

0009
**Columbus Southern
Power Company**
General Office
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Lancaster, OH 43130-0700
614 687 1440

Room: route to mine file
007/002 #4



Lowell P. Braxton
Associate Director, Mining
State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RECEIVED

JUL 12 1991

DIVISION OF
OIL GAS & MINING

July 9, 1991

Re: Certificate of Insurance
Blackhawk Coal Company

Dear Mr. Braxton:

Reference is made to your letter of June 17, 1991, (copy attached) to Mr. J. E. Katlic, Executive Vice President of Blackhawk Coal Company ("Blackhawk"). Please note Mr. Katlic's correct title is President & Chief Operating Officer of Blackhawk.

Certain aspects of the insurance provisions you are seeking in the June 17 correspondence Blackhawk cannot comply with. Please allow me to briefly explain.

Blackhawk is a subsidiary company of American Electric Power Company, Inc. ("AEP"). AEP is a large electric utility company operating in 7 states, providing electricity to 7 million people.

A copy of AEP's 1990 Annual Report is enclosed for your review.

The size of AEP's operations dictates sound risk management programs which include, among other things, a sufficient self-insured retention so the company can insure potential catastrophe losses, whether it be a liability exposure or property damage, within the framework of reasonable insurance premiums.

Specifically, in regard to the "first provider" liability insurance you are requesting to be stated on the "Acord" form. AEP has in its present insurance portfolio, a one million dollar (\$1,000,000.00) deductible applying to commercial liability insurance.

To obtain the first provider insurance also known as first dollar insurance your office is requesting, is unheard of in this day. First dollar coverage is not in the insurance market place; certainly not for a company with the magnitude of our operations.

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Please accept this letter as verification that Blackhawk Coal Company is a named insured under AEP's commercial general liability Insurance coverage for its operations (including explosives). While we retain the first one million dollars of risk under this coverage through a deductible, the insurer is obligated to honor claims and then seek reimbursement from us.

A copy of an Acord form previously sent to your office on June 5, 1991 is attached and completed in accordance with our companies insurance program.

Very cordially yours,



Craig E. Cramer
Manager - Land, Risk & Insurance

mkw

Attachments

cc: J. L. Reynolds, III
N. C. Nowicki
D. W. Payne