

~~Dunn, John R.~~

~~From: Long, Theresa L.~~  
~~Sent: Tuesday, August 26, 1997 9:04 AM~~  
~~To: Dunn, John R.~~  
~~Subject: FW: FUEL SUPPLY STRATEGY FOR KINGSTON~~

~~John,~~  
~~Sorry it took so long, but we've been busy!!!!~~  
~~Have a great day!!!!~~  
~~Theresa~~

From: Long, Theresa L.  
 Sent: Friday, August 15, 1997 12:44 PM  
 To: Quinn, Gary  
 Cc: Burris, Nathan W.; Johnson, Ralph G.; Rea, Richard P.; Burns, Amy T.  
 Subject: FUEL SUPPLY STRATEGY FOR KINGSTON

The proposed project discussed in our August 12 meeting involves a change in fuel strategy for Kingston. To help us understand this change, would you please provide the following information:

1. What are the total cost/benefits of the switch? What assumptions were made in the calculations?
2. What will be Kingston's total fuel cost (in cents/mil BTU) in the year 2000 and beyond for each strategy?
3. NS has tied the Blending Facility to the elimination of the new Rail Spur. Can the Blending Facility be justified by itself?
4. Do we have enough information to request Fossil Engineering to proceed with studies for the Blending Facility and associated Plant modifications?

Please advise by August 22, 1997.

Thank you,

*Terry S. Cobb*  
 Production Manager  
 Kingston Units 1-4  
 KIF 1A-KST  
 423-717-2501

**Cobb, Terry S.**

**From:** Quinn, Gary  
**Sent:** Friday, August 22, 1997 2:28 PM  
**To:** Cobb, Terry S.  
**Cc:** Burris, Nathan W.; Johnson, Ralph G.; Rea, Richard P.; Burns, Amy T.; Goodhard, Charles H.  
**Subject:** FUEL SUPPLY STRATEGY FOR KINGSTON

Terry,

I was hoping to get the economic analysis on the alternative project at Kingston this week in order to answer your questions. The analysis is very complex, however, and is not yet complete. I must defer the answers to questions 1 & 2 until the analysis is finalized.

As for the justification of the blending facility on a stand alone basis, it is doubtful that NS would offer the same freight rate in that case. However, as the deal is offered by NS, we would not have the need for the spur because they would take over the maintenance and operation of the Caney Creek line, and we would receive deliveries from both carriers right at the plant.

I believe we should wait for the economic analysis before we proceed with studies for the blending facility. It should be in hand soon.

Gary

**Garrett, Donal J.**

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**From:** Dunn, John R.  
**Sent:** Friday, August 15, 1997 11:24 AM  
**To:** Garrett, Donal J.  
**Subject:** RAILROAD -- ELVIS CUT !!

To: Gary Quinn

From: Terry Cobb

**FUEL SUPPLY STRATEGY FOR KINGSTON**

The proposed project discussed in our August 12 meeting involves a change in fuel strategy for Kingston. To help us understand this change, would you please provide the following information:

1. What are the total cost/benefits of the switch? What assumptions were made in the calculations?
2. What will be Kingston's total fuel cost (in cents/mil BTU) in the year 2000 and beyond for each strategy?
3. NS has tied the Blending Facility to the elimination of the new Rail Spur. Can the Blending Facility be justified by itself?
4. Do we have enough information to request Fossil Engineering to proceed with studies for the Blending Facility and associated Plant modifications?

Please advise as soon as possible.

Thank You

Terry Cobb

cc: Nathan Burris  
Ralph Johnson

**Garrett, Donal J.**

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**From:** Burnett, Kenneth W.  
**Sent:** Friday, August 15, 1997 10:57 AM  
**To:** Garrett, Donal J.  
**Subject:** FW: Railroad -- Second Cut!!

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**From:** Dunn, John R.  
**Sent:** Friday, August 15, 1997 10:52 AM  
**To:** Burnett, Kenneth W.  
**Subject:** Railroad -- Second Cut!!

**To:** Gary Quinn

**From:** Terry Cobb

**FUEL SUPPLY STRATEGY FOR KINGSTON**

The fuel scheme proposed by Norfolk Southern requires a change in fuel strategy for Kingston. To help us understand this change, would you please provide the following information:

1. What are the total cost/benefits of the switch? What assumptions were made in the calculations?
2. What will be Kingston's total fuel cost (in cents/mil BTU) in the year 2000 and beyond?
3. NS has tied the Blending Facility to the elimination of the new Rail Spur. Can the Blending Facility justify by itself?
4. Should we reevaluate the Coal Receiving RR Project in lieu of the proposed supply strategy?
5. Do we have enough information to request Fossil Engineering to proceed with studies for the Blending Facility and associated Plant modifications?

**cc:** Nathan Burris  
Don Johnson  
Ralph Johnson  
Bill Clinton