

### Surface Transportation Board Issues Decision in "Duke v. CSXT" Rail Rate-Complaint Case

Surface Transportation Board Chairman Roger Nober today announced that the STB has issued its decision in the maximum rate case brought by Duke Energy Corporation (Duke) against CSX Transportation (CSXT). Duke's complaint challenged CSXT's rates for the movement of coal from origins in Virginia, West Virginia, and Kentucky to Duke's Cliffside and Riverbend electricity generating facilities in North Carolina, and to Duke's Lee electric generating facility in South Carolina. This decision was in compliance with the statutory deadline in this case, which had been tolled for three weeks for the parties to submit more evidence. In its decision, the STB found that CSXT's rates challenged by Duke had not been shown to be unreasonable under the agency's standard "stand-alone cost" test. But the STB expressed concern over the size of the rate increases involved and stated that, if Duke wishes to pursue the matter further, the agency would look at whether CSXT should be required to phase in those rate increases over some period of time.

The STB decided the case under its well-established "stand-alone cost" rate review methodology, which seeks to determine the lowest cost at which a hypothetical, efficient "stand-alone railroad" could provide the transportation service required by the complaining shipper. The costs of building and operating such an efficient railroad are then compared to the revenues that such a system could expect to earn. If the shipper demonstrates that the stand-alone railroad would earn more from its shippers than is necessary to cover all of its costs, the shipper is entitled to rate relief. In a stand-alone cost rate case, the parties typically litigate over issues such as how much traffic might be carried by the stand-alone railroad; how the stand-alone railroad would have to operate to meet the requirements of the railroad's shippers; how much it would cost to conduct such operations; and how much revenue the system would generate.

The Board's decision in the case entitled [Duke Energy Corporation v. CSX Transportation, STB Docket No. 42070](#), is available for viewing and downloading via the Board's Web site at <http://www.stb.dot.gov>. A printed copy of the Board's decision also is available for a fee by contacting **ASAP Document Solutions, 9332 Annapolis Rd., Suite 103, Lanham, MD 20706, telephone (202) 293-7779**, or via [asapmd@verizon.net](mailto:asapmd@verizon.net).

###