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Indiana Public Interest Groups Announce Support for Legislation to Protect Hoosiers from Gas Rate Hikes

AARP, Sierra Club, Citizens Action Coalition and Others Applaud General Assembly for Considering Legislation

INDIANAPOLIS – Today, a broad coalition of groups joined together to urge Indiana lawmakers to protect ratepayers from the huge financial risk associated with the proposed Leucadia coal gasification plant. Groups including the Sierra Club, Citizens Action Coalition (CAC), AARP, the Indiana Community Action Association (INCAA), the Indiana Coalition for Human Services, Valley Watch, Spencer County Citizens for Quality of Life and others called on the General Assembly to either repeal or significantly alter the current financing agreement with developer Leucadia Corp. that places most of the project's financial risk on the backs of Indiana ratepayers. The Senate announced on Tuesday that it will conduct a hearing on Senate Bill (SB) 510 at 8:30am Thursday morning.

"Leucadia's coal gasification project in Rockport is a bad deal for Hoosier ratepayers and families," said Kerwin Olson, Executive Director of Citizens Action Coalition. "Hoosier ratepayers shouldn't have to bail out a dirty, expensive plant and take on the lion's share of the financial risk while an out-of-state hedge fund rakes in massive profits. The General Assembly should act to ensure that Indiana's residential, commercial, and smaller industrial gas customers are not stuck with such a raw, risky deal."

"Many older Hoosiers are already under enormous financial stress. They spend a disproportionate share of their income on health care and utility costs," stated June Lyle, State Director for AARP. "They should not be further burdened by a deal that will require them to pay above-market rates for natural gas."

In 2010, the Indiana Finance Authority, acting on the state's behalf, signed a 30-year contract with Leucadia Corp. – an out-of-state Wall Street hedge fund – that places virtually all of the financial risk for the untested coal gasification technology on the backs of Hoosier families and ratepayers. In 2011, the Utility Regulatory Commission approved the contract by discounting the risk to ratepayers resulting from the huge differences between the projected market price for natural gas and the formula price for the project's synthetic gas. However, in 2012, the Indiana Court of Appeals invalidated the original contract. As a result, the legislature is currently considering Senate Bill 510 and House Bill 1515, which would require significant ratepayer protections in any new agreement.

"At our agencies, we witness on a daily basis the struggles low-income ratepayers face in keeping up with the rising cost of living, including their utility bills, which are rising at a rapid pace," said Ed Gerardot, Executive Director of INCAA. "SB510 promises to deliver some protection and relief to vulnerable Hoosiers in mitigating these increasing costs of energy."

"If the proposed coal to synthetic gas plant can't be stopped, Spencer County will have another industrial facility adding its toxic waste to the air, soil and water. We support SB 510, which would

change the language of the contract between the state and Leucadia Corp. This bill will protect residential natural gas users from the high cost of the synthetic gas in a more realistic time frame,” said Chuck & Janet Botsko, local residents of Rockport who would be directly threatened by the pollution from the coal gasification project.

“We applaud the General Assembly for recognizing the severe consequences of this deal and conducting the first hearings on the legislation,” said Steve Francis, Chair of the Hoosier Chapter of the Sierra Club. “Still, more needs to be done. The General Assembly should act to move the bills forward to the floor, and then protect families across the state by voting them into law.”

Other groups calling for the General Assembly to act to protect Hoosier ratepayers include the League of Women Voters, the Distributed Energy Alliance, and Save The Valley.

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