



For Immediate Release:
www.railcure.org

Contact: Jim Luetkemeyer (202) 667-0901
jim.luetkemeyer@widmeyer.com

Florida Consumers Overcharged \$100 Million by Railroad

Seminole Electric Takes on CSX Railroad to Get Consumers' Money Back

Washington, D.C. (Oct. 10, 2008) — A Florida electric cooperative has challenged government regulators to step in and prevent CSX Railroad from unfairly doubling its shipping rates – a move that would cost Florida consumers \$100 million more per year in higher electric bills.

The extraordinary rate hike from CSX was challenged by Seminole Electric Cooperative, a non-profit rural electric co-op that provides electricity to two-thirds of Florida's counties. Seminole Electric filed its complaint with the Surface Transportation Board (STB) on October 3rd over the proposed escalation by CSX of shipping rates for coal, which the utility uses to generate electricity for consumers.

“That the railroads are so eager to pad their pockets with profits at the expense of American consumers during this economic downturn is unconscionable,” said Bob Szabo, executive director of Consumers United for Rail Equity. “If Floridians knew that their electricity bills will be raised by \$100 million because of the railroads, they’d ride the CSX executives out of town on a rail. The STB has a clear choice on this case – stand with consumers or help big rail pocket unfair profits.”

Seminole Electric needs 4 million tons of coal annually to create electricity for 1.7 million Florida residents. It is completely captive to CSX rail lines for coal delivery, with no other transportation options available to it. CSX has demanded that the rate be doubled for coal shipments, from \$25 to an estimated \$50 per ton. This increase would mean an additional \$100 million per year in shipping costs alone for Florida consumers.

“This is exactly the sort of behavior we have seen time and again from the big railroads. They know they have monopoly pricing power and they are wielding it like a club to the head of consumers,” Szabo said. “In virtually every case, consumers end up getting hit by this monopoly power abuse, while the STB ignores their pleas and sides with the railroads. That’s why Congress must step in and reform this broken government agency.”

These STB cases take years to litigate and cost rail customers millions of dollars to pursue. Since 2000, rail customers have achieved meaningful relief in less than 7 percent of cases filed with the STB.

In order to avoid these charges impacting Seminole and its customers, the cooperative has asked the STB to allow them to pay the old contract rate until their case is resolved.

CURE is supporting legislation in Congress that would reform the STB to level the playing field for shippers and make the rate case process fairer. CURE also supports repealing the railroads' antitrust exemptions – which would be accomplished under legislation that passed both the House and Senate Judiciary Committees during this session of Congress.

###

Consumers United for Rail Equity (CURE) represents a wide variety of rail customers including public utilities, rural electric co-ops, agriculture groups, as well as chemical, ethanol, cement, forest and paper companies, and other manufacturers.

For more information about CURE visit: www.railcure.org