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050001-EI

October 26, 2005

Gary V. Perko, Esq.  
Hopping, Green & Sams, P.A.  
123 South Calhoun Street  
Tallahassee, Florida 32301

Re: In re: Fuel and purchased power  
cost recovery factor, etc.

Dear Mr. Perko:

Enclosed is your copy of the deposition of Albert W. Pitcher  
taken in the above matter on October 21, 2005.

Since reading and signing was not waived, we are enclosing an  
errata sheet and request that your office make arrangements  
with the witness to read the deposition and make any  
corrections on the errata sheet.

Please forward the original completed errata sheet to Joseph A.  
McGlothlin for attachment to the original transcript and a copy  
to Jane Faurot at the Commission. You should also attach a  
copy to your transcript so that it will be complete.

Thank you for your cooperation in this matter. It was a pleasure  
working with you.

Sincerely,



Mary A. Neel

/mn

cc: Joseph A. McGlothlin, Esq.  
Jane Faurot

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FPSC-COMMISSION CLERK

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 050001-EI

In re: Fuel and purchased power  
cost recovery clause with  
generating performance incentive  
factor.

**COPY**

CONFIDENTIAL TRANSCRIPT

DEPOSITION OF: ALBERT W. PITCHER  
TAKEN AT THE INSTANCE OF: Office of Public Counsel  
DATE: October 21, 2005  
TIME: Commenced at 9:15 a.m.  
Concluded at 12.26 p.m.  
LOCATION: 123 South Calhoun Street  
Tallahassee, Florida  
REPORTED BY: MARY ALLEN NEEL, RPR  
Notary Public, State  
of Florida at Large

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**CONFIDENTIAL**

## APPEARANCES:

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## ALSO PRESENT:

RALPH VONFOSSEN  
EARL POUCHER

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**STIPULATIONS**

The following deposition was taken on oral examination, pursuant to notice, for purposes of discovery, for use as evidence, and for such other uses and purposes as may be permitted by the applicable and governing rules. Reading and signing of the deposition transcript by the witness is not waived.

\* \* \*

Thereupon,

ALBERT W. PITCHER

the witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MCGLOTHLIN:

Q. Please state your name for the record, sir.

A. My name is Albert W. Pitcher, One Progress Plaza, St. Petersburg, Florida.

Q. Mr. Pitcher, have you been deposed before?

A. Yes.

Q. Approximately how many times?

A. One.

Q. You're familiar with the routine, but let me just explain to you that I will be asking you a series of questions. And so that we can have a clear

1 transcript after the fact, if at any point you don't  
2 understand a question or you want me to repeat or  
3 clarify the question, please stop me and ask me to  
4 work on the pending question so that we're both clear  
5 as to what's being asked and what's being answered.  
6 Is that satisfactory with you, sir?

7 **A.** Yes, it is.

8 **Q.** Let's note for the record the conversation  
9 between Mr. Perko and myself prior to the beginning of  
10 the deposition. It will be necessary during the  
11 course of the deposition for me to either refer to or  
12 use some numerical values that Progress Energy Florida  
13 has designated as confidential, and we have an  
14 understanding that this transcript will be treated as  
15 confidential pending the appropriate filings by the  
16 company with respect to its request for continued  
17 shielding of that information. Is that satisfactory?

18 **A.** Yes.

19 **Q.** Mr. Pitcher, let's begin with some basic  
20 information about your background. What are your job  
21 responsibilities with Progress Fuels?

22 **A.** I'm Vice President of Coal Procurement. My  
23 responsibilities are procuring and transporting the  
24 coal that is necessary for Crystal Rivers 1 and 2 and  
25 4 and 5.

1           **Q.**    Would you provide us with some information  
2 about your education and professional background prior  
3 to your present position?

4           **A.**    I have a bachelor's degree in accounting.  I  
5 started my career with Arthur Andersen, worked for  
6 Synergy, and have been with Progress Fuels, or been  
7 with Florida Power or Progress Fuels for the last 30  
8 years, and I was in -- as a controller.  I served as  
9 Vice President of Sales, and I'm now Vice President of  
10 Coal Procurement.

11           **Q.**    To whom do you report at Progress Fuels?

12           **A.**    I report to Paula Simms.

13           **Q.**    And what is Ms. Simms' position?

14           **A.**    Vice President, Regulated Fuels.

15           **Q.**    Where is your office?

16           **A.**    In St. Petersburg.

17           **Q.**    Do you share, or does Progress Fuels share  
18 space within Progress Energy Florida's headquarters?

19           **A.**    No.  We're across the street.

20           **Q.**    Let's talk about the organization of  
21 Progress Fuels, the number of employees and how  
22 Progress Fuels is organized.

23           **A.**    I really don't know the number of employees.  
24 The portion that I'm in has responsibility for the  
25 fuel procurement.  There are other sections that are

1 handle coal mining operations, but I don't know the  
2 number of employees.

3 Q. Okay. With respect to the coal procurement  
4 function, how is that section organized?

5 A. I'm the head of that group. I have a  
6 manager of transportation, a manager of quality. I  
7 have an administrative assistant. And then each of  
8 those gentlemen have staff underneath them.

9 Q. The documents that were provided to us for  
10 review in response to the request to produce  
11 identified several corporate entities that I would  
12 like to ask you about. For instance, Diamond May  
13 Company, who is Diamond May Company?

14 A. It is a coal company that is owned by  
15 Progress Fuels.

16 Q. And does Diamond May Company own coal  
17 properties, or does Diamond May Company purchase from  
18 other mining companies?

19 A. They mine coal, and they purchase as well.

20 Q. Where is their coal property?

21 A. In Kentucky.

22 Q. Does Progress Fuels own 100 percent of  
23 Diamond May?

24 A. I really don't know the answer to that.

25 Q. Kentucky May, who is Kentucky May?

1           **A.**    It's a coal mining company underneath  
2 Progress Fuels.

3           **Q.**    Does Progress Fuels own all of Kentucky May?

4           **A.**    I'm not aware of the ownership.

5           **Q.**    Kanawa River Terminals, who is Kanawa River  
6 Terminals?

7           **A.**    It's a terminal operation, and they have  
8 operations on the Kanawa River in West Virginia.

9           **Q.**    Does Progress Fuels have an ownership  
10 position with Kanawa River Terminals?

11          **A.**    They do have an ownership position.

12          **Q.**    Who is Powell Mountain?

13          **A.**    It's a mining operation in southwest  
14 Virginia.

15          **Q.**    Does Progress Fuels have an ownership  
16 interest in Powell Mountain?

17          **A.**    I really don't know if they have an  
18 ownership interest in that operation or not.

19          **Q.**    Massey Coal Company, who is Massey Coal  
20 Company?

21          **A.**    Massey Coal Company is a coal supplier.  
22 They mine coal.

23          **Q.**    Does Progress Fuels have an ownership  
24 interest in Massey Coal Company?

25          **A.**    No, we do not.

1 Q. What about Sequoia Coal Company?

2 A. They're a mining company in eastern  
3 Kentucky, and we do not have an ownership interest.

4 Q. How about Consolidated Coal Company?

5 A. They're a mining company.

6 Q. Does Progress Fuels have an ownership  
7 interest in Consolidated?

8 A. No.

9 Q. Does Progress Fuels Corporation have an  
10 ownership interest in Alliance Coal Company?

11 A. No, they do not.

12 Q. There are references to the IMT terminal in  
13 New Orleans. Is IMT the proper name of that entity?

14 A. International Marine Terminals is the proper  
15 name.

16 Q. And what business are they in?

17 A. The transloading of products on the lower  
18 Mississippi River.

19 Q. Does Progress Fuels own IMT?

20 A. No, they do not.

21 Q. Does Progress Fuels have any ownership  
22 interest?

23 A. No, they do not.

24 Q. Drummond Coal Company?

25 A. They're an Alabama mining company, and they

1 also mine coal in Colombia.

2 Q. Does Progress Fuels own or have an ownership  
3 interest in Drummond?

4 A. We do not.

5 Q. Has Progress Fuels purchased coal from  
6 Diamond May?

7 A. Yes, we have.

8 Q. And is Diamond May currently one of your  
9 suppliers?

10 A. Yes, it is.

11 Q. Has Progress Fuels purchased coal from  
12 Kentucky May?

13 A. I'm not sure if they have -- I mean, in the  
14 past they have, but --

15 Q. You don't know whether they're currently  
16 providing --

17 A. Oh, they're not currently providing. We  
18 have no contract with Kentucky May.

19 Q. Has Progress Fuels purchased coal from  
20 Powell Mountain?

21 A. In the past they have.

22 Q. Does Powell Mountain provide any portion of  
23 the current supply of coal?

24 A. It does not.

25 Q. Do I understand correctly that Kanawa River

1 Terminals is not in the business of mining or selling  
2 coal, that it's limited to a loading or transloading  
3 function?

4 **A.** I'm not sure of the organizational structure  
5 of how -- if they're selling coal. I believe they  
6 transload coal, and they also under the marketing and  
7 trading group sell coal.

8 **Q.** Mr. Pitcher, I'm going to ask Mr. Poucher to  
9 provide you a copy of a document and ask you to review  
10 it for a moment.

11 **A.** Okay.

12 MR. McGLOTHLIN: I'm going to have this  
13 marked as Exhibit 1 to the deposition.

14 (Deposition Exhibit Number 1 was marked for  
15 identification.)

16 BY MR. McGLOTHLIN:

17 **Q.** This document is captioned "Progress Energy  
18 Florida's Responses to Citizens' Second Set of  
19 Interrogatories, Nos. 6 through 14." I ask you to  
20 review interrogatory number 6 and the response.

21 MR. PERKO: Just for the record, that  
22 includes confidential information.

23 **A.** The first page I have here says number 13,  
24 Progress Energy to Citizens' Fifth Request to Produce  
25 Documents, No. 13.

1           MR. MCGLOTHLIN: You gave him a request to  
2           produce. I'm looking for the interrogatory.

3           MR. PERKO: I believe it's underneath.

4           THE WITNESS: I've got it.

5           BY MR. MCGLOTHLIN:

6           Q. Let me know when you've had an adequate  
7           chance to look that over, Mr. Pitcher.

8           A. Yes.

9           Q. Do you recognize this as a response that you  
10          prepared as an answer to OPC's interrogatory number 6?

11          A. I do.

12          Q. And is the response accurate to the best of  
13          your knowledge?

14          A. It is.

15          Q. I'm going to refer to the first paragraph of  
16          the response. In that response you state that in  
17          April 2004, PEF issued a request for proposals. Would  
18          that request for proposals have been issued by PEF or  
19          by Progress Fuels on PEF's behalf?

20          A. By Progress Fuels.

21          Q. And when you state that PEF issued the RFP,  
22          in what way was that done? For instance, to whom was  
23          the RFP sent, and how was it communicated to potential  
24          providers?

25          A. We have a master bidders list. The request

1 for proposal was sent to each one on our master  
2 bidders list. In addition, we also forwarded the  
3 request for proposal to various coal publications who  
4 usually write articles about our desire for coal, and  
5 it gives us a reach into the marketplace that lets  
6 everybody know that we're looking for coal.

7 Q. How many bidders are on your master bidders  
8 list, if you know?

9 A. I don't know. I could get that for you, but  
10 I don't remember the number we have on the master  
11 bidders list.

12 Q. Is the master bidders list something that  
13 you could provide as a late-filed exhibit to this  
14 deposition?

15 A. It is.

16 MR. McGLOTHLIN: Could we have that  
17 identified as Exhibit 2, late-filed. We'll just  
18 caption it "Master Bidders List."

19 (Late-filed Deposition Exhibit Number 2 was  
20 identified.)

21 BY MR. McGLOTHLIN:

22 Q. And I imagine the RFP would identify  
23 quantities of coal and quality parameters?

24 A. It would.

25 Q. The next sentence says, "The results of this

1 RFP resulted in the purchase of 4.3 million tons of  
2 coal for both Crystal River Units 1 and 2 and 4 and  
3 5." You group Crystal River Units 1 and 2, and you  
4 group 4 and 5. Why is that?

5 **A.** Crystal River 1 and 2 and 4 and 5 burn  
6 different qualities of coal.

7 **Q.** Would you elaborate on that? What is the  
8 difference in the coals that are burned?

9 **A.** Crystal River 1 and 2 is a noncompliant  
10 unit, burns noncompliance coal, and Crystal River 4  
11 and 5 burn compliance coal, compliance coal defined as  
12 1.2-pound SO<sub>2</sub>.

13 **Q.** That's 1.2 pounds per million Btu?

14 **A.** Yes, of SO<sub>2</sub>. It's basically new source  
15 performance standards coal.

16 **Q.** And what is the corresponding value for the  
17 noncompliance coal that 1 and 2 burn?

18 **A.** It's 1.5 pounds to a 2.1-pound SO<sub>2</sub>.

19 **Q.** As a practical matter, does this mean that  
20 the entities who have coal that would be responsive to  
21 the needs of Crystal River Units 1 and 2 would not  
22 also bid for the requirements for 3 and 4, or is it  
23 possible that the same mining company can either mine  
24 or blend coal that would meet the requirements of  
25 either?

1           **A.** It is possible that they could meet the  
2 requirements of either one.

3           **Q.** The same sentence, resulted in the purchase  
4 of 4.3 million tons of coal for both Crystal River  
5 Units 1 and 2 and 4 and 5, is that 4.3 million tons,  
6 or is that 4.3 million tons for 1 and 2 and another  
7 4.3 for 4 and 5?

8           **A.** That's a total.

9           **Q.** And how many bidders responded to the RFP,  
10 if you know?

11           **A.** I don't have a count on it. We could  
12 provide that for you.

13           MR. McGLOTHLIN: Late-filed Exhibit 3 would  
14 be "List of Bidders Who Responded to April 2004  
15 RFP."

16           (Late-filed Deposition Exhibit Number 3 was  
17 identified.)

18 BY MR. McGLOTHLIN:

19           **Q.** Now, is Progress Fuels Corporation in the  
20 business of mining coal or purchasing coal for resale?

21           **A.** It is.

22           **Q.** Would Progress Fuels Corporation ever be in  
23 a position of offering coal in response to an RFP like  
24 this on its own behalf?

25           **A.** It would.

1           Q.    Did Progress Fuels respond to this  
2 particular RFP?

3           A.    They did.

4           Q.    In its own behalf?

5           A.    In its own behalf, yes, sir.

6           Q.    Well, in such a situation, who scores the  
7 bids? Who evaluates the responses?

8           A.    I do, along with my staff.

9           Q.    Okay. So you've got a number of bids that  
10 are responsive to the RFP, including Progress Energy,  
11 Progress Fuels Corporation, and you and your staff  
12 review the responses and award, or decide who among  
13 the bidders, including Progress Fuels, should get the  
14 contract?

15          A.    That's correct.

16          Q.    What criteria does Progress Fuels  
17 Corporation use to decide who gets the contract?

18          A.    We evaluate it on cents per million  
19 delivered to the plant and purchase the lowest priced  
20 coal.

21          Q.    Is the RFP set up to require simultaneous  
22 bids, or does Progress Fuels Corporation have  
23 knowledge of the other bidders' submissions at the  
24 time it makes it own?

25          A.    They have no knowledge of -- there's no

1 cross-information associated with the bids. They bid  
2 as any other coal supplier would bid.

3 Q. Who prepares the bid for Progress Fuels  
4 Corporation?

5 A. The coal bid -- clarify that. The coal bid  
6 that came in to me in response to the RFP?

7 Q. Yes.

8 A. The marketing and trading group did. I  
9 don't know who prepared it.

10 Q. Well, you mentioned a marketing and trading  
11 group. Is that organized to be separate and apart  
12 from your procurement group?

13 A. Oh, yes.

14 Q. Where is the marketing and trading group  
15 located physically?

16 A. Raleigh.

17 Q. Procedurally, are there any measures in  
18 place to ensure that the persons or the departments of  
19 Progress Fuels Corporation that are interested in  
20 responding to the RFP are walled apart from the  
21 persons or departments within Progress Fuels  
22 Corporation who evaluate responses and award  
23 contracts?

24 A. That is correct. There is a very thick wall  
25 between those entities.

1           **Q.** Well, describe how one accomplishes that.

2           **A.** Well, we're in separate locations, for one.  
3 There's rules within the company that there is no  
4 exchange of information between the regulated group  
5 and what I consider the commercial operation groups.

6           **Q.** Are those rules in written form?

7           **A.** I don't know if they're written or not.

8           **Q.** Well, as vice president, you would be in a  
9 position to know if there are any written rules, would  
10 you not?

11           **A.** I know we do not communicate between the  
12 unregulated and the regulated group, and I know that  
13 we've all gone through training, various training  
14 sessions associated with what is considered walled and  
15 what is not walled and who can talk to whom.

16           **Q.** You mentioned regulated and unregulated  
17 groups, but Progress Fuels Corporation is not a  
18 regulated entity, is it?

19           **A.** Within Progress Fuels, the group that I'm in  
20 charge of has the responsibility for -- we're the fuel  
21 procurement arm on behalf of Progress Energy Florida,  
22 so it's an entity within an entity.

23           **Q.** You stated that the award of contracts is  
24 based on the lowest delivered price. Are there any  
25 steps or calculations that are necessary after one

1 receives the bids to translate that into a lowest  
2 delivered price, or is that reflected on the bids  
3 themselves?

4 **A.** The bids that are submitted are for the coal  
5 cost only, and we have to add transportation costs to  
6 that, basically all the costs associated with getting  
7 it to Crystal River. And we put that on a spreadsheet  
8 and calculate it on a cents per million Btu basis.

9 **Q.** And the costs of transportation are known  
10 and available from the railroad and the barge lines,  
11 and so that is a known value, known both to Progress  
12 Fuels and to the bidders; is that correct?

13 **A.** It is not known to the bidders. It is known  
14 to Progress Fuels.

15 **Q.** To whom did you award the contracts for the  
16 4.3 million tons of coal?

17 **A.** We -- I'm going from memory. If I could, I  
18 would rather get you a late exhibit of who we awarded  
19 it to. I can go down and give you some of the tons  
20 and the people. Just off the top of my head, I don't  
21 have all of them in my head.

22 **MR. MCGLOTHLIN:** Okay. The next late-filed  
23 exhibit will be what? Number 3?

24 **THE REPORTER:** Four.

25 **MR. MCGLOTHLIN:** Late-filed Exhibit Number 4

1           would be bidders to whom Progress Fuels awarded  
2           4.3 million tons of coal contracts.

3                         (Late-filed Deposition Exhibit Number 4 was  
4           identified.)

5           BY MR. MCGLOTHLIN:

6                         **Q.**   Was Progress Fuels Corporation one of the  
7           entities that was awarded a contract?

8                         **A.**   They were.

9                         **Q.**   Let's revert to Late-filed Exhibit Number 4.  
10          In addition to the list of bidders, will you show the  
11          quantities of coal awarded for each bidder and the  
12          price per ton for each bidder?

13                        **A.**   Yes.

14                        **Q.**   Further, in this response, you state that  
15          after this purchase, PEF had an open position, that  
16          is, additional coal needed, for water delivered coal  
17          totaling 600,000 tons for 2005 and 550,000 tons for  
18          2006. Do you see that statement?

19                        **A.**   I do.

20                        **Q.**   How does PEF determine the portion of its  
21          coal supply that needs to be delivered by water versus  
22          rail?

23                        **A.**   We had operating during the time period  
24          which we were discussing four gulf barges. Those gulf  
25          barges have a defined capacity of how much they can

1 carry, and then the residual rolls over to the rail.

2 Q. When you say we have four barges, are you  
3 talking about Progress Fuels Corporation or Progress  
4 Energy?

5 A. Under contract. They're under contract.  
6 We, "we" meaning Progress Fuels Corporation, we have a  
7 contract with Dixie Fuels, Ltd. to move coal from New  
8 Orleans, Louisiana, and/or Mobile to Crystal River.

9 Q. So is the nature of those contractual terms  
10 such that you have to maximize the use of the barge  
11 for it to be economical?

12 A. No. It's just a matter of how much they can  
13 carry. As a result of the CSX negotiations this year,  
14 the water delivered coal is the cheapest form, and we  
15 are maximizing the cheapest form of delivery.

16 Q. It isn't clear to me what you mean then when  
17 you say PEF had a need for water delivered coal in the  
18 quantity of 600,000 tons. How did PEF determine that  
19 it had a need for coal that had to be delivered by  
20 water?

21 A. We evaluate the coals that we have  
22 purchased, we evaluate the mode by which they're going  
23 to be transported, and the residual is a fallout of a  
24 shortfall, if you will, that is, the coal that needs  
25 to be purchased to meet the burn requirements at the

1 Crystal River facilities. So it's nothing more than  
2 what coal we have under contract and what coal the  
3 plant needs, and the difference is the open position.

4 Q. I understand the concept of the total burn  
5 needs, and I understand that the 4.3 million tons fell  
6 short of the total requirement. I gather that the  
7 shortfall was 600,000 tons. But what I don't  
8 understand yet is why there's a need for water  
9 delivered coal as opposed to coal delivered by water  
10 or rail. Your statement says that the need is for  
11 water delivered coal. Can you explain why that is the  
12 case?

13 A. The gulf barges have a capacity of carrying  
14 around 2.5 million tons of coal. They are the lowest  
15 form, lowest cost transportation. We had not  
16 purchased enough coal that would allow us to maximize  
17 the movement of the lowest cost form of  
18 transportation.

19 Q. I think I understand now. The shortfall in  
20 the total burn requirement is 600,000 tons, and  
21 because you had not maximized the use of the barge,  
22 which was at the time the lower cost transportation  
23 mode, it was desirable to deliver that quantity by  
24 barge.

25 A. That's correct.

1 Q. Do I have it right now?

2 A. You do.

3 Q. You state that PEF decided to re-enter the  
4 marketplace to close out its 2005 and 2006 open  
5 positions, and in the next sentence you state that PEF  
6 received three bids from reliable barge suppliers.  
7 First of all, when PEF decided to re-enter the  
8 marketplace, did it issue another RFP?

9 A. It did not issue a formal RFP. It did an  
10 informal RFP via telephone calls.

11 Q. And who made those calls?

12 A. I did.

13 Q. Whom did you contact?

14 A. I contacted Drummond Coal Company, I  
15 contacted CMC Coal Sales, which is a Colombian coal  
16 operation, and Progress Fuels.

17 Q. Anyone else?

18 A. There's one other. I'm drawing a blank. I  
19 contacted four people. I'm drawing a blank right now  
20 on the fourth one.

21 Q. Did you contact Guasare?

22 A. Guasare, yes. I'm sorry. The Venezuelan  
23 coal. I'm sorry.

24 Q. Is that the fourth person that you  
25 contacted?

1           **A.**    Yes.

2           **Q.**    Why did you not contact everybody on the  
3 master bidders list for this 600,000-ton need?

4           **A.**    At the time that this was occurring, as I've  
5 described somewhat in my answers, there were -- the  
6 prices were beginning to climb very dramatically.  
7 There were major utilities that were out in the  
8 marketplace. And we felt that at the time, rather  
9 than issuing a formal RFP that would add additional  
10 stress to the pricing, we would make calls to known  
11 suppliers who could provide the coal that we were  
12 looking for.

13          **Q.**    How would the issuance of a formal RFP add  
14 stress to the pricing?

15          **A.**    I think if you come out in the marketplace  
16 and start saying we're out for X number of million  
17 tons of coals or hundreds of thousands of tons of  
18 coal, it adds more fuel to the marketplace. It's an  
19 example of -- during this period of time, TVA was out  
20 for bid for large tonnage, South Carolina Public  
21 Service was out for large tonnage, and that has a  
22 tendency to put additional price pressure on the  
23 market.

24          **Q.**    That seems counterintuitive to me. Wouldn't  
25 the knowledge that there's a RFP that has been issued

1 to multiple providers tell each potential bidder that  
2 there's competition, and the bidders should bear that  
3 in mind when responding?

4 **A.** That has not been my experience in the  
5 marketplace.

6 **Q.** Well, what led you to contact these four  
7 particular entities as opposed to others you could  
8 have contacted?

9 **A.** Progress Fuels Corporation's operations,  
10 they're one of the largest suppliers of compliance  
11 coal on the river system. Guasare and Drummond were  
12 existing contractors that supply us with coal. And  
13 CMC was someone who we had not done business with  
14 before, and they were unsuccessful in a previous RFP,  
15 and I wanted to see if they had any coal available.

16 **Q.** Were there any suppliers who were awarded  
17 some portion of the 4.3-million-ton RFP, but who were  
18 not contacted for this additional requirement?

19 **A.** There were people who were not contacted  
20 simply because they're rail delivery. Remember, we  
21 take coal both by water and rail. So we wouldn't have  
22 contacted any of our rail suppliers. The water  
23 suppliers we called. During that RFP, we purchased a  
24 lot of imported coal. That's why we were contacting  
25 the import suppliers.

1           **Q.** I think we may be talking past each other on  
2 this one.

3           **A.** Okay.

4           **Q.** I'm interested in knowing whether there were  
5 any -- and I'll limit this to suppliers who had the  
6 capability of delivering by barge -- who were awarded  
7 a portion of 4.3-million-ton requirement, but who were  
8 not contacted to see if they wanted to respond to the  
9 600,000-ton additional requirement.

10           **A.** Over the period of time that we're talking  
11 about, I had conducted phone conversations -- you  
12 know, I'm not operating in a vacuum with this. I'm  
13 basically in contact with the marketplace on a very  
14 regular basis. Current suppliers who we purchased  
15 coal from from the previous RFP did not -- there were  
16 a couple of them who did not have coal. We got that  
17 from talking to them prior to us making this decision,  
18 prior to going out for this informal RFP. Central  
19 Coal was one of them. Central Coal was awarded coal  
20 under the previous RFP, and they did not have any  
21 additional coal.

22           **Q.** Is that why you didn't contact them?

23           **A.** Again, I just got that from conversations in  
24 talking to these people.

25           **Q.** Did you get that from talking to Central

1 Coal or somebody else?

2 A. Talking to Central Coal.

3 Q. Okay. Were there any other suppliers who  
4 participated in the April 2004 RFP and who can deliver  
5 by barge but were not contacted for this additional  
6 requirement?

7 A. I would have to go back and look at who  
8 responded to the RFP on the water side to let you know  
9 that.

10 Q. All right. Now, you're going to give us a  
11 list of the bidders in an earlier exhibit. Can you  
12 designate on that list those that can deliver by barge  
13 and those that can deliver by rail and those that can  
14 deliver by barge or rail?

15 A. Sure.

16 Q. I think that will give us the information.  
17 You contacted four potential suppliers. Did  
18 you simply call and get a price, or did you tell them  
19 to submit a bid for comparison to other bids?

20 A. I asked them to respond via either e-mail or  
21 a written letter, and it came in both forms. So we  
22 had received bids from them with the qualities of coal  
23 and the quantities of coal and the price so that we  
24 could do our normal evaluation.

25 Q. And what information did you give each of

1 these four entitles whom you contacted by telephone?

2 **A.** We asked them if they had any coal available  
3 for the '05-06 window, told them we were thinking  
4 about buying additional coal, did not commit that we  
5 were going to buy any, and that if they had any  
6 available for sale, to please respond.

7 **Q.** By a time certain?

8 **A.** This took place over literally a three-week  
9 window where I was placing calls and talking, and then  
10 they needed to go back. They said, "We don't know if  
11 we have anything available. Let us go check with our  
12 mining people." So it was not a time certain, but I  
13 told them that we were interested in doing something  
14 before the middle of September, end of September.

15 **Q.** I gather then these bids were not submitted  
16 simultaneously.

17 **A.** They were not.

18 **Q.** Were they evaluated simultaneously, or were  
19 they awarded some portion based upon the information  
20 contained in only the individual bid?

21 **A.** They were awarded at the same time. They  
22 were evaluated over this month period or three-week  
23 period that I'm talking about, but there were no  
24 awards made until all the bids were in and were  
25 evaluated and we could compare them side by side.

1           **Q.** Well, did these four entities submit bids --  
2 let me do a better job of that. Did any or all of the  
3 four entities propose to meet the full 600,000-ton  
4 requirement?

5           **A.** No.

6           **Q.** In your earlier response, you indicated that  
7 Progress Fuels Corporation was one of the larger  
8 providers on the river, I think, to paraphrase your  
9 answer. Does Progress Fuels Corporation provide coal  
10 to entities other than Progress Energy Florida?

11          **A.** Yes, they do.

12          **Q.** Does Progress Fuels Corporation own coal  
13 properties, or is it in the business of purchasing and  
14 reselling?

15          **A.** They do both.

16          **Q.** Where is its coal property?

17          **A.** In eastern Kentucky.

18          **Q.** In your answer, you state that PFC provided  
19 the lowest bid, and consequently PEF awarded a  
20 two-year contract to PFC for a total of 480,000 tons.  
21 I won't finish the rest of the sentence because  
22 there's a confidential number there that we don't need  
23 to insert here, but then you say the other contract  
24 was for a total of 450,000 tons. Who received the  
25 award for the balance of the 600,000 tons?

1           **A.** We did not close out that whole position.

2           **Q.** I see. Well, who was the second of the two  
3 entities who were awarded some portion of that need?

4           **A.** Who are the two entities?

5           **Q.** Yes. Other than Progress Fuels, who was  
6 awarded a contract?

7           **A.** CMC, which is a Colombian coal producer.

8           **Q.** Now, in that this particular purchasing  
9 exercise was performed after the 2004 PEF RFP and for  
10 lesser quantities, do you regard this as an additional  
11 long-term purchase, or do you regard this as a spot  
12 purchase?

13           **A.** This would be a mid-term contract. It goes  
14 for two years, so I think I would classify it as a  
15 mid-term.

16           **Q.** How do you define a spot purchase?

17           **A.** Usually for coal that you're going to buy  
18 for less than a year.

19           **Q.** In the last sentence of that answer, you  
20 state that Central Coal Company and Massey were  
21 purchased at an earlier time period when prices were  
22 much lower than the market in which PFC coal was  
23 purchased. Do you refer there to the April 2000 RFP  
24 or to some different purchase?

25           **A.** That was in the April 2004 RFP.

1           **Q.** Mr. Pitcher, you said in an earlier response  
2 that you decided to place these phone calls in lieu of  
3 a more formal RFP to avoid putting additional pricing  
4 stress on the commodity. I'm trying to understand  
5 that concept. If RFPs have the effect of increasing  
6 prices, why would one ever issue an RFP?

7           **A.** There were two factors that were operating.  
8 I'll answer it in two parts. One, an RFP is issued if  
9 you're going to take a look at buying very large  
10 quantities of coal, we which did in the April 2004.  
11 We had originally anticipated replacing that open  
12 position with spot purchases in the ensuing periods,  
13 '05 and '06.

14           There was not only price pressure on the  
15 marketplace, but there was a very limited quantity of  
16 coal, as we found out when we started making phone  
17 calls. And it is very difficult if you put an RFP out  
18 and everybody in the business is chasing the same  
19 tonnage. And we wanted to make sure that we were able  
20 to go out and -- make sure that we were competitive  
21 and were purchasing competitively priced coals, but we  
22 did it on a very low-key basis as opposed to an RFP.

23           **Q.** This particular purchase for what is  
24 described as an open position, is that typical or  
25 atypical of the manner in which Progress Fuels

1 Corporation typically goes about acquiring coal for  
2 Progress Energy Florida?

3 **A.** I'm not sure I understand the question.

4 **Q.** Well, generally speaking, does Progress  
5 Fuels Corporation more typically use an RFP or this  
6 alternative individual phone call methodology for  
7 securing coal?

8 **A.** We use a combination of several methods. We  
9 use the RFP process. We use the monthly purchases or  
10 quarterly purchases. We receive bids that come in  
11 monthly sometimes. We log those in and record them  
12 and evaluate them, and if we need coal during that  
13 period of time -- so those are unsolicited bids. And  
14 we use this third forum of an unofficial RFP process.  
15 So we use all of those.

16 **Q.** This question is designed to enable us to  
17 understand better the relationship between the  
18 contracts that Progress Fuels Corporation executes in  
19 its role of procuring coal for Progress Energy on the  
20 one hand and the values that we see on the 423 forms  
21 that are eventually submitted to the Commission. For  
22 instance, one of the companies that you purchase from  
23 is Kentucky May. And I can't recall if you said  
24 they're a current provider or that they provided coal  
25 in the past. Which was it?

1           **A.**    In the past.

2           **Q.**    Well, let's take them as an example. Let's  
3 assume there's a contract between Progress Fuels  
4 Corporation and Kentucky May. Is the price that's  
5 specified in the contract the same cost that we see  
6 reported on the 423 form, or is there some translation  
7 or modification for any reason?

8           **A.**    I really don't know. I don't do the Form  
9 423s. I couldn't respond to that.

10          **Q.**    Okay. We'll save that for somebody else.  
11 But I believe you said you do take part in the actual  
12 negotiation or the procurement function itself when  
13 Progress Fuels Corporation deals with these other  
14 suppliers; is that right?

15          **A.**    That's correct.

16          **Q.**    With whom would you deal or negotiate at  
17 Kentucky May if you were to contact Kentucky May  
18 either through an RFP or through one of these phone  
19 call solicitations?

20          **A.**    Well, in the marketing and trading group  
21 that I mentioned, there's a salesman who handles  
22 Florida as well as part of the South. At the time, it  
23 was Joe Jefferson that submitted the bid. And that's  
24 who I would negotiate the terms with, just like I  
25 would do so with Massey or Causseaux or whoever their

1 salesperson is.

2 Q. So the person with whom Progress Fuels  
3 Corporation negotiates if it wants coal from Kentucky  
4 May is someone in Progress Fuels Corporation's  
5 marketing and trading group?

6 A. That's who markets -- as I understand,  
7 that's who markets all of the coals. The coals are  
8 being marketed out of a marketing and trading group.

9 Q. And that marketing and trading group, which  
10 is an organization or department within Progress Fuels  
11 Corporation, represents not only Progress Fuels  
12 Corporation in its own capacity, but also Kentucky May  
13 and others in which Progress Fuels has an ownership  
14 interest?

15 A. That is correct.

16 Q. Okay. Let's assume hypothetically that  
17 Progress Energy Florida requires coal, that it doesn't  
18 have the full burn requirement and it's going into the  
19 market to acquire more. It turns to you as its chief  
20 procurement person and identifies a quantity needed,  
21 and you're going to contact potential suppliers, who  
22 include Progress Fuels Corporation and Kentucky May  
23 and Diamond May Company, in all of which companies  
24 Progress Fuels Corporation has an ownership interest.  
25 Does the same person in this marketing and trading

1 group represent each of those entities in its  
2 responses to the RFP or the solicitation?

3 **A.** The marketing and trading group represent  
4 the coals from the mining operations that Progress  
5 Fuels has an ownership interest in through other  
6 subsidiaries. They also purchase coal, as I mentioned  
7 before. And it would be the marketing and trading  
8 group, one individual in that marketing and trading  
9 group who would submit a bid to me based upon the  
10 qualities that they would have available and the  
11 qualities I need.

12 **Q.** Are these companies in competition with each  
13 other to receive the contract award?

14 **A.** I'm not really sure how they're organized.  
15 I'm not part of that group.

16 **Q.** Well, I don't think you have to know the  
17 organization to know whether when Progress Energy  
18 issues an RFP or solicitation, whether Diamond May,  
19 Kentucky May, Powell Mountain, and Progress Fuels  
20 Corporation are vying with each other in efforts to  
21 secure some or all of that award.

22 **A.** I would say the marketing and trading group,  
23 who is responsible for selling the coal for those  
24 entities, will provide coal from their operations  
25 based upon the quality of coal that we would be

1 looking for. I don't know the qualities of coal from  
2 those mining operations.

3 Q. Well, they would be providing coal based  
4 upon the quality of coal, but they would also be  
5 competing on price, would they not?

6 A. I don't know how they're structured. I  
7 don't know how they operate. I simply receive bids  
8 from them based upon what coal they want to offer, no  
9 different than Massey Coal. Massey Coal has multiple  
10 mining operations. Under your assumption, I would  
11 assume that they're all in competition with each  
12 other. But their sales group submits the bid based  
13 upon the quality of coal that a particular group is  
14 looking for.

15 Q. Well, one difference is that Massey Coal  
16 doesn't go through the marketing and trading  
17 department of Progress Fuels Corporation in order to  
18 submit a bid, does it?

19 A. I'm sorry. I don't see the point.

20 Q. Well, I don't know if it's a point yet, but  
21 it's a question. I'm trying to establish whether the  
22 same person or the same department within Progress  
23 Fuels Corporation is representing the interests of  
24 companies which conceptually are competing with each  
25 other when those companies submit bids to secure a

1 portion of the coal needs of Progress Energy Florida.

2 MR. PERKO: I'm going to object to the form.

3 MR. McGLOTHLIN: What's the objection?

4 MR. PERKO: You haven't established that  
5 they conceptually are in competition with one  
6 another.

7 MR. McGLOTHLIN: Well, that's the question.

8 BY MR. McGLOTHLIN:

9 Q. The question is, are those companies in  
10 competition with each other? Do you know?

11 A. I do not know.

12 Q. Progress Fuels Corporation has an ownership  
13 interest in the companies I've identified; is that  
14 correct?

15 A. That's correct.

16 Q. Are you an officer in any of those  
17 companies?

18 A. I am not.

19 Q. Is there anyone within Progress Fuels  
20 Corporation who is an officer of the other companies?

21 A. I don't know the answer to that.

22 Q. Well, Diamond May Company is -- well, let me  
23 ask it this way. Does Diamond May Company provide  
24 coal to entities other than Progress Energy Florida?

25 A. Absolutely.

1           **Q.**    And does Kentucky May Company provide coal  
2 to entities other than Progress Energy Florida?

3           **A.**    Yes.

4           **Q.**    Let's say that Utility B, someone other than  
5 Progress Energy Florida, issues an RFP. Is it  
6 possible that Diamond May or Kentucky May would submit  
7 bids to Utility B?

8           **A.**    It's possible.

9           **Q.**    In that situation, would they be in  
10 competition with each other?

11          **A.**    I don't know who would submit the bid.  
12 That's why I'm having trouble with whether Kentucky  
13 May submits a bid on its own, or Diamond May. The way  
14 you're couching the question is, does Diamond May send  
15 a bid out and does Kentucky May send a bid out, and  
16 that's not how I receive bids. How I receive bids is  
17 a bid from the Progress Fuels marketing and trading  
18 group, and it may name a certain mine, or it may not.

19          **Q.**    Who would know the answer to that question?  
20 Who would know whether Diamond May and Kentucky May  
21 submit bids or whether the bid is formulated by  
22 someone within the marketing and trading group of  
23 Progress Fuels Corporation?

24          **A.**    It would be somebody in the marketing and  
25 trading group. Right now -- David Crews is the head

1 of marketing and trading right now.

2 Q. But is it your testimony today, Mr. Pitcher,  
3 that you don't know whether the several coal companies  
4 in whom Progress Fuels Corporation has an ownership  
5 interest compete for the opportunity to provide their  
6 coal, their respective coals to Progress Energy  
7 Florida?

8 A. That is my testimony.

9 MR. MCGLOTHLIN: Can we take about a five-  
10 or ten-minute break while I shuffle some papers  
11 here?

12 MR. PERKO: Sure.

13 (Short recess.)

14 BY MR. MCGLOTHLIN:

15 Q. Mr. Pitcher, in response to a series of  
16 questions, you described the existing arrangements  
17 between Progress Fuels Corporation and Progress Energy  
18 Florida pursuant to which Progress Fuels is the  
19 procurement function for Progress Energy. Among the  
20 documents that we reviewed in preparation for this  
21 deposition is a letter providing notice of the  
22 termination of the existing contract between Progress  
23 Energy Florida and Progress Fuels Corporation. Would  
24 you describe the manner in which this procurement  
25 function will take place in the future after the

1 termination of that existing arrangement, as you  
2 understand it?

3       **A.** As I understand it, we're in the process of  
4 merging the group, what is currently done in Progress  
5 Fuels into the Raleigh group under Progress Energy  
6 Carolinas, and they will act on behalf of Progress  
7 Energy Florida in purchasing coal. So it will be  
8 under Progress Energy's regulated group in Carolina.

9       **Q.** So this function will become part of what  
10 is, in essence, an in-house operation of Progress  
11 Energy Carolinas, and that department will procure  
12 coal for both the Carolina utility and Progress Energy  
13 Florida?

14       **A.** That's correct.

15       **Q.** When that occurs, will Progress Energy  
16 Carolinas continue to have an office in Florida, or  
17 will all of that occur out of Raleigh? I'm referring  
18 to the procurement function.

19       **A.** It will all be in Raleigh.

20       **Q.** After this transition, will the procurement  
21 function performed by Progress Energy Carolinas be  
22 pursuant to a contract with Progress Energy Florida or  
23 some other arrangement?

24       **A.** I'm not really sure how they're going to be  
25 organized in that regard.

1           **Q.** After the transition, will Progress Fuels  
2 Corporation continue to participate in the mining and  
3 selling of coal to the Progress Energy utilities and  
4 others?

5           **A.** If they're successful bidders on it,  
6 certainly.

7           **Q.** So far the questions have been specific to  
8 the procurement of the coal commodity. Will there be  
9 any changes with respect to the manner in which  
10 Progress Energy Florida arranges for the  
11 transportation of coal to its Crystal River sites?

12          **A.** There are currently contracts that are in  
13 place, and those contracts will remain in place, and  
14 they will be -- and I'm not sure exactly legally how  
15 they're going to adopt contracts, the legal aspects of  
16 it, but the transportation contracts are in existence.

17          **Q.** Will Progress Energy Carolinas be  
18 responsible for the transportation aspect of coal  
19 deliveries as well as the procurement of the  
20 commodity?

21          **A.** Yes, sir.

22          **Q.** And it's your understanding that the  
23 existing contracts will be assigned, or in some manner  
24 Progress Energy Carolinas will become the entity  
25 responsible for administering the existing

1 arrangements?

2 A. I'm not sure if they'll assign them or not.  
3 I don't know what the arrangements will be.

4 Q. I'm going to ask Mr. Poucher to provide you  
5 another exhibit. Please take a couple of minutes to  
6 look it over.

7 A. Okay.

8 MR. MCGLOTHLIN: And I suspect that Progress  
9 Energy will regard this as containing  
10 confidential information.

11 MR. PERKO: I would ask for Mr. Pitcher's  
12 confirmation, but I believe so.

13 THE WITNESS: Yes, that is correct.

14 BY MR. MCGLOTHLIN:

15 Q. Mr. Pitcher, we have provided you with a  
16 document captioned "Progress Energy Ballpark Transport  
17 Costs for Coal," and as you can see, this is designed  
18 to be a rough conceptual diagram of the manner in  
19 which coal travels to Crystal River units and is  
20 delivered there. And to the left of the diagram we  
21 have listed those companies which, as we understand  
22 it, provide coal that is delivered by river barge, and  
23 to the right we've listed those companies which, as we  
24 understand it, typically deliver coal by rail. And  
25 I'll ask you first to either confirm that

1 understanding or correct our understanding in that  
2 regard. Do Central, Keystone, Emerald, Massey, and  
3 Progress deliver coal by the barge route?

4 **A.** These companies, Central, Keystone, Emerald,  
5 and Progress, do deliver coal by water as you've laid  
6 out. Massey has the ability to either be part of that  
7 water delivery, or if you'll notice, they're over on  
8 the right side of your thing, and they can do it  
9 directly by rail.

10 **Q.** All right. Is the list on the right-hand  
11 side then accurate? Do Consolidated, Sequoia, Massey,  
12 B&W, Alliance, and Progress Fuels have the capability  
13 of delivering by rail? I should add Central to that  
14 list, I guess.

15 **A.** And I'll answer that Consolidated, Sequoia,  
16 Massey, B&W, Alliance, and Progress are rail  
17 deliverers. Central, they're a water delivered  
18 product. I would have to look and see. They load out  
19 of a river facility. So I'm not -- that doesn't look  
20 right to me.

21 **Q.** And as I understand it, depending on the  
22 location of the particular provider, the coal is  
23 delivered to barge transport, which then travels the  
24 Ohio and Mississippi Rivers until it arrives at the  
25 IMT terminal in New Orleans. Is that correct?

1           **A.** Can you rephrase that for me, please?

2           **Q.** I'll try. As I understand it, with respect  
3 to those companies who deliver coal that follows the  
4 river route, that typically is delivered to barges  
5 that travel the Ohio and Mississippi Rivers until it  
6 arrives at the IMT terminal in New Orleans.

7           **A.** That is correct.

8           **Q.** And depending on the location, some  
9 companies may use the Kanawa River loading terminal in  
10 that process?

11          **A.** Yes, that's correct.

12          **Q.** And is it true that all of the coal that is  
13 shipped by river barge is then transloaded onto  
14 oceangoing vessels at the IMT terminal for transit  
15 across the Gulf?

16          **A.** Yes, sir.

17          **Q.** And again, as I understand it, the coal that  
18 arrives from South America also is delivered first to  
19 the IMT terminal in New Orleans.

20          **A.** They come either to IMT or to Mobile. We  
21 purchase Colombian coal out of both IMT and Mobile.

22                 MR. POUCHER: Could we go off the record for  
23 just a second?

24                 MR. MCGLOTHLIN: Let's go off the record.

25                         (Discussion off the record.)

1 BY MR. MCGLOTHLIN:

2 Q. Based upon a conversation held off the  
3 record, Mr. Pitcher, is there a clarification that you  
4 need to make?

5 A. Yes. The rail delivered coals listed as  
6 Central, that is a rail delivered product, Central  
7 Appalachian Mining Company.

8 Q. And that's a different entity than the one  
9 listed on the left-hand side of the diagram; is that  
10 correct?

11 A. That is correct.

12 Q. All right. In the middle of the diagram,  
13 there's a reference to Drummond Coal. Where is  
14 Drummond located, and how do they deliver their coal?

15 A. We purchase Colombian coal from Drummond FOB  
16 the gulf barge in Mobile.

17 Q. Now, following the waterborne route, you'll  
18 see on this diagram a numerical value associated with  
19 the Mississippi River barge. Can you confirm that  
20 that's either exactly or approximately the current  
21 rate for delivery by barge to the IMT terminal? And  
22 this is for the June 2005 period.

23 A. I would have to check. It looks in the  
24 ballpark.

25 Q. Okay. And ballpark may be sufficient for

1 today's purposes.

2 Now, there's a numerical value shown for the  
3 IMT terminal function. Do you see that?

4 **A.** I do.

5 **Q.** And does that look to be approximately the  
6 current cost of transloading from the IMT terminal?

7 **A.** For certain transfers, yes.

8 **Q.** And there's also a numerical value shown for  
9 delivery by gulf barge once it has been transloaded.  
10 Is that approximately the current cost for that  
11 segment?

12 **A.** That's a close approximation.

13 **Q.** There's also a numerical value shown for the  
14 cost of delivering by rail to Crystal River. And  
15 currently would this be the approximate cost per ton?

16 **A.** It's a ballpark figure, yes.

17 **Q.** Okay. There are also numerical values for  
18 the cost per ton of the commodity from each of the  
19 coal mining companies shown. If you know, would these  
20 be accurate currently?

21 **A.** Without seeing the individual contracts, I  
22 don't think I could tell that you they're accurate.  
23 Ballparkwise, they look about right, without going  
24 back and checking the individual prices.

25 **Q.** Okay. Well, we have those contracts here in

1 the room, so perhaps during the break if you need to  
2 refer to the contracts to verify that these are the  
3 correct numerical values, we'll ask you to do that.

4 **A.** Sure.

5 MR. McGLOTHLIN: Let's assign an exhibit  
6 number to this. The Ballpark Transport Costs for  
7 Coal document it will be Exhibit 5.

8 (Deposition Exhibit Number 5 was marked for  
9 identification.)

10 MR. McGLOTHLIN: We've now provided you  
11 another document, which will become Exhibit  
12 Number 6.

13 (Deposition Exhibit Number 6 was marked for  
14 identification.)

15 BY MR. McGLOTHLIN:

16 **Q.** And again, this contains information that  
17 Progress Energy Florida has designated as  
18 confidential. This one is captioned "Progress Energy  
19 Coal Contracts." I'll give you a moment to look that  
20 over before I ask you a couple of questions about it.

21 **A.** Okay.

22 **Q.** Mr. Pitcher, the document that we've marked  
23 as Exhibit 6 is a list of the sources of coal and some  
24 information regarding the terms of the contracts  
25 between Progress Energy and the individual companies

1 listed that have been taken from the contracts. And  
2 based upon your earlier response, I suspect you'll  
3 want a chance to compare these to the contract  
4 documents that are in the room to verify that this  
5 excerpt that we've presented in tabular form  
6 accurately reflects the terms of the contracts that  
7 were provided, so we'll just add that to the to-do  
8 list during the break.

9 **A.** Okay.

10 MR. MCGLOTHLIN: This will be Exhibit 7.

11 (Deposition Exhibit Number 7 was marked for  
12 identification.)

13 BY MR. MCGLOTHLIN:

14 **Q.** We have provided to you another document  
15 which is Exhibit 7, and this one is captioned "FPSC  
16 Form 423-1," and it shows a reporting month of  
17 01/2005, or January 2005. Do you have that before  
18 you?

19 **A.** I do.

20 **Q.** Please turn to, at least in my copy, the  
21 third page of this multipage document. And this is a  
22 confidential page, and it's captioned "Monthly Report  
23 of Cost and Quality of Coal for Electric Plants,  
24 Origin, Tonnage, Delivered Price, and As Received  
25 Quantity." Are you there?

1           **A.**    Yes, I am.

2           **Q.**    And I understand that you're not the person  
3 primarily responsible for preparing the 423s, but do  
4 you have a working familiarity with these documents?

5           **A.**    Other than seeing the suppliers and the  
6 prices there, that's all. I have nothing to do with  
7 the Form 423s.

8           **Q.**    Well, I'll represent to you that this  
9 document was one of several that were provided by  
10 Progress Energy in response to a request to see the  
11 unredacted 423s. And if you will notice, on the  
12 left-hand side, the names of the providing entities  
13 are listed, and in the columns to the right, there's  
14 information regarding the mine location, the purchase  
15 type, mode of transportation, quantity in tons,  
16 effective purchase price, total transportation cost,  
17 and FOB plant price. Do you see those?

18          **A.**    I do.

19          **Q.**    I want to focus on the fact that Progress  
20 Fuels Corporation is one of the entities shown as a  
21 supplier during the month of January, and I'll point  
22 you to the effective purchase price in terms of  
23 dollars per ton. The value there -- and we need to  
24 talk about this, so I am going to get specific. In  
25 that month, Progress Fuels Corporation provided coal

1 at an effective purchase price of \$ [REDACTED] per ton. Do you  
2 see that?

3 A. I do.

4 Q. And would you agree that the coal from  
5 Progress Fuels Corporation is significantly more  
6 expensive than any of the other coals delivered that  
7 month?

8 A. How do you define significantly?

9 Q. Well, the next higher cost is [REDACTED]. Do you  
10 agree with that?

11 A. Yes.

12 Q. And the range is from [REDACTED] to [REDACTED]. Would  
13 you agree with that?

14 A. Yes.

15 Q. I don't think I need to do any more than  
16 provide that information for the record.

17 Under the column called "Purchase Type,"  
18 there are several described as MTC. Would you know  
19 what MTC stands for?

20 A. Mid-term contract.

21 Q. And STC would be what?

22 A. Short-term. I assume it's short-term.

23 Q. And would S be a spot purchase?

24 A. Spot.

25 Q. The first question I have is whether these

1 particular purchases were pursuant to the 2005 phone  
2 call solicitation that you described in earlier  
3 responses.

4 **A.** Which one are you referring to?

5 **Q.** I'm talking about the sales by Progress  
6 Fuels Corporation of 29,765 tons and 10,325 tons at a  
7 price of \$ [REDACTED] per ton.

8 **A.** The price is what that contract is. I don't  
9 know about the others, as far as quality is concerned.  
10 It looks like that's the unofficial or informal RFP.

11 **Q.** Now, earlier I think you described that  
12 informal RFP as an medium-term arrangement because it  
13 was for a two-year period.

14 **A.** Let me qualify something. Actually, I was  
15 incorrect in what I said. I believe -- and I'm going  
16 to have to check to see. We made some spot purchases  
17 by rail, and I don't know what these -- if these are  
18 the spot purchases we made by rail or if they're the  
19 contract.

20 Yes, they are rail. I know they were rail,  
21 but the question is -- I know we did make some spot  
22 purchases by rail, so those were not part of the  
23 informal RFP.

24 **Q.** Okay. So far you've described the manner in  
25 which Progress Fuels goes about securing coal under

1 medium-term contracts through formal or informal  
2 solicitations. What is the process that Progress  
3 Fuels follows when it's looking for spot purchases?

4 **A.** We receive bids from various suppliers on a  
5 monthly basis. Those bids are recorded and evaluated.  
6 And if coal is needed, we will purchase the lowest  
7 price coal available in any given month.

8 **Q.** You say that you receive bids monthly. Is  
9 that an ongoing routine under which either your master  
10 bidders or some subset of them know that you're  
11 looking for information regarding the price under  
12 which they would provide spot quantities in a given  
13 month?

14 **A.** They're basically categorized as unsolicited  
15 bids. These are people who have trains that they want  
16 to sell in any given month or quarter, and they either  
17 send by mail or e-mail the quantities that they have  
18 available. And some months we get none, and other  
19 months we get quite a few.

20 **Q.** Well, in the month of January 2005, do you  
21 know how many proposals or bids you got for spot coal?

22 **A.** I do not.

23 **Q.** Do you know whether Progress Fuels  
24 Corporation made any effort to contact potential  
25 suppliers and communicate a need or a desire to

1 purchase on a spot basis? Is that ever done when  
2 you're looking for spot coal?

3 **A.** It is done. I don't know that we did it in  
4 this time period that you're talking about.

5 **Q.** Would you have any information or  
6 documentation that would demonstrate whether providers  
7 other than Progress Fuels Corporation submitted bids  
8 or offers to provide spot coal during January 2005?

9 **A.** We have all those records, yes.

10 **Q.** Okay. Would you provide that information by  
11 a late-filed exhibit?

12 **A.** Yes.

13 **MR. MCGLOTHLIN:** Late-filed Exhibit Number 8  
14 would be "Bids for Spot Coal, January 2005."

15 (Late-filed Deposition Exhibit Number 8 was  
16 identified.)

17 **THE WITNESS:** Can we go off the record a  
18 minute, please?

19 (Discussion off the record.)

20 **THE WITNESS:** I would like to clarify  
21 something on this discussion that we were having  
22 on this Form 243, where you talked about the two  
23 spot purchases of \$█ made in January of 2005 and  
24 you characterized them as significantly different  
25 from what was purchased from Progress Fuels. I

1           would like to point out that the purchases made  
2           on all the others were made in different time  
3           frames, and some as far back as 2003. So the  
4           time frames are not compatible with what you're  
5           looking at on this spot buy.

6 BY MR. McGLOTHLIN:

7           **Q.** What were the time frames, if you know,  
8           for --

9           **A.** B&W and Sequoia -- I can give you some of  
10          them. B&W and Sequoia were part of the April 2004  
11          RFP. Consolidated Coal, those were carryover tonnages  
12          from a previous contract from last year. Massey Coal  
13          Sales likewise was carryover tonnage from a previous  
14          contract. The date of that contract might have been  
15          2003. I think we would need to check that for you.  
16          But they were significantly different time periods  
17          than the purchase from Progress Fuels.

18          **Q.** Okay. What efforts would you have made,  
19          either you individually or Progress Fuels Corporation  
20          in its capacity of procuring fuels for Progress  
21          Energy, to ascertain that \$█ reflected the market  
22          price for coal in January of 2005?

23          **A.** As I described before, if we received bids,  
24          as we receive bids in, we log them in and we evaluate  
25          them. We will compare them with each other. We will

1 also take a look at the various publications that are  
2 issued. United Coal, Evolution, Handbook for Global  
3 Energy, all three of those post daily prices for coal  
4 for any given period of time, short-term as well as  
5 out in the future, and we will peg to see if the coals  
6 that are being offered to us are also within a market  
7 range.

8 **Q.** In response to the interrogatory that we  
9 looked at earlier, you indicated that with the  
10 addition of the quantities of coal associated with the  
11 informal RFP, Progress Energy closed out its open  
12 position for 2005-2006. Do I recall that statement  
13 accurately?

14 **A.** Yes.

15 **Q.** If it had closed out its need for 2005-2006  
16 through medium-term contracts, what leads to the need  
17 to purchase on a spot basis in January 2005?

18 **A.** During 2004, there were two tropical storms  
19 and four hurricanes that effectively shut down the  
20 Gulf of Mexico and shut down the rail delivery system  
21 on different occasions from early August to the end of  
22 September.

23 **Q.** I want to focus on the column showing the  
24 total transportation cost in dollars per ton. Earlier  
25 you indicated that the value shown on what we marked

1 as Exhibit 5 was the approximate or ballpark current  
2 cost of delivering by rail. In the form for January  
3 of 2005, the rail cost is -- I'll use this term,  
4 significantly higher than the one shown on the  
5 ballpark figure. Is there a reason for the  
6 difference, if you know?

7 **A.** I really don't know. I have no idea where  
8 those numbers came from.

9 **MR. MCGLOTHLIN:** Okay. Let's look at  
10 February 2005 for a moment. Have you provided  
11 that to him already?

12 **MR. POUCHER:** No.

13 (Deposition Exhibit Number 9 was marked for  
14 identification.)

15 **BY MR. MCGLOTHLIN:**

16 **Q.** This is Exhibit 9, which has been marked as  
17 confidential and treated as such. If you'll turn to  
18 the page that is the counterpart to the one we looked  
19 at earlier, which I think is about the fifth one --

20 **A.** The one that lists Drummond Coal Sales?

21 **Q.** No.

22 **A.** The fifth one I've got says Drummond Coal  
23 Sales. The sixth one says transfer, IMT facility.

24 **Q.** Well, let me re-count. How about the sixth  
25 page?

1           **A.**   Okay. Sixth page.

2           **Q.**   I was still talking in ballpark figures when  
3 I said five.

4                   This page is captioned, as was the other  
5 one, "Monthly Report of Cost and Quality of Coal for  
6 Electric Plants," and again the providers on the  
7 left-hand column include Progress Fuels Corporation,  
8 and again, the \$█ effective purchase price per ton  
9 shown for Progress Fuels is the highest of any for the  
10 month. And only one of these entries is shown as a  
11 spot purchase, and it is not the \$█ value. Do I  
12 understand correctly that these short-term contract  
13 purchases would be part of the informal RFP that you  
14 described earlier?

15           **A.**   For Progress Fuels Corporation?

16           **Q.**   Yes.

17           **A.**   That is correct. Well, let me qualify that.  
18 Short-term, number 4, on line number 4, that would be  
19 the informal RFP.

20           **Q.**   All right. What about number 5?

21           **A.**   Number 5 is a small tonnage. I'm not sure  
22 where that -- that's an awful small tonnage, so I'm  
23 not sure where that tonnage would come from. And it  
24 shows barge, so it's one barge. It may be from the  
25 short-term.

1                   Number 6 is a different contract.

2                   **Q.** Which contract is that?

3                   **A.** Without looking at the contract and  
4 checking, the price doesn't look familiar to me, so  
5 I'm not sure.

6                   And number 7 we were on.

7                   Number 8, the \$ [REDACTED] was another RFP, and  
8 there's two [REDACTED]. So those are a different time --  
9 again, the qualification I make on this is that you  
10 have the two \$ [REDACTED] prices, but then you have other  
11 prices that are lower, but they were solicited and  
12 purchased in different time frames. As an example,  
13 the Guasare was purchased in 2003.

14                   **Q.** Well, I believe you said that the first of  
15 \$ [REDACTED] entries was the informal RFP; is that correct?

16                   **A.** Without checking, I couldn't answer to tell  
17 you what contract that came from. I know the price of  
18 \$ [REDACTED] is what we discussed, but without checking the  
19 contract, I don't see how I could tell you it  
20 definitely came from that specific contract.

21                   **Q.** Do you know whether \$ [REDACTED] is the price that  
22 was bid and accepted in the course of the informal  
23 RFP?

24                   **A.** It is.

25                   **Q.** Okay. And did I understand you to say

1 earlier that Progress Fuels Corporation was the lower  
2 cost of the two submissions to the informal RFP?

3 **A.** That is correct. There were three  
4 submissions to the informal RFP, two purchased. One  
5 was exceptionally high, and we just disregarded it.

6 **Q.** Is the second winner of that RFP listed  
7 here?

8 **A.** It is not.

9 **Q.** There were no purchases from that provider  
10 for February?

11 **A.** For February, apparently not, if it's not  
12 listed here.

13 **Q.** But that \$ [REDACTED] is not a spot purchase in this  
14 instance?

15 **A.** It is not.

16 **Q.** A few minutes ago you said that the Guasare  
17 transaction related back to 2003. But the purchase  
18 type shown for the Guasare for February 2005 is that  
19 it was a spot transaction, is it not?

20 **A.** I'll have to verify that for you. I'm not  
21 really sure. You know, I may have misstated. We have  
22 a contract with Guasare, and we've also bought spot  
23 coal from them, so I would have to check the records.

24 **Q.** There are two entries for Progress Fuels  
25 Corporation, both having a price of [REDACTED].

1           **A.** Yes, sir.

2           **Q.** One is shown as a spot purchase and the  
3 other a short-term contract. Can you elaborate on the  
4 nature of those particular purchases?

5           **A.** No. I didn't prepare this Form 423, so I  
6 can't -- you know, these purchase types, I'm not sure  
7 if they're accurate or not.

8           **Q.** All right. Do you know whether the market  
9 price for spot coal in February 2005 was materially  
10 different than the spot price for coal in  
11 January 2005?

12           **A.** Say that one more time, please.

13           **Q.** If you know, was the market price for coal  
14 bought on a spot basis in February 2005 materially  
15 different than the market price for coal bought on a  
16 spot basis in January 2005, a month earlier?

17           **A.** Without checking, I would not be able to  
18 comment on that.

19           **Q.** All right. Well, I'll change subjects for  
20 the next series of questions. For the purpose of  
21 several questions, would you describe what is meant by  
22 the term "synfuel"?

23           **A.** Synfuel is a process where they -- well, you  
24 know what? I don't think I'm one to give you what  
25 synfuel is. I'm not in a position to describe to you

1 what synfuel is or isn't.

2 **Q.** Well, for purposes of several general  
3 questions, would you agree that synfuel is coal that  
4 has been treated in a way that is designed to modify  
5 its burning characteristics so as to meet the  
6 requirements of tax credit provisions made available  
7 by the IRS?

8 **A.** No, I'm not going to be able to do that for  
9 you.

10 **Q.** Okay. Do you know whether Progress Fuels  
11 Corporation procures and provides synfuel to Progress  
12 Energy Florida?

13 **A.** At the present time, they do not.

14 **Q.** Do you know whether Progress Energy Florida  
15 intends to burn any synfuel in 2005 or 2006?

16 **A.** They do not.

17 **Q.** With respect to the contractual  
18 arrangements, the existing contractual arrangements  
19 between Progress Fuels Corporation and Progress Energy  
20 Florida, how does Progress Fuels recover its operating  
21 costs from Progress Energy Florida?

22 **A.** I'm not -- I think you need to talk to  
23 somebody in the accounting area as to how we recover  
24 the operating costs.

25 **Q.** You don't know?

1           **A.**    I do not know.

2           **Q.**    Are you familiar with the terms of the  
3 existing contractual arrangement between Progress  
4 Energy Florida and Progress Fuels?

5           **A.**    I am.

6           **Q.**    Are you aware that at least at one point,  
7 the contract specified that Progress Fuels Corporation  
8 would receive a return equivalent to the regulated  
9 return authorized for Progress Energy Florida?

10          **A.**    I'm aware that it says that in the contract,  
11 yes.

12          **Q.**    In terms of implementing the contract, what  
13 return does Progress Fuels Corporation receive through  
14 the contract currently?

15          **A.**    I have no idea.

16                MR. McGLOTHLIN: Gary, is that particular  
17 contract considered confidential?

18                MR. PERKO: Yes, I believe it is.

19                MR. McGLOTHLIN: Well, I suggest we take a  
20 break that will allow you to do whatever  
21 reference to the contracts you need to do to  
22 verify our summary, and at the same time, I'll  
23 see if I can cull some questions and bring this  
24 thing to a close here.

25                        (Short recess.)

1           MR. MCGLOTHLIN: Gary, I'll reiterate for  
2 the record the conversation we had off the  
3 record. I acknowledge that our request to see  
4 the contracts was less than exhaustive, but I  
5 will ask Progress Energy to provide, not as a  
6 late-filed to the deposition, but to provide us  
7 for review as a supplement to the document  
8 request any of the contracts between Progress  
9 Fuels Corporation and providers for delivery in  
10 2005 that were not provided earlier. And I  
11 understand you're going to take that under  
12 advisement while you consult with your client.

13           And I believe with that, we've asked all our  
14 questions today. Thank you for your indulgence  
15 today.

16           MR. PERKO: Jennifer, how long do you think  
17 you have?

18           MS. RODAN: About 30 minutes. And we need  
19 to take a couple of minutes.

20           (Short recess.)

21           CROSS-EXAMINATION

22           BY MS. RODAN:

23           Q. It's almost good afternoon, Mr. Pitcher.  
24 Again, I'm Jennifer Rodan on behalf of the Florida  
25 PSC.

1 I hate to start off asking for a late-filed  
2 exhibit, but can you please provide us a late-filed  
3 deposition exhibit listing the contracts in effect,  
4 the foreign and domestic coal contracts in effect in  
5 2004, just listing the party that the contract is with  
6 and just whether it's FOB barge or FOB mine. This is  
7 a lesser request than what OPC had requested. And to  
8 the extent this information is included in what you  
9 provide to OPC, then this would not be needed.

10 MR. PERKO: You're asking for 2004?

11 MS. RODAN: Contracts in effect in 2004, so  
12 it may be a 2003 contract that's still in effect  
13 in 2004. Are we on Number 10?

14 THE REPORTER: Ten.

15 (Late-filed Deposition Exhibit Number 10 was  
16 identified.)

17 BY MS. RODAN:

18 Q. Please look at the February 2005 423 form  
19 that OPC has already passed out, and also the exhibit  
20 on ballpark transportation costs, which is Exhibit 5.  
21 It's already marked. Go to pages 5 and 6 of the 423  
22 form.

23 A. Just a minute.

24 Q. It's the February 2005.

25 A. February. Here it is. I'm sorry. What

1 page?

2 Q. Okay. First let's go to page 5. And on --  
3 I'm sorry. First let's go to page 6. At line 10,  
4 Guasare Coal Sales, and going to column 8, under total  
5 transportation cost, it shows \$ [REDACTED]. Does that \$ [REDACTED]  
6 represent transloading?

7 A. I really don't know what it involves. I'm  
8 not sure where the transportation numbers -- I stated  
9 earlier that I'm not sure where these transportation  
10 numbers came from.

11 Q. So if I were to ask you the same question  
12 regarding page 5 for Drummond Coal, your answer would  
13 be the same, the \$ [REDACTED] transportation cost for  
14 Drummond?

15 A. That is correct. The answer would be the  
16 same.

17 Q. Okay. What's the difference between the  
18 contract terms "FOB mine" and "FOB gulf barge"  
19 regarding which party is responsible for transloading  
20 costs?

21 A. Say that one more time for me.

22 Q. What is the difference between the contract  
23 terms "FOB mine" and "FOB gulf barge" regarding which  
24 party is responsible for transloading costs?

25 A. FOB barge, if I were to purchase coal on an

1 FOB barge basis, that would mean the transloading  
2 would be embedded in the commodity price.

3 Q. Please define the contract term CIFIMT, if  
4 you can.

5 A. I don't know exactly what the CIF means.  
6 I'm sorry.

7 Q. Would you know what transloading is involved  
8 in that contract term, more specifically, which party  
9 would be responsible for the cost of transloading?

10 A. Can you give me a specific example of what  
11 contract you're talking about?

12 Q. No. We'll move on to the next question.  
13 What's the usual number of days to transport  
14 coal from Mobile or IMT to Crystal River?

15 A. A one-way trip from Mobile would be four  
16 days, four and a half days.

17 Q. Do you have your testimony in front of you?

18 A. No.

19 Q. I want to refer you to your Exhibit AWP-1  
20 which was included in your prefiled testimony filed  
21 March 1, 2005. Did the supply of coal at Crystal  
22 River ever go below 15 days in 2004?

23 A. Without looking at additional records beyond  
24 this period of time, I really couldn't -- I don't  
25 recall.

1           **Q.**    Okay.  What would have been the consequence  
2 of running out of coal in the summer of 2004 due to  
3 disruptions caused by the hurricanes?

4           **A.**    I'm not sure I'm qualified to answer what  
5 the consequences would be.

6           **Q.**    Okay.  I'm going to provide you with --

7           **A.**    Do you want this back?

8           **Q.**    Yes.  I'm going to provide you with page 3  
9 of your March 1, 2005 prefiled testimony.  Please  
10 refer to lines 17 through 22.  To ease the strain on  
11 coal supplies, Progress Energy Florida implemented  
12 coal conservation during the 2004 hurricanes leading  
13 to uneconomic dispatch; is that correct?

14          **A.**    Including what kind of dispatch?

15          **Q.**    Uneconomic dispatch.

16          **A.**    It says non-economic.  That is correct.

17          **Q.**    Had Progress not taken these coal  
18 conservation measures, do you believe coal supplies at  
19 Crystal River would have been completely depleted?

20          **A.**    I really -- I don't know.  I'm not involved  
21 with the economic dispatch of the plants.

22          **Q.**    Do you know if any coal suppliers had  
23 problems meeting their contractual obligations to  
24 Progress Energy Florida during the 2004 hurricanes?

25          **A.**    Coal suppliers that had problems?

1 Q. Yes, coal suppliers.

2 A. Not coal suppliers, no.

3 Q. To your knowledge, was there a constraint on  
4 coal deliveries by river barge to IMT during the 2004  
5 hurricane season?

6 MR. PERKO: Would you read that back,  
7 please?

8 (Preceding question read by the reporter.)

9 A. I don't recall if there were delays on the  
10 river barge side of the delivery system.

11 Q. Do you know how much coal storage Progress  
12 Energy had at IMT at the end of June 2004?

13 A. No, not off the top of my head I don't.

14 Q. Okay. Can you provide a late-filed  
15 deposition exhibit indicating how much coal storage  
16 Progress Energy Florida had at IMT at the end of June,  
17 at the end of July, and also August and September of  
18 2004?

19 A. Yes.

20 MS. RODAN: So again, that's June, July,  
21 August, and September, and I believe that would  
22 be Number 11.

23 (Late-filed Deposition Exhibit Number 11 was  
24 identified.)

25 BY MS. RODAN:

1           **Q.** Why was it necessary to purchase additional  
2 spot coal at higher prices in the summer of 2004?

3           **A.** We had two tropical storms and four  
4 hurricanes that disrupted the water delivered coal as  
5 well as the rail delivered coal. Those coals were not  
6 delivered in the time frame because of the hurricanes,  
7 and the suppliers in most cases could not make them  
8 up. I mean, you lose a period of time. They were not  
9 able to make them up, and we had to go out and buy  
10 additional coal in order to make up for the missed  
11 deliveries that we had during that period of time.

12           **Q.** Now, please take a look at Progress Energy's  
13 response --

14           **A.** Now, this is yours.

15           **Q.** Thank you. Please take a look at Progress's  
16 response to staff's interrogatory number 63. And let  
17 me know when you've read that response.

18           **A.** Give me a second, please. Okay.

19           **Q.** Your response states that Progress Energy  
20 believes that shipping coal to the East Coast for  
21 ocean barge delivery to Crystal River would be about  
22 200 percent more costly than direct rail shipment from  
23 the mine. What is the basis for that statement?

24           **A.** I got quotes from the CSX Railroad and  
25 quotes from the barge suppliers and compared that to

1 the current cost to deliver coal to Crystal River via  
2 Mobile and New Orleans.

3 Q. Okay. I'm now going to hand you an excerpt  
4 from the Federal Energy Regulatory Commission 423 form  
5 for December 2004.

6 A. Are you ready for this one back?

7 Q. You can hold on to that.

8 Are you aware that JEA purchases  
9 Pennsylvania coal which is shipped to Baltimore by  
10 rail, then transloaded to ocean barges and shipped to  
11 JEA?

12 A. No, I'm not.

13 Q. From a review of this form, would you agree  
14 that the delivered price for the first transaction  
15 listed on the form, which represents the Pennsylvania  
16 to Baltimore to Jacksonville route, has a lower  
17 delivered price than all transactions river barged  
18 from West Virginia to IMT?

19 A. It has a lower delivered price. However, I  
20 might add that the coals that you're comparing are  
21 completely different qualities of coal than are burned  
22 at Crystal River. These are Pennsylvania coals, as  
23 you mentioned, and they're -- I see in one case 6-1/2  
24 percent sulfur, 3.7 percent sulfur, and 2.6 percent  
25 sulfur. So I would say the coal price probably would

1 play a great deal in that.

2 Q. And then there's an additional cross-gulf  
3 trip from IMT to Crystal River; is that correct?

4 A. Say that one more time.

5 Q. There's an additional cross-gulf trip from  
6 IMT to Crystal River; is that correct?

7 A. We bring coal from IMT to Crystal River,  
8 that is correct.

9 Q. Okay. Across the Gulf?

10 A. Across the Gulf, that is correct.

11 Q. Okay.

12 A. I also might add in reference to your  
13 question before that two of these purchases on the JEA  
14 are from Texas. These are pet coke purchases.  
15 They're not coal purchases, at least from what I can  
16 see on the quality. And I have no idea of the pricing  
17 on pet coke, but we're comparing apples and oranges  
18 here.

19 Q. Would you agree that the additional cost of  
20 shipping from Jacksonville to Crystal River on a barge  
21 from an East Coast terminal would be about the same as  
22 the shipping costs from New Orleans to Crystal River?

23 A. Say that one more time.

24 Q. Would you agree that the additional cost of  
25 shipping from Jacksonville to Crystal River on a barge

1 from an East Coast terminal would be about the same as  
2 the shipping costs from New Orleans to Crystal River?

3 **A.** I would not.

4 **Q.** No? Okay. Would you say that the cost  
5 would be slightly more?

6 **A.** No. I would say that it would be  
7 significantly more. As I said, I received quotes the  
8 barge companies as well as the CSX Railroad for  
9 delivery of Central Ap coal through the Port of  
10 Baltimore or Norfolk, and it was the 200 percent or  
11 close to 200 percent that I indicated in my testimony.

12 **Q.** Okay. Is there a written document, or was  
13 it through verbal conversations?

14 **A.** Verbal conversations with CSX and the barge  
15 companies.

16 MS. RODAN: Okay. Let me go ahead and ask  
17 that that FERC 423 form be labeled as Exhibit  
18 Number 12.

19 (Deposition Exhibit Number 12 was marked for  
20 identification.)

21 BY MS. RODAN:

22 **Q.** Please take a look at Progress's answer to  
23 staff's interrogatory number 65. What is the basis --

24 **A.** Give me a minute to read it, please.

25 **Q.** I'm sorry.

1           **A.**    Okay.

2           **Q.**    What is the basis for the statement that  
3 Drummond cannot load barges at its Tampa terminal?

4           **A.**    The fact that we took coal into the Drummond  
5 facility -- as noted in the first paragraph of this  
6 answer, we had to offload 6,000 tons because of the  
7 shallow draft in Tampa. We went to the Drummond  
8 facility, and we asked them if we would then reload it  
9 to a barge on a lighter basis and take it back. The  
10 answer was no, so we had to truck coal to the  
11 TampaPlex facility.

12          **Q.**    Does that mean that Drummond cannot load  
13 barges directly from an ocean vessel?

14          **A.**    We were told by Drummond that they could not  
15 do that, that they can put it on the ground, but  
16 cannot take it out.

17          **Q.**    Do you know what the channel depth of the  
18 Drummond coal terminal in Tampa is?

19          **A.**    I do not know the exact depth of the  
20 Drummond channel.

21          **Q.**    What is the differential cost of shipping  
22 coal from South America to Tampa in a Panamax versus a  
23 Handy vessel?

24          **A.**    I do not know. Market rates for vessels  
25 fluctuate. I don't know what the differentials would

1 be at any given time. A Panamax vessel could not go  
2 into the Port of Tampa because of the draft.

3 Q. So you wouldn't be able to comment on if the  
4 cost is less than the cost of shipping from New  
5 Orleans to Tampa?

6 A. What cost is that that you're referring to?

7 Q. We're going to move on. Has Progress Energy  
8 explored the possibility of having Drummond or  
9 TampaPlex blend coal for the company as IMT does?

10 A. As a result of Hurricane Katrina, we brought  
11 the coal into Tampa as I described. The TampaPlex  
12 facility has very limited storage, and blending was  
13 not an option. Likewise, the Drummond facility can  
14 only put coal on the ground, but can't take it back  
15 out, so blending would be of no value to us.

16 Q. Okay. Would the two Tampa coal terminals be  
17 willing to enter into long-term contracts to blend  
18 coal?

19 A. I don't know the answer to that.

20 Q. Please take a look at Progress Energy's  
21 response to staff interrogatory number 64. In  
22 subsection 3, what is the basis for the statement that  
23 one Colombian coal supplier can ship to Mobile at a  
24 lower cost than to Tampa?

25 A. When we went out for bid and purchased coal

1 from the coal supplier that is mentioned in this, the  
2 economics were less expensive or the cheaper form  
3 going into Mobile, because they take in 5 million tons  
4 of coal into the Port of Mobile. I don't know the  
5 quantity they bring into the Port of Tampa, but it's  
6 5 million tons going into one port, so their shipping  
7 rates were lower.

8           Likewise, I'll qualify it by saying you've  
9 got the same issue with the Port of Tampa. You can't  
10 reload out of the Drummond facility. And the  
11 TampaPlex facility, the last barge I unloaded at the  
12 -- or loaded, I'm sorry. I took my coal out of there,  
13 and it took me three days to load my vessel. They're  
14 not capable of handling on an efficient basis large  
15 quantities of coal.

16           **Q.** Okay. In Progress Energy's response to  
17 staff interrogatories 64 and 65, the response outlines  
18 the company's perceived shortcomings of the two Tampa  
19 coal terminals, Drummond and TampaPlex. Was this  
20 information derived through discussions with the  
21 facilities or actual experience?

22           **A.** It was actual experience.

23           **Q.** Has the company met with these facilities to  
24 determine if they can provide options for future coal  
25 deliveries to Tampa?

1           **A.**    The TampaPlex facility is a Kinder Morgan  
2           facility. I have a contract with Kinder Morgan, which  
3           is -- they own IMT. I have rates in my current  
4           contract that allow me to bring coal into the Port of  
5           Tampa. We did so during Katrina. As a result of that  
6           experience, we efficiently cannot move coal in and out  
7           of that facility. It was a stopgap measure because of  
8           the hurricane.

9           **Q.**    To your knowledge, are these facilities  
10          planning expansions to become major coal terminals?

11          **A.**    I have no knowledge of it.

12                   MS. RODAN: I have no further questions.

13                   MR. PERKO: If I could just have five  
14          minutes to review my notes.

15                   (Short recess.)

16                                   CROSS-EXAMINATION

17                   BY MR. PERKO:

18                  **Q.**    Just a few questions, Mr. Pitcher. Let me  
19          refer you to Exhibit Number 5 that was introduced into  
20          the record by Mr. McGlothlin. And I just want to  
21          clarify. Have you been able to verify the prices for  
22          the various coal suppliers that are indicated on that  
23          exhibit?

24                  **A.**    I have not been able to verify all of them,  
25          no.

1           **Q.**   And I believe your testimony was that for  
2 all the components of the transportation, you felt  
3 like those were good ballpark numbers, but you  
4 couldn't verify the accuracy?

5           **A.**   That is correct.

6           **Q.**   And I would also like to have you take look  
7 at Exhibit Number 6 and ask you the same question.  
8 Have you been able to verify the information on that  
9 exhibit?

10          **A.**   No, not specifically, no.

11          **Q.**   Mr. McGlothlin introduced as Exhibit Number  
12 1 Progress Energy's answers to various discovery  
13 requests, and he discussed the answer to interrogatory  
14 number 6 at length earlier in the deposition. And you  
15 referred to an April 2004 RFP which resulted in the  
16 purchase of 4.3 million tons of coal; is that correct?

17          **A.**   That's correct.

18          **Q.**   And what were the prices for those coals at  
19 that time?

20          **A.**   In the high [REDACTED] low to mid [REDACTED].

21          **Q.**   Let me show you the 423-2 report from May  
22 2002 and ask you if that refreshes your recollection.

23                MR. MCGLOTHLIN: Did you say May 2002?

24                MR. PERKO: I'm sorry. May 2005.

25          **A.**   Yes. Do you want me to clarify it?

1 Q. Yes, if you could go over the prices.

2 A. Central Coal was \$ [REDACTED] and that was purchased  
3 during that RFP. Keystone was spot. Massey Coal  
4 Sales, the \$ [REDACTED] was the same time frame.

5 Q. Now, you also answered some questions about  
6 when PFC closed out in a later time period.

7 A. Yes.

8 Q. And the interrogatory response refers to two  
9 contracts. One was let to PFC at \$ [REDACTED] per million  
10 Btu. The other was at \$ [REDACTED] per million Btu. The  
11 PFC contract -- and again, this is confidential, but  
12 what does that price per million Btu equate to in  
13 dollars per ton?

14 A. The [REDACTED] that I mention there and [REDACTED] that  
15 I mention there are delivered to the plant. They  
16 relate to a coal price of \$ [REDACTED] for the coal.

17 Q. And what was the cost per ton for the second  
18 bidder?

19 A. \$ [REDACTED].

20 Q. Do you recall what the cost per ton for the  
21 third bidder was?

22 A. \$ [REDACTED] for the coal.

23 Q. What happened in the marketplace between the  
24 time you went out for the April '04 RFP and entered  
25 into these contracts with PFC and the other suppliers?

1           **A.**    There was a continued ratcheting up of the  
2 coal prices.  For many reasons, prices went from the  
3 high [REDACTED] to the [REDACTED], up into the [REDACTED] and [REDACTED].

4           MR. PERKO:  Thank you.  I have no further  
5 questions.

6           MR. McGLOTHLIN:  Then I think we're through.

7           (Deposition concluded at 12:26 p.m.)  
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CERTIFICATE OF ADMINISTERING OATH

STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter and Notary Public in and for the State of Florida at Large:

DO HEREBY CERTIFY that on the date and place indicated on the title page of this transcript, an oath was duly administered by me to the designated witness before testimony was taken.

DATED THIS 25th day of October, 2005.



*Mary Allen Neel*  
MARY ALLEN NEEL, RPR  
2894-A Remington Green Lane  
Tallahassee, Florida 32308  
(850) 878-2221





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October 26, 2005

Gary V. Perko, Esq.  
Hopping, Green & Sams, P.A.  
123 South Calhoun Street  
Tallahassee, Florida 32301

Re: In re: Fuel and purchased power  
cost recovery factor, etc.

Dear Mr. Perko:

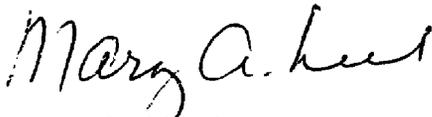
Enclosed is your copy of the deposition of Albert W. Pitcher  
taken in the above matter on October 21, 2005.

Since reading and signing was not waived, we are enclosing an  
errata sheet and request that your office make arrangements  
with the witness to read the deposition and make any  
corrections on the errata sheet.

Please forward the original completed errata sheet to Joseph A.  
McGlothlin for attachment to the original transcript and a copy  
to Jane Faurot at the Commission. You should also attach a  
copy to your transcript so that it will be complete.

Thank you for your cooperation in this matter. It was a pleasure  
working with you.

Sincerely,



Mary A. Neel

/mn

cc: Joseph A. McGlothlin, Esq.  
Jane Faurot

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 050001-EI

In re: Fuel and purchased power  
cost recovery clause with  
generating performance incentive  
factor.

CONFIDENTIAL TRANSCRIPT

DEPOSITION OF: ALBERT W. PITCHER  
TAKEN AT THE INSTANCE OF: Office of Public Counsel  
DATE: October 21, 2005  
TIME: Commenced at 9:15 a.m.  
Concluded at 12:26 p.m.  
LOCATION: 123 South Calhoun Street  
Tallahassee, Florida  
REPORTED BY: MARY ALLEN NEEL, RPR  
Notary Public, State  
of Florida at Large

ACCURATE STENOGRAPHY REPORTERS, INC.  
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ALSO PRESENT:

RALPH VONFOSSEN  
EARL POUCHER

STIPULATIONS

The following deposition was taken on oral  
examination, pursuant to notice, for purposes of  
discovery, for use as evidence, and for such other  
uses and purposes as may be permitted by the  
applicable and governing rules. Reading and signing  
of the deposition transcript by the witness is not  
waived.

\* \* \*

Thereupon,

ALBERT W. PITCHER

the witness herein, having been first duly sworn, was  
examined and testified as follows:

DIRECT EXAMINATION

BY MR. MCGLOTHLIN:

Q. Please state your name for the record, sir.

A. My name is Albert W. Pitcher, One Progress  
Plaza, St. Petersburg, Florida.

Q. Mr. Pitcher, have you been deposed before?

A. Yes.

Q. Approximately how many times?

A. One.

Q. You're familiar with the routine, but let me  
just explain to you that I will be asking you a series  
of questions. And so that we can have a clear

1 transcript after the fact, if at any point you don't  
2 understand a question or you want me to repeat or  
3 clarify the question, please stop me and ask me to  
4 work on the pending question so that we're both clear  
5 as to what's being asked and what's being answered.  
6 Is that satisfactory with you, sir?

7 A. Yes, it is.

8 Q. Let's note for the record the conversation  
9 between Mr. Perko and myself prior to the beginning of  
10 the deposition. It will be necessary during the  
11 course of the deposition for me to either refer to or  
12 use some numerical values that Progress Energy Florida  
13 has designated as confidential, and we have an  
14 understanding that this transcript will be treated as  
15 confidential pending the appropriate filings by the  
16 company with respect to its request for continued  
17 shielding of that information. Is that satisfactory?

18 A. Yes.

19 Q. Mr. Pitcher, let's begin with some basic  
20 information about your background. What are your job  
21 responsibilities with Progress Fuels?

22 A. I'm Vice President of Coal Procurement. My  
23 responsibilities are procuring and transporting the  
24 coal that is necessary for Crystal Rivers 1 and 2 and  
25 4 and 5.

1 handle coal mining operations, but I don't know the  
2 number of employees.

3 Q. Okay. With respect to the coal procurement  
4 function, how is that section organized?

5 A. I'm the head of that group. I have a  
6 manager of transportation, a manager of quality. I  
7 have an administrative assistant. And then each of  
8 those gentlemen have staff underneath them.

9 Q. The documents that were provided to us for  
10 review in response to the request to produce  
11 identified several corporate entities that I would  
12 like to ask you about. For instance, Diamond May  
13 Company, who is Diamond May Company?

14 A. It is a coal company that is owned by  
15 Progress Fuels.

16 Q. And does Diamond May Company own coal  
17 properties, or does Diamond May Company purchase from  
18 other mining companies?

19 A. They mine coal, and they purchase as well.

20 Q. Where is their coal property?

21 A. In Kentucky.

22 Q. Does Progress Fuels own 100 percent of  
23 Diamond May?

24 A. I really don't know the answer to that.

25 Q. Kentucky May, who is Kentucky May?

1 Q. Would you provide us with some information  
2 about your education and professional background prior  
3 to your present position?

4 A. I have a bachelor's degree in accounting. I  
5 started my career with Arthur Andersen, worked for  
6 Synergy, and have been with Progress Fuels, or been  
7 with Florida Power or Progress Fuels for the last 30  
8 years, and I was in -- as a controller. I served as  
9 Vice President of Sales, and I'm now Vice President of  
10 Coal Procurement.

11 Q. To whom do you report at Progress Fuels?

12 A. I report to Paula Simms.

13 Q. And what is Ms. Simms' position?

14 A. Vice President, Regulated Fuels.

15 Q. Where is your office?

16 A. In St. Petersburg.

17 Q. Do you share, or does Progress Fuels share  
18 space within Progress Energy Florida's headquarters?

19 A. No. We're across the street.

20 Q. Let's talk about the organization of  
21 Progress Fuels, the number of employees and how  
22 Progress Fuels is organized.

23 A. I really don't know the number of employees.  
24 The portion that I'm in has responsibility for the  
25 fuel procurement. There are other sections that are

1 A. It's a coal mining company underneath  
2 Progress Fuels.

3 Q. Does Progress Fuels own all of Kentucky May?

4 A. I'm not aware of the ownership.

5 Q. Kanawa River Terminals, who is Kanawa River  
6 Terminals?

7 A. It's a terminal operation, and they have  
8 operations on the Kanawa River in West Virginia.

9 Q. Does Progress Fuels have an ownership  
10 position with Kanawa River Terminals?

11 A. They do have an ownership position.

12 Q. Who is Powell Mountain?

13 A. It's a mining operation in southwest  
14 Virginia.

15 Q. Does Progress Fuels have an ownership  
16 interest in Powell Mountain?

17 A. I really don't know if they have an  
18 ownership interest in that operation or not.

19 Q. Massey Coal Company, who is Massey Coal  
20 Company?

21 A. Massey Coal Company is a coal supplier.  
22 They mine coal.

23 Q. Does Progress Fuels have an ownership  
24 interest in Massey Coal Company?

25 A. No, we do not.

- 1 **Q. What about Sequoia Coal Company?**  
 2 A. They're a mining company in eastern  
 3 Kentucky, and we do not have an ownership interest.  
 4 **Q. How about Consolidated Coal Company?**  
 5 A. They're a mining company.  
 6 **Q. Does Progress Fuels have an ownership**  
 7 **interest in Consolidated?**  
 8 A. No.  
 9 **Q. Does Progress Fuels Corporation have an**  
 10 **ownership interest in Alliance Coal Company?**  
 11 A. No, they do not.  
 12 **Q. There are references to the IMT terminal in**  
 13 **New Orleans. Is IMT the proper name of that entity?**  
 14 A. International Marine Terminals is the proper  
 15 name.  
 16 **Q. And what business are they in?**  
 17 A. The transloading of products on the lower  
 18 Mississippi River.  
 19 **Q. Does Progress Fuels own IMT?**  
 20 A. No, they do not.  
 21 **Q. Does Progress Fuels have any ownership**  
 22 **interest?**  
 23 A. No, they do not.  
 24 **Q. Drummond Coal Company?**  
 25 A. They're an Alabama mining company, and they

- 1 also mine coal in Colombia.  
 2 **Q. Does Progress Fuels own or have an ownership**  
 3 **interest in Drummond?**  
 4 A. We do not.  
 5 **Q. Has Progress Fuels purchased coal from**  
 6 **Diamond May?**  
 7 A. Yes, we have.  
 8 **Q. And is Diamond May currently one of your**  
 9 **suppliers?**  
 10 A. Yes, it is.  
 11 **Q. Has Progress Fuels purchased coal from**  
 12 **Kentucky May?**  
 13 A. I'm not sure if they have -- I mean, in the  
 14 past they have, but --  
 15 **Q. You don't know whether they're currently**  
 16 **providing --**  
 17 A. Oh, they're not currently providing. We  
 18 have no contract with Kentucky May.  
 19 **Q. Has Progress Fuels purchased coal from**  
 20 **Powell Mountain?**  
 21 A. In the past they have.  
 22 **Q. Does Powell Mountain provide any portion of**  
 23 **the current supply of coal?**  
 24 A. It does not.  
 25 **Q. Do I understand correctly that Kanawa River**

- 1 **Terminals is not in the business of mining or selling**  
 2 **coal, that it's limited to a loading or transloading**  
 3 **function?**  
 4 A. I'm not sure of the organizational structure  
 5 of how -- if they're selling coal. I believe they  
 6 transload coal, and they also under the marketing and  
 7 trading group sell coal.  
 8 **Q. Mr. Pitcher, I'm going to ask Mr. Poucher to**  
 9 **provide you a copy of a document and ask you to review**  
 10 **it for a moment.**  
 11 A. Okay.  
 12 MR. MCGLOTHLIN: I'm going to have this  
 13 marked as Exhibit 1 to the deposition.  
 14 (Deposition Exhibit Number 1 was marked for  
 15 identification.)  
 16 BY MR. MCGLOTHLIN:  
 17 **Q. This document is captioned "Progress Energy**  
 18 **Florida's Responses to Citizens' Second Set of**  
 19 **Interrogatories, Nos. 6 through 14." I ask you to**  
 20 **review interrogatory number 6 and the response.**  
 21 MR. PERKO: Just for the record, that  
 22 includes confidential information.  
 23 A. The first page I have here says number 13,  
 24 Progress Energy to Citizens' Fifth Request to Produce  
 25 Documents, No. 13.

- 1 MR. MCGLOTHLIN: You gave him a request to  
 2 produce. I'm looking for the interrogatory.  
 3 MR. PERKO: I believe it's underneath.  
 4 THE WITNESS: I've got it.  
 5 BY MR. MCGLOTHLIN:  
 6 **Q. Let me know when you've had an adequate**  
 7 **chance to look that over, Mr. Pitcher.**  
 8 A. Yes.  
 9 **Q. Do you recognize this as a response that you**  
 10 **prepared as an answer to OPC's interrogatory number 6?**  
 11 A. I do.  
 12 **Q. And is the response accurate to the best of**  
 13 **your knowledge?**  
 14 A. It is.  
 15 **Q. I'm going to refer to the first paragraph of**  
 16 **the response. In that response you state that in**  
 17 **April 2004, PEF issued a request for proposals. Would**  
 18 **that request for proposals have been issued by PEF or**  
 19 **by Progress Fuels on PEF's behalf?**  
 20 A. By Progress Fuels.  
 21 **Q. And when you state that PEF issued the RFP,**  
 22 **in what way was that done? For instance, to whom was**  
 23 **the RFP sent, and how was it communicated to potential**  
 24 **providers?**  
 25 A. We have a master bidders list. The request

1 for proposal was sent to each one on our master  
2 bidders list. In addition, we also forwarded the  
3 request for proposal to various coal publications who  
4 usually write articles about our desire for coal, and  
5 it gives us a reach into the marketplace that lets  
6 everybody know that we're looking for coal.

7 **Q. How many bidders are on your master bidders  
8 list, if you know?**

9 A. I don't know. I could get that for you, but  
10 I don't remember the number we have on the master  
11 bidders list.

12 **Q. Is the master bidders list something that  
13 you could provide as a late-filed exhibit to this  
14 deposition?**

15 A. It is.

16 MR. McGLOTHLIN: Could we have that  
17 identified as Exhibit 2, late-filed. We'll just  
18 caption it "Master Bidders List."

19 (Late-filed Deposition Exhibit Number 2 was  
20 identified.)

21 BY MR. McGLOTHLIN:

22 **Q. And I imagine the RFP would identify  
23 quantities of coal and quality parameters?**

24 A. It would.

25 **Q. The next sentence says, "The results of this**

1 A. It is possible that they could meet the  
2 requirements of either one.

3 **Q. The same sentence, resulted in the purchase  
4 of 4.3 million tons of coal for both Crystal River  
5 Units 1 and 2 and 4 and 5, is that 4.3 million tons,  
6 or is that 4.3 million tons for 1 and 2 and another  
7 4.3 for 4 and 5?**

8 A. That's a total.

9 **Q. And how many bidders responded to the RFP,  
10 if you know?**

11 A. I don't have a count on it. We could  
12 provide that for you.

13 MR. McGLOTHLIN: Late-filed Exhibit 3 would  
14 be "List of Bidders Who Responded to April 2004  
15 RFP."

16 (Late-filed Deposition Exhibit Number 3 was  
17 identified.)

18 BY MR. McGLOTHLIN:

19 **Q. Now, is Progress Fuels Corporation in the  
20 business of mining coal or purchasing coal for resale?**

21 A. It is.

22 **Q. Would Progress Fuels Corporation ever be in  
23 a position of offering coal in response to an RFP like  
24 this on its own behalf?**

25 A. It would.

1 **RFP resulted in the purchase of 4.3 million tons of  
2 coal for both Crystal River Units 1 and 2 and 4 and  
3 5." You group Crystal River Units 1 and 2, and you  
4 group 4 and 5. Why is that?**

5 A. Crystal River 1 and 2 and 4 and 5 burn  
6 different qualities of coal.

7 **Q. Would you elaborate on that? What is the  
8 difference in the coals that are burned?**

9 A. Crystal River 1 and 2 is a noncompliant  
10 unit, burns noncompliance coal, and Crystal River 4  
11 and 5 burn compliance coal, compliance coal defined as  
12 1.2-pound SO<sub>2</sub>.

13 **Q. That's 1.2 pounds per million Btu?**

14 A. Yes, of SO<sub>2</sub>. It's basically new source  
15 performance standards coal.

16 **Q. And what is the corresponding value for the  
17 noncompliance coal that 1 and 2 burn?**

18 A. It's 1.5 pounds to a 2.1-pound SO<sub>2</sub>.

19 **Q. As a practical matter, does this mean that  
20 the entities who have coal that would be responsive to  
21 the needs of Crystal River Units 1 and 2 would not  
22 also bid for the requirements for 3 and 4, or is it  
23 possible that the same mining company can either mine  
24 or blend coal that would meet the requirements of  
25 either?**

1 **Q. Did Progress Fuels respond to this  
2 particular RFP?**

3 A. They did.

4 **Q. In its own behalf?**

5 A. In its own behalf, yes, sir.

6 **Q. Well, in such a situation, who scores the  
7 bids? Who evaluates the responses?**

8 A. I do, along with my staff.

9 **Q. Okay. So you've got a number of bids that  
10 are responsive to the RFP, including Progress Energy,  
11 Progress Fuels Corporation, and you and your staff  
12 review the responses and award, or decide who among  
13 the bidders, including Progress Fuels, should get the  
14 contract?**

15 A. That's correct.

16 **Q. What criteria does Progress Fuels  
17 Corporation use to decide who gets the contract?**

18 A. We evaluate it on cents per million  
19 delivered to the plant and purchase the lowest priced  
20 coal.

21 **Q. Is the RFP set up to require simultaneous  
22 bids, or does Progress Fuels Corporation have  
23 knowledge of the other bidders' submissions at the  
24 time it makes it own?**

25 A. They have no knowledge of -- there's no

1 cross-information associated with the bids. They bid  
2 as any other coal supplier would bid.

3 **Q. Who prepares the bid for Progress Fuels  
4 Corporation?**

5 A. The coal bid -- clarify that. The coal bid  
6 that came in to me in response to the RFP?

7 **Q. Yes.**

8 A. The marketing and trading group did. I  
9 don't know who prepared it.

10 **Q. Well, you mentioned a marketing and trading  
11 group. Is that organized to be separate and apart  
12 from your procurement group?**

13 A. Oh, yes.

14 **Q. Where is the marketing and trading group  
15 located physically?**

16 A. Raleigh.

17 **Q. Procedurally, are there any measures in  
18 place to ensure that the persons or the departments of  
19 Progress Fuels Corporation that are interested in  
20 responding to the RFP are walled apart from the  
21 persons or departments within Progress Fuels  
22 Corporation who evaluate responses and award  
23 contracts?**

24 A. That is correct. There is a very thick wall  
25 between those entities.

1 **receives the bids to translate that into a lowest  
2 delivered price, or is that reflected on the bids  
3 themselves?**

4 A. The bids that are submitted are for the coal  
5 cost only, and we have to add transportation costs to  
6 that, basically all the costs associated with getting  
7 it to Crystal River. And we put that on a spreadsheet  
8 and calculate it on a cents per million Btu basis.

9 **Q. And the costs of transportation are known  
10 and available from the railroad and the barge lines,  
11 and so that is a known value, known both to Progress  
12 Fuels and to the bidders; is that correct?**

13 A. It is not known to the bidders. It is known  
14 to Progress Fuels.

15 **Q. To whom did you award the contracts for the  
16 4.3 million tons of coal?**

17 A. We -- I'm going from memory. If I could, I  
18 would rather get you a late exhibit of who we awarded  
19 it to. I can go down and give you some of the tons  
20 and the people. Just off the top of my head, I don't  
21 have all of them in my head.

22 MR. McGLOTHLIN: Okay. The next late-filed  
23 exhibit will be what? Number 3?

24 THE REPORTER: Four.

25 MR. McGLOTHLIN: Late-filed Exhibit Number 4

1 **Q. Well, describe how one accomplishes that.**

2 A. Well, we're in separate locations, for one.  
3 There's rules within the company that there is no  
4 exchange of information between the regulated group  
5 and what I consider the commercial operation groups.

6 **Q. Are those rules in written form?**

7 A. I don't know if they're written or not.

8 **Q. Well, as vice president, you would be in a  
9 position to know if there are any written rules, would  
10 you not?**

11 A. I know we do not communicate between the  
12 unregulated and the regulated group, and I know that  
13 we've all gone through training, various training  
14 sessions associated with what is considered walled and  
15 what is not walled and who can talk to whom.

16 **Q. You mentioned regulated and unregulated  
17 groups, but Progress Fuels Corporation is not a  
18 regulated entity, is it?**

19 A. Within Progress Fuels, the group that I'm in  
20 charge of has the responsibility for -- we're the fuel  
21 procurement arm on behalf of Progress Energy Florida,  
22 so it's an entity within an entity.

23 **Q. You stated that the award of contracts is  
24 based on the lowest delivered price. Are there any  
25 steps or calculations that are necessary after one**

1 would be bidders to whom Progress Fuels awarded  
2 4.3 million tons of coal contracts.

3 (Late-filed Deposition Exhibit Number 4 was  
4 identified.)

5 BY MR. McGLOTHLIN:

6 **Q. Was Progress Fuels Corporation one of the  
7 entities that was awarded a contract?**

8 A. They were.

9 **Q. Let's revert to Late-filed Exhibit Number 4.  
10 In addition to the list of bidders, will you show the  
11 quantities of coal awarded for each bidder and the  
12 price per ton for each bidder?**

13 A. Yes.

14 **Q. Further, in this response, you state that  
15 after this purchase, PEF had an open position, that  
16 is, additional coal needed, for water delivered coal  
17 totaling 600,000 tons for 2005 and 550,000 tons for  
18 2006. Do you see that statement?**

19 A. I do.

20 **Q. How does PEF determine the portion of its  
21 coal supply that needs to be delivered by water versus  
22 rail?**

23 A. We had operating during the time period  
24 which we were discussing four gulf barges. Those gulf  
25 barges have a defined capacity of how much they can

1 carry, and then the residual rolls over to the rail.

2 **Q. When you say we have four barges, are you**  
3 **talking about Progress Fuels Corporation or Progress**  
4 **Energy?**

5 A. Under contract. They're under contract.  
6 We, "we" meaning Progress Fuels Corporation, we have a  
7 contract with Dixie Fuels, Ltd. to move coal from New  
8 Orleans, Louisiana, and/or Mobile to Crystal River.

9 **Q. So is the nature of those contractual terms**  
10 **such that you have to maximize the use of the barge**  
11 **for it to be economical?**

12 A. No. It's just a matter of how much they can  
13 carry. As a result of the CSX negotiations this year,  
14 the water delivered coal is the cheapest form, and we  
15 are maximizing the cheapest form of delivery.

16 **Q. It isn't clear to me what you mean then when**  
17 **you say PEF had a need for water delivered coal in the**  
18 **quantity of 600,000 tons. How did PEF determine that**  
19 **it had a need for coal that had to be delivered by**  
20 **water?**

21 A. We evaluate the coals that we have  
22 purchased, we evaluate the mode by which they're going  
23 to be transported, and the residual is a fallout of a  
24 shortfall, if you will, that is, the coal that needs  
25 to be purchased to meet the burn requirements at the

1 **Q. Do I have it right now?**

2 A. You do.

3 **Q. You state that PEF decided to re-enter the**  
4 **marketplace to close out its 2005 and 2006 open**  
5 **positions, and in the next sentence you state that PEF**  
6 **received three bids from reliable barge suppliers.**  
7 **First of all, when PEF decided to re-enter the**  
8 **marketplace, did it issue another RFP?**

9 A. It did not issue a formal RFP. It did an  
10 informal RFP via telephone calls.

11 **Q. And who made those calls?**

12 A. I did.

13 **Q. Whom did you contact?**

14 A. I contacted Drummond Coal Company, I  
15 contacted CMC Coal Sales, which is a Colombian coal  
16 operation, and Progress Fuels.

17 **Q. Anyone else?**

18 A. There's one other. I'm drawing a blank. I  
19 contacted four people. I'm drawing a blank right now  
20 on the fourth one.

21 **Q. Did you contact Guasare?**

22 A. Guasare, yes. I'm sorry. The Venezuelan  
23 coal. I'm sorry.

24 **Q. Is that the fourth person that you**  
25 **contacted?**

1 Crystal River facilities. So it's nothing more than  
2 what coal we have under contract and what coal the  
3 plant needs, and the difference is the open position.

4 **Q. I understand the concept of the total burn**  
5 **needs, and I understand that the 4.3 million tons fell**  
6 **short of the total requirement. I gather that the**  
7 **shortfall was 600,000 tons. But what I don't**  
8 **understand yet is why there's a need for water**  
9 **delivered coal as opposed to coal delivered by water**  
10 **or rail. Your statement says that the need is for**  
11 **water delivered coal. Can you explain why that is the**  
12 **case?**

13 A. The gulf barges have a capacity of carrying  
14 around 2.5 million tons of coal. They are the lowest  
15 form, lowest cost transportation. We had not  
16 purchased enough coal that would allow us to maximize  
17 the movement of the lowest cost form of  
18 transportation.

19 **Q. I think I understand now. The shortfall in**  
20 **the total burn requirement is 600,000 tons, and**  
21 **because you had not maximized the use of the barge,**  
22 **which was at the time the lower cost transportation**  
23 **mode, it was desirable to deliver that quantity by**  
24 **barge.**

25 A. That's correct.

1 A. Yes.

2 **Q. Why did you not contact everybody on the**  
3 **master bidders list for this 600,000-ton need?**

4 A. At the time that this was occurring, as I've  
5 described somewhat in my answers, there were -- the  
6 prices were beginning to climb very dramatically.  
7 There were major utilities that were out in the  
8 marketplace. And we felt that at the time, rather  
9 than issuing a formal RFP that would add additional  
10 stress to the pricing, we would make calls to known  
11 suppliers who could provide the coal that we were  
12 looking for.

13 **Q. How would the issuance of a formal RFP add**  
14 **stress to the pricing?**

15 A. I think if you come out in the marketplace  
16 and start saying we're out for X number of million  
17 tons of coals or hundreds of thousands of tons of  
18 coal, it adds more fuel to the marketplace. It's an  
19 example of -- during this period of time, TVA was out  
20 for bid for large tonnage, South Carolina Public  
21 Service was out for large tonnage, and that has a  
22 tendency to put additional price pressure on the  
23 market.

24 **Q. That seems counterintuitive to me. Wouldn't**  
25 **the knowledge that there's a RFP that has been issued**

1 to multiple providers tell each potential bidder that  
2 there's competition, and the bidders should bear that  
3 in mind when responding?

4 A. That has not been my experience in the  
5 marketplace.

6 **Q. Well, what led you to contact these four  
7 particular entities as opposed to others you could  
8 have contacted?**

9 A. Progress Fuels Corporation's operations,  
10 they're one of the largest suppliers of compliance  
11 coal on the river system. Guasare and Drummond were  
12 existing contractors that supply us with coal. And  
13 CMC was someone who we had not done business with  
14 before, and they were unsuccessful in a previous RFP,  
15 and I wanted to see if they had any coal available.

16 **Q. Were there any suppliers who were awarded  
17 some portion of the 4.3-million-ton RFP, but who were  
18 not contacted for this additional requirement?**

19 A. There were people who were not contacted  
20 simply because they're rail delivery. Remember, we  
21 take coal both by water and rail. So we wouldn't have  
22 contacted any of our rail suppliers. The water  
23 suppliers we called. During that RFP, we purchased a  
24 lot of imported coal. That's why we were contacting  
25 the import suppliers.

1 Coal or somebody else?

2 A. Talking to Central Coal.

3 **Q. Okay. Were there any other suppliers who  
4 participated in the April 2004 RFP and who can deliver  
5 by barge but were not contacted for this additional  
6 requirement?**

7 A. I would have to go back and look at who  
8 responded to the RFP on the water side to let you know  
9 that.

10 **Q. All right. Now, you're going to give us a  
11 list of the bidders in an earlier exhibit. Can you  
12 designate on that list those that can deliver by barge  
13 and those that can deliver by rail and those that can  
14 deliver by barge or rail?**

15 A. Sure.

16 **Q. I think that will give us the information.**

17 You contacted four potential suppliers. Did  
18 you simply call and get a price, or did you tell them  
19 to submit a bid for comparison to other bids?

20 A. I asked them to respond via either e-mail or  
21 a written letter, and it came in both forms. So we  
22 had received bids from them with the qualities of coal  
23 and the quantities of coal and the price so that we  
24 could do our normal evaluation.

25 **Q. And what information did you give each of**

1 **Q. I think we may be talking past each other on  
2 this one.**

3 A. Okay.

4 **Q. I'm interested in knowing whether there were  
5 any -- and I'll limit this to suppliers who had the  
6 capability of delivering by barge -- who were awarded  
7 a portion of 4.3-million-ton requirement, but who were  
8 not contacted to see if they wanted to respond to the  
9 600,000-ton additional requirement.**

10 A. Over the period of time that we're talking  
11 about, I had conducted phone conversations -- you  
12 know, I'm not operating in a vacuum with this. I'm  
13 basically in contact with the marketplace on a very  
14 regular basis. Current suppliers who we purchased  
15 coal from from the previous RFP did not -- there were  
16 a couple of them who did not have coal. We got that  
17 from talking to them prior to us making this decision,  
18 prior to going out for this informal RFP. Central  
19 Coal was one of them. Central Coal was awarded coal  
20 under the previous RFP, and they did not have any  
21 additional coal.

22 **Q. Is that why you didn't contact them?**

23 A. Again, I just got that from conversations in  
24 talking to these people.

25 **Q. Did you get that from talking to Central**

1 these four entities whom you contacted by telephone?

2 A. We asked them if they had any coal available  
3 for the '05-06 window, told them we were thinking  
4 about buying additional coal, did not commit that we  
5 were going to buy any, and that if they had any  
6 available for sale, to please respond.

7 **Q. By a time certain?**

8 A. This took place over literally a three-week  
9 window where I was placing calls and talking, and then  
10 they needed to go back. They said, "We don't know if  
11 we have anything available. Let us go check with our  
12 mining people." So it was not a time certain, but I  
13 told them that we were interested in doing something  
14 before the middle of September, end of September.

15 **Q. I gather then these bids were not submitted  
16 simultaneously.**

17 A. They were not.

18 **Q. Were they evaluated simultaneously, or were  
19 they awarded some portion based upon the information  
20 contained in only the individual bid?**

21 A. They were awarded at the same time. They  
22 were evaluated over this month period or three-week  
23 period that I'm talking about, but there were no  
24 awards made until all the bids were in and were  
25 evaluated and we could compare them side by side.

1 Q. Well, did these four entities submit bids --  
2 let me do a better job of that. Did any or all of the  
3 four entities propose to meet the full 600,000-ton  
4 requirement?

5 A. No.

6 Q. In your earlier response, you indicated that  
7 Progress Fuels Corporation was one of the larger  
8 providers on the river, I think, to paraphrase your  
9 answer. Does Progress Fuels Corporation provide coal  
10 to entities other than Progress Energy Florida?

11 A. Yes, they do.

12 Q. Does Progress Fuels Corporation own coal  
13 properties, or is it in the business of purchasing and  
14 reselling?

15 A. They do both.

16 Q. Where is its coal property?

17 A. In eastern Kentucky.

18 Q. In your answer, you state that PFC provided  
19 the lowest bid, and consequently PEF awarded a  
20 two-year contract to PFC for a total of 480,000 tons.  
21 I won't finish the rest of the sentence because  
22 there's a confidential number there that we don't need  
23 to insert here, but then you say the other contract  
24 was for a total of 450,000 tons. Who received the  
25 award for the balance of the 600,000 tons?

1 Q. Mr. Pitcher, you said in an earlier response  
2 that you decided to place these phone calls in lieu of  
3 a more formal RFP to avoid putting additional pricing  
4 stress on the commodity. I'm trying to understand  
5 that concept. If RFPs have the effect of increasing  
6 prices, why would one ever issue an RFP?

7 A. There were two factors that were operating.  
8 I'll answer it in two parts. One, an RFP is issued if  
9 you're going to take a look at buying very large  
10 quantities of coal, we which did in the April 2004.  
11 We had originally anticipated replacing that open  
12 position with spot purchases in the ensuing periods,  
13 '05 and '06.

14 There was not only price pressure on the  
15 marketplace, but there was a very limited quantity of  
16 coal, as we found out when we started making phone  
17 calls. And it is very difficult if you put an RFP out  
18 and everybody in the business is chasing the same  
19 tonnage. And we wanted to make sure that we were able  
20 to go out and -- make sure that we were competitive  
21 and were purchasing competitively priced coals, but we  
22 did it on a very low-key basis as opposed to an RFP.

23 Q. This particular purchase for what is  
24 described as an open position, is that typical or  
25 atypical of the manner in which Progress Fuels

1 A. We did not close out that whole position.

2 Q. I see. Well, who was the second of the two  
3 entities who were awarded some portion of that need?

4 A. Who are the two entities?

5 Q. Yes. Other than Progress Fuels, who was  
6 awarded a contract?

7 A. CMC, which is a Colombian coal producer.

8 Q. Now, in that this particular purchasing  
9 exercise was performed after the 2004 PEF RFP and for  
10 lesser quantities, do you regard this as an additional  
11 long-term purchase, or do you regard this as a spot  
12 purchase?

13 A. This would be a mid-term contract. It goes  
14 for two years, so I think I would classify it as a  
15 mid-term.

16 Q. How do you define a spot purchase?

17 A. Usually for coal that you're going to buy  
18 for less than a year.

19 Q. In the last sentence of that answer, you  
20 state that Central Coal Company and Massey were  
21 purchased at an earlier time period when prices were  
22 much lower than the market in which PFC coal was  
23 purchased. Do you refer there to the April 2000 RFP  
24 or to some different purchase?

25 A. That was in the April 2004 RFP.

1 Corporation typically goes about acquiring coal for  
2 Progress Energy Florida?

3 A. I'm not sure I understand the question.

4 Q. Well, generally speaking, does Progress  
5 Fuels Corporation more typically use an RFP or this  
6 alternative individual phone call methodology for  
7 securing coal?

8 A. We use a combination of several methods. We  
9 use the RFP process. We use the monthly purchases or  
10 quarterly purchases. We receive bids that come in  
11 monthly sometimes. We log those in and record them  
12 and evaluate them, and if we need coal during that  
13 period of time -- so those are unsolicited bids. And  
14 we use this third forum of an unofficial RFP process.  
15 So we use all of those.

16 Q. This question is designed to enable us to  
17 understand better the relationship between the  
18 contracts that Progress Fuels Corporation executes in  
19 its role of procuring coal for Progress Energy on the  
20 one hand and the values that we see on the 423 forms  
21 that are eventually submitted to the Commission. For  
22 instance, one of the companies that you purchase from  
23 is Kentucky May. And I can't recall if you said  
24 they're a current provider or that they provided coal  
25 in the past. Which was it?

1 A. In the past.

2 **Q. Well, let's take them as an example. Let's**  
3 **assume there's a contract between Progress Fuels**  
4 **Corporation and Kentucky May. Is the price that's**  
5 **specified in the contract the same cost that we see**  
6 **reported on the 423 form, or is there some translation**  
7 **or modification for any reason?**

8 A. I really don't know. I don't do the Form  
9 423s. I couldn't respond to that.

10 **Q. Okay. We'll save that for somebody else.**  
11 **But I believe you said you do take part in the actual**  
12 **negotiation or the procurement function itself when**  
13 **Progress Fuels Corporation deals with these other**  
14 **suppliers; is that right?**

15 A. That's correct.

16 **Q. With whom would you deal or negotiate at**  
17 **Kentucky May if you were to contact Kentucky May**  
18 **either through an RFP or through one of these phone**  
19 **call solicitations?**

20 A. Well, in the marketing and trading group  
21 that I mentioned, there's a salesman who handles  
22 Florida as well as part of the South. At the time, it  
23 was Joe Jefferson that submitted the bid. And that's  
24 who I would negotiate the terms with, just like I  
25 would do so with Massey or Causseaux or whoever their

1 **group represent each of those entities in its**  
2 **responses to the RFP or the solicitation?**

3 A. The marketing and trading group represent  
4 the coals from the mining operations that Progress  
5 Fuels has an ownership interest in through other  
6 subsidiaries. They also purchase coal, as I mentioned  
7 before. And it would be the marketing and trading  
8 group, one individual in that marketing and trading  
9 group who would submit a bid to me based upon the  
10 qualities that they would have available and the  
11 qualities I need.

12 **Q. Are these companies in competition with each**  
13 **other to receive the contract award?**

14 A. I'm not really sure how they're organized.  
15 I'm not part of that group.

16 **Q. Well, I don't think you have to know the**  
17 **organization to know whether when Progress Energy**  
18 **issues an RFP or solicitation, whether Diamond May,**  
19 **Kentucky May, Powell Mountain, and Progress Fuels**  
20 **Corporation are vying with each other in efforts to**  
21 **secure some or all of that award.**

22 A. I would say the marketing and trading group,  
23 who is responsible for selling the coal for those  
24 entities, will provide coal from their operations  
25 based upon the quality of coal that we would be

1 salesperson is.

2 **Q. So the person with whom Progress Fuels**  
3 **Corporation negotiates if it wants coal from Kentucky**  
4 **May is someone in Progress Fuels Corporation's**  
5 **marketing and trading group?**

6 A. That's who markets -- as I understand,  
7 that's who markets all of the coals. The coals are  
8 being marketed out of a marketing and trading group.

9 **Q. And that marketing and trading group, which**  
10 **is an organization or department within Progress Fuels**  
11 **Corporation, represents not only Progress Fuels**  
12 **Corporation in its own capacity, but also Kentucky May**  
13 **and others in which Progress Fuels has an ownership**  
14 **interest?**

15 A. That is correct.

16 **Q. Okay. Let's assume hypothetically that**  
17 **Progress Energy Florida requires coal, that it doesn't**  
18 **have the full burn requirement and it's going into the**  
19 **market to acquire more. It turns to you as its chief**  
20 **procurement person and identifies a quantity needed,**  
21 **and you're going to contact potential suppliers, who**  
22 **include Progress Fuels Corporation and Kentucky May**  
23 **and Diamond May Company, in all of which companies**  
24 **Progress Fuels Corporation has an ownership interest.**  
25 **Does the same person in this marketing and trading**

1 looking for. I don't know the qualities of coal from  
2 those mining operations.

3 **Q. Well, they would be providing coal based**  
4 **upon the quality of coal, but they would also be**  
5 **competing on price, would they not?**

6 A. I don't know how they're structured. I  
7 don't know how they operate. I simply receive bids  
8 from them based upon what coal they want to offer, no  
9 different than Massey Coal. Massey Coal has multiple  
10 mining operations. Under your assumption, I would  
11 assume that they're all in competition with each  
12 other. But their sales group submits the bid based  
13 upon the quality of coal that a particular group is  
14 looking for.

15 **Q. Well, one difference is that Massey Coal**  
16 **doesn't go through the marketing and trading**  
17 **department of Progress Fuels Corporation in order to**  
18 **submit a bid, does it?**

19 A. I'm sorry. I don't see the point.

20 **Q. Well, I don't know if it's a point yet, but**  
21 **it's a question. I'm trying to establish whether the**  
22 **same person or the same department within Progress**  
23 **Fuels Corporation is representing the interests of**  
24 **companies which conceptually are competing with each**  
25 **other when those companies submit bids to secure a**

1 portion of the coal needs of Progress Energy Florida.

2 MR. PERKO: I'm going to object to the form.

3 MR. McGLOTHLIN: What's the objection?

4 MR. PERKO: You haven't established that  
5 they conceptually are in competition with one  
6 another.

7 MR. McGLOTHLIN: Well, that's the question.

8 BY MR. McGLOTHLIN:

9 **Q. The question is, are those companies in  
10 competition with each other? Do you know?**

11 A. I do not know.

12 **Q. Progress Fuels Corporation has an ownership  
13 interest in the companies I've identified; is that  
14 correct?**

15 A. That's correct.

16 **Q. Are you an officer in any of those  
17 companies?**

18 A. I am not.

19 **Q. Is there anyone within Progress Fuels  
20 Corporation who is an officer of the other companies?**

21 A. I don't know the answer to that.

22 **Q. Well, Diamond May Company is -- well, let me  
23 ask it this way. Does Diamond May Company provide  
24 coal to entities other than Progress Energy Florida?**

25 A. Absolutely.

1 of marketing and trading right now.

2 **Q. But is it your testimony today, Mr. Pitcher,  
3 that you don't know whether the several coal companies  
4 in whom Progress Fuels Corporation has an ownership  
5 interest compete for the opportunity to provide their  
6 coal, their respective coals to Progress Energy  
7 Florida?**

8 A. That is my testimony.

9 MR. McGLOTHLIN: Can we take about a five-  
10 or ten-minute break while I shuffle some papers  
11 here?

12 MR. PERKO: Sure.

13 (Short recess.)

14 BY MR. McGLOTHLIN:

15 **Q. Mr. Pitcher, in response to a series of  
16 questions, you described the existing arrangements  
17 between Progress Fuels Corporation and Progress Energy  
18 Florida pursuant to which Progress Fuels is the  
19 procurement function for Progress Energy. Among the  
20 documents that we reviewed in preparation for this  
21 deposition is a letter providing notice of the  
22 termination of the existing contract between Progress  
23 Energy Florida and Progress Fuels Corporation. Would  
24 you describe the manner in which this procurement  
25 function will take place in the future after the**

1 **Q. And does Kentucky May Company provide coal  
2 to entities other than Progress Energy Florida?**

3 A. Yes.

4 **Q. Let's say that Utility B, someone other than  
5 Progress Energy Florida, issues an RFP. Is it  
6 possible that Diamond May or Kentucky May would submit  
7 bids to Utility B?**

8 A. It's possible.

9 **Q. In that situation, would they be in  
10 competition with each other?**

11 A. I don't know who would submit the bid.  
12 That's why I'm having trouble with whether Kentucky  
13 May submits a bid on its own, or Diamond May. The way  
14 you're couching the question is, does Diamond May send  
15 a bid out and does Kentucky May send a bid out, and  
16 that's not how I receive bids. How I receive bids is  
17 a bid from the Progress Fuels marketing and trading  
18 group, and it may name a certain mine, or it may not.

19 **Q. Who would know the answer to that question?  
20 Who would know whether Diamond May and Kentucky May  
21 submit bids or whether the bid is formulated by  
22 someone within the marketing and trading group of  
23 Progress Fuels Corporation?**

24 A. It would be somebody in the marketing and  
25 trading group. Right now -- David Crews is the head

1 termination of that existing arrangement, as you  
2 understand it?

3 A. As I understand it, we're in the process of  
4 merging the group, what is currently done in Progress  
5 Fuels into the Raleigh group under Progress Energy  
6 Carolinas, and they will act on behalf of Progress  
7 Energy Florida in purchasing coal. So it will be  
8 under Progress Energy's regulated group in Carolina.

9 **Q. So this function will become part of what  
10 is, in essence, an in-house operation of Progress  
11 Energy Carolinas, and that department will procure  
12 coal for both the Carolina utility and Progress Energy  
13 Florida?**

14 A. That's correct.

15 **Q. When that occurs, will Progress Energy  
16 Carolinas continue to have an office in Florida, or  
17 will all of that occur out of Raleigh? I'm referring  
18 to the procurement function.**

19 A. It will all be in Raleigh.

20 **Q. After this transition, will the procurement  
21 function performed by Progress Energy Carolinas be  
22 pursuant to a contract with Progress Energy Florida or  
23 some other arrangement?**

24 A. I'm not really sure how they're going to be  
25 organized in that regard.

1 **Q. After the transition, will Progress Fuels**  
2 **Corporation continue to participate in the mining and**  
3 **selling of coal to the Progress Energy utilities and**  
4 **others?**

5 A. If they're successful bidders on it,  
6 certainly.

7 **Q. So far the questions have been specific to**  
8 **the procurement of the coal commodity. Will there be**  
9 **any changes with respect to the manner in which**  
10 **Progress Energy Florida arranges for the**  
11 **transportation of coal to its Crystal River sites?**

12 A. There are currently contracts that are in  
13 place, and those contracts will remain in place, and  
14 they will be -- and I'm not sure exactly legally how  
15 they're going to adopt contracts, the legal aspects of  
16 it, but the transportation contracts are in existence.

17 **Q. Will Progress Energy Carolinas be**  
18 **responsible for the transportation aspect of coal**  
19 **deliveries as well as the procurement of the**  
20 **commodity?**

21 A. Yes, sir.

22 **Q. And it's your understanding that the**  
23 **existing contracts will be assigned, or in some manner**  
24 **Progress Energy Carolinas will become the entity**  
25 **responsible for administering the existing**

1 understanding or correct our understanding in that  
2 regard. Do Central, Keystone, Emerald, Massey, and  
3 Progress deliver coal by the barge route?

4 A. These companies, Central, Keystone, Emerald,  
5 and Progress, do deliver coal by water as you've laid  
6 out. Massey has the ability to either be part of that  
7 water delivery, or if you'll notice, they're over on  
8 the right side of your thing, and they can do it  
9 directly by rail.

10 **Q. All right. Is the list on the right-hand**  
11 **side then accurate? Do Consolidated, Sequoia, Massey,**  
12 **B&W, Alliance, and Progress Fuels have the capability**  
13 **of delivering by rail? I should add Central to that**  
14 **list, I guess.**

15 A. And I'll answer that Consolidated, Sequoia,  
16 Massey, B&W, Alliance, and Progress are rail  
17 deliverers. Central, they're a water delivered  
18 product. I would have to look and see. They load out  
19 of a river facility. So I'm not -- that doesn't look  
20 right to me.

21 **Q. And as I understand it, depending on the**  
22 **location of the particular provider, the coal is**  
23 **delivered to barge transport, which then travels the**  
24 **Ohio and Mississippi Rivers until it arrives at the**  
25 **IMT terminal in New Orleans. Is that correct?**

1 arrangements?

2 A. I'm not sure if they'll assign them or not.  
3 I don't know what the arrangements will be.

4 **Q. I'm going to ask Mr. Poucher to provide you**  
5 **another exhibit. Please take a couple of minutes to**  
6 **look it over.**

7 A. Okay.

8 MR. McGLOTHLIN: And I suspect that Progress  
9 Energy will regard this as containing  
10 confidential information.

11 MR. PERKO: I would ask for Mr. Pitcher's  
12 confirmation, but I believe so.

13 THE WITNESS: Yes, that is correct.

14 BY MR. McGLOTHLIN:

15 **Q. Mr. Pitcher, we have provided you with a**  
16 **document captioned "Progress Energy Ballpark Transport**  
17 **Costs for Coal," and as you can see, this is designed**  
18 **to be a rough conceptual diagram of the manner in**  
19 **which coal travels to Crystal River units and is**  
20 **delivered there. And to the left of the diagram we**  
21 **have listed those companies which, as we understand**  
22 **it, provide coal that is delivered by river barge, and**  
23 **to the right we've listed those companies which, as we**  
24 **understand it, typically deliver coal by rail. And**  
25 **I'll ask you first to either confirm that**

1 A. Can you rephrase that for me, please?

2 **Q. I'll try. As I understand it, with respect**  
3 **to those companies who deliver coal that follows the**  
4 **river route, that typically is delivered to barges**  
5 **that travel the Ohio and Mississippi Rivers until it**  
6 **arrives at the IMT terminal in New Orleans.**

7 A. That is correct.

8 **Q. And depending on the location, some**  
9 **companies may use the Kanawa River loading terminal in**  
10 **that process?**

11 A. Yes, that's correct.

12 **Q. And is it true that all of the coal that is**  
13 **shipped by river barge is then transloaded onto**  
14 **oceangoing vessels at the IMT terminal for transit**  
15 **across the Gulf?**

16 A. Yes, sir.

17 **Q. And again, as I understand it, the coal that**  
18 **arrives from South America also is delivered first to**  
19 **the IMT terminal in New Orleans.**

20 A. They come either to IMT or to Mobile. We  
21 purchase Colombian coal out of both IMT and Mobile.

22 MR. POUCHER: Could we go off the record for  
23 just a second?

24 MR. McGLOTHLIN: Let's go off the record.  
25 (Discussion off the record.)

1 BY MR. MCGLOTHLIN:

2 **Q. Based upon a conversation held off the**  
3 **record, Mr. Pitcher, is there a clarification that you**  
4 **need to make?**

5 A. Yes. The rail delivered coals listed as  
6 Central, that is a rail delivered product, Central  
7 Appalachian Mining Company.

8 **Q. And that's a different entity than the one**  
9 **listed on the left-hand side of the diagram; is that**  
10 **correct?**

11 A. That is correct.

12 **Q. All right. In the middle of the diagram,**  
13 **there's a reference to Drummond Coal. Where is**  
14 **Drummond located, and how do they deliver their coal?**

15 A. We purchase Colombian coal from Drummond FOB  
16 the gulf barge in Mobile.

17 **Q. Now, following the waterborne route, you'll**  
18 **see on this diagram a numerical value associated with**  
19 **the Mississippi River barge. Can you confirm that**  
20 **that's either exactly or approximately the current**  
21 **rate for delivery by barge to the IMT terminal? And**  
22 **this is for the June 2005 period.**

23 A. I would have to check. It looks in the  
24 ballpark.

25 **Q. Okay. And ballpark may be sufficient for**

1 **the room, so perhaps during the break if you need to**  
2 **refer to the contracts to verify that these are the**  
3 **correct numerical values, we'll ask you to do that.**

4 A. Sure.

5 MR. MCGLOTHLIN: Let's assign an exhibit  
6 number to this. The Ballpark Transport Costs for  
7 Coal document it will be Exhibit 5.

8 (Deposition Exhibit Number 5 was marked for  
9 identification.)

10 MR. MCGLOTHLIN: We've now provided you  
11 another document, which will become Exhibit  
12 Number 6.

13 (Deposition Exhibit Number 6 was marked for  
14 identification.)

15 BY MR. MCGLOTHLIN:

16 **Q. And again, this contains information that**  
17 **Progress Energy Florida has designated as**  
18 **confidential. This one is captioned "Progress Energy**  
19 **Coal Contracts." I'll give you a moment to look that**  
20 **over before I ask you a couple of questions about it.**

21 A. Okay.

22 **Q. Mr. Pitcher, the document that we've marked**  
23 **as Exhibit 6 is a list of the sources of coal and some**  
24 **information regarding the terms of the contracts**  
25 **between Progress Energy and the individual companies**

1 **today's purposes.**

2 **Now, there's a numerical value shown for the**  
3 **IMT terminal function. Do you see that?**

4 A. I do.

5 **Q. And does that look to be approximately the**  
6 **current cost of transloading from the IMT terminal?**

7 A. For certain transfers, yes.

8 **Q. And there's also a numerical value shown for**  
9 **delivery by gulf barge once it has been transloaded.**  
10 **Is that approximately the current cost for that**  
11 **segment?**

12 A. That's a close approximation.

13 **Q. There's also a numerical value shown for the**  
14 **cost of delivering by rail to Crystal River. And**  
15 **currently would this be the approximate cost per ton?**

16 A. It's a ballpark figure, yes.

17 **Q. Okay. There are also numerical values for**  
18 **the cost per ton of the commodity from each of the**  
19 **coal mining companies shown. If you know, would these**  
20 **be accurate currently?**

21 A. Without seeing the individual contracts, I  
22 don't think I could tell that you they're accurate.  
23 Ballparkwise, they look about right, without going  
24 back and checking the individual prices.

25 **Q. Okay. Well, we have those contracts here in**

1 **listed that have been taken from the contracts. And**  
2 **based upon your earlier response, I suspect you'll**  
3 **want a chance to compare these to the contract**  
4 **documents that are in the room to verify that this**  
5 **excerpt that we've presented in tabular form**  
6 **accurately reflects the terms of the contracts that**  
7 **were provided, so we'll just add that to the to-do**  
8 **list during the break.**

9 A. Okay.

10 MR. MCGLOTHLIN: This will be Exhibit 7.

11 (Deposition Exhibit Number 7 was marked for  
12 identification.)

13 BY MR. MCGLOTHLIN:

14 **Q. We have provided to you another document**  
15 **which is Exhibit 7, and this one is captioned "FPSC**  
16 **Form 423-1," and it shows a reporting month of**  
17 **01/2005, or January 2005. Do you have that before**  
18 **you?**

19 A. I do.

20 **Q. Please turn to, at least in my copy, the**  
21 **third page of this multipage document. And this is a**  
22 **confidential page, and it's captioned "Monthly Report**  
23 **of Cost and Quality of Coal for Electric Plants,**  
24 **Origin, Tonnage, Delivered Price, and As Received**  
25 **Quantity." Are you there?**

1 A. Yes, I am.

2 Q. And I understand that you're not the person  
3 primarily responsible for preparing the 423s, but do  
4 you have a working familiarity with these documents?

5 A. Other than seeing the suppliers and the  
6 prices there, that's all. I have nothing to do with  
7 the Form 423s.

8 Q. Well, I'll represent to you that this  
9 document was one of several that were provided by  
10 Progress Energy in response to a request to see the  
11 unredacted 423s. And if you will notice, on the  
12 left-hand side, the names of the providing entities  
13 are listed, and in the columns to the right, there's  
14 information regarding the mine location, the purchase  
15 type, mode of transportation, quantity in tons,  
16 effective purchase price, total transportation cost,  
17 and FOB plant price. Do you see those?

18 A. I do.

19 Q. I want to focus on the fact that Progress  
20 Fuels Corporation is one of the entities shown as a  
21 supplier during the month of January, and I'll point  
22 you to the effective purchase price in terms of  
23 dollars per ton. The value there -- and we need to  
24 talk about this, so I am going to get specific. In  
25 that month, Progress Fuels Corporation provided coal

1 particular purchases were pursuant to the 2005 phone  
2 call solicitation that you described in earlier  
3 responses.

4 A. Which one are you referring to?

5 Q. I'm talking about the sales by Progress  
6 Fuels Corporation of 29,765 tons and 10,325 tons at a  
7 price of \$ per ton.

8 A. The price is what that contract is. I don't  
9 know about the others, as far as quality is concerned.  
10 It looks like that's the unofficial or informal RFP.

11 Q. Now, earlier I think you described that  
12 informal RFP as a medium-term arrangement because it  
13 was for a two-year period.

14 A. Let me qualify something. Actually, I was  
15 incorrect in what I said. I believe -- and I'm going  
16 to have to check to see. We made some spot purchases  
17 by rail, and I don't know what these -- if these are  
18 the spot purchases we made by rail or if they're the  
19 contract.

20 Yes, they are rail. I know they were rail,  
21 but the question is -- I know we did make some spot  
22 purchases by rail, so those were not part of the  
23 informal RFP.

24 Q. Okay. So far you've described the manner in  
25 which Progress Fuels goes about securing coal under

1 at an effective purchase price of \$ per ton. Do you  
2 see that?

3 A. I do.

4 Q. And would you agree that the coal from  
5 Progress Fuels Corporation is significantly more  
6 expensive than any of the other coals delivered that  
7 month?

8 A. How do you define significantly?

9 Q. Well, the next higher cost is . Do you  
10 agree with that?

11 A. Yes.

12 Q. And the range is from to . Would  
13 you agree with that?

14 A. Yes.

15 Q. I don't think I need to do any more than  
16 provide that information for the record.

17 Under the column called "Purchase Type,"  
18 there are several described as MTC. Would you know  
19 what MTC stands for?

20 A. Mid-term contract.

21 Q. And STC would be what?

22 A. Short-term. I assume it's short-term.

23 Q. And would S be a spot purchase?

24 A. Spot.

25 Q. The first question I have is whether these

1 medium-term contracts through formal or informal  
2 solicitations. What is the process that Progress  
3 Fuels follows when it's looking for spot purchases?

4 A. We receive bids from various suppliers on a  
5 monthly basis. Those bids are recorded and evaluated.  
6 And if coal is needed, we will purchase the lowest  
7 price coal available in any given month.

8 Q. You say that you receive bids monthly. Is  
9 that an ongoing routine under which either your master  
10 bidders or some subset of them know that you're  
11 looking for information regarding the price under  
12 which they would provide spot quantities in a given  
13 month?

14 A. They're basically categorized as unsolicited  
15 bids. These are people who have trains that they want  
16 to sell in any given month or quarter, and they either  
17 send by mail or e-mail the quantities that they have  
18 available. And some months we get none, and other  
19 months we get quite a few.

20 Q. Well, in the month of January 2005, do you  
21 know how many proposals or bids you got for spot coal?

22 A. I do not.

23 Q. Do you know whether Progress Fuels  
24 Corporation made any effort to contact potential  
25 suppliers and communicate a need or a desire to

1 purchase on a spot basis? Is that ever done when  
2 you're looking for spot coal?

3 A. It is done. I don't know that we did it in  
4 this time period that you're talking about.

5 Q. Would you have any information or  
6 documentation that would demonstrate whether providers  
7 other than Progress Fuels Corporation submitted bids  
8 or offers to provide spot coal during January 2005?

9 A. We have all those records, yes.

10 Q. Okay. Would you provide that information by  
11 a late-filed exhibit?

12 A. Yes.

13 MR. McGLOTHLIN: Late-filed Exhibit Number 8  
14 would be "Bids for Spot Coal, January 2005."

15 (Late-filed Deposition Exhibit Number 8 was  
16 identified.)

17 THE WITNESS: Can we go off the record a  
18 minute, please?

19 (Discussion off the record.)

20 THE WITNESS: I would like to clarify  
21 something on this discussion that we were having  
22 on this Form 243, where you talked about the two  
23 spot purchases of \$● made in January of 2005 and  
24 you characterized them as significantly different  
25 from what was purchased from Progress Fuels. I

1 also take a look at the various publications that are  
2 issued. United Coal, Evolution, Handbook for Global  
3 Energy, all three of those post daily prices for coal  
4 for any given period of time, short-term as well as  
5 out in the future, and we will peg to see if the coals  
6 that are being offered to us are also within a market  
7 range.

8 Q. In response to the interrogatory that we  
9 looked at earlier, you indicated that with the  
10 addition of the quantities of coal associated with the  
11 informal RFP, Progress Energy closed out its open  
12 position for 2005-2006. Do I recall that statement  
13 accurately?

14 A. Yes.

15 Q. If it had closed out its need for 2005-2006  
16 through medium-term contracts, what leads to the need  
17 to purchase on a spot basis in January 2005?

18 A. During 2004, there were two tropical storms  
19 and four hurricanes that effectively shut down the  
20 Gulf of Mexico and shut down the rail delivery system  
21 on different occasions from early August to the end of  
22 September.

23 Q. I want to focus on the column showing the  
24 total transportation cost in dollars per ton. Earlier  
25 you indicated that the value shown on what we marked

1 would like to point out that the purchases made  
2 on all the others were made in different time  
3 frames, and some as far back as 2003. So the  
4 time frames are not compatible with what you're  
5 looking at on this spot buy.

6 BY MR. McGLOTHLIN:

7 Q. What were the time frames, if you know,  
8 for --

9 A. B&W and Sequoia -- I can give you some of  
10 them. B&W and Sequoia were part of the April 2004  
11 RFP. Consolidated Coal, those were carryover tonnages  
12 from a previous contract from last year. Massey Coal  
13 Sales likewise was carryover tonnage from a previous  
14 contract. The date of that contract might have been  
15 2003. I think we would need to check that for you.  
16 But they were significantly different time periods  
17 than the purchase from Progress Fuels.

18 Q. Okay. What efforts would you have made,  
19 either you individually or Progress Fuels Corporation  
20 in its capacity of procuring fuels for Progress  
21 Energy, to ascertain that \$● reflected the market  
22 price for coal in January of 2005?

23 A. As I described before, if we received bids,  
24 as we receive bids in, we log them in and we evaluate  
25 them. We will compare them with each other. We will

1 as Exhibit 5 was the approximate or ballpark current  
2 cost of delivering by rail. In the form for January  
3 of 2005, the rail cost is -- I'll use this term,  
4 significantly higher than the one shown on the  
5 ballpark figure. Is there a reason for the  
6 difference, if you know?

7 A. I really don't know. I have no idea where  
8 those numbers came from.

9 MR. McGLOTHLIN: Okay. Let's look at  
10 February 2005 for a moment. Have you provided  
11 that to him already?

12 MR. POUCHER: No.

13 (Deposition Exhibit Number 9 was marked for  
14 identification.)

15 BY MR. McGLOTHLIN:

16 Q. This is Exhibit 9, which has been marked as  
17 confidential and treated as such. If you'll turn to  
18 the page that is the counterpart to the one we looked  
19 at earlier, which I think is about the fifth one --

20 A. The one that lists Drummond Coal Sales?

21 Q. No.

22 A. The fifth one I've got says Drummond Coal  
23 Sales. The sixth one says transfer, IMT facility.

24 Q. Well, let me re-count. How about the sixth  
25 page?

1 A. Okay. Sixth page.

2 **Q. I was still talking in ballpark figures when**  
3 **I said five.**

4 This page is captioned, as was the other  
5 one, "Monthly Report of Cost and Quality of Coal for  
6 Electric Plants," and again the providers on the  
7 left-hand column include Progress Fuels Corporation,  
8 and again, the \$ [REDACTED] effective purchase price per ton  
9 shown for Progress Fuels is the highest of any for the  
10 month. And only one of these entries is shown as a  
11 spot purchase, and it is not the \$ [REDACTED] value. Do I  
12 understand correctly that these short-term contract  
13 purchases would be part of the informal RFP that you  
14 described earlier?

15 A. For Progress Fuels Corporation?

16 **Q. Yes.**

17 A. That is correct. Well, let me qualify that.  
18 Short-term, number 4, on line number 4, that would be  
19 the informal RFP.

20 **Q. All right. What about number 5?**

21 A. Number 5 is a small tonnage. I'm not sure  
22 where that -- that's an awful small tonnage, so I'm  
23 not sure where that tonnage would come from. And it  
24 shows barge, so it's one barge. It may be from the  
25 short-term.

1 earlier that Progress Fuels Corporation was the lower  
2 cost of the two submissions to the informal RFP?

3 A. That is correct. There were three  
4 submissions to the informal RFP, two purchased. One  
5 was exceptionally high, and we just disregarded it.

6 **Q. Is the second winner of that RFP listed**  
7 **here?**

8 A. It is not.

9 **Q. There were no purchases from that provider**  
10 **for February?**

11 A. For February, apparently not, if it's not  
12 listed here.

13 **Q. But that \$ [REDACTED] is not a spot purchase in this**  
14 **instance?**

15 A. It is not.

16 **Q. A few minutes ago you said that the Guasare**  
17 **transaction related back to 2003. But the purchase**  
18 **type shown for the Guasare for February 2005 is that**  
19 **it was a spot transaction, is it not?**

20 A. I'll have to verify that for you. I'm not  
21 really sure. You know, I may have misstated. We have  
22 a contract with Guasare, and we've also bought spot  
23 coal from them, so I would have to check the records.

24 **Q. There are two entries for Progress Fuels**  
25 **Corporation, both having a price of [REDACTED]**

1 Number 6 is a different contract.

2 **Q. Which contract is that?**

3 A. Without looking at the contract and  
4 checking, the price doesn't look familiar to me, so  
5 I'm not sure.

6 And number 7 we were on.

7 Number 8, the \$ [REDACTED] was another RFP, and  
8 there's two [REDACTED]. So those are a different time --  
9 again, the qualification I make on this is that you  
10 have the two \$ [REDACTED] prices, but then you have other  
11 prices that are lower, but they were solicited and  
12 purchased in different time frames. As an example,  
13 the Guasare was purchased in 2003.

14 **Q. Well, I believe you said that the first of**  
15 **\$ [REDACTED] entries was the informal RFP; is that correct?**

16 A. Without checking, I couldn't answer to tell  
17 you what contract that came from. I know the price of  
18 \$ [REDACTED] is what we discussed, but without checking the  
19 contract, I don't see how I could tell you it  
20 definitely came from that specific contract.

21 **Q. Do you know whether \$ [REDACTED] is the price that**  
22 **was bid and accepted in the course of the informal**  
23 **RFP?**

24 A. It is.

25 **Q. Okay. And did I understand you to say**

1 A. Yes, sir.

2 **Q. One is shown as a spot purchase and the**  
3 **other a short-term contract. Can you elaborate on the**  
4 **nature of those particular purchases?**

5 A. No. I didn't prepare this Form 423, so I  
6 can't -- you know, these purchase types, I'm not sure  
7 if they're accurate or not.

8 **Q. All right. Do you know whether the market**  
9 **price for spot coal in February 2005 was materially**  
10 **different than the spot price for coal in**  
11 **January 2005?**

12 A. Say that one more time, please.

13 **Q. If you know, was the market price for coal**  
14 **bought on a spot basis in February 2005 materially**  
15 **different than the market price for coal bought on a**  
16 **spot basis in January 2005, a month earlier?**

17 A. Without checking, I would not be able to  
18 comment on that.

19 **Q. All right. Well, I'll change subjects for**  
20 **the next series of questions. For the purpose of**  
21 **several questions, would you describe what is meant by**  
22 **the term "synfuel"?**

23 A. Synfuel is a process where they -- well, you  
24 know what? I don't think I'm one to give you what  
25 synfuel is. I'm not in a position to describe to you

1 what synfuel is or isn't.

2 **Q. Well, for purposes of several general**  
3 **questions, would you agree that synfuel is coal that**  
4 **has been treated in a way that is designed to modify**  
5 **its burning characteristics so as to meet the**  
6 **requirements of tax credit provisions made available**  
7 **by the IRS?**

8 A. No, I'm not going to be able to do that for  
9 you.

10 **Q. Okay. Do you know whether Progress Fuels**  
11 **Corporation procures and provides synfuel to Progress**  
12 **Energy Florida?**

13 A. At the present time, they do not.

14 **Q. Do you know whether Progress Energy Florida**  
15 **intends to burn any synfuel in 2005 or 2006?**

16 A. They do not.

17 **Q. With respect to the contractual**  
18 **arrangements, the existing contractual arrangements**  
19 **between Progress Fuels Corporation and Progress Energy**  
20 **Florida, how does Progress Fuels recover its operating**  
21 **costs from Progress Energy Florida?**

22 A. I'm not -- I think you need to talk to  
23 somebody in the accounting area as to how we recover  
24 the operating costs.

25 **Q. You don't know?**

1 MR. MCGLOTHLIN: Gary, I'll reiterate for  
2 the record the conversation we had off the  
3 record. I acknowledge that our request to see  
4 the contracts was less than exhaustive, but I  
5 will ask Progress Energy to provide, not as a  
6 late-filed to the deposition, but to provide us  
7 for review as a supplement to the document  
8 request any of the contracts between Progress  
9 Fuels Corporation and providers for delivery in  
10 2005 that were not provided earlier. And I  
11 understand you're going to take that under  
12 advisement while you consult with your client.

13 And I believe with that, we've asked all our  
14 questions today. Thank you for your indulgence  
15 today.

16 MR. PERKO: Jennifer, how long do you think  
17 you have?

18 MS. RODAN: About 30 minutes. And we need  
19 to take a couple of minutes.

20 (Short recess.)

21 CROSS-EXAMINATION

22 BY MS. RODAN:

23 **Q. It's almost good afternoon, Mr. Pitcher.**  
24 **Again, I'm Jennifer Rodan on behalf of the Florida**  
25 **PSC.**

1 A. I do not know.

2 **Q. Are you familiar with the terms of the**  
3 **existing contractual arrangement between Progress**  
4 **Energy Florida and Progress Fuels?**

5 A. I am.

6 **Q. Are you aware that at least at one point,**  
7 **the contract specified that Progress Fuels Corporation**  
8 **would receive a return equivalent to the regulated**  
9 **return authorized for Progress Energy Florida?**

10 A. I'm aware that it says that in the contract,  
11 yes.

12 **Q. In terms of implementing the contract, what**  
13 **return does Progress Fuels Corporation receive through**  
14 **the contract currently?**

15 A. I have no idea.

16 MR. MCGLOTHLIN: Gary, is that particular  
17 contract considered confidential?

18 MR. PERKO: Yes, I believe it is.

19 MR. MCGLOTHLIN: Well, I suggest we take a  
20 break that will allow you to do whatever  
21 reference to the contracts you need to do to  
22 verify our summary, and at the same time, I'll  
23 see if I can cull some questions and bring this  
24 thing to a close here.

25 (Short recess.)

1 **I hate to start off asking for a late-filed**  
2 **exhibit, but can you please provide us a late-filed**  
3 **deposition exhibit listing the contracts in effect,**  
4 **the foreign and domestic coal contracts in effect in**  
5 **2004, just listing the party that the contract is with**  
6 **and just whether it's FOB barge or FOB mine. This is**  
7 **a lesser request than what OPC had requested. And to**  
8 **the extent this information is included in what you**  
9 **provide to OPC, then this would not be needed.**

10 MR. PERKO: You're asking for 2004?

11 MS. RODAN: Contracts in effect in 2004, so  
12 it may be a 2003 contract that's still in effect  
13 in 2004. Are we on Number 10?

14 THE REPORTER: Ten.

15 (Late-filed Deposition Exhibit Number 10 was  
16 identified.)

17 BY MS. RODAN:

18 **Q. Please look at the February 2005 423 form**  
19 **that OPC has already passed out, and also the exhibit**  
20 **on ballpark transportation costs, which is Exhibit 5.**  
21 **It's already marked. Go to pages 5 and 6 of the 423**  
22 **form.**

23 A. Just a minute.

24 **Q. It's the February 2005.**

25 A. February. Here it is. I'm sorry. What

1 page?

2 **Q. Okay. First let's go to page 5. And on --**  
3 **I'm sorry. First let's go to page 6. At line 10,**  
4 **Guasare Coal Sales, and going to column 8, under total**  
5 **transportation cost, it shows \$ [REDACTED]. Does that \$ [REDACTED]**  
6 **represent transloading?**

7 A. I really don't know what it involves. I'm  
8 not sure where the transportation numbers -- I stated  
9 earlier that I'm not sure where these transportation  
10 numbers came from.

11 **Q. So if I were to ask you the same question**  
12 **regarding page 5 for Drummond Coal, your answer would**  
13 **be the same, the \$ [REDACTED] transportation cost for**  
14 **Drummond?**

15 A. That is correct. The answer would be the  
16 same.

17 **Q. Okay. What's the difference between the**  
18 **contract terms "FOB mine" and "FOB gulf barge"**  
19 **regarding which party is responsible for transloading**  
20 **costs?**

21 A. Say that one more time for me.

22 **Q. What is the difference between the contract**  
23 **terms "FOB mine" and "FOB gulf barge" regarding which**  
24 **party is responsible for transloading costs?**

25 A. FOB barge, if I were to purchase coal on an

1 **Q. Okay. What would have been the consequence**  
2 **of running out of coal in the summer of 2004 due to**  
3 **disruptions caused by the hurricanes?**

4 A. I'm not sure I'm qualified to answer what  
5 the consequences would be.

6 **Q. Okay. I'm going to provide you with --**

7 A. Do you want this back?

8 **Q. Yes. I'm going to provide you with page 3**  
9 **of your March 1, 2005 prefiled testimony. Please**  
10 **refer to lines 17 through 22. To ease the strain on**  
11 **coal supplies, Progress Energy Florida implemented**  
12 **coal conservation during the 2004 hurricanes leading**  
13 **to uneconomic dispatch; is that correct?**

14 A. Including what kind of dispatch?

15 **Q. Uneconomic dispatch.**

16 A. It says non-economic. That is correct.

17 **Q. Had Progress not taken these coal**  
18 **conservation measures, do you believe coal supplies at**  
19 **Crystal River would have been completely depleted?**

20 A. I really -- I don't know. I'm not involved  
21 with the economic dispatch of the plants.

22 **Q. Do you know if any coal suppliers had**  
23 **problems meeting their contractual obligations to**  
24 **Progress Energy Florida during the 2004 hurricanes?**

25 A. Coal suppliers that had problems?

1 FOB barge basis, that would mean the transloading  
2 would be embedded in the commodity price.

3 **Q. Please define the contract term CIFIMT, if**  
4 **you can.**

5 A. I don't know exactly what the CIF means.  
6 I'm sorry.

7 **Q. Would you know what transloading is involved**  
8 **in that contract term, more specifically, which party**  
9 **would be responsible for the cost of transloading?**

10 A. Can you give me a specific example of what  
11 contract you're talking about?

12 **Q. No. We'll move on to the next question.**

13 **What's the usual number of days to transport**  
14 **coal from Mobile or IMT to Crystal River?**

15 A. A one-way trip from Mobile would be four  
16 days, four and a half days.

17 **Q. Do you have your testimony in front of you?**

18 A. No.

19 **Q. I want to refer you to your Exhibit AWP-1**  
20 **which was included in your prefiled testimony filed**  
21 **March 1, 2005. Did the supply of coal at Crystal**  
22 **River ever go below 15 days in 2004?**

23 A. Without looking at additional records beyond  
24 this period of time, I really couldn't -- I don't  
25 recall.

1 **Q. Yes, coal suppliers.**

2 A. Not coal suppliers, no.

3 **Q. To your knowledge, was there a constraint on**  
4 **coal deliveries by river barge to IMT during the 2004**  
5 **hurricane season?**

6 MR. PERKO: Would you read that back,  
7 please?

8 (Preceding question read by the reporter.)

9 A. I don't recall if there were delays on the  
10 river barge side of the delivery system.

11 **Q. Do you know how much coal storage Progress**  
12 **Energy had at IMT at the end of June 2004?**

13 A. No, not off the top of my head I don't.

14 **Q. Okay. Can you provide a late-filed**  
15 **deposition exhibit indicating how much coal storage**  
16 **Progress Energy Florida had at IMT at the end of June,**  
17 **at the end of July, and also August and September of**  
18 **2004?**

19 A. Yes.

20 MS. RODAN: So again, that's June, July,  
21 August, and September, and I believe that would  
22 be Number 11.

23 (Late-filed Deposition Exhibit Number 11 was  
24 identified.)

25 BY MS. RODAN:

1 **Q. Why was it necessary to purchase additional**  
 2 **spot coal at higher prices in the summer of 2004?**  
 3 A. We had two tropical storms and four  
 4 hurricanes that disrupted the water delivered coal as  
 5 well as the rail delivered coal. Those coals were not  
 6 delivered in the time frame because of the hurricanes,  
 7 and the suppliers in most cases could not make them  
 8 up. I mean, you lose a period of time. They were not  
 9 able to make them up, and we had to go out and buy  
 10 additional coal in order to make up for the missed  
 11 deliveries that we had during that period of time.  
 12 **Q. Now, please take a look at Progress Energy's**  
 13 **response --**  
 14 A. Now, this is yours.  
 15 **Q. Thank you. Please take a look at Progress's**  
 16 **response to staff's interrogatory number 63. And let**  
 17 **me know when you've read that response.**  
 18 A. Give me a second, please. Okay.  
 19 **Q. Your response states that Progress Energy**  
 20 **believes that shipping coal to the East Coast for**  
 21 **ocean barge delivery to Crystal River would be about**  
 22 **200 percent more costly than direct rail shipment from**  
 23 **the mine. What is the basis for that statement?**  
 24 A. I got quotes from the CSX Railroad and  
 25 quotes from the barge suppliers and compared that to

1 play a great deal in that.  
 2 **Q. And then there's an additional cross-gulf**  
 3 **trip from IMT to Crystal River; is that correct?**  
 4 A. Say that one more time.  
 5 **Q. There's an additional cross-gulf trip from**  
 6 **IMT to Crystal River; is that correct?**  
 7 A. We bring coal from IMT to Crystal River,  
 8 that is correct.  
 9 **Q. Okay. Across the Gulf?**  
 10 A. Across the Gulf, that is correct.  
 11 **Q. Okay.**  
 12 A. I also might add in reference to your  
 13 question before that two of these purchases on the JEA  
 14 are from Texas. These are pet coke purchases.  
 15 They're not coal purchases, at least from what I can  
 16 see on the quality. And I have no idea of the pricing  
 17 on pet coke, but we're comparing apples and oranges  
 18 here.  
 19 **Q. Would you agree that the additional cost of**  
 20 **shipping from Jacksonville to Crystal River on a barge**  
 21 **from an East Coast terminal would be about the same as**  
 22 **the shipping costs from New Orleans to Crystal River?**  
 23 A. Say that one more time.  
 24 **Q. Would you agree that the additional cost of**  
 25 **shipping from Jacksonville to Crystal River on a barge**

1 the current cost to deliver coal to Crystal River via  
 2 Mobile and New Orleans.  
 3 **Q. Okay. I'm now going to hand you an excerpt**  
 4 **from the Federal Energy Regulatory Commission 423 form**  
 5 **for December 2004.**  
 6 A. Are you ready for this one back?  
 7 **Q. You can hold on to that.**  
 8 **Are you aware that JEA purchases**  
 9 **Pennsylvania coal which is shipped to Baltimore by**  
 10 **rail, then transloaded to ocean barges and shipped to**  
 11 **JEA?**  
 12 A. No, I'm not.  
 13 **Q. From a review of this form, would you agree**  
 14 **that the delivered price for the first transaction**  
 15 **listed on the form, which represents the Pennsylvania**  
 16 **to Baltimore to Jacksonville route, has a lower**  
 17 **delivered price than all transactions river barged**  
 18 **from West Virginia to IMT?**  
 19 A. It has a lower delivered price. However, I  
 20 might add that the coals that you're comparing are  
 21 completely different qualities of coal than are burned  
 22 at Crystal River. These are Pennsylvania coals, as  
 23 you mentioned, and they're -- I see in one case 6-1/2  
 24 percent sulfur, 3.7 percent sulfur, and 2.6 percent  
 25 sulfur. So I would say the coal price probably would

1 **from an East Coast terminal would be about the same as**  
 2 **the shipping costs from New Orleans to Crystal River?**  
 3 A. I would not.  
 4 **Q. No? Okay. Would you say that the cost**  
 5 **would be slightly more?**  
 6 A. No. I would say that it would be  
 7 significantly more. As I said, I received quotes the  
 8 barge companies as well as the CSX Railroad for  
 9 delivery of Central Ap coal through the Port of  
 10 Baltimore or Norfolk, and it was the 200 percent or  
 11 close to 200 percent that I indicated in my testimony.  
 12 **Q. Okay. Is there a written document, or was**  
 13 **it through verbal conversations?**  
 14 A. Verbal conversations with CSX and the barge  
 15 companies.  
 16 MS. RODAN: Okay. Let me go ahead and ask  
 17 that that FERC 423 form be labeled as Exhibit  
 18 Number 12.  
 19 (Deposition Exhibit Number 12 was marked for  
 20 identification.)  
 21 BY MS. RODAN:  
 22 **Q. Please take a look at Progress's answer to**  
 23 **staff's interrogatory number 65. What is the basis --**  
 24 A. Give me a minute to read it, please.  
 25 **Q. I'm sorry.**

1 A. Okay.

2 **Q. What is the basis for the statement that**  
3 **Drummond cannot load barges at its Tampa terminal?**

4 A. The fact that we took coal into the Drummond  
5 facility -- as noted in the first paragraph of this  
6 answer, we had to offload 6,000 tons because of the  
7 shallow draft in Tampa. We went to the Drummond  
8 facility, and we asked them if we would then reload it  
9 to a barge on a lighter basis and take it back. The  
10 answer was no, so we had to truck coal to the  
11 TampaPlex facility.

12 **Q. Does that mean that Drummond cannot load**  
13 **barges directly from an ocean vessel?**

14 A. We were told by Drummond that they could not  
15 do that, that they can put it on the ground, but  
16 cannot take it out.

17 **Q. Do you know what the channel depth of the**  
18 **Drummond coal terminal in Tampa is?**

19 A. I do not know the exact depth of the  
20 Drummond channel.

21 **Q. What is the differential cost of shipping**  
22 **coal from South America to Tampa in a Panamax versus a**  
23 **Handy vessel?**

24 A. I do not know. Market rates for vessels  
25 fluctuate. I don't know what the differentials would

1 from the coal supplier that is mentioned in this, the  
2 economics were less expensive or the cheaper form  
3 going into Mobile, because they take in 5 million tons  
4 of coal into the Port of Mobile. I don't know the  
5 quantity they bring into the Port of Tampa, but it's  
6 5 million tons going into one port, so their shipping  
7 rates were lower.

8 Likewise, I'll qualify it by saying you've  
9 got the same issue with the Port of Tampa. You can't  
10 reload out of the Drummond facility. And the  
11 TampaPlex facility, the last barge I unloaded at the  
12 -- or loaded, I'm sorry. I took my coal out of there,  
13 and it took me three days to load my vessel. They're  
14 not capable of handling on an efficient basis large  
15 quantities of coal.

16 **Q. Okay. In Progress Energy's response to**  
17 **staff interrogatories 64 and 65, the response outlines**  
18 **the company's perceived shortcomings of the two Tampa**  
19 **coal terminals, Drummond and TampaPlex. Was this**  
20 **information derived through discussions with the**  
21 **facilities or actual experience?**

22 A. It was actual experience.

23 **Q. Has the company met with these facilities to**  
24 **determine if they can provide options for future coal**  
25 **deliveries to Tampa?**

1 be at any given time. A Panamax vessel could not go  
2 into the Port of Tampa because of the draft.

3 **Q. So you wouldn't be able to comment on if the**  
4 **cost is less than the cost of shipping from New**  
5 **Orleans to Tampa?**

6 A. What cost is that that you're referring to?

7 **Q. We're going to move on. Has Progress Energy**  
8 **explored the possibility of having Drummond or**  
9 **TampaPlex blend coal for the company as IMT does?**

10 A. As a result of Hurricane Katrina, we brought  
11 the coal into Tampa as I described. The TampaPlex  
12 facility has very limited storage, and blending was  
13 not an option. Likewise, the Drummond facility can  
14 only put coal on the ground, but can't take it back  
15 out, so blending would be of no value to us.

16 **Q. Okay. Would the two Tampa coal terminals be**  
17 **willing to enter into long-term contracts to blend**  
18 **coal?**

19 A. I don't know the answer to that.

20 **Q. Please take a look at Progress Energy's**  
21 **response to staff interrogatory number 64. In**  
22 **subsection 3, what is the basis for the statement that**  
23 **one Colombian coal supplier can ship to Mobile at a**  
24 **lower cost than to Tampa?**

25 A. When we went out for bid and purchased coal

1 A. The TampaPlex facility is a Kinder Morgan  
2 facility. I have a contract with Kinder Morgan, which  
3 is -- they own IMT. I have rates in my current  
4 contract that allow me to bring coal into the Port of  
5 Tampa. We did so during Katrina. As a result of that  
6 experience, we efficiently cannot move coal in and out  
7 of that facility. It was a stopgap measure because of  
8 the hurricane.

9 **Q. To your knowledge, are these facilities**  
10 **planning expansions to become major coal terminals?**

11 A. I have no knowledge of it.

12 MS. RODAN: I have no further questions.

13 MR. PERKO: If I could just have five  
14 minutes to review my notes.

15 (Short recess.)

16 CROSS-EXAMINATION

17 BY MR. PERKO:

18 **Q. Just a few questions, Mr. Pitcher. Let me**  
19 **refer you to Exhibit Number 5 that was introduced into**  
20 **the record by Mr. McGlothlin. And I just want to**  
21 **clarify. Have you been able to verify the prices for**  
22 **the various coal suppliers that are indicated on that**  
23 **exhibit?**

24 A. I have not been able to verify all of them,  
25 no.

1 Q. And I believe your testimony was that for  
 2 all the components of the transportation, you felt  
 3 like those were good ballpark numbers, but you  
 4 couldn't verify the accuracy?  
 5 A. That is correct.  
 6 Q. And I would also like to have you take look  
 7 at Exhibit Number 6 and ask you the same question.  
 8 Have you been able to verify the information on that  
 9 exhibit?  
 10 A. No, not specifically, no.  
 11 Q. Mr. McGlothlin introduced as Exhibit Number  
 12 1 Progress Energy's answers to various discovery  
 13 requests, and he discussed the answer to interrogatory  
 14 number 6 at length earlier in the deposition. And you  
 15 referred to an April 2004 RFP which resulted in the  
 16 purchase of 4.3 million tons of coal; is that correct?  
 17 A. That's correct.  
 18 Q. And what were the prices for those coals at  
 19 that time?  
 20 A. In the high [redacted] low to mid [redacted]  
 21 Q. Let me show you the 423-2 report from May  
 22 2002 and ask you if that refreshes your recollection.  
 23 MR. MCGLOTHLIN: Did you say May 2002?  
 24 MR. PERKO: I'm sorry. May 2005.  
 25 A. Yes. Do you want me to clarify it?

1 A. There was a continued ratcheting up of the  
 2 coal prices. For many reasons, prices went from the  
 3 high [redacted] to the [redacted] up into the [redacted] and [redacted]  
 4 MR. PERKO: Thank you. I have no further  
 5 questions.  
 6 MR. MCGLOTHLIN: Then I think we're through.  
 7 (Deposition concluded at 12:26 p.m.)  
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1 Q. Yes, if you could go over the prices.  
 2 A. Central Coal was \$ [redacted] and that was purchased  
 3 during that RFP. Keystone was spot. Massey Coal  
 4 Sales, the \$ [redacted] was the same time frame.  
 5 Q. Now, you also answered some questions about  
 6 when PFC closed out in a later time period.  
 7 A. Yes.  
 8 Q. And the interrogatory response refers to two  
 9 contracts. One was let to PFC at \$ [redacted] per million  
 10 Btu. The other was at \$ [redacted] per million Btu. The  
 11 PFC contract -- and again, this is confidential, but  
 12 what does that price per million Btu equate to in  
 13 dollars per ton?  
 14 A. The [redacted] that I mention there and [redacted] that  
 15 I mention there are delivered to the plant. They  
 16 relate to a coal price of \$ [redacted] for the coal.  
 17 Q. And what was the cost per ton for the second  
 18 bidder?  
 19 A. \$ [redacted].  
 20 Q. Do you recall what the cost per ton for the  
 21 third bidder was?  
 22 A. \$ [redacted] for the coal.  
 23 Q. What happened in the marketplace between the  
 24 time you went out for the April '04 RFP and entered  
 25 into these contracts with PFC and the other suppliers?

1  
 2 CERTIFICATE OF ADMINISTERING OATH  
 3  
 4 STATE OF FLORIDA:  
 5 COUNTY OF LEON:  
 6 I, MARY ALLEN NEEL, Registered Professional  
 7 Reporter and Notary Public in and for the State of  
 8 Florida at Large:  
 9 DO HEREBY CERTIFY that on the date and  
 10 place indicated on the title page of this transcript,  
 11 an oath was duly administered by me to the designated  
 12 witness before testimony was taken.  
 13 DATED THIS 25th day of October, 2005.  
 14  
 15  
 16  
 17 MARY ALLEN NEEL, RPR  
 18 2894-A Remington Green Lane  
 19 Tallahassee, Florida 32308  
 20 (850) 878-2221  
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CERTIFICATE OF REPORTER

STATE OF FLORIDA:  
COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and that the foregoing pages numbered 1 through 79 are a true and correct record of the aforesaid proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor relative or employee of such attorney or counsel, or financially interested in the foregoing action.

DATED THIS 25th day of October, 2005.

\_\_\_\_\_  
MARY ALLEN NEEL, RPR  
2894-A Remington Green Lane  
Tallahassee, Florida 32308  
(850) 878-2221





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BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost  
recovery clause with generating  
performance incentive factor.

DOCKET NO. 050001-EI

DATED: October 4, 2005

**PROGRESS ENERGY FLORIDA'S RESPONSE  
TO CITIZENS' FIFTH REQUEST TO  
PRODUCE DOCUMENTS (NO. 13)**

Progress Energy Florida, Inc. (PEF), pursuant to Fla. Admin. Code R. 28-106.206, Fla. R. Civ. P.1.350, and the Order Establishing Procedure in this proceeding, hereby serves the following response to Citizens' (Citizens or OPC) Fifth Request to Produce Documents (Nos. 13):

13. Referring the company's FPSC Form No. 423-2, please provide a copy of all contracts relating to coal purchases that state the actual purchase price of coal that was purchased in 2005 from Central Coal Co., Progress Fuels Corporation, Keystone Coal Company, Emerald International Corp., Guasare Coal Sales and Massey Coal Co.

**RESPONSE:** Per discussions with counsel, responsive documents will be made available for inspection at the offices of Hopping Green & Sams, P.A., 123 S. Calhoun Street, Tallahassee, FL 32301, at a mutually agreed upon time and date, with the understanding that PEF will have the opportunity to obtain protection of confidential information in any such documents OPC may desire to copy by appropriate filing with the Commission.

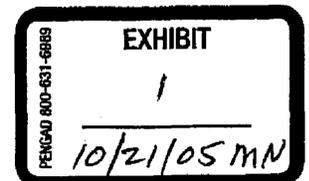
DATED this 4<sup>th</sup> day of October, 2005.

HOPPING GREEN & SAMS, P.A.

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for Gary V. Perko  
Virginia C. Dailey  
123 South Calhoun Street  
Tallahassee, FL 32301  
(850) 222-7500

Attorneys for Progress Energy Florida, Inc.

#230869.2



BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost  
recovery clause with generating  
performance incentive factor.

DOCKET NO. 050001-EI

DATED: October 4, 2005

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TO CITIZENS' FIFTH REQUEST TO  
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DATED this 4<sup>th</sup> day of October, 2005.

HOPPING GREEN & SAMS, P.A.

By: Virginia C. Dailey  
for Gary V. Perko  
Virginia C. Dailey  
123 South Calhoun Street  
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Attorneys for Progress Energy Florida, Inc.

**BEFORE THE PUBLIC SERVICE COMMISSION**

In re: Fuel and purchased power cost recovery  
clause with generating performance incentive  
factor.

Docket No. 050001-EI

Dated: October 4, 2005

**PROGRESS ENERGY FLORIDA'S RESPONSES TO CITIZEN'S  
SECOND SET OF INTERROGATORIES (NOS. 6 - 14)**

PROGRESS ENERGY FLORIDA, INC. ("PEF"), pursuant to Rule 28-106.206, Florida Administrative Code, Rule 1.340, Florida Rules of Civil Procedure, and the Order Establishing Procedure in this matter, hereby responds to Citizen's Second Set of Interrogatories (Nos. 6-14):

**GENERAL OBJECTIONS**

1. PEF objects to any definitions or instructions in OPC's Second Set of Interrogatories (Nos. 6-14) that are inconsistent with PEF's discovery obligations under applicable rules. PEF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. PEF objects to each interrogatory and instruction to the extent it would require PEF to divulge information that is exempt from discovery under the attorney-client privilege, the attorney work product privilege, or any other applicable privilege.

3. PEF objects to each interrogatory and instruction to the extent it would require PEF to divulge proprietary confidential business information without protective measures necessary to prevent disclosure.

**RESPONSES**

6. Referring to FPSC FORM NO. 423-2, May 2005, please explain, justify, and support the F.O.B. Plant Price for IMT fuel purchased from Progress Fuels Corporation. In your answer, please refer specifically to contract terms, characteristics of the fuel, and prices paid for fuel from sources other than Progress Fuels Corporation in the same time frame. Identify and explain all

**factors the Company deems relevant that bear on the differences in prices from the different sources.**

**Response:** In April 2004, PEF issued a Request for Proposal (RFP). The results of this RFP resulted in the purchase of 4.3 million tons of coal for both Crystal River Units 1&2 and 4&5. The contracts issued were for two years and the delivery methods were both water and rail. After this purchase, PEF had an open position (additional coal needed) for water delivered coal totaling 600,000 tons for 2005 and 550,000 tons for 2006. From April to September 2004, coal market pricing remained extremely strong and multiple utilities entered the marketplace for coal thus placing additional stress on the market. PEF decided to re-enter the marketplace to "close out" its 2005 and 2006 open positions.

During the period noted above, PEF received three bids from reliable barge suppliers. These bids were evaluated and resulted in the purchase from the two lowest cost suppliers. PFC provided the lowest bid, and consequently PEF awarded a two year contract to PFC for a total of 480,000 tons delivered to Crystal River at [REDACTED]/mmbtu with a specification of 12500 BTU/11.0% Ash/1.2# SO2. The other contract was for a total of 450,000 tons, 150,000 tons in year one and 300,000 tons in year two, delivered to Crystal River at [REDACTED]/mmbtu, with a specification of 11,800 BTU/7.3% Ash/1.2# SO2. The total quantity offered in this bid was originally 300,000 in each of the two years; however, PEF reduced the total quantity by the 150,000 tons simply based upon need and the fact that it purchased the most coal from the lowest cost supplier which was PFC.

Among many factors considered in the purchase of coal for Crystal River, the most important is the delivered price, on a cash basis, to the plant. This delivered price considers the price of coal and the cost of transportation. PEF also computes an evaluated cost which considers ash, sulfur, and BTU in relationship to the required plant specifications. In addition, PEF considers the reliability and financial stability of the supplier.

Central Coal Company and Massey were purchased in an earlier time period when prices were much lower than the market in which PFC coal was purchased.

7. **Please state the average F.O.B. plant price and the total tons of coal purchased from Progress Fuels for the year 2005 to date and the projection for 2005 year end.**

**Response:** The actual average F.O.B. plant price and total tons of coal purchased by PFC for delivery to PEF as reported on Form 423 to date (Jan-Jul) are \$ [REDACTED] and 3,680,930, respectively. The projected average F.O.B. plant price and total tons to be purchased by PFC for PEF for 2005 year end (Aug-Dec) are \$ [REDACTED] and 2,859,000, respectively.

8. Please state the average F.O.B. plant price and the total tons of coal purchased from Central Coal Company, Drummond Coal and Guasare Coal sales, stated separately, for the year 2005 to date and the projection for 2005 year end.

Response: PFC purchased the following for PEF:

<u>Coal Company</u>	<u>Jan-Jul (Actual)</u>	<u>Aug-Dec (Projected)</u>	
Central	\$ [REDACTED] 188,670 tons	\$ [REDACTED] 134,000 tons	1
Guasare	\$ [REDACTED] 403,218 tons	\$ [REDACTED] 347,000 tons	2
Drummond	\$ [REDACTED] 448,179 tons	\$ [REDACTED] 400,000 tons	3

January through July includes any Btu adjustments that have been invoiced and paid. Central Coal Co. for January through July includes two spot carryover orders.

9. Please describe the methodology and the contractual amount that the company has used to apply the transportation costs reflected in the FPSC Form No. 423-2 for 2005 and the methodology that the company will use when, and if, the FPSC approves the new waterborne transportation contracts that have been submitted for approval in this docket, utilizing the following format:

	OLD RATE	NEW RATE
Mine to barge transport		
River transport		
--Kanawa River		
--Big Sandy		
--Cora		
Terminal		
--Storage		
--Direct Transfer		
Cross Gulf		
--IMT		
--McDuffie		

Response: In 2005, actual contractual costs have been charged by PFC to PEF for waterborne transportation. Purchases are FOB barge. The IMT and MEMCO contracts expired in 2004; therefore, there is no old rate. The Dixie Fuels Limited (DFL) stipulated rate was \$ [REDACTED]. There was no stipulated rate for EMI-Pa. Inc. (Express Marine).

PROGRESS ENERGY FLORIDA'S RESPONSES TO  
 CITIZEN'S SECOND SET OF INTERROGATORIES (NOS. 6-14)  
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Mine to barge transport  
 NA

River transport – Kanawha River (Marmet Pool/Myrtle Grove)

Jan-Mar	Carryover tons \$ [REDACTED]	1
Apr-Jun	Carryover tons \$ [REDACTED]; tons in excess \$ [REDACTED]	2
Jul-Sep	\$ [REDACTED]	3

River transport – Big Sandy

Jan-Mar	Carryover tons \$ [REDACTED]	4
Apr-Jun	Carryover tons \$ [REDACTED]; tons in excess \$ [REDACTED]	5
Jul-Sep	\$ [REDACTED]	6

River Transport – Cora

Jan-Mar	Carryover tons \$ [REDACTED]	7
Apr-Jun	Carryover tons \$ [REDACTED]; tons in excess \$ [REDACTED]	8
Jul-Sep	\$ [REDACTED]	9

Terminal-

Storage: \$ [REDACTED]	10
Direct Transfer: \$ [REDACTED]	11
Gearless Vessel crane discharge through storage: \$ [REDACTED]	12
Gearless Vessel crane discharge through CBU direct to gulf barge: \$ [REDACTED]	13
Grab Vessel -Vessel self-discharge through storage: \$ [REDACTED]	14
Grab Vessel – Self discharge through CBU direct to Gulf Barge: \$ [REDACTED]	15
Conveyor Vessel – Self discharge through inbound hopper through storage: \$ [REDACTED]	16
Conveyor Vessel –Self discharge direct to gulf barge: \$ [REDACTED]	17

Cross Gulf -

IMT (Dixie) Effective 4/1/05 : \$ [REDACTED]	18
McDuffie (Dixie Effective 4/1/05) \$ [REDACTED]	19
IMT (EMI-PA) June \$ [REDACTED]; July-Sept \$ [REDACTED]	20
McDuffie (EMI-PA) June \$ [REDACTED]; July-Sept \$ [REDACTED]	21

10. Please state the effective date of new rates specified in the preceding interrogatory.

**Response:** The effective dates are: DFL - 04/01/05, EMI-Pa Inc. - 04/01/05, MEMCO - 01/01/05 and IMT-11/01/04.

11. Please state the methodology for calculating administrative expense associated with waterborne and rail transportation of fuel, and the amount of administrative expense that PEF has included for recovery in the 2005 fuel clause.

**Response:** Administrative Expense is based on direct and allocated charges. Salaries and employee benefits are allocated based upon the estimated percentage of time employees spend on regulated transactions. Other G&A expenses are charged based upon the specific nature of the work performed or are allocated based upon regulated payroll percentages. The total amount of administrative expense associated with procuring both coal and transportation in the fuel clause is \$1,775,505 through July 2005. The August through December 2005 forecast for SG&A is \$798,874.

12. Please state the total amount and the average cost per ton of waterborne transport and terminal services costs claimed by the Company for recovery in 2005 through the fuel clause under the stipulation with Public Counsel.

**Response:** The total amount and average cost per ton of waterborne transport and terminal services recovered by PEF through the fuel clause in 2005 is \$ [REDACTED] and \$ [REDACTED] respectively. This excludes miscellaneous charges for tug assist, demurrage, etc. 2

13. Please state the total amount of waterborne transport costs and the average cost per ton actually spent by the company in 2005 under the contracts that it has executed for waterborne transport and terminal services. Explain any difference between this amount and the amount provided in the answer to (12) above.

**Response:**

The total amount of waterborne transport costs and average cost per ton actually spent by PEF in 2005 (Jan-Jul) under the executed contracts are \$ [REDACTED] and \$ [REDACTED] per ton, respectively. The actual cost is lower than amount recovered through the fuel clause due to small adjustments and small differential in prices. 3

14. FPSC Form No. 423-2C for the month of April, 2005 reflects the purchase of low sulfur coal at the IMT from Guasare Coal Sales. Please state the total amount of coal purchased from Guasare Coal in 2005, the amount paid, and identify where those transactions are reflected in the 423 forms for the Crystal River coal plants.

**Response:** The following table shows the original amount paid Guasare Coal Sales, as reported on Form 423-2, and associated quality adjustments, as reported on Form 423-2C.

PROGRESS ENERGY FLORIDA'S RESPONSES TO  
 CITIZEN'S SECOND SET OF INTERROGATORIES (NOS. 6 -14)  
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Originally Reported (423-2)			Quality Adjustment 423-2C		
Jan	Line 7	\$ [REDACTED]	Mar	Line 3	\$ [REDACTED] 1
Feb	Line 10	\$ [REDACTED]	Apr	Line 1	\$ [REDACTED] (1) 2
Feb	Line 11	\$ [REDACTED]	Apr	Line 2	\$ [REDACTED] (1) 3
Mar	Line 8	\$ [REDACTED]	Apr	Line 4	\$ [REDACTED] 4
Apr	Line 10	\$ [REDACTED]	May	Line 3	\$ [REDACTED] 5
Jun	Line 10	\$ [REDACTED]	Jul	Line 1	\$ [REDACTED] 6
Jul	Line 6	\$ [REDACTED]			7

(1) Quality Adjustments reported on Form 423-C for April, Line 1 and Line 2, were subsequently adjusted on Form 423-2C for June, Line 5 and Line 6, for \$ [REDACTED] and \$ [REDACTED], respectively. These adjustments were made to account for supplier corrections.

8

Total tons purchased from Guasare Coal through July 2005 are 403,218.

DATED this 4<sup>th</sup> October, 2005

HOPPING GREEN & SAMS, P.A.

By: Virginia C. Dailey  
 For Gary W. Perko  
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 P.O. Box 6526  
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 (850) 425-2359

Attorneys for Progress Energy Florida, Inc.

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF PINELLAS    )

Before me, the undersigned authority, on this 4<sup>th</sup> day of October, 2005, personally appeared ALBERT W. PITCHER, who is personally known to me, and who, being duly sworn, deposes and says that the foregoing answers to Interrogatory Nos. 6 and 10 of Citizen's Second Set of Interrogatories to Progress Energy Florida, Inc., in Docket No. 050001-EI are true and correct to the best of his knowledge, information and belief.



Albert W. Pitcher

Vice President—Coal Procurement  
Title



Roberta A. Ott  
Notary Public  
State of Florida



My commission Expires: July 27, 2006



Docket No. 050001-EI  
Deposition: A.W. Pitcher  
October 21, 2005  
Late-filed Exh. No. 2

**Master Bidder's List**

**MASTER BIDDERS LIST**  
**NON-COMPLIANCE COAL SOLICITATION—04/12/04**  
**95 POTENTIAL SUPPLIERS & 4 INDUSTRY PUBLICATIONS**

---

**MR. FREDERICK J. MURRELL**  
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**MR. ANDREW W. COX**  
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45 ROCKEFELLER PLAZA, SUITE 1600  
630 FIFTH AVENUE  
NEW YORK, NEW YORK 10111  
PHONE No.: 212/969-1722  
FAX No.: 212/969-1729

Docket No. 050001-EI  
Deposition: A.W. Pitcher  
October 21, 2005  
Late-filed Exh. No. 3

**CONFIDENTIAL**

**List of Responses to 4/04 Solicitation**

**PROGRESS FUELS CORPORATION**  
**CR 1 and 2**  
**May 2004**  
**Solicitation**  
**ALL BIDS**

Workpapers Only

Supplier	Term	Origin	2005				2006				2007				Purch. Specifications	Cash (Cost \$/M)	Cash (Cost \$/M)	Evaluated Utilized (Cost \$/M)	Evaluated Utilized (Cost \$/M)
			Tons	Vol	HGI	SO2	Tons	Vol	HGI	SO2	Tons	Vol	HGI	SO2					
Massey	05	CSX BS	720	720	0	0	12.50%	1.27%	12,100	8.00%	31.00%	42	2.10						
B&W Resources	05-07	CSX Jellico	720	240	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	2.00						
Marshall	05-06	CSX Clinchfield	500	250	250	0	13.00%	1.31%	12,500	7.00%	29.00%	50	2.10						
Massey	05	CSX Kan	720	720	0	0	12.50%	1.27%	12,100	8.00%	30.00%	42	2.10						
Central App	05-07	CSX BS	720	240	240	240	12.00%	1.32%	12,500	8.00%	32.00%	42	2.10						
Black Gold	05-07	CSX Harlan	600	120	240	240	10.00%	1.34%	12,700	8.00%	31.00%	42	2.10						
Horizon	05-07	CSX Evergreen	1500	500	500	500	13.00%	1.29%	12,300	8.00%	31.00%	45	2.10						
Central Coal Co	05-06	CSX Kan	480	240	240	0	12.00%	0.99%	12,300	8.00%	32.00%	45	1.60						
CMC	05	Colombia-Mobile	400	400	0	0	9.20%	0.78%	11,600	12.30%	32.00%	45	1.34						
Logan&Kanawha	05-07	CSX Kan	1080	360	360	360	13.00%	1.00%	12,500	8.00%	30.00%	42	1.60						
CMC	05	Colombia-ECT	400	400	0	0	9.20%	0.78%	11,600	12.30%	32.00%	45	1.34						
Peabody	05-07	CSX Kan	720	240	240	240	13.50%	1.28%	12,200	6.70%	30.00%	40	2.10						
Horizon	05-07	CSX Haz-Typo	1500	500	500	500	13.00%	1.27%	12,100	8.00%	31.00%	42	2.10						
Smokey Mtn	05	CSX Kan	240	240	0	0	13.00%	1.26%	12,000	8.00%	31.00%	42	2.10						
<b>Total Tons</b>			<b>10300</b>																

CR 12 Economics Base Specifications

Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40



**CONFIDENTIAL**

**List of Coal Purchases from 4/04 Solicitation**

PROGRESS FUELS CORPORATION  
CR Units 1, 2, 4 and 5

May 2004

Solicitation

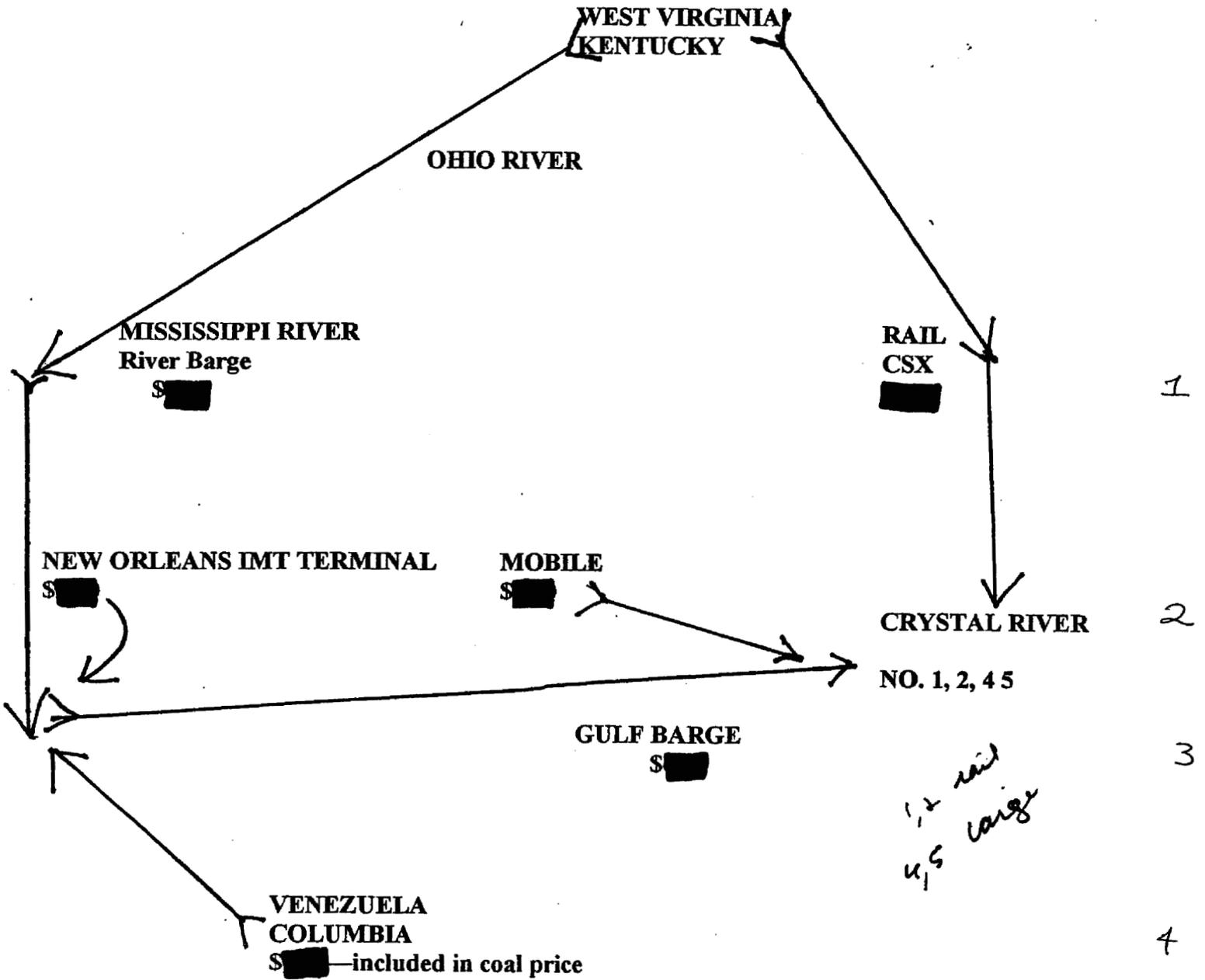
PURCHASES

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Unit	Contract	Product	Quantity	Unit Price	Total Price	Start Date	End Date	Term	Buyer
1	D (CR145)	Wharf Dock	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
	D (CR145)	FOB Canada	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
2	D (CR145)	Wharf Dock	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
	D (CR145)	FOB Canada	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
3	D (CR145)	Wharf Dock	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
	D (CR145)	FOB Canada	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
4	D (CR145)	Wharf Dock	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
	D (CR145)	FOB Canada	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
5	D (CR145)	Wharf Dock	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
	D (CR145)	FOB Canada	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
6	D (CR145)	Wharf Dock	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
	D (CR145)	FOB Canada	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
7	D (CR145)	Wharf Dock	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
	D (CR145)	FOB Canada	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
8	D (CR145)	Wharf Dock	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
	D (CR145)	FOB Canada	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
9	D (CR145)	Wharf Dock	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy
	D (CR145)	FOB Canada	300	\$18.53	\$5,559	05-01-04	05-31-04	31.00%	Buy

Revised: 10/27/2008 10:00

**CONFIDENTIAL  
 PROGRESS ENERGY  
 BALLPARK TRANSPORT COSTS FOR COAL TRANSPORT**



PENGAD 800-831-8989  
 EXHIBIT  
5  
 10/21/05 MD

EX # 6

PROGRESS ENERGY COAL CONTRACTS--CONFIDENTIAL

A SOURCE	B DATE	C TIME	D TONS	E PRICE	F TERMS	
EMERALD(NC)	5/12/05	05/05	9.4	██████	FOB IMT	1
EMERALD(C)	5/03/05	05/05	2.0	██████	FOB GULF BARGE	2
KEYSTONE(C)	4/28/05	04/05	10.0	██████	FOB GULF BARGE	3
EMERALD(NC)	5/19/05	05/05	21.0	██████	FOB IMT	4
MASSEY(C)	4/07/05	04/05-12/05	720	██████	FOB RAILCAR	5
PFC(C)	2/03/05	01/05-02/05	23.5	██████	FOB RIVER BARGE	6
PFC(NC)	1/07/05	12/04---1/05	3.6	██████	FOB GULF BARGE	7
PFC(NC)	1/07/05	12/04---1/05	3.6	██████	FOB GULF BARGE	8
CENTRAL(C)	9/13/04	1/05-12/06	300	██████	FOB RIVER BARGE	9
MASSEY(NC)	9/08/04	1/05-12/05	720	██████	FOB RAILCAR	10
MASSEY(C)	8/09/04	1/05-12/05	720	██████	FOB MINE	11
				██████	FOB RIVER BARGE	12
KEYSTONE(C)	2/04/04	3/04-12/04	100	██████	FOB RIVER BARGE	13
CENTRAL(C)	1/16/04	12/04	77	██████	FOB RIVER BARGE	14
CENTRAL(C)	1/27/04	03/04-12/04	225	██████	FOB RIVER BARGE	15
PFC (C)	12/19/03	1/04-12/04	600	██████	FOB RIVER BARGE	16
MASSEY(C)	9/08/03	10/03-03/05	600	██████	FOB MINE	17

(1) Contract Revision

(2) 2.10 sulfur????

EXHIBIT  
 6  
 10/21/05 MN

800-531-8889

#7  
EX

FPSC FORM 423-1

MONTHLY REPORT OF COST AND QUALITY OF FUEL FOR ELECTRIC PLANTS  
ORIGIN, VOLUME, DELIVERED PRICE AND AS RECEIVED QUALITY

1. REPORTING MONTH: 01/2005  
2. REPORTING COMPANY: FLORIDA POWER CORPORATION

3. NAME, TITLE TELEPHONE NUMBER OF CONTACT PERSON CONCERNING DATA

SUBMITTED ON THIS FORM: *DEBBIE PATTERSON, SBFA (919) 446-4047*

4. SIGNATURE OF OFFICIAL SUBMITTED REPORT:

*Donna Massengill* 3/17/05  
DONNA MASSENGILL

CONTROLLER, REGULATED COMMERCIAL OPERATIONS

5. DATE COMPLETED: 3/16/2005

LINE NO.	PLANT NAME	SUPPLIER NAME	SHIPPING POINT	PURCHASE TYPE	DELIVERY LOCATION	DELIVERY DATE	DELIVERY TYPE	SULFUR CONTENT (%)	BTU CONTENT (Btu/gal)	VOLUME (Bbls)	DELIVERED PRICE (\$/Bbl)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Anclote	NO DELIVERIES									
2	Avon Park Peakers	NO DELIVERIES									
3	Bartow Peakers	NO DELIVERIES									
4	Bartow Steam Plant	NO DELIVERIES									
5	Bartow Steam Plant	RIO Energy International, Inc	F- Rio Houston, TX	MTC	FOB TERMINAL	1/2005	FO6	1.09	157,658	211,485	\$30.6520
6	Bartow Steam Plant	RIO Energy International, Inc	F- Rio Houston, TX	MTC	FOB TERMINAL	1/2005	FO6	1.15	157,591	468,511	\$30.2412
7	Bartow Steam Plant	RIO Energy International, Inc	F- Rio Houston, TX	MTC	FOB TERMINAL	1/2005	FO6	1.18	156,233	228,653	\$29.7025
8	Bayboro Peakers	NO DELIVERIES									
9	Central Tampa Tank Farm	NO DELIVERIES									
10	Crystal River	NO DELIVERIES									
11	Debary Peakers	BP Amoco Oil	F- BP Taft, FL	MTC	FOB PLANT	1/2005	FO2	0.04	138,237	13,965	\$58.7600
12	Debary Peakers	NO DELIVERIES									
13	Higgins Peakers	NO DELIVERIES									
14	Hines Energy Complex	NO DELIVERIES									
15	Intercession City Peakers	NO DELIVERIES									
16	Rio Pinar Peakers	NO DELIVERIES									
17	Suwannee Peakers	Colonial Oil Industries, Inc.	F-Colonial Jacksonville, FL	MTC	FOB PLANT	1/2005	FO2	0.11	138,000	5,023	\$56.4900
18	Suwannee Steam Plant	Colonial Oil Industries, Inc.	F-Colonial Jacksonville, FL	MTC	FOB PLANT	1/2005	FO6	1.96	150,747	6,882	\$34.8274
19	Suwannee Steam Plant	NO DELIVERIES									

CONFIDENTIAL

EXHIBIT  
7  
10/21/05 MW  
PENNSAD 800-651-6888

MONTHLY REPORT OF COST AND QUALITY OF FUEL FOR ELECTRIC PLANTS  
ORIGIN, VOLUME, DELIVERED PRICE AND AS RECEIVED QUALITY

1. REPORTING MONTH: 01/2005  
2. REPORTING COMPANY: FLORIDA POWER CORPORATION

3. NAME, TITLE TELEPHONE NUMBER OF CONTACT PERSON CONCERNING DATA

SUBMITTED ON THIS FORM: DEBBIE PATTERSON, SBFA (919) 546-4047

4. SIGNATURE OF OFFICIAL SUBMITTED REPORT:

*Donna Massengill* 3/17/05  
DONNA MASSENGILL

CONTROLLER, REGULATED COMMERCIAL OPERATIONS

5. DATE COMPLETED: 3/16/2005

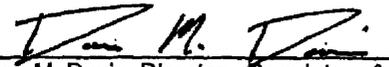
LINE NO.	PLANT NAME	SUPPLIER NAME	SHIPPING POINT	PURCHASE TYPE	DELIVERY LOCATION	DELIVERY DATE	DELIVERY OIL	SULFUR CONTENT (%)	BTU CONTENT (Btu/gal)	VOLUME (Bbls)	DELIVERED PRICE (\$/Bbl)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
20	Suwannee Steam Plant	TransMontaigne Product	F- TransMont Terminals, FL	MTC	FOB PLANT	1/2005	FO6	0.98	154,533	1,359	\$39.0071
21	Suwannee Steam Plant	TransMontaigne Product	F- TransMont Terminals, FL	MTC	FOB PLANT	1/2005	FO6	0.98	154,533	13,836	\$39.0068
22	Turner Peakers	BP Amoco Oil	F- BP Taft, FL	MTC	FOB PLANT	1/2005	FO2	0.37	138,195	9,641	\$57.6200
23	Turner Peakers	NO DELIVERIES									
24	University of Florida	NO DELIVERIES									

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY**

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 1 & 2

4. Name, Title and Telephone Number of Contact  
 Person Concerning Data Submitted on this Form  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 (727) 824-6627

5. Signature of Official Submitting Report

  
 Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

**SPECIFIED  
CONFIDENTIAL**

Line No.	Supplier Name	Mine Location	Purchase Type	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Total Transportation Cost (\$/Ton)	F.O.B. Plant Price (\$/Ton)	As Received Coal Quality			
									Percent Sulfur (%)	Btu Content (Btu/lb)	Percent Ash (%)	Percent Moisture (%)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Consolidated Coal Sales	08, Ky, 119	MTC	UR	47,984			\$73.19	1.29	12,700	8.44	6.71
2	Consolidated Coal Sales	08, Ky, 133	MTC	UR	9,763			\$73.60	1.13	12,934	7.69	6.18
3	Massey Coal Sales Company, Inc.	08, Ky, 195	MTC	UR	38,956			\$72.34	1.16	12,308	10.63	7.30
4	Massey Coal Sales Company, Inc.	08, Wv, 081	MTC	UR	9,554			\$74.15	1.25	13,105	10.49	4.69
5	Progress Fuels Corporation	08, Ky, 193	S	UR	29,765			\$100.90	1.01	12,684	10.16	5.29
6	Progress Fuels Corporation	08, Ky, 193	S	UR	10,325			\$100.01	0.94	12,287	10.53	6.82
7	B & W Resources, Inc.	08, Ky, 051	STC	UR	9,050			\$84.51	1.40	12,498	11.16	4.68
8	Sequola Energy, LLC	08, Ky, 095	STC	UR	9,432			\$85.01	0.97	12,711	9.67	5.27
9	Transfer Facility	N/A	N/A	OB	34,554			\$51.94	0.85	11,966	7.83	11.62

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY**

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 1 & 2

4. Name, Title and Telephone Number of Contact Person Concerning Data Submitted on this Form  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 (727) 824-6627

5. Signature of Official Submitting Report

*Donna M. Davis*  
 Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

**SPECIFIED  
CONFIDENTIAL**

Line No.	Supplier Name	Mine Location	Purchase Type	Tons	F.O.B. Mine Price (\$/Ton)	Short Haul & Loading Charges (\$/Ton)	Original Invoice Price (\$/Ton)	Retro-active Price Inc(Dec) (\$/Ton)	Base Price (\$/Ton)	Quality Adjust-ments (\$/Ton)	Effective Purchase Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1.	Consolidated Coal Sales.	08 , Ky , 119	MTC	47,984	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
2	Consolidated Coal Sales	08 , Ky , 133	MTC	9,763	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
3	Massey Coal Sales Company, Inc.	08 , Ky , 195	MTC	38,956	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
4	Massey Coal Sales Company, Inc.	08 , Wv , 081	MTC	9,554	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
5	Progress-Fuels Corporation	08 , Ky , 193	S	29,765	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
6	Progress Fuels Corporation	08 , Ky , 193	S	10,325	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
7	B & W Resources, Inc.	08 , Ky , 051	STC	9,050	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
8	Sequola Energy, LLC	08 , Ky , 095	STC	9,432	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
9	Transfer Facility	N/A	N/A	34,554	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 1 & 2

4. Name, Title and Telephone Number of Contact  
 Person Concerning Data Submitted on this Form  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 (727) 824-6627

5. Signature of Official Submitting Report

*Donna M. Davis*  
 Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

**SPECIFIED  
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Line No.	Supplier Name	Mine Location	Shipping Point	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Additional Shorthaul & Loading Charges (\$/Ton)	Rail Rate (\$/Ton)	Other Rail Charges (\$/Ton)	River Barge Rate (\$/Ton)	Trans- loading Rate (\$/Ton)	Ocean Barge Rate (\$/Ton)	Other Water Charges (\$/Ton)	Other Related Charges (\$/Ton)	Transportation Charges (\$/Ton)	F.O.B. Plant Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Consolidated Coal Sales	08 , Ky ,	119 Knott, Ky	UR	47,984	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$73.19
2	Consolidated Coal Sales	08 , Ky ,	133 Letcher, Ky	UR	9,763	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$73.60
3	Massey Coal Sales Company, Inc.	08 , Ky ,	195 Pike, Ky	UR	38,956	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$72.34
4	Massey Coal Sales Company, Inc.	08 , Wv ,	081 Pike, Ky	UR	9,554	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$74.15
5	Progress Fuels Corporation	08 , Ky ,	193 Perry, Ky	UR	29,765	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$100.90
6	Progress Fuels Corporation	08 , Ky ,	193 Perry, Ky	UR	10,325	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$100.01
7	B & W Resources, Inc.	08 , Ky ,	051 Perry, Ky	UR	9,050	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$84.51
8	Sequola Energy, LLC	08 , Ky ,	095 Perry, Ky	UR	9,432	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$85.01
9	Transfer Facility	N/A	Plaquemines Parrish, La	OB	34,554	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$51.94

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
REPORT OF ADJUSTMENTS TO PREVIOUS COAL DELIVERIES

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 1 & 2

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

5. Signature of Official Submitting Report

*Donna M. Davis*  
Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

**SPECIFIED  
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Line No.	Month Reported	Form Plant Name	Intended Generating Plant	Supplier	Original Line Number	Old Volume (tons)	Form No.	Column Title	Old Value	New Value	New F.O.B. Plant Price	Reason for Revision
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	12/04	CR1&2	CR1&2	Consolidated Coal Sales	2	57,183	2A	(k) Quality Adjustments	██████████	██████████	-\$ 52.41	Quality Adjustment
2	10/04	CR1&2	CR1&2	Consolidated Coal Sales	3	54,469	2A	(k) Quality Adjustments	██████████	██████████	\$ 51.86	Quality Adjustment
3	05/04	CR1&2	CR1&2	Central Appalachian Mining, formerly	1	44,588	2A	(k) Quality Adjustments	██████████	██████████	\$ 55.08	Quality Adjustment
4	06/04	CR1&2	CR1&2	Central Appalachian Mining, formerly	1	38,935	2A	(k) Quality Adjustments	██████████	██████████	\$ 55.46	Quality Adjustment
5	07/04	CR1&2	CR1&2	Central Appalachian Mining, formerly	1	86,612	2A	(k) Quality Adjustments	██████████	██████████	\$ 54.58	Quality Adjustment
6	08/04	CR1&2	CR1&2	Central Appalachian Mining, formerly	1	73,613	2A	(k) Quality Adjustments	██████████	██████████	\$ 55.16	Quality Adjustment
7	09/04	CR1&2	CR1&2	Central Appalachian Mining, formerly	1	29,132	2A	(k) Quality Adjustments	██████████	██████████	\$ 56.17	Quality Adjustment
8	09/04	CR1&2	CR1&2	Central Appalachian Mining, formerly	2	27,188	2A	(k) Quality Adjustments	██████████	██████████	\$ 83.67	Quality Adjustment
9	10/04	CR1&2	CR1&2	Central Appalachian Mining, formerly	1	29,589	2A	(k) Quality Adjustments	██████████	██████████	\$ 54.40	Quality Adjustment
10	10/04	CR1&2	CR1&2	Central Appalachian Mining, formerly	2	19,207	2A	(k) Quality Adjustments	██████████	██████████	\$ 81.25	Quality Adjustment
11	11/04	CR1&2	CR1&2	Central Appalachian Mining, formerly	1	60,072	2A	(k) Quality Adjustments	██████████	██████████	\$ 54.77	Quality Adjustment
12	11/04	CR1&2	CR1&2	Central Appalachian Mining, formerly	2	9,847	2A	(k) Quality Adjustments	██████████	██████████	\$ 80.77	Quality Adjustment

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY**

Report for: Mo. January 2005  
 Reporting Company: Florida Power Corporation  
 Plant Name: Crystal River 4 & 5

4. Name, Title and Telephone Number of Contact Person Concerning Data Submitted on this Form  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 (727) 824-6627

5. Signature of Official Submitting Report

  
 Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

**SPECIFIED  
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Line No.	Supplier Name	Mine Location	Purchase Type	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Total Transportation Cost (\$/Ton)	F.O.B. Plant Price (\$/Ton)	As Received Coal Quality			
									Percent Sulfur (%)	Btu Content (Btu/lb)	Percent Ash (%)	Percent Moisture (%)
a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Central Appalachian Mining, formerly	08, Ky, 195	MTC	UR	39,225	████████	████████	\$72.76	0.68	12,511	10.20	6.74
2	Massey Coal Sales	08, Wv, 005	MTC	UR	15,118	████████	████████	\$72.02	0.71	12,218	12.99	6.74
3	Progress Fuels Corporation	08, Ky, 119	STC	UR	18,948	████████	████████	\$87.87	0.73	12,558	9.68	6.07
4	Massey Coal Sales	08, Wv, 005	MTC	UR	15,420	████████	████████	\$84.77	0.69	12,296	12.54	6.53
5	Transfer Facility	N/A	N/A	OB	117,625	████████	████████	\$54.76	0.68	12,418	8.28	8.87
6	Transfer Facility	N/A	N/A	OB	15,062	████████	████████	\$44.77	0.60	11,764	4.74	11.85

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 4 & 5

4. Name, Title and Telephone Number of Contact Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

5. Signature of Official Submitting Report

*Donna M. Davis*  
Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

**SPECIFIED  
CONFIDENTIAL**

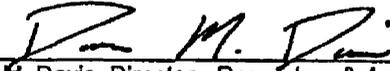
Line No.	Supplier Name	Mine Location	Purchase Type	Tons	F.O.B. Mine Price (\$/Ton)	Short Haul & Loading Charges (\$/Ton)	Original Invoice Price (\$/Ton)	Retro-active Price Inc(Dec) (\$/Ton)	Base Price (\$/Ton)	Quality Adjustments (\$/Ton)	Effective Purchase Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Central Appalachian Mining, formerly	08, Ky, 195	MTC	39,225	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
2	Massey Coal Sales	08, Wv, 005	MTC	15,118	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
3	Progress Fuels Corporation	08, Ky, 119	MTC	18,948	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
4	Massey Coal Sales	08, Wv, 005	MTC	15,420	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
5	Transfer Facility	N/A	N/A	117,625	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
6	Transfer Facility	N/A	N/A	15,062	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 4 & 5

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
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5. Signature of Official Submitting Report



Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

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CONFIDENTIAL**

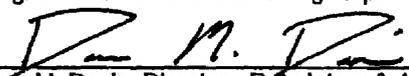
Line No.	Supplier Name	Mine Location	Shipping Point	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Additional Shorthaul & Loading Charges (\$/Ton)	Rail Rate (\$/Ton)	Other Rail Charges (\$/Ton)	River Barge Rate (\$/Ton)	Trans-loading Rate (\$/Ton)	Ocean Barge Rate (\$/Ton)	Other Water Charges (\$/Ton)	Other Related Charges (\$/Ton)	Transportation Charges (\$/Ton)	F.O.B. Plant Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Central Appalachian Mining, forme	08, Ky,	195 Pike, Ky	UR	39,225	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$72.76
2	Massey Coal Sales	08, Wv,	005 Boone, Wv	UR	15,118	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$72.02
3	Progress Fuels Corporation	08, Ky,	119 Pike, Ky	UR	18,948	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$87.87
4	Massey Coal Sales	08, Wv,	005 Boone, Wv	UR	15,420	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$84.77
5	Transfer Facility	N/A	Plaquemines, Pa	OB	117,625	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$54.76
6	Transfer Facility	N/A	Mobile, Al	OB	15,062	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$44.77

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
REPORT OF ADJUSTMENTS TO PREVIOUS COAL DELIVERIES

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 4 & 5

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

**SPECIFIED  
CONFIDENTIAL**

5. Signature of Official Submitting Report  
  
Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

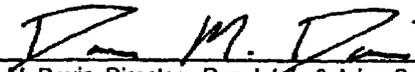
Line No.	Month Reported	Form Plant Name	Intended Generating Plant	Supplier	Original Line Number	Old Volume (tons)	Form No.	Column Title	Old Value	New Value	New F.O.B. Plant Price	Reason for Revision
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	12/04	CR4&5	CR4&5	Asset Management Group	5	17,884	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 63.69	Quality Adjustment
2	11/04	CR4&5	CR4&5	Alliance Coal Sales Corp.	2	47,125	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 53.44	Quality Adjustment
3	12/04	CR4&5	CR4&5	Virginia Power Marketing, Inc.	3	9,878	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 52.69	Quality Adjustment
4	05/04	CR4&5	CR4&5	Central Appalachian Mining, formerly	1	29,557	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 53.68	Quality Adjustment
5	06/04	CR4&5	CR4&5	Central Appalachian Mining, formerly	1	49,366	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 53.92	Quality Adjustment
6	07/04	CR4&5	CR4&5	Central Appalachian Mining, formerly	1	29,184	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 52.98	Quality Adjustment
7	08/04	CR4&5	CR4&5	Central Appalachian Mining, formerly	1	57,225	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 53.44	Quality Adjustment
8	09/04	CR4&5	CR4&5	Central Appalachian Mining, formerly	1	19,462	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 54.25	Quality Adjustment
9	10/04	CR4&5	CR4&5	Central Appalachian Mining, formerly	1	39,626	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 52.74	Quality Adjustment
10	11/04	CR4&5	CR4&5	Central Appalachian Mining, formerly	1	49,803	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 52.96	Quality Adjustment

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: McDuffie Coal Terminal

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

5. Signature of Official Submitting Report



Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

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line no.	Supplier Name	Mine Location	Purchase Type	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Total Transportation Cost (\$/Ton)	F.O.B. Plant Price (\$/Ton)	As Received Coal Quality			
									Percent Sulfur (%)	Btu Content (Btu/lb)	Percent Ash (%)	Percent Moisture (%)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Drummond Coal Sales, Inc.	25, IM, 999	S	GB	14,924	██████████	██████████	\$40.50	0.60	11,764	4.74	11.85

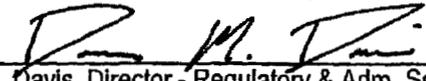
MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: McDuffie Coal Terminal

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

**SPECIFIED  
CONFIDENTIAL**

5. Signature of Official Submitting Report

  
\_\_\_\_\_  
Donna M. Davis, Director, Regulatory & Adm. Services

6. Date Completed: March 15, 2005

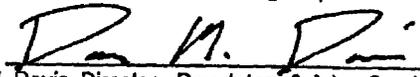
Line No.	Supplier Name	Mine Location	Purchase Type	Tons	F.O.B. Mine Price (\$/Ton)	Short Haul & Loading Charges (\$/Ton)	Original Invoice Price (\$/Ton)	Retro-active Price Increases (\$/Ton)	Base Price (\$/Ton)	Quality Adjustments (\$/Ton)	Effective Purchase Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Drummond Coal Sales, Inc.	25, IM, 999	S	14,924	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: McDuffie Coal Terminal

4. Name, Title and Telephone Number of Contact  
 Person Concerning Data Submitted on this Form  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 (727) 824-6627

5. Signature of Official Submitting Report



Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

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Line	Supplier Name	Mine Location	Shipping Point	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Additional Shorthaul & Loading Charges (\$/Ton)	Rail Rate (\$/Ton)	Other Rail Charges (\$/Ton)	River Barge Rate (\$/Ton)	Trans-Ocean loading Rate (\$/Ton)	Ocean Barge Rate (\$/Ton)	Other Water Charges (\$/Ton)	Other Related Charges (\$/Ton)	Transportation Charges (\$/Ton)	F.O.B. Plant Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Drummond Coal Sales, Inc.	25 IM, 999	Cartagena, Col	GB	14,924	██████████	N/A	N/A	N/A	N/A	██████████	N/A	N/A	N/A	██████████	\$40.50



MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Transfer Facility - IMT

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-8627

5. Signature of Official Submitting Report

*Donna M. Davis*  
Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

**SPECIFIED  
CONFIDENTIAL**

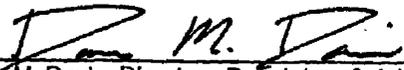
Line No.	Supplier Name	Mine Location	Purchase Type	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Total Transportation Cost (\$/Ton)	F.O.B. Plant Price (\$/Ton)	As Received Coal Quality			
									Percent Sulfur (%)	Btu Content (Btu/lb)	Percent Ash (%)	Percent Moisture (%)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Central Coal Co.	08, Wv, 39	S	B	5,908	[REDACTED]	[REDACTED]	\$58.47	0.65	12,600	9.26	7.70
2	Central Coal Co.	08, Wv, 39	S	B	1,693	[REDACTED]	[REDACTED]	\$54.31	0.65	12,243	11.90	7.81
3	Central Coal Co.	08, Wv, 39	STC	B	1,762	[REDACTED]	[REDACTED]	\$62.25	0.64	12,571	10.26	6.98
4	Progress Fuels Corporation	08, Wv, 39	S	B	22,902	[REDACTED]	[REDACTED]	\$50.50	0.61	12,257	12.15	7.45
5	Progress Fuels Corporation	08, Wv, 39	S	B	9,377	[REDACTED]	[REDACTED]	\$51.00	0.61	12,257	12.15	7.45
6	Progress Fuels Corporation	08, Wv, 39	STC	B	11,576	[REDACTED]	[REDACTED]	\$67.49	0.44	11,871	6.68	10.98
7	Guasare Coal Sales	50, IM, 999	S	GB	47,561	[REDACTED]	[REDACTED]	\$41.84	0.68	12,905	6.67	6.85
8	Emerald International Corp	10, IL, 055	S	GB	3,623	[REDACTED]	[REDACTED]	\$55.00	0.86	11,926	7.74	11.94

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY**

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Transfer Facility - IMT

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

**SPECIFIED  
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5. Signature of Official Submitting Report  
  
Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

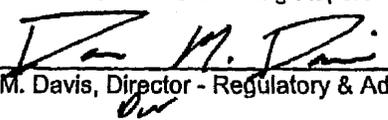
no.	Supplier Name	Mine Location	Purchase Type	Tons	F.O.B. Mine Price (\$/Ton)	Short Haul & Loading Charges (\$/Ton)	Original Invoice Price (\$/Ton)	Retro-active Price Inc(Dec) (\$/Ton)	Base Price (\$/Ton)	Quality Adjustments (\$/Ton)	Effective Purchase Price (\$/Ton)
a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Central Coal Co.	08, Wv, 39	S	5,908	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
2	Central Coal Co.	08, Wv, 39	S	1,693	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
3	Central Coal Co.	08, Wv, 39	STC	1,762	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
4	Progress Fuels Corporation	08, Wv, 39	S	22,902	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
5	Progress Fuels Corporation	08, Wv, 39	S	9,377	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
3	Progress Fuels Corporation	08, Wv, 39	STC	11,576	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
7	Guasare Coal Sales	50, IM, 999	S	47,561	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
3	Emerald International Corp	10, IL, 55	S	3,623	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Transfer Facility - IMT

- 4. Name, Title and Telephone Number of Contact Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

5. Signature of Official Submitting Report



Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: March 15, 2005

**SPECIFIED  
CONFIDENTIAL**

Line No.	Supplier Name	Mine Location	Shipping Point	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Additional Shorthaul & Loading Charges (\$/Ton)	Rail Rate (\$/Ton)	Other Rail Charges (\$/Ton)	River Barge Rate (\$/Ton)	Trans-loading Rate (\$/Ton)	Ocean Barge Rate (\$/Ton)	Other Water Charges (\$/Ton)	Other Related Charges (\$/Ton)	Transportation Charges (\$/Ton)	F.O.B. Plant Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Central Coal Co.	08, Wv,	39 Kanawha,Wv	B	5,908	████████	N/A	N/A	N/A	████████	████████	N/A	N/A	N/A	████████	\$58.47
2	Central Coal Co.	08, Wv,	39 Kanawha,Wv	B	1,693	████████	N/A	N/A	N/A	████████	████████	N/A	N/A	N/A	████████	\$54.31
3	Central Coal Co.	08, Wv,	39 Kanawha,Wv	B	1,762	████████	N/A	N/A	N/A	████████	████████	N/A	N/A	N/A	████████	\$62.25
4	Progress Fuels Corporation	08, Wv,	39 Kanawha,Wv	B	22,902	████████	N/A	N/A	N/A	████████	████████	N/A	N/A	N/A	████████	\$50.50
5	Progress Fuels Corporation	08, Wv,	39 Kanawha,Wv	B	9,377	████████	N/A	N/A	N/A	████████	████████	N/A	N/A	N/A	████████	\$51.00
6	Progress Fuels Corporation	08, Wv,	39 Mt. Vernon, Il	B	11,576	████████	N/A	N/A	N/A	████████	████████	N/A	N/A	N/A	████████	\$67.49
7	Guasare Coal Sales	50, IM,	999 Maracaibo, VZ	GB	47,561	████████	N/A	N/A	N/A	████████	████████	N/A	N/A	N/A	████████	\$41.84
8	Emerald International Corp	10, IL,	55 Maracaibo, VZ	GB	3,623	████████	N/A	N/A	N/A	████████	████████	N/A	N/A	N/A	████████	\$55.00

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
REPORT OF ADJUSTMENTS TO PREVIOUS COAL DELIVERIES**

- 1. Report for: Mo. January 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Transfer Facility - IMT

4. Name, Title and Telephone Number of Contact Person Concerning Data Submitted on this Form  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 (727) 824-6627

**SPECIFIED  
CONFIDENTIAL**

5. Signature of Official Submitting Report

  
 Donna M. Davis, Director - Regulatory & Adm. Services  
*Dw*

6. Date Completed: March 15, 2005

Line No.	Month Reported	Form Plant Name	Intended Generating Plant	Supplier	Original Line Number	Old Volume (tons)	Form No.	Column Title	Old Value	New Value	New F.O.B. Plant Price	Reason for Revision
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	12/04	Transfer Facility-IMT		Guasare Coal Sales Corp.	8	46,990	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 42.33	Quality Adjustment
2	11/04	Transfer Facility-IMT		Guasare Coal Sales Corp.	7	9,879	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 44.02	Quality Adjustment
3	11/04	Transfer Facility-IMT		Guasare Coal Sales Corp.	8	135,592	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 42.41	Quality Adjustment
4	12/04	Transfer Facility-IMT		Progress Fuels Corporation	6	31,916	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 49.45	Quality Adjustment
5	12/04	Transfer Facility-IMT		Progress Fuels Corporation	7	5,973	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 50.44	Quality Adjustment
6	12/04	Transfer Facility-IMT		Central Coal Co.	1	9,005	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 57.01	Quality Adjustment
7	11/04	Transfer Facility-IMT		Keystone Coal Company	4	9,236	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 56.31	Quality Adjustment
8	07/04	Transfer Facility-IMT		Peabody Coal Trade	1	26,232	2C	(k) New Value	██████████	\$ ██████████	\$ 30.61	Quality Adjustment

Docket No. 050001-EI  
Deposition: A.W. Pitcher  
October 21, 2005  
Late-filed Exh. No. 8

**CONFIDENTIAL**

**Spot Bids and related documentation associated with spot purchase from  
PFC shown on Form 423 for January, 2005**

**MONTHLY SPOT OFFERS**  
**3<sup>rd</sup> Quarter 2004**  
**Crystal River Units 1 & 2**

PAGE 1 OF 1

A BID SUBMITTED	B SUPPLIER	C TERM	D TONS	E PRICE	F TRANSP. MODE	G H I SPECS			J ACTION TAKEN	
						ASH	SULFUR	BTU		
07/17/04	Glencore (Poland)	August/September 2004	50,000	██████	CIF IMT	14%	.75%	11,800	Rejected	1
07/27/04	Emerald Coal	September-December 2004	170,000	██████	FAS IMT	8.5%	1.05%	12,000	Rejected	2
07/27/04	Emerald Coal	September	50,000	██████	FAS NOLA	7-9%	.7-.8%	11,600	Russian Coal—Rejected	3
08/05/04	United Power, Inc.	October—December 2004	60,000	██████	Rail	10%	1%	12,500	Rejected. No Requirements.	4
08/05/04	United Power, Inc.	January—December 2005	240,000	██████████████	Rail	10%	1%	12,500	Rejected due to uncertainty of market pricing.	5 6
08/17	Progress Fuels Corporation—M&T	January 2005— December 2006	15,000/Mo. (360,000)	██████	River Barge	13.5%	2.0LB	12,000	Synfuel w/option to ship coal if required Rejected—Ash	7
08/27	Alliance Coal, LLC/GCC County Coal, LLC	January—December 2005	100,000	██████	River Barge	7%	1.5LB	11,500	Rejected—Quality	8
09/01	Evolution Carbon	October & December 2004	70,000MT +/-10%	██████████	CIF IMT	10%	.9%	12,800	Rejected—Price	9
██████	Central Appalachian Mining LLC	September 2004	30,000	██████	Railcar	12%	.9% Min 1.2% Max	12,500	Accepted	10
██████	Progress Fuels Corporation—M&T	September 2004— March 2005	30,000/Mo. 210,000	██████	Railcar	12%	1.6LB	12,200	Accepted	11
09/23	Emerald International Corporation	September 2004	32,000	██████	FOB IMT	10%	2.0LB	11,800	Accepted	12
██████	Central Appalachian Mining LLC	October 2004	20,000	██████	Railcar	12%	.9% Min 1.2% Max	12,500	Accepted	13



CENTRAL APPALACHIA MINING LLC

id 9-17-04  
XC: RFP  
FML  
MSK  
CAL  
THM  
VMM  
JMD  
ABF  
DDW

September 16, 2004

Mr. A.W. Pitcher  
Vice President - Coal Procurement  
Progress Fuels Corporation  
200 Central Avenue  
St. Petersburg, FL 33701

RE: Amendment to January 1, 2002 (Alpha) Contract

Dear Mr. Pitcher:

In regards to our recent telephone conversations, it has been agreed upon that Central Appalachia Mining LLC (CAM) will ship (3) three additional spot trains to you the second half of September, 2004 (approximately 30,000 tons). The trains will be shipped from our Damron Fork CSX Operation and specifications, terms and conditions of the January 1, 2002 Alpha agreement will remain in effect for these (3) three trains.

The agreed upon price is [REDACTED] T FOB Railcar and please let this letter serve as an official confirmation of this order. If you should have any questions or comments concerning this, please feel free to give me a call, or we can correspond by email.

1

Sincerely,

*Mike Goff*

Mike Goff  
V P Sales

116 Main St. - P.O. Box 1169  
Tele 606/432-3900 ext 306 Fax 606/432-0031  
Pikeville, KY 41502



United Power, Inc. (Coal & Emissions)

16-Sep-04

www.upicoal.com

Dan Vaughn @ 812-473-5810

Coal Desk

Ian Tapsall @ 203-782-8493

Emissions Desk

Tom Gibson @ 281-340-8300

	Nymex look-alike				CSX-BSK < 1%				PRB 8800			
	Bid - Ask Range		Last	Date	Bid - Ask Range		Last	Date	Bid - Ask Range		Last	Date
1	Oct											
2	Nov											13-Aug
3	Q4 04											
4	Q1 05											14-Sep
5	Q2 05											
6	Q3 05											
7	Q4 05											
8	CY 05											
9	CY 06											

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
10	Sep-Dec	CSX	12000	1.2	22-Jul
11	Nov-Mar	CSX	12500	1.2	12-Aug
12	Q4 04	NS	12500	1.6	23-Aug
13	Q1 05	NS	12500	1.6	23-Aug
14	Sept	NS	12500	1.2	20-Aug
15	Q4 04	Mon Rvr	13000	4.0 / 5.0	1-Sep
16	Q4 04	MGA	13000	3.0 / 3.4	8-Sep
17	CY 05	PRB 84	8400	0.8	24-Aug

Emissions

SO2	Bid	Ask
Spot		
NOx		
2004		
2005		
2006		
2007		
2008		

The Daily Scoreboard

Nymex look-alike & other

Q1 trades (10 bg) .

Q1Q2 05 over Q3Q4 05 trades 3.50

CSX Rail

Q3 05 trades 58.50

PRB 8800

Q1 6.25 / 6.85

Additional Market Activity

Delivery	Origin	Btu	#SO2	Mo. Qnty	Bid	Ask
18	Sep	Nymex	12000	1.7	15k	
19	Oct	NS	12500	1.6	10k	
20	Oct/Q4	NS	12500	1.2	10k	
21	Oct	Mon Rvr	13000	4.2	6k	
22	Q4 04	Pitts rc	13000	3.0	10k	
	Q4 04	CSX	13000	2.5	10k	63.00

Vaughn's View of the Market - a perspective provided by United to assist in marking coals to market

PRB Coal	16-Sep-04	Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	CY 05	CY 06	CY 07
Origin	Btu	Oct	Nov	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05			
23	BNSF / UP	8800									
24	BNSF / UP	8400									
Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications											
<b>CAPP Coal</b>											
Origin	Btu	Oct	Nov	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	CY 05	CY 06	CY 07
25	BS Rvr	12000									
26	Nym LAL	12000									
27	CSX-BSK	12500									
28	CSX-BSK	12500									
29	NS-T/K	12500									
30	NS-T/K	12500									
<b>NAPP Coal</b>											
Origin	Btu	Oct	Nov	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	CY 05	CY 06	CY 07
31	MGA	13000									
32	MGA	13000									
33	Mon Rvr	13000									
34	U. OH Rvr	12200									
<b>ILB Barge Coal</b>											
Origin	Btu	Oct	Nov	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	CY 05	CY 06	CY 07
35	L. OH Rvr	12000									
36	L. OH Rvr	12000									
<b>Colorado Coal</b>											
Origin	Btu	Oct	Nov	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	CY 05	CY 06	CY 07
37	UP	11900									
38	UP	11300									

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## Evolution Express Price Report as of 09/16/04

Generated September 16, 2004, 4:59 pm for: al.pitcher@progressfuels.com  
source: http://www.evomarkets.com

### A B C D PRB8400 prices

Term	bid	offer	last	date
Sep'04				
Q4'04				8/4/04
Cal'05				6/29/04
Cal'06				

### PRB8800 prices

Term	bid	offer	last	date
Sep'04				8/13/04
Oct'04				
Q4'04				9/14/04
Cal'05				7/27/04
Cal'06-Cal'07				7/27/04
Cal'06				7/27/04
Cal'07				7/27/04

### NYMEX prices

Term	bid	offer	last	date
Sep'04				9/2/04
Oct'04				
Q4'04				9/13/04
Q1'05-Q2'05				9/3/04
Q1'05				9/16/04
Q2'05				9/7/04
Q3'05-Q4'05				8/31/04
Q3'05				
Q4'05				
Cal'05				9/3/04
Cal'06				9/9/04

### NAPP coal

Term	Contract	Qty	Price	Rate	Unit	Offer
Q4'04	Mon River	20,000	13000	3.85 (5.0#)	8	

### Coal Markets as of 09/16/04

#### E F G H I CSX <1% prices

Term	bid	offer	last	date
Sep'04				9/1/04
Oct'04				
Q4'04				9/14/04
Q1'05-Q2'05				8/23/04
Q1'05				9/13/04
Q2'05				7/20/04
Q3'05-Q4'05				7/20/04
Q3'05				9/16/04
Q4'05				9/8/04
Cal'05				9/1/04
Cal'06				9/9/04

#### CSX 1.2# prices

Term	bid	offer	last	date
Aug'04-Sep'04				

#### J K L M N NS <1% prices

Term	bid	offer	last	date
Sep'04				
Oct'04				
Q4'04				
Q1'05				
Q2'05				
Q3'05				
Q4'05				
Cal'05				
Cal'06				

#### NS 1.2# prices

Term	bid	offer	last	date
Q4'04				
Cal'05				

### CAPP coal

Term	Contract	Qty	Price	Rate	Unit	Offer
Oct'05-Nov'05	CSX - Hazard	1 tpm	12500	1.3%	10	

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Central Appalachia

Coal Type	PRB High	PRB Low	NYMEX LAL	Big Sandy River Low Btu Compliance	CSX High Btu Compliance	CSX High Btu Low Sulfur	NS High Btu Compliance	NS High Btu Low Sulfur
Btu / Lb	8800	8400	12000	12000	12500	12500	12500	12500
LbSO2 / mmBtu	0.8	0.8	1.6	1.2	1.2	1.6	1.2	1.6
FOB	Rail	Rail	Barge	Barge	Rail	Rail	Rail	Rail

\*9/16/2004

Oct-04	CoalView Forecast									1
	Client Consensus									2
	Enter Your Forecast									
Nov-04	CoalView Forecast									3
	Client Consensus									4
	Enter Your Forecast									
Dec-04	CoalView Forecast									5
	Client Consensus									6
	Enter Your Forecast									
Jan-05	CoalView Forecast									7
	Client Consensus									8
	Enter Your Forecast									
Feb-05	CoalView Forecast									9
	Client Consensus									10
	Enter Your Forecast									
Mar-05	CoalView Forecast									11
	Client Consensus									12
	Enter Your Forecast									
Apr-05	CoalView Forecast									13
	Client Consensus									14
	Enter Your Forecast									
May-05	CoalView Forecast									15
	Client Consensus									16
	Enter Your Forecast									
Jun-05	CoalView Forecast									17
	Client Consensus									18
	Enter Your Forecast									
Jul-05	CoalView Forecast									19
	Client Consensus									20
	Enter Your Forecast									
Aug-05	CoalView Forecast									21
	Client Consensus									22
	Enter Your Forecast									
Sep-05	CoalView Forecast									23
	Client Consensus									24
	Enter Your Forecast									
Oct-05	CoalView Forecast									25
	Client Consensus									26
	Enter Your Forecast									
Nov-05	CoalView Forecast									27
	Client Consensus									28

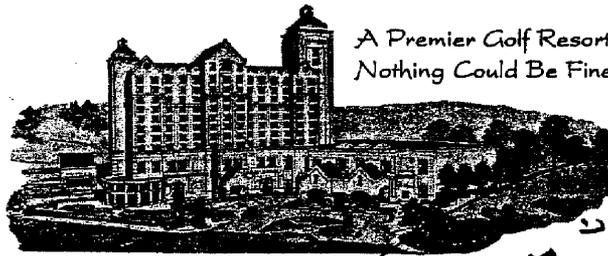
Average 2-6 mos

A B C D E F G H I



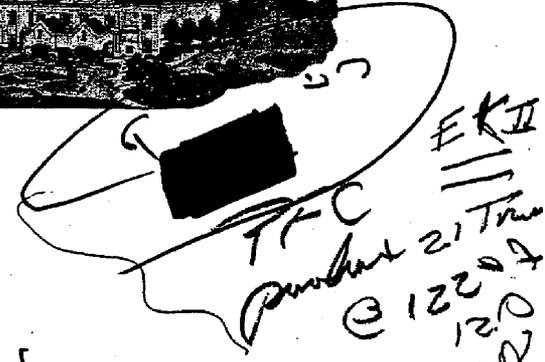






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A

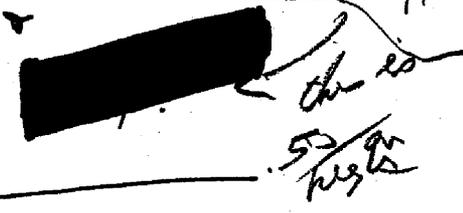


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3 - Trains

12500  
4100

Spot



2

However, they want these two  
to count against the contract  
and then would offer us an  
additional three trains at the  
end of the contract at the  
price. Δ we would pay

3

4

5

for contract term and either  
the OTC price or [redacted] @ Contract 1

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Telephone: 336-294-1800 • www.grandover.com • Front Desk • Fax: 336-856-9991 • Sales Office • Fax: 336-851-9499

10

part

DAMON

3

Oct

Dec

3/10

Spot  
1/10/10

1.0%

[Redacted]

1

2 [Redacted] 3

2

[Redacted]

3

A

OK

Mobile

606 424. 0452

Office 606 432-3900 Ext 306

RUN DATE: 9/13/2004  
 RUN TIME: 3:50:24 pm  
 FROM: 1/1/2004  
 TO: 9/13/2004

FUELS MANAGEMENT SYSTEM  
 PROGRESS FUELS CORPORATION

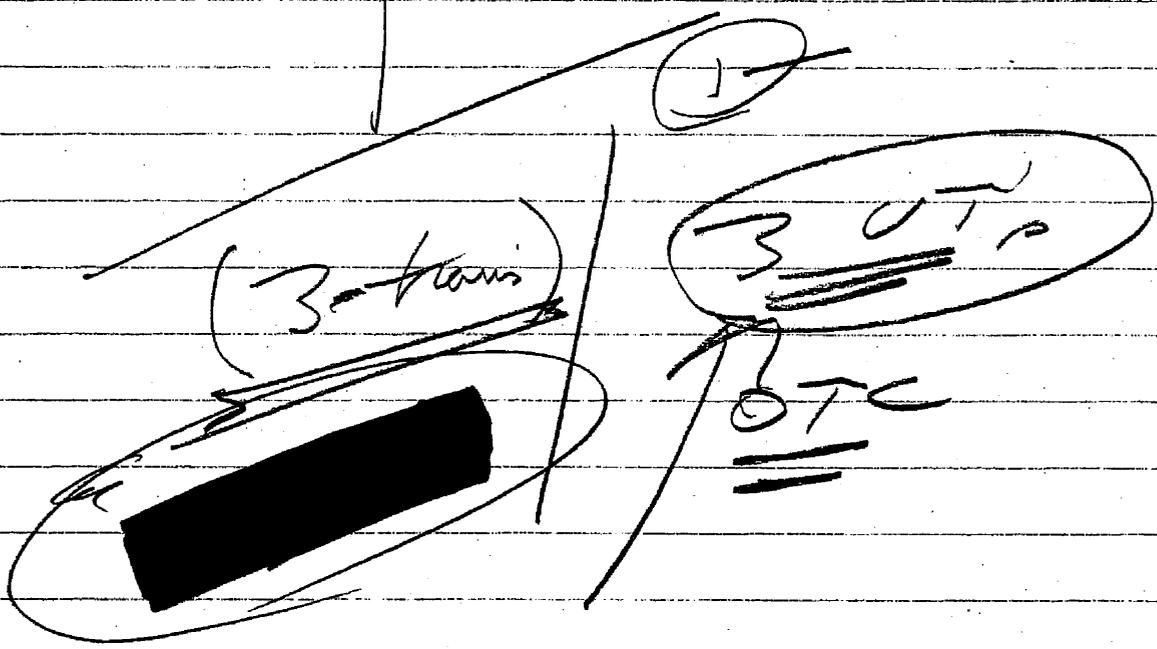
PURCHASE SUMMARY BY SUPPLIER, MONTH, COAL TYPE

SUPPLIER NAME	MONTH	COAL TYPE	GULF	RAIL	TOTAL TONS PURCHASED	ACCUMULATED TONS PURCHASED	
AEP A Coal (Qker)	January	A	.00	46,860.61	46,860.61	46,860.61	
AEP A Coal (Qker)	February	A	.00	29,533.91	29,533.91	76,394.52	
AEP A Coal (Qker)	March	A	.00	27,220.89	27,220.89	103,615.41	
AEP A Coal (Qker)	April	A	.00	28,971.14	28,971.14	132,586.55	
AEP A Coal (Qker)	May	A	.00	44,587.84	44,587.84	177,174.39	
AEP A Coal (Qker)	June	A	.00	38,934.61	38,934.61	216,109.00	
AEP A Coal (Qker)	July	A	.00	86,612.17	86,612.17	302,721.17	
AEP A Coal (Qker)	August	A	.00	73,612.72	73,612.72	376,333.89	
AEP A Coal (Qker)	September	A	.00	19,464.88	19,464.88	395,798.77	
TOTAL All					.00	395,798.77	395,798.77

+ 1 more  
 Sept

*Ratable now*  
 (3) rains a mo.  
 balance  
 Sept - Dec

Damrosch



1

Pitcher, AI (PFC)

*Spot  
November  
Train*

**From:** Pitcher, AI (PFC)  
**Sent:** Tuesday, October 19, 2004 11:43 AM  
**To:** 'Mike Goff'  
**Subject:** RE:

The market has slipped a little since last month. Current estimated market price per United and Henwood is approximately [REDACTED] however, Evolution indicates a [REDACTED] price. Each of these is for a 1.6# SO2 coal. Your shipments usually are in the 1.60# SO2 range. I would like to purchase the November train at [REDACTED]. Can this be done?

1  
2  
3

**A. W. Pitcher**  
Vice President-Coal Procurement  
Progress Fuels Corporation  
One Progress Plaza, BT10C  
St. Petersburg, FL 33701  
Phone No. 727-824-6692  
Fax No. 727-824-6601  
E-mail [al.pitcher@progressfuels.com](mailto:al.pitcher@progressfuels.com)

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

**From:** Mike Goff [mailto:MGoff@centralappmining.com]  
**Sent:** Tuesday, October 19, 2004 8:49 AM  
**To:** Pitcher, AI (PFC)  
**Subject:**

AI, sorry it has taken me some time to get back to you, but it has been very hard getting some answers. Right now, I can offer you one more window trains at the same price of [REDACTED] to be shipped in November. There may be more and probably will be, but I have to go with what everybody has told me. Could you let me know if you want this please?

4

Thanks,  
Mike Goff

Pitcher, AI (PFC)

From: Mike Goff [MGoff@centralappmining.com]  
Sent: Tuesday, October 19, 2004 8:49 AM  
To: Pitcher, AI (PFC)

Note:  
The contract is for a 1.5-2.1 # SO<sub>2</sub>  
Contract evaluation @ 1.80 # However,  
they would ship on the low side approx 1.1

AI, sorry it has taken me some time to get back to you, but it has been very hard getting some answers. Right now, I can offer you one more window trains at the same price [redacted] to be shipped in November. There may be more and probably will be, but I have to go with what everybody has told me. Could you let me know if you want this please?

Thanks,  
Mike Goff

Handled  
Per United  
12500  
1.6 # SO<sub>2</sub>  
\$ [redacted] Nov

Adjust for  
SO<sub>2</sub>  
1.6 # - 1.80 #  
@ .20 Diff  
@ 550  
\$ [redacted] <1.38>

Per Evolution  
12500  
<1.0  
in  
1.6 # SO<sub>2</sub>  
\$ [redacted]

Market price is [redacted]

[redacted] + [redacted] + [redacted] = [redacted]  
3.38  
\$  
MMBTU  
Deliv.

Coal Type	Powder River Basin		Central Appalachia					
	PRB High	PRB Low	NYMEX LAL	Big Sandy River Low Btu Compliance	CSX High Btu Compliance	CSX High Btu Low Sulfur	NS High Btu Compliance	NS High Btu Low Sulfur
Btu / Lb	8800	8400	12000	12000	12500	12500	12500	12500
LbSO2 / mmBtu	0.8	0.8	1.6	1.2	1.2	1.6	1.2	1.6
FOB	Rail	Rail	Barge	Barge	Rail	Rail	Rail	Rail

3/18/2004

Nov-04	CoalView Forecast								1
	Client Consensus								2
	Enter Your Forecast								3
Dec-04	CoalView Forecast								4
	Client Consensus								5
	Enter Your Forecast								6
Jan-05	CoalView Forecast								7
	Client Consensus								8
	Enter Your Forecast								9
Feb-05	CoalView Forecast								10
	Client Consensus								11
	Enter Your Forecast								12
Mar-05	CoalView Forecast								13
	Client Consensus								14
	Enter Your Forecast								15
Apr-05	CoalView Forecast								16
	Client Consensus								17
	Enter Your Forecast								18
May-05	CoalView Forecast								19
	Client Consensus								20
	Enter Your Forecast								21
Jun-05	CoalView Forecast								22
	Client Consensus								23
	Enter Your Forecast								24
Jul-05	CoalView Forecast								25
	Client Consensus								26
	Enter Your Forecast								27
Aug-05	CoalView Forecast								28
	Client Consensus								29
	Enter Your Forecast								30
Sep-05	CoalView Forecast								31
	Client Consensus								32
	Enter Your Forecast								33
Oct-05	CoalView Forecast								34
	Client Consensus								35
	Enter Your Forecast								36
Nov-05	CoalView Forecast								37
	Client Consensus								
	Enter Your Forecast								
Dec-05	CoalView Forecast								
	Client Consensus								
	Enter Your Forecast								
Jan-06	CoalView Forecast								
	Client Consensus								
	Enter Your Forecast								
Feb-06	CoalView Forecast								
	Client Consensus								
	Enter Your Forecast								
Mar-06	CoalView Forecast								
	Client Consensus								
	Enter Your Forecast								
Apr-06	CoalView Forecast								
	Client Consensus								
	Enter Your Forecast								
May-06	CoalView Forecast								

11



Delivery	Bid - Ask Range		Last	Date
Nov				4-Oct
Dec				4-Oct
Q1 05				12-Oct
Q2 05				12-Oct
Q3 05				13-Oct
Q4 05				13-Oct
Q1 06				
CY 05				5-Oct
CY 06				15-Oct

Delivery	Bid - Ask Range		Last	Date
Nov				
Dec				
Q1 05				12-Oct
Q2 05				12-Oct
Q3 05				24-Sep
Q4 05				15-Oct
Q1 06				
CY 05				13-Oct
CY 06				15-Oct

Delivery	Bid - Ask Range		Last	Date
Nov			5.80	12-Oct
Dec				
Q1 05				13-Oct
Q2 05				13-Oct
Q3 05				17-Sep
Q4 05				17-Sep
Q1 06				
CY 05				7-Oct
CY 06				7-Oct

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Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
Sep-Dec	CSX	12000			
Nov-Mar	CSX	12500			
Q4 04	NS	12500			
CY 05	NS	12500			
Oct-Nov	NS	12500			
Q4 04	Mon Rvr	13000			
Q4 04	MGA	13000			
CY 05	PRB 84	8400			

Emissions

SO2	Spot	Bid	Ask
NOx			
2004			
2005			
2006			
2007			
2008			

The Daily Scoreboard

Nymex look-alike & other	
Q3 05 over Q4 05 traded 1.15	
CSX Roll	
PRB 8800	
Q1 05	5.85 / 6.25
CY 05	6.50 / 7.10
CY 06	7.45 / 7.65
CY 07	7.60 / 8.10

10  
11  
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23

Additional Market Activity

Delivery	Origin	Btu	#SO2	Mo. Qnty	Bid	Ask
Oct	CSX	12500	1.6	20k		
Oct	CSX	12500	3.2	20k		
Q4	NS	12500	1.6	20k	62.50	
Q1	NS	12500	1.6	10k		
CY 05	CSX-H	12500	1.6	10k		
CY 06	CSX	12500	1.6	10k		

Vaughn's View of the Market - a perspective provided by United to assist in marking coals to market

PRB Coal	18-Oct-04	
Origin	Btu	#SO2
BNSF / UP	8800	0.8
BNSF / UP	8400	0.8

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Nov	Dec	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06

CY 05	CY 06	CY 07 e

24  
25

Gray shaded numbers represent OTC Broker Index numbers submitted by United to trade publications

CAPP Coal	18-Oct-04	
Origin	Btu	#SO2
BS Rvr	12000	1.2
Nym LAL	12000	1.6

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Nov	Dec	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06

CY 05	CY 06	CY 07 e

26  
27

CSX-BSK	Btu	#SO2
CSX-BSK	12500	1.2
CSX-BSK	12500	1.6

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Nov	Dec	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06

CY 05	CY 06	CY 07 e

28  
29

NS-T/K	Btu	#SO2
NS-T/K	12500	1.2
NS-T/K	12500	1.6

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Nov	Dec	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06

CY 05	CY 06	CY 07 e

30  
31

NAPP Coal	18-Oct-04	
Origin	Btu	#SO2
MGA	13000	3.0 / 3.4
MGA	13000	4.0 / 4.5
Mon Rvr	13000	4.0 / 5.0
U. OH Rvr	12200	6.0

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Nov	Dec	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06

CY 05	CY 06	CY 07 e

32  
33

ILB Barge Coal	18-Oct-04	
Origin	Btu	#SO2
L. OH Rvr	12000	2.0
L. OH Rvr	12000	5.0

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Nov	Dec	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06

CY 05	CY 06	CY 07 e

36  
37

Colorado Coal	18-Oct-04	
Origin	Btu	#SO2
UP	11900	1.0
UP	11300	1.0

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Nov	Dec	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06

CY 05	CY 06	CY 07 e

38  
39

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## Evolution Express Price Report as of 10/18/04

Generated October 18, 2004, 4:07 pm for: al.pitcher@progressfuels.com  
source: http://www.evomarkets.com

### A B C D PRB8400 prices

term	bid	offer	last	date
Oct'04				
Q4'04				6/4/04
Cal'05				6/29/04
Cal'06				

### PRB8800 prices

term	bid	offer	last	date
Oct'04				
Nov'04				
Q4'04				10/7/04
Q1'05-Q2'05				7/08/04
Q1'05				
Q2'05				
Q3'05-Q4'05				9/30/04
Cal'05				10/7/04
Cal'06				10/7/04
Cal'07				7/27/04

### NYMEX prices

term	bid	offer	last	date
Nov'04				
Q4'04				9/13/04
Q1'05-Q2'05				10/12/04
Q1'05				9/16/04
Q2'05				10/12/04
Q3'05-Q4'05				10/12/04
Q3'05				
Q4'05				
Cal'05				10/5/04
Cal'06				10/15/04

### NAPP coal

term	origin	qty	btu	sq2	ash	bid	offer
Q4'04	Mon River	25,000	13000	3.85 (5.0#)	8		

### CAPP coal

term	origin	qty	btu	sq2	ash	bid	offer
Q4'04	CSX BS Kanawha	1 tpm	12000	1.2#	12		

### Coal Markets as of 10/18/04

#### E F G H I CSX <1% prices

term	bid	offer	last	date
Nov'04				
Q4'04				10/06/04
Q1'05-Q2'05				6/23/04
Q1'05				
Q2'05				9/23/04
Q3'05-Q4'05				9/22/04
Q3'05				9/16/04
Q4'05				10/5/04
Cal'05				10/12/04
Cal'06				9/30/04
Cal'07				

#### CSX 1.2# prices

term	bid	offer	last	date
Q4'04				
Cal'05				

#### J K L M N NS <1% prices

term	bid	offer	last	date
Q4'04				8/24/04
Q1'05				
Q2'05				
Q3'05				
Q4'05				
Cal'05				10/12/04
Cal'06				9/20/04
Cal'07				9/29/04

#### NS 1.2# prices

term	bid	offer	last	date
Q4'04				7/14/04
Cal'05				

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EVOLUTION MARKETS LLC, 10 Bank Street, White Plains, NY 10606, Phone: (914) 323 0200, Fax: (914) 328 3701

*Spot  
November  
Train*

(PFC)

cher, Al (PFC)

uesday, October 19, 2004 3:16 PM

elak, Michael (PFC); Leonard, Carolyn (PFC); Mcroberts, Tina (PFC); Potter, Roy (PFC); Futrell, Amy B (Energy)

tt, Robin (PFC); 'Mike Goff'

FW:

series of emails constitute an offer/counter offer/acceptance of an additional spot train from CAM for November. There wi  
tional documentation.

her  
nt-Coal Procurement  
als Corporation  
s Plaza, BT10C  
rg, FL 33701  
727-824-6692  
7-824-6601  
itcher@progressfuels.com

ginal Message-----

Mike Goff [mailto:mgoff@centralappmining.com]

Tuesday, October 19, 2004 2:44 PM

cher, Al (PFC)

ct: RE:

s fine Al, we will do the 1.90# and if it's OK with you let this be an official acceptance for both parties.

ks,  
Goff  
Sales & Marketing

om: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]

ant: Tuesday, October 19, 2004 1:39 PM

o: mgoff@centralappmining.com

ubject: RE:

ecause of some internal problems, we have been working with you guys and others on their current contracts to ship nothing greater  
an 1.90# SO2. You and our other major suppliers have been doing this. All of your shipments have been below the 1.90# SO2. If  
at is OK with you, I accept the \$[redacted] for November.

1

. W. Pitcher

ce President-Coal Procurement  
ogress Fuels Corporation  
ie Progress Plaza, BT10C  
Petersburg, FL 33701  
ione No. 727-824-6692  
x No. 727-824-6601  
mail al.pitcher@progressfuels.com

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

From: Mike Goff [mailto:mgoff@centralappmining.com]

Sent: Tuesday, October 19, 2004 2:34 PM

To: Pitcher, Al (PFC)

Subject: RE:

Al, I have been asked to respond accordingly; We will offer the contract spec on sulfur ( 2# max:) for the price of \$[redacted]  
The rest of the spec would be 12,500 Btu, 12% ash.

1'

Sent: Tuesday, October 19, 2004 10:43 AM

To: Mike Goff

Subject: RE:

1  
2  
The market has slipped a little since last month. Current estimated market price per United and Henwood is approximately \$62.10. However, Evolution indicates a \$ [REDACTED] price. Each of these is for a 1.6# SO2 coal. Your shipments usually are in 1.60# SO2 range. I would like to purchase the November train at \$ [REDACTED]. Can this be done?

**A. W. Pitcher**

Vice President-Coal Procurement  
Progress Fuels Corporation  
One Progress Plaza, BT10C  
St. Petersburg, FL 33701  
Phone No. 727-824-6692  
Fax No. 727-824-6601  
E-mail [al.pitcher@progressfuels.com](mailto:al.pitcher@progressfuels.com)

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

**From:** Mike Goff [mailto:MGoff@centralappmining.com]

**Sent:** Tuesday, October 19, 2004 8:49 AM

**To:** Pitcher, Al (PFC)

**Subject:**

3  
Al, sorry it has taken me some time to get back to you, but it has been very hard getting some answers. Right now can offer you one more window trains at the same price of \$ [REDACTED] T to be shipped in November. There may be mc and probably will be, but I have to go with what everybody has told me. Could you let me know if you want this please?

Thanks,  
Mike Goff



September 30, 2004

Mr. Joseph B. Jefferson  
Director - Coal Sales  
Progress Fuels Corporation - ~~Marketing & Trading~~  
Post Office Box 308  
Ceredo, West Virginia 25507

ON ITS OWN BEHALF AND AS Agent FOR,  
DIAMOND MAY Coal Company; Kanawha  
River Terminals, Inc.; Kentucky May Coal  
Company, Inc.; and Powell Mountain  
Coal Company, Inc. (PMD)

Dear Mr. Jefferson:

This letter will confirm Progress Fuels Corporation's (PFC) acceptance of your offer dated September 16, 2004, wherein PFC agrees to purchase approximately 210,000 tons (approximately 21 trains) of .9% to 1.2% "window" sulfur coal for ratable delivery during September 2004 through March 2005.

This coal shall be prepared so as to be free of excess quantities of bone, slate, shale, fire clay, wood, rock, loose clay, and other impurities and are expected to meet the following specifications on an "as-received" basis:

SPECIFICATION	GUARANTEE	REJECT
TONNAGE	210,000 TONS	
SIZE	2" x 0"	>55%
<1/4"	50% <1/4"	
SO <sub>2</sub>	1.60#	>2.10#
SULFUR	.99%	
ASH	12.0%	>13.5%
MOISTURE	9.0%	>11.0%
AFT (SOFTENING)	2550 DEGREES FAHRENHEIT MINIMUM - REDUCING	<2350 DEGREES FAHRENHEIT MINIMUM - REDUCING
VOLATILE	32.0%	<30.0%
BTU	12,200	<11,900

The price on this coal will be [redacted] per ton f.o.b. railcar at Charlene, Kentucky (CSX Station 42886, EKII), and will be based on a guarantee of 12,200 Btu/LB. Premium or penalty, if any, will be computed from the guarantee at the rate of \$.508 per 100 Btu on a monthly weighted average basis. Invoices, *reflecting premium/penalty calculations*, are payable fifteen (15) days from receipt and should be sent to the attention of Mrs. Ginnie Muehlendyck at Progress Fuels Corporation, Post Office Box 15208, St. Petersburg, Florida, 33733.

These coals will be sampled via mechanical sampler taken at loading and analyzed by a mutually agreeable independent laboratory. These samples will govern payment.

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

1

2

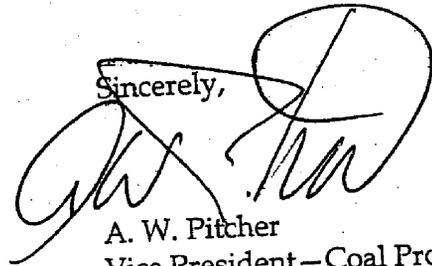
Mr. Joseph B. Jefferson  
September 30, 2004  
Page 2

This coal will be shipped by rail in PFC-owned or leased railcars. Coordination of these shipments will be made with PFC's Mrs. Tina McRoberts at 727/824-6682. Coordination of sampling related matters will be with PFC's Mr. Roy F. Potter at 727/824-6684.

If you are in agreement with this Letter Agreement and the attached Terms and Conditions, which constitutes our entire agreement, please indicate so by signing in the acceptance block on both documents and returning one original for our files.

Thank you for working with us on this order. If you have any questions, please do not hesitate to contact us.

Sincerely,



A. W. Pitcher  
Vice President - Coal Procurement

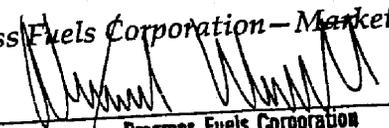
AWP/ro

Attachment

cc/att: Mrs. D. M. Davis  
Mrs. A. B. Futrell  
Mrs. M. J. Kuderick  
Mr. F. M. Lelak  
Ms. C. A. Leonard  
Mrs. T. M. McRoberts  
Mrs. V. M. Muehlendyck  
Mr. R. F. Potter  
Mr. D. S. Williams

Agreed to and accepted this the 23 day of October, 2004.

Progress Fuels Corporation - Marketing & Trading

By: 

Its: \_\_\_\_\_

Progress Fuels Corporation  
Alexander (Sasha) Weintraub  
Dir. - Coal Marketing & Trading

**TERMS AND CONDITIONS  
MADE A PART OF  
LETTER AGREEMENT DATED SEPTEMBER 30, 2004**

These Terms and Conditions shall be a part of, and incorporated in, the above-identified Letter Agreement. Commencement of deliveries by Seller shall constitute acceptance of all the terms stated in the Letter Agreement, as well as all of the following General Terms and Conditions even advance of Seller's signature.

All coal purchased hereunder shall be received subject to Purchaser's right of inspection and rejection. Rejected coal will be held at Seller's risk for a reasonable time and will be returned or disposed of according to Seller's instructions and at Seller's expense. The net proceeds of any such disposition will be credited to Seller's account. Payment in whole or in part by Purchaser for coal purchased hereunder shall not constitute an acceptance of coal, which is rightfully rejected.

Should Seller default in whole or in part as to quantity or quality of coal under this Letter Agreement, Purchaser shall have, in addition to any other rights it may have at law or in equity, the right to acquire suitable substitute or replacement coal. In such event, Seller shall reimburse Purchaser for the amount by which the cost of substitute or replacement coal exceeds the price of coal under the Letter Agreement. The quality analysis performed by an independent certified testing company selected by Purchaser would be final and binding as to all questions of quality.

If shipment is not made of coal to be supplied hereunder by the date specified on the front of the Letter Agreement and deferred shipment has not been approved by Purchaser, Purchaser shall not be required to accept delivery of such shipments or Purchaser may elect to accept such shipments without prejudice to its rights hereunder. If at any time, Seller has reason to believe that deliveries will not be made as scheduled, he shall immediately give written notice setting forth the cause of the anticipated delay. Seller shall be responsible for any demurrage as the result of this delay.

For purposes of these Terms and Conditions, a "shipment" shall mean the quantity actually received in any vessel, barge, or unit train. If the coal delivered hereunder in any single shipment fails to meet any of the specifications set out in the Letter Agreement other than sulfur content, Purchaser shall have each of the following options to be exercised in its sole discretion:

1. Purchaser may notify Seller that Purchaser will accept such coal subject to and in accordance with the provisions set forth in the Letter Agreement; provided, however, that Purchaser's exercise of this option shall in no way constitute a waiver of Purchaser's right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or
2. Purchaser will have the option to reject any shipment which exceeds any of the minimum/maximum specifications listed in the Letter Agreement, and Purchaser may notify Seller to suspend further deliveries of coal hereunder until Seller demonstrates to Purchaser's sole satisfaction that it can deliver coal that will conform on a per shipment basis to the specifications set forth in Letter Agreement; provided, however, that

Purchaser's exercise of this option shall in no way constitute a waiver of Purchaser's right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If Seller fails to make the above demonstration to Purchaser's satisfaction within thirty (30) days after notice by Purchaser, Purchaser shall have the right to terminate or cancel this Agreement and, in addition, pursue every other remedy provided by law or equity. Should legal proceedings be instituted by Purchaser to recoup its losses or damage hereunder, it shall, in addition, be entitled to recover from Seller all court costs, reasonable attorney's fees and any expenses incurred by Purchaser, incident to such proceeding.

Should Seller become insolvent, or a voluntary or involuntary petition is filed as to Seller under the United States Bankruptcy Code, or a receivership or similar proceeding be filed as to Seller, the Purchaser may, at its option and in its sole discretion anytime thereafter upon giving written notice, terminate the Letter Agreement in whole or in part. The foregoing remedy of Purchaser is not to be considered exclusive, but shall be cumulative and be in addition to any other remedies of Purchaser as provided herein.

As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the party affected thereby and which, by the exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, insurrection, riot, labor dispute, labor or material shortage, fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, permitting, judicial rule or order adopted, amended or newly interpreted subsequent to the date of the Letter Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, handling, processing or loading of coal by Seller or the receiving, handling, transporting and/or delivering by Purchaser's carrier thereof or the accepting, handling, utilizing and/or unloading thereof by Purchaser or Purchaser's intended buyer, Progress Energy Florida (PEF).

In the event performance of Seller's obligations hereunder or Purchaser's obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by the Letter Agreement) and such party promptly gives to each other party hereto written notice of the details thereof, then the obligations of the parties hereto shall be totally excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its best efforts to eliminate such force majeure to the extent economically feasible to do so and with a minimum of delay. Any deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except at the sole discretion of the Purchaser. In the event force majeure results in a partial reduction in the total quantity of coal Seller is obligated to deliver hereunder, the quantity of coal Seller shall be obligated to deliver to Purchaser hereunder during the continuance of such force majeure shall be limited to the amount of coal required to be delivered during such period but for this section multiplied by a fraction, the denominator of which is the production capacity of the Coal Property immediately prior to such force majeure and the numerator of which is the production capacity of the Coal Property during the continuance of such force majeure.

In the event that restrictions are imposed during the term of the Letter Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under the Letter Agreement unless its effect can be avoided in a lawful manner and will not, in PEF's sole judgment, result in unreasonable expense to PEF, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

Seller shall not, without Purchaser's prior written consent, which consent will not unreasonably be withheld, (i) make any assignment or transfer of the Letter Agreement, by operation of law or otherwise, including without limitation any assignment, encumbrance or transfer as security for any obligation, or (ii) assign or transfer the right or duty to perform any obligation of Seller hereunder; provided, however, that Seller may assign the right to receive payments for coal sold hereunder directly from Purchaser to a lender as part of any accounts receivable financing or other revolving credit arrangement which Seller may have now or at any time during the term of the Letter Agreement. Seller may assign the Letter Agreement to an affiliate of Seller, or as part of a merger or consolidation, involving Seller, provided, however, that in the case of an assignment to an affiliate, Seller shall remain liable for the performance and for the obligations of the assignee.

The terms and provisions hereof shall be construed and enforced in accordance with the laws of the state of West Virginia.

Each party shall maintain the terms of the Letter Agreement and any information or data relating hereto, including site visits, in confidence and, except as may be required by law, shall not disclose such information or data or any other information concerning the performance or administration of the Letter Agreement to any other party other than a party's officers, directors, members, employees, contractors, agents, attorneys, accountants or financial advisers who have a need to have access thereto or as required by applicable law, regulation or judicial or governmental order. If either party is required to disclose any information required by this Section to be maintained as confidential in a judicial, administrative or governmental proceeding, such party shall give the other party at least ten (10) days prior written notice (unless less time is permitted by the applicable proceeding) before disclosing any such information in any such said proceeding and, in making such disclosure, the party required to disclose the information shall disclose only that portion thereof required to be disclosed and shall take all reasonable efforts to preserve the confidentiality thereof, including obtaining protective orders and supporting the other party in intervention. Nothing contained herein shall obligate either party to disclose to the other party any information that would be prohibited from disclosure under confidentiality agreements with third parties, including, without limitation, licenses; and any such information shall only be disclosed to the other party after appropriate confidentiality agreements have been entered into or appropriate consents obtained. The terms and provisions of this Section shall survive the termination of the Letter Agreement for a period of two (2) years.

The terms and conditions set forth herein constitute a complete and exclusive statement of agreement between the parties hereto, regardless of any terms contained in any order, acknowledgment or any other instrument. No statements or agreements, oral or written, not contained herein shall vary or modify the terms hereof. Neither party shall claim any amendments, modifications, or release from any provisions hereof unless the same is in writing signed by each of the parties hereto and specifically states the same is an amendment to the Letter Agreement. Waiver by either party hereto of any breach by the other party of the terms and conditions hereof shall not be construed as a waiver of any other breach.

Seller, for itself and its successors and assigns, agrees to indemnify, defend and hold Purchaser and its affiliates and their respective directors, officers, employees and agents harmless from and against all (a) claims, demands, damages, actions and causes of actions, and costs and expenses in connection therewith or related thereto (including without limitation attorney's fees and court costs) arising from property damage, bodily injury or death of third parties, directly caused by Seller's unlawful or negligent performance under the Letter Agreement, and (b) all fines, penalties, costs, losses or expenses incurred by Purchaser by reason of Seller's violation of any applicable federal, state and local laws, ordinances or regulations directly related to producing, supplying, transporting, delivering or using coal under the Letter Agreement. Purchaser shall give Seller prompt written notice of any claim, demand or suit of which Purchaser receives notice arising out of or in connection with the Letter Agreement and covered by this indemnity. Purchaser shall have the right to reasonably participate in any defense provided by Seller, including the selection of local counsel. The indemnification provision shall survive the expiration or earlier termination of the Letter Agreement.

Seller agrees to conform to Purchaser's environmental, health, and safety standards as follows:

1. **Compliance and Indemnification.** Seller shall comply with all applicable EHS laws and shall indemnify Purchaser against any EHS claims and costs arising from Seller's performance under the Letter Agreement.
2. **Audits.** Purchaser may audit Seller's EHS compliance. Within thirty (30) days of Purchaser's request, Seller shall deliver to Purchaser (1) all records regarding (a) Seller's actual or alleged violations of EHS laws and (b) EHS claims asserted against Seller, in each case in the five year period preceding Purchaser's request and (2) any executed consent form(s) necessary for Purchaser to obtain from regulatory agencies and other third parties information regarding Seller's EHS compliance.
3. **Definitions (as used in the Letter Agreement).**
  - a. **Claim** means administrative, regulatory or judicial action, suite, dispute, liability, judgment, penalty, damages, directive, order or claim.
  - b. **EHS** means relating to the management of any material or the protection of human health, public safety, occupational/mine safety and health, the environment or natural resources.
  - c. **Indemnify** means to indemnify, defend, and reimburse the indemnitee and its successors and assigns on an after-tax basis.
  - d. **Law** means any binding authority, demand, or permitting requirement issued by a legislative, judicial, or executive governmental body.
  - e. **Manage or management, with respect to any material,** means the manufacture, disturbance, generation, use, transportation, emission, discharge, treatment, storage, disposal, release, or threatened release thereof.

Further (a) Notwithstanding any provision in the Letter Agreement to the contrary, neither party shall be liable hereunder for incidental, special, punitive, consequential or other indirect loss or damage, or for lost profits, business, tax credits or any other special or incidental loss or

damage. The parties further agree that the waivers and disclaimers of liability expressed in this Letter Agreement shall survive termination of the Letter Agreement, and shall apply whether in contract, equity, tort or otherwise, even in the event of the fault, negligence, including sole negligence, strict liability or breach of warranty of any party released or whose liabilities are waived or disclaimed. Except as otherwise provided, neither party makes any warranties or guarantees to the other, either express or implied, with respect to the subject matter of the Letter Agreement, and both parties disclaim and waive any implied warranties or warranties imposed by law, (b) Notwithstanding any provision of the Letter Agreement to the contrary, the parties recognize the Purchaser is a corporation formed under the laws of the State of Florida and the Seller is a company formed under the laws of the State of Florida and that no past, present or future shareholder, officer, director, member or manager of either party shall have any personal liability for any obligation whatsoever or howsoever arising (including under contract or in tort or equity) under or with respect to the Letter Agreement or the transaction contemplated hereby, or applicable law with respect thereto. Neither Purchaser nor Seller shall (i) assert or seek to assert any claim against, (ii) name in any civil action or proceeding or arbitration, or (iii) seek or obtain any judgment, order or decree against any member, manager, shareholder, officer, employee, agent or representative of Purchaser or Seller, with respect to Purchaser's or Seller's obligations under the Letter Agreement.

If Purchaser and Seller are each required to pay any amount to each other, then such amounts with respect to each other may be aggregated and the Purchaser and Seller may discharge their obligations to pay through netting, in which case the Purchaser or Seller, if any, owing the greater aggregate amount may pay to the other party the difference between the amounts owed. The Purchaser or Seller reserves to itself all rights, setoffs, counterclaims, and other remedies and defenses consistent with this Letter Agreement, to the extent not expressly herein waived or denied, which the Purchaser or Seller has or may be entitled to arising from or out of this Letter Agreement. The obligations to make payment under this Letter Agreement may be offset against each other, setoff or recouped there from. For the purpose of this section only, Purchaser and Seller shall also mean any affiliates, subsidiaries, or other related entities of Purchaser and Seller.

Additionally, Seller represents to and covenants with Purchaser that it has obtained and will maintain or cause to be maintained at its expense:

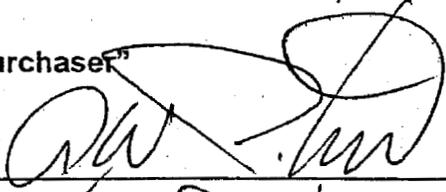
1. At a minimum, Automobile Liability Insurance applying to own, non-owned and hired vehicles with a limit of \$1 Million combined single limit coverage per occurrence. Additionally, Umbrella Liability coverage with a minimum of \$1 Million limit per occurrence is desired.
2. Workers' Compensation, Employees' Liability insurance with a minimum of \$500,000 Accident, \$500,000 Disease and \$500,000 Employee coverage.
3. Employers' Liability Insurance with a minimum of \$1 Million coverage per claim.

The Letter Agreement dated September 30, 2004, and these Terms and Conditions constitute the agreement in total between the parties. Neither party hereto shall claim any amendments, modifications, or release from any of the provisions hereof unless the same is in writing, signed by each of the parties hereto and specifically states the same is an amendment to the Letter Agreement and these Terms and Conditions. Waiver by either party of any part of the Letter Agreement or these Terms and Conditions shall not be construed as a waiver of any other breach.

These Terms and Conditions may be executed in any number of counterparts, including by means of facsimile signatures, each of which shall be an original, but all of which together shall constitute one and the same instrument.

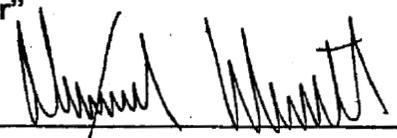
Agreed to and accepted this 30<sup>th</sup> day of September, 2004.

"Purchaser"

By: 

Its: Vice President  
Coal Procurement

"Seller"

By: 

Its: Progress Fuels Corporation  
Alexander (Sasha) Weintraub  
Dir. - Coal Marketing & Trading

Al Pitcher  
Progress Fuels Corporation

FAX: 727-824-6601

**Deal Confirmation**



**Seller:** Progress Fuels Corporation

**Buyer:** Progress Fuels Corporation

**Deal Price:** ██████ Per Ton

**Deal Volume:** 210,000 Tons

**Delivery Point:** FOB Railcar Charlene

**Deal Term:** September 2004 - March 2005

**Payment Term:** Net 30 days

**Quality Specification/Rejects:**

	Guarantee	Reject
Moist	10.00%	
Ash	12.00%	
SO2	1.60#	2.10#
Sulfur	0.99%	
BTU	12,200	

**Quality Terms:** BTU pro-rata

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This is sent to confirm only the commercial terms of the deal that has been transacted on 9/17/2004 between Joe Jefferson of (Progress Fuels Corporation) and Al Pitcher of (Progress Fuels Corporation). It may or may not include detailed quality terms nor General Terms & Conditions.

If any of this information is in error, please respond within 72 hours.

Lora Zerke  
Progress Fuels Corporation  
Confirmation Specialist  
PFC - Finance  
[lora.zerke@pfcmail.com](mailto:lora.zerke@pfcmail.com)  
(919) 546-5911 phone  
(919) 546-3444 fax

1

2

**Ott, Robin (PFC)**

---

**From:** Pitcher, Al (PFC)  
**Sent:** Tuesday, September 21, 2004 3:49 PM  
**To:** Ott, Robin (PFC); Potter, Roy (PFC)  
**Subject:** FW: Window Type Coal - Available for Sale  
**Importance:** High

Please record. Potter you have already evaluated, but this is a copy for your files. We accepted the offer.

**A. W. Pitcher**

Vice President-Coal Procurement  
Progress Fuels Corporation  
One Progress Plaza, BT10C  
St. Petersburg, FL 33701  
Phone No. 727-824-6692  
Fax No. 727-824-6601  
E-mail [al.pitcher@progressfuels.com](mailto:al.pitcher@progressfuels.com)

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

**From:** Jefferson, Joe (Sales)  
**Sent:** Tuesday, September 21, 2004 3:16 PM  
**To:** Pitcher, Al (PFC)  
**Subject:** Window Type Coal - Available for Sale  
**Importance:** High

Mr. Pitcher,

Please accept the attached as a proposal for coal available to ship to Crystal River during the next seven months. Your thoughts on this are appreciated.

Joe Jefferson  
Director - Coal Sales  
Progress Fuels Corporation  
Telephone: (304) 526-0757  
Fax: (304) 453-6917

**Progress Fuels Corporation**  
**P.O. Box 308**  
**Ceredo, West Virginia 25507-0308**

September 16, 2004

Mr. A. W. Pitcher  
Vice President – Coal Procurement  
Progress Fuels Corporation  
One Progress Plaza, Suite 600  
St. Petersburg, Florida 33701

Mr. Pitcher:

We at Progress Fuels are pleased to be able to respond to your request for coal. The product as proposed will be shipped from Charlene, KY (CSX Station 42886, EKII). We wish to submit the following quality and volume for your consideration:

Quality:	On an "As Received" Basis / Per Shipment
BTU:	12,200 Minimum
Moisture:	9.0% Typical
Ash:	12.0% Maximum
Sulfur Dioxide:	Less than 2.0 # SO <sub>2</sub> /MM BTU Maximum
AFT (Softening):	2350 <sup>0</sup> F. Minimum – Reducing
HGI:	42 Typical
Volatile Matter:	30 Minimum
Premium/Penalty	BTU Only – Monthly Weighted Average – on a pro-rated basis
Tonnage:	Currently a total of 21 trains are available – 3 trains per month, based on establishing a mutually agreeable schedule, shipped ratably starting in September, 2004 through March, 2005.
Price:	██████████ per ton FOB Railcar
Weights:	Via Certified Batch Load Out
Analysis:	Via mechanical sample taken at loading and analyzed by a mutually agreeable commercial laboratory.

The tonnage proposed is subject to prior sale and availability (based on current projections). Additionally, this proposal is based on the execution of a mutually agreeable purchase order or contract, including but not limited to considerations of Force Majeure, the inclusion of suspension parameters and any additional monetary premiums or penalties between the parties.

Certain economic parameters are subject to negotiation and modification, when taken in concert with other considerations. We look forward to being able to discuss and fine-tune this proposal for your specific requirements, at your earliest convenience.

Joseph B. Jefferson

Director – Coal Sales  
Progress Fuels Corporation

PFC

1.0% Sulfur

road coal

2005-2006

Progress Fuels Corporation  
P.O. Box 308  
Ceredo, West Virginia 25507-0308

September 16, 2004

Mr. A. W. Pitcher  
Vice President - Coal Procurement  
Progress Fuels Corporation  
One Progress Plaza, Suite 600  
St. Petersburg, Florida 33701

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Joseph B. Jefferson

Director – Coal Sales  
Progress Fuels Corporation

Al Pitcher  
Progress Fuels Corporation

FAX: 727-824-6601

### Deal Confirmation



**Seller:** Progress Fuels Corporation

**Buyer:** Progress Fuels Corporation

**Deal Price:** ██████████ Per Ton

**Deal Volume:** 210,000 Tons

**Delivery Point:** FOB Railcar Charlene

**Deal Term:** September 2004 - March 2005

**Payment Term:** Net 30 days

**Quality Specification/Rejects:**

	Guarantee	Reject
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Ash	12.00%	
SO2	1.60#	2.10#
Sulfur	0.99%	
BTU	12,200	

**Quality Terms:** BTU pro-rata

This is sent to confirm only the commercial terms of the deal that has been transacted on 9/17/2004 between Joe Jefferson of (Progress Fuels Corporation) and Al Pitcher of (Progress Fuels Corporation). It may or may not include detailed quality terms nor General Terms & Conditions.

If any of this information is in error, please respond within 72 hours.

Lora Zerkle  
Progress Fuels Corporation  
Confirmation Specialist  
PFC - Finance  
[lora.zerkle@pqnmail.com](mailto:lora.zerkle@pqnmail.com)  
(919) 546-5911 phone  
(919) 546-3444 fax

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Vice President-Coal Procurement  
Progress Fuels Corporation  
One Progress Plaza, BT10C  
St. Petersburg, FL 33701  
Phone No. 727-824-6692  
Fax No. 727-824-6601  
E-mail [al.pitcher@progressfuels.com](mailto:al.pitcher@progressfuels.com)

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Progress Fuels Corporation  
Telephone: (304) 526-0757  
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Progress Fuels Corporation  
P.O. Box 308  
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September 16, 2004

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Vice President – Coal Procurement  
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	Sulfur Dioxide: Less than 2.0 # SO <sub>2</sub> /MM BTU Maximum
	AFT (Softening): 2350 <sup>0</sup> F. Minimum – Reducing
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Joseph B. Jefferson

Director – Coal Sales  
Progress Fuels Corporation

FPSC FORM 423-1

MONTHLY REPORT OF COST AND QUALITY OF FUEL FOR ELECTRIC PLANTS  
ORIGIN, VOLUME, DELIVERED PRICE AND AS RECEIVED QUALITY

1. REPORTING MONTH:

2. REPORTING COMPANY: FLORIDA POWER CORPORATION

3. NAME, TITLE TELEPHONE NUMBER OF CONTACT PERSON CONCERNING DATA

SUBMITTED ON THIS FORM: DEBBIE PATTERSON, SBFA (919) 546-4047

4. SIGNATURE OF OFFICIAL SUBMITTED REPORT:

DONNA MASSENGILL  
CONTROLLER, REGULATED COMMERCIAL OPERATIONS

5. DATE COMPLETED: 4/8/2005

LINE NO.	PLANT NAME	SUPPLIER NAME	SHIPPING POINT	PURCHASE TYPE	DELIVERY LOCATION	DELIVERY DATE	DELIVERY TYPE	SULFUR CONTENT (%)	BTU CONTENT (Btu/gal)	VOLUME (Bbls)	DELIVERED PRICE (\$/Bbl)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Anclote	NO DELIVERIES						0.00	0	0	\$0.0000
2	Avon Park Peakers	NO DELIVERIES						0.00	0	0	\$0.0000
3	Bartow Peakers	NO DELIVERIES						0.00	0	0	\$0.0000
4	Bartow Steam Plant	RIO Energy International, Inc	F- Rio Houston, TX	MTC	FOB TERMINAL	2/2005	FO6	0.95	158,868	115,600	\$30.2900
5	Bartow Steam Plant	RIO Energy International, Inc	F- Rio Houston, TX	MTC	FOB TERMINAL	2/2005	FO6	1.07	157,576	347,216	\$30.4300
6	Bartow Steam Plant	RIO Energy International, Inc	F- Rio Houston, TX	MTC	FOB TERMINAL	2/2005	FO6	0.95	157,021	114,347	\$34.5900
7	Bayboro Peakers	NO DELIVERIES						0.00	0	0	\$0.0000
8	Central Tampa Tank Farm	NO DELIVERIES						0.00	0	0	\$0.0000
9	Crystal River	NO DELIVERIES						0.00	0	0	\$0.0000
10	Debary Peakers	NO DELIVERIES						0.00	0	0	\$0.0000
11	Higgins Peakers	NO DELIVERIES						0.00	0	0	\$0.0000
12	Hines Energy Complex	NO DELIVERIES						0.00	0	0	\$0.0000
13	Intercession City Peakers	NO DELIVERIES						0.00	0	0	\$0.0000
14	Rio Pinar Peakers	NO DELIVERIES						0.00	0	0	\$0.0000
15	Suwannee Peakers	NO DELIVERIES						0.00	0	0	\$0.0000
16	Suwannee Steam Plant	American General Oil Corp.	F-American General, AL	MTC	FOB PLANT	2/2005	FO6	0.91	157,118	5,219	\$39.0900
17	Suwannee Steam Plant	Colonial Oil Industries, Inc.	F-Colonial Jacksonville, FL	MTC	FOB PLANT	2/2005	FO6	2.11	150,137	5,876	\$33.2700
18	Suwannee Steam Plant	NO DELIVERIES						0.00	0	0	\$0.0000
19	Turner Peakers	NO DELIVERIES						0.00	0	0	\$0.0000

CONFIDENTIAL

EXHIBIT  
9  
10/21/05 MN  
PENGAD 800-631-6989

FPSC FORM 423-1

MONTHLY REPORT OF COST AND QUALITY OF FUEL FOR ELECTRIC PLANTS  
ORIGIN, VOLUME, DELIVERED PRICE AND AS RECEIVED QUALITY

1. REPORTING MONTH:

2. REPORTING COMPANY: FLORIDA POWER CORPORATION

3. NAME, TITLE TELEPHONE NUMBER OF CONTACT PERSON CONCERNING DATA

SUBMITTED ON THIS FORM: DEBBIE PATTERSON, SBFA (919) 546-4047

4. SIGNATURE OF OFFICIAL SUBMITTED REPORT: \_\_\_\_\_

DONNA MASSENGILL

CONTROLLER, REGULATED COMMERCIAL OPERATIONS

5. DATE COMPLETED: 4/8/2005

LINE NO.	PLANT NAME	SUPPLIER NAME	SHIPPING POINT	PURCHASE TYPE	DELIVERY LOCATION	DELIVERY DATE	DELIVERY TYPE OIL	SULFUR CONTENT (%)	BTU CONTENT (Btu/gal)	VOLUME (Bbls)	DELIVERED PRICE (\$/Bbl)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
20	University of Florida	NO DELIVERIES						0.00	0	0	\$0.0000





MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: McDuffie Coal Terminal

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

5. Signature of Official Submitting Report

*Donna M Davis*

Donna M. Davis, Director - Regulatory & Adm. Services

*ABZ*

6. Date Completed: April 15, 2005

**SPECIFIED  
CONFIDENTIAL**

Line No.	Supplier Name	Mine Location	Purchase Type	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Total Transportation Cost (\$/Ton)	F.O.B. Plant Price (\$/Ton)	As Received Coal Quality			
									Percent Sulfur (%)	Btu Content (Btu/lb)	Percent Ash (%)	Percent Moisture (%)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Drummond Coal Sales, Inc.	25, IM, 999	S	GB	29,762			\$40.50	0.59	11,728	4.36	12.19

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY**

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Transfer Facility - IMT

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

5. Signature of Official Submitting Report

*Donna M Davis*  
Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: April 15, 2005

**SPECIFIED  
CONFIDENTIAL**

Line No.	Supplier Name	Mine Location	Purchase Type	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Total Transportation Cost (\$/Ton)	F.O.B. Plant Price (\$/Ton)	As Received Coal Quality			
									Percent Sulfur (%)	Btu Content (Btu/lb)	Percent Ash (%)	Percent Moisture (%)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Central Coal Co.	08, Wv, 39	STC	B	14,866	████████	████████	\$62.75	0.69	12,375	11.44	6.69
2	Central Coal Co.	08, Wv, 39	STC	B	17,494	████████	████████	\$62.25	0.69	12,375	11.44	6.69
3	Central Coal Co.	08, Wv, 39	S	B	2,045	████████	████████	\$56.75	0.61	12,255	11.76	8.25
4	Progress Fuels Corporation	08, Wv, 39	STC	B	5,664	████████	████████	\$74.25	0.60	12,112	12.42	8.22
5	Progress Fuels Corporation	08, Wv, 39	STC	B	1,752	████████	████████	\$73.75	0.60	12,112	12.42	8.22
6	Progress Fuels Corporation	08, Wv, 39	STC	B	12,050	████████	████████	\$67.98	0.43	11,797	7.44	10.44
7	Progress Fuels Corporation	08, Wv, 39	STC	B	12,192	████████	████████	\$67.60	0.43	11,797	7.44	10.44
	Progress Fuels Corporation	08, Wv, 39	S	B	22,955	████████	████████	\$50.50	0.61	12,312	11.84	7.65
8	Progress Fuels Corporation	08, Wv, 39	STC	B	7,840	████████	████████	\$51.00	0.61	12,312	11.84	7.65
10	Guasare Coal Sales	50, IM, 999	S	GB	93,837	████████	████████	\$42.09	0.62	13,266	4.93	6.66
11	Guasare Coal Sales	50, IM, 999	S	GB	7,481	████████	████████	\$40.54	0.62	13,266	4.93	6.66

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 1 & 2

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

**SPECIFIED  
CONFIDENTIAL**

5. Signature of Official Submitting Report

*Donna M Davis*

Donna M. Davis, Director - Regulatory & Adm. Services

↑37

6. Date Completed: April 15, 2005

Line No.	Supplier Name	Mine Location	Purchase Type	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Total Transportation Cost (\$/Ton)	F.O.B. Plant Price (\$/Ton)	As Received Coal Quality			
									Percent Sulfur (%)	Btu Content (Btu/lb)	Percent Ash (%)	Percent Moisture (%)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Consolidated Coal Sales	08 , Ky , 119	MTC	UR	50,213	████████	████████	\$56.95	1.13	12,644	8.53	7.11
2	Consolidated Coal Sales	08 , Ky , 133	MTC	UR	9,388	████████	████████	\$56.95	1.10	12,508	9.97	6.38
3	Massey Coal Sales Company, Inc.	08 , Ky , 195	MTC	UR	29,423	████████	████████	\$56.10	0.98	12,127	11.96	6.97
4	Progress Fuels Corporation	08 , Ky , 193	S	UR	19,561	████████	████████	\$85.58	0.86	12,664	10.87	4.79
5	B & W Resources, Inc.	08 , Ky , 051	STC	UR	8,881	████████	████████	\$68.63	1.10	12,461	9.86	4.69

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY**

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 4 & 5

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

**SPECIFIED  
CONFIDENTIAL**

5. Signature of Official Submitting Report

*Donna M. Davis*  
Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: April 15, 2005 187

Line No.	Supplier Name	Mine Location	Purchase Type	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Total Transportation Cost (\$/Ton)	F.O.B. Plant Price (\$/Ton)	As Received Coal Quality			
									Percent Sulfur (%)	Btu Content (Btu/lb)	Percent Ash (%)	Percent Moisture (%)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Central Appalachian Mining, formerly	08, Ky, 195	MTC	UR	49,067	[REDACTED]	[REDACTED]	\$57.00	0.69	12,552	10.05	6.75
2	Massey Coal Sales	08, Wv, 005	MTC	UR	47,149	[REDACTED]	[REDACTED]	\$68.96	0.72	12,519	11.40	6.03
3	Progress Fuels Corporation	08, Ky, 119	STC	UR	39,572	[REDACTED]	[REDACTED]	\$72.08	0.71	12,519	9.86	6.23
4	Alliance Coal Sales Corp	08, Ky, 195	MTC	UR	1,952	[REDACTED]	[REDACTED]	\$56.93	0.65	12,792	7.64	6.87
5	Alliance Coal Sales Corp	08, Ky, 195	MTC	UR	7,629	[REDACTED]	[REDACTED]	\$57.20	0.65	12,792	7.64	6.87
6	Transfer Facility	N/A	N/A	OB	138,334	[REDACTED]	[REDACTED]	\$50.23	0.65	12,213	7.88	10.30
7	Transfer Facility	N/A	N/A	OB	29,650	[REDACTED]	[REDACTED]	\$59.91	0.59	11,728	4.36	12.19

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY**

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: McDuffie Coal Terminal

4. Name, Title and Telephone Number of Contact Person Concerning Data Submitted on this Form  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 (727) 824-6627

5. Signature of Official Submitting Report

**SPECIFIED  
CONFIDENTIAL**

*Donna M Davis*  
 Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: April 15, 2005

Line No.	Supplier Name	Mine Location	Purchase Type	Tons	F.O.B. Mine Price (\$/Ton)	Short Haul & Loading Charges (\$/Ton)	Original Invoice Price (\$/Ton)	Retro-active Price Increases (\$/Ton)	Base Price (\$/Ton)	Quality Adjustments (\$/Ton)	Effective Purchase Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Drummond Coal Sales, Inc.	25 , IM , 999	S	29,762	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY**

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Transfer Facility - IMT

4. Name, Title and Telephone Number of Contact Person Concerning Data Submitted on this Form  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 (727) 824-6627

5. Signature of Official Submitting Report

*Donna M Davis*  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 ASZ

6. Date Completed: April 15, 2005

**SPECIFIED  
CONFIDENTIAL**

Line No.	Supplier Name	Mine Location	Purchase Type	Tons	F.O.B. Mine Price (\$/Ton)	Short Haul & Loading Charges (\$/Ton)	Original Invoice Price (\$/Ton)	Retro-active Price Inc(Dec) (\$/Ton)	Base Price (\$/Ton)	Quality Adjust-ments (\$/Ton)	Effective Purchase Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Central Coal Co.	08 , Wv , 39	STC	14,866	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
2	Central Coal Co.	08 , Wv , 39	STC	17,494	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
3	Central Coal Co.	08 , Wv , 39	S	2,045	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
4	Progress Fuels Corporation	08 , Wv , 39	STC	5,664	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
5	Progress Fuels Corporation	08 , Wv , 39	STC	1,752	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
6	Progress Fuels Corporation	08 , Wv , 39	STC	12,050	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
7	Progress Fuels Corporation	08 , Wv , 39	STC	12,192	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
8	Progress Fuels Corporation	08 , Wv , 39	S	22,955	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
9	Progress Fuels Corporation	08 , Wv , 39	STC	7,840	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
10	Guasare Coal Sales	50 , IM , 999	S	93,837	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]
11	Guasare Coal Sales	50 , IM , 999	S	7,481	[REDACTED]	\$0.00	[REDACTED]	\$0.00	[REDACTED]	[REDACTED]	[REDACTED]

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY**

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 1 & 2

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

**SPECIFIED  
CONFIDENTIAL**

5. Signature of Official Submitting Report

*Donna M Davis*  
Donna M. Davis, Director - Regulatory & Adm. Services  
ASZ

6. Date Completed: April 15, 2005

Line No.	Supplier Name	Mine Location	Purchase Type	Tons	F.O.B. Mine Price (\$/Ton)	Short Haul & Loading Charges (\$/Ton)	Original Invoice Price (\$/Ton)	Retro-active Price Inc(Dec) (\$/Ton)	Base Price (\$/Ton)	Quality Adjust-ments (\$/Ton)	Effective Purchase Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Consolidated Coal Sales	08 , Ky , 119	MTC	50,213	████████	\$0.00	████████	\$0.00	████████	████████	████████
2	Consolidated Coal Sales	08 , Ky , 133	MTC	9,388	████████	\$0.00	████████	\$0.00	████████	████████	████████
3	Massey Coal Sales Company, Inc.	08 , Ky , 195	MTC	29,423	████████	\$0.00	████████	\$0.00	████████	████████	████████
4	Progress Fuels Corporation	08 , Ky , 193	S	19,561	████████	\$0.00	████████	\$0.00	████████	████████	████████
5	B & W Resources, Inc.	08 , Ky , 051	STC	8,881	████████	\$0.00	████████	\$0.00	████████	████████	████████

**MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY**

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 4 & 5

4. Name, Title and Telephone Number of Contact Person Concerning Data Submitted on this Form  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 (727) 824-6627

5. Signature of Official Submitting Report

*Donna M Davis*  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 7/27

6. Date Completed: April 15, 2005

**SPECIFIED  
CONFIDENTIAL**

Line No.	Supplier Name	Mine Location	Purchase Type	Tons	F.O.B. Mine Price (\$/Ton)	Short Haul & Loading Charges (\$/Ton)	Original Invoice Price (\$/Ton)	Retro-active Price Inc(Dec) (\$/Ton)	Base Price (\$/Ton)	Quality Adjustments (\$/Ton)	Effective Purchase Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Central Appalachian Mining, formerly	08 , Ky , 195	MTC	49,067	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
2	Massey Coal Sales	08 ; Wv , 005	MTC	47,149	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
3	Progress Fuels Corporation	08 , Ky , 119	MTC	39,572	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
4	Alliance Coal Sales Corp	08 , Ky , 195	MTC	1,952	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
5	Alliance Coal Sales Corp	08 , Ky , 195	MTC	7,629	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
6	Transfer Facility	N/A	N/A	138,334	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████
7	Transfer Facility	N/A	N/A	29,650	██████████	\$0.00	██████████	\$0.00	██████████	██████████	██████████

PSC FORM NO. 423-2B

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: McDuffie Coal Terminal

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

**SPECIFIED  
CONFIDENTIAL**

5. Signature of Official Submitting Report

*Donna M. Davis*  
\_\_\_\_\_  
Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: April 15, 2005

Line No.	Supplier Name	Mine Location	Shipping Point	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Additional Shorthaul Loading Charges (\$/Ton)	Rail Rate (\$/Ton)	Other Rail Charges (\$/Ton)	River Barge Rate (\$/Ton)	Trans-loading Rate (\$/Ton)	Ocean Barge Rate (\$/Ton)	Other Water Charges (\$/Ton)	Other Related Charges (\$/Ton)	Transportation Charges (\$/Ton)	F.O.B. Plant Price (\$/Ton)
1	Drummond Coal Sales, Inc.	25, IM, 999	Cartagena, Col	GB	29,762	██████████	N/A	N/A	N/A	N/A	██████████	N/A	N/A	N/A	██████████	\$40.50

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Transfer Facility - IMT

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

**SPECIFIED  
CONFIDENTIAL**

5. Signature of Official Submitting Report

*Donna M Davis*  
Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: April 15, 2005

Line No.	Supplier Name	Mine Location	Shipping Point	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Additional Shorthaul & Loading Charges (\$/Ton)	Rail Rate (\$/Ton)	Other Rail Charges (\$/Ton)	River Barge Rate (\$/Ton)	Trans-loading Rate (\$/Ton)	Ocean Barge Rate (\$/Ton)	Other Water Charges (\$/Ton)	Other Related Charges (\$/Ton)	Transportation Charges (\$/Ton)	F.O.B. Plant Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Central Coal Co.	08 , Wv ,	39 Kanawha,Wv	B	14,866	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$62.7
2	Central Coal Co.	08 , Wv ,	39 Kanawha,Wv	B	17,494	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$62.2
3	Central Coal Co.	08 , Wv ,	39 Kanawha,Wv	B	2,045	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$56.7
4	Progress Fuels Corporation	08 , Wv ,	39 Kanawha,Wv	B	5,664	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$74.2
5	Progress Fuels Corporation	08 , Wv ,	39 Kanawha,Wv	B	1,752	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$73.7
6	Progress Fuels Corporation	08 , Wv ,	39 Mt. Vernon, Il	B	12,050	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$67.9
7	Progress Fuels Corporation	08 , Wv ,	39 Mt. Vernon, Il	B	12,192	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$67.6
8	Progress Fuels Corporation	08 , Wv ,	39 Kanawha,Wv	B	22,955	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$50.5
9	Progress Fuels Corporation	08 , Wv ,	39 Kanawha,Wv	B	7,840	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$51.0
10	Guasare Coal Sales	50 , IM ,	999 Maracaibo, VZ	GB	93,837	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$42.0
11	Guasare Coal Sales	50 , IM ,	999 Maracaibo, VZ	GB	7,481	██████████	N/A	N/A	N/A	██████████	██████████	N/A	N/A	N/A	██████████	\$40.5

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 1 & 2

4. Name, Title and Telephone Number of Contact Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

**SPECIFIED  
CONFIDENTIAL**

5. Signature of Official Submitting Report

*Donna M Davis*  
Donna M. Davis, Director - Regulatory & Adm. Services  
ABZ

6. Date Completed: April 15, 2005

Line No.	Supplier Name	Mine Location	Shipping Point	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Additional Shorthaul & Loading Charges (\$/Ton)	Rail Rate (\$/Ton)	Other Rail Charges (\$/Ton)	River Barge Rate (\$/Ton)	Trans-loading Rate (\$/Ton)	Ocean Barge Rate (\$/Ton)	Other Water Charges (\$/Ton)	Other Related Charges (\$/Ton)	Transportation Charges (\$/Ton)	F.O.B. Plant Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Consolidated Coal Sales	08 , Ky ,	119 Knott, Ky	UR	50,213	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$56.9
2	Consolidated Coal Sales	08 , Ky ,	133 Letcher, Ky	UR	9,388	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$56.9
3	Massey Coal Sales Company, Inc.	08 , Ky ,	195 Pike, Ky	UR	29,423	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$56.1
4	Progress Fuels Corporation	08 , Ky ,	193 Perry, Ky	UR	29,765	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$85.8
5	B & W Resources, Inc.	08 , Ky ,	051 Clay, Ky	UR	8,881	████████	N/A	████████	████████	N/A	N/A	N/A	N/A	N/A	████████	\$68.6

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
ORIGIN, TONNAGE, DELIVERED PRICE AND AS RECEIVED QUALITY

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 4 & 5

4. Name, Title and Telephone Number of Contact Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

5. Signature of Official Submitting Report

*Donna M Davis*  
Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: April 15, 2005

**SPECIFIED  
CONFIDENTIAL**

Line No.	Supplier Name	Mine Location	Shipping Point	Transportation Mode	Tons	Effective Purchase Price (\$/Ton)	Additional Shorthaul & Loading Charges (\$/Ton)	Rail Rate (\$/Ton)	Other Rail Charges (\$/Ton)	River Barge Rate (\$/Ton)	Trans-loading Rate (\$/Ton)	Ocean Barge Rate (\$/Ton)	Other Water Charges (\$/Ton)	Other Related Charges (\$/Ton)	Transportation Charges (\$/Ton)	F.O.B. Plant Price (\$/Ton)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Central Appalachian Mining, forme	08 , Ky ,	195 Pike, Ky	UR	49,067	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$57.0
2	Massey Coal Sales	08 , Wv ,	005 Boone, Wv	UR	47,149	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$68.5
3	Progress Fuels Corporation	08 , Ky ,	119 Knott, Ky	UR	39,572	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$72.0
4	Alliance Coal Sales Corp	08 , Ky ,	195 Boone, Wv	UR	1,952	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$56.5
5	Alliance Coal Sales Corp	08 , Ky ,	195 Boone, Wv	UR	7,629	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$57.2
6	Transfer Facility	N/A	Plaquemines, Pa	OB	138,334	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$50.2
7	Transfer Facility	N/A	Mobile, Al	OB	29,650	██████████	N/A	██████████	██████████	N/A	N/A	N/A	N/A	N/A	██████████	\$59.5

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
REPORT OF ADJUSTMENTS TO PREVIOUS COAL DELIVERIES

1. Report for: Mo. February 2005

2. Reporting Company: Florida Power Corporation

3. Plant Name: McDuffie Coal Terminal

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

**SPECIFIED  
CONFIDENTIAL**

5. Signature of Official Submitting Report

Donna M. Davis  
Donna M. Davis, Director - Regulatory & Adm. Services  
1137

6. Date Completed: April 15, 2005

Line No.	Month Reported	Form Plant Name	Intended Generating Plant	Supplier	Original Line Number	Old Volume (tons)	Form No.	Column Title	Old Value	New Value	New F.O.B. Plant Price	Reason for Revision
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	01/05	McDuffie Coal Term		Drummond Coal Sales, Inc.	1	14,924	2A	(k) Quality Adjustments		\$	\$ 40.72	Quality Adjustment



FPSC FORM NO. 423-2C

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
REPORT OF ADJUSTMENTS TO PREVIOUS COAL DELIVERIES

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 1 & 2

4. Name, Title and Telephone Number of Contact  
 Person Concerning Data Submitted on this Form  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 (727) 824-6627

5. Signature of Official Submitting Report

Donna M Davis  
 Donna M. Davis, Director - Regulatory & Adm. Services  
 ABZ

6. Date Completed: April 15, 2005

**SPECIFIED  
CONFIDENTIAL**

Line No.	Month Reported	Form Plant Name	Intended Generating Plant	Supplier	Original Line Number	Old Volume (tons)	Form No.	Column Title	Old Value	New Value	New F.O.B. Plant Price	Reason for Revision
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	11/04	CR1&2	CR1&2	Massey Coal Sales Company	4	48,289	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 52.11	Quality Adjustment
2	12/04	CR1&2	CR1&2	Massey Coal Sales Company	3	48,726	2A	(k) Quality Adjustments	██████████	\$ ██████████	\$ 52.16	Quality Adjustment

MONTHLY REPORT OF COST AND QUALITY OF COAL FOR ELECTRIC PLANTS  
REPORT OF ADJUSTMENTS TO PREVIOUS COAL DELIVERIES

- 1. Report for: Mo. February 2005
- 2. Reporting Company: Florida Power Corporation
- 3. Plant Name: Crystal River 4 & 5

4. Name, Title and Telephone Number of Contact  
Person Concerning Data Submitted on this Form  
Donna M. Davis, Director - Regulatory & Adm. Services  
(727) 824-6627

5. Signature of Official Submitting Report

*Donna M Davis*

Donna M. Davis, Director - Regulatory & Adm. Services

6. Date Completed: April 15, 2005

**SPECIFIED  
CONFIDENTIAL**

Line No.	Month Reported	Form Plant Name	Intended Generating Plant	Supplier	Original Line Number	Old Volume (tons)	Form No.	Column Title	Old Value	New Value	New F.O.B. Plant Price	Reason for Revision
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	10/04	CR4&5	CR4&5	Virginia Power Marketing, Inc.	4	10,199	2A	(k) Quality Adjustments	[REDACTED]	[REDACTED]	\$ 51.23	Quality Adjustment
2	11/04	CR4&5	CR4&5	Massey Coal Sales Company	4	8,459	2A	(k) Quality Adjustments	[REDACTED]	[REDACTED]	\$ 53.59	Quality Adjustment
3	12/04	CR4&5	CR4&5	Massey Coal Sales Company	4	39,017	2A	(k) Quality Adjustments	[REDACTED]	[REDACTED]	\$ 52.78	Quality Adjustment
4	12/04	CR4&5	CR4&5	Alliance Coal Sales Company	2	38,973	2A	(k) Quality Adjustments	[REDACTED]	[REDACTED]	\$ 53.98	Quality Adjustment

16+

List of all coal contracts in effect in 2004 showing each coal supplier and whether each contract was FOB barge or FOB mine.

<u>Contract Suppliers (1)</u>	<u>Contract Terms (FOB Barge, FOB Mine or Rail)</u>
AEP (A)	FOB Railcar
AEP (D)	FOB Railcar
Alliance(MCMining)	FOB Railcar
Asset Management Group	FOB Railcar or Barge
Central Appalachian Mining	FOB Railcar
Coal Marketing Company	DES IMT
Consol of Kentucky, Inc.	FOB Railcar
Guasare Coal International (1)	DES IMT
Guasare Coal International (2)	DES IMT
Massey Coal Sales (A)	FOB Railcar
Massey Coal Sales (D)	FOB Railcar
Progress Fuels Corporation (D)	FOB Barge
Virginia Power Marketing	FOB Railcar

Excludes spot purchases.

DES - Delivered Ex Ship

FOB Railcar - Loaded into the railcar

FOB Barge - Loaded into the barge

Docket No. 050001-EI  
Deposition: A.W. Pitcher  
October 21, 2005  
Late-filed Exh. No. 11

**International Marine Terminals  
2004**

<u>Month End</u>	<u>Inventory</u>
June	114,000
July	160,000
August	183,000
September	357,000

FERC 423 Form yr/month	FERC Website Utility	December 2004 Plant	Term	Region	Dock	Tons	BTU/Lb	Sulfurr %	Ash	Del. Price c/mmbtu	
0412	JEA	Northside	S	BIT	2 PA	RAG	16.6	13020	2.59	7.75	184
0412	JEA	Northside	S	PC	0 TX	OXBOW L	45.4	14166	3.71	0.58	84
0412	JEA	St Johns	RC	PC	0 TX	TCP-DOM	33.94	14002	6.49	0.17	158.3
0412	Florida Power	IMT	S	BIT	8 WV	Winifrede D	9.005	12286	0.69	11.27	231.88
0412	Florida Power	IMT	S	BIT	8 WV	Winifrede D	8.986	12286	0.69	11.27	237.1
0412	Florida Power	IMT	S	BIT	8 WV	Quincy Doc	7.163	12496	0.63	10.02	213.22
0412	Florida Power	IMT	S	BIT	8 WV	Winifrede D	1.793	12370	0.68	10.85	235.36
0412	Florida Power	IMT	S	BIT	8 WV	Winifrede D	1.643	12370	0.68	10.85	231.84
0412	Florida Power	IMT	S	BIT	8 WV	Quincy Doc	31.916	12365	0.62	11.68	199.6
0412	Florida Power	IMT	S	BIT	8 WV	Quincy Doc	5.973	12365	0.62	11.68	201.6

EXHIBIT  
 12  
 10/21/05 mm  
 FENGAD 800-631-6369

**Progress Fuels Corporation**  
**Purchase & Transportation Contracts**  
**Coal Delivered in 2005 under Contracts**

A	B	C	D	E	F	G
Contract/Supplier	Start Term	End Term	Contract or Amendment Execution	Coal Type	Contract Tons	\$/ton
<b>Coal</b>						
Consol of Kentucky (1)	1/04	12/04	5/1/2003	A	427,468	1
Alliance (MCMining) (2)	1/04	12/06	9/15/2003	D	1,952	2
Alliance (MCMining) (3)	1/04	12/06	9/15/2003	D	600,000	3
Massey Coal Sales Company (4)	10/03	3/05	10/7/2003	A	150,000	4
Guasare Coal International (5)	1/04	12/05	10/9/2003	D	650,000	5
Central Appalachian Mining (AEP) (6)	1/04	10/06	12/31/2003	D	503,398	6
B&W Resources (7)	1/05	12/06	6/7/2004	D	240,000	7
Sequoia Energy LLC (7)	1/05	12/06	7/8/2004	A	120,000	8
Massey Utility Sales Company (7) (8)	1/05	12/05	8/9/2004	D	720,000	9
Guasare Coal International (9)	1/04	12/05	8/26/2004	D	40,000	10
Central Coal Co. (7)	1/05	12/06	9/13/2004	D	300,000	11
Coal Marketing Company (10) (11)	9/04	12/06	10/25/2004	D	150,000	12
Progress Fuels Corporation (rail) (7)	1/05	12/06	12/6/2004	D	360,000	13
Consol of Kentucky (12)	1/05	12/05	12/8/2004	A	750,000	14
Progress Fuels Corporation (water) (10) (11)	1/05	12/06	2/10/2005	D	480,000	15
Massey Coal Sales Company (7) (13)	4/05	06/06	4/15/2005	A	951,698	16
Drummond / Interocean (10)	1/05	12/06	6/7/2005	D	800,000	17
<b>Letter Agreement/Supplier</b>						
Progress Fuels Corporation (water)	1/04	12/04	2/19/2004		63,074	18

- (1) Consol contract 2004 carryover tons into 2005.
- (2) Alliance contract 2004 carryover tons into 2005.
- (3) Alliance 2005 contract.
- (4) Massey 'A' contract term through March 2005.
- (5) Guasare 2005 contract.
- (6) Includes 3,398 tons of 2004 carryover in addition to 2005 contract tons.
- (7) 4/04 Solicitation
- (8) Massey 'D' 2005 contract.
- (9) Guasare amendment to contract for one additional cargo after 2004 hurricanes.
- (10) Agreed to 9/04
- (11) Informal solicitation
- (12) Consol 2005 contract.
- (13) Massey 'A' contract signed in April 2005 that combined 2004 remaining tons with 2005 requirement for new contract price.