

NEWS RELEASE

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Citizens Action Coalition
Grant Smith
(317) 205-3535
gsmith@citact.org

Sierra Club Hoosier Chapter
Bowden Quinn
(317) 822-3750
bowden.quinn@sierraclub.org

Valley Watch
John Blair
(812) 464-5663
ecoserve1@aol.com

Daniels Administration Too Cozy with Coal and Utility Industry: Three Groups File Public Records Demand to Expose Ties Between Governor, Duke Energy

Concerns Expressed About Duke-Subsidized “Energy Summit” for Daniels Two Months Before Election

INDIANAPOLIS, INDIANA – October 28, 2008 – Three leading U.S. and Indiana citizens/environmental groups – Hoosier Chapter Sierra Club, Citizens Action Coalition (Indiana CAC) and Valley Watch – today filed a public record disclosure request to compel 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.

Filed under the Indiana Access to Public Records Act, the Sierra Club, Indiana CAC, and Valley Watch demand letter also seeks to expose the extent of Duke Energy’s financial support for Governor Daniels’s so-called “energy summit,” which held two months before the election on September 3-4, 2008 in Indianapolis.

Additionally, the groups also are seeking evidence of any improper communications between Duke and the Indiana Utility Regulatory Commission (IURC). Indiana Code 8-1-1-5 specifically prohibits backchannel “ex parte” communications between IURC and any entity with a pending request (e.g., the Duke Edwardsport plant application). State law further requires that the IURC “shall in no such proceeding, during the hearing, act in the role either of a proponent or opponent on any issue to be decided by it.”

Sierra Club, Indiana CAC and Valley Watch are concerned about several public statements by the Daniels Administration that have both promoted the plant and appear to

take for granted a positive outcome for Duke from the IURC, which is intended to be an independent and impartial regulatory body looking out for the best interests of the public.

Bill Hayden, chair, executive committee, Sierra Club, said: “It is essential that Duke ratepayers know if the Daniels administration and the Indiana Utility Regulatory Commission stepped outside their roles as protectors of the public interest in their rush to approve Duke’s Edwardsport power plant. The stakes for Duke ratepayers and global climate change are enormous. It appears that the ratepayer protections in Indiana law may have been violated and the Daniels administration needs to be held accountable for its role ramming through the approval of Edwardsport.”

Grant Smith, executive director, Citizens Action Coalition, said: “Public statements make it appear the IURC may be acting as an advocate for the Governor’s energy plan which itself appears to be tied to advancing Duke’s business plan. Instead of an objective decision-making process conducted at arm’s length, we have the appearance here of the Edwardsport plant proposal being ‘hard-wired’ for Duke by the Daniels Administration. Moreover, the sponsorship of the Governor’s energy summit by Duke is completely inappropriate and a conflict of interest. It therefore is critical that the Governor release any communications with Duke and the IURC concerning the Edwardsport plant.”

John Blair, president, Valley Watch, said: “The issues surrounding this plant may dictate the future of this state, both environmentally and economically, leaving us in a perpetual state of backwardness. It is time for the governor's office to come clean with the people about the cost of this facility in electric rates and health.”

The Sierra Club-CAC-Valley Watch demand letter covers all letters, FAX communications, emails, daily schedules, phone logs, official diaries, agenda, minutes, memos, tape recordings and other records involving “any official of Duke Energy or the Indiana Energy Association, or persons registered to lobby on behalf of either organization, and the Office of the Governor, ... occurring during the period January 2007 to present.”

In connection with the Daniels “energy summit,” the groups are seeking “(a) any invoices and receipts for the costs of planning and staging the ‘summit, including, but not limited to, facilities rentals, food and beverage, audio/visual technology, professional services, and labor.” The groups also are seeking “(a)ny agreements or arrangements, whether actual or proposed, under which any private party (i.e. other than the State of Indiana) would pay for, ‘sponsor,’ underwrite, or contribute as an in-kind donation, the cost of any product or program offered at the ‘summit,’ or any good or service involved in its production.”

In a separate fact sheet, “The Mitch Daniels Record: Too Cozy With Coal,” the three groups note a number of disturbing facts, including:

- Rate setting commission chaired by a lawyer formerly employed by Duke Energy's predecessor. David Lott Hardy, chairman of the Indiana Utility Regulatory Commission ("IURC"), is an attorney who worked for some fifteen years for Public Service Company of Indiana (now part of Duke Energy), serving as associate general counsel. Hardy was named to the IURC by Governor Daniels in August 2005.
- State's Office of Energy & Defense led by a former utility and American Gas Association official. Prior to his appointment by Governor Daniels, the state's Director of the Office of Energy and Defense Development, John Clark, spent two decades as an executive for a leading electric and natural gas utility and as an officer of the American Gas Association.
- Governor's remarks treat Edwardsport plant as done deal three months before his regulators formally approved it. In August 2007, Governor Daniels issued a press release touting alleged progress in his "Hoosier Homegrown Energy" initiative and enthusing about how Edwardsport "will be the first new baseload plant to be built in Indiana in 20 years." Yet the Indiana Utility Regulatory Commission had only just held its public comment hearing on Duke's application two days earlier, and IURC would not issue its approval until late November 2007.
- IURC official made arguments for the Edwardsport plant even as agency supposedly conducting its review. In an April 2007 letter, the director of the Indiana Utility Regulatory Commission's Consumer Affairs Division appeared to argue for the merits of the Edwardsport plant, even as IURC's review of Duke Energy's petition for the plant was still in its fact finding stages. The official, Ja-Deen Johnson, declared (though without citing evidence) that "it does not appear [renewable energy] sources can keep pace with the growing demand" for energy in the state, "leaving one of the best options in the Midwest - coal."
- Just weeks ago, the Daniels Administration staged an "energy summit" underwritten in part by Duke. In September 2008, Governor Daniels staged and keynoted a two day "summit" in Indianapolis to trumpet so-called clean coal technology that allegedly will someday be used to clean up greenhouse gases produced by Duke Energy's Edwardsport plant. Yet its cost is sure to be astronomical, the technology purely theoretical on the scale envisioned, and legal and environmental issues extremely difficult, from a fairness and analytical perspective, to address. Appropriately, Daniels's summit featured a speech by Duke Energy CEO Jim Rogers—not to mention food and an open bar sponsored by the utility and Duke employees registering participants.

About the Groups

The mission of the Citizens Action Coalition of Indiana 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 mission of the Sierra Club 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. 3. Educate and enlist humanity to protect and restore the quality of the natural and human environment.

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.”

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