

2011 General Assembly Outlook

One prediction is easy to make: the 2011 legislative session promises to be filled with partisan rancor and impasses. A massive budget shortfall will greet the General Assembly when they convene, as well as the task of re-drawing the maps of all congressional and state level districts.

Working for an elected Indiana Utility Regulatory Commission has been a core issue of CAC for many years. Our cries for an accountable IURC have, for the most part, fallen on deaf ears. My, how times change so quickly! Within 48 hours of the breaking news pertaining to Scott Storm's hiring by Duke Energy, Democrats across the State were clamoring that the regulatory process is broken and needs fixed. Several different legislative proposals have already surfaced. It is apparent that after decades of ignoring the issue, accountability for the IURC will be discussed in the 2011 General Assembly.

What the utilities will be seeking remains unclear, but rumors and past legislative efforts make some predictions easy. Construction Work in Progress for nuclear power plants undoubtedly will be introduced once again, especially considering I&M wants an up-rate of their two units at their Cook Nuclear Power Plant. Trackers for transmission and eliminating local zoning authority are also certain to be on their list.

With many Federal rules pending on emissions and waste streams for fossil-fuel power plants looming, the Indiana Energy Association will likely introduce legislation ensuring that ratepayers have to assume all costs and all risks associated with any Federal energy legislation or EPA rule. Lastly, decoupling of revenues for the electric utilities is sure to be on their radar, as Vectren has aggressively pursued that policy at the Commission, but has yet to achieve its approval.

What we can say with certainty is the utilities will continue seeking legislation to pass all the risks onto the public, while they realize all the profit

Non-utility issues that CAC will be watching include the CHOICE home health care program, confined animal feeding operations, ethics reform, environmental justice, water issues or any other issue relative to economic, environmental, and social justice that CAC perceives to be necessary to fulfill our mission statement. Stay tuned, as the 2011 session promises to be eventful.

Stopping the Biomass Rush

Throughout the last several months CAC has been critical of Indiana's burgeoning woody biomass industry. Hasty State and Federal policy decisions have driven the market into a frenzy without properly vetting the potential adverse effects of burning huge amounts of wood for electricity.

What's at stake? To name a few things: public health, safety, property value, infrastructure, water, and natural resources. Two citizen groups in Crawford County and Scott County have expressed those concerns when incinerators were proposed in their communities. In massive grassroots victories, both have stalled—if not altogether stopped—construction of the highly polluting facilities.

CAC intervened in two woody biomass cases before the Indiana Utility Regulatory Commission (IURC) to represent citizens in Scott County and Clay County, and will continue fighting for truly renewable energy technologies like wind, solar, and geothermal. Burning millions of tons of wood waste is not our energy future

What will Edwardsport cost ratepayers?

November 2007: Costs at \$1.985 billion and Duke said "The plant will result in an average electric rate increase of approximately 16 percent..."

May 2008: Costs at \$2.35 billion and Duke claimed: "The project will result in an average customer rate increase of approximately 18%..."

Today: The settlement agreement with the OUCC sets cost cap at \$2.975 billion and Duke claims: "If approved, the agreement has the effect of lowering the plant's customer rate impact from an overall average 19 percent to 16 percent..."

The company's statements are conflicting and perplexing. How can costs increase over a half a billion dollars, yet result in a 3% decrease in rates?

Homeowners, small businesses, and municipalities are all struggling to make ends meet and can ill afford to be hit with massive, possibly illegitimate rate increases. This project should not be allowed to continue without understanding its true impact on Hoosier pocketbooks.

Current Campaigns

The Duke IGCC, aka Edwardsport

As predicted by CAC since the beginning, the price tag now sits close to \$3B. The facts remain that the plant is simply not needed and we can't afford it. The recent ethics scandal resulted in new IURC Chairman James Atterholt to order an internal audit and investigation of many orders issued under former Chief ALJ Scott Storms. Included in that audit, will be a full investigation of the entire Edwardsport docket, including the original order in #43114 which resulted in approving construction of the plant. CAC will continue to work diligently at both the Statehouse and the IURC to put an end to this debacle.

The Leucadia Coal-Gasification Plant

It appears the State is close to contractual agreements as the Indiana Finance Authority has hired a coal gasification expert to review the plans for the Leucadia plant. CAC will continue our vigilance in opposing this environmental and economic travesty.

NIPSCO Electric Rate Case

The long awaited order in this contentious rate case filed in 2008 was finally issued in August. Despite reducing NIPSCO revenues by \$49.5M, the Commission's order resulted in a nearly 17% increase in rates on residential ratepayers. The order was met with heavy opposition and the OUCC, City of Hammond, Laporte County have appealed. Also, NIPSCO is expected to file another new base rate case before 2011. CAC is monitoring the situation closely.

NIPSCO Gas Rate Case

NIPSCO filed for an increase in natural gas base rates for the first time since 1987. However, NIPSCO sought a quick settlement so outdated depreciation schedules could be updated, among other issues. CAC participated in negotiations that resulted in a settlement guaranteeing rate reductions to all customer classes. The settlement is currently before the Commission for approval, rejection, or modification.

I&M: Uprate at DC Cook Nuclear Plant

I&M has indicated they will soon be filing at the IURC seeking close to \$2B from ratepayers for additional power output at their DC Cook nuclear plant. Once filed, CAC will intervene. Why do they need additional power when reserve margins are close to 30% and they are idling 10 of their existing power plants? Questions need to be answered.

Vectren Electric Rate Case

Vectren filed for an increase in base rates for their electric customers. This despite that fact that Vectren rates have increased nearly 65% since 2003, more than double any other investor-owned utility. After lengthy and at times contentious hearings, Vectren has filed its proposed order and the OUCC and interveners will be filing their exceptions and post-hearing briefs in late October.

Citizens Energy Group/City of Indianapolis, transfer of Water and Wastewater utilities

This case pertains to the highly publicized transfer of the water and wastewater utilities currently owned by the City of Indianapolis over to the Citizens Energy Group. CAC and other parties agree there are many legal issues that need to be resolved.

However, perhaps the largest concern from CAC's perspective is the alleged 25% savings that Citizens Energy Group is promising ratepayers. How will these savings be realized and how will those savings be verified over time? CAC testimony will be filed in January 2011, with hearings commencing in February.

CHOICE Home Health Care

CHOICE is Community and Home Options to Institutional Care for the Elderly and Disabled. CAC has been instrumental in the founding, funding, and ongoing success of the CHOICE program. The people CHOICE serves are often unable to speak for themselves, but their voices and needs must not be ignored. CAC will continue to work diligently to preserve full funding for this vital program.

Citizens Action Coalition Education Fund (CACEF)

The Downstream Project

Working to protect our food, water, public health and rural areas from the threat of factory farms.

Hospital Accountability Project (HAP)

CACEF and Indiana Legal Services, (ILS) are working on a Hospital Accountability Project (HAP) in Marion County. The project's goal is to ensure that non-profit hospitals in Indiana earn the tax breaks they receive by providing an adequate amount of charity care to underinsured and uninsured citizens.

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