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October 23, 2008

By Hand

Anne K. Quinlan, Esq.
Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

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OCT 23 2008
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Re Seminole Electric Cooperative, v CSX Transportation, STB Docket No 42110

Dear Secretary Quinlan

Enclosed for filing in the above-referenced matter, please find the original and ten copies of Defendant CSX Transportation Inc 's Answer Please stamp the enclosed copies to indicate the Petition has been received and filed, and return the stamped copies with our messenger, for our files Thank you for your assistance in this matter

If you have questions, please contact the undersigned

Very truly yours,

G Paul Moates

Enclosures

cc Kelvin Dowd

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

SEMINOLE ELECTRIC COOPERATIVE, INC)	
)	
Complainant,)	
)	Docket No. NOR 42110
v.)	
)	
CSX TRANSPORTATION, INC.)	
)	
Defendant)	
)	

ANSWER TO VERIFIED COMPLAINT

Pursuant to 49 C.F.R. § 1111.4 and other applicable law and authority, Defendant CSX Transportation, Inc (“CSXT”) respectfully submits this Answer to the Verified Complaint filed by Complainant Seminole Electric Cooperative, Inc (“Seminole”) in STB Docket No 42110 on October 3, 2008 (“Complaint”)

CSXT denies all of the allegations of the Complaint except where this Answer specifically states otherwise

In response to the unnumbered paragraph on page 1 of the Complaint, CSXT denies that Seminole has paid or will pay common carrier rates in excess of a reasonable maximum rate for CSXT’s transportation of the movements set forth in the Complaint (the “issue movements”), and denies that Seminole is entitled to any of the relief it seeks in this proceeding

With respect to the numbered paragraphs of the Complaint, CSXT responds as follows

1 CSXT lacks sufficient information to admit or deny the allegations of Paragraph 1 of the Complaint. To the extent a response is required, CSXT denies the allegations of Paragraph 1

2 CSXT lacks sufficient information to admit or deny the allegations of Paragraph 2 of the Complaint. To the extent a response is required, CSXT denies the allegations of Paragraph 2

3 CSXT admits the first sentence of Paragraph 3 of the Complaint CSXT admits that it is generally subject to Subtitle IV of Title 49 of the United States Code, and that some of its rates and practices are subject to the jurisdiction of the Board The third sentence of Paragraph 3 states a legal conclusion to which no response is necessary To the extent a response is necessary, CSXT denies that it exercises sole control over the establishment of rates, rules, and other terms covering the transportation of coal to Seminole Generating Station (“SGS”).

4 In response to Paragraph 4 of the Complaint, CSXT denies that rail is the only feasible means of transporting coal to SGS CSXT admits that coal shipments for the station have originated from Charleston, Port St Joe, the Illinois Basin, and Appalachia, but CSXT lacks sufficient information to admit or deny where “most” of the coal for SGS originates CSXT denies the remaining allegations in Paragraph 4

5 In response to Paragraph 5 of the Complaint CSXT admits that SGS could burn coal that does not originate at mines or stations on the CSXT rail system CSXT denies the remaining allegations of Paragraph 5

6 In response to Paragraph 6 of the Complaint, CSXT admits that it delivered coal to SGS prior to 1998, but denies Seminole’s characterization that exceptions to CSXT’s service to SGS were “rare,” “intermittent” or “minor ” CSXT also admits that Seminole has represented to CSXT that CSXT transported all coal shipped to SGS since late 1998 CSXT admits that in or about 1998 Seminole and CSXT entered a contract to govern CSXT’s rail transportation of coal to SGS (the “1998 Contract”) No response is necessary to Seminole’s

legal conclusions about the effect of the 1998 Contract CSXT denies the remaining allegations of Paragraph 6

7 In response to Paragraph 7 of the Complaint, CSXT admits that Seminole and CSXT have engaged in negotiations over several years regarding rates and terms for a new contract for CSXT's coal transportation to SGS CSXT denies the remaining allegations of Paragraph 7

8 In response to Paragraph 8 of the Complaint, CSXT admits that in March 2008 Seminole made a written request to CSXT for common carrier rates to take effect in January 2009. CSXT denies the remaining allegations of Paragraph 8.

9 CSXT denies Paragraph 9's mischaracterization of CSXT's May 13, 2008 response to Seminole's request for common carrier rates On that date CSXT advised Seminole that CSXT's existing system-wide scale rates (Tariff CSXT 8200-series), which include no volume consideration and no other qualification criteria, would generally apply to any non-contract movement not covered by a more specific CSXT common carrier rate However, CSXT also made clear that, in the event the parties were unable to negotiate a new contract, CSXT planned to quote a Seminole-specific common carrier rate to apply when the 1998 Contract expires CSXT further responds that it has explained to Seminole that CSXT will provide Seminole-specific rates on or before November 15, 1998 As a result, the scale rates Seminole challenges in the Complaint will not apply to Seminole's traffic when the 1998 Contract expires

10 In response to Paragraph 10 of the Complaint, CSXT denies that the listed scale tariff rates are the common carrier rates that will apply to Seminole's traffic As CSXT has explained to Seminole, it will provide Seminole-specific common carriage rates before the 1998 Contract expires CSXT is without information sufficient to admit or deny the allegations of

Paragraph 10 regarding applicable scale rates, because it cannot determine with precision the location of the named origins. To the extent further response is required, CSXT denies the remaining allegations of Paragraph 10.

11 In response to Paragraph 11 of the Complaint, CSXT denies that the listed tariff rates are the common carrier rates that will apply to Seminole's traffic and denies that the Seminole-specific common carrier rate CSXT intends to establish necessarily will apply a fuel surcharge. As CSXT has explained to Seminole, it will provide Seminole-specific common carriage rates before the 1998 Contract expires. CSXT denies that the levels of the Tariff-8200 rates plus fuel surcharge for the movements Seminole lists would necessarily be as stated in January 2009.

12 CSXT lacks sufficient information to admit or deny the first two sentences of Paragraph 12 of the Complaint. CSXT denies the remaining allegations of Paragraph 12.

13 In response to Paragraph 13 of the complaint, CSXT admits that Norfolk Southern Railway Company serves some mines that produce coal that might be compatible with SGS. The last sentence of Paragraph 13 states a legal conclusion to which no response is required, to the extent a response is necessary, that sentence is denied. CSXT denies the remaining allegations of Paragraph 13.

14 CSXT denies the allegations of Paragraph 14 of the Complaint.

15 Paragraph 15 states a legal conclusion to which no response is required, To the extent a response is necessary, Paragraph 15 is denied.

16 CSXT denies the allegations of Paragraph 16 of the Complaint.

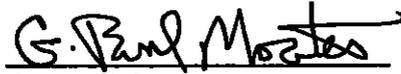
17 Paragraph 17 states a legal conclusion to which no response is required
To the extent that a response is necessary, CSXT admits that Seminole has brought this case
pursuant to the *Coal Rate Guidelines*, 1 I C C 2d 520 (1985)

18 CSXT denies the allegations of Paragraph 18 of the Complaint. CSXT
further denies that claims concerning CSXT's terms of service or practices would be appropriate
in this rate reasonableness proceeding

19. Paragraph 19 states a legal conclusion to which no response is required
To the extent a response is necessary, Paragraph 19 is denied.

20. Paragraph 20 states a legal conclusion to which no response is required
The unnumbered final paragraph of the Complaint (on page 9) states legal
conclusions and requests for relief to which no response is required To the extent a response is
deemed necessary, CSXT denies the allegations, conclusions, and requests for relief in that final
paragraph, including clauses numbered 1 through 4, and denies that Seminole is entitled to any
of the relief it seeks in this proceeding

Respectfully submitted,



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Counsel to CSX Transportation, Inc

Dated: October 23, 2008

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of October, 2008, I caused a copy of the foregoing Answer of CSX Transportation, Inc to the Verified Complaint of Seminole Electric Cooperative, Inc to be served on the following parties by first class mail, postage prepaid or more expeditious method of delivery

Kelvin J. Dowd
Slover & Loftus
1224 17th Street, NW
Washington, DC 20036



Richard Bryan