the necessary audit rights.

Upon request, but no more frequently than one (1) time per year, Tampa Electric shall make available to Carrier the records described in 9.1(b) hereof for auditing purposes.

Carrier may, on prior written notice, but no more frequently than once a year, examine through their agents, employees or any independent auditor reasonably satisfactory to Tampa Electric, the appropriate books and records related to Tampa Electric's performance of this Agreement.

At the conclusion of each such audit provided for herein, the auditing party shall provide the other party with the findings and detailed supporting documentation of said audit.

If the results of any audit disclose that an error has occurred and as a result an underpayment or overpayment by either party has been made during the period of time intervening since the most recent such audit, or since deliveries commenced hereunder, if no previous such audit has been made, the amount thereof shall promptly be paid to the party to whom it is owed by the other party, together with interest at the rate applicable to true-up adjustments under the retail fuel clause as authorized by the Florida Public Service Commission, and the freight rate or charge shall be adjusted accordingly.

The parties shall cooperate fully in any audit and make their books and records available for audit. The cost of retaining auditors to perform any audit is to be borne by the party requesting same.

The foregoing provisions of this Section shall not limit Tampa Electric's right of inspection and review of Carrier's operations as delineated in Sections 4.2.2.

All information obtained by one party from another and any summaries or abstracts prepared with respect thereto shall be subject to the confidentiality provisions of Section 15 hereof.

10. DEFAULT

10.1. Notification Procedures

It is the intent of the parties to resolve any disputes hereunder in accordance with Section 16. However, when in the opinion of either party to this Agreement, the other is in default, the aggrieved party shall notify the other party in writing as to: (1) the nature of the default condition, including the specifically related Section; (2) the date upon which the asserted default condition commenced; and (3) the action necessary to remedy the default condition.

10.2. Definition of Default Condition

For purposes of this Agreement, a default condition shall have occurred if either party shall fail to perform in accordance with its obligations, responsibilities or other duties as set forth in one or more Sections of this Agreement so that the other party shall have sustained or with the passage of time would sustain, a material injury as a result of such failure, including but not limited to the following acts of commission or omission:

- Failure by Tampa Electric to tender Cargo at inland river origin points.
- Failure by Tampa Electric to unload or receive Cargo at its facilities In Tampa and vicinity.
- Failure by Tampa Electric to make payment under this Agreement.
- Failure by Carrier to provide the necessary river or Gulf barges, towboats or other facilities, equipment and sufficient fleeting areas required to assure expeditious service in accordance with provisions of this Agreement and/or to provide such service.
- Failure by Carrier to maintain and/or operate barges and towboats in accordance with applicable governmental safety or environmental regulations.
- Failure by Carrier to provide the necessary equipment and facilities or to perform the required services at the Terminal in accordance with the provisions in Sections 4.2 and 4.3.
- Failure of Carrier to use ordinary care with respect to Tampa Electric's Cargo while such Cargo is in Carrier's care, custody and control.

10.3. Time Limits

If either party to this agreement shall have been notified in writing by the other party, as provided for in Section 10.1 in respect to a default, and fails to remedy the default within 30 days of such notification, in the absence of a declared

disability due to an event of force Majeure, such party shall be deemed to be in default and subject to remedies provided for in Section 10.4.

10.4. Remedies

10.4.1. Default of Tampa Electric

Should Tampa Electric fail, for reasons other than Force Majeure, to tender cargoes in any calendar year for transportation, transfer or storage in the amounts of the Minimum Annual Quantities, Carrier shall be entitled to payment, as liquidated damages and not as a penalty, a dead freight charge for each ton of Cargo not tendered for such service ("Shortfall") times one of the following rate(s), as applicable.

- (1) For Shortfall amounts involving transportation from river origins to the Terminal (or other destinations in the Port of New Orleans): A rate equal to the average of the quarterly adjusted river transportation rates (less the fuel component) in effect during such calendar year for all origins originating at least 100,000 tons of Cargo for such year, weighted by tonnage actually shipped from each such origin during such calendar year.
- (2) For Shortfall amounts involving storage and/or transfer services within the Port of New Orleans: A rate equal to the average of the quarterly adjusted Terminal - Direct Transfer Rates, Terminal - Transfer to Ground Rates, and Terminal - Imported Coal Rates in effect during such calendar year, weighted by tonnage actually handled under each respective service category during such calendar year.
- (3) For Shortfall amounts involving transportation from the Terminal (or other origins in the Port of New Orleans or other ports located on the Gulf of Mexico) to Tampa Electric's generating plants near Tampa, Florida: A rate equal to the average of the quarterly adjusted Gulf Transportation Rates (less the fuel component) in effect during such calendar year.

Dead freight charges incurred in any calendar year shall be due on the next following 25th of January or twenty (20) calendar days of receipt of any invoice pertaining to such charges, whichever is later.

In addition, if Tampa Electric should materially default in respect to the delivery, unloading or receipt of Cargo, Carrier has the right, but not the obligation, upon written notice to Tampa Electric, to terminate this Agreement whereupon all of the rights of Tampa Electric and the future obligations of Carrier hereunder shall absolutely cease and terminate. Any claim arising by Carrier for damages in association with default shall be dealt with in accordance with Section 16 of this Agreement.

10.4.2.Default by Carrier

If Carrier should materially default in respect to its obligations for the provision of services under this Agreement, Tampa Electric may take and Carrier shall comply with the following action:

Upon written notice to Carrier, Tampa Electric has the right, but not the obligation, to terminate this Agreement, whereupon all of the rights of Carrier and the future obligations of Tampa Electric hereunder shall absolutely cease and terminate. Any claim by Tampa Electric for damages in association with default shall be dealt with in accordance with Section 16 of this Agreement.

10.4.3.Limits

The remedies of this Section 10 and Section 5 are the sole and exclusive remedies of the parties to this Agreement for breach of their respective obligations to tender cargoes and provide services, and each party's liability arising therefore is limited as set out in this Section 10, unless otherwise specifically stated in this Agreement.

1. INSOLVENCY

11.1. Agreement Termination

Tampa Electric and Carrier shall each have the right, but not the obligation, to immediately terminate this Agreement without any further obligation or liability in the event that the other party becomes insolvent or commits an act of bankruptcy within the meaning of the Federal Bankruptcy Code, or shall declare or be forced into bankruptcy, receivership, insolvency, reorganization, dissolution, liquidation or similar proceedings.

2. FORCE MAJEURE

12.1. Definition

The term "Force Majeure" for purposes of this Agreement means any event which is beyond the reasonable control of and occurs without fault or negligence of the party asserting the Force Majeure, including, but not limited to: an act of God; an act of the public enemy; fire; flood; low or high water; river lock(s) failure or shutdown; ice; washout; explosion or other serious casualty; unusually severe weather; preparation for unusually severe weather; war (whether declared or not); warlike circumstances; mobilization; revolution; riot or civil commotion; legal intervention; regulations or order of any governmental authority; strike; lockout or other labor disputes (labor disputes may be resolved solely at the discretion of the party having the difficulty); or, unusually severe or life threatening breakdowns of or damage to plant, equipment or facilities (including barge and barge loading and unloading facilities, equipment, facilities and equipment used

in storage and transfer of Cargo and including breakdowns of, or damage to, power plant equipment so as to prevent the receiving, handling or burning of Cargo in significant quantities or the receiving and storing of Cargo at the power plant locations).

12.2. Force Majeure Events Affecting a Cargo Supplier or Tampa Electric's Ability To Tender, Accept or Consume Cargo

The failure, as a result of Force Majeure as provided herein, of Tampa Electric's supplier(s) to make Cargo available for delivery to it pursuant to this Agreement, or pursuant to a commitment between the supplier and Tampa Electric, shall constitute an event of Force Majeure assertible by Tampa Electric against Carrier. The failure, as a result of Force Majeure as provided herein, of Tampa Electric to accept or consume Cargo to be delivered by Carrier under this Agreement shall constitute an event of Force Majeure assertible by Tampa Electric against Carrier, provided that Tampa Electric shall expeditiously and insofar as reasonably possible, take appropriate actions to eliminate the effects of such Force Majeure.

12.3. Notice And Relief Under Force Majeure

If, because of Force Majeure, either Tampa Electric or Carrier is unable to carry out its duties, obligations and responsibilities to the other party under this Agreement or Tampa Electric is unable to accept or consume Cargo to be delivered by Carrier herein, then the obligations of both parties under this Agreement shall be totally excused to the extent, but only to the extent, made necessary by such Force Majeure and only during its continuance, provided that the party asserting Force Majeure shall expeditiously and, insofar as reasonably possible, give prompt notice of the event of Force Majeure and thereafter take appropriate actions to eliminate or minimize the effects of such Force Majeure. Neither party shall be liable to the other for loss, damage or equipment detention caused by such Force Majeure. During a disability period caused by Force Majeure which affects the Minimum Annual Quantities, the Minimum Annual Quantities shall be reduced by an amount equal to the number of tons not shipped during the event of Force Majeure.

If the Force Majeure continues for longer than one hundred eighty (180) days, the party not claiming Force Majeure shall have the right, but not the obligation, to terminate this Agreement.

13. ASSIGNMENT

Neither this Agreement nor any right, title or interest in or to this Agreement may be assigned or transferred by either party either by operation of law or otherwise without the prior written consent of the other party, which consent shall not be unreasonably withheld. This prohibition to assignment shall not preclude Carrier from subchartering or subcontracting or entering into a charter arrangement with one or more third parties to provide any portion of the transportation services covered by this Agreement, provided

that such subchartering or subcontracting shall be subject to the same terms and conditions as this Agreement and shall not result in any increase in cost to Tampa Electric.

14. APPLICABLE LAW

To the extent not governed by applicable Federal Statutes, the laws of the State of Florida shall govern the validity, construction and performance of this Agreement and all controversies and claims arising thereunder.

15. CONFIDENTIALITY

Carrier and Tampa Electric hereby agree to keep the terms and conditions of this Agreement and all information secured from each other as a result of this Agreement in strict confidence and not to divulge or to permit their respective directors, officers or employees, agents, contractors or representatives voluntarily to divulge such terms, conditions and information, or any part thereof, to third parties without the prior written consent of the other party hereto. It is understood and agreed that such disclosure as has been or could have been legally compelled will not violate this Section but the party making such disclosure shall be obligated to do what is reasonably possible to limit the effects of such disclosure by requiring that such third party maintain the confidentiality of such information. The party required to make such a disclosure shall notify the other party prior to making such disclosure. The obligations contained in this Section shall survive the termination of this Agreement regardless of the cause or reason for termination.

Carrier acknowledges that Tampa Electric may be required to make such disclosure to the Florida Public Service Commission, Federal Energy Regulatory Commission and to the Securities Exchange Commission and that such disclosure shall not require prior notice to Carrier. However, Tampa Electric agrees to make reasonable effort to make such disclosure subject to a confidentiality agreement or order and notify Carrier of such disclosure. When required to report transportation rates periodically to governmental agencies, Tampa Electric agrees to report or disclose the Terminal and Gulf rates as combined or joint Terminal/Gulf rates rather than as separate rates, to the extent permitted by law.

16. DISPUTE RESOLUTION

Any controversy or dispute arising under or in connection with this Agreement, or arising out of the relationship of the parties in connection with this Agreement, shall be resolved as set out in this Section. The decision rendered pursuant to the mechanism utilized by the parties to resolve such dispute shall be binding on both parties. The parties acknowledge that they are waiving their rights to resolve through the courts of the United States or any of the several states any case or controversy or any dispute whether foreseen or unforeseen. The parties acknowledge and agree that their remedies for resolution of disputes are limited to the procedures set forth herein.

16.1. Alternative Dispute Resolution Forms

All disputes arising between the parties to this Agreement or in connection with this Agreement arising out of the relationships of the parties shall be subject in each instance to one of the recognized forms of alternative dispute resolution, as agreed to by the parties, including, without limitation, arbitration, umpire settlement, mediation, or mini-trial.

16.2. Notice of Dispute

In the event that a dispute arises, either party may give written notice to the other party, setting forth in such notice adequate detail referencing the Section of the Agreement, if applicable, the nature of the dispute or controversy, and sufficient detail referencing the documentation associated with or giving rise to the dispute or controversy. Also contained in such notice shall be the party's selection of the preferred method of dispute resolution. In the event the parties fail to agree on a form of alternative dispute resolution within thirty (30) days from the date of written notice of a dispute submitted by either party, then such dispute shall be submitted to arbitration as provided in Section 16.3.

16.3. Procedures for Dispute Resolution

Upon receipt of said notice referred to in this Section, the parties shall immediately proceed mutually to agree to the procedures and timing for the dispute resolution mechanism specified. In the event that the choice for dispute resolution is arbitration, the controversy or dispute shall be submitted to three arbitrators. One arbitrator shall be chosen by Tampa Electric, one arbitrator by Carrier and the third arbitrator shall be chosen by the two arbitrators. The procedural aspects of Arbitration shall be in accordance with the Rules of the American Arbitration Association, unless otherwise agreed in writing between the parties.

16.4. Fees, Expenses, and Attorneys Fees

The fees and expenses of the arbitrators or other third parties involved in the dispute resolution process, with the exception of respective counsel, shall be equally shared by the parties, unless the decision and resolution of the controversy or dispute shall specify some other apportionment of those fees and expenses. At the conclusion of said dispute resolution procedure, the prevailing party shall be entitled to recover its reasonable attorneys fees from the losing party, unless otherwise agreed to by the parties.

16.5. Performance of Obligations During Dispute Resolution

Unless otherwise agreed in writing by Tampa Electric and Carrier, performance of their respective obligations under this Agreement shall be continued in full during the dispute resolution process, except for any obligation claimed excused by a party due to an event of Force Majeure. Final settlement of any dispute

need not be made until the final decision has been rendered in the dispute resolution process.

7. INSURANCE

Carrier shall bear the risk of loss of Tampa Electric's Cargo during the period of time commencing with loading the barge from a Cargo loading origin and terminating when Carrier safely ties and secures the loaded barge or vessel at Tampa Electric's facilities in Florida. The value of, any such loss of Cargo shall equal the invoice value of the Cargo plus accrued transportation charges for such Cargo due at the time of loss, as determined by Tampa Electric or the actual cost of replacement Cargo plus transportation charges for such Cargo, whichever is the actual cost to Tampa Electric during the transportation, handling, storage and off-loading of the Cargo pursuant to this Agreement.

Carrier shall provide ocean marine, inland marine, and all risk property insurance coverage to the aforesaid full value of the Cargo, and on all such insurance, Carrier shall name Tampa Electric as an additional insured, and shall obtain from its insurer(s) a waiver of subrogation in favor of Tampa Electric. Carrier may, at its option, self-insure the Cargo with prior notice to Tampa Electric, in which event Tampa Electric shall be in the same position as if Carrier had obtained such insurance and named Tampa Electric as an additional insured, as required herein, with a waiver of subrogation in favor of Tampa Electric. If Carrier elects to self-insure the cargo, it shall provide Tampa Electric with a certificate of self-insurance in the same form and in accordance with this Section.

Carrier shall, at its own expense, carry and maintain full marine coverage including Full Collision, Protection and Indemnity Insurance and any other insurance as required to cover fully the liability of the barge, tows and other facilities and equipment and their owners against loss of life, personal injury, and damage of any property, equipment and facilities.

All such Insurance shall be in a form and shall include coverage fully satisfactory to Tampa Electric. Carrier shall furnish Tampa Electric with certificates of insurance for all coverages which Carrier is required to maintain under this Section.

Carrier shall provide prompt notification to Tampa Electric of any loss of or change in insurance coverage.

18. NOTICES AND MISCELLANEOUS

18.1. OFFICIAL NOTICE ADDRESS

Any official notice, request for approval or other document required or permitted to be given under this Agreement shall be in writing unless otherwise provided herein, and shall be deemed to have been sufficiently given if delivered in person, transmitted by telegraph, telex or telecopy, or dispatched in the U.S. mails, postage prepaid for mailing by first-class, certified or registered mail, return receipt requested and addressed as follows:

Tampa Electric Company
6944 U.S. Highway 41 North
Apollo Beach, FL 33572-9200
Attention: Director, Fuels Department
Telecopy: (813) 228-4881

TECO Transport Corporation
702 North Franklin Street
Tampa FL 33602
Attention: Vice President - Controller
Telecopy: (813) 273-0248

18.2. SUCCESSORS AND ASSIGNS

The terms, conditions, rights and obligations of the parties hereunder shall be binding on their successors and assigns.

18.3. TRANSPORTATION SERVICE RESTRICTIONS

Carrier and Tampa Electric each recognize that the Terminal shall not be available for use by any "common carrier by water in interstate commerce", within the meaning of Section 1 of the Shipping Act, 1916, as amended (46 U.S.C. Section 801) or by any "common carrier" within the meaning of Section 3 (6) of the Shipping Act, 1984 (46 U.S.C. App. Section 1702(6)), and agree that neither party shall utilize or nominate for unloading or loading any barges or vessels which are owned or operated by any such common carrier.

It is agreed by the parties that this Agreement pertains to transportation of bulk commodities within the exemption provided by 49 U.S.C. Section 10542 (Interstate Commerce Act Revised).

19. SUPERSEDED AGREEMENTS

This Agreement exclusively and completely states the rights and obligations of the parties hereto with respect to the subject matter hereof and supersedes all other agreements, oral or written, with respect thereto, including, without information, all Transportation Agreements between Tampa Electric and Carrier and/or its transportation companies.

20. HOLD HARMLESS, DEFENSE AND INDEMNITY

Carrier assumes the entire responsibility for its performance of the services covered by this Agreement. For specific valuable consideration and other benefits accruing to Carrier, which have been received and are acknowledged by Carrier, which are separate and apart from any and all other consideration for Carrier to enter into this

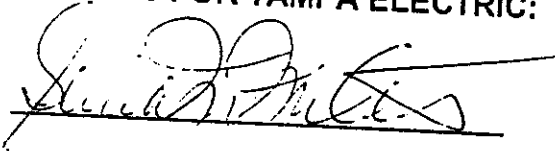
Agreement, Carrier further expressly agrees to indemnify Tampa Electric Company and hold them harmless from and against any and all claims for personal injury, death or property damage and any other losses, damages, charges or expenses, including attorneys fees, which arise out of, in connection with or by reason of the performance of the work covered by this Agreement.

Carrier further agrees to undertake at its own expense the defense of any action which may be brought against Tampa Electric claiming damages which are alleged to have arisen out of, by reason of or in connection with the performance of the services under this Agreement. Carrier agrees that this obligation of Carrier to indemnify and defend Tampa Electric Company shall extend to and include liability for the contributory negligence of Tampa Electric Company, its employees, agents or servants or concurrent negligence of Tampa Electric Company, its employees, agents or servants and said obligation shall include, but not be limited to, liability for damages resulting from the personal injury or death of an employee of Carrier, regardless of whether Carrier has paid the employee under the provisions of the Worker's Compensation Laws of the State of Florida or Louisiana or other similar Federal or State legislation for the protection of employees.

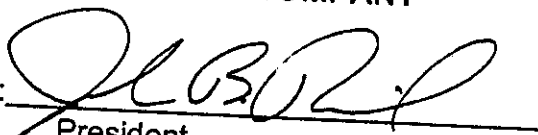
In no event, whether as a result of breach of contract, warranty, indemnity, tort (including negligence), strict liability or otherwise, shall either party be liable to the other for indirect, special, incidental, or consequential damages, including but not limited to, loss of profits or revenue, costs of purchased or replacement power, loss of use of its facilities, cost of capital, downtime costs, and claims of customers of Tampa Electric or Carrier for such damages, and each party expressly waives its rights to such damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and date first above written.

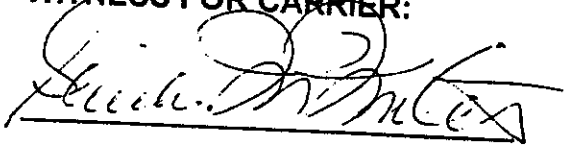
WITNESS FOR TAMPA ELECTRIC:



TAMPA ELECTRIC COMPANY

By: 
President

WITNESS FOR CARRIER:



TECO TRANSPORT CORPORATION

By: 
President

EXHIBIT (A)
OCEAN BULK CARRIER UNLOADING PROVISIONS

1. **Vessel and Delivery**

Each vessel shall be a single-deck bulk carrier or oil/bulk ore carrier type equipped with lights for night unloading, having vertically corrugated holds and coal cargo holds fully accessible by mechanical clam shell buckets and is warranted suitable for the carriage of coal and to enter berth, unload, and leave the Terminal.

If vessel is an oil/bulk ore carrier a valid gas-free certificate shall be presented at discharge prior to tendering notice of readiness.

If by reason of vessel's construction the cost of loading or discharging exceeds the customary cost, such cost to be for Tampa Electric's account and extra time used thereby to be added to the laytime.

Vessel shall be subject to Terminal Rules and Regulations issued from time to time by the Terminal, and such regulations are hereby incorporated into this Agreement and form an integral part of same.

2. **Nomination of Vessel; Laydays; Shore Equipment**

Tampa Electric will nominate the performing vessel or substitute together with details of the vessel twenty-five (25) days prior to the commencement of loading of the vessel at the loadport. Laydays eventually agreed shall be sufficient to unload cargo at takeaway rate specified herein. Carrier shall then give its approval or disapproval to the nomination within two (2) working days and such approval shall not be unreasonably withheld. Tampa Electric has the right to substitute with a vessel of similar size and ETA up to five (5) days prior commencement of laydays at the loadport; Carrier shall then give its approval or disapproval to the substitute nomination within one (1) working day and such approval shall not be unreasonably withheld.

Carrier shall provide suitable equipment ashore and guarantee to receive cargo at the rate of 15,000 metric tonnes per weather working day of 24 consecutive hours, Saturdays, Sundays and holidays included, excepting holidays designated in Section 4.2.4 of this Agreement; provided, however, that the foregoing guarantee shall not apply to more than one of Tampa Electric's vessels at the discharge port at any time, and shall not apply to any vessel loaded at less than 55,000 metric tons.

3. **Demurrage and Despatch**

If longer detained by reason of Carrier failing to take away cargo at the rate of 15,000 metric tonnes per weather working day Saturday, Sundays and holidays included excepting holidays designated in Section 4.2.4 of

this Agreement, Carrier shall pay Tampa Electric demurrage at the lesser of the rate provided in the charter party or \$13,000 per day (pro rata for partial day thereof).

If sooner dispatched, Tampa Electric shall pay Carrier despatch money at the greater of the rate provided in the charter party or \$6,500 per day (pro rata for partial day thereof).

The demurrage and despatch money at discharging port shall be settled within 90 days from the day of completion of discharging. Tampa Electric shall invoice or credit Carrier for demurrage or despatch at least 30 days before the day of settlement.

4. Notice of Arrival

Tampa Electric shall notify Carrier (1) its date of departure and the final tonnage of coal loaded aboard that vessel upon departure from the loadout, and (2) its estimated date of arrival at least twenty-one (21), fifteen (15) and ten (10) days in advance of arrival of the vessel.

Tampa Electric shall promptly inform Carrier of any change in the name of vessel, the estimated date of arrival and quantity specified in such schedule.

Tampa Electric shall so arrange that the master of the arriving vessel shall advise Carrier of the vessel's estimated time of arrival at the Terminal five (5) days, three (3) days, forty-eight (48) hours and twenty-four (24) hours before the vessel is expected to reach the Terminal.

Notice of Readiness to unload shall be tendered by the vessel and accepted by Carrier after arrival at the Terminal, whether in berth or not, at any time in or out of office hours, provided the vessel is in free pratique, customs-cleared and in all respects ready to unload.

In case quarantine inspections for pratique are not available other than because of Tampa Electric's or the vessel's default, Notice of Readiness shall be regarded as tendered at the first available opportunity and laytime shall commence twenty-four (24) hours after Notice of Readiness is regarded as tendered, however, time lost for completion of pratique after berthing shall not count as laytime.

5. Laytime

Laytime for unloading shall commence twenty-four (24) hours ("Turn Time") after the vessel has arrived at the Terminal operator's number 2 dock and a written Notice of Readiness is tendered and has been accepted in accordance with the Terminal rules confirming that the vessel is customs-cleared and ready in all respects to discharge her cargo. If said Turn Time expires on a recognized holiday (as defined in Section

4.2.4 of this Agreement, laytime shall commence from 07:00 hours on the next weather working day. In case Carrier can arrange to unload before laytime commences to count as specified above, time actually used in unloading shall count as laytime.

In the event of declaration of Force Majeure by Carrier, time lost shall not count as laytime even if vessel is already on demurrage.

In case laytime interruption(s) caused by Force Majeure occurs, Carrier shall declare Force Majeure to Tampa Electric by every available communication method of such laytime interruption(s) so that such all period(s) of laytime interruption(s) shall not count as laytime. In addition, Carrier and Tampa Electric will immediately confer with a view to finding the best solution to the problem.

Notwithstanding the above provision, time lost due to short-run mechanical breakdowns specified in State of Facts/Port Log as verified by Carrier on the vessel shall not count as laytime.

If on presenting, the vessel is found not to be ready to load or discharge in all respects, then all time lost due to such vessel's unready condition, as determined by customary inspection, until such time as the vessel becomes ready in all respects including all additional waiting time will be for Tampa Electric's account.

Time shifting from anchorage to berth shall not count as laytime even if vessel is already on demurrage, and time shifting or waiting for tide, pilots, tugs until the vessel is securely moored at the load/discharge berth specified by Carrier not to count as laytime even if vessel is already on demurrage.

Unloading stoppage due to the vessel's or Tampa Electric's requirements shall not count as laytime even if vessel is already on demurrage.

Time lost due to draft surveying by an independent draft surveyor shall count as laytime only if surveyor instructed to make quantity determination by Tampa Electric.

Opening and closing of hatches at commencement and completion of loading and discharging shall be for Tampa Electric's account and time used is not to count as laytime even if vessel is already on demurrage.

EXHIBIT (B)

RIVER TRANSPORTATION RATES:

LOCATION	FIXED	FUEL	VARIABLE	TOTAL
AEP COOK TERMINAL - M.P. 947.4 - OHIO RIVER	0.66	1.09	2.63	\$4.38
HAMILTON - M.P. 851.8 OHIO RIVER	0.93	1.55	3.73	\$6.21
CASEYVILLE - M.P. 871.6 OHIO RIVER	0.86	1.44	3.44	\$5.74
OVERLAND TERMINAL - M.P. 841.5 - OHIO RIVER	0.90	1.50	3.60	\$6.00
KANIPE ENTERPRISES - M.P. 872 OHIO RIVER	0.86	1.44	3.44	\$5.74
RIGSBY & BARNARD - M.P. 881 OHIO RIVER	0.86	1.44	3.44	\$5.74
MT. VERNON - M.P. 828.0 OHIO RIVER	0.90	1.50	3.60	\$6.00
MOUND CITY - M.P. 976 OHIO RIVER	0.78	1.31	3.14	\$5.23
SOUTHERN INDIANA - M.P. 794.3 OHIO RIVER	0.92	1.54	3.70	\$6.16
NEW HOPE DOCK - M.P. 736.0 OHIO RIVER	0.96	1.60	3.85	\$6.41
EMPIRE DOCK - M.P. 896 OHIO RIVER	0.86	1.44	3.44	\$5.74
YANKEETOWN - M.P. 772.5 OHIO RIVER	0.94	1.56	3.76	\$6.26
OWENSBORO - M.P. 758.7 OHIO RIVER	0.96	1.60	3.85	\$6.41
KEN MINE - M.P. 98 GREEN RIVER	1.17	1.95	4.69	\$7.81
PYRAMID - M.P. 94 GREEN RIVER	1.17	1.95	4.69	\$7.81
GREEN COAL - M.P. 11 GREEN RIVER	1.09	1.82	4.38	\$7.29
PATRIOT DOCK - M.P. 31.7 GREEN RIVER	1.09	1.82	4.38	\$7.29
SEBREE - M.P. 43 GREEN RIVER	1.09	1.82	4.38	\$7.29
HUNTINGTON - M.P. 306 OHIO RIVER	1.08	1.80	4.31	\$7.19
BIG SANDY - M.P. 1-8 BIG SANDY RIVER	1.09	1.82	4.38	\$7.29

TTI TERMINAL - M.P. 405.9 OHIO RIVER	1.07	1.79	4.28	\$7.14
JEFFERSON RIVERPORT- MP 618.5 OHIO RIVER	0.98	1.63	3.91	\$6.52
KENTUCKY LAKE- M.P.- 24.8 TENNESSEE RIVER	0.90	1.50	3.60	\$6.00
BRT TERMINAL - M.P. 23.0 TENNESSEE RIVER	0.90	1.50	3.60	\$6.00
KELLOGG DOCK - M.P. 125 MISSISSIPPI RIVER	0.96	1.60	3.83	\$6.39
CORA DOCK - M.P. 98.5 MISSISSIPPI RIVER	0.93	1.55	3.71	\$6.19
CAHOKIA MARINE - M.P. 178 MISSISSIPPI RIVER	1.00	1.67	4.02	\$6.69

EXHIBIT (C)

GULF / TERMINAL TRANSPORTATION RATES:

	FIXED	FUEL	VARIABLE	TOTAL
TERMINAL - DIRECT TRANSFER RATE	1.75	0.00	0.00	\$1.75
TERMINAL - TRANSFER TO GROUND RATE	2.69	0.00	0.00	\$2.69
TERMINAL - IMPORTED COAL RATE	4.25	0.00	0.00	\$4.25
GULF TRANSPORTATION RATE	2.17	0.98	3.85	\$7.00

EXHIBIT (D)

Sample Calculation for the Quarterly Average No. 2 fuel oil price as posted in Platt's Oilgram.

No. 2 Fuel Oil Posted New Orleans Low Contract Price

<u>DAY</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>
1	Holiday	0.4525	0.4300
2	0.5100	0.4550	0.4275
3	0.5025	Saturday	Saturday
4	0.5050	Sunday	Sunday
5	0.5025	0.4575	0.4250
6	Saturday	0.4500	0.4225
7	Sunday	0.4425	0.4300
8	0.4850	0.4425	0.4325
9	0.4775	0.4350	0.4375
10	0.4725	Saturday	Saturday
11	0.4750	Sunday	Sunday
12	0.4675	0.4325	0.4400
13	Saturday	0.4250	0.4450
14	Sunday	0.4225	0.4525
15	0.4675	0.4300	0.4650
16	0.4700	0.4300	0.4625
17	0.4650	Saturday	Saturday
18	0.4525	Sunday	Sunday
19	0.4525	0.4300	0.4500
20	Saturday	0.4400	0.4500
21	Sunday	0.4250	0.4500
22	0.4600	0.4200	0.4450
23	0.4600	0.4275	0.4450
24	0.4475	Saturday	Saturday
25	0.4475	Sunday	Sunday
26	0.4425	0.4175	0.4325
27	Saturday	0.4225	0.4325
28	Sunday	0.4225	0.4375
29	0.4350	-----	0.4350
30	0.4375	-----	0.4675
31	<u>0.4475</u>	<u>-----</u>	<u>Saturday</u>
Summation	10.2825	8.6800	9.7150
No. of Postings	22	20	22

Summation of Quarter's Postings =
Number of Postings

Quarterly
Average

$$\frac{(10.2825 + 8.6800 + 9.7150)}{(22 + 20 + 22)}$$

= 0.4481

Sample Calculations Only

EXHIBIT (D) "Continued"

Sample Computation for Quarterly Fuel Adjustments

Assume the following values:

Quarterly arithmetic average
Low Contract Posting, #2 oi1
1st Quarter 199X

\$0.4481 per gallon

Assume the Fuel Component of the Rate is - \$1.00 per ton

Assume the Base Fuel Price is -\$0.5200 per gallon

Adjusted Fuel Component

Rate Fuel Component	X	<u>Quarterly Average Fuel Price</u> Base Fuel Price	=	Adjusted Fuel Component
\$1.00/ton	x	<u>\$0.4481 Per Gallon</u> \$0.5200 per gallon	=	\$0.86/ton

Sample Calculations Only

EXHIBIT (E)

Sample Computation for Quarterly Variable Component Adjustments

Assume the Following Values:

	<u>CPI</u>	<u>PPI</u>
October 1998	115.3	125.5
November 1998	115.4	125.6
December 1998	115.4	125.6
January 1999	115.7	125.9
February 1999	116.0	126.2
March 1999	116.2	126.4

Assume variable component of River Transportation Rate is \$4.00/ton

Assume variable component of Gulf Transportation Rate is \$3.85/ton

CPI 4th Quarter 1998 Average

$$\frac{115.3 + 115.4 + 115.4}{3} = 115.4$$

PPI 4th Quarter 1998 Average

$$\frac{125.5 + 125.6 + 125.6}{3} = 125.6$$

Base Quarterly Index Average:

$$\frac{\text{Average CPI} + \text{Average PPI}}{2} = \frac{115.4 + 125.6}{2} = 120.5$$

Quarterly Index Average:

$$\text{CPI 1st Quarter 1999 Average} = \frac{115.7 + 116.0 + 116.2}{3} = 116.0$$

$$\text{PPI 1st Quarter 1999 Average} = \frac{125.9 + 126.2 + 126.4}{3} = 126.2$$

$$\frac{\text{Average CPI} + \text{Average PPI}}{2} = \frac{116.0 + 126.2}{2} = 121.1$$

Adjusted Variable Component

Transportation Variable Component	x	$\frac{\text{Quarterly Index Average}}{\text{Base Quarterly Index Average}}$	=	Adjusted Variable Component
River: \$4.00/Ton	x	$\frac{121.1}{120.5}$	=	\$4.02/ton
Gulf: \$3.85/Ton	x	$\frac{121.1}{120.5}$	=	\$3.87/ton

Sample Calculations Only

CONFIDENTIAL

TAMPA ELECTRIC COMPANY
PAGE 1 OF 42

031033-EI

TRANSPORTATION STORAGE AND TRANSFER AGREEMENT

BETWEEN

TAMPA ELECTRIC COMPANY

AND

TECO TRANSPORT CORPORATION

Dated as of October 06, 2003

12.28.05
**DECLASSIFIED
CONFIDENTIAL**

*Part 2162
02875-04*

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WHEREAS, pursuant to the Stipulation approved by the Florida Public Service Commission in Order No. 20298 Tampa Electric and Carrier have negotiated market-based rates and charges, which rates and charges are deemed by Tampa Electric to be fair and reasonable, and other terms and conditions of service that among other things facilitate the prudent administration thereof and the accurate reporting of actual transfer prices in fuel adjustment proceedings;

NOW, THEREFORE, in consideration of the mutual covenants, provisions, benefits and agreements hereinafter set forth and of other good and valuable considerations flowing between the parties hereto, the receipt and sufficiency of which are hereby acknowledged, Tampa Electric and Carrier do hereby covenant and agree as follows:

1. DEFINITIONS

For purpose of this Agreement, the following definitions shall apply:

1.0 Cargo

Bulk requirements such as coal, synthetic fuel or petroleum coke.

1.1 Effective Date

January 1, 2004

1.2 Contract or Agreement Year

Each of the twelve-month periods comprising the term of this Agreement beginning January 1, and ending the following December 31.

1.3 Short Ton, Net Ton or Ton

A ton of two thousand (2,000) pounds avoirdupois.

1.4 Freetime

The period allowed by Carrier for Tampa Electric, or its agents, to load or unload vessels without charge to Tampa Electric.

1.5 Laytime

The period during which a vessel or barge is available and held in readiness for loading and/or unloading by a dock facility.

1.6 Terminal

Carrier's transloading facility located near Davant, Louisiana.

1.7 Priority Handling

Carrier's obligation to ship, load, or unload Tampa Electric's Cargo with all due dispatch and in accordance with any reasonable request of Tampa Electric. This obligation includes the duties (a) to ship, load or unload Tampa Electric's Cargo ahead of cargoes of any other customer of Carrier when to do so would not be a violation of an existing firm commitment to such customer, (b) to seek any necessary consent of such other customers of Carrier in order to ship, load or unload Tampa Electric's Cargo ahead of cargoes of such other customers and (c) to present to Tampa Electric the opportunity to secure any such consent by, for example, negotiating to absorb demurrage costs or charges occasioned by reprioritizing cargoes.

1.8 Critical Cargoes

Types of cargo designated from time to time through notice from Tampa Electric to be the predominant fuels burned in its boiler units and, therefore, essential for power plant operation.

1.9 FAS Cargo

Cargo received at the Carrier's Terminal from Cargo transporters other than Carrier or transported by Carrier under a separate agreement on a FAS basis.

1.10 Consent Decree Trigger Event

Tampa Electric chooses, at its sole discretion, to shut-down or re-power (with natural gas as primary fuel) its Big Bend Units 1, 2, 3 and 4 (or any combination of them). Such event shall reduce the annual minimum tonnage requirements for 2007 and 2008. (See Sections 3 and 4.2).

2. EFFECTIVE DATE AND TERM

2.1 Term

The initial term of this Agreement shall begin January 1, 2004 and shall continue in full force for a period of five (5) years until December 31, 2008; provided, however, that this Agreement shall continue until final delivery with respect to any Cargo being transported on such date.

2.2 Provisions for Extension of Term

At the end of the initial term of this Agreement, if Tampa Electric has a continued need for the transportation of fuels beyond the initial term of this Agreement, the Carrier shall have the option of renewing this agreement under the circumstances set forth in this Section 2.2. This option is provided in recognition of the substantial investment made by the Carrier for the purpose of transporting cargo to Tampa Electric during the initial period. In such event, Tampa Electric shall notify the Carrier of that need for such transportation ("Notice of Need") at least three (3) months prior to the end of the initial term. Within fifteen (15) days of its receipt of the Notice of Need, the Carrier shall advise Tampa Electric, in writing, of its intention to exercise its option to renew. If the Carrier fails to notify Tampa Electric of its intention to renew within this fifteen (15) day period, then the Carrier's option to renew shall be extinguished. If the Carrier notifies Tampa Electric in a timely manner of its intention to exercise its option, then Tampa Electric shall (i) determine the prevailing market prices, terms and conditions and the most cost-effective fuel transportation alternative for the transportation services sought for the renewal period, in a commercially reasonable manner, through requests for proposals, analyses of comparable transportation agreements, market analyses by outside consultants or other reasonable and verifiable means, and (ii) notify Carrier of same. Carrier shall then have the right to exercise its option on the terms, price and conditions so identified. Should the Carrier decline to exercise its option, then Tampa Electric shall be free to obtain all or any portion of the transportation services from one or more third party carriers ready, willing and able to provide same, subject to the Carrier's right of first refusal to match the best offer of any third party carrier to provide all or any portion of said services.

3. CONSENT DECREE TRIGGER EVENT

Tampa Electric is required to advise the U.S. Environmental Protection Agency (EPA), on or before May 1, 2005 with respect to Tampa Electric's Big Bend Unit 4, and on or before May 1, 2007 with respect to Big Bend Units 1, 2, and 3 (or any combination of them), whether each such unit: (i) will be shut down; (ii) will be re-powered (with natural gas as primary fuel); or (iii) will continue to be fired by coal. Tampa Electric shall be entitled in its sole discretion to choose among the compliance options available to it under the Consent Decree.

If Tampa Electric chooses compliance options (i) or (ii), (herein defined as "Consent Decree Trigger Event"), Tampa Electric may reduce its annual minimum tonnage requirements for 2007 and 2008 by giving notice to Carrier at any time after tendering notice to the EPA with respect to each unit. Such notice shall be effective ninety (90) days after receipt thereof by Carrier, or one hundred eighty (180) days prior to the effective date of any restrictions upon the combustion of coal arising out of the consent decree and Tampa Electric's choice of compliance option, whichever occurs later.

If Tampa Electric chooses compliance option (iii) above, then the annual tonnage requirements shall remain at the existing tonnage level as described in Section 4.1.

4. CARGO**4.1 CARGO WITHOUT THE CONSENT DECREE TRIGGER EVENT**

Carrier shall transport Cargo by barge from inland shipping points on the tributaries of the Mississippi River down the Lower Mississippi River to the Carrier's Terminal. In addition, Carrier shall receive Cargo at the Carrier's Terminal from Cargo transporters other than Carrier on an FAS basis ("FAS Cargo"). Carrier shall store, blend and transload such Cargo at the Terminal as requested by, and agreed with, Tampa Electric, and then load such Cargo into ocean-going vessels owned, operated and/or controlled by Carrier and transported across the Gulf of Mexico to Tampa, Florida and vicinity. Carrier shall be totally responsible for executing all phases of its operations to ensure timely deliveries consistent with agreed upon schedules.

Without the Consent Decree Trigger Event, Tampa Electric shall tender and Carrier shall transport, store and/or transfer the following minimum quantities of Cargo in each Contract Year for each of the following transportation segments ("Minimum Annual Quantities").

- (1) For transportation from river origins to the Terminal (or other destinations in the Port of New Orleans): Tampa Electric's entire requirements for said transportation including Cargo delivered by Carrier on a FAS basis, but not less than 3,250,000 tons and not more than 5,000,000 tons.
- (2) For storage and/or transfer services within the Port of New Orleans: Tampa Electric's entire requirements for said services including Cargo delivered by Carrier, but not less than 3,250,000 tons and not more than 5,000,000 tons
- (3) For transportation from the Terminal (or other origins in the Port of New Orleans or any other U.S. port) to Tampa Electric's generating plants near Tampa, Florida: Tampa Electric's entire requirements for said transportation, but not less than 4,000,000 tons and not more than 5,500,000 tons.

Subject to Section 8.1 hereof, Tampa Electric may obtain its requirements for transportation services in excess of the Maximum Annual Quantities from carriers other than Carrier. The quantity of Terminal services may include up to 1,000,000 tons of international deliveries.

Should Carrier fail, for reasons other than Force Majeure, to provide transportation storage or transfer services for the Minimum Annual Quantities, Tampa Electric shall have the ability to enforce any and all remedies available under Section 6 for the tonnages not transported. Should Tampa Electric fail, for reasons other than Force Majeure, to tender cargoes in the amount of the Minimum Annual Quantities, Carrier shall be entitled to payment, as liquidated damages and not as a penalty, the dead freight charges set forth in Section 11.4.1 for the tonnages not tendered.

4.2 CARGO WITH THE CONSENT DECREE TRIGGER EVENT

With a Consent Decree Trigger Event, Tampa Electric shall tender and Carrier shall transport, store and/or transfer the following minimum quantities of Cargo in Contract Years 2004-2006 for each of the following transportation segments ("Minimum Annual Quantities").

- (1) For transportation from river origins to the Terminal (or other destinations in the Port of New Orleans): Tampa Electric's entire requirements for said transportation including Cargo delivered by Carrier on a FAS basis, but not less than 3,250,000 tons and not more than 5,000,000 tons.
- (2) For storage and/or transfer services within the Port of New Orleans: Tampa Electric's entire requirements for said services including Cargo delivered by Carrier, but not less than 3,250,000 tons and not more than 5,000,000 tons
- (3) For transportation from the Terminal (or other origins in the Port of New Orleans or other U.S. ports) to Tampa Electric's generating plants near Tampa, Florida: Tampa Electric's entire requirements for said transportation, but not less than 4,000,000 tons and not more than 5,500,000 tons.

With a Consent Decree Trigger Event, Tampa Electric shall tender and Carrier shall transport, store and/or transfer the following minimum quantities of Cargo in Contract Year 2007 for each of the following transportation segments ("Minimum Annual Quantities").

- (1) For transportation from river origins to the Terminal (or other destinations in the Port of New Orleans): Tampa Electric's entire requirements for said transportation including Cargo delivered by Carrier on a FAS basis, but not less than 2,000,000 tons and not more than 4,000,000 tons.
- (2) For storage and/or transfer services within the Port of New Orleans: Tampa Electric's entire requirements for said services including Cargo delivered by Carrier, but not less than 2,000,000 tons and not more than 4,000,000 tons
- (3) For transportation from the Terminal (or other origins in the Port of New Orleans or other U.S. ports) to Tampa Electric's generating plants near Tampa, Florida: Tampa Electric's entire requirements for said transportation, but not less than 3,000,000 tons and not more than 4,500,000 tons.

With the Consent Decree Trigger Event, Tampa Electric shall tender and Carrier shall transport, store and/or transfer the following minimum quantities of Cargo in Contract Year 2008 for each of the following transportation segments ("Minimum Annual Quantities").

- (1) For transportation from river origins to the Terminal (or other destinations in the Port of New Orleans): Tampa Electric's entire requirements for said transportation services including Cargo delivered by Carrier on a FAS basis, but not less than 1,000,000 tons and not more than 3,000,000 tons.
- (2) For storage and/or transfer services within the Port of New Orleans: Tampa Electric's entire requirements for said services including Cargo delivered by Carrier, but not less than 1,000,000 tons and not more than 3,000,000 tons
- (3) For transportation from the Terminal (or other origins in the Port of New Orleans or other U.S. ports) to Tampa Electric's generating plants near Tampa, Florida: Tampa Electric's entire requirements for said transportation, but not less than 2,000,000 tons and not more than 3,500,000 tons.

Subject to Section 8.1 hereof, Tampa Electric may obtain its requirements for transportation services in excess of the Maximum Annual Quantities from carriers other than Carrier. The quantity of Terminal services may include up to 1,000,000 tons of international deliveries.

Should Carrier fail, for reasons other than Force Majeure, to provide transportation storage or transfer services for the Minimum Annual Quantities, Tampa Electric shall have the ability to enforce any and all remedies available under Section 6 for the tonnages not transported. Should Tampa Electric fail, for reasons other than Force Majeure, to tender cargoes in the amount of the Minimum Annual Quantities, Carrier shall be entitled to payment, as liquidated damages and not as a penalty, the dead freight charges set forth in Section 11.4.1 for the tonnages not tendered.

5. SERVICES AND OPERATIONS

5.1 Transportation

5.1.1 Equipment

Carrier shall provide the necessary river towboats and hopper barges, having a nominal capacity of 1400 short tons each, for transporting Cargo from Mississippi River tributary terminal locations, to be designated by Tampa Electric, to the Terminal and the necessary ocean-going vessels to transport Cargo from the Terminal to Tampa, Florida, and vicinity, based on annual tonnages estimated in Section 4. In the event Carrier is unable to provide said equipment, sufficient harbor tugs and fleeting areas required to assure safe and expeditious service, within the provisions of Section 5.1.3, Tampa Electric may apply remedies as provided for in Section 6.

5.1.2 Safety

Carrier shall properly maintain the barges, towboats, tugs and other equipment such that they remain seaworthy and in compliance with Coast Guard and other applicable local, state and Federal regulations. Carrier shall correct or replace any barges which are unseaworthy or otherwise unsuitable prior to loading. Tampa Electric shall be responsible for safe berthing facilities at origin loading locations and at its generating facilities in the Tampa, Florida vicinity. If Carrier arranges for the movement of Cargo by rail to the river facilities, the responsibility for safe loading at the river facilities will be assumed by Carrier.

5.1.3 Scheduling

On or before September 30th of each year, Tampa Electric shall notify Carrier of its estimated river and Gulf movements for the succeeding year. Tampa Electric and Carrier shall schedule the yearly movements in approximately equal monthly shipments unless otherwise mutually agreed to, in writing, by both parties.

Time is of the essence in the performance of each party's obligations hereunder. Tampa Electric shall notify Carrier on or before the 25th day of each month of the total estimated tons to be moved for each of the next twelve (12) months. For inland river movements, Tampa Electric shall provide the then known information on inland loading points, quantities, Cargo suppliers and destination storage piles at the Terminal. For movements across the Gulf of Mexico, Tampa Electric shall provide quantities and Cargo type to be delivered to each power plant location. Tonnages designated for months four (4) through twelve (12) shall be subject to change in subsequent monthly notifications. Total tonnage amounts designated for each of months one (1) through three (3) shall not be revised more than 20% below or 20% above those amounts in subsequent monthly notifications, except by mutual agreement. The number of river origin locations for months one (1) through three (3) shall not be increased in subsequent monthly notifications, except by mutual agreement.

On a weekly basis, Tampa Electric and Carrier shall review delivery schedules to each power plant location. Deliveries made according to mutually agreed upon delivery schedules will be eligible for demurrage under the terms of Section 5.1.10. Deliveries made without a mutually agreed upon schedule will not be eligible for demurrage under the terms of Section 5.1.10. Agreement to proposed delivery schedules shall not be unreasonably withheld by either party.

5.1.4 Loss

As more fully described in Section 18 hereof, Carrier shall have the risk and liability for loss of Cargo during the period commencing when Tampa Electric Cargo is loaded into barges at origin loading points, for inland river

tendered tonnages, or commencing with transfer and storage functions at the Terminal for tonnages delivered there by third party carriers, and terminating when it secures the loaded ocean-going vessels at the Tampa Electric generating facility. Carrier, however, shall not be responsible for shrinkage of Cargo inventories in its custody which does not exceed shrinkages normally accepted as reasonable within the industry. In the event of a dispute concerning liability for shrinkages, the provisions of Section 17 - Dispute Resolution shall apply.

Carrier warrants that it has expertise in handling Cargo and has necessary licenses and permits to properly conduct transfer operations. Carrier further warrants that the Terminal is permitted for ground storage of Cargo.

Carrier shall provide adequate surveillance of any barge which is leaking and in danger of sinking. Such barge shall remain in Carrier's care and custody until unloaded and Carrier shall bear the risk of loss of Cargo which cannot be unloaded from such a barge.

5.1.5 Barge Cleaning and Acceptance

Carrier shall provide equipment which has been suitably cleaned and free of debris and foreign material. The loading facility operator, acting as an agent of Tampa Electric, may reject any equipment which it reasonably deems to be unacceptable. The loading of a barge by a loading facility operator shall constitute acceptance by such loading facility operator and Tampa Electric.

5.1.6 Loading

Carrier shall coordinate the planning and scheduling of river barge loading and direct deliveries to the Terminal with the Tampa Electric Cargo suppliers' Cargo loading facilities and will coordinate the planning and scheduling of ocean-going vessels with the Wholesale, Marketing and Fuels Department of Tampa Electric and Tampa Electric's generating plants.

5.1.7 Unloading at the Generating Facilities

Carrier agrees to perform the docking and positioning of vessels at Tampa Electric's generating facilities. The unloading of vessels at the generating facilities, and the repositioning of vessels during unloading, will be the responsibility of Tampa Electric.

5.1.8 Priority Handling

Carrier agrees to accord the loading, shipping and unloading of Tampa Electric Cargo such priority as required to conform to all scheduling as set forth in this Agreement. In the event of a forecasted shortage of Critical

Cargo at Tampa Electric's power plants, as determined solely by Tampa Electric, Tampa Electric cargo will receive Priority Handling.

5.1.9 Cargo Transportation Report

Tampa Electric shall have responsibility to assure that river origin Cargo loading facilities provide Carrier with daily loading information by electronic interface. Carrier shall provide Tampa Electric with a daily status report containing the name, location, destination, estimated time of arrival, cargo tons and Cargo type of all vessels and tows handling Tampa Electric's Cargo. Carrier shall also provide Tampa Electric on a daily basis with the loading points and tonnages of all barges loaded the previous day and the number of barges scheduled to be loaded the current day at each loading point. Carrier agrees to maintain a record of tons loaded from each loading point and report to Tampa Electric the accumulated monthly tonnage to date for each loading point on a daily basis.

5.1.10 Demurrage

Tampa Electric shall make every reasonable effort to coordinate with Carrier the scheduling of Cargo loadings at designated river locations, FAS Cargo shipments and Cargo shipments to the Tampa Electric generating facilities to permit efficient and continuous cycling of marine equipment and efficient operation of the transloading facility. The following Freetime will be allowed before the imposition by Carrier of demurrage charges:

- a. Four (4) days at origin river locations
- b. Two (2) days at Tampa Electric generating plants

Laytime shall begin at the first 0700 time following placement, actual or constructive, of the river barge at an inland river Cargo loading origin or following the tendering of the vessel at the Tampa Electric generating facilities. After expiration of the allowed freetime, the demurrage charge for inland river barges is \$150 per barge per day, based on a quarterly credit/debit barge demurrage system. For ocean-going vessels the demurrage charge is \$800 per hour for each hour beyond the Freetime. Tampa Electric will not be responsible for demurrage at the terminal.

For FAS Cargo shipments received from river barges, Tampa Electric shall be responsible for the first five (5) days of any third party demurrage incurred. Carrier shall be responsible for any such third party demurrage beyond five (5) days on a per barge basis at the same rate per barge that Tampa Electric shall be held liable for by the relevant barging agreement but not to exceed \$150 per barge per day. For shipments received from ocean bulk carriers, Carrier's responsibility for third party demurrage is set out in Exhibit (A).

5.1.11 Rail Shipment Notice

For Cargo trains proceeding to Cook Coal Terminal, Tampa Electric shall cause a departure notice and estimated arrival time at Cook Coal Terminal to be given to Carrier within one hour of the departure of a loaded train from a rail origin point ("First Notice"). Tampa Electric shall cause a notice of arrival at Centralia, Illinois, and an estimated arrival time at Cook Coal Terminal to be given to Carrier upon the loaded train's arrival at Centralia ("Second Notice"). Carrier shall be liable for any detention, release and hold charges levied by the railroad on Tampa Electric as the direct result of empty barge placement after the Actual or Constructive Placement of the train plus five (5) hours. Should Tampa Electric fail to provide the First Notice and Second Notice, Carrier shall be liable for such charges levied as the direct result of empty barge placement after the Actual or Constructive Placement of the train plus twenty four (24) hours.

5.2 Storage and Transfer

5.2.1 Facilities

Carrier shall provide the necessary facilities and services at the Terminal for the unloading, sampling, storing, blending, compacting and loading of up to 5,500,000 tons of Cargo per year (or such other tonnage as the parties shall mutually agree, in writing, is appropriate), including fleeting space for a minimum of 150 loaded barges and 150 empty barges, and shall perform such services in a prompt and efficient manner.

Carrier shall provide a minimum of two coal handling systems at the Terminal for Critical Cargoes. Carrier shall provide up to eight (8) separate storage pads or storage areas with a total storage capability of 1,400,000 tons. Carrier shall provide suitable base material for the storage areas, and shall be responsible for control of spontaneous combustion and prevention of contamination of Tampa Electric's Cargo.

5.2.2 Right of Inspection

Tampa Electric shall have the right to inspect and review (or to have its representatives inspect and review), at its own risk and expense, at any time during regular business hours, and upon reasonable notice so as not to disrupt Carrier's operations, any part of Carrier's Cargo transportation, transloading, loading, sampling and storage operations by which Cargo handled under this Agreement is transported, unloaded, stored, sampled and loaded, including, but not limited to, records of operations, transportation and transfer equipment and procedures, analytical procedures, storage piles, loading/unloading docks and all other equipment used to handle or transport Cargo for Tampa Electric.

5.2.3 Water Depth

Carrier shall maintain, or cause to be maintained, adequate water depth at the Terminal facility to accommodate vessels to a maximum draft to transit the Southwest Pass channel consistent with the operation of the Terminal facility for the purpose intended by this Agreement. Tampa Electric shall maintain, or cause to be maintained, adequate water depth at Tampa facilities to accommodate vessels to a maximum draft of 34 feet at Big Bend Station, consistent with the operation of the Tampa facilities for the purpose intended by this Agreement.

5.2.4 Scheduling

Carrier shall load the oceangoing vessels with Cargo to the maximum appropriate draft on a continuous 24 hours a day, 7 days a week basis, except for holidays observed at the Terminal as listed below, and coordinate the schedule and delivery rate as agreed upon and in accordance with Section 5.1.3, Scheduling, with respect to notification and revised estimates of tonnage.

The following recognized holidays (other than Christmas) shall mean consecutive 24 hours commencing on 07:00 A.M. on such day and ending at 07:00 A.M. on the next working day:

Mardi Gras	
Anniversary Picnic:	Last Saturday of April
Independence Day	
Thanksgiving Day	
Christmas Day:	(the consecutive 24 hours commencing on 7:00 p.m. December 24 and ending 7:00 p.m. December 25)

5.2.5 Unloading at the Terminal

Unloading of river barges at the Terminal shall be performed by Carrier by use of an unloader, of appropriate design and capacity, which is capable of a minimum unloading rate of 3000 tons per hour; provided, however, Tampa Electric's sole remedy for Carrier's failure to use such unloader or failure to achieve such unloading rate shall be assumption of third party demurrage charges as specifically provided in Section 5.1.10 hereof. Cargo shall be piled and compacted as jointly agreed upon by the parties.

Unloading of ocean bulk carriers at the Terminal shall be performed by Carrier in accordance with the provisions of Exhibit (A) attached hereto.

5.2.6 Loading at the Terminal

Carrier will trim the ocean-going vessels in accordance with standard practices for safe and environmentally acceptable transport. The Terminal equipment will be capable of a minimum loading rate of 30,000 tons per 24 hour day. Carrier shall have the capability to load and maintain separately two different types of cargo in a single ocean-going vessel.

5.2.7 Blending and Dust Suppression

Upon request, Carrier shall blend Cargo to the ratios specified by Tampa Electric. No additional charge shall be made for blending, pile maintenance, compaction, grooming and management due to weather. Carrier shall provide at no additional charge all additional equipment to handle problem cargoes either at discharge of the barge or occurring in the storage yard. Carrier shall apply dust suppression surfactant to Tampa Electric's Cargo at the Terminal upon reasonable request of Tampa Electric. Cost of application of dust suppression surfactant shall be for the account of Carrier, and cost of dust suppression surfactant materials shall be stated as a separate item on Carrier's invoices to Tampa Electric hereunder and shall be payable by Tampa Electric on a cost pass-through basis.

5.2.8 Inventory

Carrier shall maintain inventory records for each pile of Tampa Electric Cargo at the Terminal. The quantity of Cargo added to or subtracted from pile Inventories shall be based on Tampa Electric weights determined at river origin points or power plants, respectively. Carrier shall have aerial surveys of the Terminal Cargo inventory performed semi-annually on or about February 1 and August 1. The difference between the book inventory and the aerial survey Inventory shall be adjusted to account for the plus or minus three percent ($\pm 3\%$) accuracy of the aerial survey. Carrier's responsibility, if any, for shrinkage shall be as set forth in Section 5.1.4 hereof. The adjusted difference will then be used to correct the inventory records. A report on the aerial survey adjustment shall be sent to Tampa Electric no later than 30 days after the survey. Carrier shall pay for the aerial surveys of the Terminal inventories.

5.2.9 Cargo Storage Report

Carrier shall electronically report for each weekday to Tampa Electric the inventory, by Cargo type, of Tampa Electric's Cargo at the Terminal.

5.2.10 Stevedore Damage

Carrier shall directly handle all stevedore damage claims from ocean vessels or barges without expense to Tampa Electric. However, Tampa Electric is responsible for stevedore damage and claims at the generating facilities for ocean vessels.

5.3 Sampling

Automatic sampling equipment and facilities which meet the conditions of ASTM Standard D2234 shall be made available to Tampa Electric, or its designated agent, by Carrier for use on all inbound and outbound Cargo at the Terminal facility. The parties recognize that laboratory services may be provided by an independent third party contractor and should Tampa Electric elect to obtain said services, Tampa Electric will pay the contractor directly for same.

5.4 Weights and Weighing

The tonnages for purposes of application of rates and invoices rendered for the transportation, transfer, storage and off-loading of such tonnages under this Agreement shall be provided by Tampa Electric and shall be derived as follows:

- Rail - Official rail weights from certified scales
- River Barges and FAS Cargoes - Official origin weight as determined for each loading point and consistent with each coal supply agreement
- Gulf Vessels - Tampa Electric's destination scale weights or draft weights upon unloading

Carrier shall have no responsibility to determine or verify any weights provided by Tampa Electric and shall rely on such weights to demonstrate compliance with Tampa Electric's requirements under this Agreement; provided, however, that Carrier shall have the right to dispute such weights if, upon visual inspection, there appears to be a material deviation in the weights provided by Tampa Electric and the tonnage in the barge(s) or in storage. Such dispute will be resolved according to Section 17.

5.5 Subcontracting

Nothing in this Section shall prohibit Carrier from subcontracting for the performance of any of its obligations hereunder except that Carrier shall remain liable for its and its subcontractors' performance under this Agreement in such an event.

6. COVER REMEDY FOR CARRIER'S FAILURE TO PERFORM

Notwithstanding any other provisions in this Agreement, if Carrier fails to provide transportation services for the Minimum Annual Quantities, Tampa Electric may, for Carrier's account and expense, arrange for substitute transportation services in good faith and pursuant to terms negotiated at arm's length.

Any additional cost paid by Tampa Electric for such transportation services greater than the applicable cost hereunder shall be reimbursed to Tampa Electric by Carrier, and the tonnage so transported shall be deducted from Tampa Electric's Minimum Annual Quantities under this Agreement. Any additional loading, unloading or other handling costs incurred by Tampa Electric because of Carrier's failure to deliver the scheduled quantities or type of Cargo shall also be reimbursed by Carrier to Tampa Electric. Such reimbursement shall be Carrier's sole liability to Tampa Electric for failure to provide transportation services for the Minimum Annual Quantities, except in the event of default as provided for in Section 11.

The requirement for Carrier to underwrite the costs of Tampa Electric's arrangements for substitute transportation services shall not be applicable if Carrier's failure to provide the required services results from Force Majeure circumstances as set forth herein or from any default by Tampa Electric.

7. RATES AND CHARGES

Tampa Electric agrees to pay Carrier the rates per short ton specified herein for the transportation and handling of Cargo performed under this Agreement from river origins to Tampa Electric's generating facilities, including storage and transfer at the Terminal and rail movements, if applicable. The rates referred to herein, shall include all costs and expenses for Carrier's operation and maintenance of its fleet and equipment, as well as charges for dockage, line handling, barge fleeting, barge shifting, on and off tug service for landing barge tows and tug service landing ocean-going barges.

7.1 Rail and Dump Charges

Tampa Electric shall have the right of approval, prior to any rail movements, for all rail and dump charges that Carrier could incur when moving Tampa Electric's Cargo. Included in this right is the requirement that Tampa Electric must grant approval of all contract terms prior to Carrier entering into said contract for the movement of Tampa Electric's Cargo. Tampa Electric shall have the right, but not the obligation, to contract for such services on its own behalf. Tampa Electric shall be provided with sufficient proof of documentation for such costs incurred. For tonnages moved by rail to water, contracted by Carrier for Tampa Electric, Tampa Electric agrees to pay for all costs prudently incurred by Carrier in accordance with this Section 7.1, to move Tampa Electric's Cargo by rail from the applicable mines and into barges.

7.2 River Charges

Tampa Electric shall pay the River Rates specified in Exhibit (B) for inland barge movements from river origins to the Terminal.

7.3 Terminal and Gulf Charges.

Tampa Electric shall pay the Terminal/Gulf Rates specified in Exhibit (C) for tons loaded at the Terminal for transport to the generating facilities in Tampa, Florida.

7.4 Adjustment of Rates

The River Rates and Terminal/Gulf Rates shall be adjusted quarterly (April 1, July 1, October 1, and January 1) in accordance with Exhibits (D) and (E). Fuel and Variable component bases shall be established using 2003 indices.

7.5 Change of Law, Taxes or Regulations

In the event any unit of government or port authority having jurisdiction over the Carrier or its activities imposes any new laws, rules or regulations or modifies any existing laws, rules or regulations, or imposes a new fee or tax or increases or decreases any existing fee or tax (including without limitation any user charge or toll, imposed, levied or collected from Carrier for its use of the Mississippi and Ohio Rivers or their tributaries or of the locks and dams in said river systems but excluding taxes on net income), or any similar additional rail charges and any fuel surcharges imposed during the course of performance of the transportation services rendered hereunder, the effect of which is to increase or decrease the cost of performance by Carrier hereunder, the then current selling price shall be adjusted upward or downward to reflect such increase or decrease, effective the date such increase or decrease is incurred. Tampa Electric shall have the right to audit Seller's books and records to determine the amount of any upward or downward price adjustment under this section.

If the amount of any one such upward adjustment due to governmental authority exceeds the then current freight and handling charges by twenty-five percent (25%) or more, Tampa Electric shall be entitled, by written notice to Carrier, to limit the upward adjustment to twenty-five percent (25%), in which case Carrier shall be entitled to terminate this Agreement by written notice to Tampa Electric. If the amount of any one such downward adjustment due to governmental authority exceeds the then current freight and handling charges by twenty-five percent (25%) or more, Carrier shall be entitled, by written notice to Tampa Electric, to limit the downward adjustment to twenty-five percent (25%), in which case Tampa Electric shall be entitled to terminate this Agreement by written notice to Carrier.

7.6 Approval of Price Revisions

Carrier shall promptly submit all price revisions and supporting data in as much detail as is reasonably required to establish the amount of the revisions by the end of the first month of each quarter, and Tampa Electric shall approve or reject the proposed price revisions within twenty (20) days after receipt of reasonably sufficient data. Such approval shall not be unreasonably withheld by Tampa Electric.

It is understood by both parties that acceptance of any price revision on the part of Tampa Electric does not waive Tampa Electric's right to audit under the provisions of Section 10 hereof or to correct any overpayment or underpayment that might be determined by such audit.

Tampa Electric and Carrier agree to negotiate in good faith to settle any disputed price revisions, but such negotiations will not affect Carrier's obligation to provide services as provided for herein, nor will they affect Tampa Electric's obligation to pay for such services in accordance with the provisions of Section 9 hereof.

Should Tampa Electric and Carrier be unable to agree within ninety (90) days after receipt of Carrier's request, the parties shall proceed as set forth by the provisions of Section 17. The resolution of any dispute settled as provided for in Section 17 shall be binding upon the parties.

8. NEGOTIATION OF TRANSPORTATION RATES ON SPOT PURCHASES OF CARGO**8.1 Right to Negotiate**

The parties agree that during the initial term of the Agreement, Tampa Electric shall have the right to request proposals, and negotiate and sign agreements with others ready, willing and able to provide transportation, transfer and storage services for spot purchases of coal ("Spot Services"), provided, however, that Carrier shall have an option to provide such Spot Services as follows. Upon written notice to the Carrier of Tampa Electric's need for spot services, the Carrier shall within fifteen (15) days notify Tampa Electric in writing of its intention to exercise its option to provide such services. If the Carrier fails to so notify Tampa Electric of its intention to provide the desired Spot Services, then the Carrier's option shall be extinguished. If the Carrier notifies Tampa Electric in a timely manner of its intention to exercise its option, then Tampa Electric shall (i) determine the prevailing market prices, terms and conditions and the most cost-effective fuel transportation alternative for the Spot Services sought by Tampa Electric, in a commercially reasonable manner, through requests for proposals, analyses of comparable transportation agreements, market analyses by outside consultants or other reasonable and verifiable means, and (ii) notify Carrier of same. Carrier shall then have the right to exercise its option on the terms, price and conditions so identified. Should the Carrier decline to exercise its option, then Tampa Electric shall be free to obtain all or any portion of the Spot Services from one or more third party carriers ready, willing and able to provide same,

subject to the Carrier's right of first refusal to match the best offer of any third party carrier to provide all or any portion of said services. The provision or non-provision by Carrier of Spot Services hereunder shall not affect the obligation of either party to tender or transport their respective Annual Quantities as set forth in Section 4 hereof.

8.2 Other Transportation Origins

For inland barge movements from river origins other than those listed in Exhibit (B), Carrier shall quote a river rate upon request by Tampa Electric. If the river origin to be quoted is located on the same river as an upstream river origin listed in Exhibit (B), the quoted river rate may not exceed that provided for the nearest upstream comparable river origin as listed in Exhibit (B), other than to provide for an allowance to cover special or unique fleeting, shifting or other costs associated with such non-listed river origin.

9. PAYMENT AND CREDIT

9.1 Application of Rates

In determining the applicable rate level under this Agreement, the date the cargo becomes Carrier's responsibility at rail or inland river origins shall determine the applicable river rate level. The date that a Gulf vessel completed loading shall determine the applicable Terminal/Gulf rate level.

9.2 Invoice and Payment

9.2.1 Contents of Invoices

All invoices or credit memoranda issued hereunder shall specify the date of shipment to which the invoice or credit memorandum pertains, the monthly and cumulative yearly tonnage shipped for each origin, the applicable price and such other information as shipped for each origin, the applicable price and such other information as is reasonably necessary to enable Tampa Electric to verify the billing or credit amount.

9.2.2 Invoicing

Carrier shall prepare and mail an invoice to Tampa Electric immediately following the 15th of each month for all services rendered hereunder from the first of the prior month through the end of the prior month inclusive.

9.2.3 Invoicing Error Corrections

If it is determined that an error occurred in the preparation of any invoice, Carrier agrees to issue a corrected invoice or credit memorandum, as applicable, within ten (10) days after determination or notification of the error.

9.2.4 Invoicing Mailing Address

Tampa Electric shall advise Carrier in writing of the proper address (or any changes thereto) to which billing invoices should be mailed. Invoices should be mailed to:

Tampa Electric Company
Accounts Payable
P.O. Box 3285
Tampa, FL 33601

9.2.5 Payment of Undisputed Invoices and Credit Memoranda

Tampa Electric shall, within twenty (20) calendar days of receipt of any invoice pertaining to services rendered hereunder, pay to Carrier the full net amount of said invoice; provided, however, that if Tampa Electric shall, pursuant to Section 9.2.5, in good faith dispute any portion of any invoice, then only the undisputed portion of said invoice need be paid within the time period specified in Section 9.2.6. Unless otherwise requested by Carrier in writing, payment shall be treated as made when the same is either (1) transferred by wire to Carrier's account and/or bank as Carrier from time to time may designate in writing; (2) personally delivered to the President of the Carrier's Company or such other person as Carrier may from time to time designate in writing; or (3) deposited in the U.S. mail, postage prepaid, and properly addressed as follows:

TECO Transport Corporation
702 North Franklin Street
Suite 900
Tampa, Florida 33602
Attention: Vice President - Controller

Credit memoranda issued by Carrier to Tampa Electric, for whatever reasons, will normally be applied against outstanding invoices for services rendered hereunder. However, Carrier agrees to make direct payment to Tampa Electric with respect to any credit memorandum within ten (10) calendar days after receiving a request from Tampa Electric for any such payment. Said payment shall be treated as made when the same is either (1) transferred by wire to Tampa Electric's account and/or as Tampa Electric may from time to time designate in writing, (2) personally delivered to Tampa Electric's Vice President - Controller or such other person as Tampa Electric may from time to time designate in writing; or (3) deposited in the U.S. mail, postage prepaid, and properly addressed as follows:

Tampa Electric Company
P.O. Box 3285
Tampa, Florida 33601
Attention: Vice President - Controller

9.2.6 Payment of Disputed Invoices and Price Revisions

If Tampa Electric disputes Carrier's invoices or price revisions, Tampa Electric will make payment of all amounts due Carrier which are not in dispute. In the event that settlement cannot be reached within ninety (90) days after Carrier's issuance of the disputed invoice, either party may refer to the provisions of Section 17.

10. BOOKS, RECORDS AND AUDITS

10.1 Maintaining Books and Records

(a) Carrier shall maintain books and records of all payments, price adjustments, credits, debits, weights and supporting documentation establishing the bases for the price and all similar data related to the performance under this Agreement, in order that all provisions of this Agreement can be adequately administered. In so doing, Carrier shall use accounting methods and practices in accordance with generally accepted accounting principles, consistently applied. Such books and records shall be retained for a minimum of five (5) years, unless there is an ongoing Tampa Electric audit or dispute involving such books and records at the end of the five (5) years, in which case such books and records shall be retained until such audit is completed or dispute is resolved. In addition, Carrier shall itemize for Tampa Electric all data pertaining to price adjustments requested under Section 7 of this Agreement and shall make its books and records available to Tampa Electric at any reasonable time so that Tampa Electric can document any change, revision or adjustment to the various prices specified herein. Carrier shall submit any additional information which Tampa Electric may request which is reasonably available from Carrier's records and pertinent to the adjustment to be made.

(b) Tampa Electric shall maintain records, operational documentation and similar data relating to its performance under this Agreement. Such records shall be retained for a minimum of five (5) years, unless there is an ongoing audit or dispute involving such records at the end of the five (5) year period. In such event, Tampa Electric shall maintain such records until such audit is completed or such dispute is resolved.

10.2 Right to Audit and Request Audit

Upon written request, Carrier shall make available for Tampa Electric's audit and information, copies of all appropriate books and records which Carrier makes or has made in connection with the ordinary conduct of its business as the same relate to performance of this Agreement.

Tampa Electric may, on prior written notice, but no more frequently than once a year, examine through its agents, employees or any independent auditor reasonably satisfactory to Carrier, the appropriate books and records related to Carrier's performance of this Agreement.

Tampa Electric may, on prior written notice, but no more frequently than once a year, have Carrier examine through their agents, employees or any independent auditor reasonably satisfactory to Tampa Electric, the appropriate books and records of Carrier's subcontractors that relate to their performance of the subcontracted work for this Agreement. Subcontractors of Carrier with whom Carrier does not have audit rights as of the effective date of this Agreement shall be exempt from this audit requirement for the duration of the existing Subcontract. Carrier shall use their best efforts to ensure that all new subcontract agreements shall provide Carrier with the necessary audit rights.

Upon request, but no more frequently than one (1) time per year, Tampa Electric shall make available to Carrier the records described in 10.1(b) hereof for auditing purposes.

Carrier may, on prior written notice, but no more frequently than once a year, examine through their agents, employees or any independent auditor reasonably satisfactory to Tampa Electric, the appropriate books and records related to Tampa Electric's performance of this Agreement.

At the conclusion of each such audit provided for herein, the auditing party shall provide the other party with the findings and detailed supporting documentation of said audit.

If the results of any audit disclose that an error has occurred and as a result an underpayment or overpayment by either party has been made during the period of time intervening since the most recent such audit, or since deliveries commenced hereunder, if no previous such audit has been made, the amount thereof shall promptly be paid to the party to whom it is owed by the other party, together with interest at the rate applicable to true-up adjustments under the retail fuel clause as authorized by the Florida Public Service Commission, and the freight rate or charge shall be adjusted accordingly.

The parties shall cooperate fully in any audit and make their books and records available for audit. The cost of retaining auditors to perform any audit is to be borne by the party requesting same.

The foregoing provisions of this Section shall not limit Tampa Electric's right of inspection and review of Carrier's operations as delineated in Sections 5.2.2.

All information obtained by one party from another and any summaries or abstracts prepared with respect thereto shall be subject to the confidentiality provisions of Section 16 hereof.

11. DEFAULT

11.1 Notification Procedures

It is the intent of the parties to resolve any disputes hereunder in accordance with Section 17. However, when in the opinion of either party to this Agreement, the

other is in default, the aggrieved party shall notify the other party in writing as to:
(1) the nature of the default condition, including the specifically related Section;
(2) the date upon which the asserted default condition commenced; and (3) the action necessary to remedy the default condition.

11.2 Definition of Default Condition

For purposes of this Agreement, a default condition shall have occurred if either party shall fail to perform in accordance with its obligations, responsibilities or other duties as set forth in one or more Sections of this Agreement so that the other party shall have sustained or with the passage of time would sustain, a material injury as a result of such failure, including but not limited to the following acts of commission or omission:

- Failure by Tampa Electric to tender Cargo at inland river origin points.
- Failure by Tampa Electric to unload or receive Cargo at its facilities in Tampa and vicinity.
- Failure by Tampa Electric to make payment under this Agreement.
- Failure by Carrier to provide the necessary river or Gulf barges, towboats or other facilities, equipment and sufficient fleeting areas required to assure expeditious service in accordance with provisions of this Agreement and/or to provide such service.
- Failure by Carrier to maintain and/or operate barges and towboats in accordance with applicable governmental safety or environmental regulations.
- Failure by Carrier to provide the necessary equipment and facilities or to perform the required services at the Terminal in accordance with the provisions in Sections 5.2 and 5.3.
- Failure of Carrier to use ordinary care with respect to Tampa Electric's Cargo while such Cargo is in Carrier's care, custody and control.

11.3 Time Limits

If either party to this agreement shall have been notified in writing by the other party, as provided for in Section 11.1 in respect to a default, and fails to remedy the default within 30 days of such notification, in the absence of a declared disability due to an event of force Majeure, such party shall be deemed to be in default and subject to remedies provided for in Section 11.4.

11.4 Remedies**11.4.1 Default by Tampa Electric**

Should Tampa Electric fail, for reasons other than Force Majeure, to tender cargoes in any calendar year for transportation, transfer or storage in the amounts of the Minimum Annual Quantities, Carrier shall be entitled to payment, as liquidated damages and not as a penalty, a dead freight charge for each ton of Cargo not tendered for such service ("Shortfall") times one of the following rate(s), as applicable.

- (1) For Shortfall amounts involving transportation from river origins to the Terminal (or other destinations in the Port of New Orleans): A rate equal to the average of the quarterly adjusted river transportation rates (less the fuel component) in effect during such calendar year for all origins originating at least 100,000 tons of Cargo for such year, weighted by tonnage actually shipped from each such origin during such calendar year.
- (2) For Shortfall amounts involving storage and/or transfer services within the Port of New Orleans: A rate equal to the average of the quarterly adjusted Terminal - Direct Transfer Rates, Terminal - Transfer to Ground Rates, and Terminal - Imported Coal Rates in effect during such calendar year, weighted by tonnage actually handled under each respective service category during such calendar year.
- (3) For Shortfall amounts involving transportation from the Terminal (or other origins in the Port of New Orleans or other U.S. ports) to Tampa Electric's generating plants near Tampa, Florida: A rate equal to the average of the quarterly adjusted Gulf Transportation Rates (less the fuel component) in effect during such calendar year.

Dead freight charges incurred in any calendar year shall be due on the next following 25th of January or twenty (20) calendar days of receipt of any invoice pertaining to such charges, whichever is later.

In addition, if Tampa Electric should materially default in respect to the delivery, unloading or receipt of Cargo, Carrier has the right, but not the obligation, upon written notice to Tampa Electric, to terminate this Agreement whereupon all of the rights of Tampa Electric and the future obligations of Carrier hereunder shall absolutely cease and terminate. Any claim arising by Carrier for damages in association with default shall be dealt with in accordance with Section 17 of this Agreement.

11.4.2 Default by Carrier

If Carrier should materially default in respect to its obligations for the provision of services under this Agreement, Tampa Electric may take and Carrier shall comply with the following action:

Upon written notice to Carrier, Tampa Electric has the right, but not the obligation, to terminate this Agreement, whereupon all of the rights of Carrier and the future obligations of Tampa Electric hereunder shall absolutely cease and terminate. Any claim by Tampa Electric for damages in association with default shall be dealt with in accordance with Section 17 of this Agreement.

11.4.3 Limits

The remedies of this Section 11 and Section 6 are the sole and exclusive remedies of the parties to this Agreement for breach of their respective obligations to tender cargoes and provide services, and each party's liability arising therefore is limited as set out in this Section 11, unless otherwise specifically stated in this Agreement.

12. INSOLVENCY**12.1 Agreement Termination**

Tampa Electric and Carrier shall each have the right, but not the obligation, to immediately terminate this Agreement without any further obligation or liability in the event that the other party becomes insolvent or commits an act of bankruptcy within the meaning of the Federal Bankruptcy Code, or shall declare or be forced into bankruptcy, receivership, insolvency, reorganization, dissolution, liquidation or similar proceedings.

13. FORCE MAJEURE**13.1 Definition**

The term "Force Majeure" for purposes of this Agreement means any event which is beyond the reasonable control of and occurs without fault or negligence of the party asserting the Force Majeure, including, but not limited to: an act of God; an act of the public enemy; fire; flood; low or high water; river lock(s) failure or shutdown; ice; washout; explosion or other serious casualty; unusually severe weather; preparation for unusually severe weather; war (whether declared or not); warlike circumstances; mobilization; revolution; riot or civil commotion; legal intervention; regulations or order of any governmental authority; strike; lockout or other labor disputes (labor disputes may be resolved solely at the discretion of the party having the difficulty); or, unusually severe or life threatening breakdowns of or damage to plant, equipment or facilities (including barge and barge loading and unloading facilities, equipment, facilities and equipment used

in storage and transfer of Cargo and including breakdowns of, or damage to, power plant equipment so as to prevent the receiving, handling or burning of Cargo in significant quantities or the receiving and storing of Cargo at the power plant locations).

13.2 Force Majeure Events Affecting a Cargo Supplier or Tampa Electric's Ability To Tender, Accept or Consume Cargo

The failure, as a result of Force Majeure as provided herein, of Tampa Electric's supplier(s) to make Cargo available for delivery to it pursuant to this Agreement, or pursuant to a commitment between the supplier and Tampa Electric, shall constitute an event of Force Majeure assertible by Tampa Electric against Carrier. The failure, as a result of Force Majeure as provided herein, of Tampa Electric to accept or consume Cargo to be delivered by Carrier under this Agreement shall constitute an event of Force Majeure assertible by Tampa Electric against Carrier, provided that Tampa Electric shall expeditiously and insofar as reasonably possible, take appropriate actions to eliminate the effects of such Force Majeure.

13.3 Notice And Relief Under Force Majeure

If, because of Force Majeure, either Tampa Electric or Carrier is unable to carry out its duties, obligations and responsibilities to the other party under this Agreement or Tampa Electric is unable to accept or consume Cargo to be delivered by Carrier herein, then the obligations of both parties under this Agreement shall be totally excused to the extent, but only to the extent, made necessary by such Force Majeure and only during its continuance, provided that the party asserting Force Majeure shall expeditiously and, insofar as reasonably possible, give prompt notice of the event of Force Majeure and thereafter take appropriate actions to eliminate or minimize the effects of such Force Majeure. Neither party shall be liable to the other for loss, damage or equipment detention caused by such Force Majeure. During a disability period caused by Force Majeure which affects the Minimum Annual Quantities, the Minimum Annual Quantities shall be reduced by an amount equal to the number of tons not shipped during the event of Force Majeure.

If the Force Majeure continues for longer than one hundred eighty (180) days, the party not claiming Force Majeure shall have the right, but not the obligation, to terminate this Agreement.

14. ASSIGNMENT

Neither this Agreement nor any right, title or interest in or to this Agreement may be assigned or transferred by either party either by operation of law or otherwise without the prior written consent of the other party, which consent shall not be unreasonably withheld. This prohibition to assignment shall not preclude Carrier from subchartering or subcontracting or entering into a charter arrangement with one or more third parties to provide any portion of the transportation services covered by this Agreement, provided that such subchartering or subcontracting shall be subject to the same terms and

conditions as this Agreement and shall not result in any increase in cost to Tampa Electric.

15. APPLICABLE LAW

To the extent not governed by applicable Federal Statutes, the laws of the State of Florida shall govern the validity, construction and performance of this Agreement and all controversies and claims arising thereunder.

16. CONFIDENTIALITY

Carrier and Tampa Electric hereby agree to keep the terms and conditions of this Agreement and all information secured from each other as a result of this Agreement in strict confidence and not to divulge or to permit their respective directors, officers or employees, agents, contractors or representatives voluntarily to divulge such terms, conditions and information, or any part thereof, to third parties without the prior written consent of the other party hereto. It is understood and agreed that such disclosure as has been or could have been legally compelled will not violate this Section but the party making such disclosure shall be obligated to do what is reasonably possible to limit the effects of such disclosure by requiring that such third party maintain the confidentiality of such information. The party required to make such a disclosure shall notify the other party prior to making such disclosure. The obligations contained in this Section shall survive the termination of this Agreement regardless of the cause or reason for termination.

Carrier acknowledges that Tampa Electric may be required to make such disclosure to the Florida Public Service Commission, Federal Energy Regulatory Commission and to the Securities Exchange Commission and that such disclosure shall not require prior notice to Carrier. However, Tampa Electric agrees to make reasonable effort to make such disclosure subject to a confidentiality agreement or order and notify Carrier of such disclosure. When required to report transportation rates periodically to governmental agencies, Tampa Electric agrees to report or disclose the Terminal and Gulf rates as combined or joint Terminal/Gulf rates rather than as separate rates, to the extent permitted by law.

17. DISPUTE RESOLUTION

Any controversy or dispute arising under or in connection with this Agreement, or arising out of the relationship of the parties in connection with this Agreement, shall be resolved as set out in this Section. The decision rendered pursuant to the mechanism utilized by the parties to resolve such dispute shall be binding on both parties. The parties acknowledge that they are waiving their rights to resolve through the courts of the United States or any of the several states any case or controversy or any dispute whether foreseen or unforeseen. The parties acknowledge and agree that their remedies for resolution of disputes are limited to the procedures set forth herein.

17.1 Alternative Dispute Resolution Forms

All disputes arising between the parties to this Agreement or in connection with this Agreement arising out of the relationships of the parties shall be subject in each instance to one of the recognized forms of alternative dispute resolution, as agreed to by the parties, including, without limitation, arbitration, umpire settlement, mediation, or mini-trial.

17.2 Notice of Dispute

In the event that a dispute arises, either party may give written notice to the other party, setting forth in such notice adequate detail referencing the Section of the Agreement, if applicable, the nature of the dispute or controversy, and sufficient detail referencing the documentation associated with or giving rise to the dispute or controversy. Also contained in such notice shall be the party's selection of the preferred method of dispute resolution. In the event the parties fail to agree on a form of alternative dispute resolution within thirty (30) days from the date of written notice of a dispute submitted by either party, then such dispute shall be submitted to arbitration as provided in Section 17.3.

17.3 Procedures for Dispute Resolution

Upon receipt of said notice referred to in this Section, the parties shall immediately proceed mutually to agree to the procedures and timing for the dispute resolution mechanism specified. In the event that the choice for dispute resolution is arbitration, the controversy or dispute shall be submitted to three arbitrators. One arbitrator shall be chosen by Tampa Electric, one arbitrator by Carrier and the third arbitrator shall be chosen by the two arbitrators. The procedural aspects of Arbitration shall be in accordance with the Rules of the American Arbitration Association, unless otherwise agreed in writing between the parties.

17.4 Fees, Expenses, and Attorneys Fees

The fees and expenses of the arbitrators or other third parties involved in the dispute resolution process, with the exception of respective counsel, shall be equally shared by the parties, unless the decision and resolution of the controversy or dispute shall specify some other apportionment of those fees and expenses. At the conclusion of said dispute resolution procedure, the prevailing party shall be entitled to recover its reasonable attorneys fees from the losing party, unless otherwise agreed to by the parties.

17.5 Performance of Obligations During Dispute Resolution

Unless otherwise agreed in writing by Tampa Electric and Carrier, performance of their respective obligations under this Agreement shall be continued in full during the dispute resolution process, except for any obligation claimed excused by a party due to an event of Force Majeure. Final settlement of any dispute

need not be made until the final decision has been rendered in the dispute resolution process.

18. INSURANCE

Carrier shall bear the risk of loss of Tampa Electric's Cargo during the period of time commencing with loading the barge from a Cargo loading origin and terminating when Carrier safely ties and secures the loaded barge or vessel at Tampa Electric's facilities in Florida. The value of, any such loss of Cargo shall equal the invoice value of the Cargo plus accrued transportation charges for such Cargo due at the time of loss, as determined by Tampa Electric or the actual cost of replacement Cargo plus transportation charges for such Cargo, whichever is the actual cost to Tampa Electric during the transportation, handling, storage and off-loading of the Cargo pursuant to this Agreement.

Carrier shall provide ocean marine, inland marine, and all risk property insurance coverage to the aforesaid full value of the Cargo, and on all such insurance, Carrier shall name Tampa Electric as an additional insured, and shall obtain from its insurer(s) a waiver of subrogation in favor of Tampa Electric. Carrier may, at its option, self-insure the Cargo with prior notice to Tampa Electric, in which event Tampa Electric shall be in the same position as if Carrier had obtained such insurance and named Tampa Electric as an additional insured, as required herein, with a waiver of subrogation in favor of Tampa Electric. If Carrier elects to self-insure the cargo, it shall provide Tampa Electric with a certificate of self-insurance in the same form and in accordance with this Section.

Carrier shall, at its own expense, carry and maintain full marine coverage including Full Collision, Protection and Indemnity Insurance and any other insurance as required to cover fully the liability of the barge, tows and other facilities and equipment and their owners against loss of life, personal injury, and damage of any property, equipment and facilities.

All such Insurance shall be in a form and shall include coverage fully satisfactory to Tampa Electric. Carrier shall furnish Tampa Electric with certificates of insurance for all coverages which Carrier is required to maintain under this Section.

Carrier shall provide prompt notification to Tampa Electric of any loss of or change in insurance coverage.

19. NOTICES AND MISCELLANEOUS**19.1 OFFICIAL NOTICE ADDRESS**

Any official notice, request for approval or other document required or permitted to be given under this Agreement shall be in writing unless otherwise provided herein, and shall be deemed to have been sufficiently given if delivered in person, transmitted by telegraph, telex or telecopy, or dispatched in the U.S. mails, postage prepaid for mailing by first-class, certified or registered mail, return receipt requested and addressed as follows:

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602
Attention: Director, Wholesale Marketing & Fuels Department
Telecopy: (813) 228-1545

TECO Transport Corporation
702 North Franklin Street
Tampa FL 33602
Attention: Vice President - Controller
Telecopy: (813) 273-0248

19.2 SUCCESSORS AND ASSIGNS

The terms, conditions, rights and obligations of the parties hereunder shall be binding on their successors and assigns.

19.3 TRANSPORTATION SERVICE RESTRICTIONS

Carrier and Tampa Electric each recognize that the Terminal shall not be available for use by any "common carrier by water in interstate commerce", within the meaning of Section 1 of the Shipping Act, 1916, as amended (46 U.S.C. Section 801) or by any "common carrier" within the meaning of Section 3 (6) of the Shipping Act, 1984 (46 U.S.C. App. Section 1702(6)), and agree that neither party shall utilize or nominate for unloading or loading any barges or vessels which are owned or operated by any such common carrier.

It is agreed by the parties that this Agreement pertains to transportation of bulk commodities within the exemption provided by 49 U.S.C. Section 10542 (Interstate Commerce Act Revised).

20. SUPERSEDED AGREEMENTS

This Agreement exclusively and completely states the legal rights and obligations of the parties hereto with respect to the subject matter hereof and supersedes all other agreements, oral or written, with respect thereto, including, without limitation, all Transportation Agreements between Tampa Electric and Carrier and/or its transportation companies, except that the parties expect to enter into additional written arrangements regarding planning, operations, and equipment.

21. HOLD HARMLESS, DEFENSE AND INDEMNITY

Carrier assumes the entire responsibility for its performance of the services covered by this Agreement. For specific valuable consideration and other benefits accruing to Carrier, which have been received and are acknowledged by Carrier, which are separate and apart from any and all other consideration for Carrier to enter into this Agreement, Carrier further expressly agrees to indemnify Tampa Electric Company and

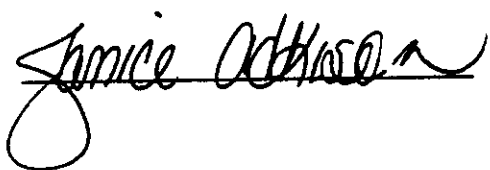
hold them harmless from and against any and all claims for personal injury, death or property damage and any other losses, damages, charges or expenses, including attorneys fees, which arise out of, in connection with or by reason of the performance of the work covered by this Agreement.

Carrier further agrees to undertake at its own expense the defense of any action which may be brought against Tampa Electric claiming damages which are alleged to have arisen out of, by reason of or in connection with the performance of the services under this Agreement. Carrier agrees that this obligation of Carrier to indemnify and defend Tampa Electric Company shall extend to and include liability for the contributory negligence of Tampa Electric Company, its employees, agents or servants or concurrent negligence of Tampa Electric Company, its employees, agents or servants and said obligation shall include, but not be limited to, liability for damages resulting from the personal injury or death of an employee of Carrier, regardless of whether Carrier has paid the employee under the provisions of the Worker's Compensation Laws of the State of Florida or Louisiana or other similar Federal or State legislation for the protection of employees.


In no event, whether as a result of breach of contract, warranty, indemnity, tort (including negligence), strict liability or otherwise, shall either party be liable to the other for indirect, special, incidental, or consequential damages, including but not limited to, loss of profits or revenue, costs of purchased or replacement power, loss of use of its facilities, cost of capital, downtime costs, and claims of customers of Tampa Electric or Carrier for such damages, and each party expressly waives its rights to such damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and date first above written.

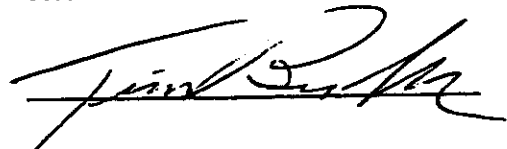
WITNESS FOR TAMPA ELECTRIC:



TAMPA ELECTRIC COMPANY

By: 
_____ President

WITNESS FOR CARRIER:



TECO TRANSPORT CORPORATION


By: 
_____ President

EXHIBIT (A)
OCEAN BULK CARRIER UNLOADING PROVISIONS AT TERMINAL FOR IMPORT VESSELS1. **Vessel and Delivery**

Each vessel shall be a single-deck bulk carrier or oil/bulk ore carrier type equipped with lights for night unloading, having vertically corrugated holds and coal cargo holds fully accessible by mechanical clam shell buckets and is warranted suitable for the carriage of coal and to enter berth, unload, and leave the Terminal.

If vessel is an oil/bulk ore carrier a valid gas-free certificate shall be presented at discharge prior to tendering notice of readiness.

If by reason of vessel's construction the cost of loading or discharging exceeds the customary cost, such cost to be for Tampa Electric's account and extra time used thereby to be added to the laytime.

Vessel shall be subject to Terminal Rules and Regulations issued from time to time by the Terminal, and such regulations are hereby incorporated into this Agreement and form an integral part of same.

2. **Nomination of Vessel; Laydays; Shore Equipment**

Tampa Electric will nominate the performing vessel or substitute together with details of the vessel twenty-five (25) days prior to the commencement of loading of the vessel at the loadport. Laydays eventually agreed shall be sufficient to unload cargo at takeaway rate specified herein. Carrier shall then give its approval or disapproval to the nomination within two (2) working days and such approval shall not be unreasonably withheld. Tampa Electric has the right to substitute with a vessel of similar size and ETA up to five (5) days prior commencement of laydays at the loadport; Carrier shall then give its approval or disapproval to the substitute nomination within one (1) working day and such approval shall not be unreasonably withheld.

Carrier shall provide suitable equipment ashore and guarantee to receive cargo at the rate of 15,000 metric tonnes per weather working day of 24 consecutive hours, Saturdays, Sundays and holidays included, excepting holidays designated in Section 5.2.4 of this Agreement; provided, however, that the foregoing guarantee shall not apply to more than one of Tampa Electric's vessels at the discharge port at any time, and shall not apply to any vessel loaded at less than 50,000 metric tons.

3. **Demurrage and Despatch**

If longer detained by reason of Carrier failing to take away cargo at the rate of 15,000 metric tonnes per weather working day Saturday, Sundays and holidays included excepting holidays designated in Section 5.2.4 of this Agreement, Carrier shall pay Tampa Electric demurrage at the lesser

of the rate provided in the charter party or \$13,000 per day (pro rata for partial day thereof).

If sooner dispatched, Tampa Electric shall pay Carrier despatch money at the greater of the rate provided in the charter party or \$6,500 per day (pro rata for partial day thereof).

The demurrage and despatch money at discharging port shall be settled within 90 days from the day of completion of discharging. Tampa Electric shall invoice or credit Carrier for demurrage or despatch at least 30 days before the day of settlement.

4. Notice of Arrival

Tampa Electric shall notify Carrier (1) its date of departure and the final tonnage of coal loaded aboard that vessel upon departure from the loadout, and (2) its estimated date of arrival at least twenty-one (21), fifteen (15) and ten (10) days in advance of arrival of the vessel.

Tampa Electric shall promptly inform Carrier of any change in the name of vessel, the estimated date of arrival and quantity specified in such schedule.

Tampa Electric shall so arrange that the master of the arriving vessel shall advise Carrier of the vessel's estimated time of arrival at the Terminal five (5) days, three (3) days, forty-eight (48) hours and twenty-four (24) hours before the vessel is expected to reach the Terminal.

Notice of Readiness to unload shall be tendered by the vessel and accepted by Carrier after arrival at the Terminal, whether in berth or not, at any time in or out of office hours, provided the vessel is in free pratique, customs-cleared and in all respects ready to unload.

In case quarantine inspections for pratique are not available other than because of Tampa Electric's or the vessel's default, Notice of Readiness shall be regarded as tendered at the first available opportunity and laytime shall commence twenty-four (24) hours after Notice of Readiness is regarded as tendered, however, time lost for completion of pratique after berthing shall not count as laytime.

5. Laytime

Laytime for unloading shall commence twenty-four (24) hours ("Turn Time") after the vessel has arrived at the Terminal operator's number 2 dock and a written Notice of Readiness is tendered and has been accepted in accordance with the Terminal rules confirming that the vessel is customs-cleared and ready in all respects to discharge her cargo. If said Turn Time expires on a recognized holiday (as defined in Section 5.2.4 of this Agreement, laytime shall commence from 07:00 hours on the next weather working day. In case Carrier can arrange to unload before

laytime commences to count as specified above, time actually used in unloading shall count as laytime.

In the event of declaration of Force Majeure by Carrier, time lost shall not count as laytime even if vessel is already on demurrage.

In case laytime interruption(s) caused by Force Majeure occurs, Carrier shall declare Force Majeure to Tampa Electric by every available communication method of such laytime interruption(s) so that such all period(s) of laytime interruption(s) shall not count as laytime. In addition, Carrier and Tampa Electric will immediately confer with a view to finding the best solution to the problem.

Notwithstanding the above provision, time lost due to short-run mechanical breakdowns specified in State of Facts/Port Log as verified by Carrier on the vessel shall not count as laytime.

If on presenting, the vessel is found not to be ready to load or discharge in all respects, then all time lost due to such vessel's unready condition, as determined by customary inspection, until such time as the vessel becomes ready in all respects including all additional waiting time will be for Tampa Electric's account.

Time shifting from anchorage to berth shall not count as laytime even if vessel is already on demurrage, and time shifting or waiting for tide, pilots, and tugs until the vessel is securely moored at the load/discharge berth specified by Carrier not to count as laytime even if vessel is already on demurrage.

Unloading stoppage due to the vessel's or Tampa Electric's requirements shall not count as laytime even if vessel is already on demurrage.

Time lost due to draft surveying by an independent draft surveyor shall count as laytime only if surveyor instructed to make quantity determination by Tampa Electric.

Opening and closing of hatches at commencement and completion of loading and discharging shall be for Tampa Electric's account and time used is not to count as laytime even if vessel is already on demurrage.

EXHIBIT (B)

RIVER TRANSPORTATION RATES:

LOCATION	FIXED	VARIABLE	FUEL	TOTAL
AEP COOK TERMINAL - M.P. 947.4 OHIO RIVER	\$0.86	\$3.26	\$1.86	\$5.98
HAMILTON - M.P. 851.8 OHIO RIVER	\$0.97	\$3.80	\$2.13	\$6.90
CASEYVILLE - M.P. 871.6 OHIO RIVER	\$0.93	\$3.70	\$2.11	\$6.74
OVERLAND TERMINAL - M.P. 841.5 - OHIO RIVER	\$0.98	\$3.83	\$2.16	\$6.97
RIGSBY & BARNARD - M.P. 881 OHIO RIVER	\$0.93	\$3.67	\$2.09	\$6.69
MT. VERNON - M.P. 828.0 OHIO RIVER	\$0.99	\$3.87	\$2.18	\$7.04
MOUND CITY - M.P. 976 OHIO RIVER	\$0.86	\$3.24	\$1.86	\$5.96
SOUTHERN INDIANA - M.P. 794.3 OHIO RIVER	\$1.00	\$3.98	\$2.23	\$7.21
NEW HOPE DOCK - M.P. 736.0 OHIO RIVER	\$1.03	\$4.18	\$2.32	\$7.53
EMPIRE DOCK - M.P. 896 OHIO RIVER	\$0.93	\$3.64	\$2.08	\$6.65
YANKEETOWN - M.P. 772.5 OHIO RIVER	\$1.01	\$4.06	\$2.27	\$7.34
OWENSBORO - M.P. 758.7 OHIO RIVER	\$1.02	\$4.13	\$2.30	\$7.45
KEN MINE - M.P. 98 GREEN RIVER	\$1.20	\$5.38	\$2.41	\$8.99
PYRAMID - M.P. 94 GREEN RIVER	\$1.20	\$5.36	\$2.39	\$8.95
GREEN COAL - M.P. 11 GREEN RIVER	\$1.13	\$4.89	\$1.99	\$8.01
PATRIOT DOCK - M.P. 31.7 GREEN RIVER	\$1.14	\$5.01	\$2.09	\$8.24
SEBREE - M.P. 43 GREEN RIVER	\$1.15	\$5.08	\$2.14	\$8.37
TTI TERMINAL - M.P. 405.9 OHIO RIVER	\$1.18	\$5.21	\$2.81	\$9.20
JEFFERSON RIVERPORT - MP 618.5 OHIO RIVER	\$1.08	\$4.55	\$2.50	\$8.13

KENTUCKY LAKE- M.P. - 24.8 TENNESSEE RIVER	\$1.05	\$4.13	\$1.98	\$7.16
GRT TERMINAL - M.P. 23.0 TENNESSEE RIVER	\$1.05	\$4.13	\$1.98	\$7.16
CORA DOCK - M.P. 98.5 UPPER MISSISSIPPI RIVER	\$0.98	\$3.82	\$2.32	\$7.12
DEKOVEN - M.P. 869 OHIO RIVER	\$0.94	\$3.70	\$2.11	\$6.75
POWHATAN POINT M.P. 110.8 OHIO RIVER	\$1.31	\$6.10	\$3.24	\$10.65
SHAWNEETOWN - M.P. 858 OHIO RIVER	\$0.94	\$3.75	\$2.12	\$6.81
REFINERIES, PET COKE M.P. 140 LOWER MISSISSIPPI RIVER	\$0.37	\$1.39	\$0.77	\$2.53

EXHIBIT (C)

GULF / TERMINAL TRANSPORTATION RATES:

	FIXED	VARIABLE	FUEL	TOTAL
TERMINAL RATE				\$2.45
TERMINAL - IMPORTED COAL RATE				\$4.00
GULF TEXAS BEAUMONT/PORT ARTHUR AREA PETCOKE RATE	\$4.17	\$5.19	\$1.52	\$10.88
GULF TRANSPORTATION RATE	\$2.80	\$4.32	\$0.86	\$7.98

EXHIBIT (D)

Sample Calculation for the Quarterly Average No. 2 fuel oil price as posted in Platt's Oilgram.

Platt's Gulf Coast Waterborne Number 2, Low Index

To calculate the Quarterly Adjustment Factor for the Fuel Component, the following steps are required:

1. A base index value of \$0.7000 per gallon is assumed
 2. Calculate a quarterly average of the postings for oil index
 3. Calculate the quarterly adjustment factor and apply the factor to the fuel rate in effect.
- Note: There is a month lag between the start of the adjusted rate and the last month of the three month adjustment period. (ie. The April 1 adjustment will be based on the months of December, January and February).

Step 1: Assume the Base Fuel Price is \$ 0.7000 per gallon

Step 2 : Calculate a quarterly average of the postings for oil index

<u>DAY</u>	<u>DECEMBER</u>	<u>JANUARY</u>	<u>FEBRUARY</u>
1	0.7855	Holiday	Sunday
2	0.7795	0.8470	0.7565
3	0.7760	Saturday	0.7640
4	0.7715	Sunday	0.7545
5	0.7740	0.8320	0.7525
6	Saturday	0.8490	0.7545
7	Sunday	0.8325	Saturday
8	0.7975	0.8530	Sunday
9	0.7995	0.8430	0.7635
10	0.8025	Saturday	0.7670
11	0.8015	Sunday	0.7480
12	0.8075	0.8335	0.7405
13	Saturday	0.8320	0.7375
14	Sunday	0.8045	Saturday
15	0.7760	0.8120	Sunday
16	0.7810	0.8062	0.7240
17	0.7865	Saturday	0.7010
18	0.7850	Sunday	0.6975
19	0.7445	0.7940	0.6900
20	Saturday	0.7895	0.6915
21	Sunday	0.8020	Saturday
22	0.7560	0.8315	Sunday
23	0.7745	0.8255	0.7035
24	0.7750	Saturday	0.7380
25	Holiday	Sunday	0.7355
26	0.7740	0.8260	0.7385
27	Saturday	0.8280	0.7495
28	Sunday	0.8020	Saturday
29	0.7780	0.8090	-----
30	0.7965	0.8120	-----
31	<u>0.7925</u>	<u>Saturday</u>	<u>-----</u>
Summation	17.2145	17.2642	14.7075

EXHIBIT (D) "Continued"

No. of Postings	Dec:22	Jan:21	Feb:20
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Step 3: Calculate the quarterly adjustment factor and apply it to the fuel rate in effect.
Assume the Fuel Component of the Rate is - \$1.00 per ton

<u>Summation of Quarter's Postings</u> =	Quarterly
Number of Postings	Average
<u>(17.2145 + 17.2642 + 14.7075)</u>	= 0.7807
(22 + 21 + 20)	

Adjusted Fuel Component

Rate Fuel Component	X	<u>Quarterly Average Fuel Price</u>	=	Adjusted Fuel Component
		Base Fuel Price		
\$1.00/ton	x	<u>\$0.7807 Per Gallon</u>	=	\$1.11529 /ton
		\$0.7000 Per Gallon		

The new fuel component contract rate, effective April 1, would be \$1.12.
The calculation is repeated in this fashion for each quarter.

Sample Calculations Only

EXHIBIT (E)

Sample Computation for Quarterly Variable Component Adjustments

To calculate the Quarterly Adjustment Factor, the following steps are required.

1. A base index value is established using index values for the period prior to the start of the contract. This value is used for the entire contract period.
2. The quarter average index value is established using the most recent three months of index values. This value changes each quarter.
3. Calculate the Quarterly Adjustment Factor.
4. Apply the Quarterly Adjustment Factor to the variable rates in effect.

Note: There is a month lag between the start of the adjusted rate and the last month of the three month adjustment period. (ie. The April 1 adjustment will be based on the months of December, January and February).

Assume the following values to calculate the base index value:

	<u>CPI¹</u>	<u>PPI²</u>
September 2003	188.4	143.2
October 2003	188.8	143.9
November 2003	188.9	143.8

Assume the following values to calculate the quarterly average index value that will be used for the Quarterly Adjustment Factor applicable to the 2nd Quarter:

December 2003	188.6	143.4
January 2004	189.0	144.0
February 2004	189.7	144.7

Step 1: Establish the base index value:

$$\text{Base Index Value} = \frac{(\text{Average base period CPI}) + (\text{Average base period PPI})}{2}$$

$$\text{Base Index Value} = \frac{[(188.4 + 188.8 + 188.9) / 3] + [(143.2 + 143.9 + 143.8) / 3]}{2} = \frac{188.7 + 143.6}{2} = 166.2$$

Step 2: Calculate the quarter average index value:

$$\text{Quarter Index Value} = \frac{(\text{Average CPI}) + (\text{Average PPI})}{2}$$

$$\text{Quarter Index Value} = \frac{[(188.6 + 189.0 + 189.7) / 3] + [(143.4 + 144.0 + 144.7) / 3]}{2} = \frac{189.1 + 144.0}{2} = 166.6$$

¹ Consumer Price Index, U.S. City Average, All Items Less Energy, Not seasonally adjusted

² Producer Price Index, Industrial Commodities Less Fuels, Not seasonally adjusted

EXHIBIT (E) "Continued"

Step 3: Calculate the Quarterly Adjustment Factor.

$$\text{Quarterly Adjustment Factor} = \frac{\text{Quarterly Index Value}}{\text{Base Index Value}}$$

$$\text{Quarterly Adjustment Factor} = \frac{166.6}{166.2} = 1.0024$$

Step 4: Apply the Quarterly Adjustment Factor

Assume the variable component market rate for a delivery location is determined to be \$3.00 / ton, then Tampa Electric would pay \$3.00 / ton during the first quarter of the contract period. In subsequent quarters, the quarterly adjustment factor is applied. The hypothetical calculation of the second quarter contract rate is shown below.

$$\$3.00 / \text{ton} \quad \times \quad 1.0024 \quad = \quad \$3.01 / \text{ton}$$

The new variable component contract rate, effective April 1, would be \$3.01.

The calculation is repeated in this fashion for each quarter.

Sample Calculations Only