

EXHIBIT B

REDACTED

COM _____
ECR 1
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Docket 070703-EI
PEF's Request for Confidential Classification

DOCUMENT NUMBER-DATE

10290 OCT 31 8

FPSC-COMMISSION CLERK

1 **Q. Did the RFP for CR4 and CR5 coals include specifications for both bituminous**
2 **and sub-bituminous coal?**

3 **A.** Yes, it did. The required coal specifications included as received guaranteed
4 specifications for both bituminous and sub-bituminous coals. These required coal
5 specifications were consistent with the quality specifications historically used at CR4
6 and CR5.

7

8 **Q. Did the RFP go to PRB suppliers?**

9 **A.** Yes, it did. There are a number of PRB suppliers on our bidders list who received the
10 RFP, including Arch Coal, Inc. and Kennecott Energy Company. The RFP or notice
11 of the RFP was also sent to a number of coal trade publications where it was
12 published. These publications are followed by coal suppliers and purchasers in the
13 industry.

14

15 **Q. What were your compliance coal goals for the January 2006 RFP?**

16 **A.** We were targeting 2 million tons for 2007 and just over [REDACTED] tons for 2008 for
17 CR4 and CR5. Thereafter, we targeted [REDACTED] for 2009. Our hedging targets
18 sought to have under contract [REDACTED] to [REDACTED] of the coal needs for the next year, [REDACTED]
19 to [REDACTED] of the coal needs for the second year out, [REDACTED] to [REDACTED] of the coal needs for
20 the third year out, and a decreasing percentage beyond that time period.

21

22 **Q. What was the response to this RFP?**

23 **A.** Out of the over 100 potential suppliers the RFP was sent to, the Company received
24 bids from 22 suppliers with over 100 unique proposals. The Company received only

10. Targets do not include contractual obligations that might extend beyond the contract term (e.g., make-up tons beyond contract term).

Results and Recommendations

Compliance Coal Strategy

1. Procure approximately 500,000 tons of domestic river coal for transport to International Marine Terminal for diversification and blending.
2. Procure 2.0 million tons of coal to replace expiring contracts and maximize the economics of waterborne coal deliveries. The September 2005 RFP did not result in many offers and suppliers were willing to "sit-on" compliance coal through the last half of 2005 in order to extract anticipated higher FOB mine prices.

NON-COMPLIANCE COAL STRATEGY

Currently we have a small open position for units 1 & 2 therefore we will recommend the purchase of one train per month in 2007 and two trains per month for years 2008 and 2009.

RISK ASSESSMENT AND OTHER

1. Continue to closely monitor and evaluate the transportation challenges.

STRATEGY SUMMARY

In order to ensure a diversified portfolio at PEF and to meet the physical hedging guidelines for 2007, the following tables document the recommended and approved purchases from this RFP, as well as the current position.

Coal Purchased from February 2006 RFP		Quality		2006		2007		2008		2009	
Counterparty	SO2	BTU	Tons	(\$/ton)	Tons	(\$/ton)	Tons	(\$/ton)	Tons	(\$/ton)	
[REDACTED]	1.20	12,300			300,000	\$ 64.25	[REDACTED]				
[REDACTED]	1.20	11,300			462,000	\$ 55.25	[REDACTED]				
[REDACTED]	1.20	11,300			500,000	\$ 60.80	[REDACTED]				
[REDACTED]	1.20	12,400	240,000	\$ 63.25	240,000	\$ 63.00	[REDACTED]		[REDACTED]		
[REDACTED]	1.90	12,300			120,000	\$ 48.15	[REDACTED]		[REDACTED]		
[REDACTED]	1.20	12,200			300,000	\$ 64.25	[REDACTED]		[REDACTED]		
			240,000	63.25	1,922,000	\$60.03	[REDACTED]		[REDACTED]		

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For Business Concluded EOD: 6/26/2006

	2006	2007	2008	2009	2010	Total
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]