

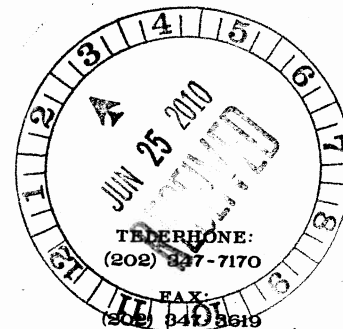
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June 25, 2010



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VIA HAND DELIVERY

Cynthia Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
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ENTERED
Office of Proceedings
JUN 25 2010
Part of
Public Record

Re: Docket No. 42110, Seminole Electric Cooperative,
Inc. v. CSX Transportation, Inc.

Dear Ms. Brown:

Enclosed for submission to the Board on behalf of Complainant Seminole Electric Cooperative, Inc. ("SECI"), please find a disc containing a copy of the PowerPoint slides that counsel for SECI may use during the oral argument scheduled for Wednesday, June 30, 2010. We have also enclosed one (1) paper copy, in color, and ten (10) paper copies, in black and white, of the PowerPoint slides.

The information and materials on the slides all are already part of the record in this proceeding, and none of the slides disclose any information that has been designated as Highly Confidential under the protective order that governs this case. Copies of the slides also are being provided to counsel for CSXT, pursuant to an agreement between the parties.

An additional copy of this letter is also enclosed. Kindly indicate receipt of the enclosed disc and paper copies by time-stamping the extra copy of the letter and returning it to our messenger.

Thank you for your attention to this matter.

Ms. Cynthia Brown
June 25, 2010
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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephanie M. Adams". The signature is fluid and cursive, with the first name being the most prominent.

Stephanie M. Adams
An Attorney for
Seminole Electric Cooperative, Inc.

Enclosures
cc: Counsel for Defendant CSX Transportation, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of June, 2010, I caused copies of the enclosed PowerPoint slides for SECI's oral argument to be served by hand-delivery on counsel for Defendant CSX Transportation, Inc., as follows:

G. Paul Moates, Esq.
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Matthew Warren, Esq.
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1501 K Street, N.W.
Washington, D.C. 20005


Stephanie M. Adams

From CSXT's Closing Brief at 27

one question for the Board, and it has nothing to do with crane design capacity or local zoning laws or environmental regulations. The question is whether water transportation is a real and viable option. The Board does not need to decide precisely how a dock

The Board does not need to decide precisely how a dock would be designed or what path a conveyor might take – it need only decide whether some configuration of water transportation could work.

its access to water transportation, the fact that many other businesses in Florida rely on water transportation supply chains like that proposed in CSXT's evidence, and the fact that nearby businesses regularly use barge transportation all speak to the viability of the barge option. Nothing more is required for the Board to find that water transportation constitutes an effective competitive option and therefore that CSXT is not market dominant.

D. CSXT Is Not Market Dominant Over Movements Through Charleston.

Regardless of the Board's ruling as to CSXT's market dominance over the mine origins, there can be no question that CSXT is not market dominant over movements through Charleston. Charleston is not a mine, and coal shipments do not "originate" at the Port of Charleston. Rather, if coal or petcoke ever were transported

From SECI's Closing Brief at 6

ratio of the challenged rates to the variable cost of the issue service exceeds 180%. 49 U.S.C. § 10707 (d)(1)(A). In this case, there is no dispute that the revenue-variable cost ("r/vc") ratios produced by the rates subject to SECI's Complaint substantially exceed 180%.

The court and agency jurisprudence concerning the matter of "qualitative" market dominance establishes certain key criteria for determining whether and to what extent a rail carrier faces "effective competition." The basic test is whether "there are

The basic test is whether "there are any alternatives sufficiently competitive (alone or in combination) to bring market discipline to [a railroad's] pricing." *West Texas Utilities*, 1 S.T.B. at 645, quoting *Metropolitan Edison*, 5 I.C.C. 2d at 410.

be shown that the erstwhile competition acts as a true economic constraint on the defendant's rate ambitions:

In its Reply Evidence, CSXT raised four (4) points of contention with respect to SECI's Opening presentation on variable costs. On Rebuttal, SECI adjusted the traffic and operating inputs in response to CSXT's first point, and demonstrated that the remaining three (3) lacked merit and should be rejected by the Board. See SECI Rebuttal at II-2-12.

CSXT's "Alternative" Routes Compared To CSXT's Existing Route



Dr. Sansom's FPSC Testimony

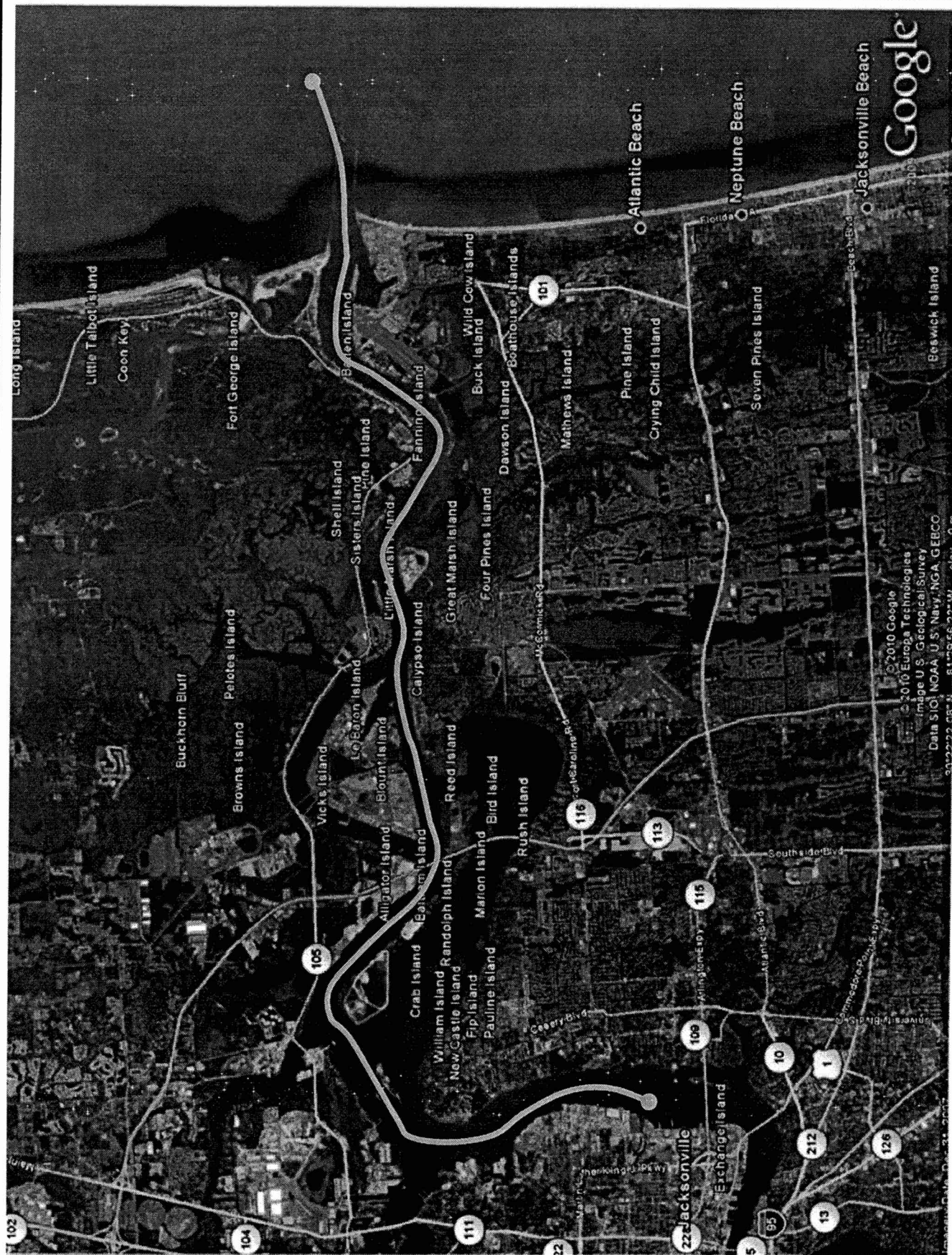
Q. What is Seminole's situation and approach?

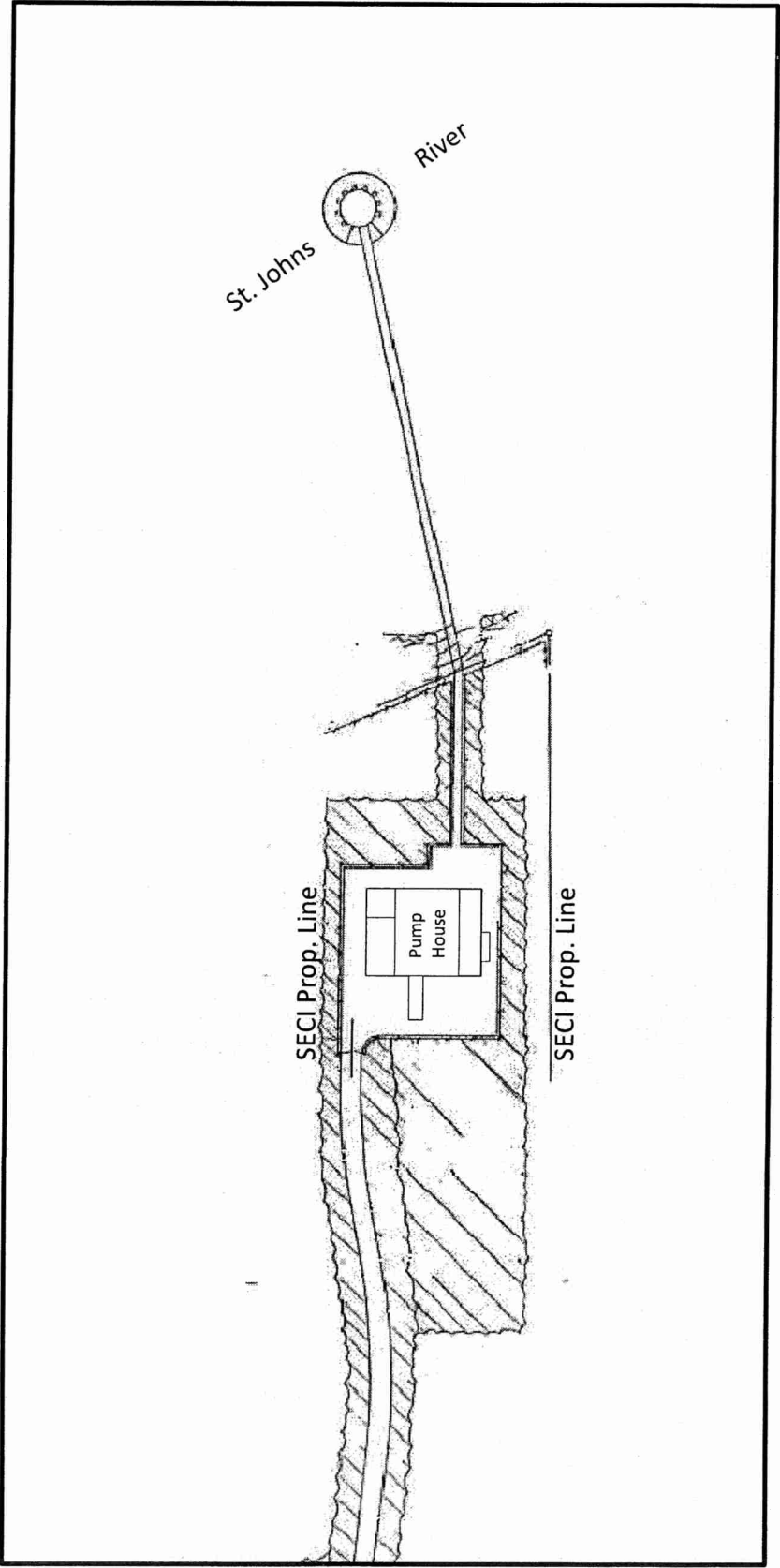
A. Seminole has a rail-served plant at Palatka, Florida. In 2002 and 2003 Dotiki coal delivered by rail cost Seminole's members less than Dotiki coal delivered by barge to Big Bend. This is shown in the table below and demonstrates that CSXT's service to Palatka, which does not enjoy rail/barge competition, is more efficient and cost-effective by a wide margin for Seminole's members than TECO's water route to Big Bend is to TECO's ratepayers.

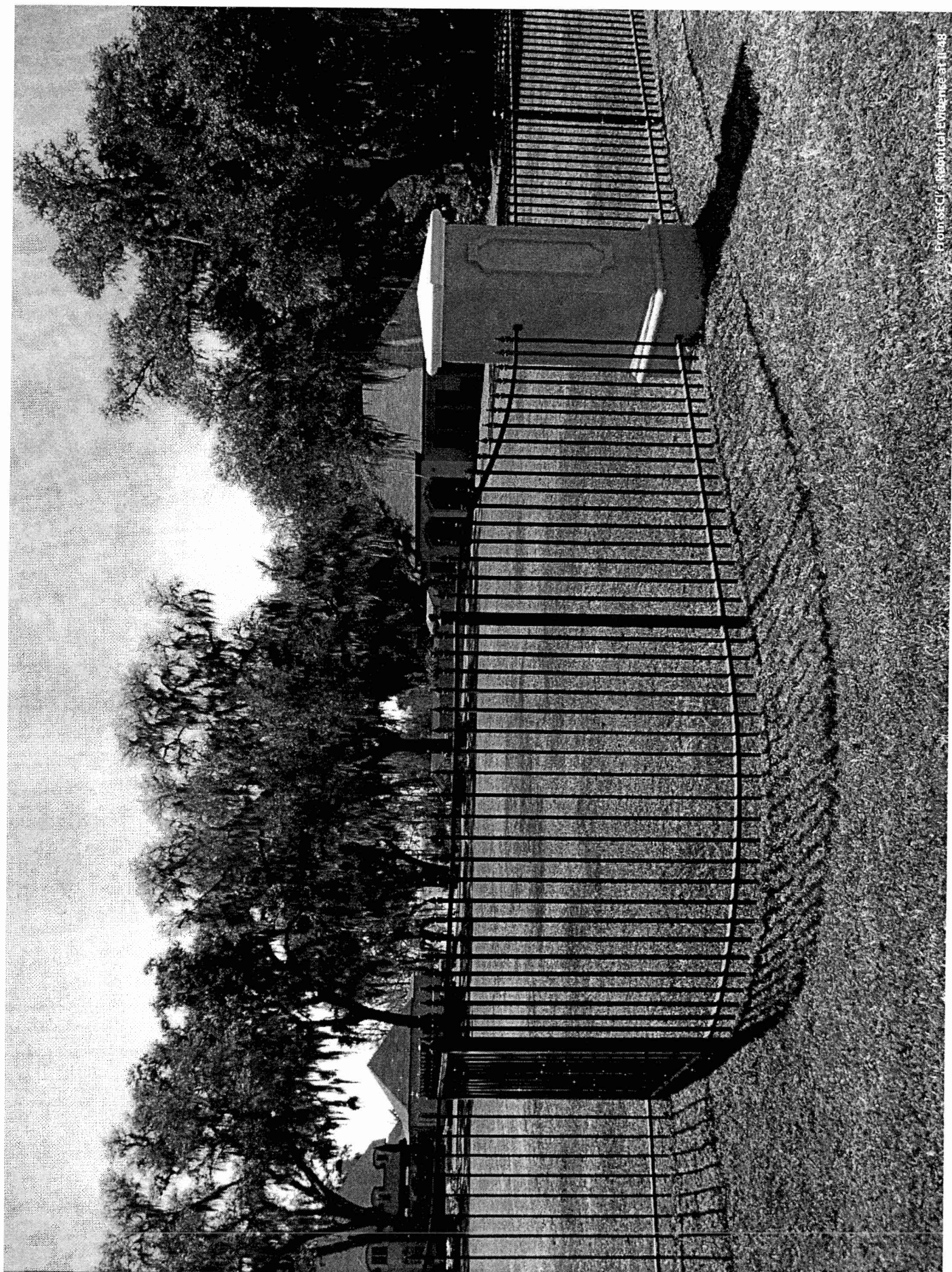
...

Q. What, if anything, is noteworthy about this?

A. This is noteworthy because it demonstrates substantial cost savings via rail, even though Seminole is captive to the CSXT rail system and Big Bend could have rail/water competition.

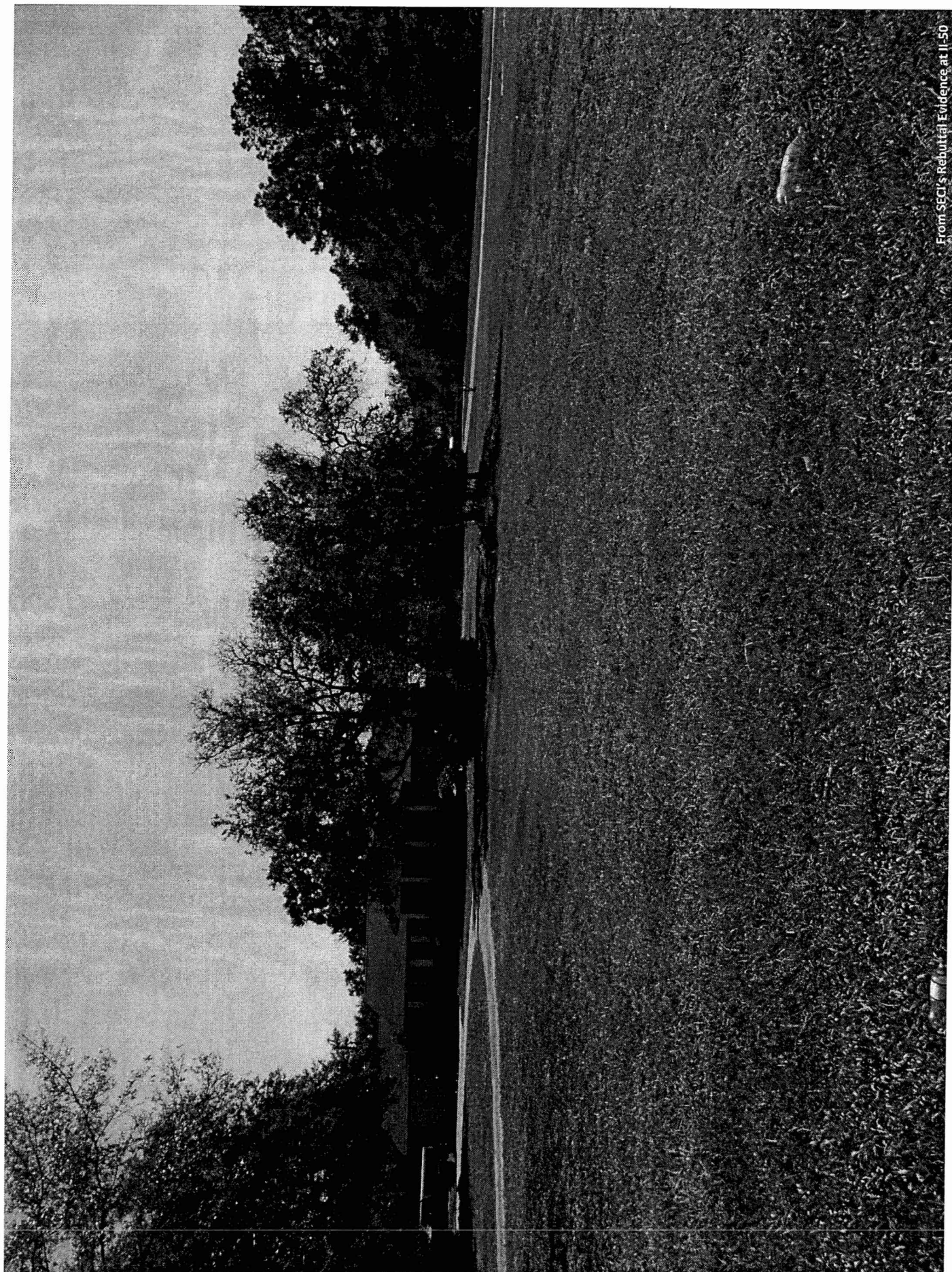




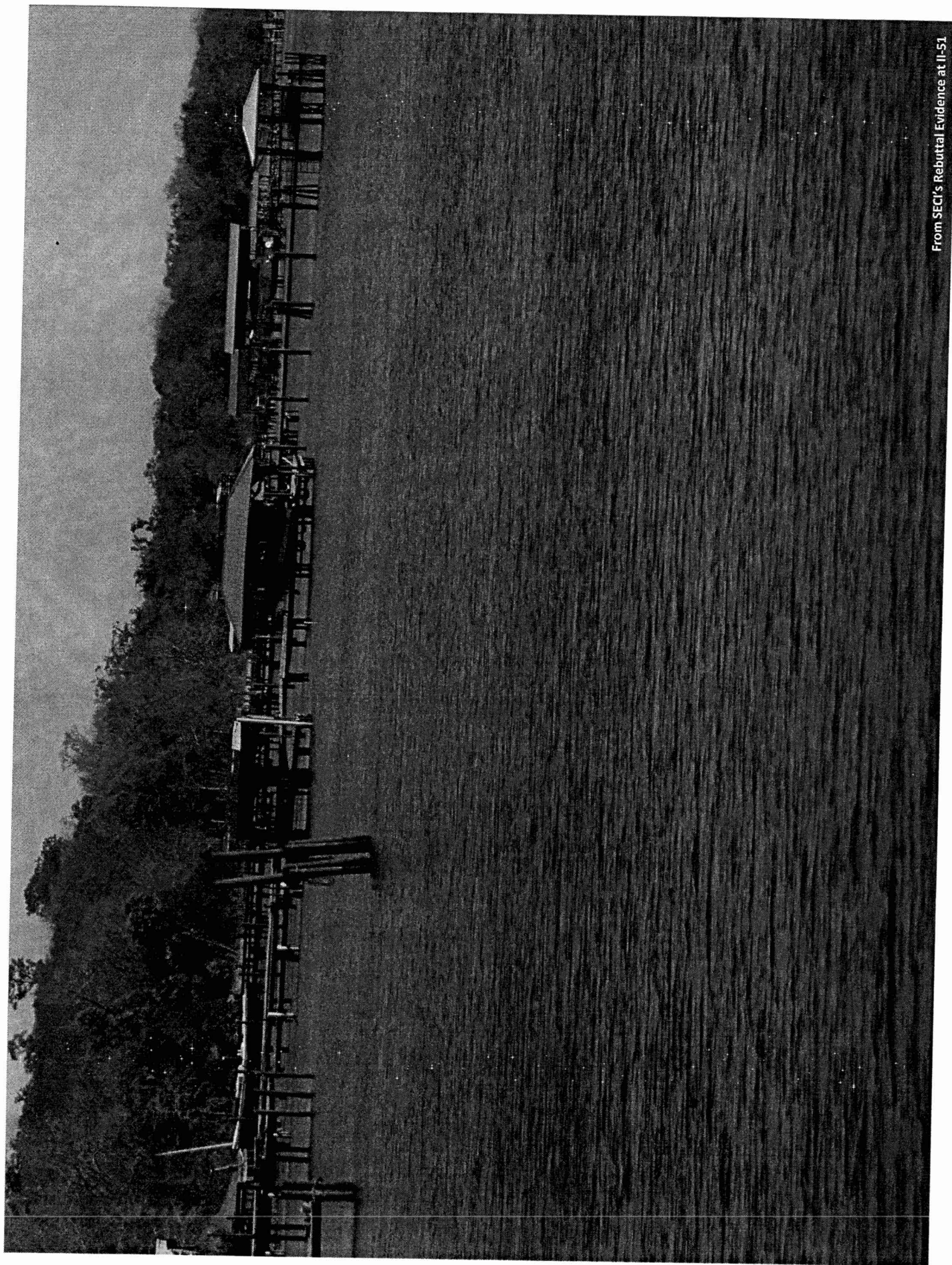




From SEC's Rebuttal Evidence at II-49



From SECI's Rebuttal Evidence at II-50



From SEC's Rebuttal Evidence at II-51

Permitting & Regulatory Requirements

1. Amend Putnam County's future land use map to rezone land parcels next to the river;
2. Obtain Putnam County's & Florida D.O.T.'s authorization for coal conveyor's undercrossing/overcrossing of C.R. 209 and associated right-of-way;
3. Seek authorization from the State Board of Trustees of the Internal Improvement Trust Fund for use of sovereign state lands for portions of dock system in river;
4. Modify existing SGS site certification by Florida Electrical Power Plant Siting Board;
5. Seek air construction permit for new facilities and revision of existing air operation & surface water discharge permits for SGS from FL Dept. of Environmental Protection;
6. Obtain dredge & fill permit from U.S. Army Corp of Engineers for facilities construction in river.

EVA's Cost Estimates Are Too Low

- EVA relies on an outdated source that does not reflect current market conditions
- EVA assumes SECI would incur no additional costs for coal shipments originating at inland barge terminals
- EVA provides no support for assumption that barge rates paid by SECI for river coal transport would always reflect the low end of prevailing spot rates
- EVA assumes that coal transfers between river and ocean barges could take place without delays
- EVA assumes CSXT would voluntarily “short-haul” itself on movements from NAPP mines to ports
- EVA underestimates loading/unloading times at all hypothetical points of transfer thus underestimating capital & operating costs for required transfer crane capacity
- EVA ignores costs associated with coal degradation

Rail Transportation Rates to Florida Utilities

