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RECEIVED-PPSC

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COMMISSION  
CLERK



December 17, 2010

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

claim of confidentiality  
 notice of intent  
 request for confidentiality  
 filed by OPC

For DN 10041-10, which  
is in locked storage. You must be  
authorized to view this DN.-CLK

Dear Ms. Cole:

RE: Docket No. 100001-EI

Enclosed is Gulf Power Company's Request for Extended Confidential  
Classification pertaining to information submitted in response to Staff's First  
Interrogatories (specifically Nos. 1 and 2) and Staff's First Request for Production  
of Documents (specifically No. 2) in Docket No. 080001-EI.

Sincerely,

*Susan D. Ritenour (lu)*

vm

COM  
APA  
ECR  
GCL  
RAD  
SSC  
ADM  
OPC  
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Enclosures

cc: Beggs & Lane  
Jeffrey A. Stone, Esq.

DOCUMENT NUMBER-DATE

10040 DEC 20 0

PPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Fuel and Purchased Power Cost** )  
**Recovery Clause with Generating** )  
**Performance Incentive Factor** )

Docket No.: 100001-EI

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U.S. mail this 17<sup>th</sup> day of December, 2010, on the following:

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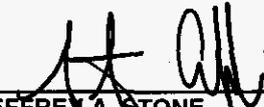
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**Attorneys for Gulf Power Company**

BEFORE THE PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power cost  
recovery clause and generating performance  
incentive factor

Docket No.: 100001-EI  
Date filed: December 17, 2010

**REQUEST FOR EXTENDED CONFIDENTIAL CLASSIFICATION**

GULF POWER COMPANY ["Gulf Power", "Gulf", or the "Company"], by and through its undersigned attorney and pursuant to Rule 25-22.006, Florida Administrative Code, hereby files its request that the Florida Public Service Commission (the "Commission") enter an order granting extended confidential classification for certain documents and information submitted in response to Staff's First Interrogatories and First Request for Production of Documents in Docket No. 080001-EI. As grounds for this request, the Company states:

1. On March 20, 2008, Gulf filed separate requests for confidential classification of information produced in response to question numbers 2 and 4 of Staff's First Request for Production of Documents (Document No. 02078-08) and question numbers 1, 2, 5 and 6 of Staff's First Interrogatories (Document No. 02076-08).
2. On June 19, 2009, the Commission entered a consolidated order granting each of the above-referenced confidentiality requests. See, Order No. PSC-09-0435-CFO-EI
3. As provided in section 366.093(4), Florida Statutes, and by the Commission's Order, the confidential information will be made public after a period of 18 months unless Gulf or another affected party shows, and the Commission finds, that the confidential information is entitled to continued confidential treatment. The 18-month extension period expires on December 19, 2010.

DOCUMENT NUMBER-DATE  
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FPSC-COMMISSION CLERK

4. Gulf hereby requests that the Commission enter an order extending the confidential classification of certain portions of the confidential information for an additional 18-month period.

Document No. 02078-08

5. Document No. 02078-08 addresses Gulf's responses to question numbers 2 and 4 of Staff's First Request for Production of Documents. Gulf's response to question number 2 contains pricing and bid evaluation information relating to a coal supply agreement which is still active. Consequently, this information remains confidential for the reasons articulated and Gulf's previous request and Order No. PSC-09-0435-CFO-EI. Specifically, the information constitutes proprietary confidential business information regarding contractual matters which could cause irreparable harm to Gulf Power, the entities with whom it has entered into contracts and most importantly to Gulf's customers if such information were disclosed to the general public. The information is entitled to confidential classification pursuant to §366.093(3) (d) and (e), Florida Statutes. Gulf's response to question number 4, contains a summarized evaluation of 2007 natural gas RFP results. This information is no longer considered confidential by Gulf or the bidders and is therefore not the subject of the instant request.

Document No. 02076-08

6. Document No. 02076-08 addresses Gulf's responses to question numbers 1, 2, 5 and 6 of Staff's First Interrogatories. Gulf's responses to question numbers 1 and 2 contain pricing and bid evaluation information relating to a coal supply agreement which is still active. Consequently, this information remains confidential for the reasons articulated and Gulf's previous request and Order No. PSC-09-0435-CFO-EI. Specifically, the information constitutes proprietary confidential business information regarding contractual matters which could cause

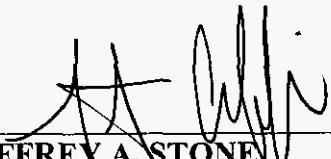
irreparable harm to Gulf Power, the entities with whom it has entered into contracts and most importantly to Gulf's customers if such information were disclosed to the general public. The information is entitled to confidential classification pursuant to §366.093(3) (d) and (e), Florida Statutes. Gulf's responses to question numbers 5 and 6, contain pricing and bid evaluation of 2007 natural gas RFP results. This information is no longer considered confidential by Gulf or the bidders and is therefore not the subject of the instant request.

7. The information filed pursuant to this Request is intended to be, and is treated as, confidential by Gulf Power and, to this attorney's knowledge, has not been otherwise publicly disclosed.

8. Submitted as Exhibit "A" are copies of the subject documents, on which are highlighted the information for which extended confidential classification is requested. Exhibit "A" should be treated as confidential pending a ruling on this request. Attached as Exhibit "B" are two (2) edited copies of the subject documents, which may be made available for public review and inspection. Attached as Exhibit "C" to this request is a line-by-line/field-by-field justification for the request for confidential classification.

**WHEREFORE**, Gulf Power Company respectfully requests that the Commission enter an order protecting the information highlighted on Exhibit "A" from public disclosure for an additional period of eighteen (18) months.

Respectfully submitted this 17<sup>th</sup> day of December, 2010.



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**JEFFREY A. STONE**

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**Attorneys for Gulf Power**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power cost  
recovery clause and generating performance  
incentive factor  
\_\_\_\_\_ )

Docket No.: 100001-EI  
Date: December 17, 2010

**REQUEST FOR CONFIDENTIAL CLASSIFICATION**

**EXHIBIT "A"**

Provided to the Commission Clerk  
under separate cover as confidential information.

DOCUMENT NUMBER - DATE

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EXHIBIT "B"

DOCUMENT NUMBER-DATE  
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FPSC-COMMISSION CLERK

**REDACTED**

Staff's First Request for Production  
of Documents  
Docket No. 080001-EI  
GULF POWER COMPANY  
February 29, 2008  
Item No. 2  
Page 1 of 1

2. If GULF has prepared any summarized evaluations of 2007 coal RFP results, please provide a copy.

ANSWER:

See documents bearing Bates Stamps Nos. 10-11 and 13.

DOCUMENT NUMBER-DATE

10040 DEC 20 0

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FPSC-COMMISSION CLERK

DATE: January 18, 2008

RE: MISSISSIPPI POWER COMPANY  
LONG-TERM COAL SOLICITATION 2008-2011

FROM: Scott Clouse

TO: David Mauffray

This letter is written to document the long-term coal purchases that were made on behalf of Mississippi Power Company's Plants Daniel and Watson. This solicitation was made to support the projected 2008 through 2011 coal burn and inventory requirements at these plants. In addition, these purchases were made in order to support Mississippi Power Company's Long-Term Coal Procurement Strategy and Tactical Plan.

A bid invitation was mailed on April 25, 2007, soliciting bids from all approved suppliers listed on the Mississippi Power Company Bid List. The solicitation requested bids for the purchase of coal for a term of four (4) years beginning January 1, 2008 and ending on December 31, 2011. The initial bid close date was May 16, 2007. An email was sent to all suppliers on May 8, 2007 informing that due to extenuating circumstances the bid deadline would be extended to June 11, 2007. In response to this solicitation, thirty-two (32) offers were received from nineteen (19) different coal suppliers including six (6) offers from four (4) different coal suppliers from the Powder River Basin. The offer selection consisted of one, two, three and four year terms. Offers were received from the Northern Appalachian, Central Appalachian, Southern Appalachian, Illinois Basin, Colorado, PRB, Venezuelan and Colombian coal supply regions.

A review of Daniel and Watson's inventory plans and burn projections for the 2008 through 2011 timeframe indicated the need of approximately 1.9 million tons of coal for year 2008, 4.8 million tons in 2009, 5.5 million tons in 2010 and approximately 5.4 million tons in 2011. As mentioned above, the goal is to purchase volumes that will conform to the contracting philosophy contained in the MPC Long-Term Coal Procurement Strategy and Tactical Plan.

The thirty-two proposals that were received were evaluated to Daniel and Watson on a fully delivered present value basis, including the value of sulfur, and when applicable, mercury and NO<sub>x</sub>. In support of the evaluation process, transportation rates and lease and maintenance costs were provided by Alan Miller, Transportation Agent and SO<sub>2</sub>, NO<sub>x</sub>, and mercury allowance values were provided by Ashley Robinett, Manager of Emissions Trading.

An evaluation to derive a delivered least cost line-up, on a net present value basis, was performed using the two, three and four-year term offers, their applicable transportation rates and emission allowance values. This evaluation resulted in a short list of the most competitive offers to both plants. Included in the shortlist of suppliers were import suppliers whose bids had expired. The import suppliers notified me that due to an increase cost in ocean freight, their bid would need to be refined to reflect then current ocean freight prices. As a result, both import and domestic suppliers who made the competitive tier were asked to revisit their offer and confirm their pricing. All competitive suppliers were contacted via email and asked to submit their modified offer by July 20, 2007. While most offers remained firm, one import offer increased substantially as a result of the increase cost in ocean freight. The evaluation of all offers received indicated the need to purchase term coal from Coal Sales LLC, Interocean Coal Sales, LDC, and Oxbow Mining, LLC. The following documentation was based on the evaluation of these modified offers:

#### Plant Daniel

Based on the delivered economics of all offers, PRB coal was the most economical coal into Plant Daniel. Coal Sales offer from their North Antelope Rochelle Mine was the most competitive PRB offer with a starting price of [REDACTED] including sulfur. In order to realize the maximum economic benefits of PRB coal in 2008 and 2009, MPC elected to divert a portion of previously contracted Plant Daniel coal to Plant Watson to create a larger need for PRB coal. Coal Sales offered 1.3M tons for 2008 through 2012. When the railroads were contacted about this long-term PRB opportunity, the Canadian National (CN) railroad communicated that they

would not commit to a term longer than two years. Therefore, a two year deal with Coal Sales was entered into for 1M tons per year for 2008 and 2009.

<sup>A</sup> Oxbow's offer from their Elk Creek mine in Somerset, CO was the most competitive bituminous offer. The Union Pacific (UP) railroad was contacted and expressed interest in maintaining business to the east. They therefore offered to revise the existing rail contract with MPC to add term and decrease the percentage increase in the base price (initial 7% increase from 2007 to 2008, revised 3% increase). With the updated rail rates, <sup>B</sup> Oxbow's offer delivered at a starting price of [REDACTED] including sulfur. As with the PRB coal, the CN was unwilling to commit to term longer than two years. Based on current commitments to Daniel coupled with the desire for volume flexibility, it was decided that small tonnage should be contracted in 2008. Therefore, a two year deal with Oxbow was entered into for 300,000 tons in 2008 and 1.2M tons in 2009.

I entered into contract negotiations with Coal Sales and Oxbow and contracts were entered into by both parties based on mutually acceptable terms and conditions.

Due to the CN's reluctance to enter into long term contracts as discussed, coupled with the small committed tonnage in the out years, which did not conform to the long-term coal procurement strategy, it was determined that Daniel needed to investigate committing to tonnage in 2010 and 2011. The next least cost offer was from Interocean's Mina Pribbenow mine in Colombia, South America which had a starting delivered price of [REDACTED], including sulfur.

Plant Watson

[REDACTED]

[REDACTED]

After review and concurrence of the above information with you, contracts and new purchase orders were executed covering these purchases. These contracts and purchase orders were verified and entered into FAACS. Documentation for these purchases can be found in the SCS Fuels file room located in the APC Corporate Headquarters.

Sincerely,

Scott D. Clouse  
Coal Procurement Agent

Cc  
S.B Comensky  
D.J. Rouse  
J.R. Grubb  
S. J. Clayton  
H.T. Swindle

# DANIEL BIDDERS 2007 LINEUP

Plant Daniel 4 year Lineup w/ PRB not sorted

A  
2008      B  
2008

Bid	Supplier	Price (\$/ton)	Trans. Rate	Btu/lb	S%	Ash%	Molsture%	Comments
1 Bid # 1	Interocean Coal Sales			11,300	0.50%	9.0%	15.0%	fob railcar McDuffie
2 Bid # 3	Coal Marketing Company, USA			11,300	0.70%	9.3%	13.5%	CIF McDuffie
3 Bid # 5a	Alliance Coal, LLC			12,500	0.75%	8.0%	10.0%	fob railcar MC Mining, Scott's Branch CSX 84171, KY
4 Bid # 6a	Glencore Ltd.			11,300	0.62%	7.0%	11.5%	CIF McDuffie
5 Bid # 6b	Glencore Ltd.			11,300	0.65%	7.0%	11.5%	CIF McDuffie
6 Bid # 6c	Glencore Ltd.			12,400	0.75%	7.0%	8.0%	CIF McDuffie
7 Bid # 8a	Arch Coal Sales			11,700	0.53%	7.0%	11.0%	fob railcar Somerset, CO
8 Bid # 8b	Arch Coal Sales			11,700	0.53%	7.0%	11.0%	fob railcar Somerset, CO
9 Bid # 9	Peabody Coal Trade International, I			12,800	0.80%	6.5%	7.5%	CIF McDuffie
10 Bid # 10b	CoalSales, LLC			10,800	0.43%	9.0%	18.0%	fob barge Evansville Terminal Ohio River M.P#784.1to McDuffie
11 Bid # 11	CoalSales, LLC			11,300	0.51%	9.0%	12.0%	fob railcar Routt, CO
12 Bid # 12	Oxbow Carbon & Minerals, LLC			12,000	0.50%	12.0%	12.0%	fob railcar Somerset, CO
13 Bid # 13	Consol of Kentucky, Inc.			12,000	0.72%	14.0%	8.0%	fob railcar NS #0106 Big Omer, Kenova, WV
14 Bid # 16	Magnum Coal			12,300	0.70%	12.0%	7.0%	fob railcar-Samples Complex, CSX Station # 81750, IL
15 Bid # 17a	Twin Pines Coal Company			12,000	0.69%	12.0%	12.0%	fob railcar Gurnee Junction, AL
16 Bid # 20	Commonwealth Coal Services, inc			11,600	0.67%	12.0%	10.5%	fob railcar Savage Coal Terminal, Price Utah
17 Bid # 21	Carpenter Creek Resources, LLC			10,800	0.50%	5.0%	16.0%	fob railcar Custer, MT
18 Bid # PRB-1	Arch Coal Sales			8,800	0.35%	5.7%	26.4%	fob railcar Black Thunder Mine, WY
19 Bid # PRB-2	Coal Sales, LLC			8,700	0.22%	4.5%	27.7%	fob railcar NARM, WY
20 Bid # PRB-3a	Rio Tinto Energy America, Inc.			8,800	0.24%	5.3%	26.7%	fob railcar Campbell County, WY
21 Bid # PRB-3b	Rio Tinto Energy America, Inc.			8,800	0.40%	5.3%	27.4%	fob railcar Campbell County, WY
22 Bid # PRB-3c	Rio Tinto Energy America, Inc.			9,350	0.37%	4.1%	25.4%	fob railcar Big Horn County, MT
23 Bid # PRB-4	Buckskin Mining Company, LLC			8,350	0.48%	7.0%	33.0%	Loadpoint-Buckskin Junction, WY

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1. For each Request for Proposal for coal issued in 2007 by Gulf Power Company (GULF), list the bids received. Include the supplier, tonnage bid, coal quality, and delivered price information, as well as the method and route of delivery.

**ANSWER:**

No requests for proposals were issued for coal purchases in 2007 by Gulf Power Company. Mississippi Power Company issued one Request for Proposal that included the coal units at Plant Daniel, which are co-owned by Gulf.

A list of bids received including supplier, tonnage bid, coal quality, and delivered price information, as well as the method of delivery is attached. The route of delivery for rail shipments of coal is determined solely by the railroad(s) participating in the movement. However, generally coal shipments that originate on the western railroads, BNSF Railway and UP Railroad, will ship to Memphis, TN where it interchanges with the CN Railway, which ships the coal to Evansville, MS where it interchanges with the Mississippi Export Railroad for ultimate delivery to Plant Daniel. Coal shipments that originate on the eastern railroads will either load directly on the CN Railroad or the CSX Railroad or will interchange with either of these two railroads at some point, and the CN or CSX will interchange with the Mississippi Export Railroad either in Evansville, MS or Pascagoula, MS for ultimate delivery to Plant Daniel.

**DANIEL BIDDERS 2007 LINEUP**

Plant Daniel 4 year Lineup w/ PRB not sorted

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
<u>Bid</u>	<u>Supplier</u>	<u>2008</u>	<u>2008</u>	<u>HV</u>	<u>Sulfur</u>	<u>Ash</u>	<u>Moisture</u>	<u>Comments</u>
		<u>Price (\$/ton)</u>	<u>Trans. Rate</u>	<u>Btu/lb</u>	<u>%</u>	<u>%</u>	<u>%</u>	
1 Bid # 1	Interocean Coal Sales			11,300	0.50%	9.0%	15.0%	fob railcar McDuffie
2 Bid # 3	Coal Marketing Company, USA			11,300	0.70%	9.3%	13.5%	CIF McDuffie fob railcar MC Mining, Scott's Branch
3 Bid # 5a	Alliance Coal, LLC			12,500	0.75%	8.0%	10.0%	CSX 84171, KY
4 Bid # 6a	Glencore Ltd.			11,300	0.62%	7.0%	11.5%	CIF McDuffie
5 Bid # 6b	Glencore Ltd.			11,300	0.65%	7.0%	11.5%	CIF McDuffie
6 Bid # 6c	Glencore Ltd.			12,400	0.75%	7.0%	8.0%	CIF McDuffie
7 Bid #8a	Arch Coal Sales			11,700	0.53%	7.0%	11.0%	fob railcar Somerset, CO
8 Bid #8b	Arch Coal Sales			11,700	0.53%	7.0%	11.0%	fob railcar Somerset, CO
9 Bid # 9	Peabody CoalTrade, Ltd.			12,800	0.80%	6.5%	7.5%	CIF McDuffie fob barge Evansville Terminal Ohio River M.P#784.1 to McDuffie
10 Bid #10b	CoalSales, LLC			10,800	0.43%	9.0%	18.0%	
11 Bid #11	CoalSales, LLC			11,300	0.51%	9.0%	12.0%	fob railcar Rountt, CO
12 Bid #12	Oxbow Carbon & Minerals, LLC			12,000	0.50%	12.0%	12.0%	fob railcar Somerset, CO
13 Bid #13	Consol of Kentucky, Inc.			12,000	0.72%	14.0%	8.0%	fob railcar NS #0106 Big Omer, Kanova, WV fob railcar-Samples Complex, CSX Station # 81750, IL
14 Bid #16	Magnum Coal			12,300	0.70%	12.0%	7.0%	
15 Bid #17a	Twin Pines Coal Company			12,000	0.69%	12.0%	12.0%	fob railcar Gurnee Junction, AL
16 Bid #20	Commonwealth Coal Services, Inc.			11,600	0.67%	12.0%	10.5%	fob railcar Savage Coal Terminal, Price Utah
17 Bid #21	Carpenter Creek Resources, LLC			10,800	0.50%	5.0%	16.0%	fob railcar Custer, MT
18 Bid # PRB-1	Arch Coal Sales			8,800	0.35%	5.7%	26.4%	fob railcar Black Thunder Mine, WY
19 Bid # PRB-2	Coal Sales, LLC			8,700	0.22%	4.5%	27.7%	fob railcar NARM, WY
20 Bid # PRB-3a	Rio Tinto Energy America, Inc.			8,800	0.24%	5.3%	26.7%	fob railcar Campbell County, WY
21 Bid # PRB-3b	Rio Tinto Energy America, Inc.			8,800	0.40%	5.3%	27.4%	fob railcar Campbell County, WY
22 Bid # PRB-3c	Rio Tinto Energy America, Inc.			9,350	0.37%	4.1%	25.4%	fob railcar Big Horn County, MT
23 Bid # PRB-4	Buckskin Mining Company, LLC			8,350	0.48%	7.0%	33.0%	Loadpoint-Buckskin Junction, WY

2. For each Request for Proposal for coal issued in 2007 by GULF, what action was taken? Include with your response, a summary of the evaluation process, and how the successful proposals were selected.

**ANSWER:**

No requests for proposals were issued for coal purchases in 2007 by Gulf Power Company. Mississippi Power Company issued one Request for Proposal that included the coal units at Plant Daniel, which are co-owned by Gulf.

A summary of the evaluation process and how the successful proposals were selected is attached. This document is titled "Purchase Recommendation Letter" from Scott Clouse, Southern Company Services (SCS) Coal Procurement Agent, to David Mauffray, Fuel Manager of Mississippi Power Company.



**DATE:** January 18, 2008  
**RE:** MISSISSIPPI POWER COMPANY  
LONG-TERM COAL SOLICITATION 2008-2011  
**FROM:** Scott Clouse  
**TO:** David Mauffray

This letter is written to document the long-term coal purchases that were made on behalf of Mississippi Power Company's Plants Daniel and Watson. This solicitation was made to support the projected 2008 through 2011 coal burn and inventory requirements at these plants. In addition, these purchases were made in order to support Mississippi Power Company's Long-Term Coal Procurement Strategy and Tactical Plan.

A bid invitation was mailed on April 25, 2007, soliciting bids from all approved suppliers listed on the Mississippi Power Company Bid List. The solicitation requested bids for the purchase of coal for a term of four (4) years beginning January 1, 2008 and ending on December 31, 2011. The initial bid close date was May 16, 2007. An email was sent to all suppliers on May 8, 2007 informing that due to extenuating circumstances the bid deadline would be extended to June 11, 2007. In response to this solicitation, thirty-two (32) offers were received from nineteen (19) different coal suppliers including six (6) offers from four (4) different coal suppliers from the Powder River Basin. The offer selection consisted of one, two, three and four year terms. Offers were received from the Northern Appalachian, Central Appalachian, Southern Appalachian, Illinois Basin, Colorado, PRB, Venezuelan and Colombian coal supply regions.

A review of Daniel and Watson's inventory plans and burn projections for the 2008 through 2011 timeframe indicated the need of approximately 1.9 million tons of coal for year 2008, 4.8 million tons in 2009, 5.5 million tons in 2010 and approximately 5.4 million tons in 2011. As mentioned above, the goal is to purchase volumes that will conform to the contracting philosophy contained in the MPC Long-Term Coal Procurement Strategy and Tactical Plan.

The thirty-two proposals that were received were evaluated to Daniel and Watson on a fully delivered present value basis, including the value of sulfur, and when applicable, mercury and NO<sub>x</sub>. In support of the evaluation process, transportation rates and lease and maintenance costs were provided by Alan Miller, Transportation Agent and SO<sub>2</sub>, NO<sub>x</sub>, and mercury allowance values were provided by Ashley Robinett, Manager of Emissions Trading.

An evaluation to derive a delivered least cost line-up, on a net present value basis, was performed using the two, three and four-year term offers, their applicable transportation rates and emission allowance values. This evaluation resulted in a short list of the most competitive offers to both plants. Included in the shortlist of suppliers were import suppliers whose bids had expired. The import suppliers notified me that due to an increase cost in ocean freight, their bid would need to be refined to reflect then current ocean freight prices. As a result, both import and domestic suppliers who made the competitive tier were asked to revisit their offer and confirm their pricing. All competitive suppliers were contacted via email and asked to submit their modified offer by July 20, 2007. While most offers remained firm, one import offer increased substantially as a result of the increase cost in ocean freight. The evaluation of all offers received indicated the need to purchase term coal from Coal Sales LLC, Interocean Coal Sales, LDC. and Oxbow Mining, LLC. The following documentation was based on the evaluation of these modified offers:

**Plant Daniel**

Based on the delivered economics of all offers, PRB coal was the most economical coal into Plant Daniel. Coal Sales offer from their North Antelope Rochelle Mine was the most competitive PRB offer with a starting price of [REDACTED] including sulfur. In order to realize the maximum economic benefits of PRB coal in 2008 and 2009, MPC elected to divert a portion of previously contracted Plant Daniel coal to Plant Watson to create a larger need for PRB coal. Coal Sales offered 1.3M tons for 2008 through 2012. When the railroads were contacted about this long-term PRB opportunity, the Canadian National (CN) railroad communicated that they

would not commit to a term longer than two years. Therefore, a two year deal with Coal Sales was entered into for 1M tons per year for 2008 and 2009.

<sup>A</sup>  
Oxbow's offer from their Elk Creek mine in Somerset, CO was the most competitive bituminous offer. The Union Pacific (UP) railroad was contacted and expressed interest in maintaining business to the east. They therefore offered to revise the existing rail contract with MPC to add term and decrease the percentage increase in the base price (initial 7% increase from 2007 to 2008, revised 3% increase). With the updated rail rates, Oxbow's offer delivered at a starting price of [REDACTED] including sulfur. As with the PRB coal, the CN was unwilling to commit to term longer than two years. Based on current commitments to Daniel coupled with the desire for volume flexibility, it was decided that small tonnage should be contracted in 2008. Therefore, a two year deal with Oxbow was entered into for 300,000 tons in 2008 and 1.2M tons in 2009.

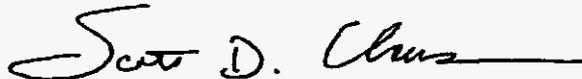
I entered into contract negotiations with Coal Sales and Oxbow and contracts were entered into by both parties based on mutually acceptable terms and conditions.

Due to the CN's reluctance to enter into long term contracts as discussed, coupled with the small committed tonnage in the out years, which did not conform to the long-term coal procurement strategy, it was determined that Daniel needed to investigate committing to tonnage in 2010 and 2011. The next least cost offer was from Interocean's Mina Pribbenow mine in Colombia, South America which had a starting delivered price of [REDACTED] including sulfur.

Plant Watson  
[REDACTED]

After review and concurrence of the above information with you, contracts and new purchase orders were executed covering these purchases. These contracts and purchase orders were verified and entered into FAACS. Documentation for these purchases can be found in the SCS Fuels file room located in the APC Corporate Headquarters.

Sincerely,



Scott D. Clouse  
Coal Procurement Agent

Cc  
S.B Comensky  
D.J. Rouse  
J.R. Grubb  
S. J. Clayton  
H.T. Swindle

2. If GULF has prepared any summarized evaluations of 2007 coal RFP results, please provide a copy.

**ANSWER:**

See documents bearing Bates Stamps Nos. 10-11 and 13.

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TO: David Mauffray

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A review of Daniel and Watson's inventory plans and burn projections for the 2008 through 2011 timeframe indicated the need of approximately 1.9 million tons of coal for year 2008, 4.8 million tons in 2009, 5.5 million tons in 2010 and approximately 5.4 million tons in 2011. As mentioned above, the goal is to purchase volumes that will conform to the contracting philosophy contained in the MPC Long-Term Coal Procurement Strategy and Tactical Plan.

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Plant Daniel

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would not commit to a term longer than two years. Therefore, a two year deal with Coal Sales was entered into for 1M tons per year for 2008 and 2009.

<sup>A</sup> Oxbow's offer from their Elk Creek mine in <sup>B</sup>Somerset, CO was the most competitive bituminous offer. The Union Pacific (UP) railroad was contacted and expressed interest in maintaining business to the east. They therefore offered to revise the existing rail contract with MPC to add term and decrease the percentage increase in the base price (initial 7% increase from 2007 to 2008, revised 3% increase). With the updated rail rates, Oxbow's offer delivered at a starting price of [REDACTED] including sulfur. As with the PRB coal, the CN was unwilling to commit to term longer than two years. Based on current commitments to Daniel coupled with the desire for volume flexibility, it was decided that small tonnage should be contracted in 2008. Therefore, a two year deal with Oxbow was entered into for 300,000 tons in 2008 and 1.2M tons in 2009.

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Plant Watson  
9806 DFEW  
10  
11  
[REDACTED]

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Sincerely,

Scott D. Clouse  
Coal Procurement Agent

- Cc
- S.B Comensky
- D.J. Rouse
- J.R. Grubb
- S. J. Clayton
- H.T. Swindle

11

011

# DANIEL BIDDERS 2007 LINEUP

Plant Daniel 4 year Lineup w/ PRB not sorted

Bid	Supplier	A	B	Btu/lb	S%	Ash%	Moisture%	Comments
		2008	2008					
1 Bid # 1	Interocean Coal Sales			11,300	0.50%	9.0%	15.0%	fob railcar McDuffie
2 Bid # 3	Coal Marketing Company, USA			11,300	0.70%	9.3%	13.5%	CIF McDuffie
3 Bid # 5a	Alliance Coal, LLC			12,500	0.75%	8.0%	10.0%	fob railcar MC Mining, Scott's Branch CSX 84171, KY
4 Bid # 6a	Glencore Ltd.			11,300	0.62%	7.0%	11.5%	CIF McDuffie
5 Bid # 6b	Glencore Ltd.			11,300	0.65%	7.0%	11.5%	CIF McDuffie
6 Bid # 6c	Glencore Ltd.			12,400	0.75%	7.0%	8.0%	CIF McDuffie
7 Bid # 8a	Arch Coal Sales			11,700	0.53%	7.0%	11.0%	fob railcar Somerset, CO
8 Bid # 8b	Arch Coal Sales			11,700	0.53%	7.0%	11.0%	fob railcar Somerset, CO
9 Bid # 9	Peabody CoalTrade International, I			12,800	0.80%	6.5%	7.5%	CIF McDuffie
10 Bid # 10b	CoalSales, LLC			10,800	0.43%	9.0%	18.0%	fob barge Evansville Terminal Ohio River M.P#784.1to McDuffie
11 Bid # 11	CoalSales, LLC			11,300	0.51%	9.0%	12.0%	fob railcar Routt, CO
12 Bid # 12	Oxbow Carbon & Minerals, LLC			12,000	0.50%	12.0%	12.0%	fob railcar Somerset, CO
13 Bid # 13	Consol of Kentucky, Inc.			12,000	0.72%	14.0%	8.0%	fob railcar NS #0106 Big Omer, Kenova, WV
14 Bid # 16	Magnum Coal			12,300	0.70%	12.0%	7.0%	fob railcar-Samples Complex, CSX Station # 81750, IL
15 Bid # 17a	Twin Pines Coal Company			12,000	0.69%	12.0%	12.0%	fob railcar Gurnee Junction, AL
16 Bid # 20	Commonwealth Coal Services, Inc			11,600	0.67%	12.0%	10.5%	fob railcar Savage Coal Terminal, Price Utah
17 Bid # 21	Carpenter Creek Resources, LLC			10,800	0.50%	5.0%	16.0%	fob railcar Custer, MT
18 Bid # PRB-1	Arch Coal Sales			8,800	0.35%	5.7%	26.4%	fob railcar Black Thunder Mine, WY
19 Bid # PRB-2	Coal Sales, LLC			8,700	0.22%	4.5%	27.7%	fob railcar NARM, WY
20 Bid # PRB-3a	Rio Tinto Energy America, Inc.			8,800	0.24%	5.3%	26.7%	fob railcar Campbell County, WY
21 Bid # PRB-3b	Rio Tinto Energy America, Inc.			8,800	0.40%	5.3%	27.4%	fob railcar Campbell County, WY
22 Bid # PRB-3c	Rio Tinto Energy America, Inc.			9,350	0.37%	4.1%	25.4%	fob railcar Big Horn County, MT
23 Bid # PRB-4	Buckskin Mining Company, LLC			8,350	0.48%	7.0%	33.0%	Loadpoint-Buckskin Junction, WY

6  
4  
9

13

1. For each Request for Proposal for coal issued in 2007 by Gulf Power Company (GULF), list the bids received. Include the supplier, tonnage bid, coal quality, and delivered price information, as well as the method and route of delivery.

**ANSWER:**

No requests for proposals were issued for coal purchases in 2007 by Gulf Power Company. Mississippi Power Company issued one Request for Proposal that included the coal units at Plant Daniel, which are co-owned by Gulf.

A list of bids received including supplier, tonnage bid, coal quality, and delivered price information, as well as the method of delivery is attached. The route of delivery for rail shipments of coal is determined solely by the railroad(s) participating in the movement. However, generally coal shipments that originate on the western railroads, BNSF Railway and UP Railroad, will ship to Memphis, TN where it interchanges with the CN Railway, which ships the coal to Evansville, MS where it interchanges with the Mississippi Export Railroad for ultimate delivery to Plant Daniel. Coal shipments that originate on the eastern railroads will either load directly on the CN Railroad or the CSX Railroad or will interchange with either of these two railroads at some point, and the CN or CSX will interchange with the Mississippi Export Railroad either in Evansville, MS or Pascagoula, MS for ultimate delivery to Plant Daniel.

**DANIEL BIDDERS 2007 LINEUP**

Plant Daniel 4 year Lineup w/ PRB not sorted

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
<u>Bid</u>	<u>Supplier</u>	<u>2008</u>	<u>2008</u>	<u>HV</u>	<u>Sulfur</u>	<u>Ash</u>	<u>Moisture</u>	<u>Comments</u>
		<u>Price (\$/ton)</u>	<u>Trans. Rate</u>	<u>Btu/lb</u>	<u>%</u>	<u>%</u>	<u>%</u>	
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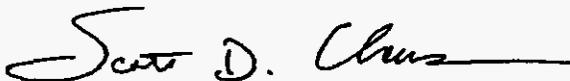
Plant Watson

3  
4  
5  
6  
7  
8  
9 [REDACTED]

10 [REDACTED]  
11 [REDACTED]

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Sincerely,



Scott D. Clouse  
Coal Procurement Agent

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S.B Comensky  
D.J. Rouse  
J.R. Grubb  
S. J. Clayton  
H.T. Swindle

EXHIBIT "C"

**Line-by-Line/Field-by-Field Justification**

**Line(s)/Field(s)**

**Justification**

**Document No. 02078-08**

**Response to Request # 2**

Pages 10, 11 and 13

Page 10, Line 1, Column A

Page 11, Line 1, Column B

Page 11, Line 2, Column A

Page 11, Lines 3-11

Page 13, Lines 1-23, Columns A-B

This information is entitled to confidential classification pursuant to section 366.093(3) (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 5.

**Document No. 02076-08**

**Response to Interrogatory # 1**

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This information is entitled to confidential classification pursuant to section 366.093(3) (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 6.

**Response to Interrogatory # 2**

January 18, 2008 Correspondence

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## Public Service Commission

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**Re: Acknowledgement of Confidential Filing in Docket No. 100001-EI**

This will acknowledge receipt by the Florida Public Service Commission, Office of Commission Clerk, of a CONFIDENTIAL DOCUMENT filed on December 20, 2010, in the above-referenced docket.

Document Number 10041-10 has been assigned to this filing, which will be maintained in locked storage.

If you have any questions regarding this document, please contact Kim Peña, Records Management Assistant, at (850) 413-6393.