



## COMMODITIES

APRIL 27, 2017 / 9:37 AM / 3 YEARS AGO

## FirstEnergy settles coal transport dispute with CSX, BNSF



(Reuters) - U.S. power company FirstEnergy Corp agreed to pay \$109 million to settle a legal dispute with two railroads concerning a long-term coal transportation contract, the Ohio based company said in a federal filing on Wednesday.

FirstEnergy said its FirstEnergy Generation unit would pay CSX Corp's CSX Transportation and Berkshire Hathaway Inc's BNSF Railway in three annual installments beginning May 1, which would be guaranteed by FirstEnergy.

FirstEnergy warned if the CSX/BNSF agreement is not finalized or if another coal transport dispute with BNSF and Norfolk Southern Corp's Norfolk Southern Railway is not settled, the "amount of damages owed ... could be material and may cause FirstEnergy Solutions to seek protection under U.S. bankruptcy laws."

FirstEnergy Solutions is the company's competitive subsidiary. FirstEnergy Generation is a unit of FirstEnergy Solutions.

"The settlement does nothing to improve the long-term outlook for FirstEnergy's merchant generation business, in our view, with weak commodity forward prices for electricity and gas into 2018, and beyond," Paul Fremont, managing director Americas Research at Mizuho Securities USA, said in a statement Thursday.

Fremont also noted the settlement would add \$109 million to FirstEnergy's exposure if FirstEnergy Solutions ends up declaring bankruptcy in the future.