0012

Document Information Form

Mine Number: C/007/007

File Name: Internal

To: DOGM

From:

Person N/A

Company N/A

Date Sent: N/A

Explanation:

Copy of News Paper Clippings.

cc:

File in:
C/ 007 , 007 , Internal
Refer to:
- ☐ Confidential
- ☐ Shelf
- ☐ Expandable

Date _____ For additional information

(Continued from page 1)

said the utility would divide tonnage among producers for supply security. The test coal and any long term bids from South America will assist utility officials in assessing the feasibility of building the new dock at Danskammer.

The 1997 date would give Central Hudson time to build the new dock and to complete its domestic rail contract with Norfolk Southern. CHG&E has received Venezuelan and Colombian coal offers under an earlier domestic coal solicitation (9-13-93 *Coal Week*).

For the test coal shipment, offers should be made on an FOB loading port basis, as well as CIF Danskammer. The coal probably will be delivered to the Pier 21 dock in Philadelphia and then probably be delivered to the plant via Conrail, officials said.

Coal specs at Danskammer include 12,700 Btu/lb. (13,000 Btu/lb. preferred), 0.7 percent sulfur (1.1 lb. SO2/mmBtu), 8-10 percent ash, 10 percent moisture (6.1 percent expected), 35-36 percent volatiles, 60 percent fixed carbon (51 percent expected), 2500-2700-degrees ash fusion temperature, 43 grind (50 grind preferred) size 2 x 0-inch. For additional information, contact Vito Cracchiolo or Diane Seitz at 914-486-5562.

INDUSTRY

AES SHADY POINT TIGHTENS BELT; WILL STICK WITH OLKA. COAL, FOR NOW

Oklahoma coal producers are having to tighten their belts but they are breathing easier because of AES Shady Point Inc.'s recent decision to continue burning Oklahoma coal at the rate of about 1 million t/y — to continue, that is, as long as the state's coal companies can at least match the delivered price of Wyoming coal.

AES Shady Point is a 320 Mw fluidized bed independent power producer which sells electric power to Oklahoma Gas & Electric. Several months ago OG&E negotiated a price reduction of roughly 30 percent from what it had paid for Wyoming coal. That cut OG&E's cost of generation, which put economic pressure on Shady Point to reduce its costs, an AES official said.

AES Shady Point officials responded by taking a look at Wyoming coal and by cutting their internal costs sharply, and by alerting in-state coal producers that similar measures may be necessary by their companies in order to meet the Wyoming threat.

After several rounds of negotiations with Oklahoma producers, trucking firms, state legislators and plant officials, Shady Point president Bill Arnold announced that agreements had been finalized which allow the continued use of Oklahoma coal.

"But these agreements do not guarantee that Oklahoma coal will be used through the life of the plant," the company said in a recent news release. A number of developments could force the plant to look elsewhere for coal.

"It depends on the Oklahoma producers," an AES Shady Point official told *Coal Week*. "There's really enough information in (the news release) that tells the producers that the best thing that can be done is to try to find ways to cut costs to be able to produce at a lower price to be able to compete with Wyoming coal."

Shady Point's current Oklahoma coal suppliers are LaFlore County Coal Co., P&K Coal Co. and Mountain Minerals. In about six months, Mountain Minerals' sister company, Coal Creek Minerals, and AES Shady Point expect to be producing coal a few miles away from the generating station under the corporate name of KMF Mineral Resources. The new pit is expected eventually produce 200,000-300,000 t/y.

As a partner in KMF, AES hopes to keep a tight rein on coal costs, quality and coal production scheduling. "Last year, it took a great effort for (Oklahoma producers) to keep up with our demands as far as the amount of coal we needed to have in order to produce the electricity that OG&E asked us to give them, and it took just about all that they could do to get it to us," the official said.

SUNNYSIDE IN CHAPTER 11; PLANS TO EXIT COAL BUSINESS

Its only mine closed in March. Now, Sunnyside Coal Co. has filed for Chapter 11 reorganization in federal bankruptcy court in Denver, and the company says it is getting out of the coal business.

"Our intention is to liquidate and reclaim" the Sunnyside No. 1 mine, a company official told *Coal Week*. The mine closed March 23, the victim of competitive western markets.

Shutting Sunnyside 1 became all but inevitable when the mine's primary customer, Geneva Steel Co., elected not to renew Sunnyside's contract earlier this year. Given the mine's advancing age and high production costs, "there's no market out there we can identify" that could prolong Sunnyside 1's life, the official said.

Sunnyside expects to take at least a year to complete the bankruptcy court process and reclamation.

COAL WEEK

John K. Higgins Jr., Editorial Director
Washington (202) 383-2190
Paul D. Smith, Managing Editor
Washington (202) 383-2192
Steve Thomas, Associate Editor
Knoxville (615) 687-0560
Hattie A. Wicks, Policy Editor
Washington (202) 383-2191
Donna A. Allen, Assistant Editor
Washington (202) 383-2193

Editorial Offices:
1200 G. Street, N.W. (Suite 1100)
Washington DC 20005-3802
FAX: (202) 383-2125

2908 Tazewell Pike (Suite 3L)
Knoxville TN 37918
FAX: (615) 687-4402

Circulation: *Coal Week* is published 51 times per year by McGraw-Hill, Inc. **Subscriptions:** For new subscriptions, renewal orders, service or changes of address, contac
Circulation Dept. Subscriptio
per year in the US, Canada a
sales tax where applicable), an
via first class or air mail. A c
scription with *Coal Week Intern*
in the US, Canada and Mex
elsewhere. The single copy pri
is $30.

Circulation Office:
Coal Week/McGraw-Hill
1221 Avenue of the Americas (36th Floor)
New York, NY 10020
US Telex: 127960 *International Telex:* 62555
TWX: 710-581-4879
Cable: MCGRAWHILL NY
FAX: (212)512-2723

International Standard Serial No. 0149-578X.

Corporate officers: Joseph L. Dionne, chairman and chief executive officer; Harold W. McGraw III, presi-
andes,
secre-
nt and
r vice
Graw
trans-
ritten
e put
ritten
from

File in:
☐ Confidential
☐ Shelf
☐ Expandable
Refer to Record No 0012 Date
In C/ 007 , 007 , Internal
For additional information

This information is supplied for the private use of subscribers without guarantee as to completeness, accuracy, or timeliness of transmission or delivery. McGraw-Hill makes every effort to supply accurate data but neither it nor the printer, assume responsibility for the reliability of information attributed to other sources. The publisher reserves the right to change the extent, nature, and form of presentation at any time.

(Continued from page 1)
said the utility would divide tonnage among producers for supply security. The test coal and any long term bids from South America will assist utility officials in assessing the feasibility of building the new dock at Danskammer.

The 1997 date would give Central Hudson time to build the new dock and to complete its domestic rail contract with Norfolk Southern. CHG&E has received Venezuelan and Colombian coal offers under an earlier domestic coal solicitation (9-13-93 *Coal Week*).

For the test coal shipment, offers should be made on an FOB loading port basis, as well as CIF Danskammer. The coal probably will be delivered to the Pier 21 dock in Philadelphia and then probably be delivered to the plant via Conrail, officials said.

Coal specs at Danskammer include 12,700 Btu/lb. (13,000 Btu/lb. preferred), 0.7 percent sulfur (1.1 lb. SO2/mmBtu), 8-10 percent ash, 10 percent moisture (6.1 percent expected), 35-36 percent volatiles, 60 percent fixed carbon (51 percent expected), 2500-2700-degrees ash fusion temperature, 43 grind (50 grind preferred) size 2 x 0-inch. For additional information, contact Vito Cracchiolo or Diane Seitz at 914-486-5562.

INDUSTRY

AES SHADY POINT TIGHTENS BELT; WILL STICK WITH OLKA. COAL, FOR NOW

Oklahoma coal producers are having to tighten their belts but they are breathing easier because of AES Shady Point Inc.'s recent decision to continue burning Oklahoma coal at the rate of about 1 million t/y — to continue, that is, as long as the state's coal companies can at least match the delivered price of Wyoming coal.

AES Shady Point is a 320 Mw fluidized bed independent power producer which sells electric power to Oklahoma Gas & Electric. Several months ago OG&E negotiated a price reduction of roughly 30 percent from what it had paid for Wyoming coal. That cut OG&E's cost of generation, which put economic pressure on Shady Point to reduce its costs, an AES official said.

AES Shady Point officials responded by taking a look at Wyoming coal and by cutting their internal costs sharply, and by alerting in-state coal producers that similar measures may be necessary by their companies in order to meet the Wyoming threat.

After several rounds of negotiations with Oklahoma producers, trucking firms, state legislators and plant officials, Shady Point president Bill Arnold announced that agreements had been finalized which allow the continued use of Oklahoma coal.

"But these agreements do not guarantee that Oklahoma coal will be used through the life of the plant," the company said in a recent news release. A number of developments could force the plant to look elsewhere for coal.

"It depends on the Oklahoma producers," an AES Shady Point official told *Coal Week*. "There's really enough information in (the news release) that tells the producers that the best thing that can be done is to try to find ways to cut costs to be able to produce at a lower price to be able to compete with Wyoming coal."

Shady Point's current Oklahoma coal suppliers are LaFlore County Coal Co., P&K Coal Co. and Mountain Minerals. In about six months, Mountain Minerals' sister company, Coal Creek Minerals, and AES Shady Point expect to be producing coal a few miles away from the generating station under the corporate name of KMF Mineral Resources. The new pit is expected eventually produce 200,000-300,000 t/y.

As a partner in KMF, AES hopes to keep a tight rein on coal costs, quality and coal production scheduling. "Last year, it took a great effort for (Oklahoma producers) to keep up with our demands as far as the amount of coal we needed to have in order to produce the electricity that OG&E asked us to give them, and it took just about all that they could do to get it to us," the official said.

SUNNYSIDE IN CHAPTER 11; PLANS TO EXIT COAL BUSINESS

Its only mine closed in March. Now, Sunnyside Coal Co. has filed for Chapter 11 reorganization in federal bankruptcy court in Denver, and the company says it is getting out of the coal business.

"Our intention is to liquidate and reclaim" the Sunnyside No. 1 mine, a company official told *Coal Week*. The mine closed March 23, the victim of competitive western markets.

Shutting Sunnyside 1 became all but inevitable when the mine's primary customer, Geneva Steel Co., elected not to renew Sunnyside's contract earlier this year. Given the mine's advancing age and high production costs, "there's no market out there we can identify" that could prolong Sunnyside 1's life, the official said.

Sunnyside expects to take at least a year to complete the bankruptcy court process and reclamation.

COAL WEEK

John K. Higgins Jr., Editorial Director
Washington (202) 383-2190
Paul D. Smith, Managing Editor
Washington (202) 383-2192
Steve Thomas, Associate Editor
Knoxville (615) 687-0560
Hattie A. Wicks, Policy Editor
Washington (202) 383-2191
Donna A. Allen, Assistant Editor
Washington (202) 383-2193

Editorial Offices:
1200 G. Street, N.W. (Suite 1100)
Washington DC 20005-3802
FAX: (202) 383-2125

2908 Tazewell Pike (Suite 3L)
Knoxville TN 37918
FAX: (615) 687-4402

Circulation: *Coal Week* is published 51 times per year by McGraw-Hill, Inc. **Subscriptions:** For new subscriptions, renewal orders, copies or changes of address, contact the *Coal Week* Circulation Dept. Subscription rates are $912 per year in the US, Canada and Mexico (plus sales tax where applicable), and $946 elsewhere via first class or air mail. A combination subscription with *Coal Week International* is $1,834 in the US, Canada and Mexico and $1,912 elsewhere. The single copy price of *Coal Week* is $30.

Circulation Office: (212) 512-3916
Coal Week/McGraw-Hill
1221 Avenue of the Americas (36th Floor)
New York, NY 10020
US Telex: 127960 *International Telex:* 62555
TWX: 710-581-4879
Cable: MCGRAWHILL NY
FAX: (212)512-2723

International Standard Serial No. 0149-578X.

Corporate officers: Joseph L. Dionne, chairman and chief executive officer; Harold W. McGraw III, president and chief operating officer; Robert N. Landes, executive vice president, general counsel and secretary; Robert J. Bahash, executive vice-president and chief financial officer; Frank D. Penglase, senior vice president, treasury operations.
Copyright. *Coal Week* ©copyright 1994 by McGraw Hill, Inc. No reproduction, redistribution, or retransmission in any form is permissible without written authorization nor shall any information herein be put into any type of retrieval system without prior written permission. *Coal Week* reports industry activities from public and private sources believed to be reliable. This information is supplied for the private use of subscribers without guarantee as to completeness, accuracy, or timeliness of transmission or delivery. McGraw-Hill makes every effort to supply accurate data but neither it nor the printer, assume responsibility for the reliability of information attributed to other sources. The publisher reserves the right to change the extent, nature, and form of presentation at any time.