

**Citizens Action Coalition/Sierra Club Hoosier Chapter
Valley Watch/Save the Valley
NEWS RELEASE**

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Consumer and Environmental Groups File Notice of Appeal Over Edwardsport IGCC

*Groups challenge settlement that passes billions in
financial risk onto Hoosier ratepayers*

INDIANAPOLIS - Today, a coalition of consumer and environmental groups filed notice with the Indiana Court of Appeals of their intention to appeal the approval of the settlement in the controversial Duke Energy Edwardsport IGCC proceeding by the Indiana Utility Regulatory Commission (IURC). The IURC earlier approved Duke Energy passing on \$2.65 billion in capitalized costs to Hoosier ratepayers for the IGCC project if and when the plant is finally completed, plus an additional \$650 million or more in financing costs.

"The Edwardsport coal plant will use untested technology that, even if it works, will cost ratepayers incredible amounts of money and significantly increase air pollution in Indiana," said Nachy Kanfer, Central Region Deputy Director for the Sierra Club's Beyond Coal Campaign. "We're asking the Court of Appeals to hold Duke accountable for its massive failures and uphold the rights of Hoosier ratepayers to clean, affordable power."

The IURC approved these vast sums despite finding that Duke had been imprudent in its management of the IGCC in two key respects:

- Its contracting with and oversight of the IGCC's two primary contractors, Bechtel and GE; and,
- Its oversight of the design and development of the IGCC's grey water disposal system once GE had advised the grey water would be hazardous.

"The IURC approved passing along substantial amounts of money to captive Duke ratepayers without specifically addressing any of the credible allegations and substantial evidence of multiple instances of gross mismanagement and concealment on the part of Duke Energy," added Kerwin Olson, Executive Director of Citizens Action Coalition (CAC).

On a Project which will be completed at least eighteen months late and at least \$1.5 billion over its original budget, the citizens groups believe the "free pass" the

IURC gave to Duke on the issues of gross mismanagement and concealment simply does not satisfy the legal standard which the courts have set for the IURC both to make **and** to explain decisions on all material issues raised by the parties before it.

Throughout the construction of the IGCC, the IURC received monthly – and sometimes daily – information about the progress of Duke’s construction through a private contractor, the engineering firm Black & Veatch. The IURC ordered Duke to pay Black & Veatch to serve as the IURC’s eyes and ears at the project site. “The Commission not only refused to let anyone know what information it secretly received from Black & Veatch, we were specifically ordered to not even mention the Commission’s relationship with Black & Veatch at the Edwardsport hearings,” added Mr. Olson.

During the IURC’s review of the IGCC, then-Chairman, David Lott Hardy, had numerous secret conversations about the project with Duke Executives. These improper communications resulted in a felony prosecution of the former Chairman. In addition, Scott Storms, the judge presiding over the Edwardsport hearings, applied for a job with Duke while he was presiding over the Edwardsport case. Mr. Storms was fined and charged with ethics violations from the Ethics Commission.

“Despite these clear ethical violations, the Commission has refused to consider whether these improper relationships had any influence on the regulatory approvals for the IGCC,” said Mr. Olson. “To make matters worse, we were generally prohibited from mentioning these issues at the hearings, even though these ethical problems were widely reported at the time.”

“The ethical issues and corruption surrounding this facility are simply too big to ignore,” added Mr. Kanfer. “We offer our recent report chronicling the sordid history of state officials colluding with Duke to cheat ratepayers as public exhibit A in our appeal.”

The report is here: http://citact.org/sites/default/files/11.29.12_Duke_Edwardsport_Report.pdf

“We also object to the Settlement because the Edwardsport IGCC will spew nearly 4 million tons of climate disrupting pollution into the atmosphere each year of the plants expected 30-year life,” said Steve Francis, Chair of the Hoosier Chapter. “We asked the IURC to order Duke to take action to mitigate these environmental effects as part of any approved settlement. The IURC did not even bother to deny this request, they simply ignored it.”

Lastly, the Settlement includes payments totaling nearly \$14 million to the law firms and to the state agency that agreed to sign the Settlement. The settling parties never explained to the IURC why such large payments were appropriate.

In its Order approving the Settlement, the IURC said no explanation was necessary, despite demands for answers from the citizen groups.