BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 060658
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REDACTED DIRECT TESTIMONY OF ALBERT W. PITCHER ON BEHALF OF PROGRESS ENERGY FLORIDA

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

FPSC DOCKET NO. 060658

DIRECT TESTIMONY OF

ALBERT W. PITCHER

I. INTRODUCTION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Albert W. Pitcher. My business address is: 1715 Georgia Avenue, NE, St. Petersburg, Florida 33703-4320.

Q. By whom are you employed and in what capacity?

A. I recently retired as Vice President of Coal Procurement for Progress Fuels Corporation (PFC). I am currently self-employed as a consultant.

Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Business Administration Degree in Accounting from the University of Cincinnati in 1971. I began my professional career with Arthur Anderson and Company as a staff auditor. I was employed by Cincinnati Gas & Electric Company in various auditing and accounting functions from 1972 until 1976. I began my career with Florida Power Corporation (FPC), now known as Progress Energy Florida ("PEF" or the "Company"), as a staff auditor in the Audit Services Department in August of 1976. In 1977, I joined Electric Fuels Corporation (EFC),

then a wholly owned subsidiary of FPC, as Manager of Accounting. I served in this capacity and that of EFC's Controller until 1984. At that time, I became Vice President of Sales, charged with the responsibility for selling coal to utilities and industrial customers in the Eastern United States, from both EFC's affiliated mining operations and third-party resources. In September of 2002, following the change of EFC's name to PFC, I assumed the position of Vice President of Coal Procurement. In this capacity, I was responsible for the procurement and transportation of coal delivered annually to PEF's Crystal River plant site. I retired from PFC December 1, 2005.

For ease of reference only, I will refer to both FPC and PEF as "PEF" and both EFC and PFC as "PFC," although they were clearly different legal entities.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your testimony?

A. The purpose of my testimony is three-fold. First, I will explain the coal procurement process and resulting decisions during my tenure as PFC's Vice President of Coal Procurement and demonstrate that PFC and the Company acted reasonably and prudently under the circumstances that existed at the time. In doing so, I will also address the inaccurate statements of fact made about the coal procurement process and decisions under my watch by Mr. Robert Sansom in his testimony on behalf of the Office of Public Counsel and correct them. I will also further address the statements and opinions first expressed by Mr. Sansom in his affidavit in last year's fuel recovery

docket and now in his testimony here regarding certain contracts that resulted from the solicitations conducted by PFC on PEF's behalf in August-September 2004, again demonstrating that PFC and the Company acted reasonably and prudently under the circumstances.

Second, I will address Mr. Sansom's testimony regarding the synfuel purchases by the Company and the misimpression created by Mr. Sansom's testimony that the tax credits available to Progress Energy Inc. (Progress Energy) somehow drove PEF's decisions to purchase synfuel for Crystal River Units 4 and 5 (CR4 and CR5). PFC was the primary player in the synfuel industry and therefore was sought out by others who wanted to enter the synfuel market for its expertise in all aspects of the industry, from production through sales. It is hardly unusual, then, that when PEF began to look at synfuel purchases, PFC or an affiliate of PFC may be involved in some way in some of the synfuel transactions with PEF. As the Vice President of Sales for PFC during most of the years that synfuel was purchased by PEF, however, I know that synfuel was sold at a price below bituminous coal prices and was purchased by utilities and industrial customers only on a contract or spot basis when the synfuel was more economical than other bituminous coal products. Also, PEF was not the largest or even close to the largest purchaser of synfuel during this period of time. As a result, only a very small percentage of the tax credits available to Progress Energy could have been generated by synfuel sales to PEF.

Finally, I will address a number of other statements made by Mr. Sansom that are simply inaccurate or give a misleading impression of the coal procurement practices and decisions by PFC and PEF when I served as PFC's Vice President of

Coal Procurement. In sum, PFC and PEF always employed reasonable and prudent practices under the existing circumstances consistent with its policies and Commission orders.

Q. Are you sponsoring any exhibits with your testimony?

A. Yes, I am sponsoring the following exhibits that were prepared by me or prepared under my supervision and control, or they represent business records prepared at or near the time of the events recorded in the records, which records it was a regular practice for me or those who worked with me to keep to perform our responsibilities:

- Exhibit No. ____ (AWP-1), which is PFC's coal procurement policy in effect when I assumed responsibilities for coal procurement for Crystal River;
- Exhibit No. ____ (AWP-2), which are PFC's evaluation sheets for the bids received in response to the July 3, 2003 Request for Proposals ("RFP") for coal for CR4 and CR5;
- Exhibit No. ____ (AWP-3), which is my October 2, 2003 memorandum explaining the results of the July 3, 2003 RFP and PFC's evaluation of that RFP;
- Exhibit No. ____ (AWP-4), which is the April 12, 2004 RFP for coal for CR4 and CR5;
- Exhibit No. ____ (AWP-5), which is the RFP bidder list indicating the bidders who received the April 12, 2004 RFP and whether they responded;

- Exhibit No. _____ (AWP-6), which is my June 22, 2004 memorandum explaining the April 12, 2004 RFP and PFC's evaluation of that RFP; and
- Exhibit No. _____ (AWP-7), which is the May 13, 2004 test report on the Powder River Basin (PRB) sub bituminous and bituminous coals blend at CR4 in late April 2004.

All of these exhibits are true and correct.

Q. Please summarize your testimony.

A. PFC consistently evaluated coals for CR4 and CR5 on a competitive basis during my tenure as the Vice President for Coal Procurement. All coal procurement decisions during this time period, from 2003 to 2005, were made based on competitive RFPs or spot markets for the lowest cost coal consistent with the quality specifications required for plant operations at CR4 and CR5. In each case, PFC acted reasonably and prudently in its coal procurement decisions for CR4 and CR5.

I evaluated PRB beginning in 2003 when it became evident that PRB coals might be economical for CR4 and CR5. In the July 2003 RFP solicitation, however, foreign bituminous coals of the same or similar high quality coals historically burned at CR4 and CR5 proved to be more economical. Because these import coals did not present the same quality issues that would impact plant handling and performance as the PRB coals, they further were the clear choice at the time for CR4 and CR5. I, nevertheless, continued to follow PRB coal prices, and when they moved up at a slower rate than domestic and foreign coals later in 2003, I sought to purchase some PRB coal for a test burn at CR4 or CR5. This is standard industry practice when it

comes to evaluating different coals than those historically purchased and burned at a coal plant, especially as was the case for CR4 and CR5, when the quality of the coal is important to the historical base load energy production from the plant.

That test burn was conducted the same month as a subsequent RFP for future coal needs at CR4 and CR5 in April 2004. Both the test burn report on the limited, single ocean-barge test of a small blend of PRB and bituminous coal in April 2004, and the results of the April 2004 RFP, where PRB coals were the most economical coals on a delivered and evaluated or busbar cost basis, indicated that the further evaluation of PRB coals was warranted to decide if the Company should shift from bituminous compliance coals to PRB coals or a blend of bituminous compliance coals and PRB coals. I understand that evaluation has been undertaken by the Company following the 2004 test burn and 2004 RFP. In the meantime, while the Company's evaluation of this type of significant coal switch was on-going, PFC continued to purchase the lowest priced, high quality bituminous coal for CR4 and CR5 available under existing market conditions.

PFC further purchased synfuel bituminous-based coals when they were the lowest priced coals consistent with the quality specifications for CR4 and CR5. Synfuels were always offered at or below bituminous compliance coal prices on the market because available tax credits to the synfuel producers offset losses on the production and sale of synfuel. As a result, the ratepayer benefited from such purchases. Simply put, then, I sold synfuel to PFC for CR4 and CR5 when I was told it was the lowest cost source under the current market conditions. At the same time I was selling a lot more synfuel to other utilities and industrial customers. When I did

not make a synfuel sale for CR4 and CR5, which did occur, I simply sold the synfuel to someone else. PEF was in no way the largest synfuel customer; it was not even close.

III. COAL PROCUREMENT FOR CR4 AND CR5: 2003-2005

Q. When did you assume the role of coal procurement for CR4 and CR5?

A. I became Vice President of Procurement for PFC around September 2002 but the decisions for the coal needed at the Crystal River coal units for 2002 and some of 2003 had already been made. I assumed the job with the responsibility for meeting the coal requirements for CR1, CR2, CR4, and CR5 for the rest of 2003 and beyond.

Q. Can you explain the process that you applied when determining what to do to meet PEF's coal requirements for Crystal River?

A. Yes. First, PEF provided me with the expected tons of coal that would be burned for the year for both sets of coal units, CR1 and CR2, and CR4 and CR5. CR1 and CR2 burned a different type of higher sulfur coal (i.e., greater than 1.5 lbs./mmBtu SO2 but less than 2.1 lbs./MMBtu) than CR4 and CR5 which burned a low sulfur coal sometimes referred to as compliance coal (i.e., 1.2 lbs/MMBtu SO2 or less). Within PFC and PEF we referred to the coal for CR1 and CR2 as "A" or Alpha coal and the coal for CR4 and CR5 as "D" or Delta coal. The information on the tons of coal required for CR1 and CR2 and CR4 and CR5 was typically provided in the fall of the

prior year. Additionally, updates on the projected burns were provided throughout the year, generally quarterly.

Once I had the expected requirements for both the A and D coals, the next step was to determine the tons of A and D coal currently under contract and whether those contracts expired or had price reopeners the next year. If the contracts had price reopeners, and depending on the terms of the contract, PFC might need to issue a request for proposals (RFP) for the type of coal under the contract or initiate a review of market prices for similar coal to negotiate the price for the next or remaining contract term. Next we reviewed the projected inventory levels to determine if it was necessary to either increase or decrease them depending upon various operational considerations. The amount of coal under contract and any inventory increases or decreases were netted against the expected coal requirements for the year, providing the tons available for purchase.

The next step in the process was to determine whether an RFP or reliance on the spot market was appropriate given the amount of coal tons needed and the current and anticipated market conditions. As a general rule, a spot purchase was for a term of a year or less and generally involved lower amounts of tons purchased than contract purchases. Contract purchases were for a year or more and generally were for larger tonnage. PFC and the Company favored a mixture of contract and spot purchases to maintain some flexibility to respond to changes in coal market conditions. This policy has been consistently followed by the Company since CR4 and CR5 came on line in 1982 and 1984, respectively, as evidenced by EFC's coal procurement policy attached as Exhibit No. ___ (AWP-1).

A final consideration was whether the tons of coal already under contract were being provided to Crystal River by rail or by water and by what means, rail or water, the tons available for purchase could be provided. When I assumed the responsibilities for coal procurement for Crystal River, transportation by rail was generally cheaper than water so my practice was to maximize rail shipments. This remained the case until the CSX contract expired and had to be renegotiated in 2004, after which time under the new CSX contract, rail was actually more expensive than water transportation so we began to maximize water transportation of coal to Crystal River.

The practice of maximizing rail deliveries when it was the most economical means of coal delivery was consistent with a prior Commission order requiring the Company to maximize rail transportation. The ability to maximize rail shipments also depended on what type of coal was needed, where the mine was located, and the capabilities of providing coal by rail or water from that location.

A. THE JULY 2003 SOLICITATION.

Q. When did you first issue an RFP for coal for Crystal River?

A. On July 3, 2003, I issued on PEF's behalf an RFP for A and D coal for Crystal River for one, two, and three year proposals.

Q. Why did PFC issue an RFP for coal for Crystal River on July 3, 2003?

A. At the time, PFC had eight contracts with price reopeners and we were beginning to review the coal needs for 2004 and beyond. Under the terms of the contracts, we needed to determine the market prices for coal to re-negotiate the price and to determine if we were going to extend the contracts. Five of these contracts were for D coal and three were for A coal. Also, PFC wanted to determine if the market prices justified contracts of one, two, or three years for coals for Crystal River.

Q. What were the market conditions in 2003?

A. The coal price market was very volatile. After the price spikes and tight supply with virtually all types of coal in 2001, as well as most other fuels, coal prices had fallen in 2002 and production and coal supplies were improving. In 2003, then, it was unclear whether coal prices were going to fall to price levels that existed prior to 2001, stabilize around 2002 price levels, or again start to rise given the uncertainties surrounding future production efficiencies and supply, demand, and world economic issues.

Q. What were your objectives in the July 3, 2003 RFP?

A. The anticipated coal burn at Crystal River in 2004 was 2.2 million tons for CR1 and CR2 and 3.9 million tons at CR4 and CR5 for a total of 6.1 million tons of coal. As I have indicated, we had eight contracts with price re-openers in 2003, five D coal and three A coal contracts, that we were contractually obligated to renegotiate. Together with those renegotiations our purchase strategy was to eventually achieve a coal supply of a 70-75% contract and 25-30% spot, if possible. Again, another objective

was to maximize our rail deliveries, which were 3.6 to 4.1 million tons a year under PFC's contract with CSX.

Q. What was the response to the July 3, 2003 RFP?

A. We received a total of 42 bids from 21 domestic and foreign coal suppliers. With the options under some of the bids the total count of different types of bids in response to the RFP was 75 bids.

Q. How did you evaluate the bids?

A. We grouped the bids by (1) all bids together, (2) CR1 and CR2 bids, (3) CR4 and CR5 bids, (4) CR4 and CR5 bids segregated by rail and water, and (5) CR4 and CR5 bids segregated by domestic and foreign coals. These groupings allowed us to review the relative pricing between rail, water, domestic, foreign, CR4 and CR5, and CR1 and CR2. Within each group of bids we also divided up the bids between single or multi-year offers. We also reviewed various trade publications, regarding coal market pricing, such as United Coal, Evolution, and Henwood Energy Services, which provides prices for various qualities of coal for any given period of time, both currently and prospectively. We will do this to see if the coal prices we are offered in the bids are within a range of prices estimated for the market by the trade publications.

In each grouping we looked at the top several bids, thus creating a "short list" evaluation. There was no set limit on the number of bids that would be placed on a "short list," rather it depended on the total amount of coal which was required for

purchase based upon the projected burns, required changes in inventory levels, and contract expirations.

With respect to each bid, PFC evaluated it upon a delivered cost and evaluated cost basis. The delivered cost included the commodity cost ($/ton) offered by the bidder and PFC's cost of transporting the coal to the Crystal River Plant. The evaluated cost, also called the busbar analysis cost or total cost, compares the characteristics of the coal offered in each bid against the coal specification standard for either the CR4 and CR5 units or the CR1 and CR2 units. The standard coal specification for the respective units is based on coal characteristics that provide optimal efficient plant performance. The evaluated ("busbar" or "total") cost is used because it provides a more complete picture of the bids submitted by incorporating into the bid evaluation consideration of the quality of the coal offered. Because coals have different heat input values, the delivered cost and evaluated cost are converted to dollars per mmBtu so the bids can be evaluated on an equal basis with respect to the Btu content of the coal.

PFC has typically ranked and purchased coal based on the lowest delivered cost but that is because historically the quality of the coal at the lowest delivered cost did not differ significantly from the quality expected under the standard specification for coal for the respective units. More recently, however, PFC is seeing more economical coal than before with quality characteristics that vary more from the standard coal specifications, particularly for CR4 and CR5, thus, providing more opportunity for the evaluated cost to have an impact on the evaluation of the bids.

Q. What is the evaluated or busbar cost analysis?

A. The evaluated or busbar cost analysis is based on an Electric Power Research Institute ("EPRI") Coal Quality Impact computer Model ("CQIM") that assesses the performance of the coal in the boilers of CR1, CR2, CR4, and CR5. The EPRI CQIM model was developed by Black & Veatch and is recognized as an industry standard for coal procurement evaluations. The characteristics of the coal offered in the bid are inputs into the model and the outputs are the model's assessment of the cost impacts to the Company if coal with the quality characteristics of that coal is burned in the respective units' boilers.

The model assessment of the cost impacts of variations in the quality of the coal in the bid from the standard specification is a "black box" to PFC. The cost impacts were developed by Black & Veatch based on industry standard cost impacts. The coal quality characteristics considered in the model for bid evaluation purposes are the ash, BTU, sulfur, moisture, and volatile content characteristics of the coal. The evaluated cost output includes the delivered cost plus an assessment for variations from the standard specification for ash [redacted], BTU [redacted], sulfur (based upon current SO2 allowance prices) below the 1.2lbs. SO2 maximum allowed for CR4 and CR5 and lower SO2 than the allowed 1.5lbs. SO2 to 2.1lbs. SO2 for CR1 and CR2, moisture [redacted], and volatile content [redacted]. Another way to look at the evaluated or busbar cost analysis is that it is a "paper" test burn of the coal in the units' boilers.

Q. Have you ever rejected a bid based on a deviation from any of the specifications set forth in the standard coal specification for CR4 and CR5?

A. Yes. In response to the July 3, 2003 RFP we received two bids from Alpha for compliance coal by rail to CR4 and CR5 with a 28% volatility characteristic, which was significantly below the 31% volatility specification for CR4 and CR5 coal. Volatility is an important coal characteristic because it can affect the flame stability of the units. As a result of this significant deviation from the standard volatility specification for CR4 and CR5 we eliminated the Alpha bids from further consideration. This is reflected in the evaluations sheets for the July 3, 2003 RFP in Exhibit No. ___ (AWP-2) at the page bearing bates number PEF-FUEL-004772.

Q. Are there any other considerations in the bid evaluation besides the delivered cost and evaluated cost?

A. Yes, there are. Other important considerations include prior experience with the bidder, whether the bidder is a broker or a coal producer, and prior experience with the type of coal offered in the bid.

Prior experience with a bidder and whether the bidder is a broker or the actual coal supplier is important in determining whether the bidder will reliably deliver the coal offered in a timely manner and consistent with the quality of the coal offered. Such experience is also important when there are contract negotiations and renegotiations to form the basis to reliably deal with the bidder. If the prospective supplier is a broker PFC will more carefully review the offer and evaluate the broker but the bid will not be eliminated from consideration just because the offeror is a

broker; PFC has had very good experience with coal provided through carefully selected brokers.

Finally, prior experience with the type of coal offered in the bid is important to the plant operations. If there is a new supplier or a new type of coal or a coal from a new mine, the plant operators are always wary of using that coal without first conducting a test burn because of the uncertainties surrounding the effect of the coal on the efficient operation of the plant and production of electric energy. These considerations are not new to the July 2003 RFP evaluation, however, they have been a factor in the coal evaluations for decades, see Exhibit ____ (AWP-1).

Q. What were the results of your evaluation of the bids for coal for CR4 and CR5 in the July 3, 2003 RFP?

A. With respect to compliance coal available by rail, we reviewed 6 single year and 4 multi-year bids. The lowest single year bid was a price reopener on an existing contract with AEP so the next lowest bidder on both the single and multi-year offers was Koch Carbon at $34.25/ton to $34.50/ton on the single year and $35.05/ton on the multi-year offers. When I subsequently went to negotiate with Koch Carbon requesting an offer of $33.75/ton for 2004, however, Koch Carbon raised any number of excuses, including a problem with PFC's credit, as to why Koch Carbon could not offer that price or the coal at the prices in their bids. Koch wanted a parent guarantee which the Company does not provide to any coal supplier. The real issue here was the market was volatile and prices were moving up and they were looking for any excuse not to honor their bid. After several fruitless discussions, I determined that Koch was

not going to meet its bid offers and decided to remove them from our active bidders list because of their failure to stand behind their bids. Koch is a broker of coal. This is an example where the lack of experience with a bidder proved problematic and resulted in the elimination of the bidder because there was no assurance the bidder was reliable.

As a result, I turned to the next lowest bidder, Dominion (because the Alpha coal bids had been eliminated because of the volatility of the coal offered), and entered into a one year contract for 120,000 tons of D coal by rail. Dominion is a major utility in Virginia and has a non-regulated coal brokerage group. The coal was shipped from an existing supplier's mine and was therefore known to be an excellent quality coal from a known, reliable supplier.

Q. Why did you call Koch Carbon and ask them for a better price?

A. It is our typical practice to contact bidders on the "short list" and negotiate for a lower price to get the best deal we could get for the Company and the customer. This is also a standard practice in the industry so from a buyer's perspective you do not necessarily expect that the bid price offered in response to an RFP is the best that the supplier can or will do if the bidder makes the short list.

Q. What about the remaining bids for compliance coal by water, what were the results of your evaluation of those bids?

A. The foreign or import compliance coals evaluated better than the domestic compliance coals. This was expected because the market indications at the time suggested that

import compliance coal was very competitive. Guasare, a supplier of Venezuelan compliance coal, tied for the second lowest bid on a delivered cost and a nearly identical evaluated cost with Glencore, a Columbian compliance coal supplier on the single year bid and Guasare was the second lowest bidder on the multi-year bid. Because Guasare was both a current and previous supplier, had delivered excellent quality coal in the past, and was the actual producer, where Glencore was a broker of foreign coals with no previous history, we entered into discussions for a contract with Guasare. This is an example where prior experience with a supplier was a factor in the bid evaluation. We extended the single-year bid, which was lower in price to the multi-year offer, into a two-year contract with Guasare for 250,000 and 150,000 tons, respectively. We also entered into a contract based on the Guasare multi-year bid for 650,000 tons for 2004 and 2005 with a price reopener for 2006. As a result, import compliance coal accounted for 43% of the water delivered coal in 2004 and 38% of the water delivered coal in 2005 to Crystal River. Our bid evaluation sheets are included in Exhibit No. ____ (AWP-2) and my October 2, 2003 memorandum, with exhibits, explaining the results of the July 3, 2003 RFP and our evaluation of the bids in response to that RFP is included in Exhibit No. ___ (AWP-3) to my testimony.

Q. Does Mr. Sansom agree that the import coal purchases as a result of the July 3, 2003 RFP were economical?

A. Yes, he does. At page 34, lines 19 to 21 of his testimony Mr. Sansom admits that we made economical purchases of imported coal for 2003 and later years "under earlier contracts, increasing our reliance on imported coal from 30% in 2003 to 48% in 2004

and 2005." This is a reference to the Guasare contracts that were the result of the July 3, 2003 RFP.

Ironically, Mr. Sansom's argument that PFC should have been purchasing PRB coal conflicts with his statement that these import coal purchases were economical purchases. Both import coals and PRB coals are only economical for CR4 and CR5 when delivered by water, and since Mr. Sansom would have PFC purchase these import coals and PRB coals in the same time period, PFC could not deliver both by water with the existing constraints on waterborne transportation to Crystal River. PFC would, under Mr. Sansom's argument, either have to purchase less PRB coals to maintain the waterborne import coal shipments or displace the economical import coals with higher priced CAPP coal by rail. Mr. Sansom does not account for either possible impact in his testimony that I can see.

Q. You mentioned that the import coal purchased was not the lowest import bid in response to the July 3, 2003 RFP. Why didn't you buy coal from the lowest import bidder?

A. The lowest import bidder on a delivered cost and an evaluated cost basis was the Drummond Columbian coal for both the single and multi-year options. However, the Drummond Columbian coal was a low Btu (11,700 Btu) and high moisture (14%) coal and the plant operators at CR4 and CR5 were concerned with a potential de-rate of the CR4 and CR5 units if they burned the Drummond coal. The plant operators wanted to test the Drummond coal before any decision was made to purchase significant tons of the Drummond coal.

Q. What do you mean by a "de-rate" of the plant?

A. A de-rate is a loss of load or the electric energy produced by the CR4 and CR5 units. While I am not an engineer, I do know that the lower the Btu content per ton of coal the less electric energy you obtain from burning that ton. Also, the higher the moisture content, the more effort and heat that must be used to dry the coal to burn it and if heat is being used to dry the coal it cannot be used to produce electric energy. There are, of course, other characteristics about the quality of a particular coal besides Btu and moisture content that can have an impact on the electrical energy output of a coal unit.

Q. Do you know why the plant operators at CR4 and CR5 were concerned about "de-rates?"

A. Yes. CR4 and CR5 are base load units on the Company's system that together account for nearly half the base load energy production on PEF's generation system. They routinely produce between 750 and 770 gross megawatts (MW) a piece even though they are rated only for 665MW for each unit because the operators run them very efficiently, generally in over-pressure operation, day in and day out and only come off-line for maintenance. Because CR4 and CR5 are very efficient, base load generators the quality of the coal burned there and the operational characteristics of handling the coal for CR4 and CR5 are very important. The goal of the CR4 and CR5 units is to maintain the highly efficient operation of the units to generate between 750MW and 770MW gross on a regular basis. As a result, I had to take this

operational goal into account in making coal procurement decisions for CR4 and CR5. Therefore, I did not purchase the Drummond import coal without testing it first. The Drummond coal was subsequently tested successfully at the plant and we later entered into contracts with Drummond for compliance coal.

Q. Why did you need a test burn if the Drummond coal had evaluated the lowest on both the delivered cost and evaluated cost basis?

A. The evaluated cost or busbar cost analysis only provides an indication of how the coal will burn in the boilers, based on the EPRI CQIM computer model. It is a useful tool to eliminate coals from consideration if, even on an evaluated basis under the CQIM cost assessment, their costs are significantly higher than the delivered cost and evaluated costs of other coals being evaluated, but the model was not intended to and cannot determine the actual cost impact of burning the coal at the plant. To make that determination, a test burn or series of test burns will be required, depending on how different the coal is from the type of coal typically burned at the plant and represented in the standard specification. The process of conducting coal test burns is not an unusual or atypical process when changes in the types of coal are being considered; rather, this process is standard practice in the industry.

Q. Is that why you indicated you were evaluating western coals separately for test burn purposes only in your July 2003 RFP?

A. Yes. The reference to western coals referred to sub bituminous coal from the Powder River Basin (also called PRB coals). I knew that the CR4 and CR5 boilers were

designed for both bituminous and sub bituminous coal and that PFC had long included sub bituminous coal specifications in its RFPs and PRB suppliers on its RFP bidder lists so that the PRB suppliers received RFPs for coal for Crystal River. I also knew, however, that the PRB coals had not previously been burned at CR4 and CR5 and that, because of the characteristics of PRB coal, there would be a number of operational concerns with handling and burning PRB coal.

These PRB coal characteristics include its lower Btu content and its higher moisture content, as well as the fact that PRB is dustier than bituminous coal and susceptible to spontaneous combustion. As a result, a buyer for a plant that historically burned bituminous coal must buy more PRB tons to get the same Btu output it currently obtains from bituminous coal both because of the lower Btu content and higher moisture content of the PRB coal. The buyer must also invest in additional capital and operational and maintenance improvements just to handle the PRB coal, and must invest in maintenance improvements in the boiler as well for the PRB coal because of higher slagging and other factors. These impacts are best determined by test burns to see how the plant performs with the PRB coals.

Based on information available about the bituminous and sub bituminous coal markets before and at the time I prepared the July 2003 RFP, I thought that the timing might be right to consider western coals for a test burn at CR4 and CR5, if they proved to be economical in response to the 2003 solicitation.

Q. Did you purchase any PRB coal in response to the July 2003 RFP for test burn purposes?

A. No, I did not. While the PRB coal evaluated well on a delivered cost basis, the PRB coal did not evaluate well on an evaluated cost basis against the import bituminous compliance coals. The clear message from the bid responses to the July 2003 RFP was that import coals were the most economical sources of coal for CR4 and CR5. With the import coals, PFC was receiving the same type of high quality, high Btu content, bituminous coal that had successfully been burned on a highly efficient and productive basis historically at CR4 and CR5, thus allowing the units to continue to produce MWs substantially above their rated capacity. If the import prices remained this competitive after the July 2003 RFP there was no reason to look to a distinctly different type of coal like the PRB coals for the CR4 and CR5 units.

Q. Are you aware that Mr. Sansom claims the PRB coals were the lowest price coals in response to the 2003 RFP and that PFC ignored them?

A. Yes, but Mr. Sansom is looking only at the delivered cost numbers and ignoring the evaluated cost numbers for the PRB coals. As I have indicated, the evaluated cost numbers were important in the evaluation of the PRB coal because PRB was a new type of coal and something that the plant had no prior experience with. The operators at CR4 and CR5 had required a test burn for the Drummond coal even though it was a bituminous coal and there generally are not significant differences in the characteristics of bituminous coal. The operators, nevertheless, had no prior experience with Drummond or its coal and were concerned about the impacts on the plant of the lower Btu content and higher moisture content of the Drummond coal than the bituminous coal they were used to burning. I fully expected the plant would have

greater concerns when considering a switch from bituminous compliance coal to the sub bituminous compliance coals like PRB.

Q. What about the western bituminous coal suppliers who responded to the July 2003 RFP, why did PFC not enter into a contract with those two potential suppliers?

A. PFC did not select the western bituminous coal suppliers who responded to the July 2003 RFP primarily because of concerns regarding reported rail delivery problems with coal deliveries in the west. Coal market publications had included numerous reports about delays in and the failure to deliver contracted for coal due to a lack of rail capacity (cars and engineers) and rail congestion. These were significant concerns at the time, as several buyers received late, reduced, or no shipments at all of coal as a result of these problems. These problems continued to plague the western coal markets from 2003 to 2005. As a result of the non-performance by the western railroads, it was reported in the coal publications that buyers were re-entering the volatile coal market at the time to ensure they maintained sufficient inventory levels. I did not want PFC to be in the same position.

Q. Now, turning to the domestic water bidders, did you end up making any compliance coal purchases from domestic suppliers as a result of the July 3, 2003 RFP?

A. No, I did not. As I have stated, the foreign compliance coals evaluated ahead of the domestic compliance coals, so we entered into negotiations and ultimately contracts with an import supplier.

We did, of course, evaluate the domestic compliance coals that were offered. In that evaluation, even though we received single-year compliance coal bids from domestic supplier by water, we concluded that none were competitive enough to place on a short list for further consideration. However, we did place three multi-year bidders, two bids from Infinity and one from Black Hawk for synfuel, on a short list for follow up.

We contacted both suppliers to determine if they could improve their bid prices. Infinity had offered their coal subject to prior sale and, when contacted, Infinity had already sold the coal. I also called Black Hawk and tried to get them to give me a better price. They rejected my attempt and noted that at the time they had not secured a coal source but, even if they had, they indicated they had better alternatives than selling the coal or synfuel to PFC at a price lower than what they had originally bid.

After that response I called Central Coal, which originally was not on the short list for domestic compliance coal by water because of its price, to see if Central Coal might improve its bid. Central Coal could not improve its bid price. As a result, I made no purchases of domestic coal or synfuel as a result of the July 3, 2003 RFP. I have attached the bid evaluation sheets, including the short lists, to my testimony as Exhibit No. ____ (AWP-2) and my memorandum summarizing the results of the bid evaluation and the coal purchases made as Exhibit No. ___ (AWP-3). These exhibits

and my notes contained in them explain the evaluation process and decisions that were made.

Q. Have you read what Mr. Sansom had to say about your evaluation of the domestic compliance coal bids in response to the July 3, 2003 RFP?

A. Yes. Mr. Sansom, at pages 32 and 33 of his testimony, claims that the evaluation is an "example of favoritism," a "conflict of interest," and was "imprudent." As his sole support he (1) asserts PFC did not act "promptly" enough to purchase the coal offered by the lowest domestic supplier, (2) refers to the call made to Blackhawk to obtain a lower bid price and the fact that Blackhawk had no coal under contract to supply at the time, (3) claims that some unknown "July-September transaction" was not consummated leading to purchases in 2004 at higher coal prices, and (4) speculates that the prior purchaser of the lowest domestic bidder (Infinity) was a "non-regulated PEF affiliate synfuel plant."

Q. Are Mr. Sansom's assertions about the July 3, 2003 RFP evaluation accurate?

A. No, they are not. First, Mr. Sansom claims that I did not act "promptly" to purchase the coal offered by Infinity. Contrary to Mr. Sansom's implication that I did not contact Infinity by his assertion that I "instead" offered to purchase synfuel from Blackhawk, I did follow up with Infinity by phone at the same time I followed up with all of the short list compliance coal suppliers by water, both foreign and domestic. These contacts took place within a couple of weeks of receiving the bids, evaluating

them, and creating the short lists. I did contact Infinity, I did so promptly, and I was told Infinity no longer had the coal for sale.

Second, Mr. Sansom claims that my contact with Blackhawk was an "example of favoritism" and a "conflict of interest." He fails to note my contacts with other bidders to get them to improve their bid prices, including Infinity, Central Coal, and Guasare (the import supplier), none of whom are affiliated in any way with PFC. In other words, I treated Blackhawk just like I treated all other bidders on the short list. Moreover, Mr. Sansom fails to explain to the Commission that PFC did not make any purchase from Blackhawk as a result of the July 3, 2003 RFP. All he suggests is that it was somehow improper for Blackhawk to offer coal that Blackhawk had not yet procured. Coal brokers occasionally do this and there is no practical difference between this and offers made subject to prior sale to other buyers, which Mr. Sansom concedes (at page 33, lines 1-2) is an "acceptable practice." Either way, the supplier does not have the coal to sell to the buyer. In fact, in my experience both on the sales and purchasing sides of our business, buyers will accept a bid even though the broker is "still lining up the coal." This is even more acceptable in a market where coal is in short supply and prices are very volatile. There is, then, no "favoritism" or "conflict of interest" in treating Blackhawk the same way other short list suppliers are treated, especially when no coal was purchased from Blackhawk in response to the July 2003 RFP.

Third, Mr. Sansom refers to some unknown, unconsummated "July-September" transaction for compliance coal by water as a result of the July 2003 RFP that he claims led to purchases in 2004 at higher prices. First, this statement ignores

the fact that PFC made significant compliance coal purchases by water from a foreign supplier as a result of the July 3, 2003 RFP. These import purchases are the very same purchases that Mr. Sansom admits at page 34, lines 19 to 21 of his testimony were economical purchases for 2004 and 2005. Further, Mr. Sansom is relying on nothing more than hindsight to suggest in his testimony now that further purchases as a result of the July 2003 RFP would have avoided higher prices later in 2004. At the time of the July 2003 RFP and RFP evaluation, the coal market was volatile and, unlike Mr. Sansom, we did not have the benefit of knowing what the 2004 coal prices would be.

Finally, Mr. Sansom asserts that "it is even possible" that the Infinity coal was bought by a "PEF affiliate synfuel plant" before PFC could purchase the coal in response to Infinity's bid in response to the July 2003 RFP. This is rank speculation on his part, I do not know who Infinity sold the coal to nor was Infinity obligated to tell me. Infinity had offered the coal subject to prior sale which meant that Infinity was free to sell the coal to anyone in the market who offered Infinity the best price for it and purchased it before we called. That includes any synfuel plant, which by the way, would have led to a lower market price for the coal because synfuel was typically sold below the market price for bituminous compliance coal. However, Mr. Sansom again misses the point that the water-borne import compliance coal bids were lower than the domestic compliance coal bids, like Infinity's, in any event, and the import coal is what PFC purchased.

Q. Was Mr. Sansom present for your phone call with Blackhawk, Infinity, or any other supplier that you called in response to the bids submitted for the July 2003 RFP?

A. No, he was not present.

Q. Did Mr. Sansom provide the Commission with the July 3, 2003 bid evaluation sheets and your October 2, 2003 memorandum and exhibits summarizing and explaining the bid evaluation and reasons for the purchase decisions that were made?

A. No, he did not, but I have done so. They are Exhibit No. ___ (AWP-2) and Exhibit No. ___ (AWP-3) to my testimony.

Q. Is Mr. Sansom also suggesting that PFC should not have evaluated the compliance coal bids based on the means, rail or water, by which the coal would be delivered to Crystal River?

A. He may be, because he makes a point of saying that the bids were segregated between rail and water, and domestic water (which he calls affiliates or ex-affiliates) and import water deliveries, in the same paragraph on page 32 in which he accuses PFC of engaging in "favoritism." However, there is nothing improper in this manner of evaluating the bids for the following three reasons.

First, this type of evaluation of the bids must be undertaken because PFC does have two means of coal delivery, rail and water, to Crystal River and, therefore, for

PFC to fully evaluate all potential bid responses PFC must consider the alternative means of delivering coal to Crystal River.

Second, the Commission long ago recognized the propriety of the dual delivery mechanism for Crystal River, stating in Order No. 15895 that "we acknowledge the desirability of maintaining alternative transportation routes for the purpose of increasing reliability and enhancing price competition." Any suggestion that it is improper to evaluate the bids in part based on the delivery mechanism is inconsistent with the Commission's prior order.

Third, the cost of transporting coal by water to Crystal River, domestic or import, for all but one year of the period at issue in Mr. Sansom's testimony has been set at a market proxy price approved by the Commission and all parties to the proceeding, including OPC. Regardless of whether the "affiliated" transportation costs exceeded or fell below the market to the extent one existed at all, PFC was only allowed to pass on to PEF's customers the market proxy amount.

Finally, it is ironic that Mr. Sansom appears to take issue with the segregation of the bids by rail and water and the evaluation of them based on their cost of delivery according to the delivery mechanism because if there was no water delivery available to Crystal River there would be no way for Mr. Sansom to urge the consideration of PRB coals at Crystal River. The cost of delivering PRB coals to Crystal River by rail is uneconomical on a delivered cost basis. Mr. Sansom agrees because he purports to have all of the PRB coals he says PFC should have bought delivered by water barge to Crystal River.

Q. With respect to the July 3, 2003 RFP, did you follow the same evaluation process and analysis for the A coal bids that you did for the D coal bids?

A. Yes.

Q. Does Mr. Sansom dispute in his testimony PFC's evaluation process and analysis with respect to the A coal bids in response to the July 3, 2003 RFP?

A. No, he does not.

B. THE APRIL 2004 SOLICITATION.

Q. When was the next solicitation you issued for coal for Crystal River?

A. In April 2004, PFC initiated on PEF's behalf an RFP for A and D coal for Crystal River for one, two, and three years with delivery by rail or water. As before, the RFP included specifications for both bituminous and sub bituminous coal and was sent to all potential bidders on PFC's bidder list, including a number of PRB suppliers. PFC received fourteen bids for CR1 and CR 2 (A coal) and twenty-three bids for CR4 and CR5 (D coal). A copy of the April 12, 2004 RFP solicitation for CR4 and CR5 is Exhibit No. ___ (AWP-4) to my testimony. A copy of the bidder list indicating the bidders that received the April 12, 2004 RFP and whether they responded to the RFP is Exhibit No. ___ (AWP-5) to my testimony.

Q. Did you follow the same bid evaluation process for the April 2004 RFP that you did for the July 2003 RFP?

A. Yes, I did, and Mr. Sansom has conceded that PFC conducted a thorough solicitation in 2004.

Q. What were the results of the evaluations of the bids in response to the April 2004 RFP?

A. PFC purchased 4.3 million tons of coal for both CR1 and CR2, and CR4 and CR5, as a result of the solicitation. The resulting contracts were for two years (2005 and 2006) and included three contracts each for suppliers of coal for CR1 and CR2 and CR4 and CR5. The coals purchased were those the plants had burned in the past and had historical experience with from both a handling and operational perspective. A copy of my memorandum with exhibits explaining the April 12, 2004 RFP and PFC's evaluation of that RFP is Exhibit No. ___ (AWP-6) to my testimony.

Q. Did you receive bids from PRB suppliers in response to the April 2004 RFP?

A. Yes, we did, however PFC did not purchase any PRB coal, even though the prices offered by the PRB suppliers was lower than the prices offered by the bituminous compliance coal suppliers on both a delivered cost and evaluated cost basis at this time. The reason was that PEF was conducting a test burn of a small shipment of PRB coal in a 15% blend with bituminous CAPP coal in April, roughly at the same time the RFP was issued. The Company had just received the report of the results of that test burn at the time of the evaluation of the bids in response to the April 2004 solicitation. At the time, the Company had not completed its review of the test burn and the Company was not permitted to burn sub bituminous coal under the environmental

permit in effect at that time. The results of the April 2004 solicitation confirmed, however, that the PFC and PEF should continue to investigate the use of PRB coals at CR4 and CR5.

Q. Why did you purchase PRB coals for a test burn in April 2004?

A. After the results of the July 2003 solicitation, I continued to follow the market prices reported in the coal publications or on the spot market for bituminous compliance coal, both domestic and import, and PRB coals. I noticed that bituminous coal prices were rising faster than PRB coal prices. As a result, I believed the use of PRB coal in a blend at Crystal River might prove to be economical in the future. For several months preceding the purchase of the PRB coal, I had been speaking with various suppliers of PRB coals. In most cases, because of delivery problems that I have mentioned earlier in my testimony and the suppliers resulting inability to satisfy their existing contractual commitments for PRB coals, the PRB suppliers were not able to provide PFC with a test shipment for a test burn at CR4 and CR5. However, ultimately, after numerous discussions over several months, one PRB coal supplier was willing to "make room" for one unit train for a test shipment. We purchased approximately 30,000 tons of PRB coal from Peabody for shipment by rail to the river. The coal was then transported by river barge to International Marine Terminal (IMT) and ocean barge to Crystal River. There were numerous delays in the shipment of the PRB coal by rail, due to congestion and supply requirements for other coal purchasers on the western rail lines, but I eventually received the shipment of PRB coal for an April 2004 test burn.

Q. Was the PRB test burn at CR4 and CR5 conducted in April 2004?

A. Yes, it was. Test burns at CR4 and CR5 must be conducted during the "shoulder" months, when the demand for energy placed on the system is generally lower due to the weather. The "shoulder" months generally occur in the spring and fall when the weather in Florida is more temperate. During "peak" months in the winter and summer in Florida the CR4 and CR5 units are needed at full output to meet the demands for energy. Accordingly, if we were unable to have the PRB blend test done in April in all likelihood that test would have been pushed back to the fall, in late October or November, or the next spring.

Q. What were the results of the April 2004 test burn?

A. The test results were promising although there were issues raised as a result of the test burn. After discussions with the plant operating personnel, it was determined that a target blend of 15% PRB with the remaining 85% a blend of bituminous coals, would be used. The blending occurred at IMT in New Orleans. When the test blend was shipped and used at the plant (CR4), the plant performed well at the 15% PRB blend but suffered a de-rate when it was determined a higher blend (22%) than what was planned occurred in a portion of the shipment. A copy of the test report is included with my testimony at Exhibit No. ___ (AWP-7).

Q. Have you read Mr. Sansom's testimony regarding the 2004 test burn?

A. Yes, I have.

Q. Do you agree with it?

A. No, I do not. The test was not "botched" as Mr. Sansom asserts. The test was undertaken to see how the existing units, in this case CR4, handled a small blend of PRB and bituminous coal without any changes to the unit. In other words, the Company wanted to see not only how the unit operated with a PRB blend but also what, if any, changes were needed in the operation of the unit to accommodate PRB.

It is further not true that PFC or the operators of the plant did not know that the CR4 and CR5 boilers were designed to handle a blend of bituminous and sub bituminous coals. We were very much aware that the design of the boilers accommodated a blend of bituminous and sub bituminous coals and that is why we proceeded with the April 2004 test burn without first checking with environmental on the environmental permit. When we learned that the permit did not include sub bituminous coal, the Company stopped the test, and reported this to DEP. I understand the Company obtained a permit to conduct a subsequent test of a blend of PRB and bituminous coal.

Also, it should be remembered that the April 2004 test was a preliminary look at PRB, the test occurred only over two days, to see if the Company should pursue PRB as an option at CR4 and CR5. As a result of this test, which I reported to management at PEF, I understand that the Company continued to investigate the use of PRB at CR4 and CR5 in 2005 and 2006.

Q. By the way, did PFC also participate in the spot market from 2002 to 2005?

A. Yes. PFC had a practice of regularly participating in spot purchases when market conditions warranted such participation and PFC frequently maintained open positions when market conditions appeared favorable to do so for spot purchases.

Q. Was PFC's participation in the spot market well known?

A. Yes. I frequently told bidders and potential bidders about our interest in spot purchases when I was in charge of coal procurement for the Crystal River Plant and I was certainly aware that PFC was a participant in the spot market when I was on the sales side. Also, the purchases in the spot market are widely reported in various widely read and recognized coal publications.

Q. Did any PRB supplier ever participate in the spot market during your tenure from 2002 to 2005?

A. No. I never received any spot offers for PRB coal from any PRB supplier.

C. SUBSEQUENT MARKET PURCHASES IN 2004

Q. Did you re-enter the coal market in August and September 2004 for additional coal purchases for 2005 and 2006?

A. Yes, I did.

Q. Why did you re-enter the market so soon after the April 2004 solicitation was completed?

A. At the time of the completion of the April 2004 solicitation we had an open position partly due to the availability of compliance bituminous coals as a result of that solicitation and partly due to a desire to maintain some limited flexibility to respond to market conditions should they grow more favorable to purchasers. From April to September 2004, however, coal market pricing remained extremely strong, with coal commodity prices increasing from $45 to $50 per ton to approximately $60 to $70 per ton. This was indicative of a tight supply market brought about by, among other factors, continued trucking issues in both Kentucky and West Virginia and continued discussions regarding the difficulty of obtaining mining permits. Additionally, four major utilities (Tennessee Valley Authority [TVA], South Carolina Electric & Gas, South Carolina Public Service, and Constellation) had issued solicitations for coal. PFC's open position had also expanded for water deliveries of coal to CR4 and CR5. The most economical move under the existing Massey contract was to shift all of that coal from water to rail, rather than maintaining an even split as originally envisioned, because of changing economics on the delivery costs and because projected inventories at IMT in 2005 for water delivery was growing because of delayed deliveries of coal due to the 2004 hurricane season. In sum, PFC determined that additional coal was needed by water for CR4 and CR5 and PFC was now competing with a number of major utilities for a limited supply of coal in the same time frame.

Q. Did PFC issue a formal RFP when it re-entered the market in August and September 2004?

A. No, it did not. PFC conducted an informal solicitation by contacting those suppliers who were known to have bituminous compliance coal supplies as a result of PFC having conducted the April 2004 formal RFP and continuing contacts in the industry. PFC contacted five potential suppliers off its April 2004 RFP bidder list (PFC's Marketing and Trading Division (PFC/M&T), Coal Marketing Company (CMC), Guasare, Drummond, and Glencore) to determine their ability to supply water-delivered coal and at what price. Only three other suppliers of waterborne coal for CR4 and CR5 (Central Coal, Infinity, and Massey) had responded to PFC's April 2004 RFP and I knew from various discussions with these potential suppliers that none of them had coal available.

I received six bids from three reliable suppliers. After the bids were evaluated, PFC awarded contracts to the two lowest cost suppliers. PFC/M&T provided the lowest bid and was awarded a two-year contract for 480,000 tons a year. The next lowest bidder, CMC, was awarded a contract for 450,000 tons (150,000 tons in year one and 300,000 tons in year two). CMC was a supplier of Columbian compliance bituminous coal.

Q. Why didn't PFC issue a formal RFP solicitation in August-September 2004?

A. Under the prevailing market conditions at the time issuance of a formal RFP was not practicable to ensure that PFC received the necessary quantities of coal it needed for CR4 and CR5 and that it received the necessary quantities at an economical price. As I have explained, coal prices were increasing, partly due to diminishing supplies produced in that time frame, and four major utilities had entered the market with

formal solicitations competing for the same limited supply of compliance bituminous coal.

Under these circumstances, PFC concluded the best way to secure the most inexpensive coal in the quantities needed was to quickly secure it before commitments were made to the other utilities with outstanding solicitations. While the other four utilities had entered the marketplace with their RFP's, the responses to those RFP's were not due at the time PFC initiated its informal solicitation and evaluation. PFC was able to move ahead of these formal RFP's with an informal solicitation because at the time, due to the volatility of the coal market, almost all responses to RFP's were offered "subject to prior sale," meaning as I have said previously, that the potential suppliers were able to sell their coal to other potential buyers in the market. We intended to enter the market and act quickly before the other four utilities had a chance to respond. Once PFC informed a supplier of its desire to purchase, the supplier would remove their bid from contention in the formal RFP's as a result of the "subject to prior sales" clause in their offer. As a result, in this marketplace it was truly "first come, first served."

If PFC had issued a formal RFP instead of conducting the informal solicitation when it did, PFC would have stood in line behind these other four utilities and all of them obviously would have completed their RFP solicitation and evaluation before PFC was able to complete another formal solicitation and evaluation. PFC, then, would have faced an even tighter supply of coal, necessarily resulting in even higher prices than it ended up paying, or no coal at all to meet its needs for CR4 and CR5. Conducting the informal solicitation for CR4 and CR5 when it did in August-

September 2004 was reasonable and prudent in light of the prevailing market conditions.

Q. How did PFC evaluate the bids received in response to the August-September 2004 informal solicitation?

A. PFC used the same methodology that it used for all coal purchases. PFC evaluated the bids based on both the delivered cost and evaluated cost to the Crystal River Plant. PFC also followed its typical practice of comparing the commodity prices of coals offered in the bids to the current market commodity prices reported in coal reports widely recognized in the industry as reliable market price indicators to ensure that the bid prices were consistent with prevailing market conditions when comparing the bids to the other bids received.

PFC determined that the bid prices, including the PFC bid, were within a reasonable range of market prices based on the published reports and other bids. This comparison was done because of the lack of availability of coal in the market place. The commodity price for the PFC/M&T bid ($62/ton), was within a reasonable range of market prices reported by United Power Inc. and Henwood Energy Services, Inc., which ranged from $60.43/ton to $62.96/ton. The delivered costs of the PFC bid was $3.15/MMBtu and was within a reasonable range of market prices based upon the United Power and Henwood Energy commodity prices plus the estimated delivered cost at $3.09/MMBtu to $3.19/MMBtu.

The CMC bid was compared to the other import coal offer which was provided by Guasare. The CMC commodity price delivered into IMT was $63.93/ton compared

to the Guasare commodity price of $74.75/ton; the delivered CMC price was $3.18/MMBtu compared to the delivered Guasare price of $3.32/MMBtu. Based on the types of coals at issue in the informal solicitation, PFC further followed its usual practice of purchasing known coals based upon the lowest delivered cost of the coals offered. This demonstrated that the August-September 2004 solicitation resulted in valid market prices.

Q. Are you aware of Mr. Sansom's criticisms of the August-September 2004 informal solicitation?

A. Yes, I am. Mr. Sansom criticizes PFC because (1) PFC did not conduct a formal RFP solicitation; (2) PFC apparently did not contact every compliance coal supplier on its admittedly "lengthy" bidder list; (3) PFC allegedly "sole-sourced" 480,000 tons for a two-year contract to an affiliate that provided coal by water to Crystal River; (4) PFC used published trade press prices to compare the bid prices received; and (5) PFC also purchased 210,000 tons of coal for CR1 and CR2 by rail from its affiliate. Mr. Sansom also claims PFC should have purchased PRB coal and not the coal purchased from PFC/M&T.

Q. Do you agree with them?

A. No, I do not. Apparently, Mr. Sansom believes that the only means of purchasing coal is through a formal RFP solicitation no matter what the market conditions are. This rigid standard is unrealistic and impractical because it denies PFC (or any procuring utility for that matter), the flexibility necessary to respond to changing market

conditions. By late summer and fall 2004 the coal market was highly volatile, there were several utilities seeking significant tons from an ever tightening supply, necessitating quick action by PFC to secure the necessary tons for CR4 and CR5. PFC acted reasonably and prudently under those market conditions in ensuring that it was among the "first to be served" in that market. Further, if Mr. Sansom's rigid standard of formal solicitations prevailed today there would be no "Over the Counter Market" (OTC) for coal which is clearly not the case in our industry today.

Mr. Sansom focuses on the purchase contract with PFC/M&T in August-September but ignores the 450,000 tons purchased over the same two years from CMC for high quality, import compliance bituminous coal. They were both made at the same time, both provided coal by barge delivery into Crystal River, and both bid prices compared favorably to market prices based on the recognized industry indices. Notably, Mr. Sansom does not say that it is unreasonable or imprudent to compare bid prices to such indices, rather, he argues simply that they are no substitute for formal solicitations. Again, in a perfect world with perfect market conditions one could always rely on formal RFP's but the world is not always perfect and market conditions sometimes require a more flexible, rapid response to market circumstances than a formal RFP provides. Those are the circumstances that PFC faced in August-September 2004.

Mr. Sansom nowhere explains how the purchase of coal by rail for CR1 and CR2, which is an entirely different type of coal from that purchased for CR4 and CR5, renders the award of one of the contracts in response to the August-September 2004 informal solicitation imprudent. He simply asserts it with no basis whatsoever.

Finally, Mr. Sansom takes issue with statements I have made about the anticipated impact if PFC issued a formal solicitation rather than conducting the informal solicitation that it undertook in August-September 2004. He claims that the trade press reports show that PEF was already in the market in August and September 2004 and, therefore, implies that the participants in the market were well aware of PFC's intentions. This is misleading. The trade press reports included by Mr. Sansom as an exhibit are both incomplete and, hence, not dated. One can tell, however, from comparing the "Bids Due" entries on page 1 of 2 of Exhibit No. ___ (RS-25) that the entry for Progress Energy for "Crystal River" has a "Bid Due" date of "5/12/04", which was the earlier April 2004 solicitation. The second entry on that same page refers to a "Progress Energy," "system-wide" solicitation, with a "Bids Due" date of "6/30/04." This second entry is a solicitation for Progress Energy Carolinas, not for PEF at Crystal River. It is this second entry that is repeated on page 2 of 2 of Exhibit No. ___ (RS-25). Therefore, what Mr. Sansom has done in this exhibit is include an earlier April 2004 RFP by PFC for PEF at Crystal River and a Progress Energy Carolinas solicitation and claimed that they demonstrate that PFC would re-enter the market months later, in August-September 2004, for more coal for Crystal River. The exhibit clearly has nothing to do with the informal solicitation that PFC undertook in August-September 2004.

IV. SYNFUEL PRODUCTION AND SALES: 1999-2002

Q. Prior to assuming the position of Vice President for Coal Procurement for PFC, were you employed on the sales side of PFC?

A. Yes, I was, from 1984 until 2002. My job was to sell coal and later coal and synfuel to utilities and industrial customers. As a result, PEF was but one potential customer among many potential customers.

Q. Did you respond to RFP's for coal for the Crystal River units?

A. Yes, I did. I frequently participated by providing bids in response to PEF RFP's with both coal and synfuel at various times over the years. In each case in which I participated in an RFP on behalf of PFC/M&T, I was always treated just like any other bidder. I also participated in the spot market with PEF by providing PFC on PEF's behalf offers for spot purchases. Similarly, when I assumed the position of making coal procurement decisions for PFC on PEF's behalf I treated PFC/M&T, when they participated in the RFPs or spot market, just like any other bidder.

PFC/M&T sold synfuel from facilities in which PFC had a small equity interest to PFC on behalf of PEF from 2000 to 2002. PEF, however, did not always purchase coal or synfuel from PFC/M&T when it was offered, either in response to an RFP or on the spot market.

Q. Was it unusual for EFC/PFC affiliates to have handled synfuel sales for synfuel producers in which an EFC/PFC affiliate held a minority equity participation?

A. No, that should have been expected because EFC (PFC) was one of the first if not the first entity to develop a successful synfuel production process and to set up efficient production and marketing facilities. As a result, other participants in the industry sought out EFC's (PFC's) expertise in the production and marketing of synfuel.

EFC/PFC was the primary, dominant market participant in the production and sale of synfuel.

Q. What made synfuel competitive to comparable bituminous compliance coal?

A. Synfuel had a bituminous coal base so it was offered as an alternative coal product at a price that was one to two dollars cheaper than the bituminous coal product on the market. In fact, the sales pitch for synfuel was that "it burns like coal, handles like coal, but is cheaper than coal so it will save you money."

Q. Did the sale of synfuel to PFC for PEF benefit PEF's customers?

A. Yes, it obviously did, because the synfuel product was sold at a discount to the market price for bituminous compliance coal. So, as a result, the utility customer received a similar bituminous coal-based product at a below market price. Synfuel producers were able to sell synfuel at or below market prices because they obtained tax credits that offset losses on the production and sale of synfuel.

Q. Mr. Sansom creates the impression in his testimony and his exhibits that sales of synfuel to PFC for PEF's Crystal River units were the primary source of synfuel tax credits for Progress Energy. Is that accurate?

A. No, it is not. Since I was involved in the sale of coal and synfuel from 2000 to 2002 (and coal before then) I know that PEF was one of PFC/M&T's smallest customers of synfuel. There were a number of other major utilities, such as American Electric Power (AEP), TVA, and Louisville Gas & Electric, that purchased substantially more

tons of synfuel on an annual basis than PEF ever did. These larger synfuel customers had to account for the overwhelming majority of the tax credits generated from synfuel sales because it is my understanding that the tax credits followed the sales.

V. ADDITIONAL REBUTTAL POINTS

Q. Having read Mr. Sansom's testimony, are there any additional errors that you see in his testimony?

A. Yes, there are. First, Mr. Sansom argues at page 39, lines 10-16, of his testimony that the shipment of PRB coals by rail to the McDuffie terminal in Mobile, Alabama and then by Gulf barge to Crystal River was the most economic route for the shipment of PRB coals to Crystal River. Second, at pages 46 and 47 of his testimony, Mr. Sansom attempts to equate the transportation risks of moving PRB coals to the transportation risks for Eastern bituminous coals. Both of these arguments are in error, based on what little information Mr. Sansom has provided in his testimony to support them.

Q. What is erroneous about his argument that the shipment of PRB coals by rail to McDuffie and then by Gulf barge to Crystal River was the most economic means to deliver PRB coals to Crystal River?

A. In support of this argument he relies on two letter proposals from rail carriers, one dated August 23, 2002 and the other dated May 8, 2003, for the delivery by rail of test shipments to the McDuffie terminal, and his unsupported conclusion that the "post-test burn" contract rail rates "usually" are not higher than the railroad's test burn rates

simply "because volumes are higher and the term is longer." The latter letter was addressed to me and followed conversations that I had with the carrier. I know based on those conversations that the rail price quoted in that letter was limited to a "test" shipment as a means of encouraging PFC to look at PRB coals for the Crystal River plants in the near future. I also know from those same conversations that the actual, long-term contract price to haul PRB coal from the mine to the McDuffie terminal would have been higher. This offer was a "Blue Light Special" offered by the rail carrier. I was there, I had the conversations with the rail supplier, and I know this offer was for test shipments only and would not translate into a later, favorable contract rail price. Therefore, Mr. Sansom's conclusion is incorrect in this instance and he offers nothing else to support his assertion that long-term contract rail rates between these two locations are "usually" lower than test burn rates. In fact, Mr. Sansom later concludes (at page 40) that it was the lack of "good data" that led him not to rely on this method of transporting PRB coals to Crystal River in his damages analysis.

Q. What is erroneous about Mr. Sansom's attempts to equate the transportation risks of PRB coals and Eastern bituminous coals?

A. In my experience in the coal markets, primarily in the east, the reasons for delay on the transportation of coals is highly dependent on the particular circumstances involved in each occurrence. The delays that have occurred in my experience usually could be explained by the situation of the particular supplier, the particular mine, the particular locale, or other unique circumstances. I have found it difficult to generalize

about such risks in the eastern coal markets much less between eastern and western coal markets. Mr. Sansom must face similar difficulties since his testimony on this point is unsupported by any analytical, scientific study that he or someone else has done to compare the transportation risks associated with PRB coals to the transportation risks associated with eastern bituminous coals.

VI. CONCLUSION

Q. Do you believe that PFC acted reasonably and prudently in the coal procurement decisions that were made during your tenure as the Vice President of Coal Procurement for PFC?

A. Yes, I do. As I have explained in my testimony, PFC has always sought to obtain the most economical coal for the Crystal River coal units given the market conditions that PFC faced at the times these decisions had to be made between 2002 and 2005. In my view, under the circumstances present at the time these decisions were made, PFC did act reasonably and prudently.

Q. Does this conclude your testimony?

A. Yes.

ELECTRIC FUELS CORPORATION

COAL PROCUREMENT PROCEDURES

APPROVED: _____
Vice President of Operations

03/04/87

PROCUREMENT POLICIES

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

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

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

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

APPROVED: _____
Vice President of Operations

COAL PROCUREMENT PROCEDURES

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

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

Option Number One

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

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

Delivered Cost Per Ton ÷ (Guaranteed Btu/lb. x .002).

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

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

2. Reserve and permit data, together with a mining plan, on those reserves expected to be dedicated to an EFC contract.

3. Mine ownership data, including principals and parent companies, if any.

4. Mine equipment lists.

5. Business and customer references.

6. Complete description of preparation plant and loadout facilities including proposals for sampling and weighing.

7. Thoughts on contract provisions such as escalation/ de-escalation, premium/penalties, force majeure, etc.

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

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

Option Number Two

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

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

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

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

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

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

2. Reserve and permit data, together with a mining plan, on those reserves expected to be dedicated to an EFC contract.

3. Mine ownership data, including principals and parent companies, if any.

4. Mine equipment lists.

5. Business and customer references.

6. Complete description of preparation plant and loadout facilities including proposals for sampling and weighing.

7. Thoughts on contract provisions such as escalation/de-escalation, premium/penalties, force majeure, right to audit, etc.

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

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

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

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

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

2. Does the producer have reasonable access to both rail and water transportation? Those producers who offer the additional flexibility of being able to ship on both the water and rail systems may warrant additional considerations.

3. Ability to ship both 1 percent and compliance sulfur coal will warrant consideration.

4. Does producer have additional capacity to ship? In times of emergencies (strike, hurricane, etc.), it may be desirable to have existing contract suppliers increase tonnages to cover falls from others. Those producers with this capability may deserve additional consideration.

5. What is past experience with this producer? It may be necessary and desirable to eliminate a producer from consideration because of bad past experience, regardless of price.

SPOT COAL PURCHASE PROCEDURES

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

Predictable Spot Requirements

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

Other factors to consider when placing these spot orders include:

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

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

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

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

5. What is our past experience with the successful candidate? A producer with a history of poor performance will warrant very careful review, if not exclusion, despite favorable pricing.

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

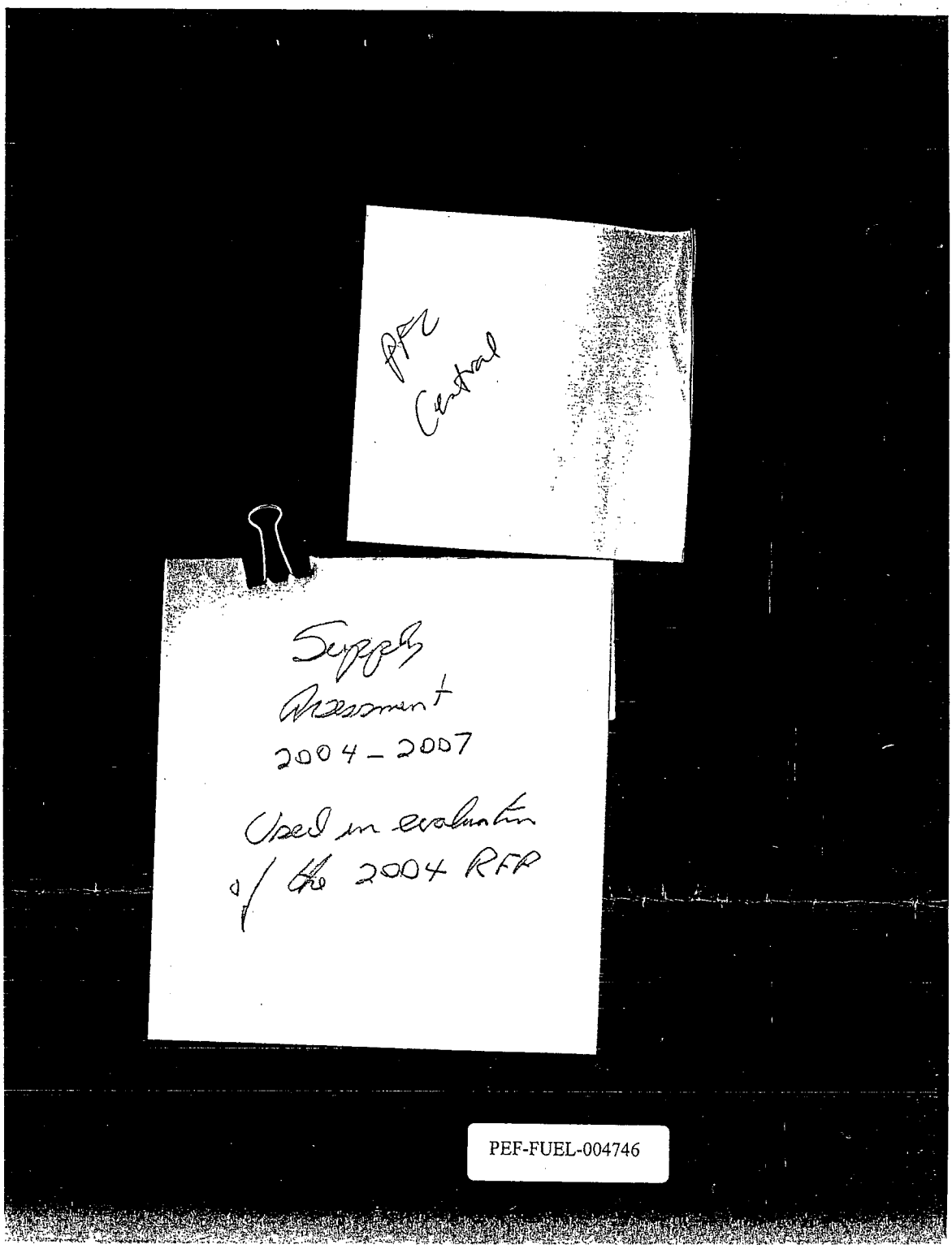
Unpredictable Spot Requirements and Purchase of Distress or Bargain Coal

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

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

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

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


PEF
Central
Supply
Assessment
2004 - 2007
Used in evaluation
of the 2004 RFP
PEF-FUEL-004746

PROGRESS FUELS CORPORATION
CR 4 and 5
July 03 Solicitation
Domestic Water Coals
Short List

Supplier	Term	Origin	1000 Tons	Weighted Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Price	Transp Mode	Shipper Transpt Rail $ Cost	Transpt Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/Ton	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/MM	Evaluated Utilized Cost $/st	Evaluated Utilized $ Cost $/MM	ACTION TAKEN	Notes
Single Year (No single year bids were competitive)																													
Multi Year																													
Infinity	1/01/04 - 12/31/07	Panther	3,000	$36.75	750	$36.75	750	$36.75	750	$36.75	$36.75	FOB barge	$24.50		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$61.25	2.393	$60.06	$2.35		FOB Dock Quincy-FOB Barge Shrewsbury
PFC	1/04 -12/06	Coal/Synfuel	2,700	$35.88	900	$34.75	900	$35.88	900	$37.03		Kan River	$24.50		12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$0.27		$60.38	2.416	$60.66	$2.43		Min 50% synfuel - 0.68% S to apply- Reopen 07
Infinity	1/01/04 - 12/31/07	Panther	3,000	$35.95	750	$35.95	750	$35.95	750	$35.95	$35.95	FOB barge	$24.50		10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	-$0.34		$60.45	2.418	$60.11	$2.40		FOB Dock Quincy-FOB Barge Shrewsbury

****

Denotes Weighted Avg Price of Multi-year prices

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	46

SO2 Price $150

8,904,000 tons offered

Need appx 740 k tons for 04

Revised: 7/16/2003 10:32

Called Joe & Offered Them!

Try this offer:
Purchase 2004 PFC with price reopen. Approx 525,000 tons for 2005.

	Synfuel	Coal	Max Price Delivered
2004	33.25	35.50	34.38
2005	Mkt Price Reopen. Stipulated $2.75 discount from coal component		

7/30 Rejected by PFC. Per Joe they have better alternatives and the .68% Sulfur restriction for Synfuel makes the economics very difficult if not impossible.

8/4 Offer revised. Try offered @ 34.75 for 100% coal. 300K - 2004 only
12500
12.0% Ash
1.2# SO2
Offer is pending them purchasing the source coal. The estimate two weeks.

PEF-FUEL-004747

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Domestic Water Coals
All Bids

Supplier	Term	Origin	(000) Tons	Weighted Price	Base Tons	Base Price	Option 1 Tons	Option 1 Price	Option 2 Tons	Option 2 Price	Transp Mode	Transp Cost/T	Other Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Delivered Cost/MMBtu	Unit 45 Decision Codes	Cash Cost $/ton	Cash Cost $/MM	Evaluated Delivered Cost $/ton	Evaluated Delivered Cost $/MM	ACTION TAKEN	Notes
Infinity	1/01/04 - 12/31/07	Panther	3,000	$36.75	750	$36.75	750	$36.75	750	$36.75	FOB barge	$24.50		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$61.25	2.393	$60.06	$2.35		FOB Dock Quincy-FOB Barge Shrewsbury
PFC	1/04 -12/06	coal/Synfuel	2,700	$35.89	900	$34.75	900	$35.88	900	$37.03	Kan River	$24.50		12.90%	0.75%	12,500	8.00%	31.00%	44	1.20	$0.27		$60.38	2.416	$60.66	$2.43		Min 50% synfuel - 0.68% S to apply- Reopen 07
Infinity	1/01/04 - 12/31/07	Panther	3,000	$35.95	750	$35.95	750	$35.95	750	$35.95	FOB barge	$24.50		10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	-$0.34		$60.45	2.418	$60.11	$2.40		FOB Dock Quincy-FOB Barge Shrewsbury
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$37.00	480	$37.00					Kan barge	$24.50		12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$61.50	2.500	$61.92	$2.52		
Massey 1b	1/04 - 6/04	Bandmill-Ceredo	360	$38.20	360	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 2b	1/04 - 12/04	Bandmill-Ceredo	720	$38.20	720	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Peabody 3	1/04 -12/04	BS River	144	$38.35	144	$38.35					BS River	$24.50		13.50%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.87	A	$62.85	2.555	$63.72	$2.59		
Massey 3b	1/04 - 12/04	Bandmill-Ceredo	2,160	$38.50	720	$38.00	720	$38.50	720	$39.00	FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$62.00	2.562	$63.89	$2.64		

Denotes Weighted Avg Price of Multi-year prices

Need appx 740 k tons for 04

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	46

302 Price	$160

8,904,000 tons offered

Revised: 7/21/2003 13:48

PFC
2004 RFP
Black Hawk/Calla
Bid

Black Hawk Calla

9/2/03

Discussed with Joe Jefferson the status of a coal source for potential shipment to PFC during 2004. The source is related to the 2004 RFP. See prior notes on the RFP Workpapers and the original bid dated 7/2/03. They have finally been able to complete a purchase for 2004 coal supply. With current market conditions the supplier continually delayed completion of a deal. The market prices for 1.2# SO_2, and in general all qualities of coal, continued an upward movement from the end of July to current period. Coal sources on both the Kanawha and Big Sandy are in "short supply." The best price they can offer is $38.25 FOB Barge for 12500 BTU/ 12% Ash/ 1.2# SO_2. The "revised" offer we discussed was $34.75 for the same quality. This represents a $3.50 increase and an increase of the delivered price from 2.37 $/MMBTU to 2.51 $/MMBTU.

30,000 tons/mo

38.25
34.50

see previous notes regarding this price. Note of 8/4/03

The bid next, after Black Hawk, in the original evaluation of the RFP was Kanawha Eagle (Central Coal) at 2.50 $/MMBTU. I did not consider this bid because, in my opinion, it was too far removed from market. Appears this was not the case. Black Hawk is now, because of what it

1/3

PFC
2004 RFP
Black Hawk/Colla
Bid

9/2/03

Cost to purchase the coal, within $.01/MMBTU of the Central Coal bid.

(Clark Wiseman)

9/3/03 Called Central Coal and discussed the bid submitted. Requested what tonnage is available for 2004. He called and offered the following

25,000 tons/mo
12300 BTU
12.0% Ash
1.2 # SO_2
$ 37.50 FOB Barge Kanawha

However, can't use Synfuel unless it is .68% at 12300 BTU or 1.105 # SO_2

The product being offered is a blend of Eagle coal (45%) and Coalburg (55%). They will require the option to include Synfuel up to and including the entire Eagle Coal portion of the blend 45%.

Evaluation 37.50 $
24.50 Transp.
62.00
2.52 $/MMBTU

2/3

PFC
2004 RFP

9/4/03

Black Hawks bid is comparable to Central Coal. However, I am currently discussing with Massey Coal the price reopener. They also bid on the RFP, but were not competitive. Once I determine their price, I will be able to determine if Black Hawk & Central Coal is market. Before any purchase is made from Black Hawk, I need to finalize the Massey - Elkem price reopener.

9/5/03 See decision attached

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Western Coals
first run

FOR TEST PURPOSES ONLY - Review Later

Supplier	Term	Origin	Total Tons (000)	Weight Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Transp Cost	Ship or Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN
RAG 2	1/04 -12/04	20 Mile - COL	500	$15.50	500	$15.50					UP	$29.00		10.00%	0.51%	11,300	10.00%	39.00%	40	0.90	$0.32	B	$44.50	1.969	$44.82	$1.98	
Kennecott	7/01/03 - 12/31/04	Spring Creek	100	$6.75							BN	$14.44	$15.95	4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$1.40	BM	$37.14	1.986	$38.54	$2.06	
AEP No 3	1/1/04 - 12/31/06	PRB unspecified	1,500	$19.10	500	$19.10	500	$19.10	500	$19.10	FOB Barge	$16.50	$0.00	5.50%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.66	BM	$35.60	2.023	$38.26	$2.17	
Peabody 2	1/04 - 12/04	PRB-Ant/Rock	500	$20.77							FOB bg Cora	$15.00		4.40%	0.22%	8,800	26.70%	31.50%	59	0.50	$1.87	BM	$35.77	2.032	$37.64	$2.14	
Oxbow	1/04 -12/06	Elk Creek CO	1,500	$18.03	500	$17.50	500	$18.03	500	$18.57	UP	$29.00		12.00%	0.58%	11,500	10.00%	32.00%	45	1.00	$0.91	B	$47.03	2.045	$47.94	$2.08	
AEP No 4	1/1/04 - 12/31/06	PRB unspecified	1,500	$18.10	500	$18.10	500	$18.10	500	$18.10	FOB Barge	$18.50	$0.00	5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$3.01	BM	$34.60	2.060	$37.61	$2.24	
Kennecott	7/01/03 - 12/31/04	Jacobs	100	$5.50							UP,BN	$14.44	$15.95	6.82%	0.48%	8,700	27.72%	32.19%	54	1.10	$3.33	BM	$35.89	2.063	$39.22	$2.25	
DTE 1	1/1/04 - 6/30/04	PRB	168	$6.15							FOB Car	$14.44	$15.95	6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM	$36.54	2.076	$39.35	$2.24	
Arch	1/01/04 - 6/30/04	PRB - Black Thunder	300	$6.30	300	$6.30					Multi	$14.44	$15.95	6.00%	0.35%	8,800	28.00%	35.00%	50	0.80	$2.91	BM	$36.69	2.085	$39.60	$2.25	
DTE 2	1/1/04 - 12/31/04	PRB	336	$6.35							FOB Car	$14.44	$15.95	6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM	$36.74	2.088	$39.55	$2.25	
Triton 1	1/04 -12/04	PRB N Rochelle	500	$8.00	500	$8.00					BN,UP	$29.00		4.70%	0.35%	8,800	27.90%	31.00%	55	0.80	$2.50	BM	$37.00	2.102	$39.50	$2.24	
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	$6.25	500	$8.25					UP,BN	$14.44	$15.95	4.50%	0.27%	8,550	29.90%	31.00%	58	0.63	$2.63	BM	$36.64	2.143	$39.27	$2.30	
Triton 2	1/04 -12/04	PRB Buckskin	500	$6.00	500	$6.00					BN	$14.44	$15.95	5.90%	0.30%	8,400	28.90%	31.00%	55	0.71	$3.30	BM	$36.39	2.166	$39.69	$2.38	

---- Denotes weighted average of multi year prices

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$160

Revise

PROGRESS FUELS CORPORATION

CR 4 and 5

Master Listing-All Categories

(First Run)

Recomputation Guasare One year and three year in month; no change single year See Attachment

Supplier	Term	Origin	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	Transp Mode	Trans Cost	Rail Car Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	Hgi	SO2	Utilization Costs	Unit 45 Derate Codes	Cost Cost $/ton	Cost Cost $/MM	Evaluated Utilized Cost $/ton	Evaluated Utilized Cost $/MM	ACTION TAKEN	Notes
AEP No 1	1/04 -12/06	Col/Ven/US	2,700	$36.00	900	$35.50	900	$36.00	900	$36.50	FOB NOLA	$14.44	$6.00	NA	0.80%	11300	NA	NA	NA	1.06	$0.38	ABM	$58.44	2.497	$56.82	$2.51		Nonspecific Loadpoint, Quality, Freight
AEP No 2	1/1/04 - 6/30/05	Damron Fork	900	$35.00	300	$35.00	300	$35.00	300	$35.00	CSX BS	$17.00	$1.75	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	-$0.59		$53.75	2.100	$53.16	$2.08		
AEP No 3	1/1/04 - 12/31/06	PRB	1,500	$18.10	500	$18.10	500	$18.10	500	$18.10	Barge	$29.00	$0.00	5.50%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.66	BM	$48.10	2.733	$50.76	$2.88		Barge - Blend - Many Add'l Plant Costs!
AEP No 4	1/1/04 - 12/31/06	PRB	1,500	$18.10	500	$18.10	500	$18.10	500	$18.10	Barge	$29.00	$0.00	5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$3.01	BM	$47.10	2.804	$50.11	$2.98		Barge - Blend - Many Add'l Plant Costs!
AEP No 5a	1/1/04 - 12/31/04	CSX BS	300	$32.00	300	$32.00						$17.00	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$50.75	2.030	$52.02	$2.08		
AEP No 5b	1/1/04 - 12/31/04	CSX Kan	300	$32.00	300	$32.00						$18.39	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$52.14	2.086	$53.41	$2.14		
Alliance No 1	1/1/04 - 12/31/04	MC Mining	300	$34.00	300	$34.00					CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	$34.00	300	$34.00	300	Reopen	300	Reopen	CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		Reopener 05 and 06
Alpha	1/1/04 -12/31/04	McClure	360	$34.50	360	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Alpha	1/1/04 -6/30/04	McClure	180	$34.50	180	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Arch	1/01/04 - 6/30/04	PRB	300	$6.30	300	$6.30					Meld	$29.00		6.00%	0.35%	8,800	28.00%	35.00%	50	0.80	$2.91	BM	$35.30	2.006	$38.21	$2.17		Lowest price - see bid for add'l options
Arch	1/1/04 - 6/30/04	Logan	300	$34.25	300	$34.25					CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.39	2.266	$55.36	$2.31		Lowest price - see bid for add'l options
B&W Resources	1/1/04 - 12/31/04	B&W Hazard	120	$40.00	120	$40.00					CSX Jel	$16.87	$1.75	10.00%	0.75%	12,500	8.00%	32.80%	42	1.20	-$0.33		$58.62	2.345	$58.29	$2.33		
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$35.75	480	$35.75					CSX Kan	$18.39	$1.75	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$55.89	2.272	$56.31	$2.29		75 car capacity only
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$37.00	480	$37.00					Kan barge	$24.50	$1.75	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$63.25	2.571	$63.67	$2.58		
CMC	1/1/04 - 12/31/04	Carrejon	400	$35.95	400	$35.95					CIF ECT	$14.44		8.00%	0.71%	11,800	11.00%	33.50%	49	1.20	-$0.07	M	$50.39	2.135	$50.32	$2.13		Use IMT
Dominion	1/1/04 - 12/31/04	MC Mining	360	$33.00	360	$33.00					CSX BS	$17.00	$1.75	10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	-$0.33		$51.75	2.070	$51.42	$2.06		
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88					Dixie	$14.44		5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	-$0.59	BM	$49.32	2.168	$48.73	$2.08		
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	$36.29	750	$34.88	750	$36.29	750	$39.06	Dixie	$14.44		5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	-$0.59	BM	$50.73	2.168	$50.14	$2.14		
DTE 1	1/1/04 - 6/30/04	PRB	168	$8.15	168	$8.15					FOB Car	$29.00		6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM	$35.15	1.997	$37.96	$2.16		FOB Railcar - Note SO2 premium
DTE 2	1/1/04 - 12/31/04	PRB	336	$8.35	336	$8.35					FOB Car	$29.00		6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM	$35.35	2.009	$38.16	$2.17		FOB Railcar - Note SO2 premium
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75					FOB Dixie	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$56.19	2.266	$55.03	$2.22		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35					FOB Dixie	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$56.79	2.290	$55.63	$2.24		
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	2.135	$51.78	$2.09		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	2.227	$54.08	$2.18		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	2.207	$53.58	$2.16		
Glencore	1/1/04 - 12/31/04	TPA-Gearless	300	$38.10	300	$39.10					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$53.54	2.159	$52.38	$2.11		
Glencore	1/1/04 - 12/31/04	TPA-Geared	300	$40.60	300	$40.60					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.04	2.219	$53.43	$2.17		
Glencore	1/1/04 - 12/31/04	TPA-Belted	300	$40.15	300	$40.15					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.59	2.201	$53.43	$2.15		
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$41.06	200	$41.06					FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$55.52	2.169	$54.33	$2.12		
Infinity	1/01/04 - 12/31/07	Panther	3,000	$36.75	750	$36.75	750	$36.75	750	$36.75	FOB barge	$24.50		8.00%	0.77%	12,800	8.00%	30.00%	45	1.20	-$0.19	V	$61.25	2.393	$61.06	$2.39		FOB Dock Quincy-FOB Barge Shrewsbury
Infinity	1/01/04 - 12/31/07	Panther	3,000	$35.95	750	$35.95	750	$35.95	750	$35.95	FOB barge	$24.50		10.00%	0.75%	12,500	8.00%	30.00%	45	1.20	$0.68	V	$60.45	2.418	$61.11	$2.44		FOB Dock Quincy-FOB Barge Shrewsbury
Kennecott	7/01/03 - 12/31/04	Jacobs	100	$5.50	100	$5.50					UP,BN	$29.00		5.82%	0.48%	8,700	27.72%	32.19%	54	1.10	$3.33	BM	$34.98	1.983	$37.83	$2.17		03 tons are 0.65 less
Kennecott	7/01/03 - 12/31/04	Spring Creek	100	$8.75	100	$8.75					BN	$29.00		4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$1.40	BM	$35.75	1.912	$37.15	$1.99		03 tons are 0.25 less
Koch Carbon 1	1/04 - 7/04	Non-specific	140	$34.25	140	$34.25					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.00	2.038	$52.26	$2.01		
Koch Carbon 2	1/04 - 12/04	Non-specific	240	$34.50	240	$34.50					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.25	2.048	$52.51	$2.02		

PROGRESS FUELS CORPORATION

CR 4 and 5
Master Listing-All Categories
(First Run)

Supplier	Term	Origin	(000) Tons	2004 Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Ship or Transp Cost	Rail Car Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/ton	Unit 45 Derate Codes	Evaluated Cash Cost $/ton	Evaluated Cash Cost $/MM	Evaluated Utilized Cost $/ton	Evaluated Utilized Cost $/MM	ACTION TAKEN	Notes
Koch Carbon 3	1/04 - 12/05	Non-specific	240	$35.05	240	$35.05	240	$35.05			CSX BS	$17.00	$1.75	10.00%	0.70%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.80	2.069	$53.06	$2.04		
Massey 1a	1/04 - 6/04	Bandmill	360	$33.00	360	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 1b	1/04 - 6/04	Bandmill-Ceredo	360	$38.20	360	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 2a	1/04 - 12/04	Bandmill	720	$33.00	720	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 2b	1/04 - 12/04	Bandmill-Ceredo	720	$38.20	720	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 3a	1/04 - 12/04	Bandmill	2,160	$33.00	720	$32.50	720	$33.00	720	$33.50	CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 3b	1/04 - 12/04	Bandmill-Ceredo	2,160	$38.50	720	$38.00	720	$38.50	720	$38.00	FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$62.00	2.562	$63.89	$2.64		
Oxbow	1/04 -12/06	Elk Creek CO	1,500	$18.03	500	$17.50	500	$18.03	500	$18.57	UP	$29.00		12.00%	0.58%	11,500	10.00%	32.00%	45	1.00	$0.91	B	$47.03	2.045	$47.94	$2.08		Note SO2 premipenalty
Peabody 1	1/04 -12/04	Synergy Mine	540	$34.25	540	$34.25					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	7.00%	31.00%	44	1.20	$0.17		$54.39	2.176	$54.56	$2.18		
Peabody 2	1/04 - 12/04	PRB-AmRock	500	$20.77	500	$20.77					FOB bg Cora	$15.00		4.40%	0.22%	8,800	26.70%	31.50%	59	0.50	$1.87	BM	$35.77	2.032	$37.64	$2.14		offered 30k for .60 less for 03
Peabody 3	1/04 -12/04	BS River	144	$38.35	144	$38.35					BS River	$24.50		13.50%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.87	A	$62.85	2.555	$63.72	$2.59		
PFC	1/04 -12/06	coal/Synfuel	2,700	$35.88	900	$34.75	900	$35.88	900	$37.03	Kan River	$24.50		12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$0.27		$60.39	2.416	$60.66	$2.43		Min 50% synfuel - 0.68% S to apply- Reopen 07
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	$8.25	500	$8.25					UP,BN	$29.00		4.50%	0.27%	8,550	29.80%	31.00%	58	0.63	$2.63	BM	$38.25	2.061	$37.88	$2.22		
RAG 2	1/04 -12/04	20 Mile - COL	500	$15.50	500	$15.50					UP	$29.00		10.00%	0.51%	11,300	10.00%	39.00%	40	0.90	$0.32	B	$44.50	1.989	$44.82	$1.98		Vol too high
Transocean	7/03 - 12/03	China	200	$38.87	200	$38.87					CIF NOLA	$14.44		10.00%	0.58%	11,500	10.00%	31.00%	52	1.00	$0.30	B	$53.31	2.318	$53.61	$2.33		
Triton 1	1/04 -12/04	PRB N Rochelle	500	$8.00	500	$8.00					BN,UP	$29.00		4.70%	0.35%	8,800	27.90%	31.00%	55	0.80	$2.50	BM	$37.00	2.102	$39.50	$2.24		
Triton 2	1/04 -12/04	PRB Buckskin	500	$8.00	500	$8.00					BN	$29.00		5.90%	0.30%	8,400	29.90%	31.00%	55	0.71	$3.38	BM	$35.00	2.083	$38.30	$2.28		

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	49

SO2 Price $150

Revised: 7/21/2003 15:52

PEF-FUEL-004754

PROGRESS FUELS CORPORATION

CR 4 and 5

Master Listing-All Categories

(First Run)

Supplier	Term	Origin	(000) Tons	2004 Price	2004 Tons	2005 Price	2005 Tons	2006 Price	2006 Tons	Transp Mode	Ship or Transp Cost	Refinery Cost	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Fuel Utilization Cost/ton	Unit 45 Derate Codes	Coal Cost Std	Cost $/M	Evaluated Utilized Cost Std	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
AEP No 1	1/04 -12/06	Col/Ven/US	2,700	$36.00	900	$35.50	900	$38.00	900	$36.50	FOB NOLA	$14.44	$6.00	NA	0.60%	11300	NA	NA	NA	1.06	$1.38	ABM	$56.44	$57.82	$2.56		Nonspecific Loadpoint, Quality, Freight
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	$35.00	300	$35.00	300	$35.00	300	$35.00	CSX BS	$17.00	$1.75	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	-$0.59		$53.75	$53.16	$2.08		
AEP No 3	1/1/04 - 12/31/06	PRB	1,500	$19.10	500	$19.10	500	$19.10	500	$19.10	FOB Barge	$16.50	$0.00	5.50%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.66	BM	$35.60	$38.26	$2.17		Cook Coal Terminal - Rail/dock est @ 16.50
AEP No 4	1/1/04 - 12/31/06	PRB	1,500	$19.10	500	$19.10	500	$19.10	500	$19.10	FOB Barge	$16.50	$0.00	5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$3.01	BM	$34.60	$37.61	$2.24		Cook Coal Terminal - Rail/dock est @ 16.50
AEP No 5	1/1/04 - 12/31/04	CSX Kan	300	$32.00	300	$32.00					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$52.14	$53.41	$2.14		BS/Kan at sellers option....This is likely case
Alliance No 1	1/1/04 - 12/31/04	MC Mining	300	$34.00	300	$34.00					CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	$52.12	$2.08		
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	$34.00	300	$34.00	300	Reopen	300	Reopen	CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	$52.12	$2.08		Reopener 05 and 06
Alpha	1/1/04 -12/31/04	McClure	360	$34.50	360	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	$53.19	$2.08		Must be Blended
Alpha	1/1/04 -6/30/04	McClure	180	$34.50	180	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	$53.19	$2.08		Must be Blended
Arch	1/1/04 - 6/30/04	Logan	300	$34.25	300	$34.25					CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.39	$55.36	$2.31		Low price - see bid for add'l
Arch	1/01/04 - 6/30/04	PRB -	300	$6.30	300	$6.30					Multi	$14.44	$15.95	5.00%	0.35%	8,800	28.00%	35.00%	50	0.80	$2.91	BM	$36.69	$39.60	$2.25		Lowest price - see bid for add'l options
Arch	1/1/04 - 12/31/06	Logan	500	$34.50	500	$34.50	500	$34.50	500	$34.50	CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.64	$55.61	$2.32		Caps/Reopeners associated
B&W Resources	1/1/04 - 12/31/04	B&W Hazard	120	$40.00	120	$40.00					CSX Jel	$18.87	$1.75	10.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.33		$58.62	$58.29	$2.33		
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$37.00	480	$37.00					Kan barge	$24.50		12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$61.50	$61.92	$2.52		
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$35.75	480	$35.75					CSX Kan	$18.39	$1.75	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$55.89	$56.31	$2.29		75 car capacity only
CMC	1/1/04 - 12/31/04	Cerrejon	400	$35.95	400	$35.95					CIF ECT	$14.44		8.00%	0.71%	11,800	11.00%	33.50%	48	1.20	$0.93	M	$50.39	$51.32	$2.17		Use IMT
Dominion	1/1/04 - 12/31/04	MC Mining	360	$33.00	360	$33.00					CSX BS	$17.00	$1.75	10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	-$0.33		$51.75	$51.42	$2.06		
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88					Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37	$47.78	$2.04		Blending issues
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	$36.29	750	$34.88	750	$36.29	750	$39.06	Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78	$49.19	$2.10		Blending issues
DTE 1	1/1/04 - 6/30/04	PRB	168	$6.15							FOB Car	$14.44	$15.95	6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM	$36.54	$39.35	$2.24		FOB Railcar - Note SO2 premium
DTE 2	1/1/04 - 12/31/04	PRB	336	$6.35							FOB Car	$14.44	$15.95	6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM	$36.74	$39.55	$2.25		FOB Railcar - Note SO2 premium
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24	$53.08	$2.14		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84	$53.68	$2.16		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	$53.58	$2.16		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	$54.08	$2.18		
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	$51.78	$2.09		
Glencore	1/1/04 - 12/31/04	TPA-Belted	300	$40.15	300	$40.15					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.59	$53.43	$2.15		Not feasible - too much trucking
Glencore	1/1/04 - 12/31/04	TPA-Geared	300	$40.60	300	$40.60					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.04	$53.88	$2.17		Not feasible - too much trucking
Glencore	1/1/04 - 12/31/04	TPA-Gearless	300	$39.10	300	$39.10					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$53.54	$52.38	$2.11		Not feasible - too much trucking
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$40.45	200	$40.45					FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.89	$53.70	$2.10		Make certain on btu guar on all 3 bids
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	$40.34	650	$40.25	500	$40.45			FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.78	$53.59	$2.09		Lowest Price Alternative (one of many options)
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	$40.55	650	$40.25	650	$40.45	650	$40.95	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.99	$53.80	$2.10		3 optional cargoes 05 & 06 not incl
Infinity	1/01/04 - 12/31/07	Panther	3,000	$36.75	750	$36.75	750	$36.75	750	$36.75	FOB barge	$24.50		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$61.25	$60.06	$2.35	Sold - bid withdrawn	FOB Dock Quincy-FOB Barge Shrewsbury
Infinity	1/01/04 - 12/31/07	Panther	3,000	$35.95	750	$35.95	750	$35.95	750	$35.95	FOB barge	$24.50		10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	-$0.34		$60.45	$60.11	$2.40	Sold - bid withdrawn	FOB Dock Quincy-FOB Barge Shrewsbury
Kennecott	7/01/03 - 12/31/04	Jacobs	100	$5.50							UP,BN	$14.44	$15.95	5.82%	0.48%	8,700	27.72%	32.19%	54	1.10	$3.33	BM	$35.89	$39.22	$2.25		03 tons are 0.65 less
Kennecott	7/01/03 - 12/31/04	Spring Creek	100	$6.75							BN	$14.44	$15.95	4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$1.40	BM	$37.14	$38.54	$2.06		03 tons are 0.25 less
Koch Carbon 1	1/04 - 7/04	Non-specific	140	$34.25	140	$34.25					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.00	$52.26	$2.01		

PEF-FUEL-004755

PROGRESS FUELS CORPORATION

CR 4 and 5

Master Listing-All Categories

(First Run)

Supplier	Term	Origin	2003 Est Tons	2003 Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Trans Mode	Transp Costs	Rail Car Costs	Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/Ton	Unit 45 Derate Codes	Cash Cost $/ton	Cash Cost $/MM	Evaluated Utilized Cost $/ton	Evaluated Utilized Cost $/MM	ACTION TAKEN	Notes
Koch Carbon 2	1/04 - 12/04	Non-specific	240	$34.50	240	$34.50					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.25	2.048	$52.51	$2.02		
Koch Carbon 3	1/04 - 12/05	Non-specific	240	$35.05	240	$35.05	240	$35.05			CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.80	2.063	$53.06	$2.04		
Massey 1a	1/04 - 6/04	Bandmill	360	$33.00	360	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 1b	1/04 - 6/04	Bandmill-Ceredo	360	$38.20	360	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 2a	1/04 - 12/04	Bandmill	720	$33.00	720	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 2b	1/04 - 12/04	Bandmill-Ceredo	720	$38.20	720	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 3a	1/04 - 12/04	Bandmill	2,160	$33.00	720	$32.50	720	$33.00	720	$33.50	CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 3b	1/04 - 12/04	Bandmill-Ceredo	2,160	$38.50	720	$38.00	720	$38.50	720	$39.00	FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$62.00	2.562	$63.89	$2.64		
Oxbow	1/04 -12/08	Elk Creek CO	1,500	$18.03	500	$17.50	500	$18.03	500	$18.57	UP	$29.00		12.00%	0.58%	11,500	10.00%	32.00%	45	1.00	$0.91	B	$47.03	2.042	$47.94	$2.08		Note SO2 prem/penalty
Peabody 1	1/04 -12/04	Synergy Mine	540	$34.25	540	$34.25					CSX Kan	$18.39	$1.75	12.50%	0.75%	12,500	7.00%	31.00%	44	1.20	$0.17		$54.39	2.178	$54.56	$2.18		
Peabody 2	1/04 - 12/04	PRB-AntiRock	500	$26.77							FOB bg Cora	$15.00		4.46%	0.22%	8,800	26.70%	31.50%	59	0.50	$1.87	BM	$35.77	2.032	$37.64	$2.14		30k is.60 less for 03-rail/dock rate est@18.50
Peabody 3	1/04 -12/04	BS River	144	$38.35	144	$38.35					BS River	$24.50		13.50%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.87	A	$62.85	2.553	$63.72	$2.59		
PFC	1/04 -12/06	coal/Synfuel	2,700	$35.89	900	$34.75	900	$35.88	900	$37.03	Kan River	$24.50		12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$0.27		$60.39	2.416	$60.66	$2.43		Min 50% synfuel - 0.68% S to apply- Reopen 07
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	$8.25	500	$8.25					UP,BN	$14.44	$15.95	4.50%	0.27%	8,550	29.90%	31.00%	58	0.63	$2.63	BM	$36.84	2.143	$39.27	$2.30		
RAG 2	1/04 -12/04	20 Mile - COL	500	$15.50	500	$15.50					UP	$29.00		10.00%	0.51%	11,300	10.00%	39.00%	49	0.90	$0.32	B	$44.50	1.968	$44.82	$1.98		Vol too high
Transocean	7/03 - 12/03	China	200	$38.87	200	$38.87					CIF NOLA	$14.44		10.00%	0.58%	11,500	10.00%	31.00%	52	1.00	$1.30	B	$53.31	2.316	$54.61	$2.37		
Triton 1	1/04 -12/04	PRB N Rochelle	500	$8.00	500	$8.00					BN,UP	$29.00		4.70%	0.35%	8,800	27.90%	31.00%	55	0.80	$2.50	BM	$37.00	2.102	$39.50	$2.24		
Triton 2	1/04 -12/04	PRB Buckskin	500	$8.00	500	$8.00					BN	$14.44	$15.95	5.90%	0.30%	8,400	29.90%	31.00%	55	0.71	$3.30	BM	$36.39	2.166	$39.68	$2.36		

CR 45 Economics Base Specifications						
Ash	Sulfur	Btu	Moisture	Vol	HGI	
10.00%	0.70%	12,000	8.00%	31.00%	49	

SO2 Price	$160

Revised: 7/30/2003 7:57

PROGRESS FUELS CORPORATION

CR 4 and 5

July 03

Solicitation

RAIL COALS

SHORT LIST

Supplier	Term	Origin	(000) Totals Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/MBtu	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/MBtu
Single Year																	
AEP No 5a	1/1/04 - 12/31/04	CSX BS	300	300			12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$50.75	2.030	$52.02	$2.08
Koch Carbon 1	1/04 - 7/04	Non-specific	140	140			10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	$53.00	2.038	$52.26	$2.01
Koch Carbon 2	1/04 - 12/04	Non-specific	240	240			10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	$53.25	2.048	$52.51	$2.02
Alpha	1/1/04 -12/31/04	McClure	360	360			10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$52.85	2.064	$53.19	$2.08
Alpha	1/1/04 -6/30/04	McClure	180	180			10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$52.85	2.064	$53.19	$2.08
Dominion	1/1/04 - 12/31/04	MC Mining	360	360			10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	$51.75	2.070	$51.42	$2.06
Multi-Year																	
Koch Carbon 3	1/04 - 12/05	Non-specific	240	240	240		10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	$53.80	2.069	$53.06	$2.04
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	300	300	300	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	$53.75	2.100	$53.16	$2.08
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	300	300	300	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	$52.75	2.110	$52.12	$2.08
Massey 3a	1/04 - 12/04	Bandmill	2,160	720	720	720	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$53.14	2.196	$55.03	$2.27

CR 45 Economics Base Specifications

Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

So2 Price
$160

PEF-FUEL-004757

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PROGRESS FUELS CORPORATION

FOR TEST PURPOSES ONLY - Review Later

CR 4 and 5
July 03 Solicitation
Western Coals

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
Kennecott	7/01/03 - 12/31/04	Spring Creek	100				4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$37.14	1.986	$38.54	$2.06
RAG 2	1/04 -12/04	20 Mile - COL	500	500			10.00%	0.51%	11,300	10.00%	39.00%	40	0.90	$44.50	1.969	$44.82	$1.98
Kennecott	7/01/03 - 12/31/04	Jacobs	100				5.82%	0.48%	8,700	27.72%	32.19%	54	1.10	$35.89	2.063	$39.22	$2.25
DTE 1	1/1/04 - 6/30/04	PRB	168				6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$36.54	2.076	$39.35	$2.24
Arch	1/01/04 - 6/30/04	PRB - Black Thunder	300	300			6.00%	0.35%	8,800	28.00%	35.00%	50	0.80	$36.69	2.085	$39.60	$2.25
DTE 2	1/1/04 - 12/31/04	PRB	336				6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$36.74	2.088	$39.55	$2.25
AEP No 3	1/1/04 - 12/31/06	PRB unspecified	1,500	500	500	500	5.50%	0.35%	8,800	27.00%	35.00%	50	0.80	$35.60	2.023	$38.26	$2.17
Oxbow	1/04 -12/06	Elk Creek CO	1,500	500	500	500	12.00%	0.58%	11,500	10.00%	32.00%	45	1.00	$47.03	2.045	$47.94	$2.08
AEP No 4	1/1/04 - 12/31/06	PRB unspecified	1,500	500	500	500	5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$34.60	2.060	$37.61	$2.24
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	500			4.50%	0.27%	8,550	29.90%	31.00%	58	0.63	$36.64	2.143	$39.27	$2.30
Triton 2	1/04 -12/04	PRB Buckskin	500	500			5.90%	0.30%	8,400	29.90%	31.00%	55	0.71	$36.39	2.166	$39.69	$2.36
Triton 1	1/04 -12/04	PRB N Rochelle	500	500			4.70%	0.35%	8,800	27.90%	31.00%	55	0.80	$37.00	2.102	$39.50	$2.24
Peabody 2	1/04 - 12/04	PRB-Ant/Roch	500				4.40%	0.22%	8,800	26.70%	31.50%	59	0.50	$45.27	2.572	$47.14	$2.68

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price
$160

PEF-FUEL-004758

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PROGRESS FUELS CORPORATION

CR 4 and 5

July 03 Solicitation

Foreign Water Coals

SHORT LIST

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
Single Year (04)																	
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	750			5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$47.37	2.024	$47.78	$2.04
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	300			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$52.94	2.135	$51.78	$2.09
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	200			8.00%	0.77%	13,000	8.00%	31.00%	45	1.18	$55.52	2.135	$54.13	$2.08
Emerald 1	1/1/04 - 12/31/04	Mobile	500	500			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$54.24	2.187	$53.08	$2.14
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	300			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$54.74	2.207	$53.58	$2.16
Emerald 2	1/1/04 - 12/31/04	IMT	500	500			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$54.84	2.211	$53.68	$2.16
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	300			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$55.24	2.227	$54.08	$2.18
Multi-Year																	
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	750	750	750	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$48.78	2.085	$49.19	$2.10
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	650	500		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	$55.41	2.164	$54.22	$2.12
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	650	650	650	8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	$55.63	2.173	$54.44	$2.13

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price
$160

PEF-FUEL-004759

Docket No. 060658
Progress Energy Florida
Exhibit No. ___ (AWP-2)
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PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Domestic Water Coals
Short List

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
Single Year (No single year bids were competitive)																	
Multi Year																	
Infinity	1/01/04 - 12/31/07	Panther	3,000	750	750	750	8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	$61.25	2.393	$60.06	$2.35
PFC	1/04 -12/06	Coal/Synfuel	2,700	900	900	900	12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$60.39	2.416	$60.66	$2.43
Infinity	1/01/04 - 12/31/07	Panther	3,000	750	750	750	10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	$60.45	2.418	$60.11	$2.40

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price
$160

PEF-FUEL-004760

Docket No. 060658
Progress Energy Florida
Exhibit No. ___ (AWP-2)
Page 15 of 52

PEF-FUEL-004761

PROGRESS FUELS CORPORATION

CR 4 and 5

July 03

Solicitation

RAIL COALS

SHORT LIST

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/MM	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/MM
Single Year																	
AEP No 5a	1/1/04 - 12/31/04	CSX BS	300	300			12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$50.75	2.030	$52.02	$2.08
Koch Carbon 1	1/04 - 7/04	Non-specific	140	140			10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	$53.00	2.038	$52.26	$2.01
Koch Carbon 2	1/04 - 12/04	Non-specific	240	240			10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	$53.25	2.048	$52.51	$2.02
Alpha	1/1/04 -12/31/04	McClure	360	360			10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$52.85	2.064	$53.19	$2.08
Alpha	1/1/04 -6/30/04	McClure	180	180			10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$52.85	2.064	$53.19	$2.08
Dominion	1/1/04 - 12/31/04	MC Mining	360	360			10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	$51.75	2.070	$51.42	$2.06
Multi-Year																	
Koch Carbon 3	1/04 - 12/05	Non-specific	240	240	240		10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	$53.80	2.069	$53.06	$2.04
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	300	300	300	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	$53.75	2.100	$53.16	$2.08
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	300	300	300	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	$52.75	2.110	$52.12	$2.08
Massey 3a	1/04 - 12/04	Bandmill	2,160	720	720	720	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$53.14	2.196	$55.03	$2.27

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

So2 Price
$160

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Foreign Water Coals
SHORT LIST

PEF-FUEL-004762

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
Single Year (04)																	
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	750			5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$47.37	2.024	$47.78	$2.04
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	300			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$52.94	2.135	$51.78	$2.09
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	200			8.00%	0.77%	13,000	8.00%	31.00%	45	1.18	$55.52	2.135	$54.13	$2.08
Emerald 1	1/1/04 - 12/31/04	Mobile	500	500			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$54.24	2.187	$53.08	$2.14
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	300			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$54.74	2.207	$53.58	$2.16
Emerald 2	1/1/04 - 12/31/04	IMT	500	500			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$54.84	2.211	$53.68	$2.16
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	300			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$55.24	2.227	$54.08	$2.18
Multi-Year																	
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	750	750	750	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$48.78	2.085	$49.19	$2.10
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	650	500		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	$55.41	2.164	$54.22	$2.12
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	650	650	650	8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	$55.63	2.173	$54.44	$2.13

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price
$160

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Domestic Water Coals
Short List

PEF-FUEL-004763

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
Single Year (No single year bids were competitive)																	
Multi Year																	
Infinity	1/01/04 - 12/31/07	Panther	3,000	750	750	750	8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	$61.25	2.393	$60.06	$2.35
PFC	1/04 -12/06	Coal/Synfuel	2,700	900	900	900	12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$60.39	2.416	$60.66	$2.43
Infinity	1/01/04 - 12/31/07	Panther	3,000	750	750	750	10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	$60.45	2.418	$60.11	$2.40

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price
$160

PROGRESS FUELS CORPORATION

PEF-FUEL-004764

FOR TEST PURPOSES ONLY - Review Later

CR 4 and 5
July 03 Solicitation
Western Coals

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
Kennecott	7/01/03 - 12/31/04	Spring Creek	100				4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$37.14	1.986	$38.54	$2.06
RAG 2	1/04 -12/04	20 Mile - COL	500	500			10.00%	0.51%	11,300	10.00%	39.00%	40	0.90	$44.50	1.969	$44.82	$1.98
Kennecott	7/01/03 - 12/31/04	Jacobs	100				5.82%	0.48%	8,700	27.72%	32.19%	54	1.10	$35.89	2.063	$39.22	$2.25
DTE 1	1/1/04 - 6/30/04	PRB	168				6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$36.54	2.076	$39.35	$2.24
Arch	1/01/04 - 6/30/04	PRB - Black Thunder	300	300			6.00%	0.35%	8,800	28.00%	35.00%	50	0.80	$36.69	2.085	$39.60	$2.25
DTE 2	1/1/04 - 12/31/04	PRB	336				6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$36.74	2.088	$39.55	$2.25
AEP No 3	1/1/04 - 12/31/06	PRB unspecified	1,500	500	500	500	5.50%	0.35%	8,800	27.00%	35.00%	50	0.80	$35.60	2.023	$38.26	$2.17
Oxbow	1/04 -12/06	Elk Creek CO	1,500	500	500	500	12.00%	0.58%	11,500	10.00%	32.00%	45	1.00	$47.03	2.045	$47.94	$2.08
AEP No 4	1/1/04 - 12/31/06	PRB unspecified	1,500	500	500	500	5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$34.60	2.060	$37.61	$2.24
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	500			4.50%	0.27%	8,550	29.90%	31.00%	58	0.63	$36.64	2.143	$39.27	$2.30
Triton 2	1/04 -12/04	PRB Buckskin	500	500			5.90%	0.30%	8,400	29.90%	31.00%	55	0.71	$36.39	2.166	$39.69	$2.36
Triton 1	1/04 -12/04	PRB N Rochelle	500	500			4.70%	0.35%	8,800	27.90%	31.00%	55	0.80	$37.00	2.102	$39.50	$2.24
Peabody 2	1/04 - 12/04	PRB-Ant/Roch	500				4.40%	0.22%	8,800	26.70%	31.50%	59	0.50	$45.27	2.572	$47.14	$2.68

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price
$160

SUPPLY ASSESSMENT

"D" Rail Contracts

	2004	2005	2006	2007
PROJECTED BURN	3,838,000	4,098,000	3,921,000	3,931,000
Minus Water Delivered Coal	2,100,000	2,100,000	2,100,000	2,100,000
Equals Net Rail "D" Delivered Coal	1,738,000	1,998,000	1,821,000	1,831,000
Existing contracts:				
Massey	~~600,000~~	~~100,000~~	0	0
Amvest	**212,000**	0	0	0
AEP/Quaker	~~400,000~~	600,000 0	0	0
Alliance	**300,000**	~~300,000~~	**300,000**	**300,000**
Total Committed Contracts	1,512,000	400,000	300,000	300,000
Total Open Position:	226,000	1,598,000	1,521,000	1,531,000
Potential Contract Suppliers:				
AEP/Quaker (3)	0	200,000	200,000	0
Alliance (3)	0	200,000	200,000	0
Amvest (3)	0	212,000	212,000	0
Massey (3)	0	400,000	400,000	0
Koch Carbon (4)	~~140,000~~	0	0	0
Total	~~140,000~~	1,012,000	1,012,000	0
Potential Spot Purchases:	~~86,000~~ 226,000	586,000	509,000	1,531,000
Allocation:				
% Existing Contract to burn:	87.0%	20.0%	16.5%	16.4%
% Potential contract to burn	8.1%	50.7%	55.6%	55.3%
% Total contract to burn	95.1%	70.7%	72.1%	71.7%
% Potential spot to burn	4.9%	29.3%	27.9%	28.3%

Notes:
(1) **BOLD** denotes reopener or potential reopener.
(2) The open positions, each year, will be filled with a % to maintain approximately a 80/20 spot to contract on total burn.
(3) Potential contract extensions from existing suppliers.
(4) Based upon results of the 2004 solicitation.

7/28/2003 14:55

SUPPLY ASSESSMENT

"A" Rail Contracts

	2004	2005	2006	2007
PROJECTED BURN	2,241,000	2,252,000	2,231,000	2,239,000
Existing contracts:				
Consol	1,000,000	**1,000,000**	**1,000,000**	0
Massey	**600,000**	**150,000**	0	0
AEP/Quaker	480,000	0	0	0
Total Committed Contracts	2,080,000	1,150,000	1,000,000	0
Total Open Position:	161,000	1,102,000	1,231,000	2,239,000
Potential Contracts: (2)	0	716,300	677,050	1,567,300
Potential Suppliers: (3)				
AEP/Quaker	0	100,000	200,000	200,000
Consol	0	100,000		
Massey	0	400,000	400,000	400,000
Total	0	600,000	600,000	600,000
Remaining Open Position	0	116,300	77,050	967,300
Potential Spot: (2)	161,000	551,000	492,400	895,600
Allocation:				
% Existing Contract to burn:	92.8%	51.1%	44.8%	0.0%
% Potential contract to burn	0.0%	31.8%	30.3%	70.0%
% Total contract to burn	92.8%	82.9%	75.1%	70.0%
% Potential spot to burn	7.2%	17.1%	24.9%	30.0%

Notes:
(1) **BOLD** denotes reopener or potential reopener.
(2) For 2004 the Open Position will be filled by spot purchases only. For the remaining years, a % will be used to maintain approximately a 70/30 spot to contract on total burn.
(3) Potential contract extensions from existing suppliers.

7/28/2003 14:55

SUPPLY ASSESSMENT
"D" WATER

	2004	2005	2006	2007
Required Water Delivery	2,100,000	2,100,000	2,100,000	2,100,000
Existing contracts:				
Massey	**633,000**	**210,000**	0	0
Panther	0	0	0	0
Total Committed Contracts	633,000	210,000	0	0
Total Open Position	1,467,000	1,890,000	2,100,000	2,100,000
Potential Contract Suppliers:				
Guasare #1 (3)	200,000	0	0	0
Guasare #2 (3)	550,000	650,000	**650,000**	0
Black Hawk/Calla Synfuel (3)	525,000	**525,000**	0	0
Total	1,275,000	1,175,000	650,000	0
Potential Spot or Additional Contract Purchases:	192,000	715,000	1,450,000	2,100,000
Allocation:				
% Existing contract to requirement	30.1%	10.0%	0.0%	0.0%
% Potential contract to requirement	60.7%	65.5%	31.0%	31.0%
% Total contract to requirement	90.8%	75.5%	31.0%	31.0%
% Potential spot or additional contract to requirement	9.2%	24.5%	69.0%	69.0%

Note:
(1) BOLD denotes reopener or potential reopener.
(2) The open positions, each year, will be filled with a % to maintain approximately a 80/20 spot to contract on total burn.
(3) Based upon results of the 2004 solicitation.

7/28/03 2:55 PM

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Foreign Water Coals
SHORT LIST

Supplier	Term	Origin	(000) Total Tons	Weight Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp. Mode	Transp. Cost	Ship or Railcar Costs	Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 4/5 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
Single Year (04)																												
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88					Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37	2.024	$47.78	$2.04		Note: Error in computation found after decision. No affect on One year
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	2.135	$51.78	$2.09		
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$41.08	200	$41.08 (40.45)					FOB IMT	$14.44		8.00%	0.77%	13,000 (12800)	8.00%	31.00%	45	1.18	-$1.39		$55.52	2.135	$54.13	$2.08		
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24	2.187	$53.08	$2.14		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	2.207	$53.58	$2.16		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84	2.211	$53.68	$2.16		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	2.227	$54.08	$2.18		
Multi-Year																												
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	$36.29	750	$34.88	750	$36.29	750	$39.06	Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78	2.085	$49.19	$2.10		
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	$40.97	650	$40.88	500	$41.08			FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$55.41	2.164 (Now 2.148)	$54.22	$2.12		Lowest Price Alternative
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	$41.19	650	$40.88	650	$41.08	650	$41.60	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$55.63	2.173	$54.44	$2.13		3 optional cargoes 05 & 06 not incl

Denotes Weighted Average of multi-year prices — See Revised

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$150

Now 2.148

6,250,000 tons offered

Revised: 7/21/2003 10:00

Improved multi year bid / See Attached

See revised

#1 Attached

	Year 1	Year 2	Year 3	
Purchase - 1 yr Guasare (Mina Norte)	200,000	—	—	Tons
	$ ~~41.08~~ 40.45 — 1.58/mm			$/Ton
3 yr Guasare (Paso Diablo)	550,000	650,000	650,000	Tons
	$ 40.88	$ 41.08	Mkt	$/Ton

Two year Price established
Third year - reopener

Offer lower $.50/ton on the Mina Norte and .75/ton on Paso Diablo	$ 40.59 $/mmBtu 1.561; $ 40.13 $/mmBtu 1.568; Tonnages as above	— $ 40.33 $/mmBtu 1.578	— Mkt Reopener

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Foreign Water Coals
SHORT LIST

Supplier	Term	Origin	(000) Tons	Weight Ave Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Transp Cost	Ship/ Railcar Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Dilination Cost/ton	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Delivered Cost $/st	Evaluated Delivered Cost $/MBtu	CC ACTION TAKEN	Notes
Single Year (04)																												
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88					Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37	2.024	$47.78	$2.04		Blending Issues
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	2.135	$51.78	$2.09		
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$40.45	200	$40.45					FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.89	2.144	$53.70	$2.10		
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24	2.187	$53.08	$2.14		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.38	300	$40.38					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	2.207	$53.58	$2.16		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84	2.211	$53.68	$2.16		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	2.227	$54.08	$2.18		
Multi-Year																												
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	$36.29	750	$34.88	750	$36.29	750	$39.06	Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78	2.085	$49.19	$2.10		Blending Issues
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	$40.34	850	$40.25	500	$40.45			FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.78	2.140	$53.59	$2.09		Lowest Price Alternative
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	$40.59	850	$40.25	650	$40.45	650	$40.96	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.99	2.148	$53.80	$2.10		3 optional cargoes 05 & 06 not incl

Denotes Weighted Average of multi-year prices

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	46

SO2 Price	$160

Revised: 7/30/2003 8:14

PROGRESS FUELS CORPORATION

CR 4 and 5

July 03 Solicitation
Foreign Water Coals
All Bids

Supplier	Term	Origin	2003 Total Tons	2003 Weighted Average Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transportation Mode	Transportation Cost	Ship or Rail Cost Delta	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Evaluated Delivered Cost $/st	Evaluated Delivered Cost $/MM	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/MM	ACTION TAKEN	Notes
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88					Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37	2.024	$47.78	$2.04		
Drummond 2	1/1/04 - 12/31/08	McDuffie	2,250	$38.29	750	$34.88	750	$36.29	750	$39.08	Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78	2.085	$49.19	$2.10		
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	2.135	$51.78	$2.09		
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$41.08	200	$41.08					FOB IMT	$14.44		8.00%	0.77%	13,000	8.00%	31.00%	45	1.16	-$1.39		$55.52	2.135	$54.13	$2.08		
CMC	1/1/04 - 12/31/04	Carrejon	400	$35.95	400	$35.95					CIF ECT	$14.44		8.00%	0.71%	11,800	11.00%	33.50%	49	1.20	$0.93	M	$50.39	2.135	$51.32	$2.17		Use IMT
Glencore	1/1/04 - 12/31/04	TPA-Gearless	300	$39.10	300	$39.10					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$53.54	2.159	$52.38	$2.11		Not feasible
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	$40.97	650	$40.88	500	$41.08			FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$55.41	2.154	$54.22	$2.12		Lowest Price Alternative
Guasare	1/1/04 - 12/31/08	IMT - Belted	1,950	$41.19	650	$40.88	650	$41.08	650	$41.60	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$55.41	2.173	$54.44	$2.13		3 optional cargoes 05 & 06 not incl
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24	2.187	$53.08	$2.14		
Glencore	1/1/04 - 12/31/04	TPA-Belted	300	$40.15	300	$40.15					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.59	2.201	$53.43	$2.15		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	2.207	$53.58	$2.16		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84	2.211	$53.68	$2.16		
Glencore	1/1/04 - 12/31/04	TPA-Geared	300	$40.60	300	$40.60					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.04	2.219	$53.88	$2.17		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	2.227	$54.08	$2.18		
Transocean	7/03 - 12/03	China	200	$38.87	200	$38.87					CIF NOLA	$14.44		10.00%	6.58%	11,500	10.00%	31.00%	52	1.00	$1.30	B	$53.31	2.318	$54.61	$2.37		
AEP No 1	1/04 -12/06	Col/Ven/US	2,700	$36.00	900	$35.50	900	$38.00	900	$36.50	FOB NOLA	$14.44	$6.00	NA	0.60%	11300	NA	NA	NA	1.06	$1.38	ABM	$56.44	2.497	$57.82	$2.56		Nonspecific Loadpoint, Quality, Freight

Denotes Weighted Average of multi-year prices

CR 45 Economics Base Specifications						
Ash	Sulfur	Btu	Moisture	Vol	HGI	
10.00%	0.70%	12,000	8.00%	31.00%	48	

SO2 Price $160

8,250,000 tons offered

Revised: 7/21/2003 13:48

PEF-FUEL-004770

Note
Revised computations re Guasare – Mina Norte and Pasa Diablo See Attached Error in formula.

PROGRESS FUELS CORPORATION

CR 4 and 5

July 03 Solicitation
Foreign Water Coals
All Bids

Supplier	Term	Origin	(000) Total Tons	Weight Avg. Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp. Mode	Transp. Cost	Ship or Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 4/5 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88					Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37	2.024	$47.78	$2.04		Blending issues
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	$36.29	750	$34.88	750	$36.29	750	$39.06	Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78	2.085	$49.19	$2.10		Blending issues
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	2.135	$51.78	$2.09		
CMC	1/1/04 - 12/31/04	Carrejon	400	$35.95	400	$35.95					CIF ECT	$14.44		8.00%	0.71%	11,800	11.00%	33.50%	49	1.20	$0.93	M	$50.39	2.135	$51.32	$2.17		Use IMT
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	$40.34	650	$40.25	500	$40.45			FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.78	2.140	$53.59	$2.09		Lowest Price Alternative
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$40.45	200	$40.45					FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.89	2.144	$53.70	$2.10		
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	$40.55	650	$40.25	650	$40.45	650	$40.96	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.99	2.148	$53.80	$2.10		3 optional cargoes 05 & 06 not incl
Glencore	1/1/04 - 12/31/04	TPA-Gearless	300	$39.10	300	$39.10					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$53.54	2.159	$52.38	$2.11		Not feasible
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24	2.187	$53.08	$2.14		
Glencore	1/1/04 - 12/31/04	TPA-Belted	300	$40.15	300	$40.15					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.59	2.201	$53.43	$2.15		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	2.207	$53.58	$2.16		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84	2.211	$53.68	$2.16		
Glencore	1/1/04 - 12/31/04	TPA-Geared	300	$40.60	300	$40.60					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.04	2.219	$53.88	$2.17		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	2.227	$54.08	$2.18		
Transocean	7/03 - 12/03	China	200	$38.87	200	$38.87					CIF NOLA	$14.44		10.00%	0.58%	11,500	10.00%	31.00%	52	1.00	$1.30	B	$53.31	2.316	$54.61	$2.37		
AEP No 1	1/04 -12/06	Col/Ven/US	2,700	$36.00	900	$35.50	900	$36.00	900	$36.50	FOB NOLA	$14.44	$6.00	NA	0.60%	11300	NA	NA	NA	1.06	$1.38	ABM	$56.44	2.497	$57.82	$2.56		Nonspecific Loadpoint, Quality, Freight

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Denotes Weighted Average of multi-year prices

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$160

Revised: 7/30/2003 8:10

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03
Solicitation
RAIL COALS
SHORT LIST

Supplier	Term	Origin	(000) Total Tons	Weight Avg. Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Transp. Cost	Ship or Railcar Costs	Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 4 5 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
Single Year																												
AEP No 5a	1/1/04 - 12/31/04	CSX BS	300	$32.00	300	$32.00					CSX BS	$17.00	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$50.75	2.030	$52.02	$2.08		Checking to make BS specific
Koch Carbon 1	1/04 - 7/04	Non-specific	140	$34.25	140	$34.25					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.00	2.038	$52.26	$2.01		Tons same for now
Koch Carbon 2	1/04 - 12/04	Non-specific	240	$34.50	240	$34.50					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.25	2.048	$52.51	$2.02		Tons same for now
Alpha	1/1/04 -12/31/04	McClure	360	$34.50	360	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Alpha	1/1/04 -6/30/04	McClure	180	$34.50	180	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Dominion	1/1/04 - 12/31/04	MC Mining	360	$33.00	360	$33.00					CSX BS	$17.00	$1.75	10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	-$0.33		$51.75	2.070	$51.42	$2.06		
Multi Year																												
Koch Carbon 3	1/04 - 12/05	Non-specific	240	$35.05	240	$35.05	240	$35.05			CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.80	2.069	$53.06	$2.04		Same tons as above for now
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	$35.00	300	$35.00	300	$35.00	300	$35.00	CSX BS	$17.00	$1.75	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	-$0.59		$53.75	2.100	$53.16	$2.08		
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	$34.00	300	$34.00	300	Reopen	300	Reopen	CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		Reopener 05 and 06
Massey 3a	1/04 - 12/04	Bandmill	2,160	$33.00	720	$32.50	720	$33.00	720	$33.50	CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		

Weighted average price

CR 45 Economics Base Specifications

Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$160

Trader one year OK not multi year?

5 blk Kan

CSX BS ? No - option seller BS/Kan

Can't use Vol

Offer BS/Kan they open? Must have offer Del.

Trader

Koch is from same source 34.25

WE specific need Per Rob - he believes this can be resolved

They believe

They have two offers - Jan-Jun @ 34.25
Jan-Dec 34.50

Purchase Koch Carbon I 2004 - 140,000
Offer 33.75; .50 tn less than bid for six months
During our meeting they on 7/29 they will only consider modifying the Jan - Dec not the six month offer.

8/4 Discussed with Rob, They have a problem with "credit" currently discussing with PGN re parent guarantee. Going no where
Also, they now will only ship tons for six months 60,000 tons @ 34.50 the one year price.

But the currency & guarantee may make the deal a "no go" Imp!

Note: Dee Koch's revised offer (rated w/Bob) Current guarantee issue still "open" and unresolved!
8/5/03

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03
Solicitation
RAIL COALS
ALL BIDS

Supplier	Term	Origin	(000) Total Tons	Weighted Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Ship or Transp Cost	Rail Cost	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/Mt	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
AEP No 5a	1/1/04 - 12/31/04	CSX BS	300	$32.00	300	$32.00					CSX BS	$17.00	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$50.75	2.030	$52.02	$2.08		BS/Kan at sellers option?
Koch Carbon 1	1/04 - 7/04	Non-specific	140	$34.25	140	$34.25					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.00	2.038	$52.26	$2.01		
Koch Carbon 2	1/04 - 12/04	Non-specific	240	$34.50	240	$34.50					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.25	2.048	$52.51	$2.02		
Alpha	1/1/04 -12/31/04	McClure	360	$34.50	360	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Alpha	1/1/04 -6/30/04	McClure	180	$34.50	180	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Koch Carbon 3	1/04 - 12/05	Non-specific	240	$35.05	240	$35.05	240	$35.05			CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.80	2.069	$53.06	$2.04		
Dominion	1/1/04 - 12/31/04	MC Mining	360	$33.00	360	$33.00					CSX BS	$17.00	$1.75	10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	-$0.33		$51.75	2.070	$51.42	$2.06		
AEP No 5b	1/1/04 - 12/31/04	CSX Kan	300	$32.00	300	$32.00					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$52.14	2.086	$53.41	$2.14		BS/Kan at sellers option?
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	$35.00	300	$35.00	300	$35.00	300	$35.00	CSX BS	$17.00	$1.75	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	-$0.59		$53.75	2.100	$53.16	$2.08		
Alliance No 1	1/1/04 - 12/31/04	MC Mining	300	$34.00	300	$34.00					CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	$34.00	300	$34.00	300	Reopen	300	Reopen	CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		Reopener 05 and 06
Peabody 1	1/04 -12/04	Synergy Mine	540	$34.25	540	$34.25					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	7.00%	31.00%	44	1.20	$0.17		$54.39	2.176	$54.56	$2.18		
Massey 1a	1/04 - 6/04	Bandmill	360	$33.00	360	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 2a	1/04 - 12/04	Bandmill	720	$33.00	720	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 3a	1/04 - 12/04	Bandmill	2,160	$33.00	720	$32.50	720	$33.00	720	$33.50	CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Arch	1/1/04 - 6/30/04	Logan	300	$34.25	300	$34.25					CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.39	2.266	$55.36	$2.31		Low price - see bid for add'l
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$35.75	480	$35.75					CSX Kan	$18.39	$1.75	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$55.89	2.272	$56.31	$2.29		75 car capacity only
B&W Resources	1/1/04 - 12/31/04	B&W Hazard	120	$40.00	120	$40.00					CSX Jel	$16.87	$1.75	10.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.33		$58.62	2.345	$58.29	$2.33		

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,800	8.00%	31.00%	40

SO2 Price	$160

SUPPLY ASSESSMENT
"D" WATER

	2004	2005	2006	2007
Required Water Delivery	2,100,000	2,100,000	2,100,000	2,100,000
Existing contracts:				
Massey	**633,000**	**210,000**	0	0
Panther	0	0	0	0
Total Committed Contracts	633,000	210,000	0	0
Total Open Position	1,467,000	1,890,000	2,100,000	2,100,000
Potential Contract Suppliers:				
Guasare #1 (3)	200,000	0	0	0
Guasare #2 (3)	550,000	650,000	**650,000**	0
Black Hawk/Calla Synfuel (3)	525,000	**525,000**	0	0
Total	1,275,000	1,175,000	650,000	0
Potential Spot or Additional Contract Purchases:	192,000	715,000	1,450,000	2,100,000
Allocation:				
% Existing contract to requirement	30.1%	10.0%	0.0%	0.0%
% Potential contract to requirement	60.7%	65.5%	31.0%	31.0%
% Total contract to requirement	90.8%	75.5%	31.0%	31.0%
% Potential spot or additional contract to requirement	9.2%	24.5%	69.0%	69.0%

Note:
(1) BOLD denotes reopener or potential reopener.
(2) The open positions, each year, will be filled with a % to maintain approximately a 80/20 spot to contract on total burn.
(3) Based upon results of the 2004 solicitation.

7/28/03 2:55 PM

SUPPLY ASSESSMENT

"D" Rail Contracts

	2004	2005	2006	2007
PROJECTED BURN	3,838,000	4,098,000	3,921,000	3,931,000
Minus Water Delivered Coal	2,100,000	2,100,000	2,100,000	2,100,000
Equals Net Rail "D" Delivered Coal	1,738,000	1,998,000	1,821,000	1,831,000
Existing contracts:				
Massey	**600,000**	**100,000**	0	0
Amvest	**212,000**	0	0	0
AEP/Quaker	400,000	0	0	0
Alliance	**300,000**	**300,000**	**300,000**	**300,000**
Total Committed Contracts	1,512,000	400,000	300,000	300,000
Total Open Position:	226,000	1,598,000	1,521,000	1,531,000
Potential Contract Suppliers:				
AEP/Quaker (3)	0	200,000	200,000	0
Alliance (3)	0	200,000	200,000	0
Amvest (3)	0	212,000	212,000	0
Massey (3)	0	400,000	400,000	0
Koch Carbon (4)	140,000	0	0	0
Total	140,000	1,012,000	1,012,000	0
Potential Spot Purchases:	86,000	586,000	509,000	1,531,000
Allocation:				
% Existing Contract to burn:	87.0%	20.0%	16.5%	16.4%
% Potential contract to burn	8.1%	50.7%	55.6%	55.3%
% Total contract to burn	95.1%	70.7%	72.1%	71.7%
% Potential spot to burn	4.9%	29.3%	27.9%	28.3%

Notes:
(1) **BOLD** denotes reopener or potential reopener.
(2) The open positions, each year, will be filled with a % to maintain approximately a 80/20 spot to contract on total burn.
(3) Potential contract extensions from existing suppliers.
(4) Based upon results of the 2004 solicitation.

7/28/2003 14:55

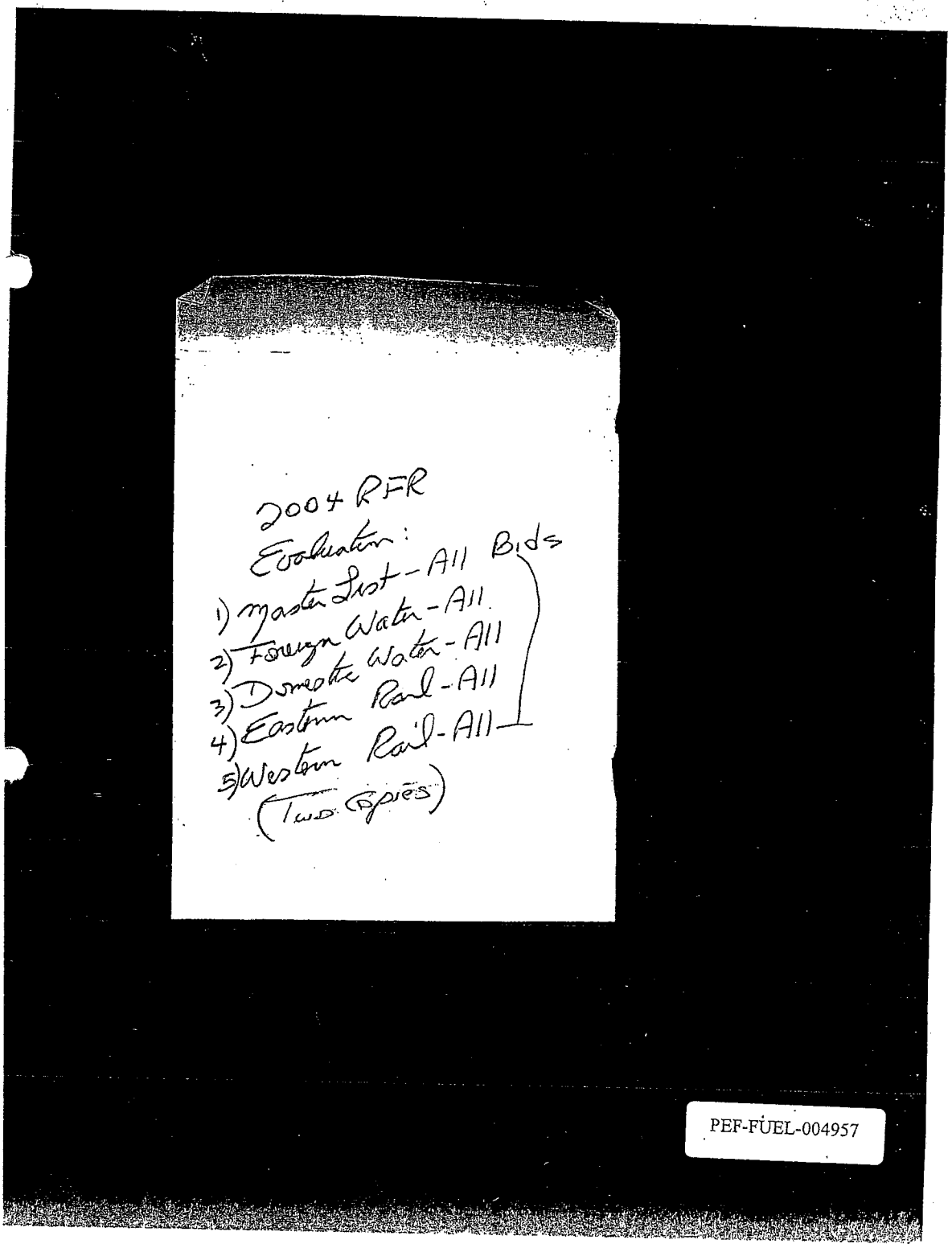
SUPPLY ASSESSMENT

"A" Rail Contracts

	2004	2005	2006	2007
PROJECTED BURN	2,241,000	2,252,000	2,231,000	2,239,000
Existing contracts:				
Consol	1,000,000	**1,000,000**	**1,000,000**	0
Massey	**600,000**	**150,000**	0	0
AEP/Quaker	480,000	0	0	0
Total Committed Contracts	2,080,000	1,150,000	1,000,000	0
Total Open Position:	161,000	1,102,000	1,231,000	2,239,000
Potential Contracts: (2)	0	716,300	677,050	1,567,300
Potential Suppliers: (3)				
AEP/Quaker	0	100,000	200,000	200,000
Consol	0	100,000		
Massey	0	400,000	400,000	400,000
Total	0	600,000	600,000	600,000
Remaining Open Position	0	116,300	77,050	967,300
Potential Spot: (2)	161,000	551,000	492,400	895,600
Allocation:				
% Existing Contract to burn:	92.8%	51.1%	44.8%	0.0%
% Potential contract to burn	0.0%	31.8%	30.3%	70.0%
% Total contract to burn	92.8%	82.9%	75.1%	70.0%
% Potential spot to burn	7.2%	17.1%	24.9%	30.0%

Notes:
(1) **BOLD** denotes reopener or potential reopener.
(2) For 2004 the Open Position will be filled by spot purchases only. For the remaining years, a % will be used to maintain approximately a 70/30 spot to contract on total burn.
(3) Potential contract extensions from existing suppliers.

7/28/2003 14:55


2004 RFR
Evaluation:
1) Master List - All Bids
2) Foreign Water - All
3) Domestic Water - All
4) Eastern Rail - All
5) Western Rail - All
(Two Copies)
PEF-FUEL-004957

PROGRESS FUELS CORPORATION

CR 4 and 5
Master Listing-All Categories
(First Run)

Supplier	Term	Origin	(000) Total Tons	Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Transp Cost	Ship or Railcar Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 4/5 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
AEP No 1	1/04 -12/06	Col/Ven/US	2,700	$36.00	900	$35.50	900	$36.00	900	$36.50	FOB NOLA	$14.44	$6.00	NA	0.80%	11300	NA	NA	NA	1.06	$1.38	ABM	$56.44	2.497	$57.82	$2.56		Nonspecific Loadpoint, Quality, Freight
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	$35.00	300	$35.00	300	$35.00	300	$35.00	CSX BS	$17.00	$1.75	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	-$0.59		$53.75	2.100	$53.16	$2.08		
AEP No 3	1/1/04 - 12/31/06	PRB unspecified	1,500	$19.10	500	$19.10	500	$19.10	500	$19.10	FOB Barge	$16.50	$0.00	5.50%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.66	BM	$35.60	2.023	$38.26	$2.17		Cook Coal Terminal - Rail/dock est @ 16.50
AEP No 4	1/1/04 - 12/31/06	PRB unspecified	1,500	$18.10	500	$18.10	500	$18.10	500	$18.10	FOB Barge	$16.50	$0.00	5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$3.01	BM	$34.60	2.060	$37.61	$2.24		Cook Coal Terminal - Rail/dock est @ 16.50
AEP No 5	1/1/04 - 12/31/04	CSX Kan	300	$32.00	300	$32.00					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$52.14	2.086	$53.41	$2.14		BS/Kan at sellers option...This is likely case
Alliance No 1	1/1/04 - 12/31/04	MC Mining	300	$34.00	300	$34.00					CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	$34.00	300	$34.00	300	Reopen	300	Reopen	CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		Reopener 05 and 06
Alpha	1/1/04 -12/31/04	McClure	360	$34.50	360	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Alpha	1/1/04 -6/30/04	McClure	180	$34.50	180	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Arch	1/1/04 - 6/30/04	Logan	300	$34.25	300	$34.25					CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.39	2.266	$55.36	$2.31		Low price - see bid for add'l.
Arch	1/01/04 - 6/30/04	PRB - Black Thunder	300	$6.30	300	$6.30					Muld	$14.44	$15.95	6.00%	0.35%	8,800	28.00%	35.00%	50	0.80	$2.91	BM	$36.69	2.085	$39.60	$2.25		Lowest price - see bid for add'l options
Arch	1/1/04 - 12/31/06	Logan	500	$34.50	500	$34.50	500	$34.50	500	$34.50	CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.64	2.276	$55.61	$2.32		Caps/Reopeners associated
B&W Resources	1/1/04 - 12/31/04	B&W Hazard	120	$40.00	120	$40.00					CSX Jel	$16.87	$1.75	10.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.33		$58.62	2.345	$58.29	$2.33		
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$37.00	480	$37.00					Kan barge	$24.50		12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$61.50	2.500	$61.92	$2.52		
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$35.75	480	$35.75					CSX Kan	$18.39	$1.75	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$55.89	2.272	$56.31	$2.29		75 car capacity only
CMC	1/1/04 - 12/31/04	Cerrejon	400	$35.95	400	$35.95					CIF ECT	$14.44		8.00%	0.71%	11,800	11.00%	33.50%	49	1.20	$0.93	M	$50.39	2.115	$51.32	$2.17		Use IMT
Dominion	1/1/04 - 12/31/04	MC Mining	360	$33.00	360	$33.00					CSX BS	$17.00	$1.75	10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	-$0.33		$51.75	2.070	$51.42	$2.06		
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88					Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37	2.024	$47.78	$2.04		Blending Issues
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	$36.29	750	$34.88	750	$36.29	750	$39.06	Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78	2.085	$49.19	$2.10		Blending Issues
DTE 1	1/1/04 - 6/30/04	PRB	168	$8.15							FOB Car	$14.44	$15.95	6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM	$38.54	2.078	$39.35	$2.24		FOB Railcar - Note SO2 premium
DTE 2	1/1/04 - 12/31/04	PRB	336	$8.35							FOB Car	$14.44	$15.95	6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM	$38.74	2.088	$39.55	$2.25		FOB Railcar - Note SO2 premium
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24	2.187	$53.08	$2.14		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84	2.211	$53.68	$2.16		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	2.207	$53.58	$2.16		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	2.227	$54.08	$2.18		
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	2.135	$51.78	$2.09		
Glencore	1/1/04 - 12/31/04	TPA-Belted	300	$40.15	300	$40.15					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.59	2.201	$53.43	$2.15		Not feasible - too much trucking
Glencore	1/1/04 - 12/31/04	TPA-Geared	300	$40.60	300	$40.60					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.04	2.219	$53.88	$2.17		Not feasible - too much trucking
Glencore	1/1/04 - 12/31/04	TPA-Gearless	300	$39.10	300	$39.10					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$53.54	2.159	$52.38	$2.11		Not feasible - too much trucking
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$40.45	200	$40.45					FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.89	2.144	$53.70	$2.10		Make certain on btu guar on all 3 bids
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	$40.34	650	$40.25	500	$40.45			FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.78	2.140	$53.59	$2.09		Lowest Price Alternative (one of many options)
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	$40.55	650	$40.25	650	$40.45	650	$40.96	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.99	2.148	$53.80	$2.10		3 optional cargoes 05 & 06 not incl
Infinity	1/01/04 - 12/31/07	Panther	3,000	$36.75	750	$36.75	750	$36.75	750	$36.75	FOB barge	$24.50		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$61.25	2.393	$60.06	$2.35	Sold - bid withdrawn	FOB Dock Quincy-FOB Barge Shrewsbury
Infinity	1/01/04 - 12/31/07	Panther	3,000	$35.95	750	$35.95	750	$35.95	750	$35.95	FOB barge	$24.50		10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	-$0.34		$60.45	2.418	$60.11	$2.40	Sold - bid withdrawn	FOB Dock Quincy-FOB Barge Shrewsbury
Kennecott	7/01/03 - 12/31/04	Jacobs	100	$5.50							UP,BN	$14.44	$15.95	5.82%	0.48%	8,700	27.72%	32.19%	54	1.10	$1.33	BM	$35.89	2.063	$39.22	$2.25		03 tons are 0.65 less
Kennecott	7/01/03 - 12/31/04	Spring Creek	100	$6.75							BN	$14.44	$15.95	4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$1.40	BM	$37.14	1.986	$38.54	$2.06		03 tons are 0.25 less
Koch Carbon 1	1/04 - 7/04	Non-specific	140	$34.25	140	$34.25					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.00	2.038	$52.26	$2.01		

PEF-FUEL-004958

PROGRESS FUELS CORPORATION

CR 4 and 5

Master Listing-All Categories

(First Run)

Supplier	Term	Origin	2004 (000) Tons	2004 Avg. Price	2004 Ons-ck Tons	2004 Ons-ck Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Rail $	Barge $	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization $	Unit 45 Penalty Codes	Cost $	Cost $/Ton	Cost $/M	Evaluated Cost $/Ton	Delivered Cost $/MB	ACTION TAKEN	Notes
Koch Carbon 2	1/04 - 12/04	Non-specific	240	$34.50	240	$34.50					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.25		2,048	$52.51	$2.02		
Koch Carbon 3	1/04 - 12/05	Non-specific	240	$35.05	240	$35.05	240	$35.05			CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.80		2,068	$53.06	$2.04		
Massey 1a	1/04 - 6/04	Bandmill	360	$33.00	360	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14		2,196	$55.03	$2.27		
Massey 1b	1/04 - 6/04	Bandmill-Ceredo	360	$38.20	360	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70		2,550	$63.59	$2.63		
Massey 2a	1/04 - 12/04	Bandmill	720	$33.00	720	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14		2,196	$55.03	$2.27		
Massey 2b	1/04 - 12/04	Bandmill-Ceredo	720	$38.20	720	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70		2,550	$63.59	$2.63		
Massey 3a	1/04 - 12/04	Bandmill	2,160	$33.00	720	$32.50	720	$33.00	720	$33.50	CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14		2,196	$55.03	$2.27		
Massey 3b	1/04 - 12/04	Bandmill-Ceredo	2,160	$38.50	720	$38.00	720	$38.50	720	$39.00	FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$62.00		2,563	$63.89	$2.64		
Oxbow	1/04 -12/06	Elk Creek CO	1,500	$18.03	500	$17.50	500	$18.03	500	$18.57	UP	$29.00		12.00%	0.58%	11,500	10.00%	32.00%	45	1.00	$0.91	B	$47.03		2,045	$47.94	$2.08		Note SO2 prem/penalty
Peabody 1	1/04 -12/04	Synergy Mine	540	$34.25	540	$34.25					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	7.00%	31.00%	44	1.20	$0.17		$54.39		2,172	$54.56	$2.18		
Peabody 2	1/04 - 12/04	PRB-AntRoch	500	$20.77							FOB bg Cora	$15.00		4.40%	0.22%	8,800	28.70%	31.50%	59	0.50	$1.87	BM	$35.77		2,033	$37.64	$2.14		30k is.60 less for 03-rail/dock rate est@16.50
Peabody 3	1/04 -12/04	BS River	144	$36.35	144	$36.35					BS River	$24.50		13.50%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.87	A	$62.85		2,242	$63.72	$2.59		
PFC	1/04 -12/06	coal/Synfuel	2,700	$35.89	900	$34.75	900	$35.84	900	$37.03	Kan River	$24.50		12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$0.27		$60.39		2,416	$60.66	$2.43		Min 50% synfuel - 0.68% S to apply- Reopen 07
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	$8.25	500	$8.25					UP,BN	$14.44	$15.95	4.50%	0.27%	8,350	29.90%	31.00%	58	0.63	$2.83	BM	$36.84		2,143	$39.27	$2.30		
RAG 2	1/04 -12/04	20 Mile - COL	500	$15.50	500	$15.50					UP	$29.00		10.00%	0.51%	11,300	10.00%	39.00%	40	0.90	$0.32	B	$44.50		1,969	$44.82	$1.98		Vol too high
Transocean	7/03 - 12/03	China	200	$38.87	200	$38.87					CIF NOLA	$14.44		10.00%	0.58%	11,500	10.00%	31.00%	52	1.00	$1.30	B	$53.31		2,114	$54.61	$2.37		
Triton 1	1/04 -12/04	PRB N Rochelle	500	$8.00	500	$8.00					BN,UP	$29.00		4.70%	0.35%	8,800	27.90%	31.00%	53	0.80	$2.50	BM	$37.00		2,102	$39.50	$2.24		
Triton 2	1/04 -12/04	PRB Buckskin	500	$8.00	500	$8.00					BN	$14.44	$15.95	5.90%	0.30%	8,400	29.90%	31.00%	55	0.71	$3.30	BM	$36.39		2,164	$39.69	$2.36		

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	49

SO2 Prem	$160

Revised: 7/30/2003 6:47

PEF-FUEL-004959

Docket No. 060658
Progress Energy Florida
Exhibit No. ___ (AWP-2)
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PROGRESS FUELS CORPORATION

CR 4 and 5

July 03 Solicitation
Foreign Water Coals
All Bids

Supplier	Term	Origin	(000) Total Tons	Weighted Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Transp Cost	Ship or Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 4&5 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88					Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37	2.024	$47.78	$2.04		Blending Issues
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	$36.29	750	$34.88	750	$36.29	750	$39.06	Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78	2.085	$49.19	$2.10		Blending Issues
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	2.135	$51.78	$2.09		
CMC	1/1/04 - 12/31/04	Carrejon	400	$35.95	400	$35.95					CIF ECT	$14.44		8.00%	0.71%	11,800	11.00%	33.50%	49	1.20	$0.93	M	$50.39	2.135	$51.32	$2.17		Use IMT
Guasare	1/1/04 - 12/31/05	IMT - Belted	1,150	$40.34	650	$40.25	500	$40.45			FOB IMT	$14.44		8.00%	0.77%	12,300	8.00%	31.00%	45	1.20	-$1.19		$54.78	2.140	$53.59	$2.09		Lowest Price Alternative
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$40.45	200	$40.45					FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.89	2.144	$53.70	$2.10		
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	$40.55	650	$40.25	650	$40.45	650	$40.96	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.99	2.148	$53.80	$2.10		3 optional cargoes 05 & 06 not incl
Glencore	1/1/04 - 12/31/04	TPA-Gearless	300	$39.10	300	$39.10					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$53.54	2.159	$52.38	$2.11		Not feasible
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24	2.187	$53.08	$2.14		
Glencore	1/1/04 - 12/31/04	TPA-Belted	300	$40.15	300	$40.15					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.59	2.201	$53.43	$2.15		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	2.207	$53.58	$2.16		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84	2.211	$53.68	$2.16		
Glencore	1/1/04 - 12/31/04	TPA-Geared	300	$40.60	300	$40.60					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.04	2.219	$53.88	$2.17		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	2.227	$54.08	$2.18		
Transocean	7/03 - 12/03	China	200	$38.87	200	$38.87					CIF NOLA	$14.44		10.00%	0.58%	11,500	10.00%	31.00%	52	1.00	$1.30	B	$53.31	2.318	$54.61	$2.37		
AEP No 1	1/04 -12/06	Col/Ven/US	2,700	$36.00	900	$35.50	900	$38.00	900	$36.50	FOB NOLA	$14.44	$6.00	NA	0.60%	11300	NA	NA	NA	1.06	$1.38	ABM	$56.44	2.492	$57.82	$2.56		Nonspecific Loadpoint, Quality, Freight

Denotes Weighted Average of multi-year prices

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$160

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PEF-FUEL-004960

PROGRESS FUELS CORPORATION

CR 4 and 5

July 03 Solicitation
Foreign Water Coals
All Bids

Supplier	Term	Origin	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp. Mode	Transp. Cost	Shipper Railcar Costs	Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/MM	ACTION TAKEN	Notes
Single Year																										
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88																				
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50			Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37	2.024	$47.78	$2.04		Blending Issues
CMC	1/1/04 - 12/31/04	Cerrejon	400	$35.95	400	$35.95			FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	2.153	$51.78	$2.09		
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$40.45	200	$40.45			CIF ECT	$14.44		8.00%	0.71%	11,800	11.00%	33.50%	49	1.20	$0.93	M	$50.39	2.155	$51.32	$2.17		Use IMT
Glencore	1/1/04 - 12/31/04	TPA-Gearless	300	$39.10	300	$39.10			FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.89	2.144	$53.70	$2.10		
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75			FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$53.54	2.155	$52.38	$2.11		Not feasible
Glencore	1/1/04 - 12/31/04	TPA-Belted	300	$40.15	300	$40.15			FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24	2.182	$53.08	$2.14		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30			FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.59	2.201	$53.43	$2.15		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.95	500	$42.95			FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	2.207	$53.58	$2.16		
Glencore	1/1/04 - 12/31/04	TPA-Geared	300	$40.60	300	$40.60			FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84	2.211	$53.66	$2.16		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80			FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.04	2.218	$53.88	$2.17		
Transocean	7/03 - 12/03	China	200	$38.87	200	$38.87			FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	2.227	$54.08	$2.18		
									CIF NOLA	$14.44		10.00%	0.58%	11,500	10.00%	31.00%	52	1.00	$1.30	B	$53.31	2.318	$54.61	$2.37		
Multi-Year																										
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	$36.29	750	$34.88	750	$36.29	Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78	2.068	$49.19	$2.10		Blending Issues
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	$40.34	650	$40.25	500	$40.45	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.78	2.740	$53.59	$2.09		Lowest Price Alternative
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	$40.33	650	$40.25	650	$40.45	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.99	2.148	$53.80	$2.10		3 optional cargoes 05 & 06 not incl
AEP No 1	1/04 -12/06	Col/Ven/US	2,700	$36.00	900	$35.50	900	$35.00	FOB NOLA	$14.44	$5.00	NA	0.60%	11300	NA	NA	NA	1.06	$1.38	ABM	$56.44	2.491	$57.82	$2.56		Nonspecific Loadpoint, Quality, Freight

Denotes Weighted Average of multi-year prices

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$150

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PEF-FUEL-004961

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Domestic Water Coals
All Bids

Supplier	Delivery	Origin	(000) Total Tons	Weighted Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp. Mode	Transp. Cost	Rail Car Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Coal/ut	Unit 45 Derate Codes	Cash Cost $/T	Cash Cost $/M	Evaluated Utilized Cost $/ton	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
Infinity	1/01/04 - 12/31/07	Panther	3,000	$36.75	750	$36.75	750	$36.75	750	$36.75	FOB barge	$24.50		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$61.25	2.393	$60.06	$2.35	Bid withdrawn - sold	FOB Dock Quincy-FOB Barge Shrewsbury
PFC	1/04 -12/06	coal/Synfuel	2,700	$35.88	900	$34.75	900	$35.88	900	$37.03	Kan River	$24.50		12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$0.27		$60.39	2.416	$60.66	$2.43		Min 50% synfuel - 0.68% S to apply- Reopen 07
Infinity	1/01/04 - 12/31/07	Panther	3,000	$35.95	750	$35.95	750	$35.95	750	$35.95	FOB barge	$24.50		10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	-$0.34		$60.45	2.418	$60.11	$2.40	Bid withdrawn - sold	FOB Dock Quincy-FOB Barge Shrewsbury
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$37.00	480	$37.00					Kan barge	$24.50		12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$61.50	2.500	$61.92	$2.52		
Massey 1b	1/04 - 6/04	Bandmill-Ceredo	360	$38.20	360	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 2b	1/04 - 12/04	Bandmill-Ceredo	720	$38.20	720	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Peabody 3	1/04 -12/04	BS River	144	$38.35	144	$38.35					BS River	$24.50		13.50%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.87	A	$62.85	2.555	$63.72	$2.59		
Massey 3b	1/04 - 12/04	Bandmill-Ceredo	2,160	$38.50	720	$38.00	720	$38.50	720	$39.00	FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$62.00	2.582	$63.89	$2.64		

Denotes Weighted Avg Price of Multi-year prices

CR 45 Economics Base Specifications					
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price $160

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PEF-FUEL-004962

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Domestic Water Coals
All Bids

Supplier	Term	Origin	(000) Tons Total	Weight % Ash	2004 Tons	2004 Price	2004 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Transp Cost	Shipping Rail Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Coal/SC	Unit 45 Derate Codes	Cash Cost $/t	Cash Cost $/M	Evaluated Delivered Cost $/t	Evaluated Delivered Cost $/MM	ACTION TAKEN	Notes
Multi Year																													
Infinity	1/01/04 - 12/31/07	Panther	3,000	$36.75	750	$36.75	750	$36.75	750	$36.75	FOB barge	$24.50		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$61.25	2.393	$60.06	$2.35	Bid withdrawn - sold	FOB Dock Quincy-FOB Barge Shrewsbury
PFC	1/04 -12/08	coal/Synfuel	2,700	$35.69	900	$34.75	900	$35.88	900	$37.03	Kan River	$24.50		12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$0.27		$60.39	2.416	$60.66	$2.43		Min 50% synfuel - 0.68% S to apply- Reopen 07
Infinity	1/01/04 - 12/31/07	Panther	3,000	$35.95	750	$35.95	750	$35.95	750	$35.95	FOB barge	$24.50		10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	-$0.34		$60.45	2.416	$60.11	$2.40	Bid withdrawn - sold	FOB Dock Quincy-FOB Barge Shrewsbury
Massey 3b	1/04 - 12/04	Bandmill-Ceredo	2,160	$38.50	720	$38.00	720	$38.50	720	$39.00	FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$62.00	2.582	$61.89	$2.64		
Single Year																													
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$37.00	480	$37.00					Kan barge	$24.50		12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$61.50	2.500	$61.92	$2.52		
Massey 1b	1/04 - 6/04	Bandmill-Ceredo	360	$38.20	360	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 2b	1/04 - 12/04	Bandmill-Ceredo	720	$38.20	720	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Peabody 3	1/04 -12/04	BS River	144	$38.35	144	$38.35					BS River	$24.50		13.50%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.87	A	$62.85	2.555	$63.72	$2.59		

Denotes Weighted Avg Price of Multi-year prices

CR 45 Economics Base Specifications					
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$150

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PROGRESS FUELS CORPORATION

CR 4 and 5
July 03
Solicitation
RAIL COALS
ALL BIDS

Supplier	Term	Origin	(000) Total Tons	Weighted Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Ship or Rail Transp Cost	Rail Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost $/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/MB	Evaluated Delivered Cost $/st	Evaluated Delivered Cost $/MMBtu	ACTION TAKEN	Notes
Koch Carbon 1	1/04 - 7/04	Non-specific	140	$34.25	140	$34.25					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.00	2.038	$52.26	$2.01		
Koch Carbon 2	1/04 - 12/04	Non-specific	240	$34.50	240	$34.50					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.25	2.048	$52.51	$2.02		
Alpha	1/1/04 -12/31/04	McClure	360	$34.50	360	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Alpha	1/1/04 -6/30/04	McClure	180	$34.50	180	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Koch Carbon 3	1/04 - 12/05	Non-specific	240	$35.05	240	$35.05	240	$35.05			CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.80	2.089	$53.08	$2.04		
Dominion	1/1/04 - 12/31/04	MC Mining	360	$33.00	360	$33.00					CSX BS	$17.00	$1.75	10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	-$0.33		$51.75	2.070	$51.42	$2.06		
AEP No 5	1/1/04 - 12/31/04	CSX BS/Kan	300	$32.00	300	$32.00					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$52.14	2.085	$53.41	$2.14		Eval using Kan-BS not likely
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	$35.00	300	$35.00	300	$35.00	300	$35.00	CSX BS	$17.00	$1.75	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	-$0.59		$53.75	2.100	$53.16	$2.08		
Alliance No 1	1/1/04 - 12/31/04	MC Mining	300	$34.00	300	$34.00					CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	$34.00	300	$34.00	300	Reopen	300	Reopen	CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		Reopener 05 and 06
Peabody 1	1/04 -12/04	Synergy Mine	540	$34.25	540	$34.25					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	7.00%	31.00%	44	1.20	$0.17		$54.39	2.176	$54.56	$2.18		
Massey 1a	1/04 - 6/04	Bandmill	360	$33.00	360	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 2a	1/04 - 12/04	Bandmill	720	$33.00	720	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 3a	1/04 - 12/04	Bandmill	2,160	$33.00	720	$32.50	720	$33.00	720	$33.50	CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Arch	1/1/04 - 6/30/04	Logan	300	$34.25	300	$34.25					CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.39	2.266	$55.36	$2.31		Low price - see bid for add'l
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$35.75	480	$35.75					CSX Kan	$18.39	$1.75	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$55.89	2.272	$56.31	$2.29		75 car capacity only
Arch	1/1/04 - 12/31/06	Logan	500	$34.50	500	$34.50	500	$34.50	500	$34.50	CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.64	2.277	$55.61	$2.32		Caps/Reopeners associated
B&W Resources	1/1/04 - 12/31/04	B&W Hazard	120	$40.00	120	$40.00					CSX Jel	$16.87	$1.75	10.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.33		$56.62	2.345	$58.29	$2.33		

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	48

SO2 Price	$150

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PEF-FUEL-004964

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03
Solicitation
RAIL COALS
Single Year

Supplier	Terms	Origin	(000) Tons	Weight Ave Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Ship or Transp Cost	Rail Cars Costs	Quality Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/ton	Unit 4 Derate Codes	Cost $/ton	Cost $/MBtu	Evaluated at Utilized Cost $/ton	Evaluated at Utilized Cost $/MBtu	ACTION TAKEN	Notes
Koch Carbon 1	1/04 - 7/04	Non-specific	140	$34.25	140	$34.25					CSX BS	$17.00	$1.75	10.00%	0.75%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.00	2.038	$52.26	$2.01		
Koch Carbon 2	1/04 - 12/04	Non-specific	240	$34.50	240	$34.50					CSX BS	$17.00	$1.75	10.00%	0.75%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.25	2.048	$52.51	$2.02		
Alpha	1/1/04 -12/31/04	McClure	360	$34.50	360	$34.50					CSX CL	$16.80	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Alpha	1/1/04 -6/30/04	McClure	180	$34.50	180	$34.50					CSX CL	$16.80	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Dominion	1/1/04 - 12/31/04	MC Mining	360	$33.00	360	$33.00					CSX BS	$17.00	$1.75	10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	-$0.33		$51.75	2.070	$51.42	$2.06		
AEP No 5	1/1/04 - 12/31/04	CSX BS/Kan	300	$32.00	300	$32.00					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$52.14	2.083	$53.41	$2.14		Eval using Kan-BS not likely
Alliance No 1	1/1/04 - 12/31/04	MC Mining	300	$34.00	300	$34.00					CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		
Peabody 1	1/04 -12/04	Synergy Mine	540	$34.25	540	$34.25					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	7.00%	31.00%	44	1.20	$0.17		$54.39	2.176	$54.56	$2.18		
Massey 1a	1/04 - 6/04	Bandmill	360	$33.00	360	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 2a	1/04 - 12/04	Bandmill	720	$33.00	720	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Arch	1/1/04 - 6/30/04	Logan	300	$34.25	300	$34.25					CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.39	2.266	$55.36	$2.31		Low price - see bid for add'l
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$35.75	480	$35.75					CSX Kan	$18.39	$1.75	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$55.89	2.272	$56.31	$2.29		75 car capacity only
B&W Resources	1/1/04 - 12/31/04	B&W Hazard	120	$40.00	120	$40.00					CSX Jel	$16.87	$1.75	10.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.33		$58.82	2.345	$58.29	$2.33		

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.75%	12,000	8.00%	31.00%	40

SO2 Price	$160

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PEF-FUEL-004965

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03
Solicitation
RAIL COALS
Multi Year

Supplier	Term	Origin	(000) Tons	Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Ship or Rail Cost	Transp Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/ton	Unit 45 Derate Codes	Cash Cost $/ton	Cash Cost $/MM	Evaluated Delivered Cost $/ton	Evaluated Delivered Cost $/MM	ACTION TAKEN	Notes
Koch Carbon 3	1/04 - 12/05	Non-specific	240	$35.05	240	$35.05	240	$35.05			CSX BS	$17.00	$1.75	10.00%	0.75%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.80	2.069	$53.06	$2.04		
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	$35.00	300	$35.00	300	$35.00	300	$35.00	CSX BS	$17.00	$1.75	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	-$0.59		$53.75	2.100	$53.16	$2.05		
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	$34.00	300	$34.00	300	Reopen	300	Reopen	CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		Reopener 05 and 06
Massey 3a	1/04 - 12/04	Bandmill	2,160	$32.50	720	$32.50	720	$33.00	720	$33.50	CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.85	AV	$53.14	2.196	$55.03	$2.27		
Arch	1/1/04 - 12/31/06	Logan	500	$34.50	500	$34.50	500	$34.50	500	$34.50	CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.64	2.277	$55.61	$2.32		Caps/Reopeners associated

Denotes weighted average of multi-year pricing

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$150

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PEF-FUEL-004966

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Western Coals
first run

FOR TEST PURPOSES ONLY - Review Later

Supplier	Term	Origin	1000 Tons	Weight Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Ship or Transp Cost	Railcar Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/MT	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
RAG 2	1/04 -12/04	20 Mile - COL	500	$15.50	500	$15.50					UP			10.00%	0.51%	11,300	10.00%	39.80%	40	0.90	$0.32	B						Vol too high
Kennecott	7/01/03 - 12/31/04	Spring Creek	100	$4.75							BN			4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$1.40	BM						03 tons are 0.25 less
AEP No 3	1/1/04 - 12/31/08	PRB [illegible]	1,500	$19.10	500	$19.10	500	$19.10	500	$19.10	FOB Barge			5.30%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.66	BM						Cook Coal Terminal - Rail/dock est @ 16.50
Peabody 2	1/04 - 12/04	PRB-Ant/Rock	500	$20.77							FOB bg Cora			4.40%	0.22%	8,800	28.70%	31.50%	59	0.50	$1.67	BM						30k is 60 less for 03-rail/dock rate est@16.50
Oxbow	1/04 -12/06	Elk Creek CO	1,500	$18.03	500	$17.50	500	$18.03	500	$18.57	UP			12.00%	0.58%	11,500	10.00%	32.00%	45	1.00	$0.91	B						Note SO2 prem/penalty
AEP No 4	1/1/04 - 12/31/08	PRB [illegible]	1,500	$18.10	500	$18.10	500	$18.10	500	$18.10	FOB Barge			5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$3.01	BM						Cook Coal Terminal - Rail/dock est @ 16.50
Kennecott	7/01/03 - 12/31/04	Jacobs	100	$3.50							UP,BN			5.82%	0.48%	8,700	27.72%	32.19%	54	1.10	$3.33	BM						03 tons are 0.65 less
DTE 1	1/1/04 - 6/30/04	PRB	168	$4.15							FOB Car			6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM						FOB Railcar - Note SO2 premium
Arch	1/01/04 - 6/30/04	PRB - [illegible]	300	$4.30	300	$4.30					Multi			6.00%	0.35%	8,800	28.00%	35.00%	50	0.80	$2.91	BM						Lowest price - see bid for addT options
DTE 2	1/1/04 - 12/31/04	PRB	336	$4.35							FOB Car			6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM						FOB Railcar - Note SO2 premium
Triton 1	1/04 -12/04	PRB N Rochelle	500	$8.00	500	$8.00					BN,UP			4.70%	0.35%	8,800	27.90%	31.00%	55	0.80	$2.50	BM						
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	$6.25	500	$6.25					UP,BN			4.50%	0.27%	8,550	29.90%	31.00%	58	0.83	$2.83	BM						
Triton 2	1/04 -12/04	PRB Buckskin	500	$6.00	500	$6.00					BN			5.90%	0.30%	8,400	29.90%	31.00%	55	0.71	$3.30	BM						

Denotes weighted average of multi year prices

Transportation rates must be negotiated

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$160

Total of 7,536,000 tons offered

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PEF-FUEL-004967

PROGRESS FUELS CORPORATION

CR 4 and 5

Master Listing-All Categories

(First Run)

Supplier	Term	Origin	2004 (1000) Tons	2004 $/Ton	2005 Tons	2005 $/Ton	2006 Tons	2006 $/Ton	2007 Tons	2007 $/Ton	Transp Mode	Transp Cost	Railcar Costs	Purchase Specifications: As Ash	Sulfur	Btu	Moisture	% Vol	HGI	SO2	Delivered $/Ton	Unit 4/5 Derate	Cash Cost $/Ton	Cash Cost $/M	Evaluated Utilized Cost $/Ton	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
AEP No 1	1/04 -12/06	Col/Ven/US	2,700	$38.00	900	$35.50	900	$36.00	900	$36.50	FOB NOLA	$14.44	$8.00	NA	0.60%	11300	NA	NA	NA	1.06	$1.38	ABM	$56.44	2.497	$57.82	$2.56		Nonspecific Loadpoint, Quality, Freight
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	$35.00	300	$35.00	300	$35.00	300	$35.00	CSX BS	$17.00	$1.75	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	-$0.59		$53.75	2.106	$53.16	$2.08		
AEP No 3	1/1/04 - 12/31/06	PRB unspecified	1,500	$19.10	500	$19.10	500	$19.10	500	$19.10	FOB Barge	$16.50	$0.00	5.50%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.66	BM	$35.60	2.021	$38.26	$2.17		Cook Coal Terminal - Rail/dock est @ 16.50
AEP No 4	1/1/04 - 12/31/06	PRB unspecified	1,500	$18.10	500	$18.10	500	$18.10	500	$18.10	FOB Barge	$16.50	$0.00	5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$3.01	BM	$34.80	2.060	$37.81	$2.24		Cook Coal Terminal - Rail/dock est @ 16.50
AEP No 5	1/1/04 - 12/31/04	CSX Kan	300	$32.00	300	$32.00					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$52.14	2.088	$53.41	$2.14		BS/Kan at sellers option...This is likely case
Alliance No 1	1/1/04 - 12/31/04	MC Mining	300	$34.00	300	$34.00					CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	$34.00	300	$34.00	300	Reopen	300	Reopen	CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		Reopener 05 and 06
Alpha	1/1/04 -12/31/04	McClure	360	$34.50	360	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	85	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Alpha	1/1/04 -6/30/04	McClure	180	$34.50	180	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	85	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Arch	1/1/04 - 6/30/04	Logan	300	$34.25	300	$34.25					CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.39	2.266	$55.36	$2.31		Low price - see bid for add'l
Arch	1/01/04 - 6/30/04	PRB - Black Thunder	300	$8.30	300	$8.30					Multi	$14.44	$15.95	6.00%	0.35%	8,800	26.00%	35.00%	50	0.80	$2.91	BM	$36.69	2.045	$39.60	$2.25		Lowest price - see bid for add'l options
Arch	1/1/04 - 12/31/06	Logan	500	$34.50	500	$34.50	500	$34.50	500	$34.50	CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.64	2.277	$55.61	$2.32		Caps/Reopeners associated
B&W Resources	1/1/04 - 12/31/04	B&W Hazard	120	$40.00	120	$40.00					CSX Jel	$18.67	$1.75	10.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.33		$58.82	2.353	$58.29	$2.33		
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$37.00	480	$37.00					Kan barge	$24.50		12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$61.50	2.500	$61.92	$2.52		
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$35.75	480	$35.75					CSX Kan	$18.39	$1.75	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$55.89	2.277	$56.31	$2.29		75 car capacity only
CMC	1/1/04 - 12/31/04	Carrejon	400	$35.95	400	$35.95					CIF ECT	$14.44		8.00%	0.71%	11,800	11.00%	33.50%	49	1.20	$0.93	M	$50.39	2.135	$51.32	$2.17		Use IMT
Dominion	1/1/04 - 12/31/04	MC Mining	360	$33.00	360	$33.00					CSX BS	$17.00	$1.75	10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	-$0.33		$51.75	2.070	$51.42	$2.06		
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88					Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37	2.024	$47.78	$2.04		Blending Issues
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	$38.29	750	$34.88	750	$38.29	750	$39.06	Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78	2.082	$49.19	$2.10		Blending Issues
DTE 1	1/1/04 - 6/30/04	PRB	188	$8.15							FOB Car	$14.44	$15.95	6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM	$38.54	2.076	$39.35	$2.24		FOB Railcar - Note SO2 premium
DTE 2	1/1/04 - 12/31/04	PRB	338	$8.35							FOB Car	$14.44	$15.95	6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM	$38.74	2.088	$39.55	$2.25		FOB Railcar - Note SO2 premium
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24	2.716	$53.08	$2.14		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84	2.747	$53.68	$2.16		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	2.201	$53.58	$2.16		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	2.222	$54.08	$2.18		
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	2.130	$51.78	$2.09		
Glencore	1/1/04 - 12/31/04	TPA-Belted	300	$40.15	300	$40.15					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.59	2.20	$53.43	$2.15		Not feasible - too much trucking
Glencore	1/1/04 - 12/31/04	TPA-Geared	300	$40.60	300	$40.60					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.04	2.219	$53.88	$2.17		Not feasible - too much trucking
Glencore	1/1/04 - 12/31/04	TPA-Gearless	300	$39.10	300	$39.10					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$53.54	2.159	$52.38	$2.11		Not feasible - too much trucking
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$40.45	200	$40.45					FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.89	2.744	$53.70	$2.10		Make certain on btu guar on all 3 bids
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	$40.34	650	$40.25	500	$40.45			FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.78	2.740	$53.59	$2.09		Lowest Price Alternative (one of many options)
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	$40.55	650	$40.25	650	$40.45	650	$40.95	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.99	2.749	$53.80	$2.10		3 optional cargoes 05 & 06 not incl
Infinity	1/01/04 - 12/31/07	Panther	3,000	$36.75	750	$36.75	750	$36.75	750	$36.75	FOB barge	$24.50		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$61.25	2.450	$60.06	$2.35	Sold - bid withdrawn	FOB Dock Quincy-FOB Barge Shrewsbury
Infinity	1/01/04 - 12/31/07	Panther	3,000	$35.95	750	$35.95	750	$35.95	750	$35.95	FOB barge	$24.50		10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	-$0.34		$60.45	2.418	$60.11	$2.40	Sold - bid withdrawn	FOB Dock Quincy-FOB Barge Shrewsbury
Kennecott	7/01/03 - 12/31/04	Jacobs	100	$5.50							UP,BN	$14.44	$15.95	5.82%	0.48%	9,700	27.72%	32.19%	54	1.10	$1.33	BM	$35.89	2.063	$39.22	$2.25		03 tons are 0.65 less
Kennecott	7/01/03 - 12/31/04	Spring Creek	100	$8.75							BN	$14.44	$15.95	4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$1.40	BM	$37.14	1.986	$38.54	$2.06		03 tons are 0.25 less
Koch Carbon 1	1/04 - 7/04	Non-specific	140	$34.25	140	$34.25					CSX BS	$17.00	$1.75	10.00%	0.75%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.00	2.035	$52.26	$2.01		

PEF-FUEL-004968

PROGRESS FUELS CORPORATION

CR 4 and 5

Master Listing-All Categories

(First Run)

Supplier	Term	Origin	Tons	2004 Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Ship or Transp Cost	Rail Cost	Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/ton	Unit 45 Derate Codes	Cash Cost $/t	Cash Cost $/M	Evaluated Utilized Cost $/t	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
Koch Carbon 2	1/04 - 12/04	Non-specific	240	$34.50	240	$34.50					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.25	2.048	$52.51	$2.02		
Koch Carbon 3	1/04 - 12/05	Non-specific	240	$35.05	240	$35.05	240	$35.05			CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.80	2.069	$53.06	$2.04		
Massey 1a	1/04 - 6/04	Bandmill	360	$33.00	360	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 1b	1/04 - 6/04	Bandmill-Ceredo	360	$38.20	360	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 2a	1/04 - 12/04	Bandmill	720	$33.00	720	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 2b	1/04 - 12/04	Bandmill-Ceredo	720	$38.20	720	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 3a	1/04 - 12/04	Bandmill	2,160	$33.00	720	$32.50	720	$33.00	720	$33.50	CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 3b	1/04 - 12/04	Bandmill-Ceredo	2,160	$38.50	720	$38.00	720	$38.50	720	$39.00	FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$62.00	2.564	$63.89	$2.64		
Oxbow	1/04 -12/06	Elk Creek CO	1,500	$18.03	500	$17.50	500	$18.03	500	$18.57	UP	$29.00		12.00%	0.59%	11,500	10.00%	32.00%	45	1.00	$0.91	B	$47.03	2.048	$47.94	$2.08		Note SO2 prem/penalty
Peabody 1	1/04 -12/04	Synergy Mine	540	$34.25	540	$34.25					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	7.00%	31.00%	44	1.20	$0.17		$54.39	2.170	$54.56	$2.18		
Peabody 2	1/04 - 12/04	PRB-Ant/Roch	500	$20.77							FOB bg Cora	$15.00		4.40%	0.22%	8,800	28.70%	31.50%	59	0.50	$1.87	BM	$35.77	2.032	$37.64	$2.14		30k is.60 less for 03-rail/dock rate est@16.50
Peabody 3	1/04 -12/04	BS River	144	$38.35	144	$38.35					BS River	$24.50		13.50%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.87	A	$62.85	2.516	$63.72	$2.59		
PFC	1/04 -12/06	coal/Synfuel	2,700	$35.89	900	$34.75	900	$35.88	900	$37.03	Kan River	$24.50		12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$0.27		$60.39	2.416	$60.66	$2.43		Min 50% synfuel - 0.68% S to apply- Reopen 07
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	$6.25	500	$6.25					UP,BN	$14.44	$15.95	4.50%	0.27%	8,550	29.90%	31.00%	58	0.63	$2.63	BM	$36.64	2.143	$39.27	$2.30		
RAG 2	1/04 -12/04	20 Mile - COL	500	$15.50	500	$15.50					UP	$29.00		10.00%	0.51%	11,300	10.00%	39.00%	40	0.90	$0.32	B	$44.50	2.316	$44.82	$1.98		Vol too high
Transocean	7/03 - 12/03	China	200	$38.87	200	$38.87					CIF NOLA	$14.44		10.00%	0.58%	11,500	10.00%	31.00%	52	1.00	$1.30	B	$53.31	2.392	$54.61	$2.37		
Triton 1	1/04 -12/04	PRB N Rochelle	500	$8.00	500	$8.00					BN,UP	$29.00		4.70%	0.35%	8,800	27.90%	31.00%	55	0.80	$2.50	BM	$37.00	2.102	$39.50	$2.24		
Triton 2	1/04 -12/04	PRB Buckskin	500	$6.00	500	$6.00					BN	$14.44	$15.95	5.90%	0.30%	8,400	29.90%	31.00%	55	0.71	$3.30	BM	$36.39	2.166	$39.69	$2.36		

CR 45 Economics Base Specifications						
Ash	Sulfur	Btu	Moisture	Vol	HGI	
10.00%	0.70%	12,000	8.00%	31.00%	40	

SO2 Price	$160

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PEF-FUEL-004969

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03
Solicitation
RAIL COALS
ALL BIDS

Supplier	Term	Origin	(000) Total Tons	Weighted Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Transp Cost	Ship or Railcar Costs	Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 4/5 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
Koch Carbon 1	1/04 - 7/04	Non-specific	140	$34.25	140	$34.25					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.00	2.038	$52.26	$2.01		
Koch Carbon 2	1/04 - 12/04	Non-specific	240	$34.50	240	$34.50					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.25	2.048	$52.51	$2.02		
Alpha	1/1/04 -12/31/04	McClure	360	$34.50	360	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Alpha	1/1/04 -6/30/04	McClure	180	$34.50	180	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	2.064	$53.19	$2.08		Must be Blended
Koch Carbon 3	1/04 - 12/05	Non-specific	240	$35.05	240	$35.05	240	$35.05			CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.80	2.089	$53.06	$2.04		
Dominion	1/1/04 - 12/31/04	MC Mining	360	$33.00	360	$33.00					CSX BS	$17.00	$1.75	10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	-$0.33		$51.75	2.070	$51.42	$2.06		
AEP No 5	1/1/04 - 12/31/04	CSX BS/Kan	300	$32.00	300	$32.00					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$52.14	2.086	$53.41	$2.14		Eval using Kan-BS not likely
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	$35.00	300	$35.00	300	$35.00	300	$35.00	CSX BS	$17.00	$1.75	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	-$0.59		$53.75	2.100	$53.16	$2.08		
Alliance No 1	1/1/04 - 12/31/04	MC Mining	300	$34.00	300	$34.00					CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	$34.00	300	$34.00	300	Reopen	300	Reopen	CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63		$52.75	2.110	$52.12	$2.08		Reopener 05 and 06
Peabody 1	1/04 -12/04	Synergy Mine	540	$34.25	540	$34.25					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	7.00%	31.00%	44	1.20	$0.17		$54.39	2.176	$54.56	$2.18		
Massey 1a	1/04 - 6/04	Bandmill	360	$33.00	360	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 2a	1/04 - 12/04	Bandmill	720	$33.00	720	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Massey 3a	1/04 - 12/04	Bandmill	2,160	$33.00	720	$32.50	720	$33.00	720	$33.50	CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Arch	1/1/04 - 6/30/04	Logan	300	$34.25	300	$34.25					CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.39	2.266	$55.36	$2.31		Low price - see bid for add'l
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$35.75	480	$35.75					CSX Kan	$18.39	$1.75	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$55.89	2.272	$56.31	$2.29		75 car capacity only
Arch	1/1/04 - 12/31/06	Logan	500	$34.50	500	$34.50	500	$34.50	500	$34.50	CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.84	2.277	$55.61	$2.32		Caps/Reopeners associated
B&W Resources	1/1/04 - 12/31/04	B&W Hazard	120	$40.00	120	$40.00					CSX Jel	$16.87	$1.75	10.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.33		$58.62	2.345	$58.29	$2.33		

CR 45 Economics Base Specifications

Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$160

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PEF-FUEL-004970

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03
Solicitation
RAIL COALS
Single Year

Supplier	Term	Origin	2000 Tons	Weight Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Ship or Transp Cost	Rail Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/ton	Unit 45 Derate	Codes	Cost/ton	Cost $/MM	Evaluated Delivered Cost $/ton	Evaluated Delivered Cost $/MM	ACTION TAKEN	Notes
Koch Carbon 1	1/04 - 7/04	Non-specific	140	$34.25	140	$34.25					CSX BS	$17.90	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74			$53.00	2.038	$52.26	$2.01		
Koch Carbon 2	1/04 - 12/04	Non-specific	240	$34.50	240	$34.50					CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74			$53.25	2.048	$52.51	$2.02		
Alpha	1/1/04 -12/31/04	McClure	360	$34.50	360	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	$53.19	2.064	$53.19	$2.08		Must be Blended
Alpha	1/1/04 -6/30/04	McClure	180	$34.50	180	$34.50					CSX CL	$16.60	$1.75	10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$0.34	V	$52.85	$53.19	2.064	$53.19	$2.08		Must be Blended
Dominion	1/1/04 - 12/31/04	MC Mining	360	$33.00	360	$33.00					CSX BS	$17.00	$1.75	10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	-$0.33			$51.75	2.070	$51.42	$2.06		
AEP No 5	1/1/04 - 12/31/04	CSX BS/Kan	300	$32.00	300	$32.00					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$1.27	V	$52.14	$53.41	2.085	$53.41	$2.14		Eval using Kan-BS not likely
Alliance No 1	1/1/04 - 12/31/04	MC Mining	300	$34.00	300	$34.00					CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.63			$52.75	2.110	$52.12	$2.08		
Peabody 1	1/04 -12/04	Synergy Mine	540	$34.25	540	$34.25					CSX Kan	$18.39	$1.75	12.00%	0.75%	12,500	7.00%	31.00%	44	1.20	$0.17			$54.39	2.176	$54.56	$2.18		
Massey 1a	1/04 - 6/04	Bandmill	360	$33.00	360	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	$55.03	2.196	$55.03	$2.27		
Massey 2a	1/04 - 12/04	Bandmill	720	$33.00	720	$33.00					CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	$55.03	2.196	$55.03	$2.27		
Arch	1/1/04 - 6/30/04	Logan	300	$34.25	300	$34.25					CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.39	$56.36	2.268	$56.36	$2.31		Low price - see bid for add'l
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$35.75	480	$35.75					CSX Kan	$18.39	$1.75	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42			$56.89	2.272	$56.31	$2.29		75 car capacity only
B&W Resources	1/1/04 - 12/31/04	B&W Hazard	120	$40.00	120	$40.00					CSX Jel	$16.87	$1.75	10.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.33			$58.92	2.345	$58.29	$2.33		

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price $160

Revised: 7/28/2003 15:46

PEF-FUEL-004971

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03
Solicitation
RAIL COALS
Multi Year

Supplier	Term	Origin	(000) Tons	Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Transp Cost	Ship or Rail Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization $/Cost	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/MM	Evaluated Utilized $/st	Evaluated Utilized $/MM	ACTION TAKEN	Notes
Koch Carbon 3	1/04 - 12/05	Non-specific	240	$35.05	240	$35.05	240	$35.05			CSX BS	$17.00	$1.75	10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	-$0.74		$53.80	2.069	$53.06	$2.04		
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	$35.00	300	$35.00	300	$35.00	300	$35.00	CSX BS	$17.00	$1.75	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	-$0.59		$53.75	2.100	$53.16	$2.08		
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	$34.00	300	$34.00	300	Reopen	300	Reopen	CSX BS	$17.00	$1.75	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	-$0.83		$52.75	2.110	$52.12	$2.08		Reopener 05 and 06
Massey 3a	1/04 - 12/04	Bandmill	2,160	$33.00	720	$32.50	720	$33.00	720	$33.50	CSX Kan	$18.39	$1.75	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$53.14	2.196	$55.03	$2.27		
Arch	1/1/04 - 12/31/06	Logan	500	$34.50	500	$34.50	500	$34.50	500	$34.50	CSX Kan	$18.39	$1.75	13.00%	0.72%	12,000	8.00%	32.00%	45	1.20	$0.97	A	$54.64	2.277	$55.61	$2.32		Caps/Reopeners associated

Denotes weighted average of multi-year pricing

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$160

Revised: 7/25/2003 15:27

PROGRESS FUELS CORPORATION

CR 4 and 5

July 03 Solicitation
Foreign Water Coals
All Bids

Supplier	Term	Origin	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Ship or Reload Transp Cost	Reload Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	% Cash Cost $/st	Cost $/M	Evaluated Unload Cost $/st	Evaluated Unload Cost $/M	ACTION TAKEN	Notes
Single Year																										
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88																				
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50																				
CMC	1/1/04 - 12/31/04	Cerrejon	400	$35.95	400	$35.95																				
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$40.45	200	$40.45																				
Glencore	1/1/04 - 12/31/04	TPA-Gearless	300	$39.10	300	$39.10																				
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75																				
Glencore	1/1/04 - 12/31/04	TPA-Belted	300	$40.15	300	$40.15																				
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30																				
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35																				
Glencore	1/1/04 - 12/31/04	TPA-Geared	300	$40.60	300	$40.60																				
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80																				
Transocean	7/03 - 12/03	China	200	$38.87	200	$38.87																				
Multi-Year																										
Drummond 2	1/1/04 - 12/31/08	McDuffie	2,250	$36.29	750	$34.88	750	$36.29	750	$39.08																
Guasare	1/1/04 - 12/31/08	IMT - Belted	1,150	$40.34	650	$40.25	500	$40.45																		
Guasare	1/1/04 - 12/31/08	IMT - Belted	1,950	$40.55	650	$40.25	650	$40.45	650	$40.96																
AEP No 1	1/04 -12/06	Col/Ven/US	2,700	$36.00	900	$35.50	900	$36.00	900	$36.50																

Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37		$47.78	$2.04		Blending Issues
FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94		$51.78	$2.09		
CIF ECT	$14.44		6.00%	0.71%	11,800	11.00%	33.50%	49	1.20	$0.93	M	$50.39		$51.32	$2.17		Use IMT
FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.83		$53.70	$2.10		
FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$53.54		$52.38	$2.11		Not feasible
FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24		$53.08	$2.14		
FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.59		$53.43	$2.15		
FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74		$53.58	$2.16		
FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84		$53.68	$2.16		
FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.04		$53.88	$2.17		
FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24		$54.08	$2.18		
CIF NOLA	$14.44		10.00%	0.58%	11,500	10.00%	31.00%	52	1.00	$1.38	B	$53.31		$54.81	$2.37		

Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78		$49.19	$2.10		Blending Issues
FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.78		$53.59	$2.09		Lowest Price Alternative
FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.99		$53.80	$2.10		3 optional cargoes 05 & 06 not incl
FOB NOLA	$14.44	$8.00	NA	0.60%	11300	NA	NA	NA	1.06	$1.38	ABM	$56.44		$57.82	$2.56		Nonspecific Loadpoint, Quality, Freight

Denotes Weighted Average of multi-year prices

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	49

SO2 Price	$160

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PEF-FUEL-004973

PROGRESS FUELS CORPORATION

CR 4 and 5

July 03 Solicitation
Foreign Water Coals
All Bids

Supplier	Term	Origin	1000 Tons	Weighted Avg $/Ton	2004 Tons	2004 $/Ton	2005 Tons	2005 $/Ton	2006 Tons	2006 $/Ton	Transp Mode	Transp Cost	Shuttle Rail Car Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Costs	Unit 45 Derate Codes	Cash Cost $/ton	Cash Cost $/MM	Evaluated $ Utilized	Evaluated Delivered Cost-$/MM	ACTION/AGENT	Notes
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	$34.88	750	$34.88					Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$47.37	2.024	$47.78	$2.04		Blending issues
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	$36.29	750	$34.88	750	$36.29	750	$39.06	Dixie	$14.44	-$1.95	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$0.41	BM	$48.78	2.083	$49.19	$2.10		Blending issues
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	$38.50	300	$38.50					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$52.94	2.261	$51.78	$2.09		
CMC	1/1/04 - 12/31/04	Cerrejon	400	$35.95	400	$35.95					CIF ECT	$14.44		8.00%	0.71%	11,800	11.00%	33.50%	48	1.20	$0.93	M	$50.39	2.115	$51.32	$2.17		Use IMT
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	$40.44	850	$40.25	300	$40.45			FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.78	2.140	$53.59	$2.09		Lowest Price Alternative
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	$40.45	200	$40.45					FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.89	2.144	$53.70	$2.10		
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	$40.56	650	$40.25	650	$40.45	650	$40.96	FOB IMT	$14.44		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$54.99	2.148	$53.80	$2.10		3 optional cargoes 05 & 06 not incl
Glencore	1/1/04 - 12/31/04	TPA-Gearless	300	$39.10	300	$39.10					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$53.54	2.158	$52.38	$2.11		Not feasible
Emerald 1	1/1/04 - 12/31/04	Mobile	500	$41.75	500	$41.75					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.24	2.187	$53.08	$2.14		
Glencore	1/1/04 - 12/31/04	TPA-Belted	300	$40.15	300	$40.15					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.59	2.200	$53.43	$2.15		
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	$40.30	300	$40.30					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.74	2.206	$53.58	$2.16		
Emerald 2	1/1/04 - 12/31/04	IMT	500	$42.35	500	$42.35					FOB Dixie	$14.44	-$1.95	7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$54.84	2.210	$53.68	$2.16		
Glencore	1/1/04 - 12/31/04	TPA-Geared	300	$40.60	300	$40.60					FOB TPA	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.04	2.218	$53.88	$2.17		
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	$40.80	300	$40.80					FOB IMT	$14.44		7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	-$1.16		$55.24	2.226	$54.08	$2.18		
Transocean	7/03 - 12/03	China	200	$38.87	200	$38.87					CIF NOLA	$14.44		10.00%	0.58%	11,500	10.00%	31.00%	52	1.00	$1.30	B	$53.31	2.315	$54.61	$2.37		
AEP No 1	1/04 -12/06	Col/Ven/US	2,700	$36.00	900	$35.50	900	$36.00	900	$36.50	FOB NOLA	$14.44	$6.00	NA	0.60%	11300	NA	NA	NA	1.06	$1.38	ABM	$58.44	2.493	$57.82	$2.56		Nonspecific Loadpoint, Quality, Freight

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Denotes Weighted Average of multi-year prices

CR 45 Economics Base Specifications						
Ash	Sulfur	Btu	Moisture	Vol	HGI	
10.00%	0.70%	12,000	8.00%	31.00%	49	

302 Price	$1.60

Revised: 7/30/2003 8:47

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Domestic Water Coals
All Bids

Supplier	Term	Origin	(000) Weight Tons	Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp. Mode	Transp. Cost	Ship or Coal Costs	% Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol.	HGI	SO2	Utilization Cost/yr	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/MM	Evaluated Delivered Cost $/st	Evaluated Delivered Cost $/MM	ACTION TAKEN	Notes
Infinity	1/01/04 - 12/31/07	Panther	3,000	$34.75	750	$36.75	750	$36.75	750	$36.75	FOB barge	$24.50		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.19		$61.25	2.393	$60.06	$2.35	Bid withdrawn - sold	FOB Dock Quincy-FOB Barge Shrewsbury
PFC	1/04 -12/06	coal/Synfuel	2,700	$35.88	900	$34.75	900	$35.88	900	$37.03	Kan River	$24.50		12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$0.27		$60.39	2.418	$60.66	$2.43		Min 50% synfuel - 0.68% S to apply- Reopen 07
Infinity	1/01/04 - 12/31/07	Panther	3,000	$35.95	750	$35.95	750	$35.95	750	$35.95	FOB barge	$24.50		10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	-$0.34		$60.45	2.418	$60.11	$2.40	Bid withdrawn - sold	FOB Dock Quincy-FOB Barge Shrewsbury
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$37.00	480	$37.00					Kan barge	$24.50		12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$61.50	2.500	$61.92	$2.52		
Massey 1b	1/04 - 6/04	Bandmill-Ceredo	360	$38.20	360	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 2b	1/04 - 12/04	Bandmill-Ceredo	720	$38.20	720	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Peabody 3	1/04 -12/04	BS River	144	$38.35	144	$38.35					BS River	$24.50		13.50%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.87	A	$62.85	2.555	$63.72	$2.59		
Massey 3b	1/04 - 12/04	Bandmill-Ceredo	2,160	$38.00	720	$38.00	720	$38.50	720	$39.00	FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$62.00	2.562	$63.89	$2.64		

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Denotes Weighted Avg Price of Multi-year prices

CR 45 Economics Base Specifications						
10.00%	0.70%	12,000	8.00%	31.00%	40	

SO2 Price	$150

Revised: 7/28/2003 15:33

PEF-FUEL-004975

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Domestic Water Coals
All Bids

Supplier	Term	Origin	(000) Total Tons	Weight Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Shipper Transp Rail Cost	Shipper Rail Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/ton	Unit 45 Derate Codes	Cash Cost $/ton	Cash Cost $/MM	Evaluated Utilized Cost $/ton	Evaluated Utilized Cost $/MM	ACTION TAKEN	Notes
Multi Year																												
Infinity	1/01/04 - 12/31/07	Panther	3,000	$36.75	750	$36.75	750	$36.75	750	$36.75	FOB barge	$24.50		8.00%	0.77%	12,500	8.00%	31.00%	45	1.20	-$1.19		$61.25	2.393	$60.06	$2.35	Bid withdrawn - sold	FOB Dock Quincy-FOB Barge Shrewsbury
PFC	1/04 -12/08	coal/Synfuel	2,700	$35.88	900	$34.75	900	$35.88	900	$37.03	Kan River	$24.50		12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$0.27		$60.39	2.416	$60.66	$2.43		Min 50% synfuel - 4.68% S to apply- Reopen 07
Infinity	1/01/04 - 12/31/07	Panther	3,000	$35.95	750	$35.95	750	$35.95	750	$35.95	FOB barge	$24.50		10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	-$0.34		$60.45	2.418	$60.11	$2.40	Bid withdrawn - sold	FOB Dock Quincy-FOB Barge Shrewsbury
Massey 3b	1/04 - 12/04	Bandmill-Ceredo	2,160	$38.50	720	$38.00	720	$38.50	720	$39.00	FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$62.00	2.562	$63.89	$2.64		
Single Year																												
Central Coal Co	1/1/04 - 12/31/04	Kan Eagle	480	$37.00	480	$37.00					Kan barge	$24.50		12.00%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.42		$61.50	2.500	$61.92	$2.52		
Massey 1b	1/04 - 6/04	Bandmill-Ceredo	360	$38.20	360	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Massey 2b	1/04 - 12/04	Bandmill-Ceredo	720	$38.20	720	$38.20					FOB Ceredo	$23.50		13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$1.89	AV	$61.70	2.550	$63.59	$2.63		
Peabody 3	1/04 -12/04	BS River	144	$38.35	144	$38.35					BS River	$24.50		13.50%	0.74%	12,300	8.00%	31.00%	42	1.20	$0.87	A	$62.85	2.555	$63.72	$2.59		

Denotes Weighted Avg Price of Multi-year prices

CR 45 Economics Base Specifications						
10.00%	0.70%	12,000	8.00%	31.00%	40	

SO2 Price	$150

Revised: 7/30/2003 11:34

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Western Coals
first run

FOR TEST PURPOSES ONLY - Review Later

Supplier	Term	Origin	(000) Total Tons	Weight Avg Price	2004 Tons	2004 Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp Mode	Transp Cost	Ship or Railcar Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/ton	Limit 45 Derate Codes	Cash Cost $/ton	Cash Cost $/MM	Evaluated Utilized Cost $/ton	Evaluated Utilized Cost $/MM	ACTION TAKEN	Notes
RAG 2	1/04 -12/04	20 Mile - COL	500	$15.50	500	$15.50					UP			10.00%	0.51%	11,300	10.00%	39.00%	40	0.90	$0.32	B						Vol too high
Kennecott	7/01/03 - 12/31/04	Spring Creek	100	$6.75							BN			4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$1.40	BM						03 tons are 3.25 less
AEP No 3	1/1/04 - 12/31/06	PRB unspecified	1,500	$19.10	500	$19.10	500	$19.10	500	$19.10	FOB Barge			5.50%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.66	BM						Cook Coal Terminal - Rail/dock est @ 18.50
Peabody 2	1/04 - 12/04	PRB-Ant/Roch	500	$20.77							FOB bg Cora			4.40%	0.22%	8,800	28.70%	31.50%	59	0.50	$1.87	BM						30k is.80 less for 03-rail/dock rate est@18.50
Oxbow	1/04 -12/06	Elk Creek CO	1,500	$18.03	500	$17.50	500	$18.03	500	$18.57	UP			12.00%	0.58%	11,500	10.00%	32.00%	45	1.00	$0.91	B						Note SO2 prem/penalty
AEP No 4	1/1/04 - 12/31/06	PRB unspecified	1,500	$18.10	500	$18.10	500	$18.10	500	$18.10	FOB Barge			5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$3.01	BM						Cook Coal Terminal - Rail/dock est @ 18.50
Kennecott	7/01/03 - 12/31/04	Jacobs	100	$5.50							UP,BN			5.82%	0.48%	8,700	27.72%	32.19%	54	1.10	$3.33	BM						03 tons are 6.85 less
DTE 1	1/1/04 - 6/30/04	PRB	165	$6.15							FOB Car			6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM						FOB Railcar - Note SO2 premium
Arch	1/01/04 - 6/30/04	PRB - Black Thunder	300	$6.30	300	$6.30					Multi			6.00%	0.35%	8,800	28.00%	35.00%	50	0.80	$2.91	BM						Lowest price - see bid for add'l options
DTE 2	1/1/04 - 12/31/04	PRB	335	$6.35							FOB Car			6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$2.81	BM						FOB Railcar - Note SO2 premium
Triton 1	1/04 -12/04	PRB N Rochelle	500	$8.00	500	$8.00					BN,UP			4.70%	0.35%	8,800	27.90%	31.00%	55	0.90	$2.50	BM						
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	$6.25	500	$6.25					UP,BN			4.50%	0.27%	8,550	29.90%	31.00%	58	0.83	$2.63	BM						
Triton 2	1/04 -12/04	PRB Buckskin	500	$6.00	500	$6.00					BN			5.90%	0.30%	8,400	29.90%	31.00%	55	0.71	$3.30	BM						

— Denotes weighted average of multi year prices

Transportation rates must be negotiated

CR 45 Economics Base Specifications						
Ash	Sulfur	Btu	Moisture	Vol	HGI	
10.00%	0.70%	12,000	8.00%	31.00%	40	

SO2 Price	$160

Total of 7,535,000 tons offered

Revised: 7/29/2003 15:30

PEF-FUEL-004977

PROGRESS FUELS Corporation

INTER-OFFICE CORRESPONDENCE

Fuel Transportation Office | BT10E | 727/824-6692

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (AWP-3)
Page 1 of 12

SUBJECT: 2004 REQUEST FOR PROPOSAL (RFP) AND CONTRACT RE-OPENERS (RE-OPENERS)

TO: Charlie Gates DATE: October 2, 2003

As discussed, during the past several months Progress Fuels Corporation (PFC) has been evaluating the results of the 2004 RFP and had discussions with various suppliers regarding their 2003 price re-opener provisions.

We have eight contracts with price re-openers during 2003, five of which are for the Delta coal and three of which are for the Alpha coal. We have successfully renegotiated five contracts (two Alpha and three Delta), were unsuccessful with one supplier (Delta), and have two remaining to be renegotiated (one Alpha and one Delta). A portion of the tonnage for the unsuccessful contract was replaced with another supplier and the balance will be secured in the 2004 spot market. PFC's purchase strategy is to eventually achieve a 75/25, 70/30 split between contract and spot.

The results of the 2004 RFP provided PFC a good selection of potential suppliers for 2004 and beyond. We received bids from 21 domestic and foreign suppliers who submitted 42 bids. Some bids contained "bids within bids," for a total of approximately 75 bids. These suppliers offered 31 million tons spread fairly evenly over foreign and domestic water, rail-eastern, and rail-western. I have enclosed with this memo a Supply Assessment for years 2004-2007 (see attachment A), and the Short List evaluations for the domestic water, foreign water, and domestic rail (eastern only) (see attachment B). The western coals will be evaluated separately and used for test burn purposes only.

We currently have agreements with the suppliers noted below. We were able to improve some of the economics, as compared to the RFP results, on selected bids while increasing the tonnage purchased.

2004 RFP PURCHASES

FOREIGN WATER

Choice:

- The Guasare single-year bid from its Mina Norte mine (200,000 tons) was converted to a two-year contract during negotiations with 250,000 tons to be shipped in year one and 150,000 tons to be shipped in year two. This coal will deliver to Crystal River (CR) for 2.126 $/MMBtu and 2.136 $/MMBtu in years one and two, respectively.

  The multi-year bid from its Paso Diablo mine (550,000 tons for 2004 and 650,000 tons/year for 2005 and 2006) was negotiated into 650,000 tons/year for 2004 and

2005 with a market re-opener for 2006. This coal will deliver to CR for 2.124 $/MMBtu and 2.134 $/MMBtu for years one and two, respectively. Guasare would account for 43.0 percent of our water-delivered coal in year one and 38 percent in year two. However, these foreign coal purchases, based upon total burn, account for only 13-15 percent of the total.

Explanation:

- Guasare is currently a supplier and was previously a short-term contract supplier. Their coal has excellent qualities, CR likes the product, they have performed very well even though Venezuela had a major strike during 2002, and the coal makes an excellent blend product for other purchases. Guasare has fulfilled all obligations, including a substantial price reduction on the tons affected by the strike. Their original bid was tied with Glencore; but Glencore is a broker of coal, while Guasare is a producer. Because of some price concessions, Guasare became the most competitive water coal purchased.

  The Drummond Colombian coal evaluated first, but because of the low Btu and high moisture the plant is concerned about a de-rate. As previously discussed, since this coal will potentially de-rate the plant, the plant will test the Drummond coal during November and December. This test is still on schedule.

DOMESTIC WATER

Choice:

- No purchase.

Explanation:

- The foreign coals, as expected, evaluated ahead of the domestic coals offered. The Black Hawk/Calla coal/synfuel bid evaluated second among domestic bids and fourth overall, but was offered subject to obtaining the coal supply. Infinity Coal Sales evaluated slightly ahead of Black Hawk/Calla with a straight coal product, but sold the coal prior to us making a decision. The coal was offered "subject to prior sale." There were no single-year bids considered competitive enough to place on the short list. Due to intense market activity, Black Hawk/Calla could not obtain a coal source for their bid. Because of the tight supply of domestic Delta water coal and the resultant elevated prices, the planned purchase of 350,000 tons was deferred until 2004. Purchases, as required, will be made in the spot market.

DOMESTIC RAIL

Choice:

- The Dominion one-year bid for 120,000 tons.

Explanation:

- The Koch Carbon bid evaluated first in both the single- and multi-year bids. Plans were to purchase only 120,000+/- tons for 2004, leaving the remaining for the spot market.

Once again, because of intense market activity and increasing prices, Koch Carbon began providing excuses as to why they did not have the coal as offered. Long story short, I have removed Koch Carbon from our active bidders list; and I purchased twelve trains (120,000 tons) from Dominion (#5 in the evaluation). The coal will ship from one of our existing supplier's mines—the coal is excellent quality. The price did increase slightly from the original offer, but it will deliver to Crystal River at 2.074 $/MMBtu. The Alpha Coal Sales Company bid, which evaluated at #3 and #4, was eliminated because of the 28 percent volatile.

2003 RE-OPENERS

As noted above, we have eight contracts with price re-openers during 2003. The first to occur was Consol (May 1, 2003) and the last two are Amvest (Delta coal—November 1, 2003) and Quaker (Alpha coal—November 1, 2003). Between May 1 and October 1 we renegotiated prices for six of the eight contracts; or in the case of one supplier, reallocated their tons to another supplier.

In every case, we ensured ourselves that the renegotiated price was within the current market range and very competitive compared to other bids offered.

Attached is a summary of these re-opener activities (see Attachment C).

SUMMARY OF 2004 PURCHASES

We anticipate burn of 2.2 million tons for Crystal River Units 1 and 2 and 3.9 million tons for Crystal River Units 4 and 5, for a total burn of 6.1 million tons.

We have purchased all needs for Crystal River Units 1 and 2 from our long-term contracts, and will transport 100 percent of the product via rail.

Regarding Crystal River Units 4 and 5, we have purchased approximately 1.5 million tons on contract, which will be delivered by rail; and we will purchase the remaining rail tonnage (approximately 200,000 tons) from the spot market. We will deliver 2.1 million tons via barge; 1.5 million tons have been purchased on contract, and we will purchase the remaining water tonnage (approximately 600,000 tons) from the spot market.

I will be available, as required, to answer any questions you or Lloyd might have.

A. W. Pitcher

AWP/ro

Attachments

cc: Rufus Jackson
Bonnie Hancock

ATTACHMENT A
PAGE 1

SUPPLY ASSESSMENT

"D" RAIL

	2004	2005	2006	2007
PROJECTED BURN	3,838,000	4,098,000	3,921,000	3,931,000
Minus Water Delivered Coal	2,100,000	2,100,000	2,100,000	2,100,000
Equals Net Rail "D" Delivered Coal	1,738,000	1,998,000	1,821,000	1,831,000
Existing contracts:				
Massey	**200,000**	**150,000**	0	0
Amvest	**212,000**	0	0	0
AEP/Quaker	**400,000**	0	0	0
Alliance	**300,000**	**300,000**	300,000	0
Total Existing Contracts	1,112,000	450,000	300,000	0
Total Open Position:	626,000	1,548,000	1,521,000	1,831,000
Potential Contract Suppliers:				
AEP/Quaker	**100,000**	**700,000**	0	0
Alliance	**200,000**	**300,000**	300,000	0
Amvest	0	0	0	0
Massey	0	0	0	0
Dominion	**100,000**	0	0	0
Total Potential Contracts	400,000	1,000,000	300,000	0
Total Existing & Potential	1,512,000	1,450,000	600,000	0
Potential Spot or Additional Contract Purchases:	226,000	548,000	1,221,000	1,831,000
Allocation:				
% Existing Contract to burn:	64.0%	22.5%	16.5%	0.0%
% Potential contract to burn	23.0%	50.1%	16.5%	0.0%
% Total contract to burn	87.0%	72.6%	33.0%	0.0%
% Potential spot to burn	13.0%	27.4%	67.0%	100.0%

Notes:

(1) BOLD denotes 2004 reopener and potential or actual results or new purchase.

(2) Purchase strategy is to maintain, if possible, approximately a 70/30 split between contract and spot.

(3) Purchases based upon the 2004 RFP results and various contract reopener negotiations.

9/19/2003 9:00

ATTACHMENT A
PAGE 2

SUPPLY ASSESSMENT
"D" WATER

	2004	2005	2006	2007
Water Delivery	2,100,000	2,100,000	2,100,000	2,100,000
Existing contracts:				
Massey-Contract Terminated	0	0	0	0
Total Existing Contracts	0	0	0	0
Total Open Position	2,100,000	2,100,000	2,100,000	2,100,000
Potential Contract Suppliers:				
Guasare #1	**250,000**	**150,000**	0	0
Guasare #2	**650,000**	**650,000**	650,000	0
Progress Fuels (New Supply; Replaces Massey)	600,000	0	0	0
Total Potential Contracts	1,500,000	800,000	650,000	0
Total Existing & Potential	1,500,000	800,000	650,000	0
Potential Spot or Additional Contract Purchases:	600,000	1,300,000	1,450,000	2,100,000
Allocation:				
% Existing contract to delivery	0.0%	0.0%	0.0%	0.0%
% Potential contract to delivery	71.4%	38.1%	31.0%	0.0%
% Total contract to delivery	71.4%	38.1%	31.0%	0.0%
% Potential spot or additional contract to requirement	28.6%	61.9%	69.0%	100.0%

Notes:
(1) BOLD denotes 2004 reopener, potential or actual results or new purchase.

(2) Purchase strategy is to maintain, if possible, approximately a 70/30 split between contract and spot.

(3) Purchases based upon the 2004 RFP results and various contract reopener negotiations.

9/19/03 8:54 AM

ATTACHMENT A
PAGE 3

SUPPLY ASSESSMENT

"A" RAIL

	2004	2005	2006	2007
PROJECTED BURN	2,241,000	2,252,000	2,231,000	2,239,000
Existing contracts:				
Consol	**1,000,000**	1,000,000	1,000,000	0
Massey	**600,000**	**150,000**	0	0
AEP/Quaker	480,000	0	0	0
Total Existing Contracts	2,080,000	1,150,000	1,000,000	0
Total Open Position:	161,000	1,102,000	1,231,000	2,239,000
Potential Contract Suppliers:				
AEP/Quaker	0	400,000	200,000	200,000
Consol	0	0	0	0
Massey	0	400,000	500,000	500,000
Total Potential Contracts	0	800,000	700,000	700,000
Total Commitments/Potential	2,080,000	1,950,000	1,700,000	700,000
Potential Spot Purchases:	161,000	302,000	531,000	1,539,000
Allocation:				
% Existing Contract to burn:	92.8%	51.1%	44.8%	0.0%
% Potential contract to burn	0.0%	26.6%	26.9%	26.9%
% Total contract to burn	92.8%	82.9%	75.2%	70.0%
% Potential spot to burn	7.2%	17.1%	24.8%	30.0%

Notes:
(1) BOLD denotes 2004 reopener, potential or actual results or new purchase.

(2) Purchase strategy is to maintain, if possible, approximately a 70/30 split between contract and spot.

(3) Purchases based upon the 2004 RFP results and various contract reopener negotiations.

8/20/2003 13:03

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Foreign Water Coals
SHORT LIST

ATTACHMENT B
PAGE 1

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
Single Year (04)																	
Drummond 1	1/1/04 - 12/31/04	McDuffie	750	750			5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$47.37	2.024	$47.78	$2.04
Glencore	1/1/04 - 12/31/04	IMT-Gearless	300	300			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$52.94	2.135	$51.78	$2.09
Guasare	1/1/04 - 12/31/04	IMT - Belted	200	200			8.00%	0.77%	13,000	8.00%	31.00%	45	1.18	$55.52	2.135	$54.13	$2.08
Emerald 1	1/1/04 - 12/31/04	Mobile	500	500			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$54.24	2.187	$53.08	$2.14
Glencore	1/1/04 - 12/31/04	IMT-Belted	300	300			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$54.74	2.207	$53.58	$2.16
Emerald 2	1/1/04 - 12/31/04	IMT	500	500			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$54.84	2.211	$53.68	$2.16
Glencore	1/1/04 - 12/31/04	IMT-Geared	300	300			7.00%	0.74%	12,400	8.00%	35.00%	45	1.20	$55.24	2.227	$54.08	$2.18
Multi-Year																	
Drummond 2	1/1/04 - 12/31/06	McDuffie	2,250	750	750	750	5.00%	0.70%	11,700	14.00%	31.00%	44	1.20	$48.78	2.085	$49.19	$2.10
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,150	650	500		8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	$55.41	2.164	$54.22	$2.12
Guasare	1/1/04 - 12/31/06	IMT - Belted	1,950	650	650	650	8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	$55.63	2.173	$54.44	$2.13

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price
$160

PEF-FUEL-004740

Docket No. 060658
Progress Energy Florida
Exhibit No. ___ (AWP-3)
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PROGRESS FUELS CORPORATION
CR 4 and 5
July 03
Solicitation
RAIL COALS
SHORT LIST

ATTACHMENT B
PAGE 2

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	So2	Cash Cost $/t	Cash Cost $/M	Evaluated Utilized Cost $/t	Evaluated Utilized Cost $/M
Single Year																	
Koch Carbon 1	1/04 - 7/04	Non-specific	140	140			10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	$53.00	2.038	$52.26	$2.01
Koch Carbon 2	1/04 - 12/04	Non-specific	240	240			10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	$53.25	2.048	$52.51	$2.02
Alpha	1/1/04 -12/31/04	McClure	360	360			10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$52.85	2.064	$53.19	$2.08
Alpha	1/1/04 -6/30/04	McClure	180	180			10.00%	0.77%	12,800	7.50%	28.00%	65	1.20	$52.85	2.064	$53.19	$2.08
Dominion	1/1/04 - 12/31/04	MC Mining	360	360			10.00%	0.75%	12,500	8.00%	31.00%	42	1.20	$51.75	2.070	$51.42	$2.06
AEP No 5a	1/1/04 - 12/31/04	CSX BS/Kan	300	300			12.00%	0.75%	12,500	8.00%	30.00%	42	1.20	$52.14	2.086	$53.41	$2.14
Multi-Year																	
Koch Carbon 3	1/04 - 12/05	Non-specific	240	240	240		10.00%	0.78%	13,000	8.00%	32.50%	43	1.20	$53.80	2.069	$53.06	$2.04
AEP No 2	1/1/04 - 6/30/06	Damron Fork	900	300	300	300	10.00%	0.77%	12,800	8.00%	32.50%	44	1.20	$53.75	2.100	$53.16	$2.08
Alliance No 2	1/1/04 - 12/31/06	MC Mining	900	300	300	300	9.00%	0.75%	12,500	8.00%	32.00%	42	1.20	$52.75	2.110	$52.12	$2.08
Massey 3a	1/04 - 12/04	Bandmill	2,160	720	720	720	13.00%	0.73%	12,100	8.00%	30.00%	42	1.20	$53.14	2.196	$55.03	$2.27

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

So2 Price
$160

PEF-FUEL-004741

Docket No. 060658
Progress Energy Florida
Exhibit No. ___ (AWP-3)
Page 8 of 12

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Domestic Water Coals
Short List

ATTACHMENT B
PAGE 3

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	$/Cash Cost $/St	Cash Cost $/M	Evaluated Utilized Cost ($/St)	Evaluated Utilized Cost ($/M)
Single Year (No single year bids were competitive)																	
Multi Year																	
Infinity	1/01/04 - 12/31/07	Panther	3,000	750	750	750	8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	$61.25	2.393	$60.06	$2.35
PFC	1/04 -12/06	Coal/Synfuel	2,700	900	900	900	12.00%	0.75%	12,500	8.00%	31.00%	44	1.20	$60.39	2.416	$60.66	$2.43
Infinity	1/01/04 - 12/31/07	Panther	3,000	750	750	750	10.00%	0.75%	12,500	8.00%	31.00%	45	1.20	$60.45	2.418	$60.11	$2.40

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price
$160

PEF-FUEL-004743

ATTACHMENT C

2003 CONTRACT RE-OPENER ACTIVITY

Supplier	Coal Type	Delivery Mode	2003 Tons (000)	2003 Estimated Delivered $/MMBtu	2004 Tons (000)	2004 Estimated Delivered $/MMBtu	Comments
Consol	A	Rail	1,000	2.221	1,000	2.045	Price agreed to April 2003; effective July 1, 2003.
Massey—Goff	A	Rail	600	2.274	600	2.098	Price agreed to early September 2003; effective October 1, 2003.
AEP/Quaker	A	Rail	480	2.140	Pending	Pending	Renewal price to be established by 11/01/03.
Massey—Bandmill	D	Rail	600	2.416	240	2.158	Tonnage reduced due to price. Re-allocated between Alliance, AEP/Quaker, and spot.
Amvest	D	Rail	212	2.399	Pending	Pending	Renewal price to be established by 11/01/03.
AEP/Quaker	D	Rail	400	2.184	500	2.134	Price fixed for both 2004 and 2005. 2005 tonnage increases to 700,000 tons.
Alliance	D	Rail	300	2.204	500	2.131	Two-year contract; 2005 tonnage 600,000; price 2.142 $/MMBtu delivered.
Massey—Elk Run	D	Water	600	2.740	----	-------	Price not agreed; new contract with Progress Fuels. Price requested by Massey 2.640 $/MMBtu delivered.
Progress Fuels	D	Water	----	------	600	2.530	See above.

PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Western Coals

FOR TEST PURPOSES ONLY - Review Later

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Delivered Cash Cost $/st	Delivered Cash Cost $/MBtu	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/MBtu
Kennecott	7/01/03 - 12/31/04	Spring Creek	100				4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$37.14	1.986	$38.54	$2.06
RAG 2	1/04 -12/04	20 Mile - COL	500'	500			10.00%	0.51%	11,300	10.00%	39.00%	40	0.90	$44.50	1.969	$44.82	$1.98
Kennecott	7/01/03 - 12/31/04	Jacobs	100				5.82%	0.48%	8,700	27.72%	32.19%	54	1.10	$35.89	2.063	$39.22	$2.25
DTE 1	1/1/04 - 6/30/04	PRB	168				6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$36.54	2.076	$39.35	$2.24
Arch	1/01/04 - 6/30/04	PRB - Black Thunder	300	300			6.00%	0.35%	8,800	28.00%	35.00%	50	0.80	$36.69	2.085	$39.60	$2.25
DTE 2	1/1/04 - 12/31/04	PRB	336				6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$36.74	2.088	$39.55	$2.25
AEP No 3	1/1/04 - 12/31/06	PRB unspecified	1,500	500	500	500	5.50%	0.35%	8,800	27.00%	35.00%	50	0.80	$35.60	2.023	$38.26	$2.17
Oxbow	1/04 -12/06	Elk Creek CO	1,500	500	500	500	12.00%	0.58%	11,500	10.00%	32.00%	45	1.00	$47.03	2.045	$47.94	$2.08
AEP No 4	1/1/04 - 12/31/06	PRB unspecified	1,500	500	500	500	5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$34.60	2.060	$37.61	$2.24
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	500			4.50%	0.27%	8,550	29.90%	31.00%	58	0.63	$36.64	2.143	$39.27	$2.30
Triton 2	1/04 -12/04	PRB Buckskin	500	500			5.90%	0.30%	8,400	29.90%	31.00%	55	0.71	$36.39	2.166	$39.69	$2.36
Triton 1	1/04 -12/04	PRB N Rochelle	500	500			4.70%	0.35%	8,800	27.90%	31.00%	55	0.80	$37.00	2.102	$39.50	$2.24
Peabody 2	1/04 - 12/04	PRB-Ant/Roch	500				4.40%	0.22%	8,800	26.70%	31.50%	59	0.50	$45.27	2.572	$47.14	$2.68

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price
$160

PEF-FUEL-004744

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PROGRESS FUELS CORPORATION

CR 4 and 5
July 03 Solicitation
Western Coals

FOR TEST PURPOSES ONLY - Review Later

Supplier	Term	Origin	(000) Total Tons	2004 Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
Kennecott	7/01/03 - 12/31/04	Spring Creek	100				4.00%	0.34%	9,350	24.90%	32.43%	55	0.73	$37.14	1.986	$38.54	$2.06
RAG 2	1/04 -12/04	20 Mile - COL	500	500			10.00%	0.51%	11,300	10.00%	39.00%	40	0.90	$44.50	1.969	$44.82	$1.98
Kennecott	7/01/03 - 12/31/04	Jacobs	100				5.82%	0.48%	8,700	27.72%	32.19%	54	1.10	$35.89	2.063	$39.22	$2.25
DTE 1	1/1/04 - 6/30/04	PRB	168				6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$36.54	2.076	$39.35	$2.24
Arch	1/01/04 - 6/30/04	PRB - Black Thunder	300	300			6.00%	0.35%	8,800	28.00%	35.00%	50	0.80	$36.69	2.085	$39.60	$2.25
DTE 2	1/1/04 - 12/31/04	PRB	336				6.00%	0.35%	8,800	27.00%	35.00%	50	0.80	$36.74	2.088	$39.55	$2.25
AEP No 3	1/1/04 - 12/31/06	PRB unspecified	1,500	500	500	500	5.50%	0.35%	8,800	27.00%	35.00%	50	0.80	$35.60	2.023	$38.26	$2.17
Oxbow	1/04 -12/06	Elk Creek CO	1,500	500	500	500	12.00%	0.58%	11,500	10.00%	32.00%	45	1.00	$47.03	2.045	$47.94	$2.08
AEP No 4	1/1/04 - 12/31/06	PRB unspecified	1,500	500	500	500	5.50%	0.34%	8,400	27.00%	35.00%	50	0.80	$34.60	2.060	$37.61	$2.24
RAG 1	1/04 -12/04	PRB - Belle Ayr	500	500			4.50%	0.27%	8,550	29.90%	31.00%	58	0.63	$36.64	2.143	$39.27	$2.30
Triton 2	1/04 -12/04	PRB Buckskin	500	500			5.90%	0.30%	8,400	29.90%	31.00%	55	0.71	$36.39	2.166	$39.69	$2.36
Triton 1	1/04 -12/04	PRB N Rochelle	500	500			4.70%	0.35%	8,800	27.90%	31.00%	55	0.80	$37.00	2.102	$39.50	$2.24
Peabody 2	1/04 - 12/04	PRB-Ant/Roch	500				4.40%	0.22%	8,800	26.70%	31.50%	59	0.50	$45.27	2.572	$47.14	$2.68

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price
$160

PEF-FUEL-004745

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Progress Energy

April 12, 2004

COMPLIANCE COAL RFP
BID DEADLINE: MAY 12, 2004
TIME: 5PM EDT

Potential Supplier:

To place a portion of our requirements under contract for Progress Energy's *Crystal River Units Nos. 4 and 5*, Progress Fuels Corporation (PFC) is considering entering into a new coal supply agreement(s) beginning January 1, 2005. Accordingly, we prefer that you quote a minimum of 150,000 tons annually to be delivered in generally ratable monthly amounts during the following periods; however, lesser quantities will be considered (please quote each offer separately):

1. January 1, 2005 through December 31, 2005
2. January 1, 2005 through December 31, 2006
3. January 1, 2005 through December 31, 2007

The quality of all coals submitted should conform to the specifications listed on the attached bid form. *Coals not meeting a 1.2 LB/SO_2 maximum standard will not be considered.*

PFC prefers a price quote effective on the start date, which will be fixed for the first twelve months. For terms longer than twelve months, PFC will consider fixed and firm, adjusted and/or reopener(s) if term is three years. *All prices should be quoted either f.o.b. mine loading point for rail delivery and f.o.b. barge loading point for water delivery.* Your proposal for this business must be submitted in writing by 5 *PM EDT on* May 12, 2004, and should be valid and binding for a minimum of thirty (30) days from that date. PFC encourages offers that provide added value, including, but not limited to:

1. Annual tonnage flexibility (expressed as a percentage),
2. Unilateral extension option(s) for PFC,
3. Innovative pricing proposals.

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

Due to our ability to deliver coal to Crystal River by both rail and ocean barge, PFC will consider both rail and water delivered origins of the submitted product. Those suppliers planning to ship by barge should indicate any dock preferences. (This would also apply to western USA coal suppliers.) Those suppliers planning to ship CSX rail direct must be capable of shipping 24 hours per day, 7 days per week, in 90-car unit train lots (PFC-owned or leased rapid discharge cars) and they must specify

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

loading time requirements and CSX rail district origin. *Please do not attempt to secure domestic rail/barge rates as these are to be negotiated by PFC.*

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

Proposals must be submitted by the date and time specified above in a sealed envelope clearly marked *"Term Contract Compliance Coal Quotation"* addressed to Mrs. Robin Ott at the address indicated on the attached bid form. Note that bids submitted directly to me via e-mail or fax will not be considered. Proposals must include a completed copy of the attached bid form (for multiple proposals, please copy the attached form and submit a separate form for each proposal) complete with *current and projected typical ash mineral analysis including minimum and maximum Na_2O (sodium oxide), typical ultimate analysis including maximum nitrogen and chlorine, sulfur forms, all reducing ash fusion points (average and minimum temperatures), and trace elements.* In some cases, where suppliers are quoting a blend of various seams of coal, the above requested quality data *must be provided for the blended product as well as the individual seams for all coals you would expect to ship on this business.* Any extraneous information not included on the provided bid form will not be considered.

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

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

Thank you for your attention to this *Request for Proposals*. If you have any questions or require further information regarding this invitation to quote, please contact me at 727/824-6692.

Sincerely,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

Attachment

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5
PAGE 1 OF 3

Docket No. 060658
Progress Energy Florida
Exhibit No. ___ (AWP-4)
Page 3 of 5

RODUCER NAME:

STREET ADDRESS:

CONTACT: | TELEPHONE NO.

MINE(S): | BOM DISTRICT: | COUNTY: | STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____ | R/R TIPPLE DESIGNATION/NUMBER:

TYPE OF LOADING FACILITY:
UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
_____ TONS _____ HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: ____ YES ____ NO IMPORT COAL: LOAD PORT _____

SHIP THROUGH: _____DOCK LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS

TYPE OF MINE: _____% DEEP _____% STRIP _____% AUGER

SEAMS: | BLEND RATIOS:

COAL PREPARATION: _____ RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING:

E OF LABOR CONTRACT(S): | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: | SCALE CERTIFIED? ____YES ____NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE

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

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

NDUSTRY REFERENCES (Minimum four):

IGNATURE: | TITLE: | DATE:

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

Docket No. 060658
Progress Energy Florida
Exhibit No. ___ (AWP-4)
Page 4 of 5

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Sodium Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5
PAGE 3 OF 3

Docket No. 060658
Progress Energy Florida
Exhibit No. ___ (AWP-4) QUALITY
Page 5 of 5

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
$_2O_5$			Antimony		
iO_2			Arsenic		
e_2O_3			Beryllium		
l_2O_3			Cadmium		
iO_2			Chromium		
aO			Cobalt		
gO			Fluorine		
O_3			Lead		
O			Lithium		
a_2O			Manganese		
ndetermined			Mercury		
/Acid Ratio			Nickel		
num Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION – APRIL 12, 2004
95 BIDDERS INVITED – 2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. FREDERICK J. MURRELL PRESIDENT ADARO ENVIROCOAL AMERICAS 1401 MANATEE AVENUE WEST, SUITE 910 BRADENTON, FLORIDA 34205 PHONE NO.: 941/747-2630 FAX NO.: 941/747-8081	LETTER OF DECLINE		
MR. MICHAEL F. MORAN DIRECTOR - MARKETING AEP ENERGY SERVICES, INC. 11622 CHESTNUT HILL DRIVE MATTHEWS, NORTH CAROLINA 28105 PHONE NO.: 704/846-8248 FAX NO.: 704/844-0569			
MR. JOHN W. TANNER VICE PRESIDENT, SALES ALLIANCE COAL SALES CORPORATION 5000 SAILWIND CIRCLE ORLANDO, FLORIDA 32810 PHONE NO.: 407/523-9797 FAX NO.: 407/523-7870	OFFER SUBMITTED VIA E-MAIL		BID NON-RESPONSIVE AS IT WAS NOT SUBMITTED IN A SEALED CONFIDENTIAL ENVELOPE AS REQUIRED BY THE RFP.
MR. L. ELLIS DUSENBURY VICE PRESIDENT ALPHA COAL SALES 9300 HARRIS CORNERS PARKWAY, SUITE 210 CHARLOTTE, NORTH CAROLINA 28269 UNITED STATES OF AMERICA PHONE NO.: 704/596-9253 FAX NO.: 704/598-8115			
MR. ERNIE L. THRASHER PRESIDENT AMCI EXPORT CORPORATION ONE ENERGY PLACE, SUITE 2000 LATROBE, PENNSYLVANIA 15650 PHONE NO.: 724/537-2444 FAX NO.: 724/537-2382			
MR. ANDREW W. COX VICE PRESIDENT AMVEST COAL SALES, INC. POST OFFICE BOX 5347 CHARLOTTESVILLE, VIRGINIA 22905 PHONE NO.: 434/972-7754 FAX NO.: 434/295-3203			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION – APRIL 12, 2004
95 BIDDERS INVITED – 2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DAVID E. LONG PRESIDENT APEX COAL SALES SIX MOUNTAIN MEADOWS CHAPMANVILLE, WEST VIRGINIA 25508 UNITED STATES OF AMERICA PHONE NO.: 304/752-2365 FAX NO.: 304/752-5769			
MR. JOHN C. SMITH PRESIDENT APPALACHIAN FUELS, LLC 1500 NORTH BIG RUN ROAD ASHLAND, KENTUCKY 41102 PHONE NO.: 606/923-5890 FAX NO.:			
MR. KEN HODAK REGIONAL VICE PRESIDENT, SOUTHEAST ARCH COAL, INC. CITYPLACE ONE, SUITE 300 ST. LOUIS, MISSOURI 63141 PHONE NO.: 314/994-2842 FAX NO.: 314/994-2719	1 BID	TITLE CHANGED TO: SENIOR VICE PRESIDENT–REGIONAL SALES	
MR. VICTOR I. VALENZUELA MARKETING MANAGER - AMERICAS BHP BILLITON ENERGY COAL VESPUCIO SUR 100, PISO 7, LAS CONDES SANTIAGO, CHILE SOUTH AMERICA PHONE NO.: 011-56-2-330-5981 FAX NO.: 011-56-2-330-5418			
MR. DAN HENDRICKSON BLACK GOLD, LLC 410 WINTERHAM DRIVE ABINGDON, VIRGINIA 24211 PHONE NO.: (276) 623-8336 FAX NO.: (276) 619-2499			
MR. DON E. CAIN PRESIDENT C/C CHEMICAL & COKE COMPANY 3177 MARIA DRIVE LEXINGTON, KENTUCKY 40516 PHONE NO.: FAX NO.:			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION – APRIL 12, 2004
95 BIDDERS INVITED – 2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. MIKE GOFF MANAGER, EASTERN COAL SALES CENTRAL APPALACHIAN MINING 116 MAIN STREET P.O. BOX 1169 PIKEVILLE, KENTUCKY 41502 PHONE NO.: 606/432-3900 EXT. 306 FAX NO.: 606/432-0031			
MR. STEVE HERSHBERGER CENTRAL COAL AND COKE, INC. POST OFFICE BOX 80092 INDIANAPOLIS, INDIANA 46280 PHONE NO.: 317/841-7733 FAX NO.: 317/841-9180			
MR. CLARK WISMAN DIRECTOR OF MARKETING & SALES CENTRAL COAL COMPANY 148 BRISTOL EAST ROAD BRISTOL, VIRGINIA 24202 UNITED STATES OF AMERICA PHONE NO.: 276/669-8599 FAX NO.: (276) 669-3543	1 BID		AWARDED CONTRACT
MR. FRANCISCO J. GARCIA MARKETING MANAGER CMC - COAL MARKETING COMPANY LTD. CARRERA 54 # 72-80, P.20 BARRANQUILLA, COLOMBIA SOUTH AMERICA PHONE NO.: 011-57-5-350-2123 FAX NO.: 011-57-5-350-2475	2 BIDS		
MR. GREG JORDAN VICE PRESIDENT, SALES COAL ENERGY RESOURCES INC. POST OFFICE BOX 2043 ABINGDON, VIRGINIA 24210 PHONE NO.: 540/676-3101 FAX NO.: 540/676-3068			
MR. SAM BROVERMAN PRESIDENT COAL SOURCING AND SALES, INC. DRAWER 1878 LEWISBURG, WEST VIRGINIA 24901 UNITED STATES OF AMERICA PHONE NO.: 304/645-5950 FAX NO.: 304/645-5009			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION
PAGE 4 OF 15

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. ROBERT H. SCOTT COMMONWEALTH COAL SALES, L.C. 5413 PATTERSON AVENUE, SUITE 205 RICHMOND, VIRGINIA 23226 PHONE NO.: 804/282-9826 FAX NO.: 804/282-9836			
MR. ALAN WEED COMPLIANCE HOLDING COMPANY, INC. POST OFFICE BOX 727 BENTON, ILLINOIS 62812 PHONE NO.: FAX NO.: 618/435-5676			
MR. DENNIS P. DUFFY GENERAL SALES MANAGER CONSOL ENERGY INC. 3330 CUMBERLAND BOULEVARD, SUITE 440 ATLANTA, GA 30339 UNITED STATES OF AMERICA PHONE NO.: 770/951-2625 FAX NO.: 770/951-0601	LETTER OF DECLINE		
MR. JOHN SEIBEL CONONA RESOURCES 176 BARNWOOD DRIVE EDGEWOOD, KENTUCKY 41017 PHONE NO.: 859/426-1375 FAX NO.: 859/426-7295			
MR. CHARLES R. REASOR VICE PRESIDENT, SALES CUMBERLAND RIVER ENERGIES, INC. 1659 OAK CREST COURT MARIETTA, GEORGIA 30066 PHONE NO.: 770/977-3177 FAX NO.: 770/977-3177			
MR. D. TATE RICH VICE PRESIDENT DELTA COALS, INC. CAVALIER BUILDING, SUITE 404 95 WHITE BRIDGE ROAD NASHVILLE, TENNESSEE 37205 PHONE NO.: 615/352-5484 FAX NO.:			
MR. DOUGLAS C. YOUNG SENIOR FUELS TRADER DOMINION ENERGY POST OFFICE BOX 25593 RICHMOND, VIRGINIA 23260 PHONE NO.: 804/787-5779 FAX NO.: 804/787-6482			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DENNIS J. STEUL DIRECTOR, NORTH AMERICAN SALES DRUMMOND COAL SALES, INC. 530 BEACON PKWY. W., STE. 800 BIRMINGHAM, ALABAMA 35209 PHONE NO.: 205/945-6411 FAX NO.: 205/945-6440	1 BID	SUBMITTED BY GEORGE E. WILBANKS, ATTORNEY IN FACT, INTEROCEAN COAL SALES	NO CHANGE IN CONTACT INFORMATION
MR. ROLANDO SANZ-GUERRERO DIRECTOR OF SALES, DTECS DTE ENERGY 425 SOUTH MAIN STREET, SUITE 201 ANN ARBOR, MICHIGAN 48104 PHONE NO.: (734) 913-5877 FAX NO.: (734) 994-5849	3 BIDS		
MR. RONALD L. WHALEN EAST RIVER COAL COMPANY POST OFFICE BOX 1451 BLUEFIELD, WEST VIRGINIA 24701 PHONE NO.: 304/327-2596 FAX NO.: 304/325-3708			
MR. STEVEN E. WEBER EMERALD INTERNATIONAL CORPORATION 6895 BURLINGTON PIKE FLORENCE, KENTUCKY 41042 PHONE NO.: 859/525-2522 FAX NO.: 859/525-4052			
MR. ROBERT LEWIS ENERGY CONSULTING, INC. 7212 KINGSTON PIKE KNOXVILLE, TENNESSEE 37919 PHONE NO.: 865/584-9200 FAX NO.: 865/588-2988			RETURNED TO SENDER—NOT DELIVERABLE AS ADDRESSED; UNABLE TO FORWARD
MR. THOMAS HIEMSTRA EVOLUTION MARKETS LLC 65 BROADWAY, FIFTH FLOOR NEW YORK, NEW YORK 10006 PHONE NO.: FAX NO.:			ADDRESS CHANGED TO: 10 BANK STREET WHITE PLAINS, NY 10606-1933
MR. GEORGE F. WILLIAMS SALES MANAGER GARLAND COAL COMPANY 300 FOREST PARK BOULEVARD POST OFFICE BOX 10288 KNOXVILLE, TENNESSEE 37939-0288 PHONE NO.: 423/588-9711 FAX NO.: 423/588-7130			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. JOHN MCCONAGHY TRADER GLENCORE LTD. THREE STAMFORD PLAZA 301 TRESSER BOULEVARD STAMFORD, CONNECTICUT 06901-3244 PHONE NO.: 203/328-4958 FAX NO.: 203/978-2630	2 BIDS		
MR. ELADIO BUENO CHIEF EXECUTIVE OFFICER GUASARE COAL INTERNATIONAL LINCOLN HOUSE 137 - 143 HAMMERSMITH ROAD LONDON W14 0QL UNITED KINGDOM PHONE NO.: 44 207 471 3806 FAX NO.: 44 207 471 3809	2 BIDS		
MR. TIMOTHY MONSON VICE PRESIDENT, SALES HORIZON NATURAL RESOURCES 4509 OLDE BRIDGE COURT LEXINGTON, KENTUCKY 40513 PHONE NO.: 859/219-1250 FAX NO.: 859/219-2031			
MR. BUD RUNYON VICE PRESIDENT, SALES HORIZON NATURAL RESOURCES 401 EDGEWOOD ROAD HURRICANE, WEST VIRGINIA 25526 PHONE NO.: 606/920-7777 (KY) 304/562-3320 (WV) FAX NO.: 606/920-7788 (KY)			
MR. THOMAS A. MCQUADE PRESIDENT INFINITY COAL SALES 3315 SPRINGBANK LANE, SUITE 106 CHARLOTTE, NORTH CAROLINA 28226 PHONE NO.: 704/542-4100, EXT. 11 FAX NO.: 704/542-4107			
MR. KEVIN MCEVOY GENERAL MANAGER INTEGRITY COAL SALES, INC. 490 WHEELER ROAD, SUITE 165M HAUPPAUGE, NEW YORK 11788 PHONE NO.: 631/582-6340 FAX NO.: 631/582-6364			

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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. MARCEL L. J. VAN DEN BERG INTER-AMERICAN COAL, INC. 5016 DORSEY HALL DRIVE, SUITE 202 ELLICOTT CITY, MARYLAND 21042 PHONE NO.: 410/730-6800 FAX NO.: 410/997-6842			
MR. MARK DOOLEY EXECUTIVE VICE PRESIDENT & COO JAMES RIVER COAL SALES, INC. 901 EAST BYRD STREET, SUITE 1600 RICHMOND, VIRGINIA 23219-4080 PHONE NO.: 804/780-3003 FAX NO.: 804/649-9319			
MR. RODNEY L. CAMP GENERAL MANAGER, MARKETING JIM WALTER RESOURCES, INC. POST OFFICE BOX 133 BROOKWOOD, ALABAMA 35444 PHONE NO.: 205/554-6230 (TUSCALOOSA) FAX NO.: 205/554-6161 (TUSCALOOSA)			
MR. J. MICHAEL E. KELLEY DIRECTOR, TRADING & DIRECT SALES KENNECOTT ENERGY COMPANY 505 SOUTH GILLETTE AVENUE GILLETTE, WYOMING 82716 PHONE NO.: 307/687-6045 FAX NO.: 307/687-6015			
MR. JAMES R. "KENNY" GILLUM EXECUTIVE VICE PRESIDENT KENTUCKY CUMBERLAND COAL COMPANY POST OFFICE BOX 151 403 N. TENNESSEE AVE., SUITE 1 LAFOLLETTE, TENNESSEE 37766 PHONE NO.: 423/562-4799 FAX NO.: 423/566-5646			
MR. ED LANE VICE PRESIDENT, MARKETING KERR-MCGEE COAL CORPORATION POST OFFICE BOX 25861 OKLAHOMA CITY, OKLAHOMA 73125 PHONE NO.: 405/270-3964 FAX NO.: 405/270-2967			RETURNED TO SENDER—NO LONGER AT ADDRESS
MR. EARL ROOP VICE PRESIDENT, SALES KNOTT FLOYD LAND COMPANY, INC. POST OFFICE BOX 2765 PIKEVILLE, KENTUCKY 41502 PHONE NO.: 606/874-9003 FAX NO.: 606/874-1261			

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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. ROBERT NELSON DIRECTOR, COAL ORIGINATION KOCH CARBON LLC 20 EAST GREENWAY PLAZA, 8TH FLOOR HOUSTON, TEXAS 77046-2002 PHONE NO.: 713/544-5031 FAX NO.: 713/544-6052			
MR. GENE MITCHELL KOCH CARBON, INC. 632 OVERHILL ROAD ARDMORE, PENNSYLVANIA 19003 PHONE NO.: FAX NO.:			
MR. JOHN BARNARD VICE PRESIDENT LAFAYETTE COAL COMPANY 5600 EXECUTIVE CENTER DRIVE, SUITE 113 CHARLOTTE, NORTH CAROLINA 28212 PHONE NO.: 704/536-5698 FAX NO.: 704/536-8045			
MS. MARY EILEEN O'KEEFE PRESIDENT LAKE SHORE INTERNATIONAL, LTD. 1362 NORTH STATE PARKWAY CHICAGO, ILLINOIS 60610 PHONE NO.: 312/482-9701 FAX NO.: 312/482-9703			
MR. PAUL GREER REGIONAL SALES MANAGER LAKEWAY FUEL CORPORATION ONE KING JAMES SOUTH, SUITE 118 24700 CENTER RIDGE ROAD CLEVELAND, OHIO 44145 PHONE NO.: 404/835-2990 FAX NO.: 404/835-3027			
MR. CHRIS RATLIFF LANDMARK MINING COMPANY, INC. 159 MAIN STREET SHELBIANA, KENTUCKY 41562 PHONE NO.: 606/639-4346 FAX NO.: 606/639-9348			
MR. STEVE MELTON DIRECTOR, UTILITY & INDUSTRIAL SALES LOGAN & KANAWHA COAL CO., INC. P.O. BOX 18370 SOUTH CHARLESTON, WEST VIRGINIA 25303 UNITED STATES OF AMERICA PHONE NO.: 304/746-4014 FAX NO.: 304/746-4470			

RFP RESPONSE LIST
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. JOHN R. PARKER SENIOR VICE PRESIDENT MASSEY COAL SALES COMPANY, INC. FOUR NORTH FOURTH STREET RICHMOND, VIRGINIA 23219 UNITED STATES OF AMERICA PHONE NO.: 804/782-1678 FAX NO.: 804/788-1811	2 BIDS		AWARDED CONTRACT
MR. JOHN R. BAKER, JR. MCWANE COAL SALES, INC. 1927 FIRST AVE. N., SUITE 900 BIRMINGHAM, ALABAMA 35203 PHONE NO.: 205/323-2400 FAX NO.:			RETURNED TO SENDER— FORWARDING TIME EXPIRED
MR. ROCCO D. PRICHINELLO DEPARTMENT MANAGER, COAL, IRON ORE & FERRO MITSUBISHI INTERNATIONAL CORPORATION 520 MADISON AVENUE NEW YORK, NEW YORK 10022 PHONE NO.: 212/605-2304 FAX NO.: 212/605-1935			
MR. MATT INAMURO MANAGER FERROUS RAW MATERIALS & COAL DEPT. STEEL AND COAL DIVISION MITSUI & COMPANY 200 PARK AVENUE, 36TH FLOOR NEW YORK, NEW YORK 10166-0130 PHONE NO.: 212/878-4117 FAX NO.: 212/878-4150			
MR. JOHN A. COLLINS PRESIDENT OAK HILL COAL CORPORATION POST OFFICE BOX 723 264 OLD FLEMINGSBURG ROAD MOREHEAD, KENTUCKY 40351 UNITED STATES OF AMERICA PHONE NO.: 606/780-0824 FAX NO.: 606/780-0749			
MR. JAY BRUTON VICE PRESIDENT OF MID WEST SALES OXBOW CARBON & MINERALS, INC. 7901 SOUTH PARK PLAZA, SUITE 202 LITTLETON, COLORADO 80120 PHONE NO.: 303/795-0413 FAX NO.: 303/795-1524	1 BID		

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CONTACT COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MS. BARBARA BUSBY VICE PRESIDENT, SALES PEABODY COALSALES COMPANY 701 MARKET STREET ST. LOUIS, MISSOURI 63101-1826 PHONE NO.: 314/342-7600 FAX NO.: 314/342-7609	1 BID		
MR. CECIL LEWIS PRESIDENT OF SALES PERRY COUNTY COAL CORPORATION POST OFFICE BOX 5001 HAZARD, KENTUCKY 41702 PHONE NO.: 606/439-1391 FAX NO.: 606/436-9113			
MR. J. MARK CAMPBELL PRESIDENT PEVLER COAL SALES COMPANY POST OFFICE BOX 3368 CHARLESTON, WEST VIRGINIA 25333 UNITED STATES OF AMERICA PHONE NO.: 304/345-1276 FAX NO.: 304/345-1278			
MR. SCOTT F. BROWN PRESIDENT PICKANDS MATHER COAL COMPANY 9717 CHILLICOTHE ROAD KIRTLAND, OHIO 44094 PHONE NO.: 440/256-7622 FAX NO.: 440/256-1998			
MS. NANCY JAMES PINCELLI & ASSOCIATES 2009 ALBERMARLE HIXSON, TENNESSEE 37343 PHONE NO.: FAX NO.:			
MR. JIM CAMPBELL PRESIDENT PITTSTON COAL SALES CORPORATION 448 NORTHEAST MAIN STREET POST OFFICE BOX 6300 LEBANON, VIRGINIA 24266 PHONE NO.: 540/889-6300 FAX NO.: 540/889-6093			
MR. RICK MEADE PITTSTON COAL SALES CORPORATION 448 NORTHEAST MAIN STREET POST OFFICE BOX 6300 LEBANON, VIRGINIA 24266 PHONE NO.: 540/889-6300 FAX NO.: 540/889-6093			

RFP RESPONSE LIST
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT - IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DALE L. FENWICK POWDERHORN COAL COMPANY POST OFFICE BOX 1430 PALISADE, COLORADO 81526 PHONE NO.: FAX NO.:			
MR. JOSEPH B. JEFFERSON PROGRESS FUELS CORPORATION POST OFFICE BOX 308 CEREDO, WEST VIRGINIA 25507 PHONE NO.: 304/526-0757 FAX NO.: 304/453-6917	1 BID		AWARDED CONTRACT
MR. JIM SOBERY PROJECT DEVELOPMENT - VP PS ENERGY GROUP INC. 2987 CLAIRMONT ROAD, SUITE 450 ATLANTA, GEORGIA 30329 PHONE NO.: 404/321-5711 FAX NO.: 404/321-3938			
MR. GENE MOWERY R&T COAL COMPANY, INC. 11852 KINGSTON PIKE KNOXVILLE, TENNESSEE 37922 PHONE NO.: FAX NO.:			
MR. KEN STACY RAPOCA ENERGY COMPANY 2700 LEE HIGHWAY BRISTOL, VIRGINIA 24201 PHONE NO.: FAX NO.:			
MR. ROBERT CHADWELL RB COAL COMPANY PATHFORK, KENTUCKY 40863 PHONE NO.: FAX NO.:			
MR. JIM LAFORCE RED RIVER COAL COMPANY, INC. POST OFFICE BOX 668 NORTON, VIRGINIA 24273 PHONE NO.: FAX NO.:			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DERON F. SAYLOR SAYLOR BROTHERS ENTERPRISES, INC. POST OFFICE BOX 127 COLDIRON, KENTUCKY 40819 PHONE NO.: 606/664-2961 FAX NO.:			
MR. JERRY COOKSEY SIGMON COAL COMPANY, INC. 549 LONDONDERRY ROAD CUMBERLAND GAP, TENNESSEE 37724 PHONE NO.: FAX NO.:			
MR. JOHN MCDONNELL VICE PRESIDENT, SALES SMOKY MOUNTAIN COAL CORP. 9725 COGDILL ROAD, SUITE 203 KNOXVILLE, TENNESSEE 37932 PHONE NO.: (865) 966-8222 , EXT. 2003 FAX NO.: (865) 777-3633			
MR. YURIY PIKSAYKIN RUSSIAN FAR EASTERN COAL TRADE COMPANY SOCRAT CO. LTD. 1309 MARSHALL STREET #406 REDWOOD CITY, CALIFORNIA 9406 PHONE NO.: 650/366-6930 FAX NO.: 650/366-6930			
MR. FRED A. BOWMAN VICE PRESIDENT, SALES SOLAR SOURCES 6755 SOUTH GRAY ROAD POST OFFICE BOX 47068 INDIANAPOLIS, INDIANA 46247-7068 PHONE NO.: 317/788-0084 FAX NO.: 317/787-0592			
MR. RALPH SHELTON PRESIDENT/CEO SOUTHEAST FUELS, INC. POST OFFICE BOX 4061 GREENSBORO, NORTH CAROLINA 27404 PHONE NO.: 336/854-1106 FAX NO.: 336/547-8720			
MR. PETE A. COFER VICE PRESIDENT SOUTHERN APPALACHIAN COAL SALES, INC. 9050B EXECUTIVE PARK DRIVE, SUITE 100 KNOXVILLE, TENNESSEE 37923-4616 PHONE NO.: 865/470-8595 FAX NO.: 865/470-8644			

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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. MARK CANON SOUTHERN COMPANY ENERGY MARKETING 1155 PERIMETER CENTER WEST ATLANTA, GEORGIA 30338 PHONE NO.: FAX NO.:			
MR. MARK JONES VICE PRESIDENT SSM PETOCKE LLC 10500 LITTLE PATUXENT PKWY., SUITE 510 9891 BROKENLAND PARKWAY COLUMBIA, MARYLAND 21044 PHONE NO.: 410/910-0634 FAX NO.: 410/910-0630			
MR. JOHN STAFFORD PRESIDENT STAFFORD ENERGY, INC. 1301 GREENUP AVENUE ASHLAND, KENTUCKY 41101-7526 PHONE NO.: 606/324-2625 FAX NO.: 606/326-9142			
MR. EDWARD L. BILLIPS MANAGER, CONTRACT ADMINISTRATION TECO COAL CORPORATION 200 ALLISON BOULEVARD CORBIN, KENTUCKY 40701 PHONE NO.: 606/523-4444 FAX NO.: 606/523-4490			
MR. STEVE ISAACS THOROUGHBRED COAL COMPANY POST OFFICE BOX 11188 LEXINGTON, KENTUCKY 40574 PHONE NO.: 859/381-8200 FAX NO.: 859/225-3535			
MR. KEVIN C. BURNS VICE PRESIDENT & GENERAL MANAGER TMT COAL COMPANY LLC 18800 WOODBURN ROAD LEESBURG, VIRGINIA 20175 PHONE NO.: 703/771-9191 FAX NO.: 703/779-2070			
MR. BILL ANDREWS PRESIDENT TRAIL ENERGY, INC. POST OFFICE BOX 220 GREENBACK, TENNESSEE 37742 PHONE NO.: 865/856-2859 FAX NO.: 865/983-5319			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. FRANK M. KOLOJESKI MANAGING DIRECTOR TRANSGLOBAL VENTURES CORPORATION 12000 LINCOLN DRIVE WEST, SUITE 108 MARLTON, NEW JERSEY 08053 PHONE NO.: 856/396-0808 FAX NO.: 856/396-0615			
MR. KEITH G. KLEISER GENERAL MANAGER TRANSMAR COAL, INC. POST OFFICE BOX 119 100 L. J. KOCH BOULEVARD SANTA CLAUS, INDIANA 47579 PHONE NO.: 812/937-4536 FAX NO.: 812/937-4639			
MR. ROBERT B. GABBARD VICE PRESIDENT TRITON COAL COMPANY, LLC ONE PARAGON CENTRE, SUITE 110 2525 HARRODSBURG ROAD LEXINGTON, KENTUCKY 40504 PHONE NO.: 859/223-8820 FAX NO.: 859/223-8744	2 BIDS		
MR. JOHN W. PIERCE MANAGER, COMMERCIAL SERVICES U. S. STEEL MINING COMPANY, LLC 600 GRANT STREET, SUITE 1880 PITTSBURGH, PENNSYLVANIA 15219-2749 PHONE NO.: 412/433-4611 FAX NO.: 412/433-5839			
MR. TRAVIS HUTTON SALES AGENT UNITED COAL COMPANY 2700 LEE HIGHWAY BRISTOL, VIRGINIA 24202 PHONE NO.: 540/466-0014 FAX NO.: 540/669-2671			
MR. DAN VAUGHN UNITED POWER, INC. 5801 LEDGESTONE DRIVE EVANSVILLE, INDIANA 47711 PHONE NO.: 812/473-5810 FAX NO.: 812/473-5813			
MR. BRUCE L. WASHBURN USS COAL SALES LLC 520 MAN O WAR DRIVE SEYMOUR, TENNESSEE 37865 PHONE NO.: 865/573-9632 FAX NO.: 865/609-8828			

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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. FRANK HURTADO VICE PRESIDENT VENRO PETROLEUM CORPORATION 45 ROCKEFELLER PLAZA, SUITE 1600 630 FIFTH AVENUE NEW YORK, NEW YORK 10111 PHONE NO.: 212/969-1722 FAX NO.: 212/969-1729			
MR. JOHN W. GARSIDE, JR. WOODRUFF COAL COMPANY POST OFFICE BOX 50190 KALAMAZOO, MICHIGAN 49005 PHONE NO.: 616/343-5531 FAX NO.: 616/343-0404			
SUPPLIERS REQUESTING RFPS AFTER INITIAL MAILING OF SOLICITATION			
MR. RICHARD CLONCH 21129 GOLF ESTATES DRIVE LAYTONSVILLE, MARYLAND 20882 PHONE NO.: 240/687/2542 FAX NO.: 240/683/6770			ADDED TO BIDDERS LIST FOR FUTURE SOLICITATIONS
MR. WILLIAM E. MASSEY, JR. PRESIDENT COMPASS COAL SERVICES, LLC 808 MOOREFIELD PARK DR., STE. 206 RICHMOND, VIRGINIA 23236 PHONE NO.: 804/288/9500 FAX NO.: 804/288/9502			ADDED TO BIDDERS LIST FOR FUTURE SOLICITATIONS

12 COMPANIES RESPONDED WITH 19 BID(S)

1 COMPANY SUBMITTED THEIR OFFER VIA E-MAIL (CONSIDERED UNRESPONSIVE)

2 COMPANIES SENT A LETTER DECLINING TO BID

3 RFPS WERE RETURNED DUE TO FORWARDING ORDERS EXPIRED, ETC.

PROGRESS FUELS Corporation

INTER-OFFICE CORRESPONDENCE

Fuel Transportation	BT10E	727/824-6692
Office	MAC	Phone No.

SUBJECT: 2005-2007 REQUEST FOR PROPOSALS (RFP), PURCHASE ACTIVITY AND CONTRACT RE-OPENERS (RE-OPENERS)

TO: Charlie Gates DATE: June 22, 2004

Since the beginning of the year, coal prices have continued to escalate to unprecedented levels. At the present time, there does not appear to be anything that will allow these prices to recede from their current levels. Most projections show a very strong coal market, at least through 2005 and probably well into 2006. Coal has been affected, like other fuels, by a worldwide mix of uncertainties, regulatory indecision, improving and in some cases "booming" (China) economies, transportation shortages and inefficiencies, and regional coal supply shortages. As discussed during each of our past meetings, we at Progress Fuels Corporation (PFC) are committed to continue to seek the most opportune times to enter the coal market to insure the competitiveness of the Crystal River plants. In addition to participating in the 2004 spot coal market, when we deemed it advantageous, PFC successfully renegotiated agreements with various suppliers in conjunction with their contract price re-opener provisions. Additionally, PFC has just completed evaluating and purchasing coal from the results of the 2005-2007 Request for Proposals (RFP).

Last year, we had eight contracts with price re-openers, five of which were for the Delta coal and three of which were for the Alpha coal. We successfully renegotiated six contracts (three Alpha and three Delta) and were unsuccessful with two Delta suppliers. A portion of the tonnage for the unsuccessful contracts was placed with other existing suppliers and the balance was secured in the 2004 spot market. More importantly, we negotiated renewed prices, tons, and two-year terms (2004 and 2005) with two suppliers; and in each case, we have re-openers for 2006. Our 2004 RFP purchases and the renegotiated contracts are currently at least $15.00-20.00 below the current market.

Our challenge this year was to attempt timing the market for our 2005-2007 RFP and any other purchases that we deemed of value. Although the prices are dramatically higher than last year, we were able to time the market such that the purchases we made, based on the results of the RFP just one month ago, are $3.00-$5.00 dollars below the current market; and in the case of the March Colombian purchase, it is at least $15.00 to $17.00 below the current market for that coal.

The remainder of this memo will address the results from the 2005-2007 RFP and the Drummond Colombian coal purchase noted above. The 2005-2007 RFP provided PFC a reasonable selection of potential suppliers. We received bids from 20 domestic and foreign suppliers who submitted 37 bids. Last year we received bids from 21 domestic and foreign suppliers, submitting approximately 75 bids. This year we were offered 33.0 million tons of which 13% were foreign offers and 87% were water, rail-eastern, and rail-western offers. Last year we were offered 42.0 million tons spread fairly evenly between the foreign and domestic suppliers.

Because of the strength of the current market, we only purchased for 2005 and 2006. Our plan is to watch the market, and re-enter for both spot and contract coal during late 2004 and early 2005. I have enclosed with this memo the purchases and the economic evaluation from the RFP (See Attachment "A"), a Supply Assessment for 2005 and 2006 (See Attachment "B"), and the 2005 and 2006 scheduled purchases including their economic evaluations (See Attachment "C").

As always, we attempted to improve the economics, as compared to the prices offered, while increasing the tonnage purchased and the term offered.

2005-2006 PURCHASES

FOREIGN WATER

Choice:

- During the latter part of March and early April, we began negotiations with Drummond for an extension of our 2004 agreement. This decision was made because all indicators pointed to the beginning of another round of price increases and supply shortages for both domestic and foreign coals. We purchased 800,000 tons for 2005 and 1 million tons for 2006 from Drummond's Mina Pribbenow mines; this is "Delta" coal. The delivered cost to Crystal River (CR) is [redacted] $/MMBTU and [redacted] $/MMBTU, respectively.

  No additional purchases were made for foreign coal from the RFP because the prices submitted from other foreign suppliers were not competitive. Their prices ranged from 2.828 to 2.948 $/MMBTU. These prices compared to 2.672 to 3.082 $/MMBTU, for offers from the domestic suppliers.

Explanation:

During 2004, we began shipments of Drummond's Colombian coal. The results economically, environmentally, and operationally have been excellent. This coal, besides being very low in ash and sulfur, reduces NO_x emissions by almost 25%. This purchase will assist CR in achieving their NO_x goals, while providing them with a competitively priced product.

DOMESTIC WATER

Choices:

- We purchased "Delta" coal from two suppliers for delivery on the river system. We were offered and purchased 300,000 tons per year for 2005 and 2006 from Central Coal Company. This "Delta" coal will ship via truck to the Kanawha River and will deliver into CR at [redacted] $/MMBTU. We also purchased 360,000 and 180,000 tons of "Delta" coal for 2005 and 2006 from Massey Energy. This coal will be rail-delivered to the Ohio River, and it will deliver into CR at [redacted] $/MMBTU.

Explanation:

- We have had previous experience with both of these suppliers and are very satisfied they will meet or exceed the specifications bid.

DOMESTIC RAIL

Choices:

- We purchased "Delta" coal from two companies and "Alpha" coal from three others. We have previous experience with three of the suppliers and have added two new companies.

  "DELTA COAL"

  We purchased 360,000 for 2005 and 180,000 tons for 2006 from Massey Energy. This coal will deliver into CR at $[redacted] $/MMBTU. We also purchased 360,000 each year from Progress Fuels-Marketing and Trading. This product will deliver into CR at [redacted] $/MMBTU.

  "ALPHA COAL"

  We purchased 720,000 tons for 2005 and 360,000 for 2006 from Massey Energy. This coal will deliver into CR at [redacted] $/MMBTU. We purchased 120,000 tons for 2005 and 240,000 tons for 2006 from Sequoia Energy LLC. This coal will deliver into CR at [redacted] $/MMBTU. Also, we purchased 240,000 tons for each year (2005 and 2006) from B&W Resources. This coal will deliver into CR at [redacted] $/MMBTU.

Explanation:

- Massey Energy has been a consistently reliable supplier over the past 20 years. Progress Fuels-Marketing & Trading has very good quality coal and a reliable track record. Because of the shortage of coals in the Central Appalachian region, we felt it imperative to add to our base of suppliers. Both Sequoia Energy and B&W Resources will fulfill this need. Prior to contracting with them we had our field representative visit their mining operations, and we called other utility buyers to verify their performance. No problems were noted in either case.

2004 RE-OPENERS

We have only one contract with a re-opener during 2004. Consol Energy (Consol) has a price, quantity, and terms re-opener, which needs to be completed by November 1, 2004. We have already had several discussions with Consol regarding tonnage for next year. Current estimates are that they will have 750,000 to 1 million tons to offer. The current contract is for 1 million tons.

SUMMARY OF 2005 and 2006 PURCHASES

We anticipate a burn of 2.3 million tons for Crystal River Units 1 and 2 for both 2005 and 2006 and 4.3 and 4.4 million tons for Crystal River Units 4 and 5 for 2005 and 2006, respectively. The total burn is estimated at 6.6 million tons for 2005 and 6.7 million tons for 2006.

Our CR 1 & 2 open position for 2005 is approximately 330,000 tons, while it is 1.9 million tons for 2006; and it will be delivered 100 percent via rail.

Regarding Crystal River Units 4 and 5, our open position for 2005 is approximately 230,000 tons and approximately 920,000 tons for 2006. We will deliver 2.3 million tons via barge each year and 2.0-2.1 million tons by rail.

We will continue to fulfill the open positions from the spot and contract markets.

I would like to schedule a meeting with you at your earliest convenience to discuss the details of this report and answer any questions you may have.

A. W. Pitcher

AWP/ro

Attachments

cc/att: Rufus Jackson
Kyle Crake

PROGRESS FUELS CORPORATION

Attachment A

CR Units 1,2, 4 and 5

PURCHASES from

2005-2006

RFP

CONFIDENTIAL

CORRECTED COPY

Supplier	Coal Type	Term	Origin	(000) Total Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	Min SO2	Max SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
Water																		
Drummond / Interocean	D (CR4&5)	1/05-12/06	FOB Mobile	1800	800	1000	5.50%	0.70%	11,700	14.00%	32.00%	43		1.20	[redacted]			
Central Coal Co.	D (CR4&5)	1/05-12/06	Winifred Dock	600	300	300	12.00%	0.74%	12,300	8.00%	31.00%	42		1.20	[redacted]			
Massey	D (CR4&5)	1/05-6/06	FOB Ceredo	540	360	180	13.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]			
Rail																		
Massey	D (CR4&5)	1/05-6/06	Bandmill	540	360	180	12.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]			
Progress Fuels	D (CR4&5)	1/05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20	[redacted]			
Sequoia Energy LLC	A (CR1&2)	1/05-12/06	CSX Harlan	360	120	240	10.00%	1.34%	12,700	8.00%	31.00%	42	1.50	2.10	[redacted]			
Massey	A (CR1&2)	1/05-6/06	CSX BS	1080	720	360	12.00%	1.27%	12,100	8.00%	31.00%	42	1.50	2.10	[redacted]			
B&W Resources	A (CR1&2)	1/05-12/06	CSX Jellico	480	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	1.50	2.00	[redacted]			
			Total Tons	4320	2460	1860								SO2	[redacted]			

PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5

PURCHASES from

2005-2006

RFP

Attachment A

Supplier	Coal Type	Term	Origin	(000) Total Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	Min SO2	Max SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
Water																		
Drummond / Interocean	D (CR4&5)	1/05-12/06	FOB Mobile	1800	800	1000	5.50%	0.70%	11,700	14.00%	32.00%	43		1.20	[redacted]			
Central Coal Co.	D (CR4&5)	1/05-12/06	Winifred Dock	600	300	300	12.00%	0.74%	12,300	8.00%	31.00%	42		1.20	[redacted]			
Massey	D (CR4&5)	1/05-6/06	FOB Ceredo	540	360	180	13.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]			
Rail																		
Massey	D (CR4&5)	1/05-6/06	Bandmill	540	360	180	12.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]			
Progress Fuels	D (CR4&5)	1/05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20	[redacted]			
CAM-KY	D (CR4&5)	1/05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20	[redacted]			
Sequoia Energy LLC	A (CR1&2)	1/05-12/06	CSX Harlan	360	120	240	10.00%	1.34%	12,700	8.00%	31.00%	42	1.50	2.10	[redacted]			
Massey	A (CR1&2)	1/05-6/06	CSX BS	1080	720	360	12.00%	1.27%	12,100	8.00%	31.00%	42	1.50	2.10	[redacted]			
B&W Resources	A (CR1&2)	1/05-12/06	CSX Jellico	480	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	1.50	2.00	[redacted]			
			Total Tons	5040	2820	2220								SO2	[redacted]			

SUPPLY ASSESSMENT
"ALPHA" RAIL

	2005	2006	Notes
PROJECTED REQUIREMENTS**	2,309,000	2,257,000	
Existing contracts:			
Consol Energy	750,000	0	(2)
Massey Energy	150,000	0	
CAM-Kentucky LLC	0	0	
Total Existing Contracts	900,000	0	
Open Position	**1,409,000**	**2,257,000**	(1)
New Contract Suppliers:			(3)
Massey Energy	720,000	360,000	
Sequoia Energy LLC	120,000	240,000	
B&W Resources	240,000	240,000	
Total New Contracts	1,080,000	840,000	
Total Existing & New	1,980,000	840,000	
Total Open Position	**329,000**	**1,417,000**	(1)
Potential Add'l Suppliers:			
Massey Energy	0	0	
Central Coal	0	0	
Sequoia Energy LLC	0	0	
B&W Resources	0	0	
CAM Kentucky LLC	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	1,980,000	840,000	
Potential Spot or Additional Contract Purchases:	**329,000**	**1,417,000**	
Allocation:			
% Existing contracts to delivery	39.0%	0.0%	
% New contracts to delivery	46.8%	37.2%	
% Total contract to delivery	85.8%	37.2%	
% Potential spot or additional contract to requirement	14.2%	62.8%	

Corrected

Notes:
(1) **BOLD** denotes open position.
(2) These contract has a price reopener for 2006.
(3) Purchases based upon the 2005 RFP results and various other purchases.

PEF-FUEL-000130

**Based upon burn projections

SUPPLY ASSESSMENT
"ALPHA" RAIL

	2005	2006	Notes
PROJECTED REQUIREMENTS**	2,309,000	2,257,000	
Existing contracts:			
Consol Energy	750,000	0	(2)
Massey Energy	150,000	0	
CAM-Kentucky LLC	0	0	
Total Existing Contracts	900,000	0	
Open Position	**1,409,000**	**2,257,000**	(1)
New Contract Suppliers:			(3)
Massey Energy	720,000	360,000	
Sequoia Energy LLC	120,000	240,000	
B&W Resources	240,000	240,000	
Total New Contracts	1,080,000	360,000	
Total Existing & New	1,980,000	360,000	
Total Open Position	**329,000**	**1,897,000**	(1)
Potential Add'l Suppliers:			
Massey Energy	0	0	
Central Coal	0	0	
Sequoia Energy LLC	0	0	
B&W Resources	0	0	
CAM Kentucky LLC	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	1,980,000	360,000	
Potential Spot or Additional Contract Purchases:	**329,000**	**1,897,000**	
Allocation:			
% Existing contracts to delivery	39.0%	0.0%	
% New contracts to delivery	46.8%	16.0%	
% Total contract to delivery	85.8%	16.0%	
% Potential spot or additional contract to requirement	14.2%	84.0%	

Notes:
(1) BOLD denotes open position.
(2) These contract has a price reopener for 2006.
(3) Purchases based upon the 2005 RFP results and various other purchases.

**Based upon burn projections

PEF-FUEL-000131

SUPPLY ASSESSMENT
"DELTA" RAIL

	2005	2006	Notes
PROJECTED REQUIREMENTS**	4,311,000	4,390,000	
Minus Water Delivered Coal	2,300,000	2,300,000	
Equals Net Rail "D" Deliveries	2,011,000	2,090,000	
Existing contracts:			
CAM-Kentucky LLC	500,000	200,000	
Alliance Coal LLC	600,000	600,000	
Total Existing Contracts	1,100,000	800,000	
Open Position	**911,000**	**1,290,000**	(1)
New Contract Suppliers:			(2)
Massey Energy	360,000	180,000	
Progress Fuels Marketing & Trading	360,000	360,000	
Total New Contracts	720,000	540,000	
Total Existing & New	1,820,000	1,340,000	
Total Open Position	**191,000**	**750,000**	
Potential Add'l Suppliers:			
Asset Mgmt Group	0	0	
A.T. Massey	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	1,820,000	1,340,000	
Potential Spot or Additional Contract Purchases:	**191,000**	**750,000**	
Allocation:			
% Existing contracts to delivery	54.7%	38.3%	
% New contracts to delivery	35.8%	25.8%	
% Total contract to delivery	90.5%	64.1%	
% Potential spot or additional contract to requirement	9.5%	35.9%	

Notes:
(1) **BOLD** denotes open position.
(2) Purchases based upon the 2005 RFP results and various other purchases.

**Based upon burn requirements

PEF-FUEL-000132

SUPPLY ASSESSMENT
"DELTA" WATER

	2005	2006	Notes
PROJECTED WATER DELIVERY	2,300,000	2,300,000	
Existing contracts:			
Guasare #1 (Venezuelan)	150,000	0	
Guasare #2 (Venezuelan)	650,000	650,000	(2)
Drummond (Colombian)	800,000	1,000,000	
Total Existing Contracts	1,600,000	1,650,000	
Open Position	**700,000**	**650,000**	(1)
New Contract Suppliers:			(3)
Massey Energy	360,000	180,000	
Central Coal	300,000	300,000	
Total New Contracts	660,000	480,000	
Total Existing & New	2,260,000	2,130,000	
Total Open Position	**40,000**	**170,000**	
Potential Add'l Suppliers:			
Asset Mgmt Group	0	0	
Central Coal	0	0	
Keystone	0	0	
A.T. Massey	0	0	
Peabody PRB coal	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	2,260,000	2,130,000	
Potential Spot or Additional Contract Purchases:	**40,000**	**170,000**	
Allocation:			
% Existing contracts to delivery	69.6%	71.7%	
% New contracts to delivery	28.7%	20.9%	
% Total contract to delivery	98.3%	92.6%	
% Potential spot or additional contract to requirement	1.7%	7.4%	

PEF-FUEL-000133

Notes:
(1) **BOLD** denotes open position.
(2) The Guasare contract has a price reopener for 2006.
(3) Purchases based upon the 2005 RFP results and various other purchases.

PROGRESS FUELS Corporation — INTER-OFFICE CORRESPONDENCE

Technical Services (Office) | BT10E (MAC) | 727/824-6684 (Phone No.)

Docket No. 060658
Progress Energy Florida
Exhibit No. ____ (AWP-7)
Page 1 of 16

SUBJECT: INITIAL PRB TEST

TO: A. W. Pitcher

DATE: May 13, 2004

Attached please find the observation report of the firing of our first PRB blend to Crystal River Unit 4.

Please advise any questions or comments.

Roy F. Potter
Technical Services Manager

Attachments

Observations From Initial PRB Test Burn
Crystal River Unit 4
April 26-28, 2004

Powder River Basin coal was initially tested in blend form in Crystal River Unit 4 to look at the feasibility of incorporation into the fuel mix. Not only is PRB one of the cheapest coals available based on the current market, but there are some potential benefits (such as NOx, SOx production) that are of interest at this time.

PRB test coal originated from Peabody's Antelope Mine near Gillette Wyoming. PRB is commonly available in two grades; 8400 or 8800 Btu products. The 8800 product was selected for testing. Coal was transported by Burlington Northern Railroad to Cahokia Terminal and transferred to river barge for transit to International Marine Terminal in New Orleans. Quality Data for bunkered samples, PRB, and the test barge are shown in appendix A.

PRB is commonly known for dustiness, and propensity for spontaneous combustion. In the boiler, it is generally known for it's long lazy flame which tends to focus the heat in the back end of the unit. It is also common to see extreme fouling and slagging effects on high percentage burns.

An initial test blend of 15% was established based on exceeding the typical unit derate specification of 11700 Btu. Blend coals used were Central Appalachian and Venezuelan compliance coals. The base ratio of 60/40 Central Appalachian to Venezuelan mirrors current tonnage commitments. This blend also capitalizes on the high Btu of the Venezuelan and the stable LOI production of the Central Appalachian. Overall, the initial target blend was 15% PRB, 50% Central Appalachian, and 35% Venezuelan. Quality data is shown in appendix B and C.

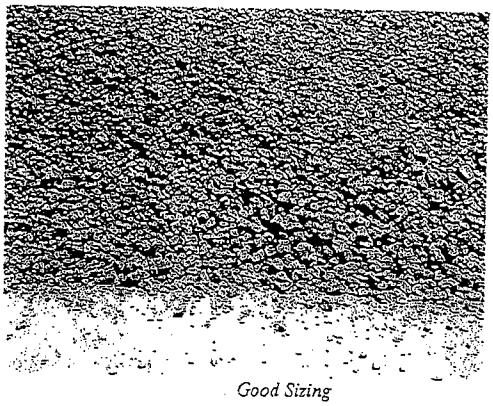
The three component blend was accomplished on the Amy Thompson April 23-24, 2004 at IMT. The base Central App and Venezuelan coals were loaded from ground storage using IMT's sophisticated scale based feeder system. The PRB component was added manually from river barge (i.e. not computer controlled). This method worked fairly well for holds 2,3, and 4. There was, however, an increase in percentage on the number 1 hold for the PRB percentage up to as much as 22%. This was likely the result of barge switching and reestablishing the blend feed ratios in manual mode. The coals were all extremely dry, receiving no rain in several weeks.

Temperature monitoring of the gulf barge loading was performed using an Ircon fixed mount infrared device. Temperatures at loading centered around 90 degrees with no hot spots indicated.

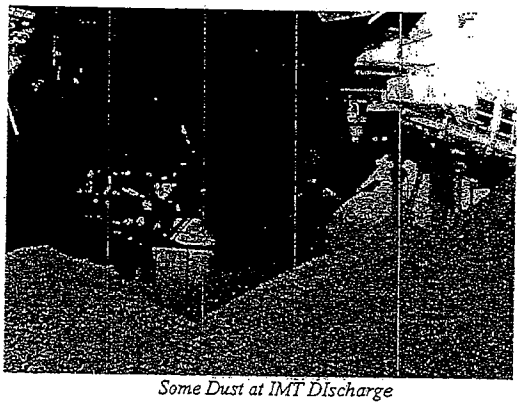
The Amy Thompson arrived at Crystal River and began to discharge directly to Unit 4 the night of April 25th. The coal began to show up in the furnace the morning of the 26th. The direct bunkering continued until approximately 8 am on April 28th. Coal from hold 1 showed up in the furnace on April 27th.

Coal Handling/Dust

The PRB coal sizing was exhibited a coarser product than expected. Not only was this advantageous to the flow characteristics, but it also provides less surface area for the production of spontaneous heating effects as well as dust. A moderate amount of dust was seen as the dry 100% PRB was put to storage at IMT.

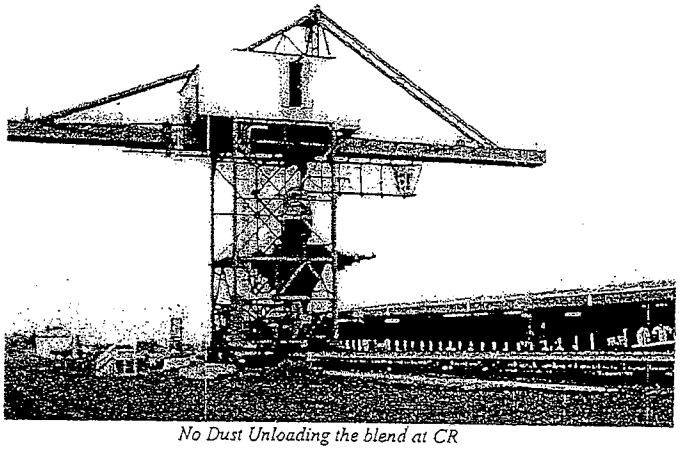


Good Sizing



Some Dust at IMT Discharge

No dust was observed at Crystal River on the blended cargo. No chute plugs or other handling issues were experienced.



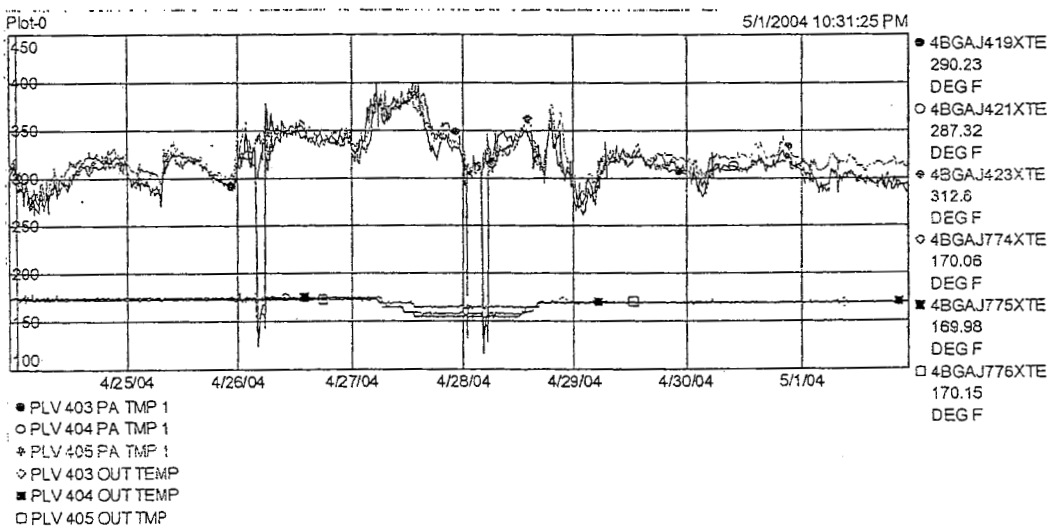
No Dust Unloading the blend at CR

Mill Performance

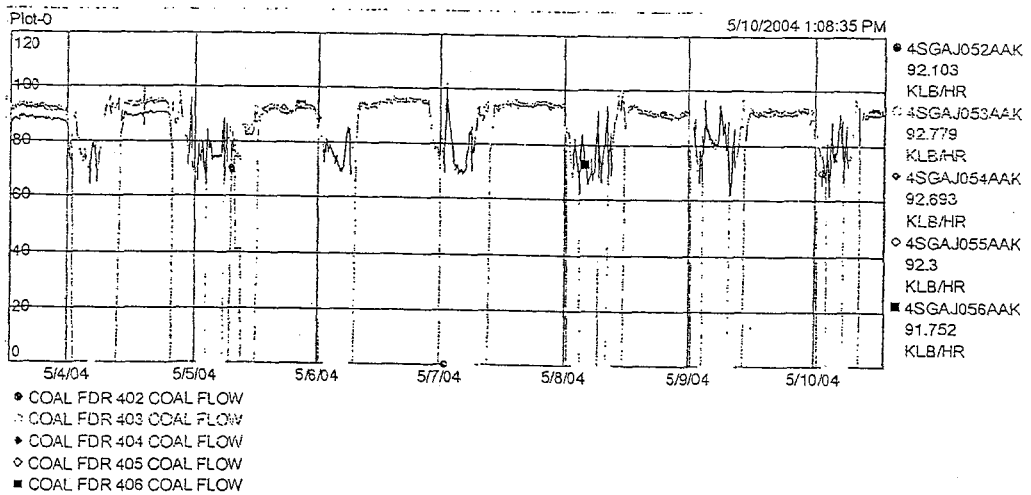
The 15% blend showed a slight increase in feeder speeds from approximately 63% to 65-67%. These are well within control ranges. Mill inlet temperatures rose from a nominal 300-degree level to around 350 degrees. Outlet temperatures were able to maintain at 175 degrees. Mill differential pressures were not noticeably changed.

For the 22% level blend, feeder speeds rose to the 69-70% range. Mill inlet temperatures rose to around 400 degrees. Operators lowered the mill outlet temperatures to 155-160 degree levels in order to bring down the inlet temperature. The Bailey control system looked at the feeder speeds and various other items and conducted a "Btu runback" dropping load from once from 760 MW to 745 MW and on a second occasion to 730MW. Once the 22% blend material passed the unit returned to the 15% settings. There was an increase in opacity during the passing of the 22% material up to the 15% opacity range.

Due to the softer grindability of the PRB coal (55), it is quite possible that full load could be achieved by manipulating the logic or running in manual. It is felt there is adequate mill capacity left.

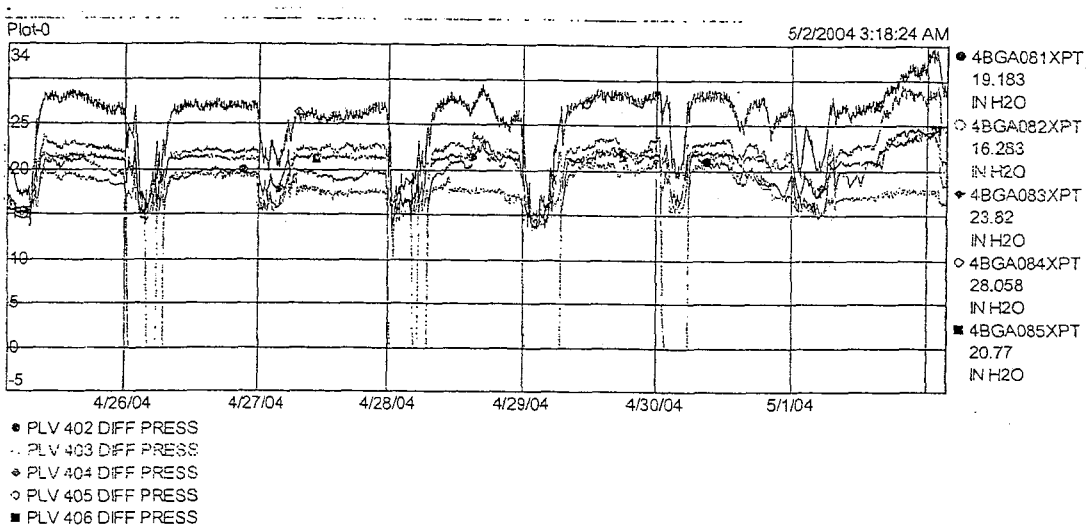


Mill temperature Plots



Mill Feed Rates (Klbs/hr)

Mill differential pressures generally were not impacted substantially by the PRB at any level. This would suggest the potential for additional capacity readily exists



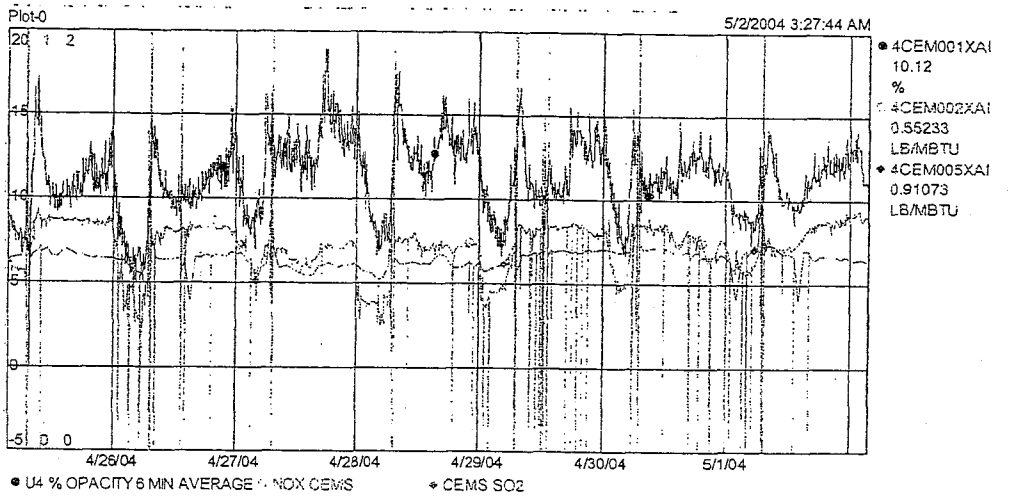
Mill Differential Pressures

NOx/SOx/Opacity

Continuous emissions monitor (CEM) readings for SO2 performed exactly as anticipated, producing numbers in the 0.95 lb/MMBtu for the 60/40 coal, 0.89 lbs/MMBtu for the 15% blend, and around 0.85 lbs/MMBtu for the 22% level.

NOx baselines at 0.54-0.55 lbs/MMBtu for the normal coal. A slight, but significant reduction was seen at the 15% PRB blend level down to 0.51 lbs/MMBtu. The 22% blend level produced NOx down to 0.44 lbs/MMBtu, however, the derate of 15-30 MW and resulting flow reductions had some contribution.

Unit 4 has recently experienced some difficulties with their precipitator (ESP). Nominal base levels of 10% opacity rose to 12% with the 15% PRB blend and 14% when the 22% PRB material burned. A short-term peak (10 minutes) of 19% occurred when a presumed spike occurred in the blend towards the end of the 22% material burn. This amounts to roughly 50 tons presumably in the 25-30% PRB class.



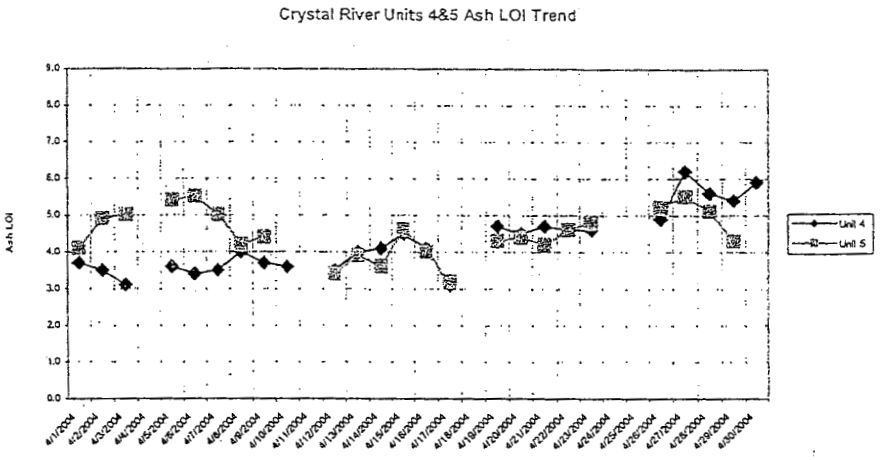
Opacity, NOx, and SO2 Data Plots

Fly Ash LOI

LOI in CR 4&5 fly ash baselines at the 5-6% carbon level for the 60/40 D-Venezuelan blend. During the tests the LOI rose to a spike over 6% for truck shipments, which may be indicative of some tank blending with lower LOI ash. The top samples (which determine if the ash will be trucked) predominantly jumped around in the 6-8% range. It is fair to conclude that the influence of the PRB coal was not good for fly ash quality.

It is not known what impact, if any, the unit 4 ESP may have had on this. The ESP has had some difficulties lately that are not being seen on unit 5. In general, we have seen increases in opacity on both units but Unit 4 runs higher.

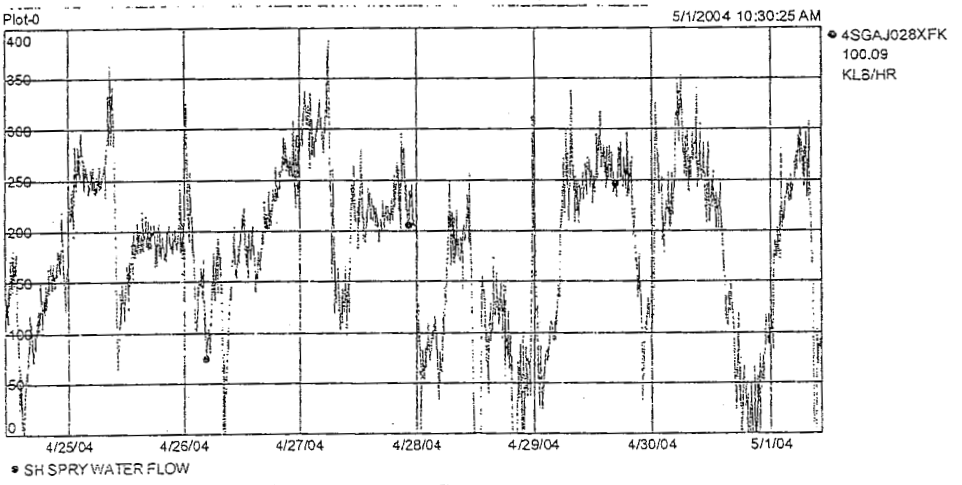
Graphs of both truck ash samples are included. Top samples are basically grab samples and have a much higher variability. Therefore, once again, the ash was not readily saleable.



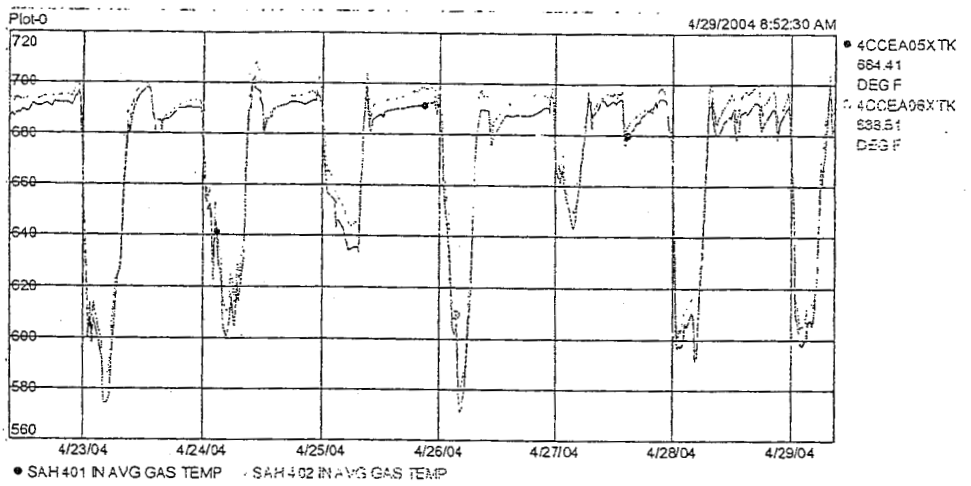
Truck samples for LOI

Unit Performance

The unit seemed to perform as usual at the 15% PRB level. Temperatures seen as exit gas temperatures, or as shown below as air heater inlet temperatures were unaffected. This would indicate that within these ranges the unit could make adjustments. The major adjustment noticed, particularly at the 22% PRB level was the possible minor increase in attemperation sprays. The increase in superheat and reheat temperatures was one of our things to look for. While the steam temperatures and pressures were maintained, the unit could be trying to keep these temperatures from going up, as opposed to normally trying to hold them up. This would naturally have an impact on the unit efficiency ad eventually load. Judging from the intermittent use of sprays as seen on the graph, it does not readily appear the use of sprays was very significant. Note that the 5/1/04 burn had only 60/40 baseline material with no PRB.



Attemperation Sprays



Air Heater Inlet Temps

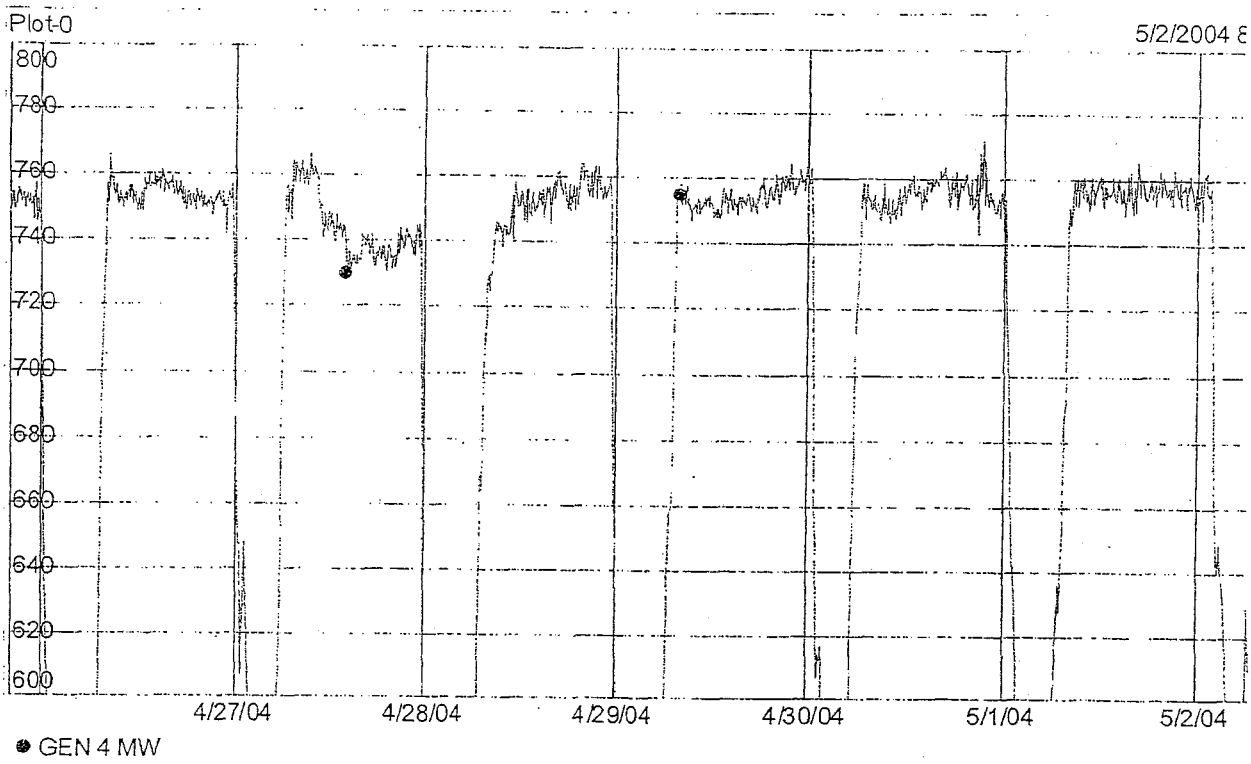
Similarly the air heater inlet temperatures show no significant change. This was the closest indicator to FEGT temperatures readily accessible to me.

Slagging and Fouling

Soot blower activity was not noticeably increased at any level. It is also assumed that at 15-20% PRB there simply was not enough accumulation of material to be noticed. In total only 2400 tons was in the blend at approximately 4% ash. Consequently, only 96 tons of PRB ash was present over the four days of burn.

Conclusions

While one barge load should not be considered as answering all the questions about this material, some things have become evident. First, from a load point of view, it was a fortunate accident that a hold of 22% was included in this test. It readily and fortunately, only briefly, indicated where we would notice the presence of the PRB. From the chart below, it is relatively easy to see the 22% area on the 27th.



Load (MW)

We therefore can conclude that 20% will not be a sustainable blend as far as the automatic controls are currently capable of. These could be adjusted, however, it would take us to places the unit has not been before in terms of feeder speeds.

It was also learned that the blending of this material is more critical than sulfur or other parameters would dictate, as there are no 6-minute or even 3-hour averages to help soften the impact. Therefore, an alternative blending technique will be required at IMT that utilizes the scales and feeders for the most homogeneity possible.

It should also be emphasized that all the coal used in this barge were dry and in excellent condition. Weathering and increased moisture will certainly have as much or more impact on this blend than a blend without the PRB.

It is therefore currently contemplated that, as terminal traffic and availability allow, we will limit the blends to 15% PRB and ship when feasible. In the event we get more than marginally wet weather, we will have to carefully evaluate pile moistures more extensively than normally done to determine whether to proceed with a blend.

In conclusion, the economic impacts of a 15% PRB blend are very compelling. At current pricing this amounts to a minimum 6 cent per million saving for each blended barge (i.e. all 16000 tons). If all barges came blended we could easily realize savings in the 2.3 to 3.5 million dollar per year range, depending on percentage and exact materials

used. No value is considered for SO2 or NOx in this calculation. Further testing will be required to ascertain the lower limits for impacts on NOx at levels below 15%. It was determined that NOx was substantially impacted at 22% and to a lesser extent, seen at 15%.

Roy F. Potter
Technical Services Manager
Progress Fuels Corporation

APPENDIX A
QUALITY DATA

Docket No. 060658
Progress Energy Florida
Exhibit No. ___ (AWP-7)
Page 11 of 16

PROGRESS FUELS CORPORATION
SHIPPING NOTICE

DATE: APRIL 24, 2004

ATTENTION: COAL YARD SUPERVISOR - CRYSTAL RIVER

RE: SHIPPING NOTICE

POINT OF DELIVERY : CRYSTAL RIVER 4 & 5

BARGE/TUG AMY T / RESOLUTE

DATE LOADED: APRIL 23, 2004

ETA: APRIL 25, 2004 0700

TYPE OF COAL: CLASS " D "

SUPPLIER: D - FOREIGN & PRB BLEND

SURVEY WEIGHT: (BARGE) 15,500.00 ESTIMATED

QUALITY:	ACTUAL		
	SULFUR %	0.59	
	ASH %	8.04	
	VOLATILE %	32.78	
	MOISTURE %	10.81	MOISTURE OVER 10%
	BTU	11997	PLEASE NOTE LOW BTU
	SO2	0.98	
	95%	0.93	

PFC Operations

GINNIE MUEHLENDYCK

REPORT DATE: 04-24-2004 Unit/Origin Report

COMPOSITE ID: 343C VENZ. VESSELS/SYNFUEL BLENDS - PROGRESS FUELS - IMT - GULF BARGES

LAB NUMBER	DATE RECEIVED	UNIT	ORIGIN	WT. TONS	TOTAL MOIST	ASREC ASH	AS REC VOL	AS REC FC	ASREC BTU	ASREC SULF	DRY ASH	DRY VOL	DRY FC	DRY BTU	DRY SULF	MAF BTU	SO2 @ 100%
89 4792-29	04-23-2004	HOLD 1	SPIRIT/SYN/D	3403.00	12.59	7.62	32.94	46.85	11702	0.57	8.72	37.69	53.59	13388	0.65	14667	0.97
	1096.00 SO. TD.																0.97
	1552.00 NO. YD.																
	300.000 NM 105																
	465.000 RF 920																
89- 4792-30	04-23-2004	HOLD 2	SPIRIT/SYN/D	4488.00	10.57	8.23	32.53	48.67	12024	0.60	9.20	36.37	54.43	13445	0.67	14807	1.00
	1571.00 SO. YD.																
	2244.00 NO. YD.																
	336.000 RF 920																
	337.000 NM 105																
89- 4792-31	04-23-2004	HOLD 3	SPIRIT/SYN/D	4295.00	10.08	7.61	33.15	49.16	12181	0.61	8.46	36.87	54.67	13547	0.68	14799	1.00
	1503.00 SO. TD.																
	2148.00 NO. YD.																
	307.000 RF 920																
	337.000 NM 105																
89- 4792-32	04-23-2004	HOLD 4	SPIRIT/SYN/D	3993.00	10.33	8.68	32.51	48.48	12022	0.58	9.68	36.25	54.07	13407	0.65	14844	0.96
	1399.00 SO. TD.																
	1999.00 NO. YD.																
	300.000 NM 105																
	300.000 RF 920																
FINAL TOTALS																	
DRY WEIGHTED AVERAGES				16179.00	10.81	8.04	32.78	48.37	11997	0.59	9.02	36.75	54.23	13451	0.66	14705	0.98
COUNTS				4	4	4	4	4	4	4	4	4	4	4	4	4	4

TO: PROGRESS FUELS 4/24/04 10:40 HRS
CTE @ IMT
COAL YARD SUPV./CRYSTAL RIVER
ED SNELLLING/CRYSTAL RIVER
FM: CTE/ST. ROSE
GULF BARGE: Amy Thompson
SAMPLING:

PEF-FUEL-000115

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Progress Energy Florida
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Shipment Id: 05779 | Vendor:
Transporter Id: GLG AT-042304 | Status: R
Analysis Type: PFC Load Prox | Mine:
Type: As Received | Analysis Date: 4/23/2004

Plant	Unit	Specification	Minimum	Maximum	Result	Out Of Range
Crystal River 4&5	CR45	Ash		11.0000	8.0400	
Crystal River 4&5	CR45	BTU	12,000.0000		11,997.0000	
Crystal River 4&5	CR45	Moisture		10.0000	10.8100	
Crystal River 4&5	CR45	So2mmbtu		1.1500	0.9836	
Crystal River 4&5	CR45	Sulfur		2.0000	0.5900	
Crystal River 4&5	CR45	Volatile	31.0000		32.7800	

CR 4&5 "As Fired" Samples

P 1

S.L.	Date	Sampler # 4 Lab #	Mech Hand	Type A/D	# Samp	I.D. Shift	#/1000 Tons	Tonnage	Moisture	Ash	As Bunkered Samples Volatile Matter	Fixed Carbon	Sulfur	BTU/LB	Lbs SO2 /MBTU	MAF BTU
						APRIL-2004										
4	04/01/04	56882	M	D	54	00:01-08:0	12.5	4,322	7.60	11.48	32.47	48.45	0.60	12149	0.99	15014
		56883	M	D	40	08:00-16:0	9.7	4,119	6.22	9.52	33.22	51.04	0.64	12460	1.03	14788
		56884	M	D	43	16:00-24:0	11.8	3,629	6.63	8.84	38.56	45.97	0.61	12639	0.97	14952
4	04/02/04	56890	M	D	59	00:01-08:0	11.5	5,126	7.16	10.91	32.14	49.79	0.64	12380	1.03	15110
		56891	M	D	50	08:00-16:0	14.1	3,537	7.29	11.07	37.08	44.56	0.64	12334	1.04	15108
		56892	M	D	59	16:00-24:0	16.0	3,693	6.84	10.79	37.05	45.32	0.69	12449	1.11	15114
4	04/03/04	56898	M	D	83	00:01-08:0	20.2	4,114	7.95	10.07	32.06	49.92	0.63	12362	1.02	15079
		56899	M	D	69	08:00-16:0	15.6	4,431	7.36	10.45	35.82	46.37	0.68	12367	1.10	15047
		56900	M	D	42	16:00-24:0	73.8	569	6.36	10.02	40.41	43.21	0.69	12689	1.09	15175
4	04/04/04	56908	M	D	57	00:01-08:0	22.3	2,556	7.53	10.95	41.19	40.33	0.64	12344	1.04	15142
		56909	M	D	54	08:00-16:0	13.2	4,085	6.45	10.66	32.73	50.16	0.65	12633	1.03	15241
		56910	M	D	50	16:00-24:0	6.0	8,360	6.23	7.77	36.08	49.92	0.62	12906	0.96	15007
4	04/05/04	56919	M	D	54	00:01-08:0	13.1	4,116	6.93	9.78	33.07	50.22	0.65	12530	1.04	15044
		56920	M	D	25	08:00-16:0	5.9	4,256	6.56	11.08	32.14	50.22	0.62	12502	0.99	15180
		56921	M	D	47	16:00-24:0	11.0	4,292	6.29	10.50	35.83	47.38	0.63	12616	1.00	15162
4	04/06/04	56928	M	D	62	00:01-08:0	16.1	3,861	6.84	11.32	31.85	49.99	0.66	12404	1.06	15156
		56929	M	D	64	08:00-16:0	14.3	4,490	5.63	9.47	32.04	52.86	0.65	12537	1.04	14767
		56930	M	D	52	16:00-24:0	12.9	4,042	6.21	10.04	32.86	50.89	0.67	12696	1.06	15159
4	04/07/04	56938	M	D	60	00:01-08:0	16.8	3,570	7.25	12.44	32.01	48.30	0.70	12222	1.15	15219
		56939	M	D	50	08:00-16:0	10.1	4,927	7.89	10.85	34.45	46.81	0.74	12356	1.20	15206
		56940	M	D	38	16:00-24:0	11.4	3,344	6.72	9.86	38.72	44.70	0.68	12575	1.08	15074
4	04/08/04	56949	M	D	62	00:01-08:0	13.7	4,518	6.68	10.50	30.71	52.11	0.62	12400	1.00	14972
		56950	M	D	24	08:00-16:0	7.9	3,041	6.95	11.36	30.99	50.70	0.58	12135	0.96	14855
		56951	M	D	46	16:00-24:0	10.8	4,249	7.22	11.47	33.15	48.16	0.65	12238	1.06	15051
4	04/09/04	56957	M	D	99	00:01-08:0	18.2	5,425	6.80	10.62	31.64	50.94	0.58	12351	0.94	14956
		56958	M	D	19	08:00-16:0	6.1	3,102	6.59	9.43	35.72	48.26	0.63	12614	1.00	15020
		56959	M	D	86	16:00-24:0	19.1	4,496	6.49	9.68	39.07	44.76	0.60	12531	0.96	14948
4	04/10/04	56966	M	D	65	00:01-08:0	17.6	3,700	8.48	12.64	31.44	47.44	0.63	11955	1.05	15156
		56967	M	D	39	08:00-16:0	9.8	3,998	7.38	11.92	34.30	46.40	0.64	12366	1.04	15323
		56968	M	D	41	16:00-24:0	14.0	2,925	7.26	11.82	36.15	44.77	0.66	12394	1.07	15316
4	04/11/04	56976	M	D	71	00:01-08:0	14.7	4,827	7.01	11.29	32.04	49.66	0.67	12399	1.08	15176
		56977	M	D	32	08:00-16:0	7.9	4,043	7.42	11.03	33.50	48.05	0.66	12353	1.07	15148
		56978	M	D	48	16:00-24:0	11.0	4,348	7.75	10.61	37.27	44.37	0.63	12318	1.02	15088
4	04/12/04	56985	M	D	48	00:01-08:0	11.8	4,066	7.89	10.35	34.18	47.58	0.59	12308	0.96	15054
		56986	M	D	44	08:00-16:0	12.9	3,423	8.94	9.70	37.65	43.71	0.60	12235	0.98	15038
		56987	M	D	48	16:00-24:0	10.0	4,793	7.60	11.24	31.84	49.32	0.65	12273	1.06	15122
4	04/13/04	56994	M	D	52	00:01-08:0	12.8	4,078	8.35	11.98	32.03	47.64	0.65	11987	1.08	15046
		56995	M	D	44	08:00-16:0	12.5	3,525	8.62	11.02	30.80	49.56	0.66	12010	1.10	14945
		56996	M	D	40	16:00-24:0	9.6	4,149	8.34	10.59	32.21	48.86	0.67	12263	1.09	15126
4	04/14/04	57002	M	D	104	00:01-08:0	23.8	4,363	8.90	11.64	37.88	41.58	0.70	11954	1.17	15044
		57003	H	D	44	08:00-16:0	15.3	2,882	8.62	10.42	33.64	47.32	0.65	12110	1.07	14958
		57004	H	D	99	16:00-24:0	20.4	4,842	6.90	9.09	32.52	51.49	0.62	12533	0.99	14918
4	04/15/04	57013	H	D	88	00:01-08:0	21.6	4,076	7.22	8.87	32.19	51.72	0.59	12455	0.95	14843
		57014	H	D	174	08:00-16:0	36.8	4,733	7.43	8.78	31.73	52.06	0.60	12456	0.96	14866
		57015	H	D	182	16:00-24:0	33.1	5,492	5.74	12.53	35.63	46.10	0.63	12271	1.03	15014

4	04/16/04	57026	H	D	125	00:01-08:0	39.0	3,205	11.50	6.57	34.38	47.55	0.55	11462	0.96	13990
		57027	H	D	169	08:00-16:0	92.2	1,833	7.69	11.37	32.62	48.32	0.63	11518	1.09	14230
		57028	M	D	40	16:00-24:0	7.5	5,319	11.56	5.85	40.10	42.49	0.58	11696	0.99	14162
4	04/17/04	57033	H	D	112	00:01-08:0	24.9	4,504	8.25	12.02	34.21	45.52	0.63	11998	1.05	15048
		57034	H	D	144	08:00-16:0	38.7	3,721	7.80	10.39	36.02	45.79	0.64	12398	1.03	15155
		57035	M	D	165	16:00-24:0	35.6	4,637	8.67	11.20	30.80	49.33	0.58	12130	0.96	15138
4	04/18/04	57043	H	D	167	00:01-08:0	55.2	3,027	8.05	12.09	33.90	45.96	0.61	12026	1.01	15059
		57044	H	D	154	08:00-16:0	43.0	3,581	8.79	8.34	37.30	45.57	0.60	12564	0.96	15161
		57045	H	D	132	16:00-24:0	33.2	3,970	11.13	4.63	35.65	48.59	0.51	11905	0.86	14132
4	04/19/04	57055	H	D	120	00:01-08:0	28.4	4,232	12.38	5.04	36.50	46.08	0.63	11650	1.08	14108
		57056	H	D	150	08:00-16:0	72.9	2,057	11.11	6.52	38.08	44.29	0.55	11546	0.95	14017
		57057	H	D	142	16:00-24:0	32.6	4,359	5.77	8.37	38.61	47.25	0.63	12656	0.98	14973
4	04/20/04	57065	H	D	116	00:01-08:0	33.8	3,433	8.87	10.81	36.40	43.92	0.59	12083	0.98	15044
		57066	M	D	48	08:00-16:0	13.4	3,570	6.64	9.37	37.72	46.27	0.64	12645	1.01	15055
		57067	M	D	84	16:00-24:0	16.9	4,970	7.69	10.39	31.35	50.57	0.64	12348	1.04	15073
4	04/21/04	57076	M	D	22	00:01-08:0	6.6	3,348	8.01	11.31	31.18	49.50	0.66	12204	1.08	15126
		57077	M	D	46	08:00-16:0	10.4	4,407	6.47	9.72	33.29	50.52	0.65	12628	1.03	15067
		57078	M	D	44	16:00-24:0	10.6	4,150	6.39	11.20	35.54	46.87	0.65	12438	1.05	15093
4	04/22/04	57086	M	D	48	00:01-08:0	10.5	4,554	6.11	13.25	34.53	46.11	0.65	12122	1.07	15032
		57087	M	D	58	08:00-16:0	16.7	3,469	5.24	9.89	32.38	52.49	0.73	12785	1.14	15064
		57088	M	D	49	16:00-24:0	10.0	4,876	7.76	9.22	33.34	49.68	0.63	12510	1.01	15069
4	04/23/04	57093	M	D	4	00:01-08:0	2.8	1,451	6.74	10.25	30.34	52.67	0.66	12451	1.06	14999
		57094	M	D	48	08:00-16:0	11.2	4,271	6.16	8.21	35.14	50.49	0.64	12715	1.01	14849
		57095	M	D	30	16:00-24:0	6.7	4,449	5.76	8.67	35.84	49.73	0.66	12717	1.04	14862
4	04/24/04	57099	M	D	1	00:01-08:0	0.3	3,053	6.22	10.75	35.88	47.15	0.65	12535	1.04	15097
		57100	M	D	27	08:00-16:0	8.3	3,236	7.46	10.92	29.00	52.62	0.65	12333	1.05	15110
		57101	M	D	32	16:00-24:0	8.5	3,746	8.26	10.08	32.83	48.83	0.60	12406	0.97	15192
4	04/25/04	57107	M	D	28	00:01-08:0	7.8	3,607	7.39	9.98	34.02	48.61	0.68	12478	1.09	15101
		57108	M	D	60	08:00-16:0	18.5	3,246	7.55	9.69	36.15	46.61	0.65	12448	1.04	15041
		57109	M	D	6	16:00-24:0	2.9	2,043	5.75	7.98	32.58	53.69	0.65	12942	1.00	15002
4	04/26/04	57115	M	D	65	00:01-08:0	48.3	1,346	9.07	10.24	29.57	51.12	0.65	12106	1.07	15003
		57116	M	D	74	08:00-16:0	34.7	2,131	10.82	9.01	33.56	46.61	0.60	11933	1.01	14885
		57117	M	D	96	16:00-24:0	37.5	2,563	10.67	8.84	36.38	44.11	0.60	12076	0.99	15003
4	04/27/04	57123	M	D	106	00:01-08:0	50.7	2,091	11.73	10.18	33.32	44.77	0.56	11529	0.97	14764
		57124	M	D	100	08:00-16:0	46.8	2,139	11.63	8.93	35.28	44.16	0.54	11778	0.92	14826
		57125	M	D	144	16:00-24:0	79.6	1,809	11.11	8.47	36.84	43.58	0.55	12052	0.91	14986
4	04/28/04	57132	H	D	124	00:01-08:0	62.4	1,988	8.12	10.50	36.45	44.93	0.78	12168	1.28	14952
		57133	H	D	20	08:00-16:0	12.9	1,552	5.72	12.25	37.23	44.80	0.63	12416	1.01	15136
		57134	M	D	60	16:00-24:0	30.1	1,993	5.53	8.35	32.02	54.10	0.62	12889	0.96	14966
4	04/28/04	57132	M	D	63	00:01-08:0	26.5	2,380	7.81	10.55	33.18	48.46	0.62	12203	1.02	14947
		57133	M	D	66	08:00-16:0	26.2	2,520	7.43	9.89	37.01	45.67	0.61	12344	0.99	14930
		57134	M	D	55	16:00-24:0	25.7	2,141	5.67	9.60	35.41	49.32	0.62	12657	0.98	14938
4	04/30/04	57151	H	D	115	00:01-08:0	48.5	2,373	7.71	10.11	35.66	46.52	0.67	12305	1.09	14973
		57152	H	D	164	08:00-16:0	82.4	1,990	7.95	9.90	39.58	42.57	0.67	12305	1.09	14979
		57153	M	D	38	16:00-24:0	18.8	2,018	7.84	7.52	33.07	51.57	0.62	12361	1.00	14604
*D	Composite for		Sampler 4		APRIL-2004			325,891	0.00	0.00	0.00	100.00	0.00	0	#DIV/0!	0
*D	Composite for		Sampl	corrected -6000 per JP				319,891	7.57	10.07	34.34	48.02	0.63	12339	1.03	14982

RUN DATE: 4/30/2004
RUN TIME: 9:05:47 am
BEG DATE: 1/1/2004
END DATE: 4/30/2004

FUELS MANAGEMENT SYSTEM
PROGRESS FUELS CORPORATION
TOTAL WTD AVERAGE QUALITY REPORT (TONS LOADED)

RPT-ID: TLWTQUAL
TRANS. MODE: River

SUPPLIER	SHIP ID	SHIPMENT NUMBER	LOAD DATE	UNLOAD DATE	CL TP	TL#	# OF CARS	LOAD ORIGIN	TONS LOADED	QUALITY ANALYSIS MOIST	ASH	VOL	SUL	BTU	SO2
PCT Spot PRB Coal	05686	RVG0406-EFC154	4/6		D Coal			Cahokia Terminal,IL	2,001.65	26.37	4.36	31.93	.23	8985	.5120
PCT Spot PRB Coal	05682	RVG0406-MEM3017	4/6	4/19	D Coal			Cahokia Terminal,IL	2,107.00	26.37	4.36	31.93	.23	8985	.5120
PCT Spot PRB Coal	05687	RVG0406-MEM3055	4/6		D Coal			Cahokia Terminal,IL	1,896.30	26.37	4.36	31.93	.23	8985	.5120
PCT Spot PRB Coal	05685	RVG0406-NM105	4/6		D Coal			Cahokia Terminal,IL	1,790.95	26.37	4.36	31.93	.23	8985	.5120
PCT Spot PRB Coal	05684	RVG0406-RF908	4/6		D Coal			Cahokia Terminal,IL	2,001.65	26.37	4.36	31.93	.23	8985	.5120
PCT Spot PRB Coal	05688	RVG0406-RF920	4/6		D Coal			Cahokia Terminal,IL	1,264.20	26.37	4.36	31.93	.23	8985	.5120
PCT Spot PRB Coal	05683	RVG0406-WRS9301	4/6	4/19	D Coal			Cahokia Terminal,IL	2,001.65	26.37	4.36	31.93	.23	8985	.5120
PCT Spot PRB Coal	05714	RVG0414-CBL332	4/14		D Coal			Cahokia Terminal,IL	1,592.38	27.24	4.11	30.37	.19	8894	.4273
PCT Spot PRB Coal	05708	RVG0414-ITC122	4/14		D Coal			Cahokia Terminal,IL	1,469.68	27.27	4.11	30.37	.19	8894	.4273
PCT Spot PRB Coal	05712	RVG0414-MEM5264	4/14		D Coal			Cahokia Terminal,IL	1,950.25	27.24	4.11	30.37	.19	8894	.4273
PCT Spot PRB Coal	05711	RVG0414-PIN210	4/14		D Coal			Cahokia Terminal,IL	1,945.70	27.24	4.11	30.37	.19	8894	.4273
PCT Spot PRB Coal	05709	RVG0414-RF804	4/14		D Coal			Cahokia Terminal,IL	2,087.50	27.24	4.11	30.37	.19	8894	.4273
PCT Spot PRB Coal	05713	RVG0414-RF825	4/14		D Coal			Cahokia Terminal,IL	2,047.93	27.24	4.11	30.37	.19	8894	.4273
PCT Spot PRB Coal	05710	RVG0414-RF914	4/14		D Coal			Cahokia Terminal,IL	2,074.78	27.24	4.11	30.37	.19	8894	.4273
								TOTAL:	26,231.62	26.81	4.23	31.15	0.21	8939	.4694

PRB Quality

PEF-FUEL-000119

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