

REDACTED

Staff's Second Request for Production of Documents
Docket No. 040001-EI
Gulf Power Company
December 16, 2004
Item No. 3
Page 1 of 47

No. 3: Please provide a copy of each contract for fuel or fuel transportation that the utility has entered into since January 1, 2004.

Response:

Attached are the following fuel agreements:

Coal Supply

- FP04003 – Interocean Coal Sales, LDC Dated: February 2, 2004
- FP04004 – Coal Marketing Company, LDC Dated: February 4, 2004
- FP05001 – Interocean Coal Sales, LDC Dated: April 2, 2004
- FP05002 – Peabody COALTRADE, Inc. Dated: April 2, 2004
- FP05003 – ICG, LLC Dated: November 4, 2004
- Standard Terms and Conditions of Coal Purchase (revised 11/19/2003) which are incorporated into each of the spot coal purchase orders listed above.

Oil Supply

- GO04003 – Sommers Oil Company Dated: January 20, 2004

DOCUMENT NUMBER-DATE

00184 JAN-6 03

FPSC-COMMISSION CLERK

GULF POWER COMPANY

One Energy Place
Pensacola, FL 32520-0328

Firm Interocean Coal Sales, LDC c/o Trulaw Corporate Services, LTD P. O. Box 866 Third Floor Anderson Square Blvd. Shedden Road George Town, Cayman Island, BWI	Power Company Gulf Power Company Purchase Order Number FP04003 (Spot) Ship to: Crist & Smith Generating Plants
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VENDOR CONTACT: Dennis Steul (205) 945-6411
TERM: July 1, 2004 – June 30, 2006
QUANTITY: Approx. 2,000,000 net tons (28 vessels)
SHIPMENT SCHEDULE: July 1, 2004 – December 31, 2004 (500,000 net tons +/- 10%)
January 1, 2005 – December 31, 2005 (1,000,000 net tons +/- 10%)
January 1, 2006 – June 30, 2006 (500,000 net tons +/- 10%)

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PRODUCER: Drummond Coal Company
COAL PROPERTY / MINE: Mina Pribbenow
SEAMS: Various
MINING METHOD: Surface/Strip
COUNTY: Colombia, S.A.
SHIPPING POINT: Puerto Drummond, Colombia
CARRIER: Ocean Vessel to McDuffie Terminal for transloading to Ingram barge
CONTRACT #: Orgulf0001
DESTINATIONS: Crist and Smith Generating Plants

The quality of coal on a monthly weighted average "as received" guaranteed basis as quoted by Seller is as follows:

<u>GUARANTEE</u>		
ASH	Max.	9.0%
MOISTURE	Max.	14.0%
SULFUR	Max.	0.7%
BTU/LB.	Min.	11,700
GRINDABILITY	Min.	45
VOL.	Min.	32%
AFT DEG F	Min. (H=W)	2200
Size	Max.	2" x 0", not more than 40% minus ¼"

Sampling Point: Loadport

Weighing Point: Loadport

Vendor must Email (or Fax if Email not available) shipping notices within 24 hours to all of the following. Mine analysis must be sent to Jocelyn Peters, Jenny Gillespie, Charles Howton and Harold Keels.

Gulf Power Company

Jocelyn Peters

(850) 444-6332 (OFFICE)
(850) 444-6080 (FAX)
ippeters@southernco.com (EMAIL)

Mary Jo Yeager

(850) 444-6597 (OFFICE)
(850) 444-6080 (FAX)
mjyeager@southernco.com (EMAIL)

Harold Keels

(850) 254-2195 (OFFICE)
(850) 271-1699 (FAX)
harold.b.keels@gulf.com (EMAIL)

Charles Howton

(850) 429-2213 (OFFICE)
(850) 429-2246 (FAX)
charles.t.howton@gulf.com (EMAIL)

Southern Company Services

Jenny Gillespie

(205) 257-7229 (OFFICE)
(205) 257-0410 (FAX)
jlgilles@southernco.com (EMAIL)

Mississippi Power

Ronnie Dedeaux

(601) 865-5436 (OFFICE)
(601) 865-5286 (FAX)
rkdedeau@southernco.com (EMAIL)

Seller's coal must meet this quality on any shipment or portion of shipment analyzed. Failure to meet these specifications may result in suspension or cancellation of shipments in addition to other provisions described in the attached "Terms and Conditions."

The attached document entitled "Terms and Conditions of Coal Purchase" is made part of this order by reference herein.

Governing Mine analysis will be performed by:

Alabama Power General Testing Lab
#8 General Service Complex
744 County Road 87
Varnons, AL 35040

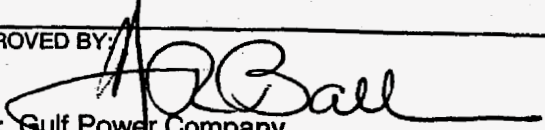
Sample Identification Directions

Please forward all coal samples to the address provided above, clearly marked with:

Vendor Name: **Interocean Coal Sales, LDC**
Plant and Operating Company destination: **Plants Crist or Smith, Gulf Power Company**
Purchase Order Number: **FP04003**

All payments should be made to:

Bank Name: **Bank One International Corporation**
ABA No.: **026009797**
Bank Acct. Name: **Credit Scotiabank (Cayman Islands) Ltd.**
Bank Acct. No. : **1058543**
FFC: **Interocean Coal Sales, LDC**
Scotiabank Account #: 20039-10

ISSUED BY: SOUTHERN COMPANY SERVICES, INC.	APPROVED BY: 
Tris Swindle, Senior Procurement Agent	FOR: Gulf Power Company
DATE: February 2, 2004	DATE: 2/2/04

GULF POWER COMPANY

One Energy Place
Pensacola, FL 32520-0328

Firm Coal Marketing Company, LTD 7 Bachelor's Walk Dublin 1, Ireland	Power Company Gulf Power Company Purchase Order Number FP04004 (Spot)
Ship to: Crist & Smith Generating Plants	

THIS IS A TEST SHIPMENT. IF OPERATIONAL OR HANDLING PROBLEMS OCCUR AS A RESULT OF THE USE OF THIS TEST COAL, GULF POWER COMPANY (GULF) RESERVES THE RIGHT TO REJECT THIS COAL AND THE COSTS OF SUCH REJECTION SHALL BE BORNE BY COAL MARKETING COMPANY, LTD (CMC). CMC SHALL REIMBURSE GULF FOR ALL DAMAGE TO GULF'S EQUIPMENT DIRECTLY CAUSED BY ANY EXTRANEIOUS MATERIAL LOADED WITH THIS TEST SHIPMENT, AS WELL AS FOR DAMAGES TO GULF'S EQUIPMENT CAUSED IF THIS TEST SHIPMENT FAILS TO MEET THE QUALITY SPECIFICATIONS SET FORTH BELOW.

VENDOR CONTACT: Francisco Garcia 011 57 53502123

TERM: March 1, 2004 – March 31, 2004

QUANTITY: Approx. 75,000 net tons +/- 10% (1 vessel). If the test shipment is successful, Gulf will purchase an additional 465,000 tons from CMC for the period April through December 2004.

SHIPMENT SCHEDULE: CMC must coordinate shipping schedule with Jenny Gillespie (205) 257-7729 at Southern Company.

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PRODUCER: Cerrejon Coal Company

COAL PROPERTY / MINE: Cerrejon North and Central Zones

SEAMS: Various

MINING METHOD: Surface/Strip

COUNTY: Colombia, S.A.

SHIPPING POINT: Puerto Bolivar, Colombia

CARRIER: Ocean Vessel to McDuffie Terminal for transloading to Ingram barge

CONTRACT #: Orgulf0001

DESTINATIONS: Crist and Smith Generating Plants

QUALITY:

The quality of coal is based on a per shipment (vessel) guaranteed basis and is quoted by Seller is as follows:

<u>GUARANTEE</u>		
ASH	Max.	9.0%
MOISTURE	Max.	12.2%
SULFUR	Max.	0.7%
BTU/LB.	Min.	11,800
GRINDABILITY	Min.	46
VOL.	Min.	32.7%
AFT DEG F	Min. (H=W)	2225
Size	Max.	2" x 0", not more than 51% minus ¼"

SAMPLING POINT: Loadport

WEIGHING POINT: Loadport

Vendor must Email (or Fax if Email not available) shipping notices within 24 hours to all of the following. Mine analysis must be sent to Jocelyn Peters, Jenny Gillespie, Charles Howton and Harold Keels.

Gulf Power Company

Jocelyn Peters

(850) 444-6332 (OFFICE)
(850) 444-6080 (FAX)
jppeters@southernco.com (EMAIL)

Mary Jo Yeager

(850) 444-6597 (OFFICE)
(850) 444-6080 (FAX)
mjyeager@southernco.com (EMAIL)

Harold Keels

(850) 254-2195 (OFFICE)
(850) 271-1699 (FAX)
harold.b.keels@gulf.com (EMAIL)

Charles Howton

(850) 429-2213 (OFFICE)
(850) 429-2246 (FAX)
charles.t.howton@gulf.com (EMAIL)

Southern Company Services

Jenny Gillespie

(205) 257-7229 (OFFICE)
(205) 257-0410 (FAX)
jgilles@southernco.com (EMAIL)

Mississippi Power

Ronnie Dedeaux

(601) 865-5436 (OFFICE)
(601) 865-5286 (FAX)
rkdedeau@southernco.com (EMAIL)

Seller's coal must meet this quality on any shipment or portion of shipment analyzed. Failure to meet these specifications may result in suspension or cancellation of shipments in addition to other provisions described in the attached "Terms and Conditions."

The attached document entitled "Terms and Conditions of Coal Purchase" is made part of this order by reference herein.

Governing Mine analysis will be performed by:

Alabama Power General Testing Lab
#8 General Service Complex
744 County Road 87
Varnons, AL 35040


Sample Identification Directions

Please forward all coal samples to the address provided above, clearly marked with:

Vendor Name: **Coal Marketing Company, LTD**
Plant and Operating Company destination: **Plants Crist or Smith, Gulf Power Company**
Purchase Order Number: **FP04004**

All payments should be made to:

Bank Name: **Bank of Ireland**
Bank Acct. Name: **Treasury & International Banking at Dublin 1**
Bank Acct. No. : **48014001**
Swift **BOFI-IE-2D**

ISSUED BY: SOUTHERN COMPANY SERVICES, INC.	APPROVED BY: 
Tris Swindle, Senior Procurement Agent	FOR: Gulf Power Company
DATE: February 4, 2004	DATE: 2/4/2004

GULF POWER COMPANY

One Energy Place
Pensacola, FL 32520-0328

VERIFIED
WJG 4/5/04

Firm Interocean Coal Sales, LDC c/o Trulaw Corporate Services, LTD P. O. Box 866 Third Floor Anderson Square Blvd. Shedden Road George Town, Cayman Island, BWI	Power Company Gulf Power Company Purchase Order Number FP05001 (Spot) Ship to: Crist & Smith Generating Plants
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VENDOR CONTACT: George Wilbanks (205) 945-6410
TERM: January 1, 2005 – December 31, 2005
QUANTITY: Approximately 200,000 net tons (3 vessels)
SHIPMENT SCHEDULE: Shipping schedule must be coordinated with Jenny Gillespie at (205) 257-7229.

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ESCALATION: 0.75% every six months beginning July 1, 2005
PRODUCER: Drummond Coal Company
COAL PROPERTY / MINE: Mina Pribbenow
SEAMS: Various
MINING METHOD: Surface/Strip
COUNTY: Colombia, S.A.
SHIPPING POINT: Puerto Drummond, Colombia
CARRIER: Ocean Vessel to Mobile Alabama for transloading to Ingram barge
CONTRACT #: Orgulf0001
DESTINATIONS: Crist and Smith Generating Plants

* 4/5/04 Copy mailed to vendor

QUALITY:

The quality of coal on an "as received" per vessel guaranteed basis as quoted by Seller is as follows:

	<u>GUARANTEE</u>	
ASH	Max.	9.0%
MOISTURE	Max.	14.0%
SULFUR	Max.	0.8%
BTU/LB.	Min.	11,700
GRINDABILITY	Min.	45
VOL.	Min.	32%
AFT DEG F	Min. (H=W)	2350
Size	Max.	2" x 0", not more than 40% minus ¼"

Sampling Point: Loadport

Weighing Point: Loadport

Vendor must Email (or Fax if Email not available) shipping notices within 24 hours to all of the following. Mine analysis must be sent to Jocelyn Peters, Jenny Gillespie, Charles Howton and Harold Keels.

Gulf Power Company

Jocelyn Peters (850) 444-6332 (OFFICE)
(850) 444-6080 (FAX)
jppeters@southernco.com (EMAIL)

Mary Jo Yeager (850) 444-6597 (OFFICE)
(850) 444-6080 (FAX)
mjyeager@southernco.com (EMAIL)

Harold Keels (850) 254-2195 (OFFICE)
(850) 271-1699 (FAX)
hbkeels@southernco.com (EMAIL)

Jimmy White (850) 429-2209 (OFFICE)
(850) 429-2246 (FAX)
ciwhite@southernco.com (EMAIL)

Southern Company Services

Jenny Gillespie (205) 257-7229 (OFFICE)
(205) 257-7795 (FAX)
jlgilles@southernco.com (EMAIL)

Mississippi Power

Ronnie Dedeaux (601) 865-5436 (OFFICE)
(601) 865-5286 (FAX)
rkdedeau@southernco.com (EMAIL)

Seller's coal must meet this quality on any shipment or portion of shipment analyzed. Failure to meet these specifications may result in suspension or cancellation of shipments in addition to other provisions described in the attached "Terms and Conditions."

The attached document entitled "Terms and Conditions of Coal Purchase" is made part of this order by reference herein.

Governing Mine analysis will be performed by:

Alabama Power General Testing Lab
#8 General Service Complex
744 County Road 87
Varnons, AL 35040


Sample Identification Directions

Please forward all coal samples to the address provided above, clearly marked with:

Vendor Name: **Interocean Coal Sales, LDC**
Plant and Operating Company destination: **Plants Crist or Smith, Gulf Power Company**
Purchase Order Number: **FP05001**

All payments should be made to:

Bank Name: **Bank One International Corporation**
ABA No.: **026009797**
Bank Acct. Name: **Credit Scotiabank (Cayman Islands) Ltd.**
Bank Acct. No. : **1058543**
FFC: **Interocean Coal Sales, LDC**
Scotiabank Account #: 20039-10

ISSUED BY: SOUTHERN COMPANY SERVICES, INC.	APPROVED BY:
Tris Swindle, Senior Procurement Agent	 FOR: Gulf Power Company
DATE: April 2, 2004	DATE: 4/5/2004

**CONFIRMATION
(COAL PURCHASE/SALE AGREEMENT)**

Transaction Date: April 16, 2004

	<u>Seller</u>	<u>Buyer</u>
Company:	Interocean Coal Sales, LDC	Gulf Power Company
Attn:	George Wilbanks	Tris Swindle
Phone:	205-945-6410	205-257-6722
Fax:	205-945-6440	205-257-7795

Seller agrees to sell and Buyer agrees to buy and accept coal of the quantity and quality, at the price, and on the terms and conditions stated in this Confirmation.

Total Quantity: 200,000 tons (approximately)

Term: January 1, 2005 to December 31, 2005

Schedule: Approximately 3 vessels

Product: Bituminous coal containing no synthetic fuels, substantially free from any extraneous materials with no intermediate sizes to be added or removed and otherwise meeting the specifications of this Confirmation.

Delivery Point: FOB Barge Mobile, AL

Loading Point: Puerto Drummond, Colombia SA

Specifications: As-received basis in accordance with ASTM Standards for each Shipment, as follows:

	<u>Guarantee</u>
Btu/lb min.	11,700
Moisture max.	14%
Ash max.	9%
Sulfur max.	0.8%
AFT (h=w)min.	2350
HGI min.	45
Vol. min.	32%

Quality Adjustments: Per Gulf Power Company standard terms and conditions

Sampling: Via mechanical sampler for each shipment performed at the Loading Point

Analysis: Alabama Power Company laboratory

Welghing: Certified scales at the Loading Point

Special Provisions: None

Other: Other terms and conditions per Gulf Power Company standard terms and conditions dated November 5, 2003.

AGREED TO AND ACCEPTED BY:

Seller:

J. Z. Wi

Date:

4/26/04

Buyer:

Fis Suddle

Date:

4/28/04

GULF POWER COMPANY

One Energy Place
Pensacola, FL 32520-0328

VERIFIED

MDJ 4/5/04

Firm Peabody COALTRADE, Inc 701 Market Street Suite 900 St. Louis, Missouri 63101-1626	Power Company Gulf Power Company Purchase Order Number FP05002 (Spot)
	Ship to: Crist and Smith Generating Plants

This coal is considered Right to Supply tonnage and is purchased under Section 6.02 "Annual Quantity", of the Amended CSA between Peabody COALSALES Company and Gulf Power Company.

VENDOR CONTACT: John Hanekamp (314) 342-7786
TERM: January 1, 2005 – December 31, 2006 (2 years)
QUANTITY: Approximately 600,000 net tons a year (17 vessels total)
SHIPMENT SCHEDULE: Shipping schedule must be agreed to by Jenny Gillespie and Ronnie Dedeaux. _____

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ESCALATION: 0.75% every six months beginning July 1, 2005
PRODUCER: Drummond Coal Company
COAL PROPERTY / MINE: Mina Pribbenow
SEAMS: Various
MINING METHOD: Surface/Strip
COUNTRY: Colombia, S.A.
SHIPPING POINT: Puerto Drummond, Colombia
CARRIER: Ocean Vessel to Mobile Alabama for transloading to Ingram barge
CONTRACT #: Orgulf0001
DESTINATIONS: Crist & Smith Generating Plants
TITLE AND RISK OF LOSS: Title and risk of loss to the coal sold hereunder shall pass to Purchaser FOBT Puerto Drummond, Colombia, S.A.

** Copy mailed to vendor - 4/5/04*

The quality of coal on an "as received" per vessel guaranteed basis as quoted by Seller is as follows:

	<u>GUARANTEE</u>	
ASH	Max.	7.5%
MOISTURE	Max.	14.0%
SULFUR	Monthly Avg.	0.80%
BTU / LB.	Min.	11,700
GRINDABILITY	Min.	45
VOL.	Min.	32%
AFT DEG F	Min. (H=W)	2350
Size	Max.	2" x 0", not more than 45% minus ¼"

Vendor must Email (or Fax if Email not available) shipping notices within 24 hours to all of the following. Mine analysis must be sent to Jocelyn Peters, Jenny Gillespie, Harold Keels and Jimmy White.

Gulf Power Company

Jocelyn Peters (850) 444-6332 (OFFICE)
(850) 444-6080 (FAX)
ippeters@southernco.com (EMAIL)

Mary Jo Yeager (850) 444-6597 (OFFICE)
(850) 444-6080 (FAX)
mjyeager@southernco.com (EMAIL)

Harold Keels (850) 254-2195 (OFFICE)
(850) 271-1699 (FAX)
hbkeels@southernco.com (EMAIL)

Jimmy White (850) 429-2209 (OFFICE)
(850) 429-2246 (FAX)
cjwhite@southernco.com (EMAIL)

Southern Company Services

Jenny Gillespie (205) 257-7229 (OFFICE)
(205) 257-7795 (FAX)
jgilles@southernco.com (EMAIL)

Mississippi Power

Ronnie Dedeaux (601)865-5436 (OFFICE)
(601)865-5286 (FAX)
RKDEDEAU@southernco.com (EMAIL)

Seller's coal must meet this quality on any shipment or portion of shipment analyzed. Failure to meet these specifications may result in suspension or cancellation of shipments in addition to other provisions described in the attached "Terms and Conditions."

The attached document entitled "Terms and Conditions of Coal Purchase" is made part of this order by reference herein.

Governing Mine analysis will be performed by:

Alabama Power General Testing Lab
#8 General Service Complex
744 County Road 87
Calera, AL 35040


Sample Identification Directions

Please forward all coal samples to the address provided above, clearly marked with:

Vendor Name: **Peabody COALTRADE, Inc.**
Plant and Operating Company destination: **Plant Crist or Plant Smith, Gulf Power Company**
Purchase Order Number: **FP05002**

All payments should be made by wire/ACH payment to:

Bank Name: PNC Bank, N.A.
ABA No.: 043000096
Bank Acct. Name: Peabody COALTRADE Company
Bank Acct. No.: 1008971359

ISSUED BY: SOUTHERN COMPANY SERVICES, INC.	APPROVED BY: 
Tris Swindle, Senior Procurement Agent	FOR: Gulf Power Company
DATE: April 2, 2004	DATE: 4/2/2004

Transaction Date: April 16, 2004

	<u>Seller</u>	<u>Buyer</u>
Company:	Peabody COALTRADE, Inc.	Gulf Power Company
Attn:	John Hanekamp	Tris Swindle
Phone:	314-342-7786	205-257-6722
Fax:	314-342-7609	205-257-7785

Seller agrees to sell and Buyer agrees to buy and accept coal of the quantity and quality, at the price, and on the terms and conditions stated in this Confirmation.

Total Quantity: 600,000 tons/year (approximately)

Term: January 1, 2005 to December 31, 2006

Schedule: Approximately 17 vessels

Product: Bituminous coal containing no synthetic fuels, substantially free from any extraneous materials with no intermediate sizes to be added or removed and otherwise meeting the specifications of this Confirmation.

Delivery Point: FOB Barge Mobile, AL

Loading Point: Puerto Drummond, Colombia SA

Specifications: As-received basis in accordance with ASTM Standards for each Shipment, as follows:

	<u>Guarantee</u>
Btu/lb min.	11,700
Moisture max.	14%
Ash max.	9%
Sulfur max.	0.8%
AFT (h=w)min.	2350
HGI min.	45
Vol. min.	32%

Quality Adjustments: Per Gulf Power Company standard terms and conditions

Sampling: Via mechanical sampler for each shipment performed at the Loading Point

Analysis: Alabama Power Company laboratory

Weighing: Certified scales at the Loading Point

Special Provisions: None

Other: Other terms and conditions per Gulf Power Company standard terms and conditions dated November 5, 2003.

AGREED TO AND ACCEPTED BY:

Seller:
[Handwritten Signature]
Date: 04/16/2004

Buyer:
Fris Swindle
Date: 04/19/04

GULF POWER COMPANY

One Energy Place

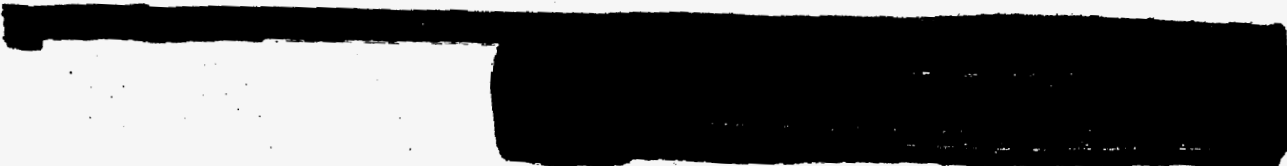
Firm ICG, LLC 2000 Ashland Drive Ashland, KY 41101 Attn: Mike Wilder	Power Company Gulf Power Company Contract Number FP05003 Purchase Order Number FP05003 Ship to: Plant Scholz
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TERM: January 1, 2005 – December 31, 2006

TONS/YEAR: The volume commitment each year will be a minimum of 220,000 tons and a maximum of 250,000 tons.

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PRODUCER:	ICG, LLC
COAL PROPERTY/MINE:	ICG Hazard, LLC
SEAMS:	Hazard #5, #7, #8, #9
MINING METHOD:	Surface
COUNTY:	Perry, Knott, KY
SHIPPING POINT:	ICG Hazard, LLC at TYPO, Ky
FREIGHT DISTRICT:	Hazard Group 5
LOADING CHARACTERISTICS:	9,000 tons/4 hours
CARRIER:	CSX
CARS:	Gulf Power private equipment. 75 car unit trains
DESTINATION:	Plant Scholz

The quality of coal on an "as received" basis (unless otherwise noted) as guaranteed by Seller is a follows:

	<u>Requirement (per shipment)</u>	<u>Suspension/Reject Limits (per shipment)</u>
ASH Max.	13%	> 13%
MOISTURE Max.	8%	> 12%
BTU/LB Min.	* 12,000 Btu/lb	< 11,900
SULFUR Max.	* 1.5%	> 1.65%
GRINDABILITY Min.	40	< 40
AFT Degrees F Min. (H=W)	2400° F	< 2400° F
VOLATILES Min.	30%	< 30%

* Monthly weighted average

11/9/04 - Copy mailed to vendor

mfg

Seller must Email, or fax, shipping notices and as-loaded analysis with 24 hours to Gulf Power Company, Jocelyn Peters (850) 444-6332 email jppeters@southernco.com , or Mary Jo Yeager (850) 444-6597 email mjyeager@southernco.com, and Southern Company Daphne McKinnon, ddmckinn@southernco.com 205-257-7288.

Seller's coal must meet this quality on any shipment or portion of shipment analyzed. Failure to meet these specifications may result in suspension or cancellation of shipments in addition to other provisions described in the attached "Terms and Conditions,"

This Purchase Order is governed by the attached Spot Terms and Conditions (Exhibits A-C), Revision 11/19/03.

Sampling Point: ICG Hazard – Kentucky River Mine
Weighing Point: ICG Hazard – Kentucky River Mine

Governing Mine Analysis Performed by:

Alabama Power General Testing Lab
#8 General Services Complex
744 County Road 87
Calera, Al 35040

Sample Identification Directions:

Vendor: ICG, LLC
Plant & Operating Co: Plant Scholz, Gulf Power Company
Purchase Order Number: FP05003
Contract Number: FP05003

PAYMENTS:

The payment remittal address shall be the following address:

Name: ICG, LLC
Bank: Provident Bank
ABA: 042000424
Account: 0872-326
Email: aakers@horizonnr.com

Unit Train Prefix shall be: ICG-XXX


ISSUED BY: Southern Company Services, Agent David G. Courtenay, Sr. Procurement Agent	APPROVED:  FOR: Gulf Power Company
DATE: November 4, 2004	DATE: 11-9-04

EXHIBIT A

TERMS AND CONDITIONS OF COAL PURCHASE

1. **GOVERNING DOCUMENTS**

Listed in order of governance, the Purchase Order, these Terms and Conditions, and the executed Producer-Broker Statement (where applicable), shall constitute the entire Agreement (hereinafter the "Agreement") between Purchaser and Seller as to coal produced and sold under the Purchase Order. No additional or different terms stated by Seller in an acceptance or written confirmation of the Agreement shall be effective unless such terms shall be specifically accepted in writing by Purchaser. No modification of the Agreement shall be effective unless the same shall be reduced to writing and signed by the duly authorized agents of the parties. There are no representations, understandings, or agreements, either oral or written, which are not included as part of the Agreement.

2. **SELLER'S ACCEPTANCE**

Acknowledgment of the Purchase Order or shipment of coal under the Agreement shall constitute Seller's acknowledgment and acceptance of all provisions herein and all provisions of the Purchase Order.

3. **BROKERS**

Any Seller who does not mine or produce the coal to be delivered under the Agreement shall be deemed a Broker. Broker shall be responsible for providing a copy of these Terms and Conditions and the Purchase Order (with optional deletion of price) to the Producer designated in the Producer-Broker Statement from whom Broker purchases or acquires coal to be delivered hereunder. Broker shall, in its agreement with Producer, bind Producer to all of the terms of the Purchase Order and to all of these Terms and Conditions and shall be responsible for compliance therewith by Producer; provided, however, that failure of Producer to comply therewith shall not relieve Broker from performance of all its obligations under the Agreement.

The liability of Producer and Broker shall be joint and several. Any reference herein to Seller shall be deemed to refer to Producer and Broker.

4. **WARRANTY**

Seller represents and warrants that it, or the Producer identified in the Producer-Broker Statement, owns or controls the Coal Property described in the Purchase Order; that all coal shipped pursuant to the Agreement is shipped free and clear of all liens, encumbrances, and claims of all third parties; that the Coal Property contains commercially recoverable coal of a quality and in quantities sufficient to satisfy the requirements of the Agreement; that coal will not be used or sold from the Coal Property so as to result in an inability of Seller to deliver to Purchaser the coal in the quantities and quality and at the times provided in the Agreement; and that the coal shipped under the Agreement will be mined and produced from the Coal Property; and that no substitute coal shall be shipped by Seller to Purchaser under the Agreement without prior written approval of Purchaser.

5. **INSPECTION**

Purchaser or its designated agent shall have the right at all reasonable times to enter upon the Coal Property and/or other appropriate location and to inspect and examine the method, equipment, and manner of mining, producing, storing, washing, blending, crushing, loading, unloading, transporting, sampling, analyzing, and other handling of coal to be sold and delivered under the Agreement, and to take samples of coal for Purchaser's analyses. No inspection by Purchaser shall be deemed a waiver of any of Purchaser's rights or relieve Seller of any obligation or duty imposed by the Agreement.

6. **QUANTITY**

Seller shall sell and deliver to Purchaser, and Purchaser shall purchase and receive, the quantity of coal within the period of time specified in the Purchase Order. All coal sold under the Agreement shall be delivered in reasonably equal shipments and at regular intervals over the term of the Purchase Order or in such other manner as may be specifically stated in the Purchase Order. Unless Seller is excused

from delivery by force majeure (as hereinafter defined) and in addition to any other remedies at law or equity, Purchaser shall have the right immediately to terminate the Agreement should Seller at any time (a) fail to ship the quantity of coal agreed to be shipped in any monthly period or (b) deliver more than the monthly quantity of coal stated in the Purchase Order without prior approval of Purchaser.

7-A. COAL SIZE AND EXTRANEEOUS MATERIAL

Unless otherwise specified in the Purchase Order, all coal shipped pursuant to the Agreement shall not exceed a maximum lump size of 3" in any dimension, shall contain no more than 40 percent (40%) of particles less than 1/4" in size, and shall be the whole mine product (or whole washed product) with no intermediate size fractions added or removed. All shipments shall be free from excess quantities of moisture, bone, fireclay, rock, loose clay, and shale and shall not contain pond fines, washer refuse, roots, wood, debris, iron, plastic, rubber, or other extraneous material. Purchaser may reject any shipment which, in Purchaser's reasonable judgment, does not comply with the aforesaid requirements, which judgment may be based upon visual inspection.

7-B. COAL QUALITY SPECIFICATIONS

The coal specifications pertaining to the coal to be delivered shall be stated in the Purchase Order.

7-C. SYNTHETIC FUEL

No coal shipped pursuant to the Agreement shall be treated with chemicals, heat, binders, petroleum products or other substances, whether or not treated with the intent to qualify the coal under the Internal Revenue Code Section 29 (Credit for producing fuel from a non-conventional source). Purchaser may reject any shipment that does not comply with the aforesaid requirements and Purchaser may terminate the Agreement immediately with no liability to Seller. Seller shall be liable for all costs incurred as a result of shipping coal that does not comply with the aforesaid requirements.

8. TRANSPORTATION

Purchaser at its sole discretion may direct that coal purchased under the Agreement be delivered by the carrier to the plant or location specified in the Purchase Order or to any other location specified by Purchaser; provided, however, that Purchaser shall remain liable for payment of the purchase price of the coal directed to such other location.

A. Scheduling of Shipments

Before the first shipment is scheduled and prior to the beginning of each subsequent calendar month while the Purchase Order is in effect, Seller shall telephone Southern Company Services Production Support Analyst for shipping instructions. Seller's failure to comply with the shipping instructions may result in rejection of shipments or other sanctions. Seller shall be responsible for all monetary charges this rejection or other action may cause, be it carrier imposed or otherwise.

B. Delivery by Rail

All shipments of coal under the Agreement shall be f.o.b. railcar at the loading point specified in the Purchase Order and the loading facility shall be available to load shipments on a 24 hour/day basis seven (7) days per week. Seller agrees not to permit coal to be loaded in railcars that contain foreign material. Seller shall bear all expenses and costs associated with delivery of the coal f.o.b. railcar and shall fully defend and indemnify Purchaser against any claim made against Purchaser for any cost, expenses or damage (either liquidated or unliquidated) which may be asserted against Purchaser arising out of or resulting from the delivery by Seller to Purchaser of any coal under this Agreement. In the event Seller should fail to deliver coal in the quantity or at the rate as provided in the Agreement, or in the event Purchaser cancels the Agreement or suspends further shipment pursuant to the Agreement, Seller shall pay Purchaser any freight charges (including without limitation, demurrage, car lease costs, storage fees, etc.) incurred by Purchaser. All coal shipped to Plants Bowen, Daniel, Miller, Scherer, and Wansley must be loaded into electro-pneumatic Rapi Discharge hopper cars.

1. Shipping Notice and "As Loaded" Coal Quality Analysis

A shipping notice (404 Bill of Lading) shall be electronically transmitted, and at Purchaser option, transmitted by telefax to the destination plant and other locations as outlined in the

attached page titled "Facsimile Numbers for Shipping Notices and As-Loaded Coal Quality Analysis."

The Seller shall utilize Automatic Equipment Identification (AEI) to correctly identify and list all cars in a computer system during the loading process. The weight for each car or total train weight shall be automatically entered into the computer system if mine govern weights apply. Upon completion of loading and prior to the train leaving, a 404 Bill-of-Lading must be transmitted to the railroad via computer generating Electronic Data Interchange (EDI).

The 404 Bill-of-Lading must provide the Carrier Name, Coal Supplier, Loadout Name, Fuel P.O. Number, Destination, Tons Shipped (if applicable), Number of Cars with quantity of Steel and Aluminum, Transportation Contract, SES Train Number, Loadout FSAC Number, Train Arrival Date/Time, Load Start Date/Time, Load Finish Date/Time, Total Loading Time, Bill-of-Lading (BOL) Release to Railroad Date/Time and Total Train Consist including reporting marks and car numbers. "As Loaded" coal quality analysis of each train and such other pertinent information about the shipment must be telefaxed or telephoned to Purchaser within twenty-four (24) hours following the loading of each train. Purchaser shall not be obligated to unload any train unless the Shipping Notice and "As Loaded" coal quality analysis have been received. Seller shall reimburse Purchaser for any demurrage or expenses incurred as a result of failure to provide a Shipping Notice and "As Loaded" coal quality analysis to Purchaser as provided herein. Shipping notices and "As Loaded" coal quality analysis shall be directed to the destination plant and other locations as outlined in the attached page titled "Facsimile Numbers for Shipping Notices and As Loaded Coal Quality Analysis".

2. Passage of Title; Risk of Loss

Risk of loss shall pass from Seller to Purchaser when the rail carrier accepts consignment, and passage of title shall occur upon Purchaser's acceptance at destination plant from the rail carrier except that Seller shall remain liable for coal bought on a delivered basis until it is accepted at destination for unloading.

3. Demurrage Liability and Other Costs

Seller shall be liable for and shall defend, indemnify, and hold harmless Purchaser from any demurrage charges, excess freight charges, deficiency freight charges, or other transportation costs incurred by Purchaser as a result of Seller's failure to satisfy loading and/or shipping requirements.

4. Overloaded Railcars

It is the sole obligation and responsibility of Seller to be aware of and conform to all rail carrier restrictions relating to maximum allowable gross railcar weights. If cars are found to be overloaded, Seller shall be responsible for any associated costs for reducing the weight of cars to comply with the applicable rail carrier's restrictions and shall be obligated to provide Purchaser with corrected governing weight documentation. Seller shall be responsible for any damage resulting from overloaded cars. Maximum weight restrictions by carrier are provided in the attached page titled "Railcar Weight Matrix".

5. Underloaded Railcars

It is the sole obligation and responsibility of Seller to load trains to the minimum train weight as directed by and in compliance with the applicable transportation contract. It shall be the Seller's responsibility to verify minimum weight from the Purchaser's transportation coordinator before loading train. Railcars that are loaded for movement on Norfolk Southern Railway under the Agreement shall be loaded to not less than 94% of UMLER capacity from non-batch-weight Origins and 97% of UMLER capacity from batch-weight flood-load Origins.

9. **WEIGHING, SAMPLING AND ANALYSIS**

Purchaser or its designated representative may observe any loading where the governing weighing, sampling, or sample preparation is performed by Seller. Purchaser's representative shall have the right

to delay or stop coal loading in the event that Seller's weighing or sampling system malfunctions. Seller shall pay all costs or expenses incurred by Purchaser as a result of any weighing or sampling system malfunction. Loading will be resumed when weighing or sampling system repairs are completed or when mutually agreed by Purchaser and Seller. Purchaser agrees to work in a reasonable and expeditious manner to facilitate resumption of loading.

9-A. WEIGHING

Unless otherwise specified in the Purchase Order, weights of coal purchased and delivered hereunder shall be determined by a certified scale system located at the delivery point specified in the Purchase Order or other destination to which such coal is delivered and shall be final and not subject to dispute. In the event Purchaser's weighing system is unavailable, the net weight for any shipment of coal shall be determined by certified scales located at the point of origin, by certified scales located en route, or by other methods mutually agreed to by all parties. Any scale designated for payment purposes shall be maintained and operated in accordance with procedures acceptable to Purchaser. Seller shall bear the expense of weighing and all associated costs of testing and certification for systems located at the point of origin. Purchaser shall have the right to inspect and verify the weighing systems, procedures and testing of any weighing system not owned or maintained by Purchaser. In the event the weight of any shipment is unavailable from the designated weighing system, the weight of such shipment shall be determined by mutual agreement. No subsequent shipments shall be made, without Purchaser's consent, when the designated weighing system is unavailable.

9-B. SAMPLING AND SAMPLE PREPARATION

- a. Unless Purchaser and Seller otherwise agree, each shipment of coal supplied under this Agreement shall be sampled by Seller and analyzed by Purchaser's designated laboratory. Seller shall bear all costs related to obtaining acceptable samples of shipments at each loading facility applicable to this Agreement. Purchaser shall have the option, at any time during the term of this Agreement, to elect to sample, for governing purposes, at the destination plant or other points specified by Purchaser.
- b. At each loading facility applicable to this Agreement, Seller shall provide a mechanical sampling system which shall be used to collect a representative sample of each shipment of coal under this Agreement at such loading facility. The following provisions shall apply to such sampling system:
 1. The design and operation of such sampling system and the procedures used for sample preparation shall, at a minimum, meet the requirements of ASTM D-2234 "Standard Practice for Collection of a Gross Sample of Coal" and ASTM D-2013 "Standard Method of Preparing Coal Samples for Analysis." Such sampling system shall be enclosed to minimize moisture loss and shall be designed for one stage of sample crushing to the No. 4 sieve size (as determined by Purchaser based on ASTM D-4749 "Standard Test Method for Performing the Sieve Analysis of Coal and Designating Coal Size"). The sample flow rates through such sampling system shall be sufficient to minimize moisture loss. Purchaser and Seller shall use their best efforts to agree on modification of procedures and equipment to meet future revisions of ASTM D-2234 and ASTM D-2013.
 2. All sample increments collected at all stages of sampling in such sampling system shall cut the full stream of coal presented. The values of current measurements of sampling system cutter openings, cutter velocities, and sample flow rates shall be made available to Purchaser upon request and shall be acceptable to Purchaser.
 3. Seller shall monitor the sampling ratio of such sampling system in a manner that is acceptable to Purchaser and shall make sampling ratio data available to Purchaser upon request.
 4. Using bias test procedures approved by Purchaser, Seller shall cause such sampling system to be tested periodically, at Seller's expense, for bias against stopped-belt reference samples. Such testing shall be scheduled such that when each shipment of coal is sampled, the most recent bias test results are dated by no more than two previous years. Seller shall give Purchaser written notice of each bias test; and Purchaser or its representative shall have the right to be present during such test and to observe and inspect

sample collection, sample preparation, and laboratory analysis of bias test samples. If a bias is detected by such test, Seller shall immediately take all reasonable measures to remove the source of such bias; and Purchaser shall have the right to suspend shipments of coal under this Agreement until the source of such bias is removed and such sampling system is re-tested for bias.

5. Prior to the installation of any new sampling system or a modification of an existing sampling system, Seller shall submit design drawings, specifications, and sample extraction parameters for the new or modified sampling system to Purchaser for its approval, which shall not be unreasonably withheld.
- c. Using an enclosed riffle and following the procedures of ASTM D-2013 with respect to each shipment of coal under this Agreement, Seller shall divide the final sample of No. 4 sieve size into at least four laboratory sample splits, with each split weighing a minimum of 4,000 grams. Seller shall within 24 hours send one laboratory sample to Purchaser's designated laboratory and shall promptly analyze one laboratory sample to provide the "as loaded" coal quality analysis as required by this Agreement. Seller shall retain the remaining two laboratory samples for thirty days from the date of the shipment as reserve samples.
- d. Purchaser or its representative may observe any sampling or sample preparation performed by Seller, and Seller or its representative may observe any sampling or sample preparation performed by Purchaser's designated laboratory. In the event that Seller's sampling system ceases to operate properly, then Seller shall immediately notify Purchaser or its representative to determine the course of action to be taken concerning shipments of coal under this Agreement. If such sampling system malfunctions during the loading of any shipment of coal under this Agreement, Purchaser may, at its option, use a weighted average analysis of the last two shipments loaded prior to such malfunction to determine the analysis of the shipment being loaded at the time of such malfunction. Purchaser's representative shall have the right to direct Seller to delay or stop the loading of any one or more shipments of coal under this Agreement if such sampling system ceases to operate in accordance with the requirements of this Agreement. After any such direction is given, the following provisions shall apply:
 1. Seller shall immediately delay or stop, as the case may be, the loading of such shipment(s); and Seller shall pay all resulting costs or expenses charged to or incurred by Purchaser as a result of such delay or stoppage in the loading of such shipment(s).
 2. Seller shall repair such sampling system as soon as practical and shipments of coal under this Agreement shall not resume until such repair is completed.

9-C. ANALYSIS

- a. Purchaser shall analyze the laboratory samples sent to Purchaser's designated laboratory in accordance with current ASTM standards, and the results of such analyses shall be used for the governing purposes of this Agreement. If Purchaser elects to employ an independent coal-testing laboratory, Seller shall not be liable for any costs incurred by Purchaser except as otherwise provided in this Agreement.
- b. Should the Seller dispute the accuracy of Purchaser's analysis of a given shipment, Seller shall notify Purchaser in writing within thirty (30) days following unloading of the shipment.
- c. If a dispute arises between Purchaser and Seller over the results of such analyses, one of the reserve samples shall be sent to a qualified independent laboratory (selected jointly by Purchaser and Seller) which shall conduct a referee analysis of such reserve sample in accordance with current ASTM standards. The cost of any such analysis shall be borne equally by Purchaser and Seller. With respect to a dispute pertaining to a calorific value analysis, Purchaser's analysis shall be deemed to have been confirmed, and no further adjustment in billing calculations shall be made, if the dry basis calorific value analysis by such independent laboratory differs from Purchaser's analysis by no more than 100 Btu/lb. With respect to disputes involving other items of analysis,

Purchaser's analysis shall be deemed to have been confirmed if the analysis by such independent laboratory differs from Purchaser's analysis by no more than the applicable tolerances as follows:

<u>Item of Analysis</u>	<u>Tolerance</u>
Moisture	0.75% Moisture
Ash	0.50% Dry Ash
Volatile Matter	2% Dry Volatile Matter
Sulfur < 2.0%	0.12% Dry Sulfur
Sulfur ≥ 2.0%	0.25% Dry Sulfur
AFT (H=W Reducing)	150° F
Grindability	5 HGI

10. PRICE, BILLING AND PAYMENT

The price per ton stated in the Purchase Order is fixed and is not subject to adjustment except as provided herein or except as otherwise provided in the Purchase Order. The price per ton paid by Purchaser for coal delivered under the Agreement includes all sums to be borne by Seller for all federal, state, and local taxes of every nature (but not including sales and use taxes to be paid by Purchaser) which are assessed or may be assessed as a result of the production, shipment, or sale of coal pursuant to the Agreement. Seller's acceptance of the amounts paid by Purchaser for coal delivered under the Agreement shall constitute full and final settlement of any and all claims by Seller for costs or expenses (including, without limitation, taxes, fees, governmental impositions, assessments, premiums, and penalties) incurred or paid by Seller, either while the Agreement is in effect or at any time in the future, with respect to the production, shipment, or sale of coal pursuant to the Agreement. Seller agrees to defend, indemnify, and hold Purchaser harmless from and against any claim or liability for any such taxes, fees, governmental impositions, assessments, premiums, or penalties.

Seller shall report to Purchaser all shipments of coal at the delivery point specified in the Purchase Order. Initially, Purchaser shall pay, normally within thirty days after shipment, at least 90% of the price per ton stated in the Purchase Order if Purchaser has received the coal, the required shipping documentation, and the samples, if required, of coal collected by Seller. Seller shall not submit invoices for payment. Purchaser shall pay any balance due, based upon the determination of quality adjustments, as soon as practical after such determinations are made for coal shipped during each month. In the event the total amount payable resulting from these determinations is less than the amount previously paid by Purchaser, the overpayment shall be deducted from subsequent payments to Seller; or if no subsequent payments become due, Seller shall reimburse Purchaser promptly upon receipt of such overpayment. Purchaser shall have the right to deduct or set-off against payments due Seller hereunder any sum of money due to Purchaser from Seller, whether or not such sums are related to the Agreement.

11. PRICE ADJUSTMENTS FOR QUALITY

A. Calorific Value Adjustment

The Calorific Value Adjusted Price for coal received from Seller and accepted by Purchaser for each shipment shall be calculated as follows: The "as received" calorific value shall be divided by the guaranteed calorific value specified in the Purchase Order. If the resulting quotient is equal to or greater than 1.00, the quotient shall be multiplied by the f.o.b. mine price per ton stated in the Purchase Order. If the resulting quotient is less than 1.00, the quotient shall be multiplied by the total of the f.o.b. mine price and transportation charge paid by Purchaser. The resulting product, less the price per ton stated in the Purchase Order, shall constitute the Calorific Value Adjustment.

EXAMPLE:

\$20.00 f.o.b. Mine @ 12,000 Btu
\$10.00 Freight

Shipment 'A' = 12,500 Btu/lb
12,500 = 1.0417

Shipment 'B' = 11,500 Btu/lb
11,500 = 0.9583

12,000

12,000

1.0417 > 1

0.9583 < 1

therefore:

therefore:

$$\text{CVA} = (\$20.00 \times 1.0417) - \\ \$20.00 = + \$0.8340/\text{ton}$$

$$\text{CVA} = (\$20.00 + \$10.00) \times 0.9583 - \\ (\$20.00 + \$10.00) = -(\$1.2510)/\text{ton}$$

B. Excess Moisture Adjustment

The price per ton paid by Purchaser for coal delivered under the Agreement shall be adjusted downward in proportion to the moisture content in excess of the moisture specification stated in the Purchase Order. This adjustment shall be subtracted from the payment for coal delivered and unloaded and shall be based upon the "as received" moisture content for each shipment or portion thereof. The amount per ton for this Excess Moisture Adjustment shall be calculated as follows:

Bituminous Coal

The adjustment shall be \$0.15 per ton for each 1.00% or portion thereof, by which the "as received" moisture content for each coal delivery, which exceeds the moisture specification, stated in the Purchase Order. No credits will be given if the "as received" moisture content is less than the moisture specification stated in the Purchase Order.

EXAMPLE:

"As Received" moisture content is 11.50 percent and the moisture specification stated in the Purchase Order is Max. 10 percent.

$$\$0.15 \times (11.50 - 10) = \$0.2250 \text{ per ton reduction}$$

Sub-Bituminous Coal

The adjustment shall be \$0.03 per ton for each 1.00% or portion thereof by which the "as received" moisture content for each coal delivery, which exceeds the moisture specification stated in the Purchase Order. No credit shall be given if the "as received" moisture content is less than the moisture specification stated in the Purchase Order.

EXAMPLE:

"As Received" moisture content is 32.00 percent and the moisture specification stated in the Purchase Order is Max. 30 percent.

$$\$0.03 \times (32.00 - 30.00) = \$0.0600 \text{ per ton reduction}$$

C. Excess Ash Adjustment

The price per ton paid by Purchaser for coal delivered under the Agreement shall be adjusted downward in proportion to the ash content in excess of the ash specification stated in the Purchase Order. This adjustment shall be subtracted from the payment for coal delivered and unloaded and shall be based upon the "as received" ash content for each shipment or portion thereof delivered and unloaded. The amount of this adjustment shall be calculated as follows: The adjustment shall be \$0.50 per percent or portion thereof per ton over the ash specification in the Purchase Order. No credit shall be given if the "as received" ash content is less than the ash specification stated in the Purchase Order.

EXAMPLE:

Specification:

Max. 12%

As Received Ash of shipment:

12.60%

Adjustment:

$$12.60 - 12.00 = .60 \times \$0.50 = \$0.30 \text{ per ton reduction}$$

D. Excess Sulfur Adjustment

The Purchase Order shall specify a maximum sulfur content for each shipment. In the event that the monthly average sulfur content for all shipments in any calendar month exceeds the specified maximum sulfur content, a downward price adjustment of \$0.80 per 0.10%, or portion thereof, above such specification shall apply.

<u>Example</u>	<u>Guarantee Monthly Sulfur Specification</u>	<u>Monthly Average As Received % Sulfur</u>	<u>Adjustment Calculation</u>
A	1.00%	1.20%	$(1.20-1.00) \times \$0.50/.10 = \1.00 per ton reduction
B	1.2%	1.75%	$(1.75-1.20) \times \$0.50/.10 = \2.75 per ton reduction

Plants Daniel, Miller and Scherer are New Source Performance Standards plants that mandate a maximum sulfur content of 0.60 pounds sulfur per million Btu's. Purchaser shall reject any shipment to these plants, which exceeds 0.60 pounds sulfur/million Btu's. Seller shall be liable for all costs incurred as a result of exceeding the 0.60 pounds sulfur per million Btu's maximum.

For shipments intended for Plants Daniel, Miller and Scherer, Purchaser may deduct 20% from the f.o.b. mine price in liquidation of administration costs for shipments exceeding 0.60 pounds of sulfur per million Btu; provided, however, Seller shall remain responsible for incidental damages arising out of Purchaser's acceptance of shipments exceeding 0.60 pounds of sulfur per million Btu. Such amount is a reasonable pre-loss estimate of Purchaser's damages, which are difficult to measure; and this provision is not intended as a penalty. Such adjustments in the price of coal shall be made if such shipments are accepted by Purchaser, provided, however, Purchaser shall be under no obligation to accept such shipments.

E. Ash Fusion Adjustment

Bituminous Coal

Analysis performed on any size sample which indicates an ash fusion (H=W) within 50 degrees of the ash fusion specification stated in the Purchase Order shall not result in any price adjustment for ash fusion. Analysis of any shipment or portion of a shipment which falls more than 50 degrees below the ash fusion specification stated in the Purchase Order shall result in a downward price adjustment based on a ratio of \$0.01 per degree below such specification.

EXAMPLE A:

Ash Fusion is within 50-degree deadband

Specification: 2400 degrees
Ash Fusion of Shipment: 2350 degrees
Adjustment: no reduction

EXAMPLE B:

Ash Fusion is outside 50-degree deadband

Specification: 2400 degrees
Ash Fusion of Shipment: 2120 degrees
Adjustment: $(2400-2120) \times \$0.01 = \2.80 per ton reduction

Sub-Bituminous Coal

Analysis performed on any size sample which indicates an ash fusion (H=W) within 50 degrees of the ash fusion specification stated in the Purchase Order shall not result in any price adjustment for ash fusion. Analysis of any shipment or portion of a shipment which falls more than 50 degrees below the ash fusion specification stated in the Purchase Order shall result in a downward price adjustment based on a ratio of \$0.002 per degree below such specification.

EXAMPLE A:

Ash Fusion is within 50-degree deadband
Specification: 2400 degrees
Ash Fusion of Shipment: 2350 degrees
Adjustment: No reduction

EXAMPLE B:

Ash Fusion is outside 50-degree deadband
Specification: 2400 degrees
Ash Fusion of Shipment: 2120 degrees
Adjustment: $(2400 - 2120) \times \$0.002 = \0.56 per ton reduction

F. Adjustment in General

The adjustments provided in this Section 11 are in addition to Purchaser's other rights and remedies provided in Section 12, by other provisions of the Agreement, or by law or equity. Any adjustment pursuant to this Section 11 with respect to any shipment of coal under the Agreement shall not waive such other rights and remedies with respect to that shipment or any future shipment of coal under the Agreement.

12. REJECTION, SUSPENSION, CANCELLATION

A. Rejection

Purchaser shall have the right to refuse and reject any coal shipment: (1) which contains excessive amounts of extraneous material; (2) which was mined or produced from a seam or source other than the Coal Property without securing Purchaser's prior written approval; (3) which does not conform to the size specifications stated herein; (4) which is delivered in equipment other than as specified herein; (5) which does not conform to any of the specifications for coal quality stated in the Purchase Order; or (6) any coal shipment or portion thereof is treated with chemicals, heat, binders, petroleum products or other substances, whether or not treated with the intent to qualify the coal under the Internal Revenue Code Section 29 (Credit for producing fuel from a non-conventional source).

If a shipment or portion of a shipment is rejected, Purchaser shall receive a credit from Seller for freight costs and any other costs borne by Purchaser for such rejected shipment. If, however, for any reason Purchaser unloads any such coal shipment, Seller shall pay for all extra costs for the unloading and handling.

B. Suspension

In addition to the rejection rights set forth above, Purchaser shall have the right to suspend coal shipments immediately by giving verbal or written notice to Seller in the event that: (1) any coal shipment contains excessive amounts of extraneous material; (2) the coal was or is being mined or produced from a seam or source other than the Coal Property without securing Purchaser's prior written approval; (3) any coal shipment does not conform to the size specifications stated herein; (4) any coal shipment or portion thereof fails to conform to any of the specifications for coal quality stated in the Purchase Order; or (5) any coal shipment or portion thereof is treated with chemicals, heat, binders, petroleum products or other substances, whether or not treated with the intent to qualify the coal under the Internal Revenue Code Section 29 (Credit for producing fuel from a non-conventional source). After receipt of such notice, Seller shall immediately take action to correct the deficiencies stated. After Seller has determined that coal is in compliance with the Agreement, Seller shall so notify Purchaser; and an inspection and/or a test shipment of coal may be scheduled or other determination of compliance provided, at Purchaser's option. If compliance is not demonstrated, Purchaser shall have the option to allow further determination of compliance or to cancel the Agreement and seek remedies as provided herein.

C. Cancellation

In addition to the rejection and suspension rights set forth above, Purchaser shall have the right to cancel remaining coal to be delivered under the Agreement by giving written notice to Seller in the event that: (1) any coal shipment contains excessive amounts of extraneous material; (2) the coal

was or is being mined or produced from a seam or source other than the Coal Property without securing Purchaser's prior written approval; (3) any coal shipment does not conform to the specifications for coal quality stated in the Purchase Order; (4) any coal shipment does not conform to the size specifications stated herein; (5) Seller engages in any fraudulent or illegal conduct in connection with its performance under the Agreement; or (6) any coal shipment or portion thereof is treated with chemicals, heat, binders, petroleum products or other substances, whether or not treated with the intent to qualify the coal under the Internal Revenue Code Section 29 (Credit for producing fuel from a non-conventional source). In the event Purchaser cancels the Agreement or suspends deliveries, Seller shall pay Purchaser any excess freight charges thereby caused under the applicable tariff or transportation contract as a result of reduced shipments by Seller to Purchaser during the then current term of the applicable tariff or transportation contract. Any such payment shall be made without prejudice to such other rights as may be provided to either party in other portions of the Agreement and by law or equity.

In addition to the other provisions of this agreement, if Purchaser experiences operational difficulties in the unloading, storage, or burning of Seller's coal which, in Purchaser's sole judgment, impedes the efficient utilization of Purchaser's facilities, then Purchaser shall have the right to cancel remaining coal to be delivered under the Agreement by giving written notice to Seller. If cancellation of the Agreement occurs as a result of operational problems, then Seller will not be held liable for excess freight charges as referenced above.

13. FORCE MAJEURE

Force majeure as used herein shall mean a cause reasonably beyond the control of Seller or Purchaser, as the case may be, which wholly or in substantial part prevents the mining, loading, or delivery of coal at or from the Coal Property or the transportation to or the unloading, storing, or burning of coal by Purchaser at the destination plant or other delivery point. Examples (without limitation) of force majeure, but only if reasonably beyond the control of Seller or Purchaser, as the case may be, are the following: acts of God, acts of the public enemy, insurrections, riots, strikes, labor disputes, work stoppages, fires, explosions, floods, electric power failures, interruptions to or contingencies of transportation, coal frozen to railcar, embargoes, and orders or acts of any government (including, without limitation, a city or county ordinance, an administrative regulation or ruling, an act of a state legislature, an act of the United States Congress, and a final judicial decision, order, or decree based upon orders or acts of governmental authorities) or military; provided, however, that force majeure, for the purposes of the Agreement, shall not include the development or existence of economic conditions which may adversely affect the anticipated profitability of the mining activities of Seller hereunder, acts of omissions of Seller constituting negligence or mismanagement on the part of Seller, geologic conditions affecting mining, or reduced productivity of labor.

If because of force majeure either Purchaser or Seller is unable to carry out its obligations under the Agreement, and if such party promptly gives the other party written notice of the conditions giving rise to such force majeure, the obligations and liabilities of the party giving such notice and the corresponding obligations of the other party shall be suspended to the extent made necessary by and during the continuance of such force majeure; provided, however, that the party suffering the disabling effects of such force majeure shall make reasonable efforts to eliminate, as soon as and to the extent possible, the events giving rise to such force majeure, except that either party may settle any of its own labor disputes or strikes or terminate any of its own lockouts in its sole discretion. Purchaser, in its sole discretion, shall determine whether shipments not made because of force majeure or suspended because of force majeure shall be canceled without liability to either party or shall be made up; but the Agreement shall otherwise remain in full force and effect; provided, however, that if a condition of force majeure occurs which causes a suspension of obligations under the Agreement for a continuous period equal to 30% or more of the term of the Agreement, Purchaser may terminate the Agreement by giving written notice of termination to Seller.

14. INDEPENDENT CONTRACTOR

It is understood and agreed that Seller is an independent contractor and not an agent or employee of Purchaser. It is further agreed that Seller shall employ, direct, control, manage, supervise, discharge, and pay its own employees and that Purchaser shall have no control of or supervision over any such employees.

15. INDEMNIFICATION

Seller agrees to defend, indemnify, and hold harmless Purchaser, The Southern Company, any subsidiary of The Southern Company, and any of their agents, employees and representatives from and against any and all liability or alleged liability to which any of them may be subject due to the destruction or damage to any property or due to the injury to or death of any person, which destruction, damage, injury, or death arises out of or is related to the performance of the Agreement by Seller, Producer, any subcontractor of Seller or Producer, or any of their agents, employees, or representatives.

16. APPLICABLE LAW, CHOICE OF FORUM, AND WAIVER

All questions relating to the execution, construction, performance, non-performance, or breach of the Agreement shall be resolved under the substantive laws of the State in which the destination power plant is located. Any action, suit, or legal proceeding of any nature by one party hereto against the other party shall be brought in the state or federal courts located in such State; and the parties hereto shall submit to, and accept the exclusive jurisdiction of, such courts for the purpose of any such action, suit, or legal proceeding. The remedies provided under the Agreement shall be cumulative and in addition to other remedies provided by law or equity. Failure of Purchaser or Seller to insist upon strict performance of any provision of the Agreement, or to take advantage of any right under the Agreement, shall not be construed as a waiver of such provision or right.

17. BREACH BY SELLER

At the time of Purchaser's final payment under the Agreement or in the event of breach by Seller of any of the terms and conditions of the Agreement, Purchaser, in addition to any other remedies provided by law or equity, has the right immediately to cancel the Agreement, to suspend Purchaser's performance, and to offset any and all sums owed by Seller to Purchaser or any liquidated or unliquidated damages occasioned by the breach and cancellation against any sums owed to Seller by Purchaser.

In the event Seller does not deliver the amount of coal required under the Agreement, at Purchaser's Option Seller shall be liable to Purchaser for the difference in Seller's delivered cost and the delivered cost of replacement tons, including the cost of freight and sulfur emission allowances. Purchaser in its sole judgement will determine the delivered replacement cost and apply this cost differential to the number of tons Seller fails to deliver under the Agreement. Purchaser shall have the right to offset any and all sums owed to Purchaser as a result of tonnage shortfall against any sums owed to Seller by Purchaser.

Unless Purchaser gives prior approval by a written Change Order, shipments from an origin point other than that specified in the Purchase Order shall constitute a breach of the Agreement, for which Purchaser may deduct from the f.o.b. mine price for each ton of coal in such shipments:

- a. Any excess freight charges over those that Purchaser would have paid if Seller had shipped from the origin point specified in the Purchase Order; and
- b. Any excess freight and handling charges over those that Purchaser would have paid if Seller had shipped to designated plant(s) stated in the Purchase Order; and
- c. Ten percent (10%) of the f.o.b. mine price in liquidation of administration and other incidental damages due to such shipments.

If Seller makes shipments that are materially in excess of the tonnage stated in the Purchase Order without Purchaser's prior approval, Purchaser may deduct from the f.o.b. mine price, for each ton of coal in excess of the tonnage stated in the Purchase Order, ten percent (10%) of the f.o.b. mine price in liquidation of administration and other incidental damages due to such shipments.

The amounts to be paid by Seller or to be deducted from payments are reasonable pre-loss estimates of Purchaser's damages, which are difficult to measure; and these provisions are not intended as penalties.

18. SPECIAL TERMS AND CONDITIONS

Any special terms and conditions stated in the Purchase Order shall take precedence when in conflict with other provisions included herein.

19. COMPLIANCE WITH LAWS

(A) Purchaser is a government contractor under an Area-Wide Utilities Service Contract with the General Services Administration of the United States Government. Seller agrees that each of the clauses contained in the Federal Acquisition Regulation referred to below shall, as if set forth herein in full text, be incorporated into and form a part of this Contract and Seller shall comply therewith, if the amount of the Contract and the circumstances surrounding its performance require Purchaser to include such clause in contracts between Purchaser and others: (1) 52.203-6 Restrictions on Subcontractor Sales to the Government; (2) 52.203-7 Anti-Kickback Procedures; (3) 52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns; (4) 52.219-9 Small, Small Disadvantaged and Women-Owned Small Business Subcontracting; (5) 52.222-26 Equal Opportunity; (6) 52.223-2 Clean Air and Water; and (7) 52-223-14 Toxic Chemical Release Reporting. Upon request, Purchaser will provide the full text of any of the above clauses incorporated herein by reference.

(B) Seller hereby warrants that Seller is not debarred, suspended or proposed for debarment as a contractor or subcontractor to any department, agency or other division of the U. S. Government.

20. ASSIGNMENT

The obligations to be performed by Seller under the Agreement may not be assigned without prior written consent of Purchaser, which consent shall not be unreasonably withheld. Failure to obtain Purchaser's written consent prior to assignment shall result in immediate cancellation of the Agreement. Assignment of payments only are permitted; provided, however, that Seller shall give Purchaser written notice of such assignment and provided further that an additional 45-day delay in payment, from the next normally scheduled payment date, shall be required for verification and subsequent processing.

21. AGENCY

Purchaser hereby designates Southern Company Services, Inc. as Purchaser's agent for receiving copies of notices required or permitted by the Agreement and for administration of the Agreement.

22. ACCESS TO SELLER'S RECORDS

Seller shall maintain records relating to Shipments under the Agreement in accordance with generally accepted accounting principles and shall retain such records for at least three years after the Agreement is terminated or expires. Seller shall make such records available to Purchaser, its accountants, auditors, or other authorized representatives, who shall be given access to and be permitted to examine such records at reasonable times. If an audit determines that any payments previously made under the Agreement ("Previous Payments") were not properly calculated, adjustments shall be promptly made in amounts to be paid in the future for Shipments under the Agreement ("Future Payments") and to reflect the proper amounts of such adjustment; or if no Future Payments are then due, payments shall be promptly made to reflect the difference between the Previous Payments and the proper amounts determined by audit. The provisions of this Section shall survive the termination or expiration of the Agreement.

23. ACCESS TO COAL PROPERTY

Purchaser or its representative, at any time during normal Coal Property operation, may enter upon the Coal Property or other appropriate locations, at Purchaser's sole risk and expense, for any of the following purposes: (i) to inspect and examine the method and manner of, and equipment used in, mining, producing, washing, loading, unloading, transporting, sampling, weighing, analyzing, or handling of coal to be supplied under this Agreement; (ii) to take samples of coal for Purchaser's analyses; or (iii) in connection with any accounting, audit, or examination of Seller's records. Prior to entering the Coal Property, Purchaser's representative shall check in with appropriate personnel at the entrance to the Coal Property.

No such inspection by Purchaser shall be deemed a waiver of any of Purchaser's rights or relieve Seller of any obligations under this Agreement.

24. CONFIDENTIALITY

The terms and conditions (including, without limitation, price) set forth in this Agreement are considered by the Parties to be confidential and proprietary information. Neither Party shall disclose any such information to any third party without the other Party's prior written consent, which consent shall not be unreasonably withheld; provided, however, that no such consent shall be needed where such disclosure (i) is required by law, regulation, or regulatory agencies having jurisdiction over one of the Parties or (ii) is necessary in connection with a Party's assertion of a claim or defense in a judicial or administrative proceeding and that in either of these events, the Party intending to make such disclosure shall advise the other Party in advance and cooperate to the extent practicable to minimize the disclosure of any such information. Notwithstanding the foregoing provisions of this paragraph 24, either Party may disclose any information contained in this Agreement to a prospective purchaser of the stock or assets of that Party or to a lender in connection with a financing transaction; provided, however, that any such prospective purchaser or lender shall be bound by the provisions of this paragraph 24. For purposes of this paragraph 24, the term "third party" shall not include (i) a Party's parent, subsidiary, affiliate, or sister corporation or (ii) the Parties' respective officers, directors, employees, legal advisers, accountants, or consultants.

25. NOTICES

Except for shipping notices and "as loaded" coal quality analyses (to be provided as required by Additional Terms) and except as otherwise provided in this Agreement, any notice, request, consent, demand, report, or statement (collectively, "Notice") given by one Party to the other Party shall be in writing and shall be sent by overnight courier (in which case the Notice shall be deemed to have been received on the next business day after it is sent) or by certified mail (in which case the Notice shall be deemed to have been received 72 hours after it is sent) to the appropriate addresses listed in this paragraph 25.

(a) Each Notice to Purchaser shall be sent to: Vice President
Fuel Services 14N-8160
Southern Company Services, Inc.
P.O. Box 2641
Birmingham, Alabama 35291-8160

with a copy to: Manager, Fuel Services
Southern Company Services, Inc.
Bin 0335
One Energy Place
Pensacola, Florida 32520-0328

or to such other addresses as Purchaser designates by a Notice to Seller.

(b) Each Notice to Seller shall be sent to:

with a copy to:

or to such other addresses as Seller designates by a Notice to Purchaser.

EXHIBIT B

Adjustments for Changes in Governmental Impositions

(a) The term "Governmental Imposition," whether in the singular or the plural, means taxes, fees, or obligations that are imposed on Seller by any government or governmental agency, and resulting costs or savings, pursuant to a law or regulation directly affecting the production, mining, or preparation of coal from the Coal Property. Governmental Impositions do not include (for the purpose of illustration and not limitation) any of the following: ad valorem taxes on land or improvements, unmined mineral taxes, special fund assessments related to worker's compensation, assessments or premiums related to employee retirement or health benefits or similar employee benefits, costs incurred to comply with insurance requirements, and sales or use taxes (even if imposed on materials and supplies used in the production of coal under this Agreement).

(b) The Base Price set forth in the Agreement includes Seller's costs of compliance as of the Effective Date of the Agreement with all presently applicable Governmental Impositions and all other taxes, fees, and obligations imposed by any federal or state laws or regulations in effect as of the Effective Date. The Base Price also includes all costs of compliance with the Federal Surface Mining Control and Reclamation Act of 1977 ("Act") applicable to the mine or mines that Seller currently operates or may develop on the Coal Property, including (without limitation) all costs associated with the following: (i) environmental protection performance standards under Sections 515 and 516 of the Act; (ii) inspection and monitoring by state or federal regulatory authorities; (iii) obtaining permits; and (iv) any performance bond required under the Act. No price adjustment shall be made under any provision of Section 4.3 for costs associated with any presently applicable Governmental Imposition or other tax, fee, or other obligation imposed by any federal or state law or regulation that is in effect as of the Effective Date or is known as of the Effective Date (but not effective until thereafter) or that is expressly included in the Base Price as stated above in this Section 4.3(b), regardless of whether Seller's costs as of the Effective Date fully reflected such costs.

(c) To the extent not prohibited by or inconsistent with other provisions of Section 4.3, price adjustments shall be made for changes in Governmental Impositions that directly affect coal actually supplied to Purchaser under this Agreement and result from the following: (i) amendments after the Effective Date to presently applicable laws or regulations; (ii) requirements of entirely new laws or regulations that are enacted or promulgated after the Effective Date; or (iii) final judgments, orders, or decrees issued by any court or regulatory body that reflect new and different interpretations of law after the Effective Date; provided, however, that no price adjustment shall be made for costs related to any civil or criminal fine or penalty imposed as the result of Seller's failure to comply with any law or regulation or with any judgment, order, or decree of any court or regulatory body.

(d) In the event that after the Effective Date, any change in a federal or state law or regulation interpretation thereof imposes a new Governmental Imposition or removes, increases, or decreases an existing Governmental Imposition, Seller shall promptly give Purchaser written notice thereof and shall specify the amount and effective date of any claimed adjustment to the Base Price or Adjusted Base Price, as the case may be, that results from such change. In addition, such notice shall contain sufficient documentation and data to enable Purchaser to review and quantify the effect of such change on Seller's costs and to substantiate the amount of the claimed adjustment. Within sixty days after Purchaser has received the notice from Seller as required by this Section 4.3(d), the Parties shall jointly estimate and attempt, in good faith, to agree on the costs or savings resulting from such new Governmental Imposition or such removal, increase, or decrease in an existing Governmental Imposition during the remaining term of this Agreement. If the Parties agree on the amount of **such costs** or savings, the Base Price or the Adjusted Base Price, as the case may be, shall be further adjusted to reflect 100% of the amount of such costs or savings. Purchaser shall have the right, but not the obligation, to give Seller written notice of any such change and to seek an adjustment pursuant to this Section 4.3(d).

(e) Any adjustment pursuant to Section 4.3(d) that results in a price increase shall become effective on the later of the following: (i) the date on which the new Governmental Imposition or increase in an existing Governmental Imposition takes effect; or (ii) the date on which Purchaser received the notice from Seller as required by Section 4.3(d). Any adjustment pursuant to Section 4.3(d) that results in a price decrease shall become effective on the date on which the removal or decrease in an existing Governmental Imposition takes effect.

(f) Notwithstanding the provisions of Sections 4.2(f) and 4.3(d), Purchaser may terminate this Agreement in the following events: (i) a claimed adjustment pursuant to Section 4.3(d) would make the future delivered cost (stated in cents/MMBtu) of coal to be supplied under this Agreement 5% or more greater than the then-current delivered cost (stated in cents/MMBtu) of Shipments under this Agreement from the ICG Hazard-Kentucky River Mine Facility; and (ii) the Parties cannot reach agreement on a new Billing Price to implement the



claimed adjustment pursuant to Section 4.3(d). If Purchaser exercises its right of termination under this Section 4.3(f), Purchaser shall give Seller written notice thereof, which shall specify the effective date of termination and shall be given at least ninety days prior to such date.

EXHIBIT C

Changes in Environmental-Related Requirements

(a) The term "Environmental-Related Requirement," whether in the singular or the plural, means the following:

- (1) any environmentally related prohibition, restriction, or limitation regarding the use of coal at one or more of the Designated Plants;
- (2) any prohibition, restriction, or limitation regarding (i) the quality of coal that Purchaser may use (including, without limitation, any constituent specification) at one or more of the Designated Plants or (ii) the type or amount of emissions from such plant(s);
- (3) any rule or requirement affecting the permissible means for complying with any such prohibition, restriction, or limitation; or
- (4) any imposition of a cost, fee, tax, or other economic burden on Purchaser related to (i) the production of electricity (either generally or by means of coal-fired electric generation), (ii) the quantity of coal purchased or used by Purchaser at one or more of the Designated Plants, (iii) any constituent specification of coal purchased or used by Purchaser at such plant(s), (iv) the type or amount of emissions from such plant(s), or (v) the installation of any type of environmental-related equipment required by any regulatory authority to which Purchaser is subject.

In addition, the term shall be deemed to include Purchaser's strategy, as determined by Purchaser in its reasonable judgment, for compliance with Environmental-Related Requirements.

(b) A change in Environmental-Related Requirements shall be deemed to have occurred in any one or more of the following circumstances: (i) there is any increase or decrease in existing Environmental-Related Requirements; (ii) a new Environmental-Related Requirement is imposed on Purchaser as a result of any federal or state law, administrative regulation or ruling, local ordinance, court order or decision, or any revision in the interpretation or implementation of such law, regulation, ruling, ordinance, order, or decision; or (iii) Purchaser decides, in its reasonable judgment, to change its strategy for compliance with any existing Environmental-Related Requirements. The Parties acknowledge and agree that a change in Environmental-Related Requirements may occur even though such requirement is stated as a restriction, limitation, or obligation imposed on Purchaser and its affiliates or some other group of utilities or such requirement affects Purchaser in a general way and is not directed at specific plants, fuels, fuel supplies, or other operating conditions.

(c) The Parties acknowledge and agree that the provisions of Exhibit C are intended to provide rights in addition to the rights provided in the Additional Terms and that the price, specifications, quantity, and destination(s) of coal to be supplied under this Agreement are predicated on Environmental-Related Requirements that are known and in effect as of the Effective Date of the Agreement. For purposes of this paragraph(c), an Environmental-Related Requirement shall not be deemed to be "known" if it relates to any federal or state law, administrative regulation or ruling, local ordinance, or court order or decision or interpretation of such law, regulation, ruling, ordinance, order, or decision (collectively, "Legal Requirements") that is being challenged in any administrative or judicial proceeding ("Legal Proceeding") as of the Effective Date. Upon the final resolution of the Legal Proceeding (including any appeals related to the Legal Proceeding), Purchaser shall determine, in its reasonable judgment, if the Legal Requirements (whether changed or unchanged as a result of the Legal Proceeding) constitute a change in Environmental-Related Requirements.

(d) In the event that a change in Environmental-Related Requirements occurs after the Effective Date, then Purchaser shall determine, in its reasonable judgment, (i) how to comply with such change and (ii) whether such change has had or may have an adverse impact on Purchaser's use of coal to be supplied under this Agreement at one or more of the Designated Plants. Any change in Environmental-Related Requirements that has one or more of the following effects shall be deemed to have an adverse impact on Purchaser's use of coal to be supplied under this Agreement at such plant(s), even though such requirements may allow Purchaser a choice of options for complying with such requirements (which choice may include, for example, the payment of a fee or tax in

lieu of the installation of equipment, the use of coal of different constituent specifications, or the reduction in the overall use of coal at such plant(s));

- (1) the change imposes a cost, fee, tax, or other economic burden on Purchaser concerning (i) the constituent specifications of coal purchased for or used at such plant(s) or (ii) the type or amount of emissions from such plant(s);
- (2) the change directly prevents or restricts Purchaser from using coal to be supplied under this Agreement at such plant(s);
- (3) the change requires Purchaser to install equipment (including, without limitation, flue gas desulfurization equipment, selective catalytic reduction equipment, selective non-catalytic reduction equipment, equipment for co-firing with natural gas, or particulate removal equipment) at such plant(s) in order to comply with such change; or
- (4) the change requires or permits Purchaser to use coal of a quality (including, without limitation, sulfur) different from the specifications set forth in Section 10.1(a).

(e) If Purchaser determines that a change in Environmental-Related Requirements has had or may have, at a future date, an adverse impact on the use of coal to be supplied under this Agreement, Purchaser shall so notify Seller in writing. Upon receipt of such notice, Seller shall have the option to propose, within thirty days after receipt of such notice, any steps available to Seller in its mining and processing of the coal, in the supply of substitute coal, or other measure that would result in as low a delivered cost of fuel at the Designated Plants as Purchaser could obtain by purchasing reasonably available substitute fuel, taking into consideration any fees, taxes, costs, or other economic burdens imposed on the use of coal at the Designated Plants. In the event that Purchaser determines, in its reasonable judgment, that Seller cannot achieve this result, then Purchaser may terminate this Agreement by giving Seller written notice thereof, which shall specify the effective date of termination and shall be given at least ninety days prior to such date. Purchaser may give such notice either before or after a change in Environmental-Related Requirements becomes effective.

(f) If, at any time during the term of this Agreement and regardless of whether a change in Environmental-Related Requirements has occurred, Purchaser determines, in its reasonable judgment, that any operational or environmental compliance problem has resulted from the components or characteristics of Seller's coal or the products of its combustion (including, without limitation, NOx emissions, mercury emissions, chlorine emissions, particulate emissions, and carbon dioxide emissions) or any other constituent or property of the coal not otherwise specified herein, the Parties shall immediately enter into discussions in a good-faith effort to resolve the problem. If such discussions fail to resolve such problem in a manner that, in Purchaser's judgment, is reasonable and would not impose an unreasonable additional expense on Purchaser, then Purchaser may terminate this Agreement by giving Seller written notice thereof, which shall specify the effective date of termination and shall be given at least ninety days prior to such date. No expense contemplated by this paragraph (f) or any other provision of Exhibit C shall be deemed reasonable if it would result in a delivered cost of coal under this Agreement that exceeds the delivered cost of competitive fuels or sources then available to Purchaser.

**FACSIMILE NUMBERS FOR
SHIPPING NOTICES AND "AS-LOADED" COAL QUALITY ANALYSIS**

PLANT <i>Attention: Plant Manager</i>	SCS <i>Attention: Production Support</i>	OPERATING COMPANY <i>Attention: Fuel Services</i>
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Barry	(334) 829-2029	(205) 257-7288	<i>not applicable</i>
Gaston	(205) 669-8084		
Gadsden	(205) 257-1645		
Gorgas	(205) 257-1165		
Greene County	(334) 289-6105		
Miller	(205) 257-3238		

Georgia Power

Arkwright	(912) 757-7200	(205) 257-7288	<i>Fuel Services (404) 506-6948</i>
Bowen	(770) 387-9800		
Branch	(706) 485-2391		
Hammond	(706) 290-6255		
McDonough	(404) 792-5354		
Mitchell	(912) 438-3129		
Scherer	(478) 993-3704		
Wansley	(770) 854-8570		
Yates	(770) 252-0568		

Crist	(850) 429-2242	(205) 257-7795	<i>Fuel Services (850) 444-6080</i>
Scholz	(850) 265-3451		
Smith	(850) 265-3451		

Daniel, X5301	(228) 474-3029	(205) 257-7288	<i>Manager, Fuels. (228) 865-5286</i>
Watson, X5231	(228) 897-6302	(205) 257-7795	
		(205) 257-7288	

Kraft	(912) 966-3657	(205) 257-7795	<i>Fuel Services (404) 506-6948</i>
McIntosh	(912) 754-2793		

RAILCAR WEIGHT MATRIX

Weight limitations on railcars must meet two criteria; design limitations and track standards. Railcars should be loaded to full visible capacity, if possible, but must not exceed the lesser of the two criteria below:

1.
 - All private aluminum railcars are designed to withstand a maximum of 286,000 pounds gross weight on rail (GWR).
 - All private steel railcars are designed to withstand a maximum of 272,000 pounds GWR.
 - Railroad owned railcars must be loaded in accordance with stenciled weights on railcars unless otherwise specified by Rail Carrier.
2. In addition to the general constraints of Item 1, all railcars shall be loaded to full visible capacity but within each rail carrier's load limits for maximum GWR. The maximum GWR for the originating rail carrier for each of the generating plants in the Southern electric system is specified below.

ALABAMA POWER COMPANY

<u>Generating Plant</u>	<u>Burlington Northern Santa Fe (BNSF)</u>	<u>CSXT</u>	<u>Norfolk Southern (NS)</u>
Gaston	N/A	286,000	286,000
Miller	286,000	286,000	N/A

GEORGIA POWER COMPANY

<u>Generating Plant</u>	<u>CSXT</u>	<u>Norfolk Southern (NS)</u>	<u>(UP/BNSF)</u>	<u>Illinois Central (IC)</u>
Arkwright	N/A	286,000	N/A	N/A
Bowen	286,000	N/A	N/A	N/A
Branch	286,000	286,000	N/A	N/A
Hammond	N/A	286,000	N/A	N/A
McDonough	286,000	286,000	N/A	N/A
Mitchell	286,000	N/A	N/A	N/A
Scherer	N/A	286,000	286,000	N/A
Wansley	286,000	286,000	N/A	286,000
Yates	N/A	286,000	N/A	N/A

GULF POWER COMPANY

<u>Generating Plant</u>	<u>CSXT</u>
Scholz	286,000

MISSISSIPPI POWER COMPANY

<u>Generating Plant</u>	<u>Burlington Northern Santa Fe (BNSF)</u>	<u>CSXT</u>	<u>Canadian National Illinois Central (IC)</u>	<u>Union Pacific (UP)</u>
Daniel	286,000	286,000	286,000	286,000

SAVANNAH ELECTRIC AND POWER COMPANY

<u>Generating Plant</u>	<u>CSXT</u>	<u>Norfolk Southern (NS)</u>
Kraft	N/A	286,000
McIntosh	286,000	286,000

GULF POWER COMPANY
One Energy Place
Pensacola, Florida 32520-0328

Firm: Sommers Oil Company 235 Riverchase Drive Bainbridge, GA 39819 ATTN: Johnny Turner	Power Company Gulf Power Company
	Purchase Order Number GO-04003
	Ship to: Plant Smith

This purchase order covers the purchase of No. 2 fuel oil at Plant Smith for the period January 1, 2004 through December 31, 2004, subject to the following Terms and Conditions:

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• [REDACTED]

• [REDACTED]

• [REDACTED]

- The attached "Gulf Power Company Terms and Conditions No. 2 Fuel Oil" is hereby incorporated into and made a part of this agreement.
- Remittance Address: Sommers Oil Company
P. O. Box 1869
Richmond Hills, GA 31324

ISSUED BY: Southern Company Services, Agent <i>S. W. Brazier</i>	APPROVED: <i>A. Ball</i> FOR: Gulf Power Company
DATE: 1/20/04	DATE: 1/21/04

**GULF POWER COMPANY
TERMS AND CONDITIONS
NO. 2 FUEL OIL**

- **Term:**

This Agreement shall be for the period January 1, 2004 through December 31, 2004, and shall continue thereafter from month to month unless terminated by either party on 30 days written notice.
- **Quantity:**

This Agreement shall be for 100% of the No. 2 fuel oil requirements as ordered by Buyer for Buyer's facility. Buyer and Seller agree and understand that Buyer reserves the right, at its convenience and its discretion, to transfer fuel oil to Buyer's facility from other facilities which it owns and operates and to engage alternative supplier(s) should the need arise.
- **Warranty:**

Seller represents and warrants that all No. 2 fuel oil shipped pursuant to this Agreement is shipped free and clear of all liens, encumbrances, and claims of all third parties; that the fuel oil is of a quality and in quantities reasonably sufficient to satisfy the requirements of this Agreement; and that the fuel oil shipped under this Agreement shall be delivered from an approved source of supply and that no substitute fuel oil (which carries either a higher delivered cost or different quality specifications) shall be shipped by Seller to Buyer under this Agreement without the approval of Buyer.
- **Specifications:**

The fuel oil delivered under this purchase order is to be in compliance with ASTM Standard Specification D-2880 (as revised), No. 2 GT Grade Gas Turbine Fuel Oil, and is in compliance with the specifications and procedures for No. 2 Fuel Oil as defined in ASTM D396. The No. 2 fuel oil must also meet "Colonial Pipeline Company Specifications for Fungible Fuel Oil, Grade 85." Note, those specifications are attached to and made a part of these Terms and Conditions. **As an additional requirement, Seller is required to supply with every individual shipment documentation showing sulfur, BTU content and specific gravity representative of the shipment.**
- **Quality:**

Buyer reserves the right from time to time to visit Seller's loading terminal(s) prior to, or at the time of, loading to collect fuel oil samples from supplier's storage tanks if Buyer deems this action in order. Buyer may collect from each truck, before off-loading begins, representative samples of fuel oil in accordance with procedures and methods which meet American Society of Testing Materials (ASTM) standards.

Buyer shall analyze such samples in accordance with ASTM standards for determining compliance with fuel oil quality specifications as stated herein. Seller may observe any sampling and/or analysis performed by Buyer.

Buyer may suspend deliveries or reject shipments of fuel oil based on storage tank or truck samples which do not meet one or more of the minimum specification(s) which exceed one or more of the maximum specification(s) set forth herein, or is delivered without complete documentation as described herein. Such rejection or suspension shall not diminish Seller's obligation to supply Buyer's requirements as specified in the Section titled "Quantity" herein. Further, if it is determined by Buyer that Seller is unable to deliver fuel oil which meets the specifications set forth in the Section titled "Specifications," then Buyer shall have the right to obtain fuel oil from other sources and/or upon giving written notice to Seller, to immediately terminate this Agreement. Buyer's right to terminate this Agreement for non-delivery of fuel oil which meets specifications shall be in addition to any other rights and remedies which Buyer may have under this Agreement or at law.

- **Measurement of Oil Quantity:**

Buyer may request Seller to supply a copy of Seller's origin terminal(s) flow meter certification documentation. The quantity of fuel oil delivered to Buyer shall be determined by flow (tank) measurements at Seller's origin terminal by a certified meter, corrected in each instance to volume at 60 degrees F in accordance with Table No. 6B of ASTM-IP Petroleum Measurement Tables, American Edition, ASTM Designation D-1250 (latest revision). The quantities may be verified by Buyer at the delivery point. At any time either party may elect to have the quantity of the fuel oil delivered hereunder determined by a licensed petroleum inspector, corrected in each instance to volume at 60 degrees F in accordance with Table No. 6B of ASTM-IP Petroleum Measurement Tables, American Edition, ASTM Designation D-1250 (latest revision). The charges of such inspector shall be borne by the requesting party, and the inspector's determination shall be binding on both parties. Additionally, Buyer may check quantity for comparison purposes by net weight determination. Buyer at its own cost shall arrange weighing of both loaded and unloaded vehicle.

- **Deliveries:**

Truck deliveries are to be made between delivery hours as determined by the destination Plant and are subject to change from time to time. Trucks making delivery shall be equipped with necessary hose, fittings, pumps, (truck pumps are required for deliveries to Plants Crist and Scholz) and other apparatus to deliver the fuel oil into tank(s) at Buyer's Plant. Each truck making a delivery shall be one that delivers fuel oil only or shall be thoroughly cleaned of contaminants of other products before loading fuel oil. Buyer may reject any delivery of fuel oil which is not properly delivered and does not have proper delivery documents. All shipping documents must have the net gallons recorded on the delivery ticket.

- **Delivery Point:**

The fuel oil to be sold and purchased hereunder shall be delivered by Seller and received by Buyer into Buyer's storage tank(s) at Buyer's Plant, and title to and risk

- **Assignment and Subcontracting Prohibited:**
 Seller shall not assign, subcontract or otherwise transfer any of its rights or obligations under this Agreement without prior written consent of Gulf Power Company. Any assignment, transfer or subcontracting in violation of this provision shall be null and void.
- **Notices:**
 All notices permitted or required to be given under this Agreement shall be in writing and shall be deemed duly given upon personal delivery or on the third day following the date on which each such notice is deposited postage prepaid in the United States Mail. All notices shall be delivered or sent to the other party at the address(es) shown below or to any other address(es) as the party may designate by ten (10) days prior written notice given in accordance with this provision.
- **If to Buyer, to:**
 Manager, Fuel Supply
 Gulf Power Company
 One Energy Place
 Pensacola, Florida 32520-0328

with copy to:
 Southern Company Generation and Energy Marketing
 BIN 10171
 241 Ralph McGill Blvd., N. E.
 Atlanta, GA 30308-3374
 Attn: S. W. Reagan
- **If to Seller, to:**
 Sommers Oil Company
 235 Riverchase Drive
 Bainbridge, Georgia 39819
 ATTN: Johnny Turner
- **Access to Gulf Power Company Property:**
 Buyer requires all drivers to have a valid driver's license. Buyer reserves the right to control admission to its property and to establish, change or modify, from time to time, rules for search of persons entering or leaving its property, and to detain and search such persons, personal property and vehicles. Seller agrees that it shall make this right known to its employees and assumes responsibility for assuring that each such employee agrees to such right to Buyer as a condition to and in consideration for the grant of such access. Seller agrees to secure copies of Buyer's then current Security Rules for each employee for whom admission is sought in the future. Seller agrees to indemnify and hold Buyer, its agents, servants, employees and independent contractors harmless from and against all claims, actions, causes of action,

grievances, complaints and costs, including attorney's fees arising out of or related to the exercise of the rights reserved herein.

- **Indemnification:**

Seller shall indemnify and hold harmless Buyer; The Southern Company; their present and future affiliates and subsidiaries, and the representative, agents, officers and employees of each of them (the "Indemnified Parties"), from and against any and all loss damage or liability resulting from demands, claims, suits or action of any character presented or brought for any injuries (including death) to persons (including without limitation employees of Seller) and for damages to property caused by or arising out of any negligent (including strict liability), wanton or intentional act or omission of Seller, any of its subcontractors, anyone directly or indirectly employed by any of them or anyone for whose acts anyone of them may be liable, in any way associated or connected with the performance of the obligations under this Agreement, including obligations under the "Warranty" provisions hereof, in whatever manner the same may be caused, and whether or not the same be caused by or arise out of the joint, concurrent or contributory negligence of any of the Indemnified Parties. The foregoing indemnity shall include, but not be limited to, court costs, attorney's fees, costs of investigation, costs of defense, settlements and judgements associated with such demands, claims, suits or actions.

- **Damage to Indemnified Parties' Property:**

In addition to Seller's indemnity obligations set forth above, Seller shall be liable for the costs of repair or replacement of personal property and for damage to real property of any of the Indemnified Parties which is directly damaged by any negligent (including strict liability), wanton or intentional act or omission of Seller, any of its subcontractors, or anyone directly or indirectly employed by any of them or anyone for whose acts anyone of them may be liable, in the performance of its obligations under the Agreement.

- **Non-Wavier:**

No provision of this Agreement shall be deemed waived and no breach shall be deemed excused unless such wavier or consent is in writing and signed by the party claimed to have waived or consented. No consent by either party to, or wavier of, a breach by the other, whether express or implied, shall constitute a consent to, wavier of, or excuse for any different or subsequent breach.

- **Subsequent Changes in Agreement:**

This Agreement may be modified only by an amendment executed in writing by a duly authorized representative for each party or by the issuance of a Change Order without objection.

- **Governing Law:**

This Agreement and all Orders issued hereunder shall be governed by, subject to, and interpreted in all respects in accordance with the laws of the State of Florida.

- **Termination:**
Gulf Power Company reserves the right to cancel this purchase order upon giving thirty days advance written notice without prejudice to any other rights or remedies under this Agreement or at law.
- **Governing Provision:**
Any additional terms and conditions which have been mutually agreed upon and incorporated in the Purchase Order will take precedence when in conflict with other provisions included herein.
- **Acceptance of Agreement:**
Acknowledgement of this Purchase Order or delivery of Oil hereunder by Seller shall constitute acceptance of the terms and conditions contained herein, there being no other agreement of terms or conditions between the parties concerning this Agreement.

Colonial Pipeline Company

PRODUCT SPECIFICATIONS

3.41.1 SPECIFICATIONS FOR FUNGIBLE FUEL OIL - 40 CETANE - DYED BY CPC

Cancels Previous Issues of Grade 85

<u>PRODUCT PROPERTY</u>	<u>ASTM Test Method</u>	<u>Test Results</u>		<u>Note</u>
		<u>Minimum</u>	<u>Maximum</u>	
Gravity API	D287, D1298 D4052	30		
Flash Point, °F Pensky-Martin	D93	130		
Distillation, °F	D86		Report	
50%		540	640	
90%			690	
End Point			2.5	5
Color ASTM	D1500, D6045			3
Color Visual				2
Viscosity, cSt @ 40°C (104°F)	D445	1.9	3.4	
Pour Point	D97, D5949, D5950, D5985			2
Cloud Point	D2500, D5771 D5772, D5773			2
Corrosion, 3 hrs. @ 50°C (122°F)	D130		1	
Total Sulfur, wt. %	D129, D1266 D1266, D2622 D4294		0.50	4
Cetane Number	D613	40		
OR				
Cetane Index	D976 or D4737	40		
Ash, wt. %	D482		0.01	
Carbon Residue: Ramsbottom				
on 10% Bottom	D524		0.35	
BS&W, vol. %	D2709 or equivalent		< 0.05	
Thermal stability, 90 minutes				
150°C Pad rating,				
DuPont scale			7	
OR				
Oxidation stability, mg/100 ml	D2274		2.5	
Haze rating @ 25°C (77°F)	D4176			
	Procedure 2		2	
Nace Corrosion	TM0172-2001		B+ (Origin)	

October 2003

* Denotes Change

3-82

85 Grade Page 1 of 2

Colonial Pipeline Company

PRODUCT SPECIFICATIONS

3.41.2

SPECIFICATIONS FOR FUNGIBLE FUEL OIL - 40 CETANE - DYED BY CPC

Cancels Previous Issues of Grade 85

NOTES:

1. Concentration and type of additives permitted only as approved by Colonial.

2. This schedule denotes the fluidity of the distillate at the time and place of origin.

Pour Point - August 1st through March 14th

Maximum: -18°C (0°F)

Pour Point - March 15th through July 31st

Maximum: -12°C (+10°F)

Cloud Point - August 1st through March 14th

Maximum: -9°C (+15°F)

Cloud Point - March 15th through July 31st

Maximum: -7°C (+20°F)

The referee method will be Pour point D97 and Cloud point D2500

Dye Requirement:

Origin: This product must exhibit visual evidence that red dye is present. The maximum allowable concentration, or spectral equivalence, is 0.75 pounds of Solid Red #26 per 1,000 barrels.

Delivery: This product will be dyed by CPC to meet a minimum dye concentration, or spectral equivalence, of 3.9 pounds of Solid Red #26 per 1,000 barrels.

4. Certain states and localities north of Virginia have sulfur limits that are less than 0.50 wt. %.

5. ASTM color measurement before addition of dye

October 2003

* Denotes Change

3-83

85 Grade Page 2 of 2

**No. 5: Please provide a copy of each response to each bid solicitation
referenced in Request for Production of Documents No. 4.**

Response:

Please refer to the attached bid responses and offers for coal and No. 2 fuel oil.

INTEROCEAN COAL SALES, LDC


c/o Truman Bodden & Company
P. O. Box 866
George Town, Grand Cayman
Cayman Islands, B.W.I.

January 29, 2004

Mr. Tris Swindle
Southern Company Services, Inc.
600 North 18th Street
Birmingham, Alabama 35203-8162

Dear Tris:

Interocean Coal Sales, LDC (Seller) hereby offers its Mina Pribbenow coal to Gulf Power Co. at Crist and/or Smith for your consideration:

	<u>Tons</u>	<u>Price</u>
A	1	
	2	
	3	
	4	

} G. Wilbanks agreed to avg. @ \$4

Quality: ASTM As Received Basis

Btu	11,700 Min
Sulfur	0.70% Max
Moisture	14.00% Max
Ash	9.00% Max
Volatile	32.00% Min
HGI	45 Min.

INTEROCEAN COAL SALES, LDC

c/o Truman Bodden & Company
P. O. Box 866
George Town, Grand Cayman
Cayman Islands, B.W.I.

January 29, 2004

Mr. Tris Swindle
Southern Company Services, Inc.
600 North 18th Street
Birmingham, Alabama 35203-8162

Dear Tris:

Interocean Coal Sales, LDC (Seller) hereby offers its Mina Pribbenow coal to Gulf Power Co. at Crist and/or Smith for your consideration:

<u>Tons</u>	<u>Price</u>
-------------	--------------

Tonnage & Price

[REDACTED]

Quality:

ASTM As Received Basis

Btu	11,700 Min
Sulfur	0.70% Max
Moisture	14.00% Max
Ash	9.00% Max
Volatile	32.00% Min
HGI	45 Min.

Quality/Weight Determination:

Vessel sample taken at Puerto Drummond, analyzed at
Alabama Power's coal laboratory in Alabaster

Weight: Vessel draft survey at Puerto Drummond

Premium/Penalty on Btu and Sulfur to be agreed.

All other terms and conditions are subject to mutual agreement.

This offer replaces our previous offers of January 27 & 28, 2004 and is valid
through Monday, February 2, 2004.

Best regards,

George E. Wilbanks



CMC

Coal Marketing Company Ltd

Francisco J. Garcia
Marketing Manager

January 30, 2004

VIA e-mail

Mr. Tris Swindle
Senior Procurement Agent
Fuel Procurement
Southern Company Generation
600 North 18th Street
Birmingham, Alabama 35291-8162
USA

Dear Tris:

CMC is pleased to offer coal to Mississippi Power Company and Gulf Power Company in the following terms and conditions.

Term

CMC would be willing to negotiate and enter into a mutually agreeable coal sale and purchase contract (Contract) to supply coal from April 1 to December 31, 2004, at dates to be mutually agreed.

Source

Coal would be supplied from the Cerrejon mines and would be loaded at Puerto Bolivar, Republic of Colombia, South America.

Delivery

Coal could be supplied either a) FOB barge Mobile, Alabama, USA, or b) CIF Mobile, Alabama, USA. Except as provided otherwise herein, the provisions of Incoterms 2000 would apply.

Scheduling

Delivery schedule would be mutually agreed from April 1 to December 31, 2004.

Tonnage

CMC would be willing to supply 540,000 short tons of low sulfur thermal coal in 7 ocean seagoing vessels of approximately 77,000 short tons, from April 1 to December 31, 2004, at final dates to be mutually agreed.

All volume offered could consist of quality "C", or, alternatively, maximum 3 cargoes of quality "B" and the balance quality "C", at Buyer's option. Quality "B" cargoes would be loaded one in 2Q04, one in 3Q04 and one in 4Q04, at final dates to be mutually agreed. Coal could be used by either Mississippi Power Company or Gulf Power Company.

Quality

CMC offers either quality "C" or quality "B" of Cerrejon coal, as described below. Coal would be unwashed, crushed, and would have typical specifications as shown below on an "as received" basis as sampled at Puerto Bolivar. The average quality of Buyer's coal may vary due to deviations in the quality of coal being mined at the time of loading. The term "as received" basis has that meaning defined in ASTM specifications D3180.

Quality "C"

<u>Typical Coal Analysis</u>	<u>Typical</u>	<u>Min.</u>	<u>Max.</u>	<u>ASTM Test Nr.</u>
Calorific value (Btu/lb gar)	11,600	11,400		D1989
Total moisture (wt percent)	11.4		12.4	D3302
Ash (wt percent)	8.8		10.0	D3174
Volatile Matter (wt percent)	33.2	32.7		D3175
Sulfur (wt percent)	0.66		0.72	D4239C
Hardgrove Index	49	45		D409
Nominal Top Size (mm)	50			D4749
% below 1/4 inch	46		51	
SO ₂ /MBTU	1.1			

Carbon (wt percent)	65.2
Hydrogen (wt percent)	4.6
Nitrogen (wt percent)	1.22
Chlorine (wt percent)	0.04
Oxygen (wt percent)	8.08
AFT Red. Atm. ID (F)	2,210

Quality "B"

Typical Coal Analysis

	<u>Typical</u>	<u>Min.</u>	<u>Max.</u>	<u>ASTM Test Nr.</u>
Calorific value (Btu/lb gar)	11,800	11,700		D1989
Total moisture (wt percent)	11.0		12.2	D3302
Ash (wt percent)	8.0		9.0	D3174
Volatile Matter (wt percent)	33.5	32.7		D3175
Sulfur (wt percent)	0.63		0.70	D4239C
Hardgrove Index	49	46		D409
Nominal Top Size (mm)	50			D4749
% below 1/4 inch	46		51	
SO2/MBTU	1.07			
Carbon (wt percent)	65.5			
Hydrogen (wt percent)	4.6			
Nitrogen (wt percent)	1.20			
Chlorine (wt percent)	0.03			
Oxygen (wt percent)	8.04			
AFT Red. Atm. ID (F)	2,225			

Price

- 1
- 2
- 3
- 4
- 5
- 6

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

A

- 1 - [REDACTED]
- 2 - [REDACTED]
- 3 - [REDACTED]
- 4 - [REDACTED]
- 5 - [REDACTED]
- 6 - [REDACTED]
- 7 - [REDACTED]
- 8 - [REDACTED]
- 9 - [REDACTED]
- 10 - [REDACTED]
- 11 - [REDACTED]
- 12 - [REDACTED]
- 13 - [REDACTED]
- 14 - [REDACTED]
- 15 - [REDACTED]
- 16 - [REDACTED]
- 17 - [REDACTED]
- 18 - [REDACTED]

Other

This offer shall not be binding on either party until the parties reach a mutual agreement on each of the terms proposed above, as well as other contractual clauses covering payment terms, passage of title, scheduling and shipping, weighing, sampling and analysis, quality adjustments, taxes, insurance, force majeure, limitation of warranties, no consequential damages, applicable law, arbitration, assignment, and confidentiality. This offer shall not be binding on either party until a definitive agreement has been approved by the management of each company and executed by an authorized representative of each party.

Expiration

This proposal will expire on Monday, February 2, 2004. We request that you treat this proposal and supporting information as confidential.

We will be glad to discuss in further detail, at your convenience. We look forward for your favorable consideration.

Sincerely,

Francisco J. Garcia

Swindle, Tris

From: Andrew Lawson/stamford/glen [Andrew.Lawson@glencore-us.com]
At: Thursday, January 29, 2004 9:21 AM
To: Swindle, Tris
Cc: John McConaghy/stamford/glen
Subject: Offer of La Jagua & Calenturitas Coals

Tris

Please find below our initial offer of coal for 2004.

As mentioned, I have been putting together our most likely shipment timings on a conservative basis so that we can guarantee what we offer. This is however causing me some issues regarding freight, which is a little high (and I also have a very short validity). I am trying to see if I can work this down (although the freight market is jumping at the moment), but please see our initial offer.

Pls note that we as we are loading both types of coal ex Prodeco (and they are very similar in quality), we can "sweeten" the Cali coal to meet Btu mins at particular plants (with a corresponding adjustment to price).

Commodity: La Jagua steaming coal
Cali steaming coal

Tonnage: 1 x 60 - 70,000 mt +/- 10% at shippers option of La Jagua coal
2 x 60 - 70,000 mt +/- 10% at shippers option of Cali coal
Please note that this is offered as a package.

Delivery: 2nd Quarter for the La Jagua coal
3rd and 4th Quarters (one cargo each) for the Cali coal
Timing to be mutually agreed.

Delivery: McDuffie Terminal, Mobile

Quality:	La Jagua	Cali
TM arb	8.0	11.0
Ash arb	6.5	8.5
VM arb	36.0	35.0
Sul arb	0.72	0.65
SE gar	12400	11400
HGI	48	48
Size	0 x 50mm	0 x 50mm

AFT's (F, red)

Initial	2500	2400
Soft	2600	2500
Hemi	2650	2570
Fluid	2700	2700

SiO2	59.0	58.3
Al2O3	18.7	18.6
TiO2	0.9	0.9
Fe2O3	8.8	9.3
CaO	2.8	3.0
Na2O	0.5	0.9
K2O	1.1	0.9
MgO	2.4	1.7
SO3	4.0	4.8
P2O5	0.2	0.2
Mn3O4	0.1	0.1

Price:
Jagua coal.

USD 68.00/mt CIF Mobile basis 12400 btu gar for the La

USD 63.50/mt CIF Mobile basis 11400 btu gar for the Cali coal.
Pricing is based on the purchase of all 3 cargoes.

/A:
loadport.

Independent, internationally recognised superintendant at

Bonus/Pen: CV pro rata adjustment

Payment: 5 working days after B/L.

Discharge: McDuffie 25,000 mt SHINC
No age restriction on vessels (but comply with ISM code)
Dem/des as per charter party

Other: To be mutually agreed.

Validity: 11am NYC on Friday Jan 30, 04.

Rgds
Andrew Lawson



CMC

Coal Marketing Company Ltd

Francisco J. Garcia
Marketing Manager

March 26, 2004

VIA e-mail

Mr. Tris Swindle
Senior Procurement Agent
Fuel Procurement
Southern Company Generation
600 North 18th Street
Birmingham, Alabama 35291-8162
USA

Dear Tris:

CMC is pleased to present the following indicative offer to supply coal to Mississippi Power Company and Gulf Power Company:

Term

CMC would be willing to negotiate and enter into a mutually agreeable coal sale and purchase contract (Contract) to supply coal from June 1, 2004 to December 31, 2005, at dates to be mutually agreed.

Source

Coal would be supplied from the Cerrejon mines and would be loaded at Puerto Bolivar, Republic of Colombia, South America.

Delivery

Coal would be supplied FOB barge Mobile, Alabama, USA. Except as provided otherwise herein, the provisions of Incoterms 2000 would apply.

Scheduling

Delivery schedule would be mutually agreed from June 1, 2004 to December 31, 2005.

Tonnage

CMC would be willing to supply 500,000 short tons of low sulfur thermal coal from June 1 to December 31, 2004, and 1,000,000 short tons from January 1 to December 31, 2005, at final dates to be mutually agreed.

Coal could be used by either Mississippi Power Company or Gulf Power Company.

Quality

CMC offers either quality "C" or quality "B" of Cerrejon coal, as described below. Final distribution of these two qualities to be mutually agreed.

Coal would be unwashed, crushed, and would have typical specifications as shown below on an "as received" basis as sampled at Puerto Bolivar. The average quality of Buyer's coal may vary due to deviations in the quality of coal being mined at the time of loading. The term "as received" basis has that meaning defined in ASTM specifications D3180.

Quality "C"

<u>Typical Coal Analysis</u>	<u>Typical</u>	<u>Min.</u>	<u>Max.</u>	<u>ASTM Test Nr.</u>
Calorific value (Btu/lb gar)	11,600	11,400		D1989
Total moisture (wt percent)	11.4		12.4	D3302
Ash (wt percent)	8.8		10.0	D3174
Volatile Matter (wt percent)	33.2	32.7		D3175
Sulfur (wt percent)	0.66		0.72	D4239C
Hardgrove Index	49	45		D409
Nominal Top Size (mm)	50			D4749
% below 1/4 inch	46		51	
SO ₂ /MBTU	1.1			
Carbon (wt percent)	65.2			
Hydrogen (wt percent)	4.6			

Nitrogen (wt percent) 1.22
 Chlorine (wt percent) 0.04
 Oxygen (wt percent) 8.08
 AFT Red. Atm. ID (F) 2,210

Quality "B"

<u>Typical Coal Analysis</u>	<u>Typical</u>	<u>Min.</u>	<u>Max.</u>	<u>ASTM Test Nr.</u>
Calorific value (Btu/lb gar)	11,800	11,700		D1989
Total moisture (wt percent)	11.0		12.2	D3302
Ash (wt percent)	8.0		9.0	D3174
Volatile Matter (wt percent)	33.5	32.7		D3175
Sulfur (wt percent)	0.63		0.70	D4239C
Hardgrove Index	49	46		D409
Nominal Top Size (mm)	50			D4749
% below 1/4 inch	46		51	
SO ₂ /MBTU	1.07			
Carbon (wt percent)	65.5			
Hydrogen (wt percent)	4.6			
Nitrogen (wt percent)	1.20			
Chlorine (wt percent)	0.03			
Oxygen (wt percent)	8.04			
AFT Red. Atm. ID (F)	2,225			

Price

CMC would supply Cerrejon Products "C" and "B", as described above, at the following prices:

A
 1 [REDACTED]
 2 [REDACTED]
 3 [REDACTED]
 4 [REDACTED]
 5 [REDACTED]
 6 [REDACTED]
 7 [REDACTED]

A

- 1 [REDACTED]
- 2 - [REDACTED]
- 3 [REDACTED]
- 4 - [REDACTED]
- 5 [REDACTED]

- 6 [REDACTED]
- 7 [REDACTED]
- 8 [REDACTED]
- 9 - [REDACTED]
- 10 [REDACTED]
- 11 - [REDACTED]
- 12 [REDACTED]

- 13 [REDACTED]
- 14 - [REDACTED]
- 15 [REDACTED]
- 16 - [REDACTED]
- 17 [REDACTED]

Other

This offer shall not be binding on either party until the parties reach a mutual agreement on each of the terms proposed above, as well as other contractual clauses covering payment terms, passage of title, scheduling and shipping, weighing, sampling and analysis, quality adjustments, taxes, insurance, force majeure, limitation of warranties, no consequential damages, applicable law, arbitration, assignment, and confidentiality. This offer shall not be binding on either party until a definitive agreement has been approved by the management of each company and executed by an authorized representative of each party.

Final agreement is subject to CMC Board approval.

Expiration

This indicative offer will expire on Friday, April 2, 2004. We request that you treat this proposal and supporting information as confidential.

We will be glad to discuss in further detail, at your convenience. We look forward for your favorable consideration.

Sincerely,

Francisco J. Garcia

INTEROCEAN COAL SALES, LDC

c/o Truman Bodden & Company
P. O. Box 866
George Town, Grand Cayman
Cayman Islands, B.W.I.

March 9, 2004

Mr. Tris Swindle
Southern Company Services, Inc.
600 North 18th Street
Birmingham, Alabama 35203-8162

RE: Unsolicited Offer


Dear Tris:

Interocean Coal Sales, LDC presents this unsolicited offer for your consideration:

Product A - Mississippi Power

BTU	11,300 Min.
Sulfur	Compliance .68% Max

Note: With proper notice, Interocean will make sure that the FE203 content in the Ash is acceptable for Plant Daniel.

A | 
Tonnage: 2005 - 1,000,000 net tons

Price Escalation: 0.75% beginning July 1, 2005

Product B - Gulf Power

BTU 11,700 Min
Sulfur .8% Max

A 1

Tonnage: 2005 - 800,000 net tons evenly spread

2006 - 600,000 net tons evenly spread

Price Escalation: 0.75% every six months commencing July 1, 2005

This offer is valid through Friday, March 26, 2004.

Best regards,

George E. Wilbanks

Coal Sales Proposal



Southern Company Services
 Attn: Fuel Procurement Department
 P.O. Box 2825
 Birmingham, AL 35202

①

RFP Description:
 Gulf Power CSX October 2004 Solicitation
Vendor:
 GLENCORE LTD
Phone:
 2033284900

Bid Reference No:
 137546
Contact:
 KEN BECKER
Fax:

Submission Date:
 10/21/2004

Business Address

Address:
 301 TRESSER BLVD.

City:
 STAMFORD

State:
 CT

Zip:
 6901

Payment Address

Address:
 301 TRESSER BOULEVARD THREE STAMFORD PLAZA
Bank Name:

City:
 STAMFORD
ABA Number:

State:
 CT
Bank Account Name:

Zip:
 069013244
Bank Account Number:

OFFER ID: 137547 - Colombian Thermal Coal

Applicable Plants: SCHOLZ

Quantity

Tonnage(US short tons): 70000
Month/Vessel: VESSEL
Delivery Start Date: 01/01/2005
Delivery End Date: 12/31/2005
Pricing Terms: CIF - MCDUFFIE TERMINAL/GARROWS BEND (MOBILE, AL)
of vessels: 3
Vessel Type: PANAMAX
Vessel Discharge Rate and Terms: Buyer to guarantee 25,000 metric ton per day SHINC
Additional Pricing Information:

Quality

Guaranteed BTU/lb: 12400	%Ash(max): 6.50	%Moisture(max): 8	Grindability(min): 47	Volatiles(min): 36	AFT(min): 2450	%Chlorine: 0.03
%Sulfur(min): 0.68	%Sulfur(guar): 0.80	%Sulfur(max): 0.80	%Carbon: 69.50	%Hydrogen: 4.40	%Nitrogen: 1.20	%Oxygen: 9.57

Mine/Carrier/Loadout

Mine Name: POLLYANNA	MSHA Number: NONE	County: La Jagua	State: n/a	Country: Colombia
Mine Permit Number: n/a	Mine District Number: n/a	Seams To Be Mined: Various Seams		
Producer: OPERATOR NOT REPORTED	Weighing System: Vessel Draft Survey	Date Last Certified(Weighing):		
Sampling System: Automatic Belt Sampling	Governing Weights: LOADPORT	Certifying Company(Weighing):		
Governing Sample: LOADPORT	Loadout Capacity(Hours): 1	Loadout Rate(US short tons/hour): 0	Cars Per Train: 0	
Loading Point: MCDUFFIE TERMINAL	Offer Valid Through: 10/25/2004			
Carrier:	Freight District: OTHER			

Comments

Tonnage to be shipped +/-10% in shippers option. Shipments are to be evenly spread in 2005. All other terms and conditions to mutually agreed. This offer is until 12 noon EST October 25, 2004 and subject to reconfirmation there after. Please contact John McConaghy (203-328-4958) if you have any questions.

Coal Sales Proposal



Southern Company Services
 Attn: Fuel Procurement Department
 P.O. Box 2625
 Birmingham, AL 35202

2

RFP Description:
 Gulf Power CSX October 2004 Solicitation
Vendor:
 COAL MARKETING COMPANY LTD
Phone:
 5753502123

Bid Reference No:
 137388
Contact:
 FRANCISCO GARCIA
Fax:
 5753502475

Submission Date:
 10/20/2004

Business Address

Address: CARRERA 54 # 72-80 P. 20
City: BARRANQUILLA, COLUMBIA
State:
Zip:

Payment Address

Address:
Bank Name:
City: ABA Number:
State: Bank Account Name:
Zip: Bank Account Number:

OFFER ID: 137389 - CMC offer B coal

Applicable Plants: SCHOLZ

Quantity

Tonnage(US short tons): 70000
Month/Vessel: VESSEL
Delivery Start Date: 01/01/2005
Delivery End Date: 12/31/2006
of vessels: 3
Vessel Type: PANAMAX
Vessel Discharge Rate and Terms: 22000 short tons/day Mc Duffie terminal

Pricing Terms: CIF - MCDUFFIE TERMINAL/GARROWS BEND (MOBILE, AL)
Additional Pricing Information:

Quality

Guaranteed BTU/lb: 11800	%Ash(max): 9	%Moisture(max): 13	Grindability(min): 45	Volatiles(min): 33	AFT(min): 2280	%Chlorine: 0.03
%Sulfur(min): 0.50	%Sulfur(guar): 0.63	%Sulfur(max): 0.70	%Carbon: 66.30	%Hydrogen: 4.60	%Nitrogen: 1.20	%Oxygen: 8.67

Mine/Carrier/Loadout

Mine Name: EL CERREJON	MSHA Number: COLUM3	County: Albania	State: Guajira	Country: Colombia
Mine Permit Number: N/A	Mine District Number: N/A	Seams To Be Mined: Multiseam; >40 seams mined simultaneously		
Producer: CERREJON COAL	Weighing System: Draft survey of vessel	Date Last Certified(Weighing): 10/21/2004		
Sampling System: Automatic full stream JB Long system	Governing Weights: LOADPORT	Certifying Company(Weighing): N/A		
Governing Sample: LOADPORT	Loadout Capacity(Hours): 1	Loadout Rate(US short tons/hour): 1		
Loading Point: PUERTO BOLIVAR	Freight District: NOT APPLICABLE	Offer Valid Through: 10/29/2004		
Carrier: N/A		Cars Per Tra 1		

Comments

Coal Sales Proposal



Southern Company Services
 Attn: Fuel Procurement Departm
 P.O. Box 2825
 Birmingham, AL 35202

3

RFP Description:
 Gulf Power CSX October 2004 Solicitation
Vendor:
 COAL MARKETING COMPANY LTD
Phone:
 5753502123

Bid Reference No:
 137402
Contact:
 FRANCISCO GARCIA
Fax:
 5753502475

Submission Date:
 10/20/2004

Business Address

Address: CARRERA 54 # 72-80 P. 20 **City:** BARRANQUILLA, COLUMBIA **State:** **Zip:**

Payment Address

Address: **City:** **State:** **Zip:**
Bank Name: **ABA Number:** **Bank Account Name:** **Bank Account Number:**

OFFER ID: 137403 - CMC offer product C

Applicable Plants: SCHOLZ

Quantity

Tonnage(US short tons): 70000 **Month/Vessel:** VESSEL **# of vessels:** 3 **Vessel Type:** PANAMAX **Vessel Discharge Rate and Terms:** 22000 short tons, McDuffie terminal
Delivery Start Date: 01/01/2005 **Delivery End Date:** 12/31/2006
Pricing Terms: CIF - MCDUFFIE TERMINAL/GARROWS BEND (MOBILE, AL) **Additional Pricing Information:**

Quality

Guaranteed BTU/lb: 11600	%Ash(max): 10	%Moisture(max): 13	Grindability(min): 46	Volatiles(min): 32	AFT(min): 2290	%Chlorine: 0.03
%Sulfur(min): 0.50	%Sulfur(guar): 0.66	%Sulfur(max): 0.78	%Carbon: 65.40	%Hydrogen: 4.60	%Nitrogen: 1.20	%Oxygen: 8.32

Mine/Carrier/Loadout

Mine Name: EL CERREJON	MSHA Number: COLUM3	County: Albania	State: Guajira	Country: Colombia
Mine Permit Number: N/A	Mine District Number: N/A	Seams To Be Mined: Multiseam operation; >40 seams mined simultaneous!		
Producer: CERREJON COAL	Weighing System: Draft survey of vessel	Date Last Certified(Weighing): 10/21/2004		
Sampling System: Automatic full stream by JB Long	Governing Weights: LOADPORT	Certifying Company(Weighing): N/A		
Governing Sample: LOADPORT	Loadout Capacity(Hours): 1	Loadout Rate(US short tons/hour): 1		
Loading Point: PUERTO BOLIVAR	Offer Valid Through: 10/29/2004	Cars Per Tr 1		
Carrier: N/A	Freight District: NOT APPLICABLE			

Comments

Nitrogen MAF for C coal: 2% Nitrogen MAF for B coal: 1.6%

Coal Sales Proposal



Southern Company Services
 Attn: Fuel Procurement Department
 P.O. Box 2625
 Birmingham, AL 35202

4

RFP Description:
 Gulf Power CSX October 2004 Solicitation
Vendor:
 LAFAYETTE COAL COMPANY
Phone:
 3309861456

Bid Reference No:
 137373
Contact:
 MIKE BRANDT
Fax:

Submission Date:
 10/19/2004

Business Address

Address:
 200 FRANTAGE RD., S/205

City:
 BURR RIDGE

State:
 IL

Zip:
 60521

Payment Address

Address:
Bank Name:

City:
ABA Number:

State:
Bank Account Name:

Zip:
Bank Account Number:

OFFER ID: 137374 - Gulf Power

Applicable Plants: SCHOLZ

Quantity

Tonnage(US short tons): 16666	Month/Vessel: MONTH	# of vessels: 0	Vessel Type:	Vessel Discharge Rate and Terms:
Delivery Start Date: 01/01/2005	Delivery End Date: 12/31/2006	[REDACTED]		
Pricing Terms: FOB RAILCAR	Additional Pricing Information: CSX			

Quality

Guaranteed BTU/lb: 11300	%Ash(max): 8.50	%Moisture(max): 16	Grindability(min): 52	Volatiles(min): 32	AFT(min): 2200	%Chlorine: 0.03
%Sulfur(min): 1.30	%Sulfur(guar): 2.30	%Sulfur(max): 2.30	%Carbon: 65.50	%Hydrogen: 5.10	%Nitrogen: 1.40	%Oxygen: 6.40

Mine/Carrier/Loadout

Mine Name: PROSPERITY MINE	MSHA Number: 1202249	County: pike	State: IN	Country: USA
Mine Permit Number: U-00025	Mine District Number: 11	Seams To Be Mined: Indiana V		
Producer: PROSPERITY MINE	Weighing System: Batch	Date Last Certified(Weighing): 11/01/2002		
Sampling System: Automatic Loadout	Governing Weights: MINE	Certifying Company(Weighing): CSX		
Governing Sample: LOADOUT	Loadout Capacity(Hours): 4	Loadout Rate(US short tons/hour): 3000	Cars Per Trc 75	
Loading Point: NO LOADOUT	Offer Valid Through: 11/10/2004			
Carrier: CSX	Freight District: INDIANA			

Comments

Coal Sales Proposal

SOUTHERN ENERGY COMPANY

Energy to Serve Your World

Southern Company Services
 Attn: Fuel Procurement Department
 P.O. Box 2625
 Birmingham, AL 35202

RFP Description:
 Gulf Power CSX October 2004 Solicitation
Vendor:
 SMOKY MOUNTAIN COAL CORP.
Phone:
 8659668222

Bid Reference No:
 137519
Contact:
 JOHN MCDONNELL
Fax:
 8657773633

Submission Date:
 10/21/2004

Business Address

Address:
 9725 COGDILL ROAD, SUITE 203

City:
 KNOXVILLE

State:
 TN

Zip:
 37932

Payment Address

Address:
 9725 COGDILL ROAD, SUITE 203
Bank Name:

City:
 KNOXVILLE
ABA Number:

State:
 TN
Bank Account Name:

Zip:
 37932
Bank Account Number:

OFFER ID: 137533 - Gulf Power Two Year Proposal

Applicable Plants: SCHOLZ

Quantity

Tonnage(US short tons): 16667	Month/Vessel: MONTH	# of vessels: 0	Vessel Type:	Vessel Discharge Rate and Terms:
Delivery Start Date: 01/01/2005	Delivery End Date: 12/31/2006	[REDACTED]		
Pricing Terms: FOB RAILCAR	Additional Pricing Information: CSX			

Quality

Guaranteed BTU/lb: 12000	%Ash(max): 13	%Moisture(max): 8	Grindability(min): 42	Volatiles(min): 30	AFT(min): 2400	%Chlorine: 0.20
%Sulfur(min): 0.80	%Sulfur(guar): 1.50	%Sulfur(max): 2	%Carbon: 72.25	%Hydrogen: 4.68	%Nitrogen: 1.34	%Oxygen: 5.12

Mine/Carrier/Loadout

Mine Name: POLLYANNA	MSHA Number: NONE	County: Boone	State: WV	Country: USA
Mine Permit Number: 050-2501	Mine District Number: 8	Seams To Be Mined: Lower Cedar Grove, #2 Gas & Powellton		
Producer: OPERATOR NOT REPORTED	Weighing System: kanawha Batch Scales	Date Last Certified(Weighing): 03/18/2004		
Sampling System: Ramsey Sweep Sampler	Governing Weights: LOADOUT	Certifying Company(Weighing): State Of WV		
Governing Sample: LOADOUT	Loadout Capacity(Hours): 4	Loadout Rate(US short tons/hour): 4000		
Loading Point: BULL CREEK, WV	Offer Valid Through: 10/31/2004	Cars Per Tr 150		
Carrier: CSX	Freight District: KANAWHA			

Comments

This proposal is subject to prior sale of the coal being offered.

MACEachern
ENERGY & TRANSPORTATION

(6)

~~CONFIDENTIAL~~

Gulf Power Schutte
Bid

561-585-4667 TEL
561-585-9066 FAX
m.c.mace@att.net

Received 10/21/04

10/21/2004 12:57 PM

fax: 205-257-7795
Southern Company Services
Attn: David G. Courtenay, Jr., (Bin 14N-8162)
Senior Fuel Buyer, SCS Fuel Procurement
Gulf Power CSX October 2004 Solicitation
P.O. Box 2641
Birmingham, AL 35291-8162

Bid accepted due to
bidder NOT set up on
system to submit bid.

Re: Gulf Power CSX October 2004 Solicitation; Coal

David
Court

Dear Mr. Courtenay,

On behalf of Energy Coal SpA, we are pleased to offer the following material, subject
prompt reconfirmation and reconfirmation of freight:

Material: Fila Maestra Coal ex Guanta Venezuela
Term: January 1, 2005 - December 31, 2006
Quantity: One to three cargoes per year, in Energy's option
Each cargo approx. 30-35,000 tons each.

Typical Quality, as received basis:

Moisture: 8-10%
Ash: 7.9%
Sulfur: 1.5%
Volatiles: 40%
HGI: 45
Ash Fusion: 2401 deg F ST (H=W) reducing
Btu/lb: 11,600 gross as received

Recent analysis attached.

A
1
2
3



MACEachern
ENERGY & TRANSPORTATION

561-585-4667 TEL
561-585-9066 FAX
mr.c.mace@aol.net

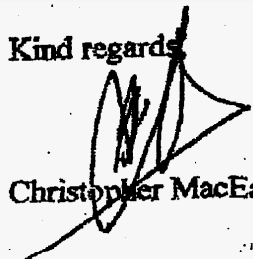
Sampling and Analysis: At loadport by mutually acceptable independent laboratory, per ASTM methods, cost for seller's account.

Weights: Per draft survey at loadport by mutually acceptable independent draft survey company, costs for seller's account.

Bid subject to final agreement all details and execution of mutually agreeable coal supply agreement. Other details not discussed to be negotiated and agreed in good faith.

Thank you for the opportunity to bid on part of your requirements for Gulf Power, Sholtz plant. We look forward to Should you have any questions or require further information, please do not hesitate to contact our office.

Kind regards



Christopher MacEachern

(7)

RFP Description:
 Gulf Power CSX October 2004 Solicitation
Vendor:
 RAG TRADING AMERICAS CORPORATION
Phone:
 4106897909

Bid Reference No:
 137503
Contact:
 MARTIN W. HALLER
Fax:
 4107277915

Submission Date:
 10/21/2004

Business Address

Address:
 399 CORPORATE BLVD
City:
 LINTHICUM HEIGHTS

State:
 MD

Zip:
 21090

Payment Address

Address:
 Bank Name:
City:
 ABA Number:

State:
 Bank Account Name:

Zip:
 Bank Account Number:

OFFER ID: 137520 - Gulf Power CSX October 2004 Solicitation

Applicable Plants: SCHOLZ

Quantity

Tonnage(US short tons): 55000
Month/Vessel: VESSEL
Delivery Start Date: 01/01/2005
Delivery End Date: 12/31/2006
Pricing Terms: CIF - MCDUFFIE TERMINAL/GARROWS BEND (MOBILE, AL)
of vessels: 8
Vessel Type: PANAMAX
Vessel Discharge Rate and Terms: 22000 Net Tons SHINC per day
Additional Pricing Information:

Quality

Guaranteed BTU/lb: 12800	%Ash(max): 8	%Moisture(max): 8.50	Grindability(min): 46	Volatiles(min): 34	AFT(min): 2240	%Chlorine: 0.04
%Sulfur(min): .70	%Sulfur(guar): 0.80	%Sulfur(max): 0.90	%Carbon: 71.50	%Hydrogen: 4.80	%Nitrogen: 1.30	%Oxygen: 7.66

Mine/Carrier/Loadout

Mine Name: PASO DIABLO	MSHA Number: SA-0001	County: ESTADO ZULIA	State: ESTADO ZULIA	Country: VENEZUELA
Mine Permit Number: 111	Mine District Number: 0	Seams To Be Mined: OPEN PIT MINE - MOSTLY 4M, 5M, 40 & 50		
Producer: CARBONES DEL GUASARE - G.C.I.	Weighing System: VESSEL DRAFT SURVEY	Date Last Certified(Weighing):		
Sampling System: MECHANICAL	Governing Weights: LOADPORT	Certifying Company(Weighing):		
Governing Sample: LOADPORT	Loadout Capacity(Hours): 1	Loadout Rate(US short tons/hour): 1	Cars Per Trail: 1	
Loading Point: LOADOUT	Offer Valid Through: 10/31/2004			
Carrier:	Freight District: 1			

Comments

The vessel quantity is based on a plus/minus 10% margin in seller's option based on vessel's capacity and the prevailing sailing draft in Maracaibo, Venezuela. Vessels to be max 25 years old. Discharge rate to be 22,000 nts per weather working day Saturday Sunday holiday included with 12 hours turntime and NOF tendered and accepted ATDNHINC. Demurrage/despatch rate to be as per governing charter party and to be advised. Incoterms 2000 to apply. All other terms and conditions to be mutually discussed and agreed to upon award. Per the Bid Proposal the nitrogen on a MAF basis is 1.50%, the fixed carbon is 59.3% and volatile matter is 40.7%. Price escalation of 2.5% beginning January 1, 2006 to apply.

RFP Description:
 Gulf Power CSX October 2004 Solicitation
Vendor:
 COAL MARKETING COMPANY LTD
Phone:
 5753502123

Bid Reference No:
 137263
Contact:
 FRANCISCO GARCIA
Fax:
 5753502475

Submission Date:
 10/13/2004

Business Address

Address: CARRERA 54 # 72-80 P. 20
City: BARRANQUILLA, COLUMBIA
State:
Zip:

Payment Address

Address:
Bank Name:
City: ABA Number:
State: Bank Account Name:
Zip: Bank Account Number:

OFFER ID: 137264 - CMC offer B coal typical 11,800 Btu/lb gar

Applicable Plants: SCHOLZ

		Quantity		Vessel Discharge Rate and Terms:	
Tonnage(US short tons):	Month/Vessel:	# of vessels:	Vessel Type:		
70000	VESSEL	6	PANAMAX	ft	
Delivery Start Date:	Delivery End Date:				
01/01/2005	12/31/2006				
Pricing Terms:		Additional Pricing Information:			
CIF - MCDUFFIE TERMINAL/GARROWS BEND (MOBILE, AL)					

Quality						
Guaranteed BTU/lb:	%Ash(max):	%Moisture(max):	Grindability(min):	Volatiles(min):	AFT(min):	%Chlorine:
11800	9	13	45	33	2170	0.03
%Sulfur(min):	%Sulfur(guar):	%Sulfur(max):	%Carbon:	%Hydrogen:	%Nitrogen:	%Oxygen:
0.50	0.63	0.70	66.30	4.60	1.20	8.67

Mine/Carrier/Loadout					
Mine Name:	MSHA Number:	County:	State:	Country:	
EL CERREJON	COLUM3	Albania	Guajira	Colombia	
Mine Permit Number:	Mine District Number:	Seams To Be Mined:			
N/A	N/A	Multiseam operation; >40 seams mined			
Producer:	Weighting System:	Date Last Certified(Weighting):			
CERREJON COAL	Vessel draft survey by independent insp.				
Sampling System:	Governing Weights:	Certifying Company(Weighting):			
Automatic sweep arm type by JB Long	LOADPORT	N/A			
Governing Sample:	Loadout Capacity(Hours):	Loadout Rate(US short tons/hour):	Cars Per Tr		
LOADPORT	1	1	1		
Loading Point:	Offer Valid Through:				
PUERTO BOLIVAR					
Carrier:	Freight District:				
N/A	NOT APPLICABLE				

Comments

For NOx evaluation: Nitrogen (MAF - wt%): 1.48 typical, 1.6 maximum Fixed carbon:47.3 wt% This offer shall not be binding on either party until the parties reach mutual agreement on each of contractual terms, and until a definitive agreement has been approved by the management of each company and executed by authorized representative of each party.

OFFER ID: 137277 - CMC offer C coal typical 11,600 Btu/lb gar

Applicable Plants: SCHOLZ

October 25, 2004

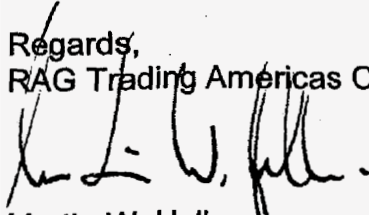
Southern Co. Service, Inc.
P.O. Box 2641
Birmingham, Alabama 35291-8162

Attention: David G. Courtenay

**Gulf Power CSX 2004 Solicitation
(BIN 14N-8162)**

Per Bid Proposal, please find attached quality specifications as well as trace elements for Paso Diablo Grade Coal.

Regards,
RAG Trading Americas Corp.



Martin W. Haller
President



CARBONES DEL GUASARE, S.A.

PASO DIABLO COAL QUALITY SPECIFICATIONS

QUALITY (As received basis)	PREMIUM	
PROXIMATE ANALYSIS		
Total Moisture, %	7.50	6.50 - 8.50
Inherent Moisture, %	4.00	3.50 - 4.50
Ash, %	6.50	5.50 - 7.50
Volatile Matter, %	35.00	34.00 - 36.50
Fixed Carbon, %	51.00	49.00 - 52.00
Total Sulphur, %	0.70	0.60 - 0.75
Gross Calorific Value, BTU/lb	12800	12500 - 13000
KCal/kg	7100	6940 - 7200
Net Calorific Value, KCal/kg	6810	6650 - 6900
GRINDABILITY INDEX (HGI)		
	47	
FREE SWELLING INDEX (FSI)		
	6	
EQUILIBRIUM MOISTURE, %		
	4.00	
ULTIMATE ANALYSIS		
Total Moisture, %	7.50	
Carbon	71.50	
Hydrogen	4.80	
Nitrogen	1.30	
Chlorine	0.04	
Total Sulphur, %	0.70	
Ash, %	6.50	
Oxygen (By Diff.)	7.66	
ASH FUSION TEMPERATURE		
Red. Atm.	Initial Deformation	°C (°F)
	Softening (H=W)	1230 (2246)
	Hemispherical (H=1/2W)	1260 (2300)
	Fluid	1310 (2390)
Ox. Atm.	Initial Deformation	1360 (2480)
	Softening (H=W)	1280 (2336)
	Hemispherical (H=1/2W)	1300 (2372)
	Fluid	1360 (2480)
		1400 (2552)
ASH ANALYSIS		
% SiO ₂	58.50	
% Al ₂ O ₃	20.00	
% TiO ₂	0.95	
% Fe ₂ O ₃	7.00	
% CaO	4.00	
% MgO	2.80	
% K ₂ O	1.70	
% Na ₂ O	0.50	
% MnO ₂	0.10	
% P ₂ O ₅	0.20	
% SO ₃	3.50	
Undetermined	0.75	
SIZING (0 x 50 mm)		
Round hole screens	% + 50 mm	5.0 % max.
	% - 6.3 mm	40.0 % max.



PASO DIABLO COAL QUALITY

TRACE ELEMENT ANALYSIS IN COAL

ELEMENT	ppm	ELEMENT	ppm	ELEMENT	ppm
Antimony	< 0.5	Gold	< 1	Rubidium	13
Arsenic	3	Hafnium	< 5	Ruthenium	< 0.3
Barium	15	Holmium	< 0.3	Samarium	< 0.5
Beryllium	< 20	Indium	< 0.3	Scandium	0.5
Bismuth	< 0.3	Iodine	< 10	Selenium	5
Boron	55	Iridium	< 0.3	Silver	< 0.3
Bromine	< 0.5	Lanthanum	2	Strontium	15
Cadmium	< 0.5	Lead	5	Tantalum	< 5
Cerium	5	Lithium	< 25	Tellurium	< 0.5
Cesium	1	Lutetium	< 0.3	Terbium	< 0.3
Cobalt	5	Mercury	0.08	Thallium	< 0.5
Copper	15	Molybdenum	0.7	Thorium	< 1
Chlorine	300	Neodymium	0.5	Thulium	< 0.3
Chromium	30	Nickel	25	Tin	0.5
Dysprosium	< 0.5	Niobium	< 0.5	Tungsten	< 5
Erbium	< 0.5	Osmium	< 0.3	Uranium	< 1
Europium	< 0.3	Palladium	< 0.5	Vanadium	20
Fluorine	35	Platinum	< 0.5	Ytterbium	< 0.5
Gadolinium	< 0.5	Praseodymium	0.2	Yttrium	1
Gallium	5	Rhenium	< 5	Zinc	17
Germanium	4	Rhodium	< 0.3	Zirconium	10

8

RFP Description:
 Gulf Power CSX October 2004 Solicitation
Vendor:
 CIBS WEB TESTER
Phone:
 8-257-6434

Bid Reference No:
 137659
Contact:
 PERRIN MOBLEY
Fax:

Submission Date:
 10/28/2004
 21

Business Address

Address: 500 NORTH 18TH STREET **City:** BIRMINGHAM **State:** AL **Zip:** 35291

Payment Address

Address: **City:** **State:** **Zip:**
Bank Name: **ABA Number:** **Bank Account Name:** **Bank Account Number:**

OFFER ID: 137660 - 2005 Offer - Pompey Coal Corporation

Bid submitted on 10/21/04

Applicable Plants: SMITH S. Lab

Quantity

Tonnage(US short tons): 20000 **Month/Vessel:** MONTH **# of vessels:** 0 **Vessel Type:** **Vessel Discharge Rate and Terms:**
Delivery Start Date: 01/01/2005 **Delivery End Date:** 12/31/2005
Pricing Terms: FOB RAILCAR **Additional Pricing Information:** CSXT

Quality

Guaranteed BTU/lb: 12000	%Ash(max): 14	%Moisture(max): 8	Grindability(min): 40	Volatiles(min): 32	AFT(min): 2500	%Chlorine: 1.60
%Sulfur(min): 0.80	%Sulfur(guar): 1.35	%Sulfur(max): 1.80	%Carbon: 46	%Hydrogen: 4.20	%Nitrogen: 1.60	%Oxygen: 8.24

Mine/Carrier/Loadout

Mine Name: POMPEY	MSHA Number: 1517003	County: Pike	State: KY	Country: USA
Mine Permit Number: 1518750	Mine District Number: 8	Seams To Be Mined: Cedar Grove, Alma, Elkhorn		
Producer: POMPEY COAL CORP	Weighing System: Railroad Weights to Govern	Date Last Certified(Weighing):		
Sampling System: Automatic at Loadout	Governing Weights: RAILROAD	Certifying Company(Weighing):		
Governing Sample: MINE	Loadout Capacity(Hours): 24	Loadout Rate(US short tons/hour): 1000	Cars Per Tr	
Loading Point: JESSE BRANCH	Offer Valid Through: 11/19/2004			
Carrier: CSXT	Freight District: BIG SANDY			

Comments

The availability of the coal offered in this proposal is subject to prior sales.

OFFER ID: 137673 - 2005 Offer - Pompey Coal Corporation

Applicable Plants: SMITH

Quantity

Tonnage(US short tons): 20000
 Delivery Start Date: 01/01/2005
 Pricing Terms: FOB RAILCAR

Month/Vessel: MONTH
 Delivery End Date: 12/31/2005

of vessels: 0
 Vessel type: [REDACTED]
 Vessel Discharge Rate and Terms: [REDACTED]

Additional Pricing Information:
 CSXT

Quality

Guaranteed BTU/lb: 12000	%Ash(max): 14	%Moisture(max): 8	Grindability(min): 40	Volatiles(min): 32	AFT(min): 2500	%Chlorine: 1.60
%Sulfur(min): 0.80	%Sulfur(guar): 1.35	%Sulfur(max): 1.80	%Carbon: 46	%Hydrogen: 4.20	%Nitrogen: 1.60	%Oxygen: 8.24

Mine/Carrier/Loadout

Mine Name: POMPEY	MSHA Number: 1517003	County: Pike	State: KY	Country: USA
Mine Permit Number: 1518750	Mine District Number: 8	Seams To Be Mined: Cedar Grove, Alma, Elkhorn		
Producer: POMPEY COAL CORP				
Sampling System: Automatic at Loadout	Weighting System: Railroad Weights to Govern	Date Last Certified(Weighing):		
Governing Sample: MINE	Governing Weights: RAILROAD	Certifying Company(Weighing):		
Loading Point: JESSE BRANCH	Loadout Capacity(Hours): 24	Loadout Rate(US short tons/hour): 1000	Cars Per Trail: 110	
Carrier: CSXT	Freight District: BIG SANDY	Offer Valid Through: 11/19/2004		

Comments

The availability of the coal offered in this proposal is subject to prior sales.

OFFER ID: 137686 - <New Offer>

Applicable Plants: SMITH

Quantity

Tonnage(US short tons): 20000
 Delivery Start Date: 01/01/2005
 Pricing Terms: FOB RAILCAR

Month/Vessel: MONTH
 Delivery End Date: 12/31/2005

of vessels: 0
 Vessel Type: [REDACTED]
 Vessel Discharge Rate and Terms: [REDACTED]

Additional Pricing Information:
 CSXT

Quality

Guaranteed BTU/lb: 12000	%Ash(max): 14	%Moisture(max): 8	Grindability(min): 40	Volatiles(min): 32	AFT(min): 2500	%Chlorine: 1.60
%Sulfur(min): 0.80	%Sulfur(guar): 1.35	%Sulfur(max): 1.80	%Carbon: 46	%Hydrogen: 4.20	%Nitrogen: 1.60	%Oxygen: 8.24

Mine/Carrier/Loadout

Mine Name: POMPEY	MSHA Number: 1517003	County: Pike	State: KY	Country: USA
Mine Permit Number: 1518750	Mine District Number: 8	Seams To Be Mined: Cedar Grove, Alma, Elkhorn		
Producer: POMPEY COAL CORP				
Sampling System: Automatic at Loadout	Weighting System: Railroad Weights to Govern	Date Last Certified(Weighing):		
Governing Sample: MINE	Governing Weights: RAILROAD	Certifying Company(Weighing):		
Loading Point: JESSE BRANCH	Loadout Capacity(Hours): 24	Loadout Rate(US short tons/hour): 1000	Cars Per Tr: 110	
Carrier: CSXT	Freight District: BIG SANDY	Offer Valid Through: 11/19/2004		

Comments

The availability of the coal offered in this proposal is subject to prior sales.

Applicable Plants: SMITH

Quantity

Tonnage(US short tons): 20000	Month/Vessel: MONTH	# of vessels: 0	Vessel Type:	Vessel Discharge Rate and Terms:
Delivery Start Date: 01/01/2005	Delivery End Date: 12/31/2005	[REDACTED]		
Pricing Terms: FOB RAILCAR			Additional Pricing Information: CSXT	

Quality

Guaranteed BTU/lb: 12000	%Ash(max): 14	%Moisture(max): 8	Grindability(min): 40	Volatiles(min): 32	AFT(min): 2500	%Chlorine: 1.60
%Sulfur(min): 0.80	%Sulfur(guar): 1.35	%Sulfur(max): 1.80	%Carbon: 46	%Hydrogen: 4.20	%Nitrogen: 1.60	%Oxygen: 8.24

Mine/Carrier/Loadout

Mine Name: POMPEY	MSHA Number: 1517003	County: Pike	State: KY	Country: USA
Mine Permit Number: 1518750	Mine District Number: 8	Seams To Be Mined: Cedar Grove, Alma, Elkhorn		
Producer: POMPEY COAL CORP				
Sampling System: Automatic at Loadout	Weighing System: Railroad Weights to Govern		Date Last Certified(Weighing):	
Governing Sample: MINE	Governing Weights: RAILROAD		Certifying Company(Weighing):	
Loading Point: JESSE BRANCH	Loadout Capacity(Hours): 24		Loadout Rate(US short tons/hour): 1000	Cars Per Train: 110
Carrier: CSXT	Freight District: BIG SANDY	Offer Valid Through: 11/19/2004		

Comments

The availability of the coal offered in this proposal is subject to prior sales.

Coal Sales Proposal

(9)

SOUTHERN CON
 Energy to Serve
 Southern Company
 Attn: Fuel Procurement
 P.O. Box 2825
 Birmingham, AL 35211

RFP Description:
 Gulf Power CSX October 2004 Solicitation
Vendor:
 INTERNATIONAL COAL GROUP (ICG)
Phone:
 502-963-1033

Bid Reference No:
 137320
Contact:
 MIKE WILDER
Fax:
 502-867-9884

Submission Date:
 10/19/2004

Business Address

Address: 105 PRESTWICK DRIVE **City:** GEORGETOWN **State:** KY **Zip:** 40324

Payment Address

Address: **City:** **State:** **Zip:**
Bank Name: **ABA Number:** **Bank Account Name:** **Bank Account Number:**

OFFER ID: 137321 - CXS, 2 year proposal - 200k per/year - ICG

Applicable Plants: SCHOLZ

Quantity

Tonnage(US short tons): 17000 **Month/Vessel:** MONTH **# of vessels:** 0 **Vessel Type:** **Vessel Discharge Rate and Terms:**
Delivery Start Date: 01/01/2005 **Delivery End Date:** 12/31/2006
Pricing Terms: FOB RAILCAR **Additional Pricing Information:** CXS - Hazard District

Quality

Guaranteed BTU/lb:	%Ash(max):	%Moisture(max):	Grindability(min):	Volatiles(min):	AFT(min):	%Ch
11800	15	8	40	30	2400	0.12
%Sulfur(min):	%Sulfur(guar):	%Sulfur(max):	%Carbon:	%Hydrogen:	%Nitrogen:	%Ox
1.25	1.50	1.50	45	4.70	1.34	5.58

Mine/Carrier/Loadout

Mine Name: POLLYANNA	MSHA Number: NONE	County: Perry	State: Kentucky	Country: USA
Mine Permit Number: 3970346	Mine District Number: 8	Seams To Be Mined: Hazard - 5,7,8,9		
Producer: PIKE COUNTY COAL CORP.	Weighing System: Batch	Date Last Certified(Weighing): 08/12/2004		
Sampling System: 1 stage Ramsey	Governing Weights: LOADOUT	Certifying Company(Weighing): unknown		
Governing Sample: LOADOUT	Loadout Capacity(Hours): 4	Loadout Rate(US short tons/hour): 5000		Car: 120
Loading Point: TYPO	Offer Valid Through: 11/12/2004			
Carrier: CXS	Freight District: HAZARD			

Comments

GRIND-I have one comment about the grind of our coal, if the CIBS would have allowed, I would call our grind 42 (+/- 3 points). At the higher ash of we are ok at this grind proposal. Coal is offered from ICG, LLC's Hazard mine, now called the KY River mine, formerly called the TYPO mine. All thin same, just a name change. Coal is offered subject to prior sales, however, our price is valid through 11/12/2004. Completion of a coal supply agreement the final approval of ICG's Board of Directors. Mike R. Wilder 502-863-1033 Director of Sales 105 Prestwich Drive Georgetown, KY 40324 mkwilder

Applicable Plants: SCHOLZ

Quantity

Tonnage(US short tons): 17000
 Delivery Start Date: 01/01/2005
 Pricing Terms: FOB RAILCAR

Month/Vessel: MONTH
 Delivery End Date: 12/31/2006

of vessels: 0
 Vessel Type:
 Vessel Discharge Rate and Terms:

Additional Pricing Information:
 CXS - Hazard District

A) 2

Quality

Guaranteed BTU/lb:	%Ash(max):	%Moisture(max):	Grindability(min):	Volatiles(min):	AFT(min):	%Ch
11800	15	8	40	30	2400	0.12
%Sulfur(min):	%Sulfur(guar):	%Sulfur(max):	%Carbon:	%Hydrogen:	%Nitrogen:	%Ox
1.25	1.50	1.50	45	4.70	1.34	5.58

Mine/Carrier/Loadout

Mine Name: POLLYANNA
 Mine Permit Number: 8970346
 Producer: PIKE COUNTY COAL CORP.
 Sampling System: 3 stage Ramsey
 Governing Sample: LOADOUT
 Loading Point: TYPO
 Carrier: CXS

Freight District: HAZARD

MSHA Number: NONE
 County: Perry
 State: Kentucky
 Cou: USA

Seams To Be Mined: Hazard - 5,7,8,9

Weighing System: Batch
 Governing Weights: LOADOUT
 Loadout Capacity(Hours): 4
 Offer Valid Through: 11/12/2004

Date Last Certified(Weighing): 08/12/2004
 Certifying Company(Weighing): unknown
 Loadout Rate(US short tons/hour): 5000
 Car: 120

Comments

GRIND-I have one comment about the grind of our coal, if the CIBS would have allowed, I would call our grind 42 (+/- 3 points). At the higher ash of we are ok at this grind proposal. Coal is offered from ICG, LLC's Hazard mine, now called the KY River mine, formerly called the TYPO mine. All this same, just a name change. Coal is offered subject to prior sales, however, our price is valid through 11/12/2004. Completion of a coal supply agreeen the final approval of ICG's Board of Directors. Mike R. Wilder 502-863-1033 Director of Sales 105 Prestwch Drive Georgetown, KY 40324 mkwilder

OFFER ID: 137347 - <New Offer>

Applicable Plants: SCHOLZ

Quantity

Tonnage(US short tons): 17000
 Delivery Start Date: 01/01/2005
 Pricing Terms: FOB RAILCAR

Month/Vessel: MONTH
 Delivery End Date: 12/31/2006

of vessels: 0
 Vessel Type:
 Vessel Discharge Rate and Terms:

Additional Pricing Information:
 CXS - Hazard District

B) 2

Quality

Guaranteed BTU/lb:	%Ash(max):	%Moisture(max):	Grindability(min):	Volatiles(min):	AFT(min):	%
11800	15	8	40	30	2400	0.
%Sulfur(min):	%Sulfur(guar):	%Sulfur(max):	%Carbon:	%Hydrogen:	%Nitrogen:	%
1.25	1.50	1.50	45	4.70	1.34	5.

Mine/Carrier/Loadout

Mine Name: POLLYANNA
 Mine Permit Number: 8970346
 Producer: PIKE COUNTY COAL CORP.
 Sampling System: 3 stage Ramsey
 Governing Sample: LOADOUT
 Loading Point: YPO
 Carrier: CXS

Freight District: HAZARD

MSHA Number: NONE
 County: Perry
 State: Kentucky
 Cou: U

Seams To Be Mined: Hazard - 5,7,8,9

Weighing System: Batch
 Governing Weights: LOADOUT
 Loadout Capacity(Hours): 4
 Offer Valid Through: 11/12/2004

Date Last Certified(Weighing): 08/12/2004
 Certifying Company(Weighing): unknown
 Loadout Rate(US short tons/hour): 5000
 C: 1

Comments

GRIND-I have one comment about the grind of our coal, if the CIBS would have allowed, I would call our grind 42 (+/- 3 points). At the higher ash of 15%, we are ok at this grind proposal. Coal is offered from ICG, LLC's Hazard mine, now called the KY River mine, formerly called the TYPO mine. All things remain the same, just a name change. Coal is offered subject to prior sales, however, our price is valid through 11/12/2004. Completion of a coal supply agreement will require the final approval of ICG's Board of Directors. Mike R. Wilder 502-863-1033 Director of Sales 105 Prestwich Drive Georgetown, KY 40324 mkwilder@aol.com

OFFER ID: 137360 - <New Offer>

Applicable Plants: SCHOLZ

Quantity

Tonnage(US short tons): 17000
 Delivery Start Date: 01/01/2005
 Pricing Terms: FOB RAILCAR

Month/Vessel: MONTH
 Delivery End Date: 12/31/2006

of vessels: 0
 Vessel Type: [REDACTED]
 Vessel Discharge Rate and Terms:

Additional Pricing Information:
 CXS - Hazard District

Quality

Guaranteed BTU/lb: 11800	%Ash(max): 15	%Moisture(max): 8	Grindability(min): 40	Volatiles(min): 30	AFT(min): 2400	%Chlorine: 0.12
%Sulfur(min): 1.25	%Sulfur(guar): 1.50	%Sulfur(max): 1.50	%Carbon: 45	%Hydrogen: 4.70	%Nitrogen: 1.34	%Oxygen: 5.58

Mine/Carrier/Loadout

Mine Name: POLLYANNA	MSHA Number: NONE	County: Perry	State: Kentucky	Country: USA
Mine Permit Number: 3970346	Mine District Number: 8	Seams To Be Mined: Hazard - 5,7,8,9	Date Last Certified(Weighing): 08/12/2004	Cars Per T 120
Producer: PIKE COUNTY COAL CORP.	Freight District: HAZARD	Offer Valid Through: 11/12/2004	Certifying Company(Weighing): unknown	
Sampling System: 3 stage Ramsey			Loadout Rate(US short tons/hour): 5000	
Governing Sample: LOADOUT				
Loading Point: TYPO				
Carrier: CXS				

Comments

GRIND-I have one comment about the grind of our coal, if the CIBS would have allowed, I would call our grind 42 (+/- 3 points). At the higher ash of 15%, we are ok at this grind proposal. Coal is offered from ICG, LLC's Hazard mine, now called the KY River mine, formerly called the TYPO mine. All things remain the same, just a name change. Coal is offered subject to prior sales, however, our price is valid through 11/12/2004. Completion of a coal supply agreement will require the final approval of ICG's Board of Directors. Mike R. Wilder 502-863-1033 Director of Sales 105 Prestwich Drive Georgetown, KY 40324 mkwilder@aol.com

Reagan, Sam W.

From: Ball, H. Rusty
Sent: Friday, January 16, 2004 12:16 PM
To: Reagan, Sam W.
Subject: RE: Fuel Oil PO / GO-04003

Thanks, Sam. Please retain this email as my approval to proceed with this deal.

-----Original Message-----

From: Reagan, Sam W.
Sent: Friday, January 16, 2004 9:29 AM
To: Ball, H. Rusty; Peters, Jocelyn P.; Wade, Valerie S.; Howze, Johnny J.
Subject: Fuel Oil PO / GO-04003

This is in follow up to conversations yesterday and the need to set up a PO for fuel oil at Plant Smith for 2004. I did a telephone solicitation with the three suppliers which I know from our earlier bid request for Scholz and Crist would give us serious attention. I asked them to give me a cent / gallon figure that would include transportation, Florida Pollution Tax and their margin; this figure being combined on a daily basis with the published Platts Index to create the effective cost per gallon. This is the normal way we seek bids. Based upon a request from one of the suppliers and after talking with Jocelyn to see if she could manually accommodate using a "prior day platts" method of entering receipts in FAACS, I allowed them to bid not only as an adder to Platts / the date of shipment, but to bid against Platts / the day prior to shipment as well. This supplier suggested this method offers less risk to their cost and thus they could pass that savings to us in the form of better pricing. The results are as follows:

<u>Supplier</u>	<u>Bid / Same Day Platts</u>	<u>Bid / Prior Day Platts</u>
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A

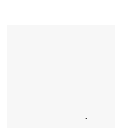
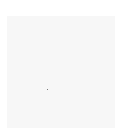
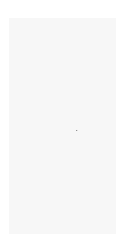
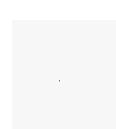
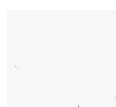
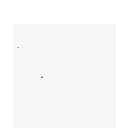
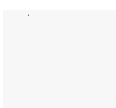
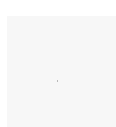
1	[REDACTED]	[REDACTED]
2	[REDACTED]	[REDACTED]
3	[REDACTED]	[REDACTED]

Sommers won the bid and I'll issue a PO to cover this. I will word the "prior day" in the PO and will ask Jocelyn to put a bid reminder note on her desk to remember this methodology. I'm going to a FAACS planning meeting next week and I will discuss the possibility of making a change in FAACS such that we could automatically accommodate using either a same day or prior day Platts as future bids would dictate. My thought is that whichever comes to us in the form of the lowest bid, we should have the ability to accept. As all of our purchases and deliveries are random, I see that this ability to pick the lowest adder using the most attractive Platts will net us lowest overall annual fuel cost. In the mean time, we will need to manually put in the receipt date as one day earlier than actual receipt.

I have informed Johnny Turner with Sommers regarding this PO and that Plant Smith will be placing an initial order soon. If there are any questions, please call. Rusty, I will mail the PO to you next week to sign and distribute. Thanks SAM

SAM REAGAN

SoCo Fuel Oil Procurement; SoCo Gas Pipeline O&M
Georgia Power Company Fuel Support
Tele: 404-506-7759; Fax: 404-506-6948
Cell: 770-490-7264
swreagan@southernco.com



3.0 Establishment of Service

- 3.1 Upon receiving the applicable certification from the appropriate state regulatory agency, Global will provide ALLTEL with the necessary documentation to enable ALLTEL to establish a master account for Global. Such documentation shall include, but is not limited to, the Application for Master Account, proof of authority to provide telecommunications services, an Operating Company Number ("OCN") assigned by the National Exchange Carriers Association ("NECA"), and a tax exemption certificate, if applicable. When necessary deposit requirements are met, ALLTEL will begin taking orders from Global for Resale Services.
- 3.2 Global will be charged a Master Account Establishment charge of \$380.00. The Master Account Establishment charge is a one-time charge that will be applied for the establishment of each Billing Account Number ("BAN").
- 3.3 Service orders will be submitted in the format designated in ALLTEL handbooks and manuals.
- 3.4 When ALLTEL receives notification from Global that a current ALLTEL customer will be subscribing to Global's services, standard service order intervals for the appropriate class of service will apply.
- 3.5 Except as required by applicable laws or rules, ALLTEL will not require end user confirmation prior to establishing service for Global's end user customers. Global must, however, be able to demonstrate end user authorization upon request.
- 3.6 Global will be the single point of contact with ALLTEL for all subsequent ordering activity resulting in additions or changes to Resale Services, except that ALLTEL will accept a request directly from the end user for conversion of the end user's service from Global to ALLTEL, or will accept a request from another local service provider for conversion of the end user's service from Global to the other local service provider.
- 3.7 ALLTEL will provide Global at their request per customer, blocking of calls (e.g., toll, 900, international calls, and third party or collect calls) by line or trunk on an individual switching element basis, to the extent that ALLTEL provides such blocking capabilities to its customers and to the extent required by law.
- 3.8 When ordering Resale Services via a service order, Global may where available, order from ALLTEL separate InterLATA and IntraLATA service providers (i.e., two PICs) on a line or trunk basis where IntraLATA presubscription has been introduced. ALLTEL will accept PIC change orders for IntraLATA toll and long distance services through the ALLTEL service provisioning process.
- 3.9 ALLTEL will provide order format specifications to Global with respect to all services, features, and functions available and with respect to ancillary data required by ALLTEL to provision these services through ALLTEL manuals and handbooks.

4.0 Maintenance of Services

- 4.1 ALLTEL's facilities and equipment provided by ALLTEL shall be maintained by ALLTEL.
- 4.2 ALLTEL will attempt to provide maintenance for all Resale Services ordered under this Agreement at levels equal to the maintenance provided by ALLTEL in serving its end user customers. ALLTEL technicians will attempt to provide repair service on Resale Services that is at least equal in quality to that provided to ALLTEL customers; trouble calls from Global will receive response time and priorities that are at least equal to that of ALLTEL customers.