

CONFIDENTIAL

TAMPA ELECTRIC COMPANY  
DOCKET NO. 980001-EI  
FPSC STAFF'S 1<sup>ST</sup> SET  
INTERROGATORY NO. 3  
WITNESS: BROWN  
PAGE 1 OF 41

- 3. Indicate the terms and conditions that Tampa Electric Company and the transportation supplier(s) have agreed to for the river barge and oceangoing vessel transportation of coal and petroleum coke to the Big Bend and Gannon facilities for the period January 1, 1999 through December 31, 2003.
  - A. As indicated in the response to Interrogatory No. 1, TECO Transport will provide the transportation services under the terms and conditions for the river barge and oceangoing vessel transportation of coal and petroleum coke to the Big Bend and Gannon facilities for the period January 1, 1999 through December 31, 2003 contained in the Transportation Storage and Transfer Agreement between Tampa Electric Company and TECO Transport Corporation dated as of June 30, 1998 in the attached documents.

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FPSC-RECORDS/REPORTING

**TRANSPORTATION STORAGE AND TRANSFER AGREEMENT**

**BETWEEN**

**TAMPA ELECTRIC COMPANY**

**AND**

**TECO TRANSPORT CORPORATION**

**Dated as of June 30, 1998**

**CONFIDENTIAL**

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**TRANSPORTATION, STORAGE AND TRANSFER AGREEMENT**

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

**WITNESSETH:**

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

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

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

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

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

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

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

## 1. DEFINITIONS

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

### 1.0 Cargo

Coal or petroleum coke.

### 1.1. Effective Date

January 1, 1999

### 1.2. Contract or Agreement Year

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

### 1.3. Short Ton, Net Ton or Ton

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

### 1.4. Freetime

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

**1.5. Laytime**

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

**1.6. Terminal**

Carrier's transloading facility located near Davant, Louisiana.

**1.7. Priority Handling**

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

**1.8. Critical Coals**

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

**1.9 FAS Cargo**

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

**2. EFFECTIVE DATE AND TERM****2.1. Term**

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

2.2. Provisions for Extension of Term

At the end of the initial term of this Agreement, if Tampa Electric has a continued need for the transportation of fuels beyond the initial term of this Agreement, the Carrier shall have the option of renewing this agreement under the circumstances set forth in this Section 2.2. This option is provided in recognition of the substantial investment made by the Carrier for the purpose of transporting coal to Tampa Electric during the initial period. In such event, Tampa Electric shall notify the Carrier of that need for such transportation ("Notice of Need") at least three (3) months prior to the end of the initial term. Within fifteen (15) days of its receipt of the Notice of Need, the Carrier shall advise Tampa Electric, in writing, of its intention to exercise its option to renew. If the Carrier fails to notify Tampa Electric of its intention to renew within this fifteen (15) day period, then the Carrier's option to renew shall be extinguished.

[REDACTED]

Should the Carrier decline to exercise its option, then Tampa Electric shall be free to obtain all or any portion of the transportation services from one or more third party carriers ready, willing and able to provide same, subject to the Carrier's right of first refusal to match the best offer of any third party carrier to provide all or any portion of said services.

3. CARGO

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

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

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



- (2) For storage and/or transfer services within the Port of New Orleans: Tampa Electric's entire requirements for said services, but not less than [REDACTED] tons and not more than [REDACTED] tons 1  
2  
3
- (3) For transportation from the Terminal (or other origins in the Port of New Orleans or other ports located on the Gulf of Mexico) to Tampa Electric's generating plants near Tampa, Florida: Tampa Electric's entire requirements for said transportation, but not less than [REDACTED] tons and not more than [REDACTED] tons. 4  
5  
6  
7  
8

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

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

#### 4. SERVICES AND OPERATIONS

##### 4.1. Transportation

##### 4.1.1. Equipment

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

##### 4.1.2. Safety

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

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

#### **4.1.3. Scheduling**

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

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

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

#### **4.1.4. Loss**

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

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

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

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

#### **4.1.5. Barge Cleaning and Acceptance**

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

#### **4.1.6. Loading**

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

#### **4.1.7. Unloading at the Generating Facilities**

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

#### **4.1.8. Priority Handling**

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

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

## 4.1.10. Demurrage

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

- a. [REDACTED] days at origin river locations
- b. [REDACTED] days at Tampa Electric generating plants

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

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

## 4.1.11. Rail Shipment Notice

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

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

## 4.2. Storage and Transfer

### 4.2.1. Facilities

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

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

### 4.2.2. Right of Inspection

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

**4.2.3. Water Depth**

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

**4.2.4. Scheduling**

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

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

Mardi Gras

Anniversary Picnic: Last Saturday of April

Independence Day

Thanksgiving Day

Christmas Day:

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

**4.2.5. Unloading at the Terminal**

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

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

#### 4.2.6. Loading at the Terminal

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

#### 4.2.7. Blending and Dust Suppression

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

#### 4.2.8. Inventory

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

#### 4.2.9. Cargo Storage Report

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

**4.2.10. Stevedore Damage**

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

**4.3. Sampling**

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

**4.4. Weights and Weighing**

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

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

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

**4.5. Subcontracting**

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



## 5. COVER REMEDY FOR CARRIER'S FAILURE TO PERFORM

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

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

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

## 6. RATES AND CHARGES

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

### 6.1. Rail and Dump Charges

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

## 6.2. River Charges

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

## 6.3. Terminal and Gulf Charges.

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

## 6.4. Adjustment of Rates

The River Rates and Terminal/Gulf Rates [REDACTED] in accordance with Exhibits (D) and (E). Fuel and Variable component bases shall be established using [REDACTED].

## 6.5. Change of Law or Taxes

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

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

6.6. Approval of Price Revisions

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

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

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

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

7. NEGOTIATION OF TRANSPORTATION RATES ON SPOT PURCHASES OF CARGO

7.1. Right to Negotiate

The parties agree that during the initial term of the Agreement, Tampa Electric shall have the right to request proposals, and negotiate and sign agreements with others ready, willing and able to provide transportation, transfer and storage services for spot purchases of coal ("Spot Services"), provided, however, that

[REDACTED SECTION]

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[REDACTED]

[REDACTED]

[REDACTED] hereunder shall not affect the obligation of either party to tender or transport their respective Minimum Annual Quantities as set forth in Section 3 hereof.

## 7.2. Other Transportation Origins

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

## 8. PAYMENT AND CREDIT

### 8.1. Application of Rates

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

### 8.2. Invoice and Payment

#### 8.2.1. Contents of Invoices

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

#### 8.2.2. Invoicing

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

CONFIDENTIAL

**8.2.3. Invoicing Error Corrections**

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

**8.2.4. Invoicing Mailing Address**

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

**8.2.5. Payment of Undisputed Invoices and Credit Memoranda**

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

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

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

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

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#### **8.2.6. Payment of Disputed Invoices and Price Revisions**

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

### **9. BOOKS, RECORDS AND AUDITS**

#### **9.1. Maintaining Books and Records**

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

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

#### **9.2. Right to Audit and Request Audit**

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

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

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

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

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

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

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

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

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

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

**10. DEFAULT****10.1. Notification Procedures**

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

**10.2. Definition of Default Condition**

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

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

**10.3. Time Limits**

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



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

10.4. Remedies

10.4.1. Default of Tampa Electric

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

- (1) For Shortfall amounts involving transportation from river origins to the Terminal (or other destinations in the Port of New Orleans): 12  
[REDACTED] 13  
[REDACTED] 14  
[REDACTED] 15  
[REDACTED] 16  
[REDACTED] 17  
 such origin during such calendar year.
  
- (2) For Shortfall amounts involving storage and/or transfer services 18  
 within the Port of New Orleans: [REDACTED] 19  
[REDACTED] 20  
[REDACTED] 21  
[REDACTED] 22  
 under each respective service category during such 23  
 calendar year. 24
  
- (3) For Shortfall amounts involving transportation from the Terminal (or 25  
 other origins in the Port of New Orleans or other ports located on 26  
 the Gulf of Mexico) to Tampa Electric's generating plants near 27  
 Tampa, Florida: [REDACTED] 28  
[REDACTED] 29  
[REDACTED] 30

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

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

**10.4.2. Default by Carrier**

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

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

**10.4.3. Limits**

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

**11. INSOLVENCY****11.1. Agreement Termination**

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

**12. FORCE MAJEURE****12.1. Definition**

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

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

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

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

#### **12.3. Notice And Relief Under Force Majeure**

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

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

### **13. ASSIGNMENT**

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

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

#### 14. APPLICABLE LAW

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

#### 15. CONFIDENTIALITY

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

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

#### 16. DISPUTE RESOLUTION

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

**16.1. Alternative Dispute Resolution Forms**

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

**16.2. Notice of Dispute**

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

**16.3. Procedures for Dispute Resolution**

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

**16.4. Fees, Expenses, and Attorneys Fees**

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

**16.5. Performance of Obligations During Dispute Resolution**

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

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

## 17. INSURANCE

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

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

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

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

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

## 18. NOTICES AND MISCELLANEOUS

### 18.1. OFFICIAL NOTICE ADDRESS

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

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

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

## 18.2. SUCCESSORS AND ASSIGNS

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

## 18.3. TRANSPORTATION SERVICE RESTRICTIONS

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

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

## 19. SUPERSEDED AGREEMENTS

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

## 20. HOLD HARMLESS, DEFENSE AND INDEMNITY

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

EXHIBIT (A)  
OCEAN BULK CARRIER UNLOADING PROVISIONS

1. Vessel and Delivery

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

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

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

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

2. Nomination of Vessel; Laydays; Shore Equipment

Tampa Electric will nominate the performing vessel or substitute together with details of the vessel twenty-five (25) days prior to the commencement of loading of the vessel at the loadport. Laydays eventually agreed shall be sufficient to unload cargo at takeaway rate specified herein.

[REDACTED] 21  
[REDACTED] 22  
[REDACTED] 23  
[REDACTED] 24  
[REDACTED] 25  
[REDACTED] 26  
[REDACTED] 27  
[REDACTED] 28

[REDACTED] 29  
[REDACTED] 30  
[REDACTED] 31  
[REDACTED] provided, 32

however, that the foregoing guarantee shall not apply to more than one of Tampa Electric's vessels at the discharge port at any time, and shall not apply to any vessel loaded at less than 55,000 metric tons.

3. Demurrage and Despatch

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



this Agreement, Carrier shall pay Tampa Electric demurrage at the lesser of the rate provided in the charter party or ██████████ per day (pro rata for partial day thereof). 1  
2  
3

If sooner dispatched, Tampa Electric shall pay Carrier despatch money at the greater of the rate provided in the charter party or ██████████ per day (pro rata for partial day thereof). 4  
5

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

#### 4. Notice of Arrival

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

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

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

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

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

#### 5. Laytime

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

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

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

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

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

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

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

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

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

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

EXHIBIT (B)

RIVER TRANSPORTATION RATES:

LOCATION	FIXED	FUEL	VARIABLE	TOTAL	
AEP COOK TERMINAL - M.P. 947.4 - OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	4
HAMILTON - M.P. 851.8 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	6
CASEYVILLE - M.P. 871.6 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	8
OVERLAND TERMINAL - M.P. 841.5 - OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	10
KANIPE ENTERPRISES - M.P. 872 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	12
RIGSBY & BARNARD - M.P. 881 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	14
MT. VERNON - M.P. 828.0 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	16
MOUND CITY - M.P. 976 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	18
SOUTHERN INDIANA - M.P. 794.3 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	20
NEW HOPE DOCK - M.P. 736.0 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	22
EMPIRE DOCK - M.P. 896 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	24
YANKEETOWN - M.P. 772.5 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	26
OWENSBORO - M.P. 758.7 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	28
KEN MINE - M.P. 98 GREEN RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	30
PYRAMID - M.P. 94 GREEN RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	32
GREEN COAL - M.P. 11 GREEN RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	34
PATRIOT DOCK - M.P. 31.7 GREEN RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	36
SEBREE - M.P. 43 GREEN RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	38
HUNTINGTON - M.P. 306 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	40
BIG SANDY - M.P. 1-8 BIG SANDY RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	42

TTI TERMINAL - M.P. 405.9 OHIO RIVER				
JEFFERSON RIVERPORT- MP 618.5 OHIO RIVER				
KENTUCKY LAKE- M.P.- 24.8 TENNESSEE RIVER				
BRT TERMINAL - M.P. 23.0 TENNESSEE RIVER				
KELLOGG DOCK - M.P. 125 MISSISSIPPI RIVER				
CORA DOCK - M.P. 98.5 MISSISSIPPI RIVER				
CAHOKIA MARINE - M.P. 178 MISSISSIPPI RIVER				

EXHIBIT (C)

GULF / TERMINAL TRANSPORTATION RATES:

	FIXED	FUEL	VARIABLE	TOTAL	
TERMINAL - DIRECT TRANSFER RATE	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	4
TERMINAL - TRANSFER TO GROUND RATE	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	5
TERMINAL - IMPORTED COAL RATE	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	6
GULF TRANSPORTATION RATE	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	7

EXHIBIT (D)

Sample Calculation for the [REDACTED] No. 2 fuel oil price as posted in Platt's Oilgram. 2

No. 2 Fuel Oil Posted New Orleans Low Contract Price

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

[REDACTED] = 1  
 [REDACTED]  
 [REDACTED] = [REDACTED]  
 [REDACTED]

[REDACTED]  
 [REDACTED]  
 [REDACTED]

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EXHIBIT (D) "Continued"

Sample Computation for [REDACTED]

2

Assume the following values:

[REDACTED]

4

[REDACTED]

5

[REDACTED]

[REDACTED]

6

[REDACTED]

7

[REDACTED]

8

[REDACTED]

9

[REDACTED] X [REDACTED] = [REDACTED]

10

11

[REDACTED] x [REDACTED] = [REDACTED]

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Sample Calculations Only

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EXHIBIT (E) -

Sample Computation for [REDACTED]

Assume the Following Values:



[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] x [REDACTED]

[REDACTED]

= [REDACTED]

[REDACTED] x [REDACTED]

[REDACTED]

= [REDACTED]

[REDACTED] x [REDACTED]

[REDACTED]

= [REDACTED]

Sample Calculations Only

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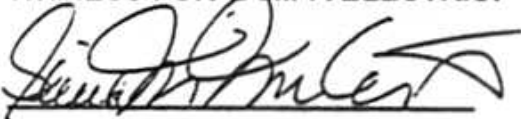
Agreement, Carrier further expressly agrees to indemnify Tampa Electric Company and hold them harmless from and against any and all claims for personal injury, death or property damage and any other losses, damages, charges or expenses, including attorneys fees, which arise out of, in connection with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

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


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

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

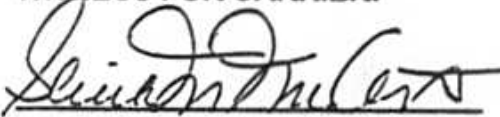
WITNESS FOR TAMPA ELECTRIC:

  
\_\_\_\_\_

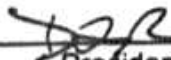
TAMPA ELECTRIC COMPANY

By:   
\_\_\_\_\_ President

WITNESS FOR CARRIER:

  
\_\_\_\_\_

TECO TRANSPORT CORPORATION

By:   
\_\_\_\_\_ President

COPIES

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 980001-EI  
FPSC STAFF'S 1<sup>ST</sup> REQUEST  
FOR PRODUCTION OF  
DOCUMENTS NO. 3  
WITNESS: BROWN  
PAGE 1 OF 59**

3. Provide a copy of all analysis performed to evaluate each proposal that Tampa Electric Company received in response to its August 12, 1997 solicitation.
- A. The analyses performed and used to evaluate the proposals received by Tampa Electric are provided in the attached documents. Evaluation of Transportation Bids is a document prepared by Tampa Electric's Fuels Department. Also included is a draft report prepared by Mercer Management Consulting, which among other things, reviewed Tampa Electric's bid process and evaluation. This report also takes into account assumptions necessary for the evaluation of all three portions of the integrated transportation service.

### Evaluation of Transportation Bids

The transportation solicitation process produced no bids for integrated transportation services providing delivery from the mine to the generating station. The process did produce three bids for complete inland river transportation and one bid for terminal and transfer services. The blue water gulf portion of the transportation solicitation produced no bids. Close examination of each river bid resulted in identifying discrepancies between bids. These discrepancies needed to be resolved before the bids could be properly ranked. The following provides a brief description of how the differences were reconciled. The resulting analysis provides a reasonable assessment of market rates for the river and terminal segments.

**Ohio River Company:** This proposal based the quoted rates on a minimum of 1,000,000 tons annually from each potential river location. Based on recent deliveries and existing contracts, there was only one river facility which would meet this condition. The Cook Terminal provides the most competitive logistics for shipments of Powder River Basin coal and low sulfur, low fusion coal from the Illinois Basin. Shipments from Cook during the life of this contract period are expected to be 2,500,000 tons annually. The remaining shipments are expected to come from a variety of locations with none exceeding 1,000,000 tons annually. Ohio River Company was contacted by phone to inquire as to the correct method of evaluating rates from facilities expected to handle less than 1,000,000 tons annually. Ohio River Company indicated that a premium of [REDACTED] per ton for docks located on the Ohio River System and [REDACTED] per ton for docks on the Upper Mississippi River System needed to be added to the rate of each facility expected to handle less than 1,000,000 tons annually. Ohio River Company based the quoted rates on five free days to load and discharge with a daily demurrage rate of [REDACTED] per barge for each additional day exceeding the freetime. An average of seven days is required to load and discharge barges under existing conditions. An additional adjustment of [REDACTED] per ton was needed to reflect these expected conditions. Using rates adjusted for expected conditions and applying the probable shipment volumes and locations, the cost of moving the 5.375 million tons of coal to the terminal is estimated to be [REDACTED] per ton or [REDACTED].

**MEMCO:** This proposal based its rates on a unit tow basis with a demurrage rate for most locations of [REDACTED] per hour based on 15-barge tows. Free time for most locations was quoted as 24 hours to load the entire unit tow and 24 hours to discharge the entire unit tow. The demurrage rate for Cook was [REDACTED] per hour based on 25-barge tows with 36 hours free time to load and discharge. The minimum tons per barge requirement raises an issue of dead freight which I chose to deal with by assuming a seven day requirement to load and discharge barges. This methodology generates a considerable amount of demurrage. This concept works better at facilities that are designed for high volume and capable of handling a larger size tow but is punitive for low volume docks. The adjustment for high

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volume facilities such as Cook was calculated to be \$ [redacted] /ton while the adjustment for lower volume facilities was calculated to be \$ [redacted] /ton. Using rates adjusted for expected conditions and applying the probable shipment volumes and locations, the cost of moving the 5.375 million tons of coal to the terminal is estimated to be \$ [redacted] /ton or [redacted] /ton.

**Ingram:** The rates in this proposal are based on six days of freetime and a demurrage rate of \$ [redacted] /barge-day. The adjustment for one day of demurrage equates to \$ [redacted] /ton. Using rates adjusted for expected conditions and applying the probable shipment volumes and locations, the cost of moving the 5.375 million tons of coal to the terminal is estimated to be \$ [redacted] /ton or [redacted] /ton.

**River Transportation Conclusions:** Based on initial evaluations conducted by the Fuels Department staff, the lowest cost average rate to transport the year of 1999's tonnage from inland river docks to the gulf is an average rate of \$ [redacted] /ton or \$ [redacted] /ton. The escalation provision proposed by Ohio River Company appears to offer lower escalation by providing a larger fixed component.

**IMT:** This proposal represents the only quote received for terminal services. The evaluation process for this proposal consists of applying operating assumptions which most closely reflect the expected conditions. Presently, roughly [redacted] of Tampa Electric's tonnage is direct transferred to ocean going vessel and [redacted] is transferred to ground storage. IMT quoted rates for direct transfer, ground storage and imported coal. The process of applying the historical percentages and expected tonnages to each of these three categories produces fairly straight forward costs. The guarantee for discharging barges at IMT is five days. The barge carriers were assessed the first three and one half days (3 1/2) of demurrage. With a five day guarantee to discharge it is expected that some of the tonnage will generate demurrage charges in excess of those accounted for in the barge evaluations. The anticipated increased demurrage charge is expected to increase the average rate per ton by \$ [redacted]. The evaluated cost of transferring and storing 7,775,000 tons of coal for Tampa Electric is \$ [redacted] or \$ [redacted] /ton.

**Consultant:** The bid process is an effective method for gathering market based data, however, since no bids were received for the gulf portion of the transportation solicitation other approaches were needed to be able to determine reasonableness of rates. Tampa Electric has retained the services of Mercer Management to examine the reasonableness of rates for each segment of the transportation system. Mercer was asked to examine the markets independently and to independently evaluate the bid packages. Mercer was asked to develop pricing models to analyze the various aspects of each transportation segment.

UNRECORDED

**Summary:** Based on Tampa Electric's analysis of the bids received and Mercer's independent analysis, Tampa Electric can meet its contractual obligation of providing TECO Transport an opportunity to extend the contract. This opportunity is based on an existing contractual provision which allows them the right to match the lowest evaluated bid. In the event no acceptable bids are received the contract is to be extended at rates judged reasonable by an independent consultant.

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## WB-0199 River - Bids Summary

Terminal	Tons	Proposal A		Proposal B		Proposal C	
		Rate	Cost	Rate	Cost	Rate	Cost
[REDACTED]	2,500,000	[REDACTED]	[REDACTED]	[REDACTED]	\$ [REDACTED]	[REDACTED]	\$ [REDACTED]
[REDACTED]	750,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	250,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	375,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Tons</b>	<b>5,375,000</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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River Proposal A

WB0199BS.WK1

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Terminal	Tons	River Rate see Note*	Cost	Premium Rates	Cost	Total Rate	Demurrage	Cost Total	Miles	Mils/ton-mile
	2,500,000									
	750,000									
	250,000									
	375,000									
	500,000									
	500,000									
	500,000									
<b>Total Tons</b>	<b>5,375,000</b>								<b>1,043</b>	

Note \* Rates based on minimums of 1,000,000 tons per location. A premium of [redacted] on must be added for locations less than the minimum.

\*Demurrage for 2days @ [redacted] per day/ton

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### River Proposal B

WB0199BS.WK1

Terminal	Tons	River Rate	Cost	Total Rate	Demurrage	Cost Total	Miles	Mils/ton-mile
[REDACTED]	2,500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	750,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	250,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	375,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Tons</b>	<b>5,375,000</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Demurrage for 5 days @ \$[REDACTED]/day/unit tow

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# River Proposal C

WB0199BS.WK1

Terminal	Tons	River Rate	Cost	Total Rate	Demurrage	Cost Total	Miles	Mils/ton-mile
[REDACTED]	2,500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	750,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	250,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	375,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Tons</b>	<b>5,375,000</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	<b>1,043</b>	[REDACTED]

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Demurrage for 1 day @ \$ [REDACTED] /barge

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10-Apr-98

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Terminal Proposal

WB0199BS.WK1

Terminal	Tons	Direct Tons @ \$	Ground Tons @ \$	Import Tons @ \$	Terminal Rate	Cost	Total Rate	Demurrage	Cost Total
	2,500,000								
	750,000								
	250,000								
	375,000								
	500,000								
	500,000								
	500,000								
River Tons	5,375,000								
	1,050,000								
	600,000								
	750,000								
	7,775,000								
	500,000								
Total Tons	8,275,000								

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Evaluation WB-0199

Ohio River MEMCO Ingram

Ohio River MEMCO Ingram

MP-Calc Miles

Rates Rates Rates

Mills/ton-mi Mills/ton-mi Mills/ton-mi

	MP-Calc	Miles	Rates	Rates	Rates
Cook	948	987			
Mound City	976	959			
BRT	911	1024			
Ken Lake	910	1025			
Empire	896	1039			
R&B	881	1054			
Kanipe	872	1063			
Caseyville	872	1063			
Hamilton	852	1083			
Overland	842	1093			
Mt Vernon	828	1107			
So. Ind.	794	1141			
Green Coal	773	1162			
Patriot	752	1183			
Sebree	741	1194			
Pyramid	690	1245			
Ken Mine	686	1249			
Yankeetwn	773	1162			
Owwensbo	750	1185			
New Hope	734	1201			
Jeff Riv Por	618	1317			
TTI	406	1529			
Big Sandy	312	1623			
Huntington	306	1629			
Cora	99	1053			
Kellogg	125	1079			
Cahokia	178	1132			

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**Mercer Management Consulting Work Product**

**Pages 12 of 59 through 49 of 59 intentionally omitted**

### Evaluation of Transportation Bids

The transportation solicitation process produced no bids for integrated transportation services providing delivery from the mine to the generating station. The process did produce three bids for complete inland river transportation and one bid for terminal and transfer services. The blue water gulf portion of the transportation solicitation produced no bids. Close examination of each river bid resulted in identifying discrepancies between bids. These discrepancies needed to be resolved before the bids could be properly ranked. The following provides a brief description of how the differences were reconciled. The resulting analysis provides a reasonable assessment of market rates for the river and terminal segments.

**Ohio River Company:** This proposal based the quoted rates on a minimum of 1,000,000 tons annually from each potential river location. Based on recent deliveries and existing contracts, there was only one river facility which would meet this condition. The Cook Terminal provides the most competitive logistics for shipments of Powder River Basin coal and low sulfur, low fusion coal from the Illinois Basin. Shipments from Cook during the life of this contract period are expected to be 2,500,000 tons annually. The remaining shipments are expected to come from a variety of locations with none exceeding 1,000,000 tons annually. Ohio River Company was contacted by phone to inquire as to the correct method of evaluating rates from facilities expected to handle less than 1,000,000 tons annually. Ohio River Company indicated that a premium of \$[redacted] /ton for docks located on the Ohio River System and \$[redacted] /ton for docks on the Upper Mississippi River System needed to be added to the rate of each facility expected to handle less than 1,000,000 tons annually. Ohio River Company based the quoted rates on five free days to load and discharge with a daily demurrage rate of \$[redacted] /barge for each additional day exceeding the freetime. An average of seven days is required to load and discharge barges under existing conditions. An additional adjustment of \$[redacted] /ton was needed to reflect these expected conditions. Using rates adjusted for expected conditions and applying the probable shipment volumes and locations, the cost of moving the 5.375 million tons of coal to the terminal is estimated to be \$[redacted] /ton or \$[redacted].

**MEMCO:** This proposal based its rates on a unit tow basis with a demurrage rate for most locations of \$[redacted] /hour based on 15-barge tows. Free time for most locations was quoted as 24 hours to load the entire unit tow and 24 hours to discharge the entire unit tow. The demurrage rate for Cook was \$[redacted] /hour based on 25-barge tows with 36 hours free time to load and discharge. The minimum tons per barge requirement raises an issue of dead freight which I chose to deal with by assuming a seven day requirement to load and discharge barges. This methodology generates a considerable amount of demurrage. This concept works better at facilities that are designed for high volume and capable of handling a larger size tow but is punitive for low volume docks. The adjustment for high

volume facilities such as Cook was calculated to be \$ [redacted] /ton while the adjustment for lower volume facilities was calculated to be \$ [redacted] /ton. Using rates adjusted for expected conditions and applying the probable shipment volumes and locations, the cost of moving the 5.375 million tons of coal to the terminal is estimated to be \$ [redacted] /ton or \$ [redacted].

**Ingram:** The rates in this proposal are based on six days of freetime and a demurrage rate of \$ [redacted] /barge-day. The adjustment for one day of demurrage equates to \$ [redacted] /ton. Using rates adjusted for expected conditions and applying the probable shipment volumes and locations, the cost of moving the 5.375 million tons of coal to the terminal is estimated to be \$ [redacted] /ton or \$ [redacted].

**River Transportation Conclusions:** Based on initial evaluations conducted by the Fuels Department staff, the lowest cost average rate to transport the year of 1999's tonnage from inland river docks to the gulf is an average rate of \$ [redacted] /ton or \$ [redacted]. The escalation provision proposed by Ohio River Company appears to offer lower escalation by providing a larger fixed component.

**IMT:** This proposal represents the only quote received for terminal services. The evaluation process for this proposal consists of applying operating assumptions which most closely reflect the expected conditions. Presently, roughly [redacted] of Tampa Electric's tonnage is direct transferred to ocean going vessel and [redacted] is transferred to ground storage. IMT quoted rates for direct transfer, ground storage and imported coal. The process of applying the historical percentages and expected tonnages to each of these three categories produces fairly straight forward costs. The guarantee for discharging barges at IMT is five days. The barge carriers were assessed the first three and one half days (3 1/2) of demurrage. With a five day guarantee to discharge it is expected that some of the tonnage will generate demurrage charges in excess of those accounted for in the barge evaluations. The anticipated increased demurrage charge is expected to increase the average rate per ton by \$ [redacted]. The evaluated cost of transferring and storing 7,775,000 tons of coal for Tampa Electric is \$ [redacted] or \$ [redacted] /ton.

**Consultant:** The bid process is an effective method for gathering market based data, however, since no bids were received for the gulf portion of the transportation solicitation other approaches were needed to be able to determine reasonableness of rates. Tampa Electric has retained the services of Mercer Management to examine the reasonableness of rates for each segment of the transportation system. Mercer was asked to examine the markets independently and to independently evaluate the bid packages. Mercer was asked to develop pricing models to analyze the various aspects of each transportation segment.

**Summary:** Based on Tampa Electric's analysis of the bids received and Mercer's independent analysis, Tampa Electric can meet its contractual obligation of providing TECO Transport an opportunity to extend the contract. This opportunity is based on an existing contractual provision which allows them the right to match the lowest evaluated bid. In the event no acceptable bids are received the contract is to be extended at rates judged reasonable by an independent consultant.



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### WB-0199 River - Bids Summary

Terminal	Tons	Proposal A		Proposal B		Proposal C	
		Rate	Cost	Rate	Cost	Rate	Cost
[REDACTED]	2,500,000	[REDACTED]	\$ [REDACTED]	[REDACTED]	\$ [REDACTED]	[REDACTED]	\$ [REDACTED]
[REDACTED]	750,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	250,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	375,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Tons</b>	<b>5,375,000</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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River Proposal A

WB0199BS.WK1

Terminal	Tons	River Rate see Note*	Cost	Premium Rates	Cost	Total Rate	Demurrage	Cost Total	Miles	Mils/ton-mile
[REDACTED]	2,500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	750,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	250,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	375,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Tons	5,375,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	1,043	[REDACTED]

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\*Note: Rates based on minimums of 1,000,000 tons per location. A premium of [REDACTED] ton must be added for locations less than the minimum.

\*Demurrage for 2 days @ [REDACTED] day/barge

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06-Apr-98

# River Proposal B

WB0199BS.WK1

Terminal	Tons	River Rate	Cost	Total Rate	Demurrage	Cost Total	Miles	Mils/ton-mile
[REDACTED]	2,500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	750,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	250,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	375,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Tons</b>	<b>5,375,000</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	<b>1,043</b>	[REDACTED]

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Demurrage for 5 days @ [REDACTED] day/unit tow

River Proposal C

WB0199BS.WK1

Terminal	Tons	River Rate	Cost	Total Rate	Demurrage	Cost Total	Miles	Mils/ton-mile
[REDACTED]	2,500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	750,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	250,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	375,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	500,000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Tons</b>	<b>5,375,000</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	<b>1,043</b>	[REDACTED]

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Demurrage for 1 day @ \$175/day/barge

# Terminal Proposal

WB0199BS.WK1

Terminal	Tons	Direct Tons @	Ground Tons @	Import Tons @	Terminal Rate	Cost	Total Rate	Demurrage	Cost Total
	2,500,000								
	750,000								
	250,000								
	375,000								
	500,000								
	500,000								
	500,000								
River Tons	5,375,000								\$
	1,050,000								\$
	600,000								\$
	750,000								\$
	7,775,000								
	500,000								
Total Tons	8,275,000								

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Evaluation WB-0199

Ohio River MEMCO Ingram

Ohio River MEMCO Ingram

MP-Calc Miles Rates Rates Rates Mills/ton-mi Mills/ton-mi Mills/ton-mi

	MP-Calc	Miles	Rates	Rates	Rates	Mills/ton-mi	Mills/ton-mi	Mills/ton-mi	
Cook	948	987	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	1
Mound City	976	959	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	2
BRT	911	1024	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	3
Ken Lake	910	1025	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	4
Empire	896	1039	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	5
R&B	881	1054	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	6
Kanipe	872	1063	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	7
Caseyville	872	1063	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	8
Hamilton	852	1083	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	9
Overland	842	1093	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	10
Mt Vernon	828	1107	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	11
So. Ind.	794	1141	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	12
Green Coal	773	1162	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	13
Patriot	752	1183	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	14
Sebree	741	1194	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	15
Pyramid	690	1245	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	16
Ken Mine	686	1249	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	17
Yankeetwn	773	1162	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	18
Owwensbo	750	1185	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	19
New Hope	734	1201	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	20
Jeff Riv Por	618	1317	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	21
TTI	406	1529	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	22
Big Sandy	312	1623	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	23
Huntington	306	1629	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	24
Cora	99	1053	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	25
Kellogg	125	1079	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	26
Cahokia	178	1132	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	27

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WB-0199 Escalation

	Ohio River	Memco	Ingram	
Ave Rate 1999	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	1
Fixed Component	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	2
Fuel Tax Component	\$ [REDACTED]			3
Fuel % of rate				4
Fuel Component	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	5
Escal	PPI-Fuel	platt N.O.	\$ .60 Base	6
Variable % of rate				7
Variable Component	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	8
Escal	PPI	PPI+CPI	CPI-Ser	
Proj-Rate of Escal	[REDACTED]	[REDACTED]	[REDACTED]	9
Ave Rate 2000	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	10
Ave Rate 2001	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	11
Ave Rate 2002	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	12
Ave Rate 2003	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	13
Contract Life				
Ave \$/ton	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	14

Note index estimates provided by Tom Moore

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TAMPA ELECTRIC COMPANY  
DOCKET NO. 980001-EI  
FPSC STAFF'S 1<sup>ST</sup> SET  
INTERROGATORY NO. 5  
WITNESS: BROWN  
PAGE 1 OF 79

5. Indicate the terms and conditions that Tampa Electric Company and the transportation supplier(s) who currently provide river barge and ocean going vessel transportation of coal and petroleum coke to the Big Bend and Gannon facilities agreed to.
  - A. Terms and conditions that Tampa Electric Company and TECO Transport, the current provider of river barge and oceangoing vessel transportation of coal and petroleum coke to the Big Bend and Gannon facilities, are included in the Coal Transportation Agreement Between Tampa Electric Company and TECO Transport & Trade Corporation in the attached documents.



COAL TRANSPORTATION AGREEMENT  
BETWEEN  
TAMPA ELECTRIC COMPANY  
AND  
TECO TRANSPORT & TRADE CORPORATION

*Doc. 2000-0101*

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TRANSPORTATION AGREEMENT

THIS AGREEMENT is made this 14th day of October, 1988, by and between Tampa Electric Company, a Florida Corporation ("Tampa Electric"), and TECO Transport & Trade Corporation, a Florida Corporation ("TECO Transport").

## WITNESSETH:

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

WHEREAS, TECO Transport owns and/or operates adequate equipment and facilities to provide transportation, storage and transfer services in the movement of coal from various shipping points to Tampa Electric's generating plants in Florida: (1) Mid-South will transport coal by barge from inland river shipping points down tributaries of the Mississippi River, thence down the Lower Mississippi River to Electro-Coal's terminal and transfer facility in Davant, Louisiana; and (2) Electro-Coal will store and/or transfer such coal to vessels owned and/or operated or controlled by Gulfcoast; and (3) Gulfcoast will transport such coal across the Gulf of Mexico to Tampa Electric's generating plants in the vicinity of Tampa, Florida; and (4) TECO Transport will arrange rail transportation as requested by Tampa Electric to move coal to river origin points; and

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WHEREAS, Tampa Electric has need for an assured, reliable, and economical system to transport, store and transfer coal originating at inland shipping points and moving via the Mississippi River and its tributaries to Tampa Electric's generating plants in the vicinity of Tampa, Florida;

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

#### 1 - DEFINITIONS

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

1. Effective Date - November 1, 1988.
2. Contract or Agreement Year - Each of the twelve-month periods comprising the term of this Agreement beginning January 1, and ending the following December 31, except for the initial year which shall begin the Effective Date of this Agreement and end December 31, 1988.
3. Short Ton, Net Ton or Ton - A ton of two thousand (2,000) pounds avoirdupois.
4. Freetime - The period allowed by TECO Transport for Tampa Electric, or its agents, to load or unload vessels without charge to Tampa Electric.

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

6. Priority Handling - TECO Transport's best effort to ship, load, or unload Tampa Electric's coal with all due dispatch.

7. Critical Coals - Types of coal designated from time to time by Tampa Electric to be the predominant coals burned in its boiler units and, therefore, essential for power plant operation.

2 - EFFECTIVE DATE AND TERM

2.1 Term

The initial term of this Agreement shall begin November 1, 1988, and shall continue in full force for a period of approximately ten (10) years or until December 31, 1998, or until final delivery of any coal being transported on such date.

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3 - CARGO

TECO Transport and its transportation, transfer and storage companies shall transport coal by barge from inland shipping points on the tributaries of the Mississippi River down the Lower Mississippi River to Electro-Coal's terminal at Davant, Louisiana. In addition, coal shall be received at Davant from other coal suppliers on an FAS Davant basis. Such coal shall be stored, blended or transloaded at Davant as requested by, and agreed with, Tampa Electric, loaded into ocean-going vessels owned, operated and/or controlled by Gulfcoast and transported across the Gulf of Mexico to Tampa,

[Handwritten signature or stamp]

Florida and vicinity. TECO Transport shall be totally responsible for executing all phases of its operations to ensure timely deliveries consistent with agreed upon schedules.

The minimum annual tons to be transported from river origins to Davant, Louisiana in each Agreement Year shall be 1,750,000 tons. The minimum annual tons to be transported from Davant, Louisiana and delivered to Tampa, Florida, including coal delivered FAS Davant, Louisiana, shall be 4,000,000 tons. The minimum tonnage requirements for 1988 shall be based on the yearly requirements prorated on a monthly basis from the effective date to December 31, 1988. TECO Transport shall have available transport, transloading and storage capacity or be able to contract for additional transport, transloading and storage capacity to handle up to 75 percent more tonnage than the above stated values.

#### 4 - SERVICES AND OPERATIONS

##### 4.1. Transportation

4.1.1 Equipment - TECO Transport shall provide the necessary river towboats and hopper barges, having a nominal capacity of 1400 short tons each, for transporting coal from Mississippi River tributary terminal locations, to be designated by Tampa Electric, to Davant and the necessary ocean-going vessels to transport coal from Davant, Louisiana to Tampa, Florida, and vicinity, based on annual tonnages estimated in Section 3. In the event TECO Transport is unable to provide said equipment, sufficient harbor tugs and fleeting areas required to assure safe and expeditious

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service, within the provisions of Section 4.1.3, Tampa Electric may apply remedies as provided for in Section 5.

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

4.1.3 Scheduling - On or before November 25 of each year, Tampa Electric shall notify TECO Transport of its estimated river and Gulf movements for the succeeding year. Tampa Electric and TECO Transport shall schedule the yearly movements in approximately equal monthly shipments unless otherwise mutually agreed to, in writing, by both parties.

Tampa Electric shall notify TECO Transport on or before the 25th day of each month of the total estimated tons to be moved for each of the next twelve (12) months. For inland river movements, Tampa Electric shall provide the then known information on inland loading points, quantities, coal suppliers and destination storage piles at Davant, Louisiana. For movements across the Gulf of Mexico, Tampa Electric shall provide quantities and coal type to be delivered to each power plant location. Tonnages designated for months four (4) through twelve (12) shall be subject to

change in subsequent monthly notifications. Total tonnage amounts designated for each of months one (1) through three (3) shall not be revised more than 20% below or 20% above those amounts in subsequent monthly notifications, except by mutual agreement. River origin locations for months one (1) through three (3) shall not be raised in subsequent monthly notifications, except by mutual agreement.

Should TECO Transport fail to provide the scheduled transportation for either the specified quantity or the specified coal type, Tampa Electric shall have the option of substituting equipment or using alternative transportation routes under the conditions of Section 5 for the tonnages scheduled but not transported.

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

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4.1.4 Loss - TECO Transport shall have the risk and liability for loss of coal during the period commencing when Tampa Electric coal is loaded into barges at origin loading points, for inland river tendered tonnages, or commencing with transfer and storage functions at Davant, Louisiana for FAS Davant tonnage, and terminating when it secures the loaded ocean-going vessels at the Tampa Electric generating facility. TECO Transport, however, shall not be responsible for shrinkage of coal inventories in its custody which does not exceed shrinkages normally accepted as reasonable within the

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

TECO Transport warrants that it has expertise in handling coal and has necessary licenses and permits to properly conduct transfer operations.

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

4.1.5 Barge Cleaning and Acceptance - TECO Transport shall provide equipment which has been suitably cleaned and free of debris and foreign material. The loading facility, acting as an agent of Tampa Electric, can reject any equipment which it reasonably deems to be unacceptable. Any loading facility, owned or operated by TECO Transport, is required to reject any equipment which has not been suitably cleaned and free of debris and foreign material. The loading of a barge shall constitute acceptance by the coal loading facility and Tampa Electric.

4.1.6 Loading - TECO Transport shall coordinate the planning and scheduling of river barge loading and direct deliveries to Davant with the Tampa Electric coal suppliers' coal loading facilities and will coordinate the planning and scheduling of ocean-going vessels with the Fuels Department of Tampa Electric and Tampa Electric's generating plants.

4.1.7 Unloading - TECO Transport agrees to perform the docking and positioning of vessels at Tampa Electric's generating facilities, including repositioning of vessels as reasonably required during unloading. The

unloading of vessels at the generating facilities will be the responsibility of Tampa Electric.

4.1.8 Priority Handling - TECO Transport agrees to accord the loading, shipping and unloading of Tampa Electric coal such priority as required to conform to all scheduling as set forth in this Agreement. In the event of a forecasted shortage of Critical Coals at Tampa Electric's power plants, as determined solely by Tampa Electric, Tampa Electric cargo will receive priority handling. If such priority handling requires a substantial additional expense on the part of TECO Transport, a fair handling premium may be requested from Tampa Electric to recover the additional expense. Tampa Electric reserves the right to forego priority handling and any associated handling premiums.

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

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

- a. [REDACTED] days at origin river locations
- b. [REDACTED] days at Tampa Electric generating plants

Laytime shall begin at the first 0700 time following placement, actual or constructive, of the river barge at an inland river coal loading origin or following the tendering of the vessel at the Tampa Electric generating facilities. After expiration of the allowed freetime, the demurrage charge for inland river barges is [REDACTED] per barge per day, or fraction thereof, for the first [REDACTED] days and [REDACTED] per barge per day, or fraction thereof, for each day thereafter until released to carrier. For FAS Davant deliveries, Tampa Electric shall be responsible for the first [REDACTED] of any demurrage incurred. TECO Transport shall be responsible for any demurrage beyond [REDACTED] days on a per barge basis at the same rate per barge that Tampa Electric shall be held liable for by the relevant barging agreement but not to exceed [REDACTED] per barge per day. For ocean-going vessels the demurrage charge is [REDACTED] per hour for each hour beyond the Freetime.

#### 4.2. Storage and Transfer

4.2.1 Facilities - TECO Transport shall provide the necessary facilities and services for the unloading, sampling, storing, blending, compacting and loading of up to 7,000,000 tons of coal per year (or such

other tonnage as the parties shall mutually agree, in writing, is appropriate) and shall perform such services in a prompt and efficient manner.

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

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

4.2.3 Water Depth - TECO Transport shall maintain, or cause to be maintained, adequate water depth at the Davant facility to accommodate vessels to a maximum draft of 40 feet consistent with the operation of the Davant, Louisiana facility for the purpose intended by this Agreement. Tampa Electric shall maintain, or cause to be maintained, adequate water depth at Tampa facilities to accommodate vessels to a maximum draft of 34



feet consistent with the operation of the Tampa facilities for the purpose intended by this Agreement.

4.2.4 Scheduling - TECO Transport shall load the oceangoing vessels with coal to the maximum appropriate draft on a continuous 24 hours a day, 7 days a week basis, except for standard holidays, and coordinate the schedule and delivery rate as agreed upon and in accordance with Section 4.1.3, Scheduling, with respect to notification and revised estimates of tonnage.

4.2.5 Unloading - Unloading of river barges at Davant, Louisiana shall be performed by TECO Transport by use of an unloader, of appropriate design and capacity, which is capable of a minimum sustained unloading rate of 3000 tons per hour. Coal shall be piled and compacted as jointly agreed upon by the parties.

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

4.2.7 Blending - Upon request, TECO Transport shall blend the various specifications of coal during the loading of barges at the Davant, Louisiana facility such that the composite mixture of loaded coal is within ratios specified by Tampa Electric. Blending shall be accomplished by alternating layers of two different coal types until there are a minimum of

four layers of approximately equal tonnage present in each of the vessel's holds.

4.2.8 Inventory - TECO Transport shall maintain inventory records for each pile of Tampa Electric coal at Davant, Louisiana. The quantity of coal added to or subtracted from pile inventories shall be based on Tampa Electric weights determined at river origin points or power plants, respectively. TECO Transport shall have aerial surveys of the Davant coal inventory performed quarterly on or about January 1, April 1, September 1 and October 1. The difference between the book inventory and the aerial survey inventory shall be adjusted to account for the plus or minus three percent ( $\pm 3\%$ ) accuracy of the aerial survey. The adjusted difference will then be used to correct the inventory records. A report on the aerial survey adjustment shall be sent to Tampa Electric no later than 30 days after the survey. TECO Transport shall pay for the aerial surveys of Davant inventories.

4.2.9 Coal Storage Report - TECO Transport shall report for each weekday to Tampa Electric the inventory, by coal type, of Tampa Electric's coal at Davant, Louisiana.

#### 4.3 Sampling

Automatic sampling equipment and facilities which meet the conditions of ASTM Standard D2234 shall be made available to Tampa Electric, or its designated agent, by TECO Transport for use on all inbound and outbound coal at the Davant, Louisiana facility. The parties recognize that laboratory services may be provided by an independent third party contractor and should

Tampa Electric elect to obtain said services, Tampa Electric will pay the contractor directly for same:

#### 4.4 Weights and Weighing

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

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

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

#### 4.5 Subcontracting

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

5 - FAILURE TO PERFORM

Notwithstanding any other provisions in this Agreement, if TECO Transport fails to provide the minimum transportation services provided for hereunder, TECO Transport shall arrange to provide substitute equipment for individual shipments of cargo at the transportation, transfer and/or storage rate specified by this Agreement in quantities acceptable to Tampa Electric, which acceptance shall not be unreasonably withheld, in order to provide the specified minimum services. Any such tonnage so transported shall be deducted from Tampa Electric's minimum tonnage requirement under this Agreement. If TECO Transport fails to provide the substitute equipment, Tampa Electric may, for TECO Transport's account and expense, arrange in good faith and pursuant to terms negotiated at "arm's length" for the substitute equipment with a third party or use of alternative transportation routes.

Any additional cost paid by Tampa Electric for such substitute equipment or use of alternative transportation routes greater than the applicable cost hereunder shall be reimbursed to Tampa Electric by TECO Transport, and the tonnage so transported shall be deducted from Tampa Electric's minimum tonnage requirement under this Agreement. Any additional loading, unloading or other handling costs incurred by Tampa Electric because of TECO Transport's failure to deliver the scheduled quantities or type of coal shall also be reimbursed by TECO Transport to Tampa Electric. Such reimbursement shall be TECO Transport's sole liability to Tampa Electric for failure to provide the minimum transportation services required hereunder, except in the event of default as provided for in Section 8.

The requirement for TECO Transport to provide substitute equipment or to underwrite the costs of Tampa Electric's arrangements for substitute equipment shall not be applicable if TECO Transport's failure to provide the required services results from force majeure circumstances as set forth herein or from any default by Tampa Electric.

#### 6 - RATES AND CHARGES

Tampa Electric agrees to pay TECO Transport the rates per short ton specified herein for the transportation and handling of coal performed under this Agreement from river origins to Tampa Electric's generating facilities, including storage and transfer at Davant, Louisiana and rail movements, if applicable. The rates referred to herein, shall include all costs and expenses for TECO Transport's operation and maintenance of its fleet and equipment.

##### 6.1 Rail and Dump Charges

For tonnages moved by rail to water contracted by TECO Transport for Tampa Electric, Tampa Electric agrees to pay for all costs prudently incurred by TECO Transport to move Tampa Electric's coal by rail from the applicable mines and into barges. Tampa Electric shall have the right of approval, prior to any rail movements, for all rail and dump charges that TECO Transport could incur when moving Tampa Electric's coal. Included in this right is the requirement that Tampa Electric must grant approval of all contract terms prior to TECO Transport entering into said contract for the movement of Tampa Electric's coal. Tampa Electric shall have the right, but

not the obligation, to contract for such services on its own behalf. Tampa Electric shall be provided with sufficient proof of documentation for such costs incurred.

## 6.2 River Charges

Tampa Electric shall pay the Base River Rates specified below for inland barge movements from river origins to Davant, Louisiana.

<u>Base Rate Locations</u>	<u>Fuel Component</u>	<u>Variable Component</u>	<u>Other Component</u>	<u>Total Rate</u>
Gibraltar - M.P. 86 Green River 1st 700,000 tons	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] 11
Mt. Vernon - M.P. 829 Ohio River 1st 450,000 Tons	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] 14
Clean Coal - M.P. 534 Ohio River 1st 600,000 Tons	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] 17
<u>Supplemental Locations</u>				
Clean Coal - M.P. 534 Ohio River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] 20
Harriman - M.P. 11 Emory River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] 22
Pyramid - M.P. 32 Green River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] 24
Pyramid - M.P. 94 Green River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] 26
Gibraltar - M.P. 86 Green River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] 28

<u>Supplemental Locations</u>	<u>Fuel Component</u>	<u>Variable Component</u>	<u>Other Component</u>	<u>Total Rate</u>
BRT - M.P. 23 Tennessee River	[REDACTED]	[REDACTED]	--	[REDACTED] 4
Southern IN - M.P. 784 Ohio River	[REDACTED]	[REDACTED]	--	[REDACTED] 6
Mt. Vernon - M.P. 829 Ohio River	[REDACTED]	[REDACTED]	--	[REDACTED] 8
Caseyville - M.P. 872 Ohio River	[REDACTED]	[REDACTED]	--	[REDACTED] 10
New Hope - M.P. 734 Ohio River	[REDACTED]	[REDACTED]	--	[REDACTED] 12
Hamilton - M.P. 852 Ohio River	[REDACTED]	[REDACTED]	--	[REDACTED] 14
KOT - M.P. 351 Ohio River	[REDACTED]	[REDACTED]	--	[REDACTED] 16
TTI - M.P. 406 Ohio River	[REDACTED]	[REDACTED]	--	[REDACTED] 18
Kentucky Lake - M.P. 24 Upper Tennessee River	[REDACTED]	[REDACTED]	--	[REDACTED] 20
Kellogg - M.P. 125 Upper Mississippi River	[REDACTED]	[REDACTED]	--	[REDACTED] 22
Cora Dock - M.P. 99 Upper Mississippi River	[REDACTED]	[REDACTED]	--	[REDACTED] 24
Glassport - M.P. 97 Monongahela River	[REDACTED]	[REDACTED]	--	[REDACTED] 26
Catoosa - M.P. 445 Arkansas River	[REDACTED]	[REDACTED]	--	[REDACTED] 28

The Base Freight Rates for Base Rate locations shall be renegotiated if any of the Base Rate locations or quantities are permanently adjusted. If the new Base Freight Rate(s) cannot be mutually agreed upon, the provisions of Section 16 shall apply. Until new Base Freight Rates are mutually agreed upon, the existing Base Freight Rate shall apply. Tampa Electric shall have

the option, but not an obligation, to add Base Rate Locations and renegotiate the Base Freight Rate for all Base Rate Locations in Section 6.2

Supplemental river rates listed herein shall not apply to tonnages in excess of 2.3 million tons moved from river origin points above mile post 784 on the Ohio River. In addition, no more than 200,000 tons originating above mile post 784 on the Ohio River shall have river origin points above mile post 406 on the Ohio River. For the Catoosa Supplemental River Origin, the rates used herein shall not apply to tonnages in excess of 200,000 tons per year. For tonnage in excess of these limits, the transportation rate shall be determined by Section 7.

6.3 Terminal and Gulf Charges

Tampa Electric agrees to pay the following Base Terminal/Gulf Rates for tons loaded at Davant, Louisiana for transport to the generating facilities in Tampa, Florida.

<u>Component</u>	<u>Base Rate First 4,000,000 Tons</u>	<u>Supplemental Above 4,000,000 Tons</u>	
Fuel	[REDACTED]	[REDACTED]	18
Variable	[REDACTED]	[REDACTED]	17
Other	[REDACTED]	[REDACTED]	20
Total Terminal/Gulf Rate	[REDACTED]	[REDACTED]	21

These rates shall apply up to 7 million tons in any year.

6.4 Adjustment of Rates

6.4.1 - River and Terminal/Gulf Fuel Component - The fuel component of the Base Freight Rate shall be adjusted [REDACTED] 25  
 [REDACTED] 26  
 [REDACTED] 27



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[REDACTED] 8

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[REDACTED] 13

[REDACTED] 14

6.5 Price Re-Openers

On or about July 1, 1993, Tampa Electric and TECO Transport shall meet to re-open and re-determine the current freight rates for all Agreement tonnage. Tampa Electric and TECO Transport shall determine these freight rates by the following method:

- (a) On or about July 1, 1993, Tampa Electric shall determine the market prices for water transportation as described in Section 4. On or about September 1, 1993, Tampa Electric shall determine the costs of said water transportation on a qualified and evaluated basis. These shall be the re-opener freight rates.

(b) On or about September 1, 1993, if no competitive bids for water transportation have been received as described in Section 6.5(a), Tampa Electric and TECO Transport shall establish new freight rates mutually agreed to by the parties and judged to be reasonable by an independent consultant mutually commissioned by the parties. These shall be the re-opener freight rates.

Re-opener freight rates chosen from 6.5(a) or 6.5(b), shall in no event be more than 10% above or less than 10% below the then current freight rate for each of the categories that are effective December 1993.

#### 6.6 Official Weights and Application of Base Tonnage

For purpose of determining the rate to apply during any month, the official weights as set forth in Section 4 shall be used.

The tonnage levels set forth in Sections 6.2 and 6.3 above shall be divided into twelve equal parts and applied on a monthly basis. If, in any month from January to November, the base tonnage applied on a monthly basis is not met, the difference between the actual monthly tonnage and the base monthly tonnage will be carried forward and added to the next month's base tonnage requirements for use in determining the rate to apply.

After December's shipments, the tonnage shipped during the year shall be reconciled against the base annual tonnage requirements, as stated in Section 6.2 and 6.3. The annual adjustments shall ensure that Tampa Electric has been invoiced for the tonnages at the Base Freight Rates with regard to river and terminal/gulf requirements.

If Tampa Electric has shipped and been invoiced for the base tonnages at the Base Freight Rates as specified in Section 6.2 and 6.3, no annual adjustment will be made.

If Tampa Electric has shipped and been invoiced for more or less than the tonnages at the Base Freight Rates as specified in Section 6.2 and 6.3, an annual adjustment shall be calculated in the following manner.

- (a) Differential tons shall be calculated by subtracting the tons invoiced at the Base Freight Rate from the base tonnage requirement, for each Base Rate Location. A positive differential tonnage indicates an undershipment. A negative differential tons indicates an overshipment.
- (b) Any overshipment shall result in a credit to Tampa Electric equal to the absolute value of the differential tons multiplied by the difference between the Base Freight Rate and the supplemental rate for that river origin.
- (c) Any undershipment shall result in a credit to TECO Transport equal to the differential tons multiplied by the difference between the Base Freight Rate and the supplemental rate for that river origin.

The rates used in this section will be a simple average of the applicable quarterly rates. An example calculation is attached as Exhibit A.

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#### 6.7 Taxes

Any changes to Federal, State, Municipal or other local governmental taxes or tariffs from existing and future port authorities that may hereafter be charged to TECO Transport resulting from the services rendered hereunder, such as the amount of any user charge or toll, imposed, levied or collected from TECO Transport for its use of the Mississippi and Ohio Rivers or their tributaries or of the locks and dams in said river systems or any similar additional rail charges and any fuel surcharges imposed during the course of performance of the transportation services rendered hereunder,

shall result in equal changes to the other component of the appropriate rate to be paid to TECO Transport by Tampa Electric.

If the amount of any one such adjustment due to governmental authority exceeds the then current freight and handling charges by 25 percent (%) or more, Tampa Electric, in lieu of agreeing to such amendment(s) and/or adjustment(s), may seek a compensatory settlement through the provisions of Section 16.

#### 6.8 Approval of Price Revisions

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

It is understood by both parties that acceptance of any price revision on the part of Tampa Electric does not waive Tampa Electric's right to audit under the provisions of Section 14 hereof or to correct any overpayment or underpayment that might be determined by such audit.

Tampa Electric and TECO Transport agree to negotiate in good faith to settle any disputed price revisions, but such negotiations will not affect TECO Transport's obligation to provide services as provided for herein, nor will they affect Tampa Electric's obligation to pay for such services in accordance with the provisions of Section 13 hereof.

Should Tampa Electric and TECO Transport be unable to agree within ninety (90) days after receipt of TECO Transport's request, the parties shall proceed as set forth by the provisions of Section 16. The resolution

of any dispute settled as provided for in Section 16 shall be binding upon the parties.

7 - NEGOTIATION OF  
TRANSPORTATION RATES  
ON SPOT PURCHASES OF COAL

7.1 Right to Negotiate

The parties agree that during the initial term of the Agreement, Tampa Electric shall have the right to request proposals, and negotiate and sign agreements with others for the transportation, transfer and storage of spot purchases of coal,

[REDACTED] 10  
[REDACTED] 11  
[REDACTED] 12  
[REDACTED] 13

7.2 Other Transportation Origins

For inland barge movements from river origins other than those listed in Section 6.2, TECO Transport shall quote a river rate upon request by Tampa Electric. If the river origin to be quoted is located on the same river as an upstream river origin listed in Section 6.2, the quoted river rate may not exceed that provided for the nearest upstream comparable river origin as listed in Section 6.2.

8 - DEFAULT8.1 Notification Procedures

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

8.2 Definition of Default Condition

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

- Failure by Tampa Electric to tender coal at inland river origin points.
- Failure by Tampa Electric to unload or receive coal at its facilities in Tampa and vicinity.
- Failure by Tampa Electric to make payment under this Agreement.



the party having the difficulty); or, unusually severe or life threatening breakdowns of or damage to plant, equipment or facilities (including barge and barge loading and unloading facilities, equipment, facilities and equipment used in storage and transfer of coal and including breakdowns of, or damage to, power plant equipment so as to prevent the receiving, handling or burning of coal in significant quantities or the receiving and storing of coal at the power plant locations).

#### 10.2 Force Majeure Events Affecting Coal Supplier

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

#### 10.3 Notice And Relief Under Force Majeure

If, because of force majeure, either Tampa Electric or TECO Transport is unable to carry out its duties, obligations and responsibilities to the other party under this Agreement other than the already incurred obligations prior to any force majeure declarations in connection with the performance of this Agreement and, if such party gives to the other verbal notice within

forty-eight (48) hours and written notice of such force majeure as soon as possible thereafter, then the obligations of both parties under this Agreement shall be totally excused to the extent, but only to the extent, made necessary by such force majeure and only during its continuance, provided that the party asserting force majeure shall expeditiously and, insofar as reasonably possible, take appropriate actions to eliminate or minimize the effects of such force majeure. Neither party shall be liable to the other for loss, damage or equipment detention caused by such force majeure. During a disability period caused by force majeure which affects the minimum annual tonnage, the minimum annual tonnage shall be reduced by an amount equal to the number of tons not shipped during the event of force majeure.

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

#### 11 - ASSIGNMENT

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

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

#### 12 - APPLICABLE LAW

To the extent not governed by applicable Federal Statutes, the laws of the State of Florida shall govern the validity, construction and performance of this Agreement and all controversies and claims arising thereunder, except as to the obligations of Electro-Coal Transfer Corporation herein, then the laws of the State of Louisiana shall apply.

#### 13 - PAYMENT AND CREDIT

##### 13.1 Application of Rates

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

##### 13.2 Invoice and Payment

13.2.1 Contents of Invoices - All invoices or credit memoranda issued hereunder shall specify the date of shipment to which the invoice or credit memorandum pertains, the monthly and cumulative yearly tonnage shipped for each origin, the applicable price and such other information as

shipped for each origin, the applicable price and such other information as is reasonably necessary to enable Tampa Electric to verify the billing or credit amount.

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

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

13.2.4 Invoicing Mailing Address - Tampa Electric shall advise TECO Transport in writing of the proper address (or any changes thereto) to which billing invoices should be mailed.

13.2.5 Payment of Undisputed Invoices and Credit Memoranda - Tampa Electric shall, within ten (10) calendar days of receipt of any invoice pertaining to services rendered hereunder, pay to TECO Transport the full net amount of said invoice; provided, however, that if Tampa Electric shall, pursuant to Section 13.2.5, in good faith dispute any portion of any invoice, then only the undisputed portion of said invoice need be paid within the time period specified in Section 13.2.6. Unless otherwise requested by TECO Transport in writing, payment shall be treated as made when the same is either (1) transferred by wire to TECO Transport's account

and/or bank as TECO Transport from time to time may designate in writing; (2) personally delivered to the President of TECO Transport or such other person as TECO Transport may from time to time designate in writing; or (3) deposited in the U.S. mails, postage prepaid, and properly addressed as follows:

TECO Transport & Trade  
5405 West Cypress Street  
Suite 300  
Tampa, Florida 33607  
Attention: President

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

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

### 13.2.6 Payment of Disputed Invoices and Price Revisions

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

## 14 - BOOKS AND RECORDS AND AUDITS

### 14.1 Maintaining Books and Records

- (a) TECO Transport shall maintain books and records of all payments, price adjustments, credits, debits, weights and supporting documentation establishing the bases for the price and all similar data related to the performance under this Agreement, in order that all provisions of this Agreement can be adequately administered. In so doing, TECO Transport shall use consistent accounting methods and practices. Such books and records shall be retained for a minimum of five (5) years, unless there is an ongoing Tampa Electric audit or dispute involving such books and records at the end of the five (5) years, in which case such books and records shall be retained until such audit is completed or dispute is resolved. In addition, TECO Transport shall itemize for Tampa Electric all data pertaining to price adjustments requested under Section 6 of this Agreement and shall make its books and records available to Tampa Electric at any reasonable time so that Tampa Electric can document any change, revision or

adjustment to the various prices specified herein. TECO Transport shall submit any additional information which Tampa Electric may request which is reasonably available from TECO Transport's records and pertinent to the adjustment to be made.

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

#### 14.2 Right to Audit and Request Audit

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

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

Tampa Electric may, on prior written notice, but no more frequently than once a year, have TECO Transport examine through their agents, employees or any independent auditor reasonably satisfactory to Tampa Electric, the appropriate books and records of TECO Transport's subcontractors that relate to their performance of the subcontracted work

for this Agreement. Subcontractors of TECO Transport with whom TECO Transport does not have audit rights as of the effective date of this Agreement shall be exempt from this audit requirement for the duration of the existing Subcontract. TECO Transport shall use their best efforts to ensure that all new subcontract agreements shall provide TECO Transport with the necessary audit rights.

Upon request, but no more frequently than one (1) time per year, Tampa Electric shall make available to TECO Transport the records described in 14.1(b) hereof for auditing purposes.

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

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

If the results of any audit disclose that an error has occurred and as a result an underpayment or overpayment by either party has been made during the period of time intervening since the most recent such audit, or since deliveries commenced hereunder, if no previous such audit has been made, the amount thereof shall promptly be paid to the party to whom it is owed by the other party and the freight rate or charge shall be adjusted accordingly.

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



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

15 - CONFIDENTIALITY

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

The obligations contained in this Section shall survive the termination of this Agreement regardless of the cause or reason for termination.

TECO Transport acknowledges that Tampa Electric may be required to make such disclosure to the Florida Public Service Commission, Federal Energy Regulatory Commission and to the Securities Exchange Commission and that such disclosure shall not require prior notice to TECO Transport. However, Tampa Electric agrees to make reasonable effort to make such disclosure

subject to a confidentiality agreement or order and notify TECO Transport of such disclosure.

## 16 - DISPUTE RESOLUTION

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

### 16.1 Alternative Dispute Resolution Forms

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

## 16.2 Notice of Dispute

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

## 16.3 Procedures for Dispute Resolution

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

## 16.4 Fees, Expenses, and Attorneys Fees

The fees and expenses of the arbitrators or other third parties involved in the dispute resolution process, with the exception of respective counsel, shall be equally shared by the parties, unless the decision and

resolution of the controversy or dispute shall specify some other apportionment of those fees and expenses. At the conclusion of said dispute resolution procedure, the prevailing party shall be entitled to recover its reasonable attorneys fees from the losing party, unless otherwise agreed to by the parties.

#### 16.5 Performance of Obligations During Dispute Resolution

Unless otherwise agreed in writing by Tampa Electric and TECO Transport, performance of their respective obligations under this Agreement shall be continued in full during the dispute resolution process. Final settlement of any dispute need not be made until the final decision has been rendered in the dispute resolution process.

#### 17 - CERTIFICATE OF COMPLIANCE

The following Certificate of Compliance shall form and be deemed attached to all existing and future contracts or purchase orders entered into by Tampa Electric between Tampa Electric and TECO Transport from the date of execution of this Agreement until its termination: (1) Tampa Electric incorporates by reference where applicable terms of Title 41 CFR Part 60-741.4 including provisions (a) to (f) pertaining to Section 503 of the Rehabilitation Act of 1973 as amended by the Rehabilitation Act amendments of 1974; (2) Tampa Electric incorporates by reference where applicable terms of Title 41 CFR Part 60.250.4 including provisions (a) to (f) pertaining to the Vietnam Era Veterans Readjustment Act of 1974; (3) Tampa Electric incorporates by reference where applicable terms of Title 41

CFR Part 60-1.4 et seq pertaining to Executive Order 11246; (4) Tampa Electric incorporates by reference where applicable terms of Federal Procurement Regulations Parts 1-1 subpart 1.1310-2 pertaining to the Minority Business Enterprise Program.

18 - CERTIFICATE OF NON-SEGREGATED FACILITIES

TECO Transport certifies that it will not maintain or provide for its employees any segregated facilities at any of its establishments and that it will not permit its employees to perform their services at any location under its control, where segregated facilities are maintained. TECO Transport agrees that a breach of this certification is a violation of the Equal Opportunity clause. As used in this certification, the term "segregated facility" means any waiting rooms, work areas, time clocks, lockers and other storage and dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation and housing facilities provided for the employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, sex or national origin because of habit, local custom or otherwise. Provided: this clause shall not be interpreted or applied as to limit the right to maintain or use restrooms, dressing areas, locker rooms or other similar facilities which are segregated on the basis of sex. Where TECO Transport maintains or uses such facilities, it will provide functionally equivalent accommodations for male and female persons.

19 - INSURANCE

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

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

TECO Transport shall, at its own expense, carry and maintain full marine coverage including Hull Collision, Protection and Indemnity Insurance and any other insurance as required to cover fully the liability of the

barge, tows and other facilities and equipment and their owners against loss of life, personal injury, and damage of any property, equipment and facilities.

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

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

## 20 - NOTICES AND MISCELLANEOUS

### 20.1 OFFICIAL NOTICE ADDRESS

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

Tampa Electric Company  
702 N. Franklin Street  
Tampa, Florida 33602  
Attention: Director,  
Fuels Department

TECO Transport & Trade Corporation  
5405 W. Cypress Street  
Suite 300  
Tampa, Florida 33607  
Attention: President

## 20.2 HEIRS, SUCCESSORS AND ASSIGNS

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

## 20.3 TRANSPORTATION SERVICE RESTRICTIONS

Neither of the parties will take any action, nor will Tampa Electric make any transportation service requirement of TECO Transport hereunder, nor will TECO Transport or Tampa Electric transport any commodities, that would cause Mid-South, Gulfcoast or Tampa Electric to become a common carrier by water within the meaning of the Interstate Commerce Act or within the meaning of Section 15 of the Shipping Act of 1916, as amended, or any other applicable federal or state law, as now in effect or hereafter amended or adopted, or that would cause Mid-South, Gulfcoast or Tampa Electric to be subject to regulation under Part III of the Interstate Commerce Act, or that would render this Agreement subject to approval by the Interstate Commerce Commission or the Federal Maritime Commission or any other regulatory body, state or federal, or that would, in any way, render this Agreement or the operations hereunder unlawful or contrary to public policy; neither of the parties will take any action that would prevent either party from remaining a citizen of the United States, as defined in Section 2 of the Shipping Act of 1916, as amended, entitled to own and operate vessels engaged in the coastwise trade.



21- SUPERSEDED AGREEMENTS

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

22 - REVOCATION OF PRIOR AGREEMENTS

Prior agreements, as listed below, are hereby automatically revoked and terminated as of the Effective Date hereof. Neither party shall have, after the effective date of such termination, any further rights or obligations under the agreements listed below; provided, however, and anything contained herein or in said agreements listed below to the contrary notwithstanding, that such termination shall not affect any rights or obligations arising out of or pertaining to the fulfillment or nonfulfillment of any of the terms, covenants and/or conditions of said agreements listed below performed or required to be performed thereunder prior to the effective date of said termination. This covenant of indemnity shall survive termination of both this Agreement and said agreements listed below.

Revoked Agreements

Gulfcoast Transit:

Transportation Agreement of December, 1966

Transportation Agreement of January, 1973

Mid-South Towing:

Transportation Agreement of December, 1966

Transportation Agreement of July, 1970

Transportation Agreement of April, 1971

Transportation Agreement of May, 1972

Transportation Agreement of June, 1981

Electro-Coal Transfer:

Transfer Agreement of July 28, 1981 as amended

September 14, 1983

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TECO Transport & Trade:

Transportation System Agreement of January 24, 1985

23 - HOLD HARMLESS, DEFENSE AND INDEMNITY

TECO Transport assumes the entire responsibility for its performance of the services covered by this Agreement. For specific valuable consideration and other benefits accruing to TECO Transport, which have been received and

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

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

In no event shall TECO Transport be liable for loss of profits, plant shut-downs, cost of substitute power, additional operating expenses or suits by third parties for the failure of Tampa Electric to provide services, and this limitation of liability applies to the aforesaid hold harmless and indemnity clause.

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

(CORPORATE SEAL)  
ATTEST:

*[Signature]*  
Secretary

TAMPA ELECTRIC COMPANY

By: *[Signature]*  
President

(CORPORATE SEAL)  
ATTEST:

*[Signature]*  
Secretary

TECO TRANSPORT, & TRADE CORPORATION

By: *[Signature]*  
President

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EXHIBIT (A)

[REDACTED]	[REDACTED]	1
[REDACTED]	[REDACTED]	2
[REDACTED]	[REDACTED]	3
[REDACTED]	[REDACTED]	4
[REDACTED]	[REDACTED]	5
[REDACTED]	[REDACTED]	6
[REDACTED]	[REDACTED]	7
[REDACTED]	[REDACTED]	8
[REDACTED]	[REDACTED]	9
[REDACTED]	[REDACTED]	10
[REDACTED]	[REDACTED]	11
[REDACTED]	[REDACTED]	12
[REDACTED]	[REDACTED]	13
[REDACTED]	[REDACTED]	14
[REDACTED]	[REDACTED]	15
[REDACTED]	[REDACTED]	16
[REDACTED]	[REDACTED]	17
[REDACTED]	[REDACTED]	18
[REDACTED]	[REDACTED]	19
[REDACTED]	[REDACTED]	20

EXHIBIT (A) (continued)

[REDACTED]

1

[REDACTED]

2

[REDACTED]

[REDACTED]

3

[REDACTED]

[REDACTED]

4

[REDACTED]

5

[REDACTED]

[REDACTED]

6

7

[REDACTED]

8

9

[REDACTED]

10

[REDACTED]

11

[REDACTED] = [REDACTED] = [REDACTED]

12

13

[REDACTED]

14

[REDACTED]

15

16

[REDACTED]

17

[REDACTED]

18

EXHIBIT (B)

Sample Calculation for the [REDACTED] No. 2 fuel oil price as posted in Platt's Oilgram.

No. 2 Fuel Oil Posted Low Contract Price

<u>DAY</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>
1	Holiday	0.4525	0.4300
2	0.5100	0.4550	0.4275
3	0.5025	Saturday	Saturday
4	0.5050	Sunday	Sunday
5	0.5025	0.4575	0.4250
6	Saturday	0.4500	0.4225
7	Sunday	0.4425	0.4300
8	0.4850	0.4425	0.4325
9	0.4775	0.4350	0.4375
10	0.4725	Saturday	Saturday
11	0.4750	Sunday	Sunday
12	0.4675	0.4325	0.4400
13	Saturday	0.4250	0.4450
14	Sunday	0.4225	0.4525
15	0.4675	0.4300	0.4650
16	0.4700	0.4300	0.4625
17	0.4650	Saturday	Saturday
18	0.4525	Sunday	Sunday
19	0.4525	0.4300	0.4500
20	Saturday	0.4400	0.4500
21	Sunday	0.4250	0.4500
22	0.4600	0.4200	0.4450
23	0.4600	0.4275	0.4450
24	0.4475	Saturday	Saturday
25	0.4475	Sunday	Sunday
26	0.4425	0.4175	0.4325
27	Saturday	0.4225	0.4325
28	Sunday	0.4225	0.4375
29	0.4350	—	0.4350
30	0.4375	—	0.4675
31	0.4475	—	Saturday
Summation	10.2825	8.6800	9.7150

No. of Postings

22

20

22

[REDACTED]

[REDACTED]

38  
39

[REDACTED]

[REDACTED]

40  
41

Sample Calculations Only

Sample Computation for [REDACTED]

Assume the following values:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

x

[REDACTED]

=

[REDACTED]

[REDACTED]

x

[REDACTED]

=

[REDACTED]

- 1
- 2
- 3
- 4
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- 13
- 14



EXHIBIT (C)

1

[REDACTED]

2

[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

5

6

7

8

9

10

[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

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16

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

26

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[REDACTED]

[REDACTED]

[REDACTED]

28

29

EXHIBIT C  
(continued)

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7  
8  
9  
10

[REDACTED]

[REDACTED]

x

[REDACTED]

=

[REDACTED]

[REDACTED]

[REDACTED]

x

[REDACTED]

=

[REDACTED]

[REDACTED]

[REDACTED]

x

[REDACTED]

=

[REDACTED]

FIRST AMENDMENT TO THE AGREEMENT

This First Amendment to the Agreement is made on this 28<sup>th</sup> day of February, 1989, by and between TECO Transport and Trade Corporation ("TECO Transport"), a Florida Corporation, and Tampa Electric Company ("Tampa Electric"), a Florida Corporation.

## WITNESSETH:

WHEREAS, the parties hereto did on the 14th day of October, 1988, enter into a Coal Transportation Agreement ("Agreement"); and

WHEREAS, the parties agree that specific statements in the Agreement unintentionally deviate from the Agreement's intent or new situations have occurred which require amendment; and

WHEREAS, both parties desire to amend said Agreement as may be set forth herein;

NOW, THEREFORE, in consideration of the premises and of the advantages occurring to each of the parties, it is mutually agreed that:

1. The second full paragraph of Section 3 on page 6 of said Agreement is amended to read as follows: \_\_\_\_\_

"The minimum annual tons to be transported from river origins to Davant, Louisiana in each Agreement Year shall be 2,200,000 tons. The minimum annual tons to be transported from Davant, Louisiana, shall be 4,000,000 tons. The minimum tonnage requirements for 1988 shall be based on the yearly requirements prorated on a

monthly basis from the Effective Date to December 31, 1988. TECO Transport shall have available transport, transloading, and storage capacity or be able to contract for additional transport, transloading, and storage capacity to handle up to 7,000,000 tons transported from Davant, Louisiana and delivered to Tampa, Florida, including coal delivered FAS Davant, Louisiana. TECO Transport shall have available transport capacity or be able to contract for additional transport capacity to handle up to 5,300,000 tons transported from river origins to Davant, Louisiana." . .

2. The supplemental location listed on Page 19 as "Glassport - M.P. 97 Monongahela River" is incongruous and the supplemental freight rate for that location was not intended to be quoted in the Agreement. The said supplemental rate is deleted in its entirety.
3. The Base Freight Rates for Clean Coal and TTI terminals listed as supplemental locations shall be revised to the following rates in order to reflect a change in the assumed carriers from each location. The new rates do not increase revenues to TECO Transport.

	Clean Coal	TTI	
	<u>M.P. 514 Ohio RV</u>	<u>M.P. 406 Ohio RV</u>	
Fuel	[REDACTED]	[REDACTED]	25
Variable	[REDACTED]	[REDACTED]	26
Other	[REDACTED]	[REDACTED]	27
Total	[REDACTED]	[REDACTED]	28

4. All Base River Rates for Base Rate Locations, along with their location descriptions, are to be deleted from page 18. Since entering into this agreement on October 14, 1988, Tampa Electric has re-negotiated its coal supply agreement with Peabody, and gained the responsibility for transporting coal on the river under its coal supply agreement with Consolidation Coal Company. Pursuant to the changes to these two coal supply agreements, seven additional Base Rate Locations are incorporated. The new Base Rate Locations and their rates are as listed below.

<u>Base Rate Location</u>	<u>Fuel Component</u>	<u>Variable Component</u>	<u>Other Component</u>	<u>Total Component</u>	
Gibraltar-MP 86 Green River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	14 15
Hamilton-MP 852 Ohio River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	16 17
Caseyville-MP 872 Ohio River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	18 19
Overland-MP 841.5 Ohio River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	20 21
Mt. Vernon-MP 829 Ohio River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	22 23
Clean Coal-MP 534 Ohio River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	24 25
Jack's Run-MP 3.6 Ohio River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	26 27
Glassport-MP 19.3 Monongahela River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	28 29
Humphrey-MP 96.9 Monongahela River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	30 31
Arkwright-MP 98.7 Monongahela River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	32 33

5. The Base Tonnage shall be 600,000 tons from Clean Coal, 450,000 tons from Mt. Vernon, 700,000 tons in total from the four locations - Gibraltar, Hamilton, Caseyville and Overland and 450,000 tons in total from the four remaining locations - Jack's Run, Glassport, Humphrey, and Arkwright. For purposes of annual adjustments as described in Section 6.6, the locations of Gibraltar, Hamilton, Caseyville and Overland shall be considered to be one Base Rate Location, as will the locations of Jack's Run, Glassport, Humphrey, and Arkwright. The applicable Base Freight Rate and supplemental rate for purposes of calculating annual adjustments shall be the numerical average of the Current Freight Rates for each location.
6. The Base Freight Rates for the following supplemental locations are to be added to Section 6.2:

	<u>Fuel Component</u>	<u>Variable Component</u>	<u>Other Component</u>	<u>Total Component</u>	
Overland-MP 841.5 Ohio River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	19
Jack's Run-MP 3.6 Ohio River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	21
Glassport-MP 19.3 Monongahela River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	23
Humphrey-MP 96.9 Monongahela River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	25
Arkwright-MP 98.7 Monongahela River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	27
Inland-MP 746 Ohio River	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	29

7. In consideration of the above changes to the Base locations, Section 6.4.3, paragraph (b) is amended to incorporate an increase in the Other component of [REDACTED] 3 per ton of the Base Freight Rate on all base River tonnages (instead of the currently listed rate of [REDACTED] 5 per ton) effective January 1, 1989. Additionally, on January 1, each succeeding year, up to and including 1993, the Other component of the Base Freight Rate will be increased by [REDACTED] 7 per ton on all base river tonnages (instead of the currently listed rate of [REDACTED] 10 per ton.)

Except as herein modified, the Agreement as amended between the parties shall continue in full force and effect and the rights and obligations of the parties shall remain set forth in said Agreement as amended.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be properly executed by their proper officers the date and year first written above.

TECO TRANSPORT & TRADE CORP.

ATTEST:  
[Signature]  
 Its [Title]

By [Signature]  
 Its VICE PRESIDENT - CONTROLL

TAMPA ELECTRIC COMPANY

ATTEST:  
[Signature]  
 Its Sr. Fuels Administrator

By [Signature]  
 Its PRESIDENT

SECOND AMENDMENT  
TO THE  
COAL TRANSPORTATION AGREEMENT  
BETWEEN  
TAMPA ELECTRIC COMPANY  
AND  
TECO TRANSPORT & TRADE CORPORATION

This Second Amendment to the Agreement is made on this 9th day of November, 1993, by and between TECO Transport & Trade Corporation ("TECO Transport"), a Florida Corporation, and Tampa Electric Company ("Tampa Electric"), a Florida Corporation.

**WITNESSETH:**

WHEREAS, the parties hereto did on the 14th day of October, 1988, enter into a Coal Transportation Agreement ("Agreement"); and

WHEREAS, the parties hereto did on the 28th day of February, 1989, enter into a First Amendment to the Agreement; and

WHEREAS, both parties desire to amend said Agreement as may be set forth herein;

NOW, THEREFORE, in consideration of the premises and of the advantages occurring to each of the parties, it is mutually agreed that:

1. The existing Base Freight Rates for supplemental locations are to be deleted and replaced with the Base Freight Rates for supplemental locations as listed in Appendix A, Table 1, effective the 1st day of January, 1994.



2. The existing Base Freight Rates for Base Rate Locations are to be deleted and replaced with the Base Freight Rates for Base Rate Locations as listed in Appendix A, Table 2, Table 3 and Table 4 for the years 1994, 1995 and 1996 respectively, effective the 1st day of January, 1994.
3. The existing Base Tonnages for Base Rate Locations are to be deleted and replaced with the Base Tonnages for Base Rate Locations as listed in Appendix A, Table 2, Table 3 and Table 4 for the years 1994, 1995 and 1996 respectively, effective the 1st day of January, 1994.
4. The following section entitled 4.1.11 Rail Shipment Notice shall be added to the Agreement.

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

Except as herein modified, the Agreement as amended between the parties shall continue in full force and effect and the rights and obligations of the parties shall remain set forth in said Agreement as amended.

IN WITNESS THEREOF, the parties heretc have caused these presents to be properly executed by their proper officers the date and year first written above.

ATTEST:

TECO TRANSPORT & TRADE CORP.

JM Bunk

By J. J. [Signature]

Its ASST. SEC.

Its PRESIDENT

TAMPA ELECTRIC COMPANY

[Signature]

By WM Coates

Its \_\_\_\_\_

Its \_\_\_\_\_

APPENDIX A

TABLE 1  
 SUPPLEMENTAL WATER TRANSPORTATION RATES

<u>LOCATION</u>	<u>FUEL</u>	<u>VARIABLE</u>	<u>TOTAL</u>	
GULF / TERMINAL DAVANT, LA	[REDACTED]	[REDACTED]	[REDACTED]	1 2
GIBRALTER - M.P. 85.9 GREEN RIVER	[REDACTED]	[REDACTED]	[REDACTED]	4
HAMILTON - M.P. 851.8 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	6
CASEYVILLE - M.P. 871.6 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	2
OVERLAND TERMINAL - M.P. 841.5 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	10
MT. VERNON - M.P. 828.0 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	12
LEAN COAL TERMINAL - M.P. 535.1 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	1
JACK'S RUN - M.P. 3.6 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	
GLASSPORT - M.P. 19.3 MONONGAHELA RIVER	[REDACTED]	[REDACTED]	[REDACTED]	
HUMPHREY - M.P. 96.9 MONONGAHELA RIVER	[REDACTED]	[REDACTED]	[REDACTED]	1
ARKWRIGHT - M.P. 98.7 MONONGAHELA RIVER	[REDACTED]	[REDACTED]	[REDACTED]	
DEMAO DOCK - M.P. 31.7 GREEN RIVER	[REDACTED]	[REDACTED]	[REDACTED]	
PYRAMID - M.P. 94 GREEN RIVER	[REDACTED]	[REDACTED]	[REDACTED]	
BRT TERMINAL - M.P. 23.0 TENNESSEE RIVER	[REDACTED]	[REDACTED]	[REDACTED]	
YANKEETOWN - M.P. 772.5 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	20

APPENDIX A

TABLE 1  
 SUPPLEMENTAL WATER TRANSPORTATION RATES  
 (CONTINUED)

LOCATION	FUEL	VARIABLE	TOTAL
SOUTHERN INDIANA – M.P. 794.3 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED] 4
NEW HOPE DOCK – M.P. 736.0 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED] 4
K.O.T. – M.P. 351 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED] 6
TTI TERMINAL – M.P. 405.9 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED] 8
KENTUCKY LAKE – M.P. 24.8 TENNESSEE RIVER	[REDACTED]	[REDACTED]	[REDACTED] 10
KELLOGG DOCK – M.P. 125 MISSISSIPPI RIVER	[REDACTED]	[REDACTED]	[REDACTED] 12
MOIRA DOCK – M.P. 98.5 MISSISSIPPI RIVER	[REDACTED]	[REDACTED]	[REDACTED] 14
CATOOSA – M.P. 445 ARKANSAS RIVER	[REDACTED]	[REDACTED]	[REDACTED] 16
INLAND – M.P. 746.3 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED] 18
OWENSBORO – M.P. 758.7 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED] 20
HARRIMAN – M.P. 11.0 EMORY RIVER	[REDACTED]	[REDACTED]	[REDACTED] 22
JEFFERSON RIVERPORT – 618.5 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED] 24
EMPIRE DOCK – M.P. 896 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED] 26
CAHOKIA MARINE – M.P. 178 MISSISSIPPI RIVER	[REDACTED]	[REDACTED]	[REDACTED] 28
AEP COOK TERMINAL – M.P. 947.4 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED] 30

APPENDIX A

TABLE 2  
1994 BASE WATER TRANSPORTATION RATES

LOCATION	ANNUAL BASE TONNAGE	FUEL	VARIABLE	OTHER	TOT
2 GULF / TERMINAL DAVANT, LA	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4 CASEYVILLE - M.P. 871.6 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6 RIGSBY-BARNARD - M.P. 881.3 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2 MT. VERNON - M.P. 828.0 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1 CLEAN COAL TERMINAL - M.P. 535.1 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1/2 HUMPHREY - M.P. 96.9 OHONGAHELA RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

APPENDIX A

TABLE 3  
1995 BASE WATER TRANSPORTATION RATES

LOCATION	ANNUAL BASE TONNAGE	FUEL	VARIABLE	OTHER	TOTAL
2 GULF / TERMINAL DAVANT, LA	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4 CASEYVILLE - M.P. 871.6 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6 RIGSBY-BARNARD - M.P. 881.3 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7 MT. VERNON - M.P. 828.0 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10 CLEAN COAL TERMINAL - M.P. 535.1 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
12 HUMPHREY - M.P. 96.9 OHONGAHELA RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
14 AEP COOK TERMINAL - M.P. 947.4 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

APPENDIX A

TABLE 4  
1996 BASE WATER TRANSPORTATION RATES

<u>LOCATION</u>	<u>ANNUAL BASE TONNAGE</u>	<u>FUEL</u>	<u>VARIABLE</u>	<u>OTHER</u>	<u>TOT</u>
2 GULF / TERMINAL DAVANT, LA	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7 CASEYVILLE - M.P. 871.6 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6 RIGSBY-BARNARD - M.P. 881.3 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8 CLEAN COAL TERMINAL - M.P. 535.1 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10 AEP COOK TERMINAL - M.P. 947.4 OHIO RIVER	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

THIRD AMENDMENT  
TO THE  
COAL TRANSPORTATION AGREEMENT  
BETWEEN  
TAMPA ELECTRIC COMPANY  
AND  
TECO TRANSPORT & TRADE CORPORATION

This Third Amendment to the Agreement is made on this 21st day of March, 1995, by and between TECO Transport & Trade Corporation ("TECO Transport"), a Florida Corporation, and Tampa Electric Company ("Tampa Electric"), a Florida Corporation.

WITNESSETH:

WHEREAS, the parties hereto did on the 14th day of October, 1988, enter into a Coal Transportation Agreement ("Agreement"); and

WHEREAS, the parties hereto did on the 28th day of February, 1989, enter into a First Amendment to the Agreement; and

WHEREAS, the parties hereto did on the 9th day of November, 1993, enter into a Second Amendment to the Agreement; and

WHEREAS, both parties desire to amend said Agreement as may be set forth herein;

NOW, THEREFORE, in consideration of the premises and of the advantages occurring to each of the parties, it is mutually agreed to:



## AMEND SECTION 6 AS FOLLOWS:

1. The existing Base Freight Rates for Base Rate Locations as listed in Appendix A, Table 2, Table 3, and Table 4 for the years 1994, 1995 and 1996 respectively, in the Second Amendment to the contract are deleted.
2. The existing Base Tonnages for Base Rate Locations listed in Appendix A, Table 2, Table 3 and Table 4 for the years 1994, 1995 and 1996 respectively, in the Second Amendment to the contract are deleted.
3. To replace the above deleted Base Freight Rates and Base Tonnages for Base Rate Locations, a River and Terminal/Gulf Base Capacity Charge shall be established. These Base Capacity Charges will start effective January 1, 1995. They will be billed to Tampa Electric at the rate of 1/12 for each month of the year. The base capacity charges broken out in their components are listed in Appendix A.
4. The River and Terminal/Gulf capacity charge shall be broken out into three components, as follows:
  - \* Variable Component
  - \* Other ComponentThe components shall be adjusted per Section 6.4 of the contract.

## AMEND SECTION 13 AS FOLLOWS:

1. The ten (10) calendar days allowed Tampa Electric to pay invoices per Section 13.2.5 shall be increased to twenty (20) calendar days.

Except as herein modified, the Agreement as amended between the parties shall continue in full force and effect and the rights and obligations of the parties shall remain set forth in said Agreement as amended.

IN WITNESS THEREOF, the parties hereto have caused these presents to be properly executed by their proper officers the date and year first written above.

ATTEST:

TECO TRANSPORT & TRADE CORP.

B. M. [Signature]

BY: J. M. [Signature]

ITS Assistant Controller

ITS Vice President

TAMPA ELECTRIC COMPANY

Suzanna [Signature]

BY: Kent [Signature]

ITS SECRETARY TO THE PRESIDENT

ITS President

APPENDIX A

	<u>VARIABLE</u>	<u>OTHER</u>	<u>TOTAL</u>	
<u>CAPACITY CHARGE:</u>				
RIVER	[REDACTED]	[REDACTED]	[REDACTED]	4
GULF/TERMINAL	[REDACTED]	[REDACTED]	[REDACTED]	5

NOTE: In October 1, 1988 Dollars.

Fourth Amendment to Coal Transportation Agreement  
Between Tampa Electric Company and  
TECO Transport & Trade Corporation Dated October 14, 1988

This Fourth Amendment ("Fourth Amendment") to Coal Transportation Agreement Between Tampa Electric Company and TECO Transport & Trade Corporation (now known as TECO Transport Corporation) Dated October 14, 1988 (the "Agreement") is made and entered into as of the 1st day of July, 1997 by and between Tampa Electric Company ("TEC") and TECO Transport Corporation ("TTC").

WHEREAS, TEC has requested additional time within which to solicit and evaluate competitive bids to provide the services under the Agreement; and

WHEREAS, because of the additional time needed by TEC with respect to the solicitation and evaluation of competitive bids, [REDACTED] 11  
[REDACTED] 12

NOW THEREFORE, in consideration of the promises and covenants contained herein the parties agree as follows:

The following wording is added to the end of Section 2.2(d):

Notwithstanding the requirements of paragraphs (a), (b), and (c) above, requiring (i) TEC to solicit competitive bids by on or about July 1, 1997, [REDACTED] 17  
[REDACTED] 18  
[REDACTED] each party hereby waives 19  
its right to require the other party to perform its respective obligations by such dates; provided, however, the parties agree to perform such obligations in a timely manner so that all of the requirements set forth in this section can reasonably be satisfied no later than May 1, 1998.

Except as modified and amended herein, all other terms, conditions and provisions of the Agreement are hereby continued, ratified and confirmed by the parties and shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto intending to be legally bound, for themselves, their successors and assigns hereby execute this Fourth Amendment as of the date written above.

Attest: [Signature]  
Secretary

TAMPA ELECTRIC COMPANY  
By: [Signature]  
K. S. Surgenor  
President

Attest: [Signature]  
Secretary

TECO TRANSPORT CORPORATION  
By: [Signature]  
D. J. Rankin  
President

Fifth Amendment to Coal Transportation Agreement  
Between Tampa Electric Company and  
TECO Transport & Trade Corporation Dated October 14, 1988

This Fifth Amendment ("Fifth Amendment") to Coal Transportation Agreement Between Tampa Electric Company and TECO Transport & Trade Corporation (now known as TECO Transport Corporation) Dated October 14, 1988 (the "Agreement") is made and entered into as of the 27th day of April, 1998 by and between Tampa Electric Company ("TEC") and TECO Transport Corporation ("TTC")

WHEREAS, TEC has requested additional time within which to solicit and evaluate competitive bids to provide the services under the Agreement; and

WHEREAS, because of the additional time needed by TEC with respect to the solicitation and evaluation of competitive bids, [REDACTED]

NOW THEREFORE, in consideration of the promises and covenants contained herein the parties agree as follows:

The following wording is added to the end of Section 2.2(d):

Notwithstanding the requirements of paragraphs (a), (b), and (c) above, requiring (i) TEC to solicit competitive bids by on or about July 1, 1997, [REDACTED]

[REDACTED] each party hereby waives its right to require the other party to perform its respective obligations by such dates; provided, however, the parties agree to perform such obligations in a timely manner so that all of the requirements set forth in this section can reasonably be satisfied no later than June 15, 1998.

17  
18  
19

Except as modified and amended herein, all other terms, conditions and provisions of the Agreement are hereby continued, ratified and confirmed by the parties and shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto intending to be legally bound, for themselves, their successors and assigns hereby execute this Fifth Amendment as of the date written above.

Attest: [Signature]  
Secretary

TAMPA ELECTRIC COMPANY  
By: [Signature]  
J. B. Ramil  
President

Attest: [Signature]  
Secretary

TECO TRANSPORT CORPORATION  
By: [Signature]  
D. J. Rankin  
President

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 980001-EI  
FPSC STAFF'S 1<sup>ST</sup> REQUEST  
FOR PRODUCTION OF  
DOCUMENTS NO. 2  
WITNESS: BROWN  
PAGE 1 OF 52**

2. Provide a copy of all proposals that Tampa Electric Company received as a result of its August 12, 1997 solicitation.
  - A. Tampa Electric did not receive any proposals that would provide the complete transportation services specified in the August 11, 1997 bid req est. As a result of the bid solicitation, several proposals were received that addressed portions of the transportation services required by Tampa Electric. These proposals responding to the island river and terminal components are provided in the attached documents.



## INTERNATIONAL MARINE TERMINALS

18559 Hwy 23  
Port Sulphur, Louisiana 70083  
(504) 656-7341  
Fax (504) 656-2201

October 14, 1997

Mr. C. Carey McBride  
Sr. Consulting Engineer  
*The Fuels Department of Tampa Electric Company*  
6944 US Hwy., 41 North  
Apollo Beach, FL 33572

**RE: Request for Waterborne Transportation Services Proposal WB-0199**

Dear Mr. McBride:

In response to your August 11, 1997 request for proposals to provide integrated waterborne transportation services for the movement of coal from mid-west supply sources for final delivery to Tampa Electric generating stations near Tampa, Florida, please find below International Marine Terminals proposal for terminaling services only. IMT has provided terminal rates to river barge carriers for inclusion in their "package" proposals, which those respective companies will provide to you. IMT is not requiring "exclusivity" for this business; IMT can be the sole or primary terminal or a backup or secondary facility.

### TERM AND AGREED QUANTITIES

- The term is from January 1, 1999 through December 31, 2003 for a minimum annual volume of 1,000,000 net tons and a maximum of 9,000,000 net tons per year. TECO must declare at least three months prior to the beginning of each calendar year the volume it intends to ship for the coming year in order to reserve sufficient terminal capacity.
- Should the shipper fail to tender the minimum annual volume of 1,000,000 net tons or less than 80% of the forecasted annual declaration, a [REDACTED] per net penalty will apply to the tonnage deficit.

INTERNATIONAL  
MARINE TERMINALS



**INTERNATIONAL  
MARINE TERMINALS**

Mr. C. Carey McBride  
The Fuels Department of Tampa Electric Company

October 14, 1997  
Page 2

**TRANSFER RATES** (January 1999 Dollars)

- Coal/Pet coke: [REDACTED] per short ton for direct transfer from open river hopper barge to vessel.
- Coal/Pet coke: [REDACTED] per short ton for transfer from open river hopper barge to ground storage and later to vessel.
- Import Coal: [REDACTED] per short ton for discharge from vessel to storage and then transfer to vessel. Discounts may apply for self-discharge conveyor boom vessels.
- [REDACTED]
- Sampling service fees (provided by CTE) are not included in the above rates but do not exceed [REDACTED] per net ton per sample.
- Vessel dockage, line handling, and tug assist charges are not included in the above rates. (see attachment) and are for the vessel carriers account.
- Barge fleetng and handling charges are not included in the above rates and are for the barge carriers account.

**VESSEL LOAD & DISCHARGE RATE GUARANTEE**

- IMT guarantees a vessel load rate of 30,000 MT WWD SHINC with 12 hours turn time from NOR.
- IMT guarantees to unload import coal from Panamax size vessels at a rate of 18,000 MT per WWD SHINC with 12 hours turn time from NOR.
- Terminal will provide normal blade cleaning and trimming of vessel holds at no additional charge.
- Loading rate guarantees apply only to blending ratios that are reasonably achievable at the guaranteed rates.





INTERNATIONAL  
MARINE TERMINALS

Mr. C. Carey McBride  
The Fuels Department of Tampa Electric Company

October 14, 1997  
Page 3

**BARGE DISCHARGE GUARANTEE**

- IMT guarantees to unload open hopper river barges to ground storage at a quarterly average of five (5) days after the first 0700 AM following barges' constructive placement in IMT's fleet. There is no guarantee for "direct" barges.
- Terminal will provide normal blade cleaning of barges following unloading for redelivery to Shipper's barge carrier.
- Barge delivered with covers will be assessed an additional charge of [REDACTED] per barge billable to the barge carrier. 9

**GROUND STORAGE** (Not required in bid solicitation)

- IMT will provide ground storage at one fifth the forecasted annual volume (Industry Standard) but not less than 300,000 tons, distributed into a pile for each 250,000 tons forecasted but no more than 10 piles.
- There are no storage charges when the minimum annual volume is met. Storage charges will be assessed at [REDACTED] per net ton per month beginning sixty days following contract expiration, unless said contract is extended by mutual consent. 16



**INTERNATIONAL  
MARINE TERMINALS**

Mr. C. Carey McBride  
*The Fuels Department of Tampa Electric Company*

October 14, 1997  
Page 4

Please note that by requesting bid solicitations as a complete package (river barges/terminaling/cross-Gulf vessel), TECO is limiting a number of competitive options particularly among river barge carriers, Gulf Coast Transit, your subsidiary company, refused to supply rates to bidders other than TECO Transport, stacking the deck in favor of a TECO Transport package.

Warmest regards,

Gene M. Taft  
Executive Vice President &  
General Manager

GMT-213/zf

cc: Brent Mahana  
Director - Sales & Marketing

CONFIDENTIAL

**Waterborne Transportation Proposal Form**  
**TECO**  
**Fuels and Environmental Services**

**PART 1**

**Company Name:** International Marine Terminals

**Mailing Address:** 18559 Hwy. 23  
Port Sulphur, Louisiana 70083

**Authorized Representative:** Gene M. Taft

**Phone Number:** (504) 656-7341

**Fax Number:** (504) 656-2071

**Corporate Affiliations (Include parent, subsidiary and affiliated companies):**

Pen Holdings, Inc., Pen Coal Corporation, Marine Terminals Inc.  
Florida Progress Corporation, Electric Fuels Corporation, Elmwood Marine  
Services, Inc.  
Occidental Petroleum Corporation, Glenn Springs Holdings, Inc.

**Facility Locations:**

(Mile post 57 AHP Lower Mississippi River West ascending bank)  
18559 Hwy. 23  
Myrtle Grove, LA 70083

01-17-01-000

## TERMINAL FACILITIES PART 3

**Terminal Equipment Description (Include unloading and loading equipment, reclaim equipment, mobile equipment, rated capacities, average performance capabilities and other pertinent information):**

<u>Principle Equipment Performance</u>	<u>Design Capacity</u>	<u>Average Actual Operation</u>	<u>Peak Performance</u>
IHI TRAVELING SHIPLOADER	7000 NTPH	2100 NTPH	3950 NTPH
DRAVO STATIONARY LOADER	3000 NTPH	1700 NTPH	2050 NTPH
DRAVO BUCKET LADDER UNLOADER	5000 NTPH	1500 NTPH	3200 NTPH
2-KRUPP TRENCHER BUCKET WHEEL STACKER/RECLAIMER			
RECLAIM: (EACH)	4600 NTPH	1700 NTPH	3500 NTPH
STACK: (EACH)	6000 NTPH	1500 NTPH	5000 NTPH
SUMITOMO HEAVY INDUSTRY			
LEVEL LUFFING CRANE (DIRECT)	1150 NTPH	0425 NTPH	0575 NTPH
LEVEL LUFFING CRANE (STORAGE)	0800 NTPH	0550 NTPH	0750 NTPH

**BLENDING SYSTEM:** Weighing system and hemispherically matching storage yards give IMT the ability to monitor and control the flow of cargo by computer from separate surge bins (one from each yard), providing the most accurate blending available in the Gulf.

Magnetic separators on inbound system. Three (3) Tectron Metal Detectors on Outbound/Reclaim System.

**Terminal Ground Storage Description (Include schematic or diagram of storage capacity):**

50 acres of soil cement and compacted lime stone split between two yards running parallel to the river. Additional 107 acres under development.

**Sampling Equipment (Include a description of inbound and outbound capabilities):**

Tema/Siebtechnik four stage mechanical samplers, operable in either mass or time base modes, located inbound at the entrance to the storage yards and outbound at the head of the IHI shiploading dock.

**Weighing Equipment (Include a description of belt scale capabilities inbound and outbound):**Inbound

1 each on Inbound Conveyor  
Riede 1132 Belt Scale

Outbound

2 each - 1 in north yard and 1 in south yard - Ramsey Series 14 Precision Belt Scale Systems  
1 each on Outbound Dock Conveyor - Riede 1132 Belt Scale

Inbound/Outbound

1 each on Barge Unloader Conveyor: Milltronics Compuscale III

**Fleeting Equipment (Include a description of harbor boats and other fleeting equipment):**

Fleeting for 250 barges.

M/V LaurieLynn	1250 HP	Push Boat
M/V Darlene M.	1050 HP	Push Boat
M/V Tammy T.	1050 HP	Push Boat

Multiple Stevedoring and Fleet Cranes.

**Insurance Coverage Description (types of coverage, insureds coverage limits, carrier, policy numbers and expiration dates, etc.):**

Property \$100,000,000, National Union, Fire Ins. of LA, ST2604248, 6/1/98

Business Interruption \$9,259,206, National Union, Fire Ins. of LA, ST2604248, 6/1/98

Boiler & Machinery \$30,000,000, National Union, Fire Ins. of LA, ST2604248

Marine (Including Hull, P&I, Collision/Tower's Liability & Cargo Insurance)

Primary \$1,000,000 St. Paul Fire & Marine, 315JC1584, 11/30/98

Excess \$25,000,000 National Union Fire Insurance, Company of Pittsburgh, BE932-13-27  
6/1/98

Worker's Comp. Statutory Limits, Reliance National Indemnity Co., NWA010665704, 12/31/97

**Major Customer Listing (Including company name, tonnage lifted in 1995 and 1996, Contact and Phone number):**

<u>Company</u>	<u>Contact</u>	<u>Phone Number</u>
Cyprus	Mr. Gary Painter	(304) 348-0547
Drummond	Mr. Dennis Steul	(205) 945-6411
Electric Fuels Corporation	Mr. Dennis Edwards	(813) 824-6673
Emerald	Mr. Jack Wells, Jr.	(606) 525-2522
Pen Coal	Mr. Robert Kupina	(615) 371-7333
Transocean	Mr. Steven Riedeman	(304) 366-5733

\*IMT consistently handles 8-10 million tons of throughput volume annually on 50 acres of ground storage. Annual tonnage listed by customer cannot be provided due to confidentiality agreements.

**Subcontractors (Include company name, contact, phone number, and description of services rendered):**

IMT's sampling system is operated by CTE. IMT has no other subcontractors.

**Financial information (provide last five years of audited financial statements and other relevant information):**

IMT is a partnership owned by Florida Progress Corporation, Occidental Corporation, and by debt held by Enron Corporation. Since these are well known publicly traded corporations, copies of five year audited financials can be obtained by contacting these corporations directly for annual reports.

**Attachment B**

**ANNUAL GULF AND TERMINAL CAPACITY CHARGE**

FIXED	VARIABLE	TOTAL
_____	_____	_____

**INCREMENTAL GULF AND TERMINAL RATE/TON**

FUEL	VARIABLE	TOTAL
_____	_____	_____

**PROPOSED ESCALATION METHODOLOGY:**

FUEL

DNA

VARIABLE

**PROPOSED HOURLY DEMURRAGE RATE:**

DNA

# INGRAM BARGE COMPANY

THOMAS R. VORHOLT  
MANAGER, KEY ACCOUNTS  
DRY CARGO SALES  
DIRECT 615-299-8314  
TEL 615-298-8200  
FAX 615-298-8279



ONE BELLE MEADE PLACE  
4400 HARRING ROAD - P O BOX 83049  
NASHVILLE, TENNESSEE 37202-3049

October 14, 1997

Mr. Carey McBride  
Sr. Consulting Engineer  
Tampa Electric Company  
P.O. Box 111  
Tampa, FL 33601-0111

Re: Request for Waterborne Transportation Services WB-0199

Dear Carey:

In response to your Bid Solicitation WB-0199, Ingram Barge Company is pleased to confirm our rate quotations for the following movements of coal by inland river barge. This offer will remain open through April 15, 1998, and is based upon:

**ORIGINS:** See Rates

**DESTINATION:** Electro-Coal Terminal (LMR 55.7)

**VOLUME:** 4.0 to 6.0 million tons per year

**TERM:** January 1, 1999 through December 31, 2003

<b><u>BASE RATES:</u></b> (Per Net Ton)	Cook Terminal (OH 948)	15
	Mound City (OH 976)	16
	GRT (TEN 23)	17
	Empire Dock (OH 896)	18
	R&B Dock (OH 881)	19
	Kanipe Dock (OH 872)	20
	Caseyville (OH 872)	21
	Hamilton (OH 852)	22
	Overland (OH 842)	23
	Southern Indiana (OH 794)	24
	Green Coal (GR 11)	25
	Patriot (GR 32)	26
	Sebree (GR 43)	27
	Pyramid (GR-94)	28
	Ken Mine (GR 98)	29



## INGRAM BARGE COMPANY

Mr. Carey McBride  
 Tampa Electric Company  
 October 14, 1997  
 Page 2

**BASE RATES (cont'd):**  
 (Per Net Ton)

Yankeetown (OH 773)	[REDACTED]	3
Owensboro (OH 750)	[REDACTED]	4
New Hope (OH 734)	[REDACTED]	5
Jefferson Riverport (OH 618)	[REDACTED]	6
TTI (OH 406)	[REDACTED]	7
Big Sandy River	[REDACTED]	8
Huntington (OH 306)	[REDACTED]	9
Cora (UMR 99)	[REDACTED]	10
Kellogg (UMR 125)	[REDACTED]	11
Cahokia (UMR 178)	[REDACTED]	12

**ESCALATION:**

[REDACTED] of the base rate will be subject to adjustment for changes in the price of fuel by the following formula: 13  
14

$$\frac{\text{Actual Fuel Cost} - [\text{REDACTED}]}{[\text{REDACTED}]} \times \text{Percentage Change in Rate}$$
 15  
16

[REDACTED] of the base rate will be subject to adjustment for changes in the CPI-SLES by the following formula: 17  
18

$$\frac{\text{Actual CPI-SLES} - \text{Base CPI-SLES}}{\text{Base CPI-SLES}} \times [\text{REDACTED}] \times \text{Percentage Change in Rate}$$
 19  
20

The Base CPI-SLES is the 4<sup>th</sup> Quarter 1998. The first rate adjustment will be January 1, 1999. 21  
22

**FREETIME:** Two (2) days to unload; Four (4) days to load; Sundays and Holidays Included 23  
24

**DEMURRAGE:** [REDACTED] Per Barge Day for the first Five (5) days; 25  
[REDACTED] Per Barge Day Thereafter 26

**MINIMUMS:** 1600 Net Tons on Rakes 27  
1700 Net Tons on Boxes 28

## INGRAM BARGE COMPANY

Mr. Carey McBride  
Tampa Electric Company  
October 14, 1997  
Page 3

Carey, we have offered what we believe to be very competitive barge rates - [REDACTED]

We further believe that our proposed rates are lower than the charges that you pay to your in-house carrier, Mid-South Towing. If you are interested in having Ingram provide the inland river transportation, Ingram would be interested in entering into negotiations with Tampa Electric to purchase Mid-South's boats and barge equipment.

Although we have not provided terminaling and cross gulf rates, we did make a written request of TECO Transport and Trade to provide rates to us for our package. We received no response.

I have enclosed an Ingram Barge Company brochure which provides a list of equipment, key personnel, and other pertinent information.

We would welcome the opportunity to discuss this proposal with you at your convenience.

Sincerely,



Thomas R. Vorholt

TRV:ljw  
Enclosures



October 14, 1997

Mr. Carey McBride  
Fuels Department  
Tampa Electric Company  
Production Service Center  
6944 US Hwy 41 North  
Apollo Beach, FL 33572

RE: MEMCO Bid Proposal WB-0199

Dear Mr. McBride:

Enclosed for Tampa's review is MEMCO's proposal to transport 4 to 6 million tons of coal annually beginning February 1, 1999. We have also enclosed a terminal proposal submitted to MEMCO by International Marine Terminal. As an owner of IMT, we would like to point out the tremendous advantage we have in the coordination of your tonnage and status reporting. It is also important to note that our ownership of Convent Marine may allow the opportunity to further reduce Tampa's costs by additional mid-streaming options.

Please review the following, and should you need additional information, feel free to give us a call. We would be happy to meet with you at your convenience to discuss this proposal in further detail.

Sincerely,

A handwritten signature in black ink that reads 'Robert M. Blocker' with a small 'sc' written below it.

Robert M. Blocker  
General Sales Manager

RMB:sc  
Enclosure

h:\ecobid.doc

**Waterborne Transportation Proposal Form**  
**TECO**  
**Fuels and Environmental Services**

**PART 1**

Company Name: Marine Equipment Management Corporation (MEMCO)

Mailing Address: 930 Roosevelt Parkway, Suite 210

Chesterfield, MO 63017

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Authorized Representative: Robert M. Blocker

Phone Number: 314-519-0500 Fax Number: 314-519-5228

Corporate Affiliations (Include parent, subsidiary and affiliated companies):

Parent: Electric Fuels Corporation

Affiliated: Cincinnati Bulk Terminal, Kanawha River Terminals,

Kentucky Coal Terminal, International Marine Terminals,

Elmwood Marine Services

\_\_\_\_\_

Facility Locations:

St. Louis - Home Office

Sales Offices - Pittsburgh, New Orleans

Terminals - Cincinnati, New Orleans, Ceredo, Marmet

Shipyard and Repair Facilities - New Orleans

\_\_\_\_\_

RIVER TRANSPORTATION  
PART 2

Towing Equipment Description (Include name, age, rated horsepower, towing capability, and other pertinent information):

MEMCO owns and operates twenty eight (28) towboats. Horsepower  
ranges from 800 hp up to 6140 hp. See attached listing of towboats.

Barge Fleet Description (Include design, configuration, type, size, style ownership, number of barges and other pertinent information):

MEMCO currently owns and operates 785 barges and is projected to  
reach 1000 by the end of 1998. Fleet mix is 50% open hoppers and 50%  
covered hopper barges. All barges are jumbo hoppers with a 12 or 13  
foot hull depth. The length of barges is either 195 or 200 feet by  
35 feet in width. MEMCO's fleet age average is less than seven (7) years.

Insurance Coverage Description (types of coverage, insureds coverage limits, carrier, policy numbers and expiration dates, etc.):

See attached.

Major Customer Listing (Include company name, tonnage lifted in 1995 and 1996, Contact and Phone number):

Pen Coal Corp.	1 million annually	Bob Kupina	615-371-7333
Kosmos Cement	600,000 annually	Norm Gilbertson	412-777-6027
Dravo Lime Co.	600,000 annually	Bob Carter	412-566-5580
Martin Marietta Aggregates	1.5 million annually	Ernest Trujillo	504-463-2119
Canal Wood	450,000 annually	Jeff Jefferson	501-354-1324

Subcontractors (Include company name, contact, phone number, and description of services rendered):

See attached.

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Financial Information (provide last five years of audited financial statements and other relevant information):

Annual Report attached.

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## TOWBOATS

<u>Vessel Name</u>	<u>HP</u>
Noble C. Parsonage	6140
Donna Rushing	6140
Carol Ann Parsonage	6140
Michael Conaton	6140
Hugh Steger	6140
Fred Joerger	5200
Joseph Patrick Eckstein	6000
Thomas Erickson	6000
Theresa Wood	6000
Helen Lay	5600
Jack Flahaut	3900
Harry Waddington	3900
Jon Strong	3600
Harry Brock	3600
Billy Joe Boling	3600
Charter (unknown)	3500
EMS Express	2350
Miss Lauren Elizabeth	1700
Miss Jennifer Ann	1200
Miss Ashley Christine	1500
Kathleen Nicole	1600
Lacey Nicole	2400
Casey C	1000
Lagonda	1350
Compass Point	800
Sandy C.	800
Paula K. Harelson	2600

## Marine Equipment Management Corporation's subcontractors

Kanawha River Terminals  
PO Box 308  
Ceredo, WV 25507-0308

Five M Transportation Company  
5008 Old Federal Road  
Louisville, KY 40207

Owensboro Harbor Service  
100 Wrights Landing Road  
Owensboro, KY 42303

Mt. Vernon Fleetng Service, Inc.  
PO Box 607, Bluff Road  
Mt. Vernon, IN 47620

Shawneetown Harbor service, Inc.  
PO Box 337  
Shawneetown, IL 62984

Kanipe Enterprises, Inc.  
2556 Highway 1508  
Sturgis, KY 42459

Cook Coal Terminal  
PO Box 870  
Metropolis, IL 62960

N.K.G. Marine Service, Inc.  
PO Box 597  
Henderson, KY 42420

Mid-South Towing Company  
PO Box 790  
Metropolis, IL 62960

CGB/Waterfront Services Company  
PO Box 433  
Cairo, IL 62914

New Johnsonville Marine Service, Inc.  
PO Box F  
New Johnsonville, TN 37134

James Marine, Inc.  
PO Box 2305  
Paducah, KY 42003

Marquette Transportation Company, Inc.  
PO Box 1456  
Paducah, KY 42002

Kanawha River Towing, Inc.  
PO Box 520  
Point Pleasant, WV 25550

Madison Coal & Supply Company  
2 port Amberst Drive  
Charleston, WV 25306

B & H Towing, Inc.  
PO Box 2635  
Paducah, KY 42001



**TERMINAL FACILITIES**  
**PART 3**

**Terminal Equipment Description (Include unloading and loading equipment, reclaim equipment, mobile equipment, rated capacities, average performance capabilities and other pertinent information):**

See October 5, 1997 letter from Brent Mahana of International

Marine Terminals.

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**Terminal Ground Storage Description (Include schematic or diagram of storage capacity):**

See attached.

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**Sampling Equipment (Include a description of inbound and outbound capabilities):**

See attached.

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# International Marine Terminals

International Marine Terminals  
Mystic Group Terminal  
10199 LA Hwy. 23  
Port Sulphur, LA 70083-9723

Phone: 504-656-1341  
Fax: 504-656-3071

October 5, 1997

VIA FAX 314-519-5220

1 7  
Mr. Robert M. Blocker  
General Sales Manager  
MEMCO  
930 Roosevelt, Suite 210  
Chesterfield, MO 63017

RE: Transfer proposal for Tampa Electric

Dear Mr. Blocker:

In response to your September 18, 1997 fax requesting transfer and storage rates in reference to Tampa Electric's request for Waterborne Transportation (WB -0199), International Marine Terminals is pleased to provide MEMCO with the following terminaling rates and performance guarantees:

### TERM AND AGREED QUANTITIES

- The term is from January 1, 1999 through December 31, 2003 for a minimum annual volume of 1,000,000 net tons and a maximum of 9,000,000 net tons per year.
- Should the shipper fail to tender the minimum annual volume, a [redacted] per net penalty will apply to the tonnage deficit.

15  
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### TRANSFER RATES

- Coal/Pet.coke: [redacted] per short ton for direct transfer from open river hopper barge to vessel
- Coal/Pet.coke: [redacted] per short ton for direct transfer from open river hopper barge to ground storage and then transferring from ground storage to vessel.
- Import Coal: [redacted] per short ton for discharge from vessel to storage and then transfer to vessel. Discounts may apply for self-discharge conveyor boom vessels.

17  
18  
19  
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- [REDACTED]
- Sampling services are not included in the above rates.
- Vessel dockage, line handling, and tug assist charges are not included in the above rates.
- Barge fleetling and handling charges are not included in the above rates.

#### VESSEL LOAD & DISCHARGE RATE GUARANTEE

- IMT guarantees a vessel load rate of 30,000 MT WWD SHINC with 12 hours turn time from NOR.
- IMT guarantees to unload import coal from Panamax size vessels at a rate of 15,000 MT per WWD SHINC with 12 hours turn time from NOR.
- Terminal will provide normal blade cleaning and trimming of vessel holds at no additional charge.
- Loading rate guarantees apply only to blending ratios that are reasonably achievable at the guaranteed rates.

#### BARGE DISCHARGE GUARANTEE

- IMT guarantees to unload open hopper river barges to ground storage at an average of five (5) days after the first 0700 AM following barges' constructive placement in IMT's fleet. There is no guarantee for "direct" barges.
- Terminal will provide normal blade cleaning of barges following unloading for re-delivery to Shipper's barge carrier.
- Barges delivered with covers will be assessed an additional charge of [REDACTED] per barge for stacked covers.

#### GROUND STORAGE

- IMT will provide ground storage at one fifth the forecasted annual volume but not less than 300,000 tons, distributed into a pile for each 250,000 tons forecasted but no more than 10 piles.

- There are no storage charges when the minimum annual volume is met.

IMT appreciates the opportunity to work with MEMCO on Tampa Electric's bid solicitation. IMT has no vessel rates to offer at this time.

Kind regards,

INTERNATIONAL MARINE TERMINALS

Brent Mahana



Director - Sales & Marketing

cc: Gene Taft - Executive Vice President & General Manager

Weighing Equipment (Include a description of belt scale capabilities inbound and outbound):

See attached.

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Fleeting Equipment (Include a description of harbor boats and other fleeting equipment):

See attached.

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Insurance Coverage Description (types of coverage, insureds coverage limits, carrier, policy numbers and expiration dates, etc.):

See attached.

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**AON***Aon Risk Services*

COVER NOTE NO.

970601-FLA-138

DATE: October 14, 1997

TO: Tampa Electric Company  
P. O. Box 111  
Tampa, FL 33601

We wish to confirm having effected the following insurance(s):

INTEREST: As Below  
ATTACHMENT: June 1, 1997 to December 1, 1998, 12:01 a.m., Eastern Standard Time

**GENERAL CONDITIONS**

ASSURED: Florida Progress Corporation and all affiliated, subsidiary and associated corporations and/or divisions with respect to the operations of the following Assureds:

1. Marine Equipment Management Corporation
2. Elmwood Marine Services, Inc.
3. Elmwood Drydock & Repair
4. Compass Dockside Fleet
5. ConLease, Inc., and Elmwood/Convent Company
6. Marine Equipment Towing Corporation
7. Cincinnati Bulk Terminals
8. Kanawha River Terminals, Inc., and its Division, Cerado Dock
9. Kentucky May River Division
10. International Marine Terminals
11. Progress Metal Reclamation
12. Electric Fuels, Inc. (Cargo Insurance only)

LOSS PAYEE: Assured or order.  
ASSURER: The St. Paul Fire & Marine Insurance Company

**Primary Hull & Machinery, Protection & Indemnity including Collision/Tower's Liability & Cargo Insurance**

ON: All vessels owned and/or operated at the risk of the Assured.

LIMIT OF LIABILITY: All liability claims under the P&I, Terminal Operator's and Marine General Liability sections subject to a \$1,000,000 aggregate limit per accident or occurrence including all expenses and costs with any applicable deductible to be included within the aggregate limit.

Aon Risk Services of Missouri, Inc.

Per Jerry J. Yacobellis  
Brokers for Assured  
Jerry J. Yacobellis, Senior Vice President

*Policy or Policies will be issued against the insurance described herein, and in the event of any inconsistency herewith, the terms, conditions and provisions of the Policy or Policies will prevail.*

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Aon Risk Services of Missouri, Inc.

8182 Maryland Avenue • Saint Louis, Missouri 63105-3786 • tel 314/721-5100 • 800/325-7028 • fax 314/721-4730

DBA Aon Risk Services of Missouri CA License NO. 0820771

2 2 1150 '0N

AON RISK SERVICES

OCT 14 1997 11:05AM

*Aon Risk Services*

COVER NOTE NO. 970601-FLA-138  
 October 14, 1997  
 Page Two

**INSURING TERMS  
& CONDITIONS:**

**TRADING WARRANTY:**

Ohio and Mississippi Rivers' Systems and all navigable inland waters tributary to or connected therewith and including the Gulf Intracoastal Waterway and inland connecting waters between Brownsville, Texas and St. Marks, Florida, both inclusive, and Lake Michigan Coastal Waters between Milwaukee, Wisconsin and Burns Harbor, Indiana, both inclusive, but excluding the remainder of the Great Lakes and the Gulf of Mexico, but including the Gulf of Mexico on cargo shipments or held covered.

**GENERAL CONDITIONS:**

1. Automatic Acquisition Clause
2. Privilege to Charter Clause
3. Privilege to Enter Into Release Agreements
4. P.C. & S. and R.A.C.E. Exclusions
5. Cross Liability Clause
6. Breach of Warranty in favor of owner.

**HULL CONDITIONS:**

Subject to 1953 Taylor Hull Form (Rev. 70) as amended and modified.

**P&I CONDITIONS:**

Subject to SP-23 (Revised 1/56) P&I form as amended and modified including: 4/4th Collision Liability, Tower's Liability, Tankerman's Liability, Pollution Exclusion & Buy Back Endorsement A.

**TERMINAL OPERATOR'S LANDING OWNER'S, STEVEDORE'S AND SHIP REPAIRER'S LIABILITY INSURANCE**

**ON:**

All locations the Assured owns or operates

**TERMS & CONDITIONS:**

As per Aon Risk Services of Missouri, Inc. Manuscript Policy Form

**MARINE GENERAL LIABILITY**

Subject to Company Policy Form including:

1. Additional Coverage Endorsement (Broad Form)
2. Sudden & Accidental Pollution subject to 72 hour discovery

**CARGO INSURANCE**

**CARGO CONDITIONS:**

**Conveyance:** Shipments by barge, integrated tug barge units and connecting conveyances.

**Goods Covered:** Goods and/or merchandise of every description including freight shipped by or to the Assured or by or to others for which the Assured's account or for the account of others for which the Assured may receive instructions to insure.

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*Non Risk Services*

COVER NOTE NO.

970601-FLA-138

October 14, 1997

Page Three

## VALUATION:

Soybean, Grain and their by-products, Vegetable Oil &amp; Petroleum Products:

To be valued at the closing market value at destination of the firm market day following date of completion of discharge from carrying vessel at port of destination, plus all charges. In the event of non-arrival, the cargo will be valued at closing market value at destination on the first market day following the date of accident, plus all charges. In no event shall the cargo be valued at less than the contract sale price, plus all charges, so destination if not included in the amount declared by the Assured.

## All Other Shipments:

To be valued at amounts declared by the Assured, or to the Assured by the shipper, or other party at interest to which shall be added all charges to destination if not included in the amount declared to the assured, or if there be no declaration of value by the shipper, or other party at interest then at market value at time and place of shipment plus all charges to destination.

ATTACHMENT AND  
TERMINATION OF RISK:

This insurance shall attach from the time the Assured becomes responsible for such shipment whatever the same may be and covers continuously thereafter until Assured's responsibility ceases, but unless otherwise provided in Assured tariff or agreed between the Assured and the shipper or carrier prior to attachment of risk, it is understood that the Assurer's responsibility is waterborne only, from commencement of loading of cargo, including while in port, dunn or bag, until it is safely removed from the vessel, it being agreed by the Assured that any such tariff provision or agreement extending their responsibility beyond waterborne only shall be reported to these Assurers and additional premium paid, if required.

## AVERAGE TERMS:

- A. Shipments of grain, soybean, rice, coal, fertilizer, ores, aggregates; Customary "All Risks" terms subject to policy exclusions.
- B. Shipments of steel, aluminum & metals; Customary "All Risks" or FPA perils subject to policy exclusions including, but not limited to, rust, oxidation or corrosion.
- C. Notwithstanding anything to the contrary herein, the learning terms, conditions limits shall not be any broader than as specified in the Assured's Bill of Lading or Contract or Attachment.

## S.R.&amp;C.C

Strikes, Riots, Civil Commotion's Endorsement

## LIMITS:

\$	2,500,000	per barge
\$	7,000,000	per tow
\$	25,000,000	per occurrence
\$	3,000,000	on owned cargo stored at Cincinnati Bulk Terminals

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*Aon Risk Services*

COVER NOTE NO. 970601-FLA-138  
 October 14, 1997  
 Page Four

**POLLUTION INSURANCE**

**POLICY TERM:** June 1, 1997 to June 1, 1998  
**ON:** All vessels owned and/or operated at the risk of the Assured.  
**ASSURER:** Water Quality Insurance Syndicates  
**LIMIT:** OPA \$5,000,000  
 CERCLA Statutory  
**SUBJECT TO:** W.Q.I.S. Policy Form

**EXCESS INSURANCE**

**COMPANY:** National Union Fire Insurance Company  
**TERM:** June 1, 1997 to June 1, 1998  
**LIMIT:** \$25,000,000 Excess of Primary  
**Interest:** Umbrella including Excess Marine Liabilities

*NOTE: This coverage is placed by Marsh & McLennan, Incorporated.*

cc: Kelly Eigenmann, MEMCO - via fax 519-5268

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Major Customer Listing (Including company name, tonnage lifted in 1995 and 1996, Contact and Phone number):

Confidential.

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Subcontractors (Include company name, contact, phone number, and description of services rendered):

None.

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Financial Information (provide last five years of audited financial statements and other relevant information):

Annual Report attached.

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**GULF TRANSPORTATION  
PART 4**

Ship or Ocean Barge Fleet Description (Include design, configuration, type, size, style, cargo capacity and other pertinent information):

Not applicable.

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Insurance Coverage Description (types of coverage, insureds coverage limits, carrier, policy numbers and expiration dates, etc.):

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Major Customer Listing (Including company name, tonnage lifted in 1995 and 1996, Contact and Phone number):

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Subcontractors (Include company name, contact, phone number, and description of services rendered):

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Financial Information (provide last five years of audited financial statements and other relevant information):

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Signature:

\_\_\_\_\_  
(Signature of person having proper authority to legally obligate the Transportation Company)

Title:

\_\_\_\_\_

Date:

\_\_\_\_\_

**Attachment A**

**ANNUAL RIVER TRANSPORTATION CAPACITY CHARGE**

FIXED	VARIABLE	TOTAL
████████	████████	████████

**INCREMENTAL BARGE RATE/TON**

LOCK 53 POOL OHIO RIVER

	FUEL	VARIABLE	TOTAL
Cook Coal Terminal - MP 948 OH	████████	████████	████████
Mound City - MP 976 OH	████████	████████	████████

TENNESSEE RIVER

BRT - MP 23 TR	████████	████████	████████
Kentucky Lakes Dock - MP 24 TR	████████	████████	████████

SMITH LAND POOL OHIO RIVER

Empire Dock - MP 896 OH	████████	████████	████████
Rigsby & Barnard - MP 881 OH	████████	████████	████████
Kanipe Enterprises - MP 872 OH	████████	████████	████████
Caseyville - MP 872 OH	████████	████████	████████
Hamilton - MP 852 OH	████████	████████	████████

UNIONTOWN POOL OHIO RIVER

Overland Terminal - MP 842 OH	████████	████████	████████
Mount Vernon - MP 828 OH	████████	████████	████████
Southern Indiana - MP 794 OH	████████	████████	████████

ATTACHMENT A (Continued)

GREEN RIVER

Green Coal - MP 11 GR

FUEL	VARIABLE	TOTAL
[REDACTED]	[REDACTED]	[REDACTED]

1

Patriot - MP 32 GR

[REDACTED]	[REDACTED]	[REDACTED]
------------	------------	------------

2

Sebree - MP 43 GR

[REDACTED]	[REDACTED]	[REDACTED]
------------	------------	------------

3

Pyramid - MP 94 GR

[REDACTED]	[REDACTED]	[REDACTED]
------------	------------	------------

4

Ken Mine - MP 98 GR

[REDACTED]	[REDACTED]	[REDACTED]
------------	------------	------------

5

NEWBURGH POOL OHIO RIVER

Yankeetown - MP 773 OH

[REDACTED]	[REDACTED]	[REDACTED]
------------	------------	------------

6

Owensboro - MP 750 OH

[REDACTED]	[REDACTED]	[REDACTED]
------------	------------	------------

7

New Hope - MP 734 OH

[REDACTED]	[REDACTED]	[REDACTED]
------------	------------	------------

8

CANNELTON POOL OHIO RIVER

Jefferson River Port - MP 618 OH

[REDACTED]	[REDACTED]	[REDACTED]
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9

MELDAHL POOL OHIO RIVER

Transcontinental Terminals - MP 406 OH

[REDACTED]	[REDACTED]	[REDACTED]
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10

GREENUP POOL OHIO RIVER

Big Sandy - MP (1-8)

[REDACTED]	[REDACTED]	[REDACTED]
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11

Huntington - MP 306 OH

[REDACTED]	[REDACTED]	[REDACTED]
------------	------------	------------

12

UPPER MISSISSIPPI RIVER

Cora - MP 99 UMR

[REDACTED]	[REDACTED]	[REDACTED]
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13

Kellogg - MP 125 UMR

[REDACTED]	[REDACTED]	[REDACTED]
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14

Cahokia - MP 176 UMR

[REDACTED]	[REDACTED]	[REDACTED]
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15

FUEL [REDACTED] of each of the rates contained herein shall be adjusted quarterly according to the monthly change in the Exxon Baton Rouge posted price. Base to be determined prior to consummation of a contract.

VARIABLE The variable portion of the [REDACTED] the monthly change in the [REDACTED] Base to be determined prior to consummation of a contract.

PROPOSED DAILY DEMURRAGE RATE:

The enclosed rates provide for unit-tow transportation. All points except Cook, Mound City, Cora, Kellog and Cahokia would stand by load and unload fifteen (15) barge tows. Freetime of 24 hours each to load and unload. Demurrage thereafter [REDACTED] per hour. Cook, Mound City, Cora, Kellog and Cahokia would stand by load and unload 25 barge tows. Freetime of 36 hours each to load and unload. Demurrage thereafter [REDACTED] per hour. Minimum load tonnage: Green River 1,550 tons per barge, Big Sandy 1,750 tons per barge, all other points 1,850 tons per barge.

**Attachment B**

**ANNUAL GULF AND TERMINAL CAPACITY CHARGE**

FIXED	VARIABLE	TOTAL
_____	_____	_____

**INCREMENTAL GULF AND TERMINAL RATE/TON**

FUEL	VARIABLE	TOTAL
_____	_____	_____

PROPOSED ESCALATION METHODOLOGY:

FUEL

VARIABLE

PROPOSED HOURLY DEMURRAGE RATE:



## Attachment C

### UNLOADING PORT FACILITIES - CAPABILITIES AND LIMITATIONS

- A. Tampa Electric's Gannon Station at Black Point Dock, Tampa, Florida.
1. Draft Limitations: 28 feet except for some shoaling to 25 feet near the dock which may require the unloading vessel to stand off until partially unloaded.
  2. Maximum Vessel Limitations: 650 feet length. (Note: vessels longer than 500 feet must be shifted in order to facilitate unloading.) 85 ft. beam.
  3. Airdraft: Maximum airdraft is 45 ft. Vessel may have to be ballasted to maintain this maximum.
  4. Minimum Hatch Size: 38' width x 50' length; greater size highly desirable.
  5. Discharging Equipment: One traveling clamshell crane and one Dravo continuous ship unloader.
  6. Expected Average Unloading Rate: 1200 net tons per hour excluding delays caused by vertical interference's from vessel booms, masts and superstructures.
  7. Draft Surveying: If it is necessary to make a draft survey of the delivering vessel in loaded conditions, such survey is to be made while the vessel is standing in deep water before she comes into the dock. This may require that the vessel anchor in a protected deep water area nearby while the survey is performed.
- B. Tampa Electric's Big Bend Station on Hillsborough Bay, Tampa, Florida.
1. Draft Limitation: 33 feet.
  2. Maximum Vessel Dimensions: 650 feet length; and vessels over 600 feet must be shifted at the dock during unloading. 100 feet beam.
  3. Airdraft: Maximum airdraft is 52 feet. Vessel may have to be ballasted during unloading to maintain this maximum.
  4. Minimum Hatch Size: 38' width x 50' length; greater size highly desirable.
  5. Discharging Equipment: Dravo ladder bucket machine and Traveling Clamshell Crane.
  6. Expected Average Unloading Rate: 2000 net tons per hour, excluding delays caused by vertical interference from vessel booms, masts and superstructures.
  7. Draft Surveying: If it is necessary to make a draft survey of the delivering vessel in loaded conditions, such survey is to be made while the vessel is standing in deep water before she comes into the dock.
- C. **EXCEPTIONS**: Vessel of slightly different maximum dimensions may be accommodated provided that mutual agreement has been reached between the Seller and Tampa Electric and/or Tampa Electric's unloading contractor prior to loading and also prior to any commitments on the part of the Seller to utilize such vessels.

**Ohio River**

The Ohio River Company  
300 Pike Street  
Cincinnati, Ohio 45202  
(513) 721-4000  
(800) 950-1724 FAX

George H. Anderson  
Vice President, Sales

October 14, 1997

Mr. C. Carey McBride  
Sr. Consulting Engineer  
Tampa Electric Company  
P.O. Box 111  
Tampa, Florida 33601-0111

Re: Request for Waterborne Transportation Services Proposal WB-0199

Dear Mr. McBride:

We thank Tampa Electric for the opportunity to submit a quotation on this piece of business. As the Ohio River Company is the largest carrier of coal on the Inland Waterways, having transported in excess of 42 million tons of coal in 1996, we feel that our experience and expertise allow us to submit a proposal, which with Tampa Electric's assistance, will lower inland barge affreightment costs by between \$6 and \$9 million annually. Based on our experience, we believe it is in Tampa Electric's and its ratepayers' best interests to seek the lowest cost for each transportation component, rather than a single combined bid. Tampa Electric is in a far stronger position than Ohio River to negotiate the best price to achieve additional savings in the transloading, terminaling, and cross Gulf portions of the package. Your bid request as presented seems to predetermine that Tampa Electric's "in-house" system is the singularly capable bidder.

We have also decided on this approach because of our concerns about the fairness of the bidding process Tampa Electric outlined in its request of August 11, 1997. Our concerns relate to the following:

1. We are submitting an unbundled quotation in part because of GulfCoast Transit's refusal to bid a rate to Ohio River on the barging portion from New Orleans to Tampa on August 18, 1997, making it difficult for us to construct a complete package price.
2. We have also withheld our internal cost data because of your unwillingness to assure us that Mid South Towing, a potential competitor to Ohio River, would not have access to both our cost information and freight rates as submitted. An audited bid

opening process would give independent barge operators, terminals, and cross Gulf operators more assurance and confidence in submitting a complete and competitive response.

In view of the preceding, we are pleased to submit the rates listed in Attachment "A" based upon the following parameters:

TONNAGE: Minimum 1 million tons from any origin, shipped ratably.

EQUIPMENT: Jumbo open hopper barges.

TERM: January 1, 1999 through December 31, 2003.

MINIMUM TONS PER BARGE: 1500 net tons per rake barge/  
1600 net tons per box barge.  
Shipper also agrees to load to full visible capacity at the draft specified by Carrier.

TONNAGE MEASURED BY: Inturn weights.

FREETIME: 2 days to load, 3 days to unload each barge.

DEMURRAGE: [redacted] per barge per day, thereafter. [redacted]

FORCE MAJEURE: Standard provision.

PAYMENT: Net 20 days.

FREIGHT RATE ADJUSTMENT:

The base rates listed in Attachment "A" shall be adjusted quarterly beginning April, 1, 1999, throughout the term of the contract in the following manner:

(a) Fuel Cost. If on any Revision Date the Producer Price Index for No. 2 Diesel Fuel (Commodity Code #05-73-03), as first published by the United States Bureau of Labor Statistics (hereinafter "PPI-Fuel"), for the second month immediately preceding the Revision Date, is higher or lower than the PPI-Fuel as of December, 1998, which was \_\_\_\_\_ (hereinafter called the "Base Fuel Index"), the base rates shall be increased or decreased by \_\_\_\_\_ of the percentage by which the PPI-Fuel shall then have increased from the Base Fuel Index.

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(b) Fuel Tax. If on any Revision Date, the effective rate of tax imposed by Internal Revenue Code Section 4042, entitled "tax on fuel used in commercial transportation on inland waterways," after excluding nonpropulsion fuel (hereinafter "Fuel Tax"), is higher or lower than the Fuel Tax as of October 1, 1997, which was \$.2196 per gallon (hereinafter "Base Fuel Tax"), the base rate shall be increased or decreased by [REDACTED] percent of the percentage by which the Fuel Tax shall then have increased or decreased from the Base Fuel Tax.

6  
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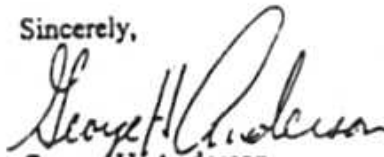
(c) Producer Price Index. If on any Revision Date the Producer Price Index for Industrial Commodities Less Fuels and Related Products and Power published by the United States Bureau of Labor Statistics (hereinafter called the "Producer Price Index"), as first for the second month immediately preceding the Revision Date, is higher or lower than the Producer Price Index as of December, 1998, which was \_\_\_\_\_ (hereinafter called the "Base PPI"), the base rates shall be increased or decreased by [REDACTED] of the percentage by which the Producer Price Index shall then have increased or decreased from the Base PPI.

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This proposal is subject to negotiation and execution of a definitive transportation agreement. This proposal will remain valid through November 14, 1997.

We do appreciate the opportunity to quote on your transportation needs. We are very willing to meet with you in confidential discussions to review potential improvements in your economics with regard to inland barge transportation. We are serious in our desire to provide a competitive, low cost alternative to Tampa Electric for the river barge portion of your transportation needs. As we all enter a new era of deregulation in the electric industry, it is imperative that we explore together potential opportunities to provide cost efficient alternatives to your ratepayers and stockholders. Thank you for your consideration.

Sincerely,



George H. Anderson  
Vice President, Sales



**Waterborne Transportation Proposal Form**  
**TECO**  
**Fuels and Environmental Services**

**PART 1**

Company Name: The Ohio River Company

Mailing Address: 300 Pike Street

P.O. Box 1460

Cincinnati, Ohio 45201

Authorized Representative Larry Downey

Phone Number: (513) 721-4000 Fax Number: (800) 615-6899

Corporate Affiliations (Include parent, subsidiary and affiliated companies):

Eastern Enterprises

Red Circle Transport Co.

Orsouth Transport Co.

Orgulf Transport Co.

R & W Marine, Inc.

Facility Locations:

Cincinnati - Headquarters

St. Louis & Pittsburgh - Sales Offices

Reserve, LA; Cairo, IL - Fleets

Huntington; Kenova - Terminals

## WATERBORNE TRANSPORTATION PROPOSAL FORM (Continued)

RIVER TRANSPORTATION  
PART 2

Towing Equipment Description (Include name, age, rated horsepower, towing capability, and other pertinent information):

1200 - 4000 HP	17 boats	26 years old (avg)
4001 - 6000 HP	21 boats	24 years old (avg)
6001 - 7200 HP	8 boats	20 years old (avg)
7201 - 10800 HP	5 boats	20 years old (avg)

Barge Fleet Description (Include design, configuration, type, size, style ownership, number of barges and other pertinent information):

Jumbo open barges: 887 rakes; 497 boxes

Jumbo cover barges: 471 rakes; 302 boxes

Stumbos barges: 185

Insurance Coverage Description (types of coverage, insureds coverage limits, carrier, policy numbers and expiration dates, etc.):

MARINE PACKAGE including: Hull & Machinery-Scheduled Values

Marine Liabilities - \$5,000,000 per occurrence  
Cargo & Cargo Liability - \$5,000,000 per vessel,

\$10,000,000 per occurrence.

Marine Liabilities, include but are not limited to, Collision  
Tower's; Contingent Tower's; Contractual; and Employer's

Liability imparted under the "Jones Act" & General Maritime Law

WATER POLLUTION LIABILITY including: "OPA 1900", "CERCLA"

Liability to any state or political subdivision thereof  
Limit is \$5,000,000 per spilling vessel

Underwriter is the Water Quality Insurance Syndicate

EXCESS LIABILITY in an amount greater than \$50,000,000 excess of  
limits state above.

EXPIRATION DATES: All Policies are written from June 1, 1997, to  
June 1, 1998.

## WATERBORNE TRANSPORTATION PROPOSAL FORM - PART 2 (Continued)

Major Customer Listing (Include company name, tonnage lifted in 1995 and 1996, Contact and Phone number):

	1995	1996	Contact
4 CINergy	[REDACTED]	[REDACTED]	[REDACTED]
5 Consol Coal	[REDACTED]	[REDACTED]	[REDACTED]
6 OVEC	[REDACTED]	[REDACTED]	[REDACTED]
7 Gulf Power	[REDACTED]	[REDACTED]	[REDACTED]
8 Mississippi Power	[REDACTED]	[REDACTED]	[REDACTED]

Subcontractors (Include company name, contact, phone number, and description of services rendered):

Ohio Valley Marine Service - Green River

Randy Harris (502) 827-9755

Evansville Marine - Green River

Steve Grantz (812) 424-9278

Financial Information (provide last five years of audited financial statements and other relevant information):

(See Enclosed)

**TERMINAL FACILITIES**  
**PART 3**

**Terminal Equipment Description (Include unloading and loading equipment, reclaim equipment, mobile equipment, rated capacities, average performance capabilities and other pertinent information):**

No bid

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**Terminal Ground Storage Description (Include schematic or diagram of storage capacity):**

No bid

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**Sampling Equipment (Include a description of inbound and outbound capabilities):**

No bid

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**Weighing Equipment (Include a description of belt scale capabilities inbound and outbound):**

No bid

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**Fleeting Equipment (Include a description of harbor boats and other fleeting equipment):**

No bid

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**Insurance Coverage Description (types of coverage, insureds coverage limits, carrier, policy numbers and expiration dates, etc.):**

No bid

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WATERBORNE TRANSPORTATION PROPOSAL FORM - Part 3 (Continued)

Major Customer Listing (Including company name, tonnage lifted in 1995 and 1996, Contact and Phone number):

No bid

Five horizontal lines for listing major customers.

Subcontractors (Include company name, contact, phone number, and description of services rendered):

No bid

Five horizontal lines for listing subcontractors.

Financial Information (provide last five years of audited financial statements and other relevant information):

No bid

Five horizontal lines for providing financial information.

**GULF TRANSPORTATION  
PART 4**

Ship or Ocean Barge Fleet Description (Include design, configuration, type, size, style, cargo capacity and other pertinent information):

No bid

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Insurance Coverage Description (types of coverage, insureds coverage limits, carrier, policy numbers and expiration dates, etc.):

No bid

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Major Customer Listing (Including company name, tonnage lifted in 1995 and 1996, Contact and Phone number):

No bid

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Subcontractors (Include company name, contact, phone number, and description of services rendered):

No bid

Five horizontal lines for subcontractor information.

Financial Information (provide last five years of audited financial statements and other relevant information):

No bid

Five horizontal lines for financial information.

Signature:

*George A. Anderson*

(Signature of person having proper authority to legally obligate the Transportation Company)

Title:

Vice President, Sales

Date:

October 14, 1997

# Attachment A

## ANNUAL RIVER TRANSPORTATION CAPACITY CHARGE

FIXED	VARIABLE	TOTAL	
██████████	██████████	██████████	3
			4

## INCREMENTAL BARGE RATE/TON

		1/1/99	
<u>LOCK 53 POOL OHIO RIVER</u>	FUEL	VARIABLE	BASE RATES (PN)
Cook Coal Terminal - MP 948 OH	██████████	██████████	██████████ 2
Mound City - MP 976 OH	██████████	██████████	██████████ 9
<u>TENNESSEE RIVER</u> 10			
BRT - MP 23 TR	██████████	██████████	██████████ 11
Kentucky Lakes Dock - MP 24 TR	██████████	██████████	██████████ 12
<u>SMITH LAND POOL OHIO RIVER</u> 13			
Empire Dock - MP 896 OH	██████████	██████████	██████████ 14
Rigsby & Barnard - MP 881 OH	██████████	██████████	██████████ 15
Kanipe Enterprises - MP 872 OH	██████████	██████████	██████████ 16
Caseyville - MP 872 OH	██████████	██████████	██████████ 17
Hamilton - MP 852 OH	██████████	██████████	██████████ 18
<u>UNIONTOWN POOL OHIO RIVER</u> 19			
Overland Terminal - MP 842 OH	██████████	██████████	██████████ 20
Mount Vernon - MP 828 OH	██████████	██████████	██████████ 21
Southern Indiana - MP 794 OH	██████████	██████████	██████████ 22

<u>GREEN RIVER</u>	FUEL	VARIABLE	1/1/99 BASE RATES (\$)	
Green Coal - MP 11 GR	[REDACTED]	[REDACTED]	\$ [REDACTED]	3
Patriot - MP 32 GR	[REDACTED]	[REDACTED]	[REDACTED]	4
Sebree - MP 43 GR	[REDACTED]	[REDACTED]	[REDACTED]	5
Pyramid - MP 94 GR	[REDACTED]	[REDACTED]	[REDACTED]	6
Ken Mine - MP 98 GR	[REDACTED]	[REDACTED]	[REDACTED]	7
<u>NEWBURGH POOL OHIO RIVER</u>				
Yankeetown - MP 773 OH	[REDACTED]	[REDACTED]	[REDACTED]	8
Owensboro - MP 750 OH	[REDACTED]	[REDACTED]	[REDACTED]	9
New Hope - MP 734 OH	[REDACTED]	[REDACTED]	[REDACTED]	10
<u>CANNELTON POOL OHIO RIVER</u>				
Jefferson River Port - MP 618 OH	[REDACTED]	[REDACTED]	[REDACTED]	11
<u>MELDAHL POOL OHIO RIVER</u>				
Transcontinental Terminals - MP 406 OH	[REDACTED]	[REDACTED]	[REDACTED]	12
<u>GREENUP POOL OHIO RIVER</u>				
Big Sandy - MP (1-8)	[REDACTED]	[REDACTED]	[REDACTED]	13
Huntington - MP 306 OH	[REDACTED]	[REDACTED]	[REDACTED]	14
<u>UPPER MISSISSIPPI RIVER</u>				
Cora - MP 99 UMR	[REDACTED]	[REDACTED]	[REDACTED]	15
Kellogg - MP 125 UMR	[REDACTED]	[REDACTED]	[REDACTED]	16
Cahokia - MP 178 UMR	[REDACTED]	[REDACTED]	[REDACTED]	17

FUEL

VARIABLE

PROPOSED DAILY DEMURRAGE RATE:

**Attachment B**

**ANNUAL GULF AND TERMINAL CAPACITY CHARGE**

	FIXED	VARIABLE	TOTAL
No bid	_____	_____	_____

**INCREMENTAL GULF AND TERMINAL RATE/TON**

	FUEL	VARIABLE	TOTAL
No bid	_____	_____	_____

PROPOSED ESCALATION METHODOLOGY:

FUEL

VARIABLE

PROPOSED HOURLY DEMURRAGE RATE:



## Attachment C

### UNLOADING PORT FACILITIES - CAPABILITIES AND LIMITATIONS

#### A. Tampa Electric's Gannon Station at Black Point Dock, Tampa, Florida.

1. Draft Limitations: 28 feet except for some shoaling to 25 feet near the dock which may require the unloading vessel to stand off until partially unloaded.
2. Maximum Vessel Limitations: 650 feet length. (Note: vessels longer than 500 feet must be shifted in order to facilitate unloading.) 85 ft. beam.
3. Airdraft: Maximum airdraft is 45 ft. Vessel may have to be ballasted to maintain this maximum.
4. Minimum Hatch Size: 38' width x 50' length; greater size highly desirable.
5. Discharging Equipment: One traveling clamshell crane and one Dravo continuous ship unloader.
6. Expected Average Unloading Rate: 1200 net tons per hour excluding delays caused by vertical interference's from vessel booms, masts and superstructures.
7. Draft Surveying: If it is necessary to make a draft survey of the delivering vessel in loaded conditions, such survey is to be made while the vessel is standing in deep water before she comes into the dock. This may require that the vessel anchor in a protected deep water area nearby while the survey is performed.

#### B. Tampa Electric's Big Bend Station on Hillsborough Bay, Tampa, Florida.

1. Draft Limitation: 33 feet.
2. Maximum Vessel Dimensions: 650 feet length; and vessels over 600 feet must be shifted at the dock during unloading. 100 feet beam.
3. Airdraft: Maximum airdraft is 52 feet. Vessel may have to be ballasted during unloading to maintain this maximum.
4. Minimum Hatch Size: 38' width x 50' length; greater size highly desirable.
5. Discharging Equipment: Dravo ladder bucket machine and Traveling Clamsnell Crane.
6. Expected Average Unloading Rate: 2000 net tons per hour. excluding delays caused by vertical interference from vessel booms, masts and superstructures.
7. Draft Surveying: If it is necessary to make a draft survey of the delivering vessel in loaded conditions, such survey is to be made while the vessel is standing in deep water before she comes into the dock.

- C. **EXCEPTIONS**: Vessel of slightly different maximum dimensions may be accommodated provided that mutual agreement has been reached between the Seller and Tampa Electric and/or Tampa Electric's unloading contractor prior to loading and also prior to any commitments on the part of the Seller to utilize such vessels.