

**By Russell Ray**  
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### **Coal Freight Battle May Fuel Spike In Rural Electricity Bills**

TAMPA - About 1.7 million customers served by a group of rural electricity cooperatives face the specter of higher electricity bills because the fee to transport coal by rail will be doubled by CSX Transportation in 2009.

The increased rate to move coal could lead to higher bills for 400,000 customers in Pasco, Polk, Hernando, Sumter, Citrus, Manatee, Hardee and Hillsborough counties.

Already, Withlacoochee River Electric Cooperative of Dade City has received state approval to raise electricity rates 4.7 percent beginning in January. The cooperative provides power to more than 200,000 customers.

Sumter Electric Cooperative, which has 170,000 customers, has no plans to raise rates, although it has not ruled out that option.

"We think the CSX rates are certainly higher than they should be," said Barry Bowman, a spokesman for Sumter Electric. "Generally speaking, that's the feeling of anybody who has to transport coal into the state."

The cooperatives get their power from Tampa-based Seminole Electric, which operates a large coal-fired power plant near Palatka in Putnam County.

The plant uses about 4 million tons of coal each year, and the only reasonable way for the plant to receive coal is by rails controlled by CSX, Seminole said.

Seminole's 10-year contract with CSX expires this year, and two years of negotiation has failed to produce an agreement. As a result, Seminole will be charged tariff rates that are more than twice as high as the old rate.

Seminole contends the new coal shipment rate is unreasonably high and has filed a formal complaint against CSX with the federal Surface Transportation Board, a process that could take two years to complete.

"We have no other choice but to take this action to protect the interests of our members and their consumers," said Tim Woodbury, Seminole's chief executive officer.

Seminole said its transportation cost for coal will increase by about \$100 million a year under CSX's new rate.

The additional cost will be passed on to Florida customers, said Bob Szabo, executive director of Consumers United for Rail Equity, a coalition of railroad-dependent shippers.

"This is a cost of the fuel that goes into generating electricity," Szabo said. "It would be passed on to everybody that gets their power from a rural electric co-op in Florida."

In some cases, the new CSX rates are 700 percent above its direct costs, Seminole contends in papers filed with the Surface Transportation Board.

"We believe that's unreasonable," Szabo said.

Szabo said rail freight companies such as CSX are free to charge unreasonable rates because they are exempt from federal antitrust laws that prevent businesses from monopolizing markets. Congress is considering legislation that would remove that exemption.

"The antitrust laws were passed in the late 1800s because the railroads were abusing their monopoly power," Szabo said. "The idea that 125 years later they're out from under these antitrust laws is just outrageous."

CSX did not return phone calls seeking comment.