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DOCUMENT NUMBER-DATE

07624 AUG 22 8

FPSC-COMMISSION CLERK

**COAL SUPPLY CONTRACT BETWEEN  
GULF POWER COMPANY  
AND  
COAL SUPPLIER**

The subject contract, including all graphs, diagrams, charges and appendices, is confidential in its entirety.

DOCUMENT NUMBER DATE

07624 AUG 22 8

FPSC-COMMISSION CLERK

Gulf Power Company  
One Energy Place  
Pensacola, Florida 32520  
Tel 850-444-6332

210.87.13



April 14, 2008

Mr. B J Cornelius  
Senior Vice President  
The American Coal Company  
101 Prosperous Place, Suite 125  
Lexington, Kentucky 40509

Mr. Robert E. Murray, Chairman  
President and Chief Executive Officer  
Murray Energy Corporation  
29325 Boulevard, Suite 300  
Pepper Pike Ohio, 44122

RE: COAL SUPPLY AGREEMENT DATED OCTOBER 5, 2006  
BETWEEN GULF POWER COMPANY AND THE AMERICAN COAL COMPANY

Dear Sirs:

In a letter dated January 29, 2008, Gulf Power Company indicated that the 2007 tonnage shortfall was 403,771.06 tons. Below is status of the March YTD make-up shipments and the remaining tonnage for the 2007 make-up tonnage.

|                    |           |                 |
|--------------------|-----------|-----------------|
| January-March 2008 | 21 Trains | 271,111.08 tons |
| April 2008         | 5 Trains  | 60,000.00 tons  |
| May 2008           | 6 Trains  | 72,659.98 tons  |
| Total              |           | 403,771.06 tons |

Gulf expected the 2007 make-up tons to be completed by April 30, 2008 so the 2008 tonnage shipments could begin. However, Gulf was notified by phone on March 17, 2008 of mandatory rail car lease maintenance to be performed during April on 1 of American's 2 trains. With only 1 train set operating in April, American would be able to ship only 75,000 tons (6 train loads) which is half of the expected tonnage. Gulf found this unacceptable and was in the process of securing a replacement train set to be used by American in April to move the total expected tonnage.

On April 2, 2008, Gulf was notified of a Long Wall move that would start in April and be completed between April 21 and May 1. This would reduce the April shipments to approx. 60,000 tons or 5 trains and would eliminate the need for the Gulf replacement train set. Because of these issues, the 2007 make-up tonnage is projected to be completed in May so the 2008 shipments can begin.

Gulf Power expects American to complete the 2007 make up tonnage as early as possible in May 2008 and immediately begin shipping the 2008 tonnage requirement of 1,200,000 tons.

Mr. B. J. Cornelius  
April 14, 2008  
Page 2 of 2

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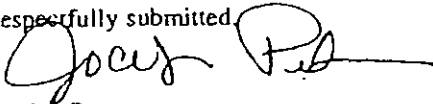
*Based on the foregoing annual quantities, the Quarterly Amount for each Quarter is 300,000 tons.*

Since 100% of the 1<sup>st</sup> quarter 2008 contract tons were not shipped, Gulf considers this to be a tonnage shortfall under the terms of the agreement. Accordingly, Gulf Power is providing notification to Seller of its election to makeup this 1<sup>st</sup> quarter tonnage shortfall. Below is a shipment schedule for the remainder of 2008 that provides for the shipment of the entire annual commitment.

2<sup>nd</sup> quarter 400,000  
3<sup>rd</sup> quarter 400,000  
4<sup>th</sup> quarter 400,000

Your assistance with these issues is greatly appreciated. Please contact me at 850-444-6332 should you have questions or need more information.

Respectfully submitted,



Jocelyh Peters  
Fuel Analyst  
Southern Company Generation  
Fuel Services

cc: Southern Company Generation  
Agent for Gulf Power Company  
H. R. Ball  
J. S. Clayton  
S. B. Comensky  
R. K. Dedeaux  
T. D. Howell  
S. Myrick  
D. J. Rouse  
H. T. Swindle

American Coal Company  
E. Lane

0406001-C

Correspondence

**THE AMERICAN COAL COMPANY**

101 PROSPEROUS PLACE, SUITE 125  
LEXINGTON, KENTUCKY 40509

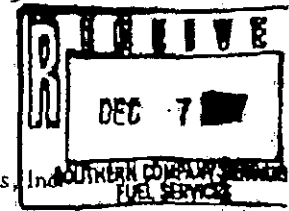
B.J. CORNELIUS  
Sr. Vice President

PHONE (859) 543-0220  
FAX (859) 543-1720

December 4, 2007

Vice President Fuel Services 14N-8160  
Southern Company Services, Inc.  
PO Box 2641  
Birmingham, AL 35291-8160

Manager Fuel Services  
Southern Company Services, Inc.  
One Energy Place  
Pensacola, FL 32520-0328



RE: Notice of Force Majeure: Coal Supply Agreement dated October 5, 2006  
between Gulf Power Company and The American Coal Company.

Dear Vice President:

I am writing to update you in regard to the declaration of a Force Majeure event at The American Coal Company's Galatia North Mine. As previously reported in my letters dated August 9, October 4 and November 7, 2007, coal production was halted at the Galatia North Mine due to new seal requirements imposed by the Mine Safety and Health Administration ("MSHA"), and operational delays at Galatia North resulting from the actions of MSHA in response to the new seal requirements. Additionally, on October 13, 2007 a large roof fall (140 feet in length by 40 feet in height) occurred in the set up rooms of the 1 West longwall panel covering the longwall head drive, shearer ranging arm, ramp pan, three conveyor pans, a segment of face chain, shearer cable and a ramp. This area remained under a "K" Order issued by MSHA because of the fall and Galatia was finally released November 24, 2007. The mine resumed production and three days later another roof fall occurred on the belt conveyor, which transports coal from the mine to the preparation plant. This fall is expected to be cleaned up by December 9, 2007. However, we anticipate shipping the full production requirement of 100,000 tons in December.

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For the month of November, our records indicate that 11,748 tons were shipped to Gulf Power, resulting in a shortfall of 88,252 tons.

2 [REDACTED]

We greatly appreciate your cooperation in this matter, and we regret any inconvenience that this declaration of Force Majeure may cause. If you have any questions, please contact me at the telephone number shown above.

THE GALATIA MINE  
P.O. BOX 727 • HARRISBURG, ILLINOIS 62048

Vice President  
December 4, 2017  
Page 2

Sincerely,

THE AMERICAN COAL COMPANY



B. J. Cornelius  
Sr. Vice President

Gulf Power Company  
One Energy Place  
Pensacola, Florida 32520  
Tel 850-444-6332

210-87.13



December 12, 2007

Mr. B J Cornelius  
Senior Vice President  
The American Coal Company  
101 Prosperous Place, Suite 125  
Lexington, Kentucky 40509

Mr. Robert E. Murray, Chairman  
President and Chief Executive Officer  
Murray Energy Corporation  
29325 Boulevard, Suite 300  
Pepper Pike Ohio, 44122

RE: Notice of Force Majeure: COAL SUPPLY AGREEMENT DATED OCTOBER 5, 2006  
BETWEEN GULF POWER COMPANY AND THE AMERICAN COAL COMPANY

Dear Sirs:

A

Gulf Power Company acknowledges receipt of your November 7, 2007 correspondence referencing Force  
1 Majeure events at the American Coal Company- Galatia Mine. [REDACTED]

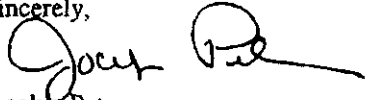
2 [REDACTED]  
3 [REDACTED] ... Gulf Power Company elects to receive the make up tonnage. The fuel  
accounting data for the period ending November 30, 2007 indicates the current shortfall to be 401,384 tons. The  
December projected loadings of 92,000 tons will increase the estimated CY2007 shortfall to about 409,384 tons.

4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED] ... Gulf Power expects the Shortfall Tons as the first shipments of 2008 at the 4<sup>th</sup> quarter  
CY2007 pricing. The CY2008 obligations will begin shipping at the CY2008 price immediately following the  
completion of the actual shortfall tonnage. Gulf Power expects the shipment of all 2008 tons; however, should  
there be any 2008 tonnage shortfall, those tons will be addressed at the end of CY2008.

Mr. B J Cornelius  
December 12, 2007  
Page 2 of 2

If you have questions or wish to discuss this matter, please do not hesitate to contact me at (850) 444-6332.

Sincerely,



Jocelyn Peters  
Fuel Analyst  
Southern Company Generation  
Fuel Services

cc: Southern Company Generation  
Agent for Gulf Power Company  
H. R. Ball  
T. D. Howell  
D. J. Rouse  
H. T. Swindle  
R. K. Dedeaux  
File: GU06001-C American Galatia- Corres.





**THE AMERICAN COAL COMPANY**

101 PROSPEROUS PLACE, SUITE 125  
LEXINGTON, KENTUCKY 40509

**B.J. CORNELIUS**  
Sr. Vice President

PHONE (859) 543-9220  
FAX (859) 543-1720

November 7, 2007

Vice President Fuel Services 14N-8160  
Southern Company Services, Inc.  
PO Box 2641  
Birmingham, AL 35291-8160

Manager Fuel Services  
Southern Company Services, Inc.  
One Energy Place  
Pensacola, FL 32520-0328

RE: Notice of Force Majeure: Coal Supply Agreement dated October 5, 2006  
between Gulf Power Company and The American Coal Company.

Dear Vice President:

I am writing to update you in regard to the declaration of a Force Majeure event at The American Coal Company's Galatia North Mine. As previously reported in my letters to you of August 9 and October 4, 2007, coal production has been halted at the Galatia North Mine due to new seal requirements imposed by the Mine Safety and Health Administration ("MSHA"), and operational delays at Galatia North resulting from the actions of MSHA in response to the new seal requirements.

In my letter to you dated October 4, 2007 I reported that The American Coal Company expected to start the longwall in Galatia North on October 21, 2007. However, on October 13, 2007 a large roof fall (140 feet in length by 40 feet in height) occurred in the set up rooms of the 1 West longwall panel covering the longwall head drive, shearer ranging arm, ramp pan, three conveyor pans, a segment of face chain, shearer cable and a ram car. At the time of the fall, the Mine was in the process of setting up the longwall in the head gate entry. The area is currently under a 'K' Order issued by MSHA because of the fall.

Mine personnel were able to mobilize quickly after the October 13<sup>th</sup> roof fall, but the sheer magnitude of the fall has made the clean up efforts very time consuming. I am happy to report that at this time, most of the rock and debris from the roof fall has been removed. As a result, we are hopeful that the longwall can begin production on November 12, 2007. I will keep you advised of additional developments as they occur.

THE GALATIA MINE  
P.O. BOX 727 • HARRISBURG, ILLINOIS 62946

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1 For the month of October, our records indicate that 11,255 tons were shipped to Gulf  
2 Power, resulting in a shortfall of 88,745 tons. [REDACTED]  
3 [REDACTED]

We greatly appreciate your cooperation in this matter, and we regret any inconvenience that this declaration of Force Majeure may cause. If you have any questions, please contact me at the telephone number shown above.

Sincerely,

THE AMERICAN COAL COMPANY



B. J. Cornelius  
Sr. Vice President

**COAL SUPPLY CONTRACT BETWEEN  
GULF POWER COMPANY  
AND  
COAL SUPPLIER**

The contract in its entirety including all graphs, diagrams, charges and appendix are considered confidential and are the subject of this request for confidential classification