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City coal prices rise more than 30 percent

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ESCANABA — The purchase price of coal for the city of Escanaba rose more than 30 percent due to a major coal miner recently filing bankruptcy, city officials said this morning.

According to a press release, Black Diamond Mining of Kentucky was forced by creditors into involuntary Chapter 11 bankruptcy.

As a result of this legal action, the city's recent commitment to purchase 95,000 tons of eastern coal for its power plant in 2008-09 from C. Reiss Coal Co. at \$72.45 per ton cannot be honored, according to the press release. The action is the result of C. Reiss Coal's inability to secure coal from Black Diamond Mining, officials said.

Escanaba City Manager Jim O'Toole said the city has been forced to pursue other coal purchase options.

Wisconsin Public Service, the city's purchasing agent, is presenting to city council an option to purchase western coal at \$95 per ton. If council approves this agreement, the city will purchase 16,000 tons of western coal.

The city will also perform a test burn to ensure the coal will properly burn in the boilers of the Escanaba Power Plant. If the test burn is unsuccessful, the city will not be required to purchase any additional coal from the supplier. If the performance of the coal is acceptable, the city will be committed to purchase up to an additional 77,000 tons of this coal from the supplier.

O'Toole said the city council and public will be fully briefed on the current situation at the regular city council meeting scheduled for 7 tonight at city hall, 410 Ludington St. Residents who have questions or who would like additional information are encouraged to attend the meeting.

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Fact Box

At a glance

- Black Diamond Mining of Kentucky was forced by creditors into involuntary bankruptcy.
- As a result, the city's commitment to purchase coal cannot be honored.