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Turning On Citizen Power

www.citact.org

State Legislators Embrace Utility Agenda

Bills Confiscate Your Money, Threaten Your Property, and Eliminate Your Right to Object

The Monopoly Utility Agenda is a high risk gamble for you as a taxpayer and a ratepayer. Rather than bolster our economy and jobs, this plan would bleed our economy, stifle competition, and weaken our job market. The plan cannot be implemented without forcing excessive rate increases and exposing thousands of property owners to potential losses through property damage, devaluation, and condemnation. **Under this energy plan, we (taxpayers and ratepayers) carry the risks and costs while monopoly utility companies and New York City bankers walk away with the profits.**



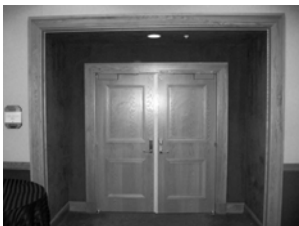
Every year, the Indiana Energy Association, (IEA, the lobbying organization for the Investor Owned Utilities – NIPSCO, AEP, IPL, Duke, and Vectren) **proposes legislation that will remove consumer protections, protect monopoly utility profits, and eliminate due process.** This is primarily done through a mechanism known as a tracker. **Trackers** are one-way rate making, which means the monopoly utilities can raise your rates when their costs go up without having to lower your rates when their costs go down. **Trackers allow the utilities to keep their monopoly status, avoid going in for rate cases, and bypass most of the regulatory process.**

SB 15 & HB 1231 both contain **Construction Work in Progress (CWIP) for nuclear power plants.** This is a tracker the IEA has been pursuing for several years now. It is primarily desired by **Indiana Michigan Power (AEP) to enable an expensive “uprate” to their two reactors at the Cook Nuclear Plant** that service Indiana ratepayers in South Bend and Fort Wayne. This uprate will certainly cost more than the initial \$2 billion estimate. Right now, utilities can't charge you as a ratepayer for nuclear power plants until they are built and producing electricity. **CWIP allows the utilities to charge you for the power plants as they are being built, before they are producing any electricity, and even if they never produce any electricity.** Duke Energy and Indianapolis Power & Light both have also shown interest in adding new nuclear plants to their portfolio.

SB 102 & HB 1160 also contain trackers. They allow the utilities to track and recover costs for: any and all federal laws that could be adopted (whether or not they are actually adopted) regarding greenhouse gas emissions, any Renewable Portfolio Standard or energy efficiency standard, transmission and distribution systems, and carbon dioxide pipelines. Taken together, all of these categories make up the business plan that the utilities are already required by law to implement to meet their obligation to provide reliable service. **These bills turn the Indiana Utility Regulatory Commission (IURC) into a rubber stamp, stating that the IURC SHALL approve the trackers for these purposes.**

SB 102 & HB 1160 are supported by Duke Energy because these bills state that when utilities are found to be overearning, they do not have to refund any money to ratepayers. Duke is building a coal-gasification power plant in Edwardsport, IN that is going to cost Duke ratepayers \$3 billion, a 30% rate increase. This plant is first-of-a-kind technology – a science project. They are only doing it because they have CWIP and can force ratepayers to pay for it before it is producing electricity (and even if it never does). It is painfully obvious from the e-mails obtained by Citizens Action Coalition that **Duke has exerted undue influence upon the regulatory process to make this plant possible.** Proving the existence of gross mismanagement, concealment, or fraud is the only thing that could ever force a refund of the money that ratepayers have already paid.

NIPSCO also wants these trackers. NIPSCO's latest requests for rate increases show that they want residential and small business ratepayers to subsidize the “Economic Development Rates” (sweetheart deals) they give to their industrial customers. Politicians love this because it allows them to claim that they are promoting business without raising taxes. **You are paying either way though – whether it's higher utility bills or higher taxes. Our State Senators and Representatives constantly need to be reminded that you are both, a taxpayer and a ratepayer, not one or the other.**



SB 512 & HB 1423 remove transparency from the regulatory process by placing a gag order on CAC and the public while giving utilities the opportunity to increase their profits without full regulatory review. These bills allow a utility to come in two years after their last rate case and ask for a higher rate of return (profit margin). But no one can intervene against it. To cut CAC and others out would truly be a dream come true for the monopoly utilities. CAC has saved ratepayers well over \$4 billion since 1974 by intervening in rate cases and participating in the process. With the support of our members, we have exposed many utility schemes by being a watchdog and howling about foul play.

SB 72 gives private corporations eminent domain for the purpose of building carbon dioxide pipelines. It directly relates to a project called Indiana Gasification, LLC, brought to you by Leucadia, a multi-national, speculative venture corporation headquartered in New York City. They want to build a coal-to-gas plant in Rockport, IN, but they can't get the financing for it on Wall Street unless they have a guaranteed buyer. Since 2007, three pieces of legislation have been proposed that enable this plant to be built. These changes to the law allow the State of Indiana to sign 30-year contracts to purchase the substitute natural gas from this plant, force the natural gas utilities to charge you for the gas, and force you as a natural gas ratepayer to pay for the gas, thereby paying for the plant. The Indiana Finance Authority recently signed these contracts in December 2010. The outrageous part of this is that Indiana ratepayers are not receiving the gas. The contract is simply a financial mechanism to charge you for the gas.



Granting eminent domain to private corporations is reason enough to oppose this bill, but this bill and this project has moved us into a larger discussion about the role of government. **What we have here is a multi-billion dollar corporation with unfettered access, unlimited cash, and massive influence using the legislative process to mandate their agenda because the free market simply will not support their business plan.** Legislation has been passed that guarantees them a revenue stream in the form of the captive ratepayers of Indiana, as well as a marketplace, which is now the State of Indiana, better known as taxpayers. Now, in addition to ratepayers and taxpayers being used as involuntary financiers for these speculative ventures, these private, unregulated corporations are now seeking the authority to use our property, no questions asked.

The sticking point is that in order for Leucadia to sell this gas to the State, they have to show "ratepayer savings." Enter Denbury. **Denbury is another out-of-state corporation, intent upon building pipelines from Mississippi through Indiana and into Illinois** to connect with existing pipelines running from Mississippi to Texas. Denbury wants to buy the carbon dioxide emissions from the Rockport coal-to-gas plant and use the CO2 for Enhanced Oil Recovery (EOR). **And they can't do it without getting our legislators to give eminent domain to private corporations.**

Bill Watch:

Construction Work in Progress (CWIP) for nuclear power plants

SB 15 & HB 1231: Low carbon and noncarbon dioxide emitting plants.

Authors: **SB 15** - Sen. Boots (R); **HB 1231** - Rep. Wolkins (R)

Status: SB 15 is in the Senate Utilities & Technology Committee. HB 1231 is in the House Utilities & Energy Committee.

Trackers - Deregulation of Monopoly Utility Revenues

SB 102 & HB 1160: Utility recovery of federally mandated costs.

Authors: **SB 102** - Sen. Gard (R), Sen. Merritt (R) & Sen. Hume (D); **HB 1160** - Rep. Lutz (R) & Rep. VanNatter (R)

Status: SB 102 is on the Senate floor. HB 1160 is in the House Utilities & Energy Committee.

Eminent Domain for Carbon Dioxide Pipelines

SB 72: Carbon dioxide pipelines and eminent domain.

Author: Sen. Gard (R)

Status: In the Senate Energy and Environmental Affairs Committee

Removing Public Input and Transparency from the Process

SB 512 & HB 1423: Annual utility rate reviews.

Authors: **SB 512** - Sen. Merritt (R) **HB 1423** - Rep. Lutz (R)

Status: SB 512 is in the Senate; Utilities & Technology Committee. HB 1423 is in the House Utilities and Energy Committee.

Take Action!

Write, call, or e-mail your State legislators! Tell them to OPPOSE the Monopoly Utility Agenda by opposing these bills!

Remind them that you are both a taxpayer and a ratepayer. It doesn't matter that they aren't raising taxes if it means they are raising your utility rates and giving it to the monopoly utility companies!

Tell them that the Indiana Utility Regulatory Commission (IURC) should not be allowed to rubber stamp everything the monopoly utilities want!

To look up and/or
e-mail your legislators, visit:
<http://district.iga.in.gov/DistrictLookup/>

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