

## **REPORT: DANIELS' RE-ELECTION FUELED WITH NEARLY \$450,000 IN "DIRTY COAL" CONTRIBUTIONS**

***Daniels Takes In Huge Contributions from Mining Companies, Utilities; Governor Has Still Not Responded to Public Records Request About Ties to Duke Energy.***

**INDIANAPOLIS, IN.///February 12, 2009///**Recently re-elected Indiana Governor Mitch Daniels role as the champion of coal has not gone unnoticed or unrewarded by coal mining firms, industry suppliers and the utilities that burn the dirty energy source. Data released today by four Indiana groups show that coal interests paid \$433,462 in campaign contributions to help secure the re-election of Daniels. The previously undisclosed largesse of the coal industry and related utilities may help to explain why the governor has not yet responded to a public records request lawfully filed three and a half months ago about ties between his Administration and Duke Energy.

The gifts to Daniels were made between January 2005 and November 2008 according to a comprehensive new analysis of Indiana Election Division records released today by the Sierra Club Hoosier Chapter, Valley Watch, Common Cause and Citizens Action Coalition. The funds, which came from corporate coffers, company affiliated political action committees, and individual company owners, executives, and lobbyists, represent 28 different industry interests, all of which are either members of the Indiana Coal Council — coal's chief lobbying arm in the state — or own coal mines in Indiana, or both.

Daniels's biggest coal-connected donors are the utilities NiSource (\$100,250) and Duke Energy (\$83,337). NiSource (better known locally as Northern Indiana Public Service Co. or "NIPSCO") and Duke Energy are both members of the Indiana Coal Council, and both rely on coal-fired power plants for much of the power they sell in the state. Duke is currently petitioning Indiana regulators for approvals in connection with a controversial new coal-fired power plant it plans to build at Edwardsport. Most of the NiSource contribution came from the company's PAC. But Duke Energy is, by far, the largest source of coal connected contributors to Daniels, with gifts from almost 30 Duke executives among its \$83,337 total.

Donors associated with a dozen companies that operate coal mines and/or own coal reserves in Indiana dug up a total of \$107,375 in cash for Daniels. This total includes: \$10,000 from a top lobbyist for the world's largest coal company, Peabody Investments, plus \$18,450 more from that firm and its Indiana subsidiary; as well as \$34,250 from Evansville utility and energy firm Vectren, which mines its own coal and plans to open two new mines in the state.

Grant Smith, executive director, Citizens Action Coalition, said: **"As the numbers show, coal's political influence in Indiana is striking. The case of Duke Energy shows what that influence means in practical terms. With Duke and its CEO Jim Rogers it's all about boosting revenue. The planned coal plants in Indiana and elsewhere in its service territory are not needed. Duke has received approval based on pliable regulatory regimes in the face of evidence demonstrating that cheaper and cleaner alternatives can meet electric energy demand. Duke has managed the same type of influence peddling by arranging for a similar amendment to the federal stimulus package. The amendment ties pro-utility rate designs, in this case decoupling, to energy efficiency block grants. As usual, the company is attempting to create unjustified, additional revenue streams on the backs of ratepayers who cannot afford Duke's business plan."**

David Maidenberg, director, Sierra Club Hoosier Chapter, said: **"At a time when many other states are moving away from coal for economic, environmental and health reasons, this administration serves as its cheerleader. While these campaign contributions are presumably legal, the study raises questions about whether the Governor's independence of judgment and ability to provide Hoosiers with objective regulation of utilities may be impaired by these campaign gifts."**

John Blair, president, Valley Watch, said: **"Indiana is one of the most polluted states in the nation and that is largely due to the many old and dirty coal plants that operate here. It is no wonder**

**Governor Daniels is reluctant to answer our records request since it is clear he resides in the back pocket of the industry that causes much of the ill health in southern Indiana."**

Julia Vaughn, policy director, Common Cause Indiana, said: **"Indiana's lax campaign contribution laws allow those with deep pockets to exercise undue influence over state policies. This research strongly suggests that the coal industry, and those with ties to it, have invested heavily in Governor Daniels and he has not disappointed them."**

Governor Daniels has so far failed to respond to a public record disclosure request lawfully filed under Indiana law three and a half months ago (October 29, 2008) by Hoosier Chapter Sierra Club, Citizens Action Coalition, and Valley Watch. In the October 29th filing, the four groups sought the production of all documents and other records detailing "actions, public or non-public, that Governor Daniels and his Administration may have taken" to promote Duke Energy's proposed new power plant at Edwardsport. The public records demand letter also seeks to determine whether and how much of Governor Daniels's 2008 "energy summit" -- held two months before the election on September 3-4, 2008 in Indianapolis -- was underwritten by private utilities or other interests.

Other key report findings include the following:

- According to the report, campaign finance records strongly suggest Duke Energy and CEO Rogers staged a fundraiser for Daniels in May 2008. On a single day that month (the 8th), the Daniels campaign recorded \$18,300 worth of donations from 20 Duke Energy executives, three members of the board of directors (or family businesses controlled by them), and two company PACs. On April 25th 2008, the campaign had reported a \$1,991 "food for event" in-kind contribution from Chairman/CEO Rogers and later in May reported a \$5,000 donation from him.
- Daniels received \$34,500 from "one of the largest consumers of coal in the Western Hemisphere" (AEP). American Electric Power (parent of Indiana Michigan Power), its PAC and some executives, gave Daniels \$34,500 in 2005-2008 period covered by this analysis. A member of the Indiana Coal Council, AEP identifies itself on its corporate web site as "one of the largest consumers of coal in the Western Hemisphere" —fuel for its many coal fired power plants.
- Daniels also received \$81,750 more from donors who sell equipment and services to dig and move coal. In addition to coal producers like Peabody, and coal consumers like Duke, Indiana Coal Council membership rolls include businesses that supply and service the coal industry with equipment, professional expertise, and transportation. Coal Council member MacAllister Machinery, for example, holds the Indiana franchise for Caterpillar Equipment and its giant earthmovers. MacAllister, its family ownership, and an affiliated company gave Daniels \$42,000 in the 2005-2008 period covered by this analysis. Three railroads and two trucking companies—all Coal Council members—and their executives and PACs, gave a collective \$30,250 during the same timeframe.

The comprehensive new analysis of Indiana Election Division records was conducted for the Sierra Club Hoosier chapter, Valley Watch, Common Cause and Citizens Action Coalition by the nonprofit and nonpartisan Civil Society Institute and TheCLEAN.org.

## **ABOUT THE GROUPS**

Common Cause is a nonpartisan, nonprofit advocacy organization founded in 1970 by John Gardner as a vehicle for citizens to make their voices heard in the political process and to hold their elected leaders accountable to the public interest.

The mission of the Citizens Action Coalition of Indiana (<http://www.citact.org>) is to initiate, facilitate and coordinate citizen action directed to improving the quality of life of all inhabitants of the State of Indiana through principled advocacy of public policies to preserve democracy, conserve natural resources, protect the environment, and provide affordable access to essential human services.

The Sierra Club's mission is to: (1) explore, enjoy and protect the wild places of the earth; (2) practice and promote responsible use of the earth's ecosystems and resources; and (3) educate and enlist humanity to protect and restore the quality of the natural and human environment. For more information, go to <http://www.Indiana.sierraclub.org>.

Valley Watch is an Evansville-based environmental health group and its purpose is to "protect the public health and environment of the lower Ohio River Valley." It is on the web at <http://valleywatch.net>.

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**EDITOR'S NOTE:** A streaming audio recording of the news event will be available on the Web at <http://www.citact.org> as of 6 p.m. ET on February 11, 2009.