

News Release

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Seminole files rail complaint to protect its members

(Oct. 3, 2008) Tampa, FL -- Seminole Electric Cooperative, Inc. today filed a formal Complaint with the federal Surface Transportation Board (STB) against CSX Transportation, Inc. (CSXT), challenging CSXT's proposed charge for the continued transportation of coal from the Illinois Basin and Appalachia to the Seminole Generating Station near Palatka, Florida, starting January 1, 2009.

The Complaint states the new rates are unreasonably high and unlawful under federal law, and requests that the STB prescribe lower rates for application to Seminole's coal shipments. Seminole, a non-profit co-op owned by its 10 non-profit member systems, uses about 4 million tons of coal a year at the Seminole Station and is a "captive customer" of CSXT service.

For 10 years, Seminole has received coal transportation from CSXT under a contract negotiated in 1998 that runs through 2008. Seminole opened discussions with CSXT in 2006 to negotiate a new or extended contract but was unable to reach a new agreement with CSXT. As a result, starting January 1, 2009,

Seminole's coal shipments will move under published tariff rates that include a CSXT "fuel surcharge." Seminole's Complaint notes the tariff rates are more than twice as high as the expiring contract rates.

"The cost of energy is a significant concern for the nearly two million individuals and businesses in Florida who rely on Seminole and its members for their electricity," said Tim Woodbury, Seminole's CEO. "Coal transportation costs are a significant factor in the cost of providing this electricity."

"Because we have no other option but to use CSXT for the delivery of coal to our facilities and could not reach agreement with them on the terms and conditions for a new agreement after nearly two years of negotiations, we have no choice but to take this action to protect the interests of our members and their consumers."

The proceedings at the STB are expected to take 18-24 months. In addition to its Complaint, Seminole also will file a petition with the STB asking for interim limits on CSXT's Tariff Rates while the regulatory proceeding is pending. A ruling on that request is expected soon.

Seminole is a generation and transmission cooperative headquartered in Tampa, Florida. Its 10 member distribution cooperatives together provide retail electric service to more than 1.7 million individuals and businesses across 46 of Florida's 67 counties.

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