

ANNUAL REPORT

CITIZENS ACTION COALITION OF INDIANA

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November 15, 2008

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Indianapolis Phone Canvass

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Split Positions: Jim Conkle, Heather Meloy
 Kerwin Olson, Heather Hankins

Phone Canvassers: Heidi Harrison, Joe Barney, Lisa Smith, Pat Owens, Ryan Berdel, Lori Wilhem-Todd, Christina Talley, Corey Jefferson, Rayne Lynn, Kim Carpenter, Mandy

Zimmerman, Dale Spence, Brittany Eaton, Jeanne Weller, Kay Wykes, Lindell Fleitz, Lisa Preston, Nezhla Sanderson, Kelly Weiler

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Heather Meloy

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Indianapolis Office Manager

Heather Hankins

Ft. Wayne Field Canvass

Canvass Director

Mary Brady

Senior Field Managers: Dylan Easterly, Rich Milhem,

Field Manager: Abyee Harrison; Field Manager In Training, Kevin Wright

Canvassers: Marty Lusher, Celia Garza, Abby Carrigan, Amanda Dreher, Andy Cecava, Chris Johnston, Christy Hull, Abby Slutsky

Fort Wayne Program Staff

David Eberhardt, Program/CSI

Fort Wayne Office Manager

Marty Lusher

Letter from the Executive Director

Leaving Energy Policy to those who think on a quarterly basis is threatening the economy and driving global warming to the point of no return.

We have sacrificed jobs, public health and household budgets on behalf of the fossil fuel and nuclear industries. The US was at the pinnacle of wind turbine technology. Now Denmark, Germany and Spain are dominating the market. The US was the top solar panel producer in the world. Now the Japan and Germany have thriving solar industries. Much of the US capacity is exported. Why is this? These countries seized on the economic and environmental opportunities inherent in these technologies by adopting public policies to drive renewable markets in their respective countries. The US? The US gravitated to business as usual, driven by the political and economic influence of the fossil fuel and nuclear industries.

Once considered the engine of our economic prosperity, fossil fuels have become the ball and chain dragging the economy into the doldrums and the bane of the planet. Nuclear and coal-fired power plants have become excessively expensive subprime, toxic assets, with the legacy cost of the former being high level nuclear waste and the legacy cost of the latter being global warming. Taken together, nuclear and coal-fired power represents an extremely ominous duo of doom. Unfortunately, they compromise roughly 70% of our electric generating capacity, while renewable energy and energy efficiency are relegated to the position of window dressing.

Fortunately, there is a way out of this mess. Another reason for optimism is that the public (in Indiana and nationally) support the alternative, the alternative being the systematic phase out of nuclear and fossil fuels and the phase in of efficiency and renewables, advanced storage technologies, distributed generation technologies and electric vehicles.

CAC began to explore this enormously beneficial approach to economic development and vastly improved environmental quality as part of The CLEAN.org (Citizens Lead for Energy Action Now) coalition. The hub of the effort is the Civil Society Institute based in the Boston area. Civil Society Institute convened a series of meetings with state and local groups fighting power plants and unimaginable mining methods (mountaintop removal for instance) to map out a platform for the phasing out of coal and nuclear plants and the phase in of clean energy and energy efficiency on a large scale.

CAC sought to add meat to the CSI platform by suggesting to the group to embrace the Institute of Energy and Environmental Research's report called "Carbon Free Nuclear Free: A Roadmap for US Energy Policy." In it, Arjun Makhijani, director of IEER, describes a systematic approach to a brighter energy future.

The Civil Society Institute has provided excellent leadership and generous resources to the effort in the form of support for organizers, media hits and policy development.

The next stage is developing a presentation that the regional organizers can give and train others to present. In essence, we would be picking up where Al Gore left off. That is, he educated the public as to the problem of global warming and its implications while CLEAN will educate the public as to the solution and its implications.

The biggest barriers will be the usual suspects and the mentality that the construction of new coal-fired

power and nuclear power plants are absolutely necessary, which is, in large part, due to industry spin.

If we are to make utility bills affordable, economically and effectively address global warming and create the green jobs we need to, the electric grid of the future will have to consist of renewables and advanced storage technology coupled with extensive and comprehensive deployment of energy efficiency technologies.

This year the annual meeting will explore this option and jumpstart the discussion of moving US and Indiana energy policy in a direction we can all embrace and be proud of.

Grant Smith

Mission Statement

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.

CAC Finances In 2008

Field and Phone Canvass

The canvass directors have consistently and effectively built their staffs over the last year. Despite these difficult times, citizens continue to be receptive to our message of a clean energy economy and the need to keep regulators and legislators accountable to the public.

Heading into this winter, we have a dramatically larger field canvass than we did last year and the phone staff continues to grow.

Endowment Fund

The Endowment Fund contributed significantly to CAC this year. This is in large part due to our fund managers at TIA that took over decision making of the Endowment portfolio in 2006. Due to the Wall Street meltdown our financial position has suffered recently. However, over the last few months, our portfolio has suffered less than most other major indexes.

Foundation Support

We have received approximately \$240,000 in foundation support this year. These funds are being used to continue the Living Lean and Green program in Central Indiana and have provided support to greatly enhance our grant writing and research initiatives. In addition, they fund a Midwest regional organizer in our Fort Wayne office the purpose of which is to coordinate a national effort for a sustainable transition in the energy sector. Special thanks to the Nina Mason Pulliam Trust, the Efroymsen Foundation of the Central Indiana Community Foundation, and the Civil Society Institute.

Results

Coming into this year, CAC began revamping its phone canvass operation. Given historical trends and the strength of the field canvasses at this time, we are certain that the phone canvass can provide much more revenue support than it currently does. However, rebuilding the phone canvass has taken time. We do now feel that we have built the foundation of a strong staff to accomplish this goal. However, we also knew going in that it would take about 18 months to really get the phone canvass into shape. In addition, health care insurance costs have risen and mid-year gasoline prices were very high. As a result, our revenue will not fully cover our expenses this year. In other words, we face many of the same issues as a small business and will end up in the red.

Outlook for 2009

Field and Phone Canvasses

The field canvasses have remained remarkably resilient during the current, severe economic downturn. Our members have really stepped up and have continued their generous support. The field canvasses in both Fort Wayne and Indianapolis are consistent, with staff development proceeding smoothly.

The phone canvass continues to build and should be in a solid position by next spring to contribute significant revenue to the organization.

If staff development proceeds as anticipated, we could be in a position to open an office in Northwest Indiana by next fall.

Endowment Fund

In 2009 the Endowment Fund will most likely contribute less to operating expenses than in 2008 due to the economic downturn. We have been advised to wait until the end of this year to determine that amount, which is revisited on a quarterly basis by the Executive Director, the fund manager, and the Board.

Foundation Support

The fallout on Wall Street may have an impact on CAC attracting foundation dollars next year. However, we have two years of significant funding and the possibility of one more year from one source. We also have other options that have a decent chance of coming to fruition. This will remain a very fluid situation. A very positive aspect of our efforts at this time is that we now have expert assistance in researching and developing new grants.

Major Gifts Program

The major gifts program was launched late in October 2008. Again, the potential is promising; but, we will not know until the end of 2009 what our prospects going forward may look like.

Grant Smith
Executive Director, CAC

Canvass Reports

Report from the Indianapolis Field Canvass

It is hard to express just how rewarding this last year working on the Indianapolis field canvass has been. I returned to Citizens Action Coalition in January of 2007 after a four year absence spent raising two young girls. The first year back was spent rebuilding a staff that had been struggling. While exhausting, it was fun, and with the support of Grant, Mark, and others, we had a successful year. Now, we are reaping the benefits of a lot of hard work and taking the field staff to the next level in 2008. We have five amazing field managers coordinating our canvass and training our new staff-all of which have the potential to continue to develop and move up, offering their own talents toward community organizing. We have developed a very diverse staff, including a fifty-something United Methodist minister, recent college grads, teachers, and young working mothers. I could not be more pleased or proud of the integrity in which they conduct themselves, nor with the commitment they have to CAC's issues and reputation with the public. Our summer staff of undergraduate and graduate students was so moved by the experience they had, that two felt moved to send me letters after the fact.

"Dear Kelly,

I wanted to thank you for the fantastic experience I had as a canvasser this summer. I will take with me not only the knowledge and skills I have gained, but also many great memories and friendships. I feel that my experience would not have been so powerful, had you not been there to guide and to challenge me. One of my greatest hopes in life is that I will have an affect on someone in the way you had an affect on me. I wish you, your family, and the staff all the best. Please stay in touch!

Love, Jacquelyn"

"Kelly,

I just wanted to drop a note to say goodbye and thank you. Even though my time was short, working with CAC has been one of the best experiences I've had. Not only did I have a job where I could have fun on a day-to-day basis, awesome co-workers, and the ability to make a difference for people, I also was able to help discover myself. Canvassing allowed me to discover myself. Canvassing allowed me to discover my own voice. I am much more confident now talking to people and in my own abilities as a communicator. These are definitely aspects that will serve me well with the Obama campaign.

I also wanted to thank you personally for giving me the opportunity to succeed as a canvasser. Although I often felt that I wasn't living up to standard (especially those of The Great Quotar), the senior staff, and you particularly, never let me get down on myself. I would not have been able to obtain the success I did without yours and everyone else's support.

I will do my best to let you guys know how the campaign goes down in St Louis. I can't promise anything like regular updates because I know my schedule will be crazy (7days/wk, 12+ hrs/day). Please feel free to share anything I send your way to the rest of the staff. I will miss all of them. I have never met a group of so many unique individuals who are also so uniquely committed to the work they do!

*All the best,
James Barnett*

Jaquelyn, a middle school English teacher, has gone on to work with Ameri-corps in New York and will be attending graduate school studying International Relations at Columbia next fall. James is a recent graduate in Political Science from the University of Evansville, and as you can see is currently working on the Obama presidential campaign in St Louis. Canvass directing can often feel like being a parent. You know you work to help others empower themselves and thus empower the people they speak with each evening. However, it can, like parenting, at times feel a little thankless as they move on in their lives. It is a testament to my staff that others know what a unique experience they're having, and feel so touched by their experience that they go on to continue being active in serving others and to take the time to acknowledge how their experience at CAC helped lead them to do so.

I would also like to take this time to thank our members for their kindness and support. We have spent a lot of time this year rebuilding small town and rural areas as well as reaching down south into the New Albany/Jeffersonville area. Many of these towns and counties have not had a canvasser by for several years. We have been received warmly by the people of these communities. Whether they were previous members wondering where we had been, or new ones excited for an opportunity to get involved, it has been a treat reaching out once again to the areas often most effected by the work that we do. Thank you for the breaks inside around the kitchen table during ice storms and the hot cocoa and snacks when we are battling wind chills below zero. Thank you for the ice tea on hot summer days, and the bathroom breaks when we drink too much to stay hydrated! Most of all, thank you for all your support and the words of encouragement that can turn a night around for an activist battling the elements and at times apathy...wondering if anyone cares that he/she is giving up personal time and energy in the hopes of making a difference for others.

Report From the Fort Wayne Field Canvass

Greetings from Fort Wayne! I am happy to inform you of the great success we have had in Fort Wayne over the last year. As you know, we reopened the Fort Wayne office in September of 2007. With a lot of support from the Indianapolis staff and Ft. Wayne's two field managers (Dave and Dylan), we got off to a great start. We worked hard to build a committed staff to work through the cold and snowy winter. We had a lot of fun, but were very happy when those first days of Spring finally came! Rich and Abyee joined Dylan on our management team and worked hard to train and educate the newer staff, many of whom were college students home for the summer. By early June, we were sending out about two dozen dedicated, knowledgeable, and well-trained canvassers.

Over the past year, the Fort Wayne staff has collected more than 10,000 letters written by residents of the state to their elected officials. We have primarily been targeting Gov. Mitch Daniels, asking him to stop construction of new coal plants and put more investment into renewable energy and energy efficiency. We have also collected many letters from local Fort Wayne residents to their city councilperson and the mayor, Tom Henry, about the local Energy Efficiency campaign we have been working on. Over the last few months, we began fighting AEP's proposed 20.5% rate increase. The staff has really enjoyed working on this campaign. We have received quite a few very personal, often heart-wrenching letters from residents who fear the effects this rate increase would have. So many Hoosiers are unemployed, without healthcare, and trying hard to make ends meet. They are worried about the economy, their family, and the overall deterioration of the quality of life in Indiana. Many welcome the opportunity to let their elected officials know how they feel, and appreciate the hard work and dedication of the canvass staff.

We are heading into our second winter since we reopened, and things are looking very bright. Our staff is currently 20 strong, and growing. We build more momentum and enthusiasm each day. The campaigns we work on and the issues we fight for keep the staff focused and passionate. I look forward to another successful year ahead!

Sincerely,

Mary Brady
Fort Wayne Canvass Director

Report From the Phone Canvass

The phone canvass is finally building momentum again after a couple of rough years. We want to extend a hearty “Thank You!” to the Fort Wayne and the Indianapolis field canvasses for the wonderful job they’ve done of developing new members over the last year, and especially this past summer. As a result of their hard work, we now have a large number of members that we can keep in touch with over the phones. It is our goal to keep those members informed about the issues that the organization is currently tackling, and of course, to keep those members financially involved in helping to fund the work that Citizens Action Coalition does. We also want to extend a very warm “Thank You!” to all of the members who have been receptive to our contacts and who have helped to continue funding our work on their behalf. If it weren’t for the members of our organization, we would not be able to continue our work to protect the ratepayers of Indiana. Our members are an integral component of our work.

Right now the size of our phone canvass is in a state of flux, but we typically have anywhere from 18 to 23 people on staff. Five of those canvassers have been phone canvassing for the better part of two years or longer. We also have four people in a “split” positions (people who have other positions in the office but still phone canvass on a regular basis). We’ve had some former phone canvassers come back to work with us again – they just can’t stay away! We are finding that many of the new people we are hiring are incredibly bright and energetic, and indignant as to the social injustices happening right now around the energy and health care arenas. Our canvassers have an unbreakable spirit about them, and they are poised and ready to help us to build our momentum towards bringing even more members into the fold. They want to make sure that the voice of the people is heard in the halls of the State House and the chambers of the Regulatory Commission. In this era of social and financial instability, I am very confident about our ability to continue building the phone canvass, which will be an immense help to the organization in its ongoing work to make the changes in public policy that will bring the relief that Hoosiers so desperately need.

I want to personally thank all of our phone canvassers for the hard work and energy they have put into our membership development, and for the interest that they have taken in these critical issues. I also want to thank our crew managers for the work that they have been doing to train the new canvassers and to help build the phone canvass. Right now, many of our staff members are facing personal challenges of their own, and yet they still come into the office and give their all to helping move this organization forward. They are all very dedicated, and they all want to see this organization succeed in these fights. They have an unmitigated sense of justice that helps them to recognize how important these issues are in the daily lives of all Hoosiers, including themselves and their families. I adore all of the phone canvassers, and I want them to know how much I appreciate their work and their dedication.

Sincerely,

Laura J. Sucec
Phone Canvass Director

CITIZENS ACTION COALITION EXTENDS A
SPECIAL THANKS TO:

All of our members for their continued support

Mr. Michael A. Mullett

For his support of our Major Gifts effort

Civil Society Institute for core support to build CAC

**Nina Mason Pulliam Charitable Trust,
Efroymson Foundation of Central Indiana,
Community Foundation,
Normandie Foundation,
Indianapolis Power and Light,
and Citizens Gas**

**All those who have given their time and expertise to serve
as Lean and Green Workshop Facilitators with the
Central Indiana Environmental Education Program**

2008 Membership Survey Results

CAC membership is primarily moderate to conservative. CAC membership is also very well educated, with over 60% with some form of college or post-graduate education.

This year we received 652 responses.

The aim this year was to gauge CAC members' feeling toward key decisions that have been made by Governor Mitch Daniels with respect to:

1. The sale/lease of the Indiana Toll Road;
2. Proliferation of Confined Animal Feeding Operations;
3. Expanding Production of Ethanol from Corn;
4. Water Permits issued to BP and the steel industry that would increase pollution in Lake Michigan; and,
5. Adding coal to the definition of renewable energy in Indiana.
6. Support for virtual automatic rate increases for ratepayers in the form of utility tracking mechanisms.

We asked about regulatory policy in terms of periodic rate increases utilities are vying for or already have with respect to transmission and distribution system upgrades and construction work in progress (CWIP – a pay-as-you-go scheme that makes ratepayers the bank/collateral for power plant construction). The Governor has indicated support for these mechanisms. His Utility Regulatory Commission granted CWIP for the construction of the Edwardsport plant, which he desperately wants built and publicly supported during the IURC proceedings about the decision to build the plant; the Governor has appointed former utility employees to chair the IURC and to run the Office of Utility Consumer Counselor; and, the Governor's energy plan is indiscernible from what CAC perceives to be the utility business plan.

With respect to renewable energy policy, it should be noted that the Governor recently announced the construction of a facility to manufacture gear-boxes for wind turbines that will be located in the Muncie area. This is a very positive development for the state. The question remains if Indiana will be able to reach the full potential of its renewable component manufacturing (considered to be 2nd in the country) without policies that support a strong and vibrant renewable market in the state. Trends across the country indicate not.

Indiana Toll Road Lease/Sale

71% respondents disapproved or strongly disapproved of the Governor leasing/selling the Toll Road to a private investment firm. 14% strongly approved or approved. A small percentage was neutral or didn't know.

Confined Animal Feeding Operations

78% of respondents disapproved or strongly disapproved of expanding the number of CAFOs in Indiana. 7% approved or strongly approved. The others were in the neutral or don't know category.

Ethanol From Corn

58% of respondents disapprove or strongly disapprove expanding the production of corn-based ethanol. 22% approve or strongly approve of expanding ethanol production from corn. The rest were in the neutral and don't know categories.

Clean Water Act Permits for BP and Steel Companies

90% of respondents disapproved or strongly disapproved of the water permits issued to BP and various steel companies that would allow for increased pollution into Lake Michigan. 4% approved or strongly approved. The rest were in the neutral and don't know categories.

Renewable Energy Policy

65% of respondents disapprove or strongly disapprove adding coal (a non-renewable resource) to the definition of renewable energy in Indiana.

Cost Recovery for Electric Utilities

63% disapprove or strongly disapprove of tracking (rate adjustment) mechanisms for transmission and distribution facilities (allowing utilities to raise rates when costs go up in certain areas without having to lower rates when costs go down in other areas - basically allowing them to deregulate bit by bit). 6% approve of such a measure. 17% don't know; 10% were neutral.

59% disapprove or strongly disapprove of CWIP (construction work in progress - allowing utilities to charge ratepayers for a power plant before it is operational). 8% approve or strongly approve. 11% were neutral. 18% don't know.

Appendix A

2008 Newsletters

Taking Aim At Corporate Influence

It's interesting that corporate influence is beginning to become part of the debate in the presidential election from representatives of both parties. John Edwards and Ron Paul are raising the specter of corporate control of government as a means of garnering support. Whether liberal or conservative, the populist bent of their appeals is a welcome sign.



The corporate effort across the board is to shift financial risk from corporations to ratepayers or taxpayers or both. Take Duke Energy for example. The only reason Duke can build a new coal plant is "Construction Work in Progress", enacted through legislative fiat. Ratepayers will be the bank for building the plant, whether it ever operates or not. At the root of this inequitable dynamic is corporate influence.

Excessively high deductibles on health insurance (i.e. the reason behind health savings accounts) protect the profit margins of insurance companies.

Corn-based ethanol, while politically popular, is an economic non-starter, yet the influence of the Corn Growers Association has Congress subsidizing corn-based ethanol to the hilt with taxpayer dollars, while more economically sound alternatives languish.

Despite vast energy efficiency and renewable energy potential that represents a much more sound investment than coal or nuclear plants, Congress bailed out those industries with tens of billions of dollars of loan guarantees in a recent bill. Taxpayers bear the risk of any defaults, while Congress needed to pass more aggressive vehicle fuel efficiency standards and failed to pass a Renewable Electricity Standard.

The recent property tax crisis in Indiana is in part the result of special interest lobbying. The inventory tax was eliminated resulting in a shift in taxes from business to homeowners, while the legislature doled out additional tax breaks to corporations.

Voters did flex their muscles in the property tax debate, though. For better or worse, most incumbents in the Indianapolis local elections were voted out of office. The important lesson in the property tax debate is that the public is the ultimate power behind the throne and, when push comes to shove, can easily exercise that power.

We will be publishing voting records regarding consumer issues for the Indiana Legislators on our website at <http://www.citact.org/newsite/modules.php?op=modload&name=News&file=index&catid=&topic=3>.

Renewable Energy Front and Center in 2008 State Legislature

CAC has been working with a number of groups and legislators to pass Renewable Electricity Standard legislation in Indiana.

Representative Dave Crooks of Washington, chair of the House utilities committee, has taken the lead on behalf of the public. His advocacy for an Indiana RES has been consistent and effective. He deserves a lot of credit for making renewable energy a serious public issue at the Statehouse.

However, legislators really do need to hear from their constituents about their support for this measure. Dave Crooks' legislation (HB 1102) is opposed by the electric utility industry in Indiana. It is also opposed by Governor Daniels, who does not like the idea of mandates, but who would support an RES if coal were included in the definition of renewable energy. Legislators like Jack Lutz from Anderson, ranking minority member on Rep. Crooks' committee, also oppose it. He says he is worried about the rate impacts of an RES.



Obviously, there is something amiss with this logic. Both Daniels and Lutz support coal plants, but the rate impact of the proposed Duke coal gasification plant is more than twice what even the utility lobbyists say an RES would be. Coal as a renewable resource needs no discussion. The very notion is insulting and nonsensical. The mandate issue is equally disturbing. The Governor does not mind mandates on ratepayers to pay for the construction of unneeded coal plants. But mandates on regulated utilities? Well, that's a different matter altogether.

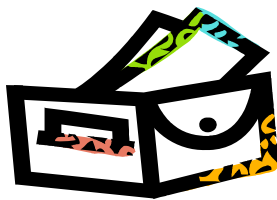
Yes, hypocrisy is alive and well at the Statehouse. If you support job growth, savings on utility bills and cleaner air, you support RES legislation. If you support the utility business plan, you don't. It's that simple.

The good news is that much like the property tax debate, the public can take control of energy policy in Indiana. We can begin with the passage of Renewable Electricity Standard legislation and go from there.

To find out what you can do to help, please visit <http://www.citact.org/newsite/modules.php?op=modload&name=News&file=article&sid=279&mode=thread&order=0&thold=0>.

Utility Business Plan for 2008 Legislature

Utilities want to get at your money with no strings attached. The Indiana Energy Association (the lobbying arm of Indiana's major utility companies) began this effort in the early 2000s by supporting legislation that would give them virtual automatic rate increases as they systematically deregulate their profits and revenues.



Blocked a number of times in the broader effort by CAC and its legislative supporters, utilities are taking a more piecemeal approach. Over the objections of CAC and others, State Senator Tom Weatherwax of Logansport authored a bill (Senate Bill 29) in 2002 to give electric utilities Construction Work in Progress for construction and maintenance of coal gasification projects. This legislation opened the door for Duke's attempt to build an unneeded power plant in a financial climate where credit is hard to come by.

This year electric utilities will attempt to get CWIP (also known as tracking) for transmission and distribution lines. If they succeed, they will be able to recover piecemeal expenditures on a quarterly basis for all of their major costs, thus essentially avoiding the filing rate cases which would bring to light cost savings that should be passed on to ratepayers.

Last year, Representative Dale Grubb from Covington attached this language to RES legislation to appease utility companies. (CAC and others later killed that effort.) This year he's attempting the same. Also, Rep. Russ Stilwell (Boonville) and Senator Brandt Hershman (Monticello), chair of the Senate utilities committee, have filed bills (HB 1117 and SBs 223 and 224 respectively) on behalf of utility companies.

The good thing is that the chair of the Indiana Utility Regulatory Commission testified to a legislative summer study commission this fall that such legislation was not needed. Although chairman Hardy is a former utility employee - which means we have to continue to be diligent before the Commission - he also seems to believe that utility companies should not be able to track or "CWIP" all of their costs.

The public is facing enough financial difficulties without additional utility malfeasance. Property taxes, heating bills, health care costs and the mortgage crisis all represent the result of poor public policy driven by corporate interests and a significant threat to the viability of the middle class, not to mention low-income families. Please inform legislators that the utility supported legislation for additional tracking costs is unnecessary according to the IURC.

Web links for more information about...

CWIP: <http://www.citact.org/newsite/modules.php?op=modload&name=News&file=article&sid=272>

Trackers: http://www.citact.org/pdfs/fact_sheets/Trackers_1-08.pdf

HB 1117 and SBs 223 and 224: <http://www.citact.org/newsite/modules.php?op=modload&name=News&file=article&sid=280&mode=thread&order=0&thold=0>

Developments at CAC

CAC moved its Indianapolis offices in September to the downtown area. See below for our new address.

We reopened an office in Fort Wayne, Indiana in 2007. The address is also at the bottom of this page.

We also have a website for our Education Fund. Please go to www.cacefindiana.org and take a look.

In areas where we have greater numbers of members, CAC will be holding membership meetings to engage in more dialogue with our members. Please watch for e-mail announcements of those meetings.

Getting Involved

The public can have a profound impact on public policy issues by jumpstarting and maintaining a public dialogue on these critical issues. Here are some ideas:

Letters to the Editor

It is important that the public be involved in state decision making on energy policy in order to make the process as open and equitable as possible. Please write a letter to the editor of your local newspaper about your perspective on RES legislation, global warming, energy efficiency, clean air, the public health implications of coal-based power or renewable energy. To find the contact information for your local newspaper, please visit <http://www.usnpl.com/innews.php/>.



Arrange Meetings with Your Legislators

E-mail or call us if you would like to arrange a meeting with your legislator in your hometown to discuss utility or energy issues.

CAC Speakers

E-mail or call us if you would like a CAC representative to speak to a local organization or group.

For Those Without Computer Access at Home

The local library has computers with internet access. Just go to the reference desk and you'll be surfing the Web in no time.



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Utilities Thwarted Again in 2008 Legislature

As in the 2007 legislative session, the Indiana Energy Association (IEA), the lobbying arm for Indiana's major gas and electric utility companies, pushed more unnecessary legislation designed to short circuit regulation over their business plans and profits.



The front man for utility interests in the Indiana General Assembly is Senator Brandt Hershman (Monticello). He has recklessly disregarded ratepayer concerns

since becoming chair of the Senate Utilities & Regulatory Affairs Committee.

Fortunately, utility companies have been thwarted in their efforts to gain more ready access to ratepayer wallets. This year, Representatives Dave Crooks (Washington), Russ Stilwell (Boonville), Dale Grubb (Covington) and Greg Battles (Vincennes), joined by Senator Richard Young (Milltown), worked with CAC to gain a better understanding of utility plans to gut consumer protections in the law.

As a result, the utilities were prevented from plans to weaken regulatory oversight in order to pursue virtual automatic rate increases for speculative investments that could cost ratepayers hundreds of millions, or even billions, of dollars.

Perhaps the worst proposal was Senate Bill 224 authored by Sen. Hershman. This bill would have had ratepayers pick up research and development costs for carbon dioxide controls on coal-fired power plants. The utilities estimate this technology will not be available for 20 years, so this proposal was an open-ended blank check to foist possibly billions of dollars onto ratepayers without any positive result. As it stands now, many are skeptical that capturing and shooting carbon into the ground to keep it out of the atmosphere will ever work or be financially viable. Meanwhile, off-the-shelf technologies that can produce billions in savings for ratepayers languish because the utility industry controls the Senate Utilities & Regulatory Affairs Committee.

Ratepayers should demand from the Governor and state legislature:

- Repeal of anti-consumer provisions currently in Indiana statute;
- A five year moratorium on new coal plants;
- A statewide RES without coal or nuclear; and
- A statewide energy efficiency program to avoid the need for new base load generation.

Renewable Energy Standard Held Hostage by Utility Interests & the Governor

Representative Dave Crooks (Washington) has been a great advocate for a statewide Renewable Electricity Standard (RES) over the last few years. He will be missed as he has retired from the General Assembly.

Rep. Crooks filed House Bill 1102 this year to create a statewide RES. It died in committee by a vote of 8 to 3 because utilities and the Governor did not support it.

At the end of the legislative session, the issue resurfaced as Reps. Russ Stilwell (Boonville) and Dale Grubb (Covington) attempted to revive the RES with compromise language in House Bill 1117.

CAC worked for a stand alone RES without coal and nuclear being added as renewable resources. Coal ended up in the compromise proposal. CAC did not support various provisions in the compromise, including trackers and coal. To their credit, Reps. Stilwell and Grubb worked with CAC to reduce the impact of these provisions on ratepayers.



Senator Brandt Hershman's (Monticello) unwillingness to compromise was reflected in an outrageous counter-proposal that included nuclear for AEP (Indiana Michigan) and coal for Duke Energy and that further weakened regulatory oversight. He also included tracking provisions from Senate Bill 24. His actions at session's end proved that he was never serious in his support for a meaningful renewable energy market.

The utilities and the Governor are threatening Indiana's economy and health and well-being of its citizens by continuing to work against a rational energy policy for the state. The reason utility companies do not support a statewide RES is because it would save ratepayers money, money the utilities wouldn't otherwise get their hands on. The Governor's "Homegrown Energy Plan" published a few years ago mirrors utility interests in that it marginalizes renewable resources and energy efficiency while promoting coal at all costs to ratepayers.

Please contact Senator Hershman (s7@in.gov) and Governor Daniels (mdaniels@gov.in.gov). If you are supportive of a statewide RES, please voice your disappointment and encourage a change of heart because purposefully withholding lower utility bills and cleaner air from Hoosiers is simply unethical behavior.

Please also contact Representatives Stilwell (h74@in.gov) and Grubb (h42@in.gov) and thank them for working with us to forge a healthy, sustainable and affordable energy policy for Indiana and for refusing to consider policies that place the profit-motivated interests of investor-owned utilities ahead of the interests of consumers and our state.

Legislature Continues to Support Raw

Coal Plant Deal for Ratepayers

In the 2007 legislative session, New York-based, power plant developer Leucadia Corporation convinced state legislators that gas ratepayers in Indiana should essentially finance a non-regulated coal gasification plant to protect Leucadia from financial risk, guaranteeing their profits from the project.



House Bill 1722, authored by Russ Stilwell (Boonville), locked ratepayers into a 30-year contract for synthetic gas being produced by the coal gasification plant once the Indiana Utility Regulatory Commission approved the contract currently being negotiated between Leucadia, Vectren (Indiana Gas and Southern Indiana Gas & Electric), and NIPSCO gas (Northern Indiana Public Service Company). Citizens Gas in Indianapolis dropped out of the negotiations.

However, Leucadia hit a snag. The company could not get a 30-year coal contract in Indiana. So this year's bill, Senate Bill 223 authored by Brandt Herselman (Monticello), allowed Leucadia to import coal from out of state, contrary to the "Homegrown Energy" spin to get HB 1722 passed in 2007. SB 223 passed and has now become law.

HB 1722 and SB 223 could cost ratepayers billions, including costs incurred by the coal gasification plant for carbon dioxide regulations expected to be adopted by Congress within the next few years.

CAC has intervened in the IURC proceeding that will determine whether the final contract, sight unseen at the moment, gets approved by state regulators.

In response to HB 1722 and SB 223, Vectren customers should contact Neil Ellerbrook, CEO of Vectren and demand that Vectren drop out of the negotiations. Write Mr. Ellerbrook c/o Vectren, P.O. Box 209, Evansville, IN 47702-0209.

NIPSCO customers should contact NiSource CEO Bob Skaggs and demand that NiSource drop out of the negotiations. Write Mr. Skaggs c/o NiSource, 801 E. 86th Ave., Merrillville, IN 46410.

Jim Rogers:

Poster Boy for the Utility Business Plan

Jim Rogers, CEO of Duke Energy, is traversing the country attempting to convince Congress and the public that we can address global warming by building new coal plants. Why? Because that's where Duke and its cronies make the most money.

Duke's proposed coal gasification plant at Edwardsport, Indiana is too expensive and unnecessary. Duke customers, please contact Mr. Rogers and demand that he dump his plans for a coal plant in Indiana c/o Duke Energy, PO Box 1090, Charlotte, NC 28201-1090.

Developments at CAC

It's been a hard winter in many ways. Tornadoes in January. Temperatures fluctuating between 60 and 20 within days. Economic woes for the country. Nonetheless, CAC members have come through again with their gracious and generous support. Our canvass directors Kelly, Mary and Kerwin wish to thank you for keeping us strong and healthy.

CAC will be addressing the following issues over the rest of 2008:

- Federal legislation that addresses carbon dioxide;
- Promoting a 5 year moratorium on coal plants;
- The AEP rate case;
- The Leucadia project in southern Indiana;
- Duke's proposed coal plant in southern Indiana;
- Continued advocacy for renewables and energy efficiency.

Getting Involved

The public can have a profound impact on public policy issues by jumpstarting and maintaining a public dialogue on these critical issue. Here are some ideas:

Letters to the Editor

It is important that the public be involved in state decision making on energy policy in order to make the process as open and equitable as possible. Please write a letter to the editor of your local newspaper about your perspective on RES legislation, global warming, energy efficiency, clean air, the public health implications of coal-based power or renewable energy. Please visit our website (www.citact.org) and that of our sister agency (www.cacefindiana.org) for more information. To find the contact information for your local newspaper, please visit <http://www.usnpl.com/innews.php/>.



Arrange Meetings with Your Legislators

E-mail or call us if you would like to arrange a meeting with your legislator in your hometown to discuss utility or energy issues.

CAC Speakers

E-mail or call us if you would like a CAC representative to speak to a local organization or group.

For Those Without Computer Access at Home

The local library has computers with internet access. Just go to the reference desk and you'll be surfing the Web in no time.



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Duke Energy: Bad for Ratepayers, Bad for Business

Duke Energy's (formerly Cinergy, formerly PSI) CEO, Jim Rogers is feverishly traversing the country hyping the false benefits of Duke's new profit schemes to the media, public and policymakers. Indiana is one his prime targets for implementation.

Costs for Proposed Duke Coal Plant at Edwardsport Already Spinning Out of Control

Rogers is pushing construction of costly and unnecessary new coal plants here and in North Carolina. Duke grossly underestimated the costs of its proposed coal gasification plant in Indiana from the start and recently asked for regulatory approval of an 18% increase in construction costs, bringing the total cost to \$2.35 billion. Duke is most likely still underestimating the current cost by at least \$500 million. More "adjustments" are surely on the way. CAC has intervened in this proceeding, arguing that this is one of many increases, the plant is too expensive, and cheaper alternatives, like energy efficiency and renewable sources of energy can meet electric energy demand, save ratepayers money, and stimulate our ailing economy.

Save-A-Watt Is Actually Steal-A-Lot

Duke has proposed a new rate structure for its energy efficiency programs called Save-A-Watt. Instead of only recovering the actual costs of the program and letting ratepayers enjoy the savings, Duke is:

- **Charging you for a phantom power plant.**
Duke is saying that since its alternative to efficiency is building a more expensive natural-gas fired plant, it should be able to charge you up to 85% of the cost of that phantom plant, eliminating most if not all savings benefits to ratepayers by charging ratepayers far more than the actual cost of the program.
- **Not reducing overall energy consumption.**
Duke's plan primarily reduces demand during times of high energy use (peak demand) during the day by strategies such as remotely cycling-off you air conditioner compressor or having companies shift their demand to other times of the day and not placing an emphasis on making homes and businesses more energy efficient. This allows them to claim the need for more power plants while boosting their profit margin with a sham energy efficiency program.



The bottom line is that Duke's plan will cost us billions while an emphasis on true energy efficiency programs and renewable energy technologies would save us billions.

Blowing Taxpayer and Ratepayer Dollars on Carbon Capture

Greenpeace recently released a report titled "False Hope: Why Carbon Capture and Storage Won't Save the Climate."

Carbon capture and storage (or sequestration) is:

- 1) Diverting carbon dioxide from the air emission stream of a power plant;
- 2) Compressing it into a liquid using the coal plants own power; and,
- 3) Shooting it deep into the ground - hoping it stays there.



In its report, Greenpeace used myriad sources to arrive at the conclusion that this technology is:

- 1) Not available and won't be for 15 to 20 years;
- 2) Highly expensive;
- 3) Unproven at a large scale; and,
- 4) Wastes energy.

After the report's release, utility and coal companies mobilized. They want to get this technology commercialized or new coal plants (how they make the majority of their profit) won't be built, and the country could move to slowly phase out coal plants over the next 40 to 50 years.

Of course, the coal and utility industries do not want their stockholders to carry any financial risk for research and development. They want taxpayers and ratepayers to foot the bill. Again, Jim Rogers (CEO of Duke) is at the forefront calling for direct payments by ratepayers into his coffers to pay for the R&D and for Congress to use taxpayer dollars to support it through subsidies.

The rational approach is to use much of those dollars to deploy cheaper energy efficiency, renewable, and other clean technologies that are available now while the other portion would be used for R&D to reduce costs and improve efficiencies of true clean energy solutions.

A transition plan for the phase out of both coal-fired and nuclear power plants has been developed by Arjun Makhijani at the Institute for Energy and Environmental Research (IEER). The transition plan, entitled Carbon-Free and Nuclear-Free: A Roadmap for U.S. Energy Policy, is available for download online or in book form.

To download the Greenpeace report, visit www.greenpeace.org/australia/resources/reports/climate-change/false-hope-why-carbon-capture

To download the IEER transition plan, visit www.ieer.org

Kerwin's Korner: Volume 1

Policymakers continue to fail us my friends. Our Federal Government continues failing to pass global warming legislation and fails to extend energy efficiency and renewable energy tax credits. Both major party Presidential candidates support the incredibly risky, dirty, and expensive venture into the pipedream that is carbon capture and sequestration, while also supporting continued subsidies and further investments into nuclear energy (here we go again, prepare yourselves). Our Governor and General Assembly continue down the path of business as usual, using political will to force unneeded coal-fired power plants into our environment and our rate base

Duke Energy's proposed coal-gasification power plant in Edwardsport, as predicted, is becoming a huge \$2.5 billion plus boondoggle. Are we foolish enough to believe Duke did not know costs had increased 18%? Does anyone believe that this 18% increase will be the last?

Meanwhile, up in Benton County, we have a 130 megawatt (MW) wind farm up and running and on the grid, in approximately 26 months after the initial bids were sent out. After viewing the project, Lt. Gov Skillman stated: "Wind energy is an inexpensive, clean, renewable and simple solution to our current energy dilemma." At the Windiana 2008 Conference, Lt. Gov Skillman pointed out "we all know that renewables and wind create more jobs than fossil fuels." When will our

State's energy policy reflect those comments? In addition, the Fowler Ridge Wind Farm will have 400 MW of power on the grid by November, and another 340 MW by late next spring. I spoke with the project manager of the Fowler Wind Farm from BP and he informed me by the time the entire 740 MW is online, he expects costs to be a shade over \$1 billion, for the entire 740

MW! Construction on the Fowler Ridge project was started in February, of this year!!! Planning for the 630 MW Edwardsport coal-gasification plant began over 2 years ago, and the best case scenario would be to have the plant online in 2012. That is presuming of course the White River does not flood the site again or another earthquake renders the location unfit. Does it make any sense to continue with the Edwardsport coal-gasification plant??

We must bring these issues into the public forum. We must flood our local newspapers with letters, clog the airwaves of our local and national talk shows, and clutter our elected officials e-mails and voicemails and demand that we stop this destructive path towards environmental and economic upheaval. We must act now and stop the insanity. Regressive taxation, foreclosures, stagnant and dropping wages, unaffordable health care, utility disconnects and gas prices at all time highs, global warming, the disappearance of the middle class, when will it end? It will end when we start taking consistent, collective action: all of us, all of our voices together. Pick up the phone, write a letter, send an e-mail, talk to neighbors, friends, co-workers, spread the word. As Paul Wellstone always said: "I think we can do better. Won't you join me?"

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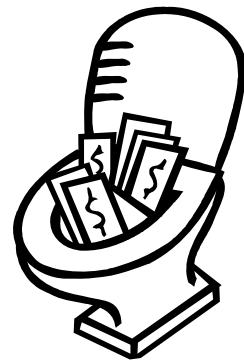
Current Campaigns

The Duke Coal-Gasification Plant:

We intervened in Duke's request to build the coal-gasification plant in Edwardsport. Unfortunately, back in November, the Regulatory Commission approved the plant. Then, back in January, the Indiana Department of Environmental Management approved an air permit for the plant that we believe is in clear violation of the Clean Air Act. We are in the process of appealing both of those decisions.

The Leucadia Coal-Gasification Plant:

Negotiations between Leucadia and Vectren and NIPSCO to build the Leucadia coal-gasification plant were started back in 2006. Fortunately, no contracts have been produced yet. If contracts are agreed upon and approved by the Regulatory Commission, there is no way out for Indiana ratepayers. We are working to put pressure on the CEO's of both Vectren and NIPSCO to follow the lead of Citizens Gas in Indianapolis, and withdraw their companies from negotiations with Leucadia.



AEP, NIPSCO, and Citizens Gas Rate Cases:

AEP (I&M) has filed a rate case with the Indiana Utility Regulatory Commission (IURC) and is asking for a 20% rate increase and more trackers, which may lead to even more rate increases every six months. They currently earn an extra \$96 million per year by selling extra electricity to other utilities. That electricity is generated by power plants paid for by I&M ratepayers. We have intervened in the case. We want the IURC to deny the rate increase, deny the trackers, and force AEP to credit 100% of those off-system sales to ratepayers.

NIPSCO has also filed a rate case with the IURC, but we do not know the details of what they are asking for yet. However, we have already intervened in the rate case.

Citizens Gas has filed for a rate increase as well. Although we have not yet intervened, we are in the process of reviewing their testimony in the case.

Efficiency and Renewables:

We have been working for several years to get a Renewable Electricity Standard passed through the Indiana General Assembly. An RES would mandate that the investor owned electric utilities meet a percentage of their electric demand using energy efficiency and renewable resources. We won't stop until we make it happen.

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2008 CAC Membership Survey Results

CAC members are mainly moderate to conservative but well educated. Fifty percent work. Fifty percent are retired.

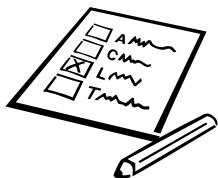
We attempted to gauge what people thought of major actions and policy positions of the Daniels Administration and of utility rate-making schemes. We added the utility issues because, in CAC's estimation, there is no discernable difference between Governor Daniels' position on energy/utility issues and the utility business plan.

Both the Governor and electric utilities oppose a true renewable electricity standard (RES) for the state. Both dismiss energy efficiency as a powerful economic development tool and way to significantly reduce utility bills, which flies in the face of every serious study on efficiency.

Other developments should be of great concern to ratepayers. The IURC violated the letter and spirit of the law by sending out memos to Duke ratepayers touting coal gasification technology prior to a decision made by the IURC to approve the Edwardsport plant (currently under appeal), which is supposed to maintain objectivity in these quasi-judicial proceedings.

An Administration official proclaimed that Daniels was protecting ratepayers by opposing an RES due to rate shock. However, no RES in any state has resulted in more than a 5% rate increase over extended periods of time, most experience a 1% rate increase. However, the proposed coal plant at Edwardsport could raise rates more than 30%.

At the Regulatory Flexibility Meeting in September, 2008, The chairman of the IURC, David Lott Hardy, said that energy efficiency is nice but nice things aren't always worth it.



71% of CAC members opposed the Governor's lease/sale of the Indiana Toll Road, 78% opposed the proliferation of Confined Animal Feeding Operations, 58% opposed ethanol production from corn, 90% opposed the BP water permit, and 65% opposed including coal in the definition of renewable energy. (Gov. Daniels will support an RES or alternative energy standard if coal's included.)

alternative energy standard if coal's included.)

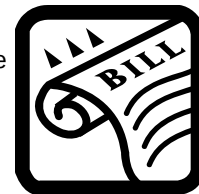
59% of CAC members do not like the idea of construction work in progress for power plants (having to pay for a power plant before it is producing electricity). 63% do not like the idea of trackers (mechanisms that allow utilities to raise rates when their costs go up without having to lower rates when their costs go down - allowing them to deregulate bit by bit).

In a national, scientific survey of Hoosiers conducted this month (funded by Civil Society Institute and conducted by Opinion Research), 81% did not want to proceed with 2 coal gasification plants the Governor supports. Hoosiers want efficiency and renewables first.

Governor Daniels is supporting an energy policy that, if successful, will lead to extreme rate increases, suppressed job growth, more carbon dioxide emissions and more lung disease.

Indiana General Assembly Not a Friend of Consumers During 2008 Session

With few exceptions, members of the Indiana General Assembly voted consistently against consumer interests during the 2008 legislative session.



The worst legislation failed due to the excellent work of CAC's lobbyist (Paul Chase - now with AARP), legislative friends in key positions at the right time, and CAC members weighing in with letters and calls.

The accumulative pro-consumer voting record for the Indiana House on key issues for ratepayers was 37%. The accumulative vote in the Senate was 17%.

The notable pro-consumer legislators with 100% voting records were Representatives:

Dennis Avery	Win Moses
Mara Candelaria-Reardon	David Orentlicher
Ryan Dvorak	Scott Pelath
Phil Hoy	Matt Pierce

CAC considers an 80% pro-consumer voting record as a passing grade. **The only Representative with an 80% record was Craig Fry.**

Some Senators (mainly Democrats) improved their voting percentage on consumer issues towards the end of the session. However, the highest pro-consumer percentage reached in the Senate was 60%.

Thirty-two out of 100 Representatives had a 0% voting record. These were:

Bob Behning	Jeff Espich	Michael Ripley
Mark Bell	Dave Frizzell	Bill Ruppel
Randy Borrer	Eric Gutwein	Tom Saunders
Brian Bosma	Tim Harris	Milo Smith
Tim Brown	Phil Hinkle	Greg Steuerwald
Jim Buck	Tom Knollman	Marlin Stutzman
Bob Cherry	Eric Koch	Andy Thomas
Suzanne Crouch	Don Lehe	Jeff Thompson
Bill Davis	Dan Leonard	Jerry Torr
Dick Dodge	Cindy Noe	Eric Turner
Sean Eberhart	Kathy Richardson	

Twenty-eight out of fifty State Senators had a 0% pro-consumer voting record, including Brandt Hershman (Monticello) who is chair of the Senate Utilities and Regulatory Affairs Committee. His counterpart in the House, ranking minority member on the Commerce, Energy and Utilities Committee, Jack Lutz had a 10% voting record. The others were:

Ron Alting	Dennis Kruse	Brent Steele
Phil Boots	Connie Lawson	Greg Walker
Ed Charbonneau	David Long	Brent Waltz
Bob Deig	Robert Meeks	John Waterman
Mike Delph	Jim Merritt	Thomas Weatherwax
Gary Dillon	Patricia Miller	Thomas Wyss
Jeff Drozda	Ryan Mishler	Mike Young
Bev Gard	Johnny Nugent	Joe Zakas
Luke Kenley	Allen Paul	

Kerwin's Korner: Volume 2

This blind and misguided pursuit of "clean" coal is an attempt by the industry, and its paid servants in government, to keep control not only of the money, but also of the grid. They control the message, trying to scare the public into believing that we cannot survive as a society without coal. At the Carbon Capture and Sequestration Summit in September, 2008, Governor Daniels said, "It does not go too far in my opinion to say, no coal, no country." They have been dispatching countless TV ads, deploying operatives on college campuses and Earth Day events handing out "clean" coal t-shirts and hats, and buying off a few environmental groups to deliver their message. It is reminiscent of the activities of GM, Standard Oil, and Firestone in the 1940's, dismantling the street cars and replacing them with gasoline powered buses. These activities are proof positive that there is an energy revolution on the very near horizon and their stranglehold on society is waning.



Despite their attempts to skew the numbers and deny the truth, new large-scale wind farms are now 1/2 the cost of new coal-fired power plants, and 1/3 the cost of new nuclear plants.

Advances in photovoltaic's are driving down the cost, so much so, that Duke Energy Carolinas is proposing leasing roofs to install solar panels. Duke of course wants to own those panels, and deploy them when they want to; another clear indication that the industry is very aware that they are losing their grip, and homeowners everywhere soon may not require their services.

Improvements in energy efficient technology can bring about significant reductions in energy usage, and thus utility profits. Unfortunately, we live in a state that ranks 49th in spending on energy efficiency and continues to construct new buildings and homes using 1992 energy codes. We also live in a state where the chairman of our state regulatory commission believes that energy efficiency "sounds nice, but a lot of things that sound nice, aren't worth it." That must change. We must hold office holders accountable and demand they do their job. That job, according to the IURC website, is "An advocate of neither the public nor the utilities, the IURC is required by state statute to make decisions that balance the interests of all parties." By continuing to ignore energy efficiency and dismiss renewables as "not economic at this point," the commission is not balancing the interests of all. They are complicit in maintaining the status quo and helping to push the agenda of the utilities, while ignoring the interests of ratepayers and the environment.

We must not remain silent when we hear "clean" coal, or "nuclear renaissance." We must not allow the public to be bought, sold, and manipulated. We must not allow these corporate polluters to dictate our energy future, just as we watched them change the course of public transportation.

Current Campaigns

The Duke Coal-Gasification Plant:

We intervened in Duke's request to build the coal-gasification plant in Edwardsport. The Indiana Court of Appeals upheld the IURC's decision to approve the plant. CAC has also intervened to oppose a new cost estimate for the plant and submitted a public information request to the Governor's office asking for e-mails and other communication to state regulators and Duke with respect to the plant. Actions and comments by Administration officials have led us to believe that the approval for the plant was hard-wired.



The Leucadia Coal-Gasification Plant:

Negotiations between Leucadia and Vectren and NIPSCO to build the Leucadia coal-gasification plant were started back in 2006. Fortunately, no contracts have been produced yet. If contracts are agreed upon and approved by the Regulatory Commission, there is no way out for Indiana ratepayers. We are working to put pressure on the CEO's of both Vectren and NIPSCO to follow the lead of Citizens Gas in Indianapolis, and withdraw their companies from negotiations with Leucadia. CAC has also petitioned the IURC to end the proceedings because no progress has been made in the negotiation process.

AEP, NIPSCO and Citizens Gas Rate Cases:

AEP (I&M) has filed a rate case with the Indiana Utility Regulatory Commission (IURC) and is asking for a 20% rate increase and more trackers, which may lead to even more rate increases every six months. They currently earn an extra \$96 million per year by selling extra electricity to other utilities. That electricity is generated by power plants paid for by I&M ratepayers. We have intervened in the case. We want the IURC to deny the rate increase, deny the trackers, and force AEP to credit 100% of those off-system sales to ratepayers.

NIPSCO has also filed a rate case with the IURC, but we do not know the details of what they are asking for yet. However, we have already intervened in the rate case.

Outlook for 2009 General Assembly:

This is a budget session; therefore any bill with new spending (a.k.a. tax dollars) probably won't pass. As a result, we expect an all out assault by the utilities at passing additional trackers, or legislative mechanisms by which they can pass costs onto ratepayers with little or no regulatory oversight. The General Assembly and the Administration continue failing to recognize that the ratepayer wallet and the taxpayer wallet are one and the same, therefore they force ratepayers to fund the utility agenda, thereby avoiding spending tax dollars. CAC will stand firm and oppose legislation containing trackers. We also know that several legislators will introduce some version of a renewable energy standard. There have been attempts in the past to have an RES that includes language supporting Alternative Energy, or "clean" coal and nuclear power. We will stand guard, diligently working to make sure that the RES bill remains clean and is void of any language mandating coal or nuclear power. In addition to protecting consumers against further trackers and working towards a clean RES, we will work to improve Indiana's net metering rules, work to pass green building legislation, and continue working towards legislation that increases our state's investments in energy efficiency.

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Appendix B

Fact Sheets Regarding Current Campaigns



Turning On Citizen Power

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Which type of power makes \$en\$ in Indiana?

Renewables and Energy Efficiency...

The Benefits of Solar and Wind:

- According to the Department of Energy, Indiana has enough wind capacity to produce two and a half times more electricity than we are currently producing by burning coal
- The cost of wind is cheaper than the cost of burning coal on a per kW and per kWh basis because there are no fuel costs for wind and the operations and maintenance costs for wind turbines is far less than that of a coal burning power plant
- Solar panels on the roofs of public buildings can help meet peak demand on the hottest (and sunniest) days of the year when everyone is running their air conditioners and using more electricity
- No emissions

If Indiana set the goal of producing 10% of its electricity from renewables by 2017, it would bring investment dollars and jobs to the state:

- As much as **\$6 to \$8 billion** investment dollars
- **6,000** construction jobs
- **12,000** contractor and retail jobs
- **1,200** additional contractor and retail jobs to fulfill the need for long-term maintenance of wind turbines
- **600** permanent maintenance jobs
- Renewable energy generates more jobs per megawatt than fossil fuels

The Benefits of Energy Efficiency:

- Implementing efficiency costs half of what it costs to build a new power plant
- Reduces demand for electricity
- Saves ratepayers **billions of dollars**
- Reduces pollution

Reducing the demand for electricity by 1.5% per year will have a broader impact on Indiana's economy by:

- Creating over **800 net jobs per year** in the construction, manufacturing, retail and services sectors
- After 15 years, saving ratepayers **\$1.4 billion a year** on utility bills
- Bringing down the wholesale price of natural gas

...or Costly, Dirty Coal-Fired Power Plants?

Annual Health Detriment to Hoosiers due to Coal Pollution:

- **887** deaths
- **1,491** heart attacks
- **114** lung cancer deaths
- **21,532** asthma attacks
- **845** hospital admissions
- **618** cases of chronic bronchitis
- **1,274** asthma ER visits
- **7%** of women of childbearing age have blood mercury levels that are higher than what the EPA considers safe to protect the developing nervous system of a fetus.

Environmental Damage Caused by Coal:

- Global Warming
- Forest and crop damage
- Mercury contamination of the fish in **ALL** of Indiana's rivers and lakes
- Acid Rain - the average pH of rain in Indiana is 4.5, which is **ten times more acidic than normal rain** (normal rain has a pH of 5.5)
- Emissions of carbon dioxide, carbon monoxide, nitrogen oxides, particulate matter, sulfur dioxide, volatile organic compounds, sulfur dioxide, lead, beryllium, mercury, and fluorides, to name a few

The Hidden Costs of Coal Not Included in Your Bill:

- **\$5 billion each year** is spent in Indiana on health care costs related to fine particle pollution
- **\$13 million a year** in tourism revenue is lost each year at Indiana's National Parks because of smog and haze due to power plant pollution
- **\$87 million a year** is lost in farm revenue due to crop losses caused by ground level ozone (smog created by nitrogen oxides emitted from coal-fired power plants) which reduces plant growth and yield
- Acid rain causes damage to buildings, historical monuments and even cars

No matter which way you cut it, coal is dirty: It hurts our health, it hurts our environment, and it hurts our wallets.

At the end of November 2007, the Indiana Utility Regulatory Commission approved Duke Energy's plans to build a \$2.35 billion 630 MW coal gasification (Integrated Gasification Combined-Cycle, or IGCC) power plant in Edwardsport, Indiana to replace two old coal-fired power plants built in the 1950's that are only capable of producing 160 MW and only run about 30% of the time. Wall Street will not finance coal-gasification technology since it is too new and commercially unproven. (There are only 4 coal-gasification power plants operating in the entire world.) **Therefore, in order to finance the plant with carbon capture, Duke intends to raise electric rates by at least 25 - 30%!**

<i>Duke says...</i>	<i>The reality is...</i>
"Coal is cheap."	The price of coal went up from \$35/ton in 2007 to \$55/ton in 2008, and is projected to increase another \$50/ton by the end of 2008.
Duke expects their customers' demand for electricity to grow by about 0.4% per year, and they want to build this gasified coal power plant to meet the expected demand.	Duke has not seriously considered energy efficiency as an alternative. Efficiency could be deployed much more quickly than a new power plant can be built, and can reduce demand by about 1% per year, which would meet or exceed Duke's needs. Efficiency is by far the cheapest form of energy at 3¢ per kilowatt hour.
Duke has stated that wind energy is not yet economically attractive on a utility scale within the Duke Energy Indiana territory.	The cost of electricity produced from wind turbines averages at about 5¢ per kilowatt hour and continues to drop. Conversely, IGCC technology with carbon capture costs about 13¢ per kilowatt hour, and since it is still in the developmental phase of its existence, costs continue to rise. Additionally, the term "cost" refers only to market prices, but does not include the external costs due to the damage of the environment and public health associated with burning coal in any form.
Duke claims that an IGCC power plant will reduce emissions compared to the plants that will be shut down.	While the IGCC technology will reduce some emissions, it will increase others because it will be operating much more frequently than the power plants that will be shut down. • Lead emissions will increase by 14,555% • Carbon dioxide emissions will increase by 785% • Carbon monoxide emissions will increase by 1,480% • Particulate matter emissions will increase by 297% • Volatile organic compounds emissions will increase by 678%
Duke claims that the IGCC power plant will have the potential to capture carbon dioxide.	Potential is a far cry from reality, and Duke plans to build this plant without the necessary equipment to capture carbon. According to Duke's CEO, Jim Rogers, this technology is still 15 to 20 years off in terms of development!

Recent Developments

The Indiana Utility Regulatory Commission approved this coal-fired power plant at the end of November 2007. CAC appealed the Commission's decision to the Indiana Court of Appeals, but the Court ruled against us in October, 2008. In our estimation, the IURC has clearly violated the public trust with this decision. We are considering appealing to the Indiana Supreme Court.

The Indiana Department of Environmental Management approved an air permit for this coal-fired power plant at the end of January 2008. After reviewing the permit, we believe that it violates the Clean Air Act. We have joined Sierra Club's appeal of the permit, and the case will now be presented to the Indiana Office of Environmental Adjudication.

Take Action!

Contact Jim Rogers (CEO of Duke Energy) and tell him to cancel the Edwardsport coal-gasification plant!

Let him know that you are opposed to this coal-fired power plant because it doesn't make sense to continue jeopardizing our health, economy, and environment by building more coal-fired power plants when there are cheaper, cleaner, and healthier ways to produce and save electricity. Tell him that if he truly believes in addressing global warming as he says, he will stop pursuing coal-fired power plants and start pursuing energy efficiency and renewable electricity options such as wind and solar.

For more information about the Duke IGCC power plant, please visit our website, www.citact.org. Look for the menu titled "Stop Duke IGCC Power Plant!!" on the right-hand side of the page.

Jim Rogers, CEO
c/o Duke Energy
PO Box 1090
Charlotte, NC 28201-1090
contactus@duke-energy.com



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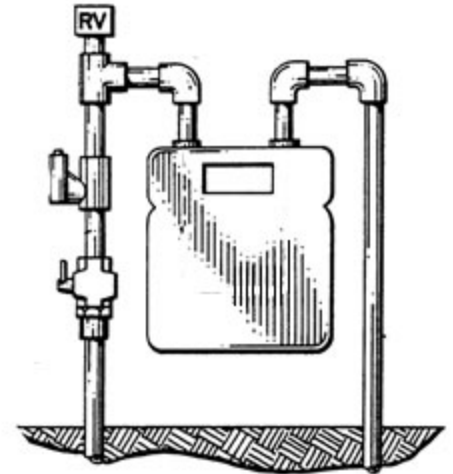
Contact the CEOs of Vectren and NiSource and demand that they drop out of negotiations with Indiana Gasification, LLC!!!

(contact info on back)

Vectren, owner of Southern Indiana Gas and Electric (SIGECO) and Indiana Gas has made some very prudent decisions of late:

- 1) The company has initiated the beginnings of a comprehensive energy efficiency program for its gas customers;
- 2) Vectren pulled out of the Duke Energy scheme to build an unneeded coal gasification plant in southern Indiana, saying that it could meet electric demand for SIGECO by investing in energy efficiency, renewable energy, and a gas peaking plant.

However, both Vectren and NiSource (parent company of NIPSCO Gas) are currently engaged in negotiations with an unregulated power plant developer that could make life very hard on Indiana natural gas customers.



Background of Indiana Gasification LLC

When people think of a coal gasification plant, they generally think of electricity generation. However, the gas produced from gasifying the coal could also be sold to heat homes or for industrial operations. However, the cost is astronomical for ratepayers.

Leucadia Corporation, headquartered in New York City (with offices in Utah and California), wants to build and ostensibly own a coal-gasification plant in southern Indiana near Rockport. The project is called Indiana Gasification LLC.

Wall Street is skeptical about financing coal-gasification plants because of the astronomical costs for construction and operation, and because the technology has yet to be proven to work on a large commercial scale. Therefore, Leucadia wants to employ the same old utility scam for financing risky, unneeded power plants that Wall Street won't touch; namely, forcing ratepayers and taxpayers to pick up the tab.

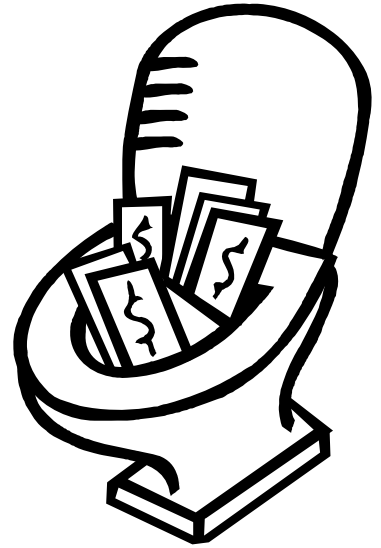
Leucadia and company are now negotiating with Vectren and NiSource (NIPSCO Gas) to lock their ratepayers into a 30-year contract to pay for the plant through gas sales to the utilities without knowing how much the gas produced by the plant will cost.

Indianapolis-based Citizens Gas dropped out of the negotiations.

Negotiations were started in 2006 and still no contracts have been produced. Once contracts are signed, the Indiana Utility Regulatory Commission can approve or deny the contracts. If approved, there is no way out for ratepayers.

Same Old Scam: Leucadia Wants to Sell Indiana a Bridge in Brooklyn

This multi-billion dollar boondoggle in the making would not be feasible without rate-payers footing the bill. So in 2007, Leucadia first duped the state legislature and Governor Daniels by spinning this as "Indiana Home-Grown Energy." That year, the Indiana legislature passed a bill to force ratepayers to keep paying for this ill-conceived project for 30 years without any way out. The legislation promised that the plant would be built in Indiana and use only Indiana coal, supposedly providing jobs and an economic boost to Indiana. Then, in 2008, Leucadia came up with another piece of legislation that reneged on the promises that the plant would be built in Indiana and use Indiana coal. The legislation passed, so as it stands now, this plant could be built outside of Indiana, does not have to use Indiana coal, and yet if the contracts are signed, Indiana taxpayers and ratepayers would still be saddled with the costs of paying for the plant, even if it never produces any natural gas. Despite strident objections from CAC, the legislature and the Governor eagerly bought into the numbingly one-sided, get-rich-quick power plant construction scheme.



Leucadia Project Holds Vectren and NIPSCO Gas Ratepayers Hostage for 30 Years

- It is highly likely that Indiana coal will not be used in the project because Leucadia has not been able to secure a 30-year coal contract in Indiana.
- Although outside Rockport, IN is the chosen area for this coal-gasification plant, Leucadia is having a hard time securing a definite site because landowners are refusing to sell their land.
- Leucadia can't tell ratepayers the ultimate cost of the project, yet wants Vectren and NiSource to sign a 30-year contract holding Vectren and NIPSCO Gas ratepayers hostage to pay for the gas produced by the plant.
- According to the passed legislation, if state regulators approve the contract, they can't change it for 30 years.
- According to the legislation, at the times when the plant is not operating, ratepayers will be double charged. At those times, ratepayers are obligated to pay for the gas that is not being produced as well as the replacement gas that would have to be purchased. If the contracts are signed, this will be the case even if the project is a failure and the plant never produces any natural gas.
- Ratepayers would be liable for all costs in the future relative to carbon dioxide regulations which everyone agrees will soon be created and will be highly expensive.
- Vectren and NIPSCO Gas would be able to ignore service at the cheapest cost as stipulated in current law.

Take Action!!

A ratepayer revolt is required because we can't afford to pay Leucadia's way to bigger profits!

Vectren Customers:

Please contact Vectren CEO Neil Ellerbrook!

NIPSCO Gas Customers:

Please contact NiSource CEO Bob Skaggs!

- Demand that they withdraw their companies from the Indiana Gasification, LLC negotiations with Leucadia!
- Urge them to use the same reasonable approach that Vectren took in abandoning the Duke Energy project, yet another multi-billion boondoggle in the making.
- Remind them that Citizens Gas in Indianapolis has pulled out of the negotiations, and they should do the same.

Vectren CEO Neil Ellerbrook		NiSource CEO Bob Skaggs	
<u>Write a Letter</u>	<u>Make a Call</u>	<u>Write a Letter</u>	<u>Make a Call</u>
Neil Ellerbrook c/o Vectren P.O. Box 209 Evansville, IN 47702-0209	(812) 491-4000 (Choose option 2 and leave a message with the receptionist.)	Bob Skaggs c/o NiSource 801 E. 86th Avenue Merrillville, IN 46410	(877) 647-5990 x6051 (Leave a message with the receptionist.)



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AEP (I&M) Demands Unjustifiable 20.5% Rate Increase on Residential Ratepayers in Indiana!

American Electric Power (Indiana Michigan Power) wants the Indiana Utility Regulatory Commission to let them raise base rates by an unwarranted \$47.5 million. CAC has intervened in the case.

AEP's Scheme for Excessive Rate Increase:

1. Boosting Stockholder Value at Ratepayers' Expense

Currently, AEP makes an extra \$96 million per year by selling extra electricity to other utilities. That electricity comes from power plants paid for by customers of Indiana Michigan Power ("I&M"). Rather than allowing all of those off-system sales to benefit the customers who are paying for the power plants, AEP wants to keep half, or \$48 million for its shareholders. That's more than the \$47.8 million increase in base rates it has requested!

2. Enron-Style Accounting

AEP artificially inflated its rate request by pretending its investments in currently operating power plants and other facilities cost more than they actually do. For example, I&M wants to:

- ◆ Raise rates over 20% when its net investment in Indiana plant and facilities increased just \$41 million, or only 2.3% more than it was in 1991;
- ◆ Treat a prepayment of pension expenses as if it is a capital investment and include it in rate base — costing ratepayers over \$6 million per year;
- ◆ Charge ratepayers for environmental controls that have not been approved by the IURC as prudent or necessary;
- ◆ Force Indiana ratepayers to pay for transmission facilities that mostly benefit utilities and customers in other states; and,
- ◆ Make customers pay for "lost revenues" it predicts will result from energy efficiency programs that it has never tried in Indiana and has no Indiana data to support!

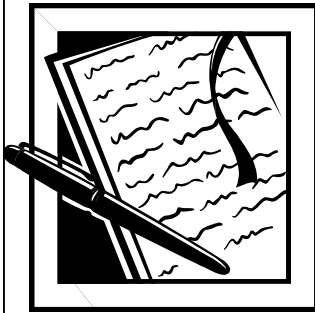


3. Automatic Rate Increases

AEP is requesting new automatic rate adjustments, or "trackers," for certain expenses, mostly left up to their discretion. Under traditional regulation, when a utility wants to raise rates they have to file for a rate increase, open up their books, and show both where their costs have gone up and where they have gone down. With trackers, the utility "tracks," or flows through, cost increases with less scrutiny and in between rate cases, allowing it to charge for increases in some areas without lower rates to reflect lower costs in other areas. The trackers account for nearly 32% of the proposed rate increase, and could lead to even more increases every six months.

9-25-08

Take Action: Write Letters!



If you are a resident of South Bend or Fort Wayne, write to your mayor!

The cities of South Bend and Fort Wayne have intervened in this rate case. Let them know that economic development starts with the rate-payers. Demand that they work not only to protect the city, but also to protect the residents of the city. If ratepayers are forced to pay 20% more for electricity, that's less money that can be spent in the local economy, which is the opposite of economic development!

Fort Wayne - Mayor Tom Henry

One Main Street
Fort Wayne, IN 46802
mayor@ci.ft-wayne.in.us
(260) 427-1111

South Bend - Mayor Steve Luecke

227 West Jefferson Blvd., Suite 1400 N
South Bend, IN 46601
mmyers@southbendin.gov
(574) 235-9261

Write to the Indiana Utility Regulatory Commission!

Tell them to Say NO to AEP's 20.5% rate increase and:

- Make AEP credit 100% of off-system sales to ratepayers;
- Deny AEP's request for additional trackers with less scrutiny of transmission and distribution system investments; and,
- Make AEP fund an independently managed and verified energy efficiency program.
- **Ask that your letter be included in the testimony for Cause #43306.**

Indiana Utility Regulatory Commission

Attn: Ja-Deen Johnson
Director of Consumer Affairs
101 W. Washington St., Suite 1500 E
Indianapolis, Indiana 46204
jjohnson@urc.in.gov
(317) 232-2712



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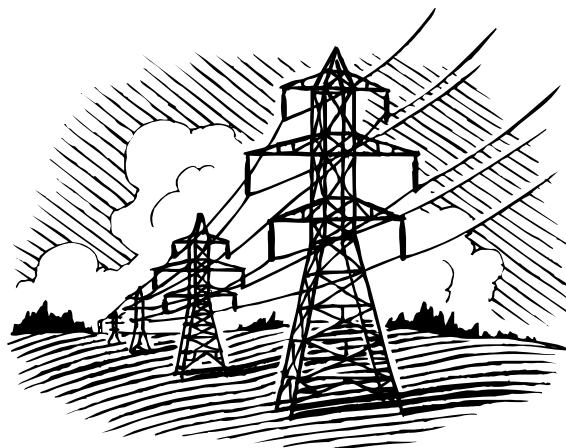
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The Trouble with Trackers

Indiana's major utility companies (Duke, AEP, IPL, Vectren, NIPSCO) provide retail electric service essential to the health and vitality of Indiana, its economy, and its citizens. They have been granted state franchised monopolies that protect them from competition and guarantee them profit in exchange for providing adequate and reliable electricity service at the lowest reasonable cost to the public.

However, once local utilities are now part of growing corporate empires that stretch over many states. As a result, the public service aspect of their business has virtually disappeared. Moreover, the lobbying efforts of these monopoly utilities is erasing the regulatory compact and legal balancing act between utilities and ratepayers interests.



Nationally, significant deregulation occurred during the 1990s under the pretense of competition. The idea was that ratepayers were going to have a choice of supplier and those owning power plants would compete for customers. What happened, however, was further consolidation of the industry and entrenching of monopolies who gamed the deregulated system to receive windfall profits. The manipulation of gas markets and electric wholesale markets continues on a smaller, but still, detrimental scale today.

Indiana avoided the catastrophe of near total deregulation the utility industry won in other states. However, Indiana's utility industry has found ways to force, through law and regulation, virtual (or backdoor) deregulation.

CAC, with the critical and necessary support of its members and other citizens, has kept the floodgates from opening. However, as a spokesperson for some of Indiana's industrial energy consumers once quipped, the current utility deregulation approach is "like being nibbled to death by ducks."

Since 2002, Indiana's large gas and electric utilities have aggressively implemented the following strategies:

- Recover costs from ratepayers as quickly and automatically as possible;
- Reduce or eliminate regulatory oversight of planning, revenue, and profits;
- Create new incentives on top of their cost-plus rates to increase their rate of return (profit) for making investments they are already obligated to do under the law.

The preferred, utility regulatory and legislative approach that forms the basis for accomplishing these goals is the imposition of "automatic rate adjustment mechanisms" or "trackers." These trackers are a shorthand method of increasing utility rates. Over a period of almost three decades now, trackers have become a habit of regulation, and utilities are routinely tracking rate increases to consumers instead of pursuing rate cases at the Indiana Utility Regulatory Commission (IURC).

Taken in isolation, trackers seem relatively harmless. The utility asks to add a cost of doing business, whether new or ongoing, to the rate base. The problem, however, is that no consideration is given to offsetting cost increases with cost reductions that would otherwise be passed onto ratepayers in a formal rate case. The trouble with trackers is that they:

- Severely weaken the regulatory process and the consumer protections that now exist in that process; and
- Completely undermine Indiana's ability to jumpstart a market for renewable energy technology in the state.

In the 2008 Indiana State legislative session, we saw an attempt at what in essence amounted to backdoor de-regulation of the utility industry in the form of a number of bills including trackers. CAC, in collaboration with the Indiana Industrial Energy Consumers (INDIEC), was successful in defeating several tracking provisions that would have allowed them to profiteer at the expense of captive ratepayers:

Advanced Metering

- The utilities wanted to have trackers for expensive electric meters so that electric utilities could reduce their costs and increase profits by charging customers higher rates during peak usage times and lower rates at other times during the day.

Pollution Control Equipment

- These provisions would have kept obsolete coal-fired power plants running by allowing the utilities to have trackers for air pollution control equipment regardless of cost and regardless of cheaper, cleaner alternatives, such as energy efficiency and wind technology, which can meet electric energy demand and reduce air emissions, including carbon dioxide, the main contributor to global warming.

Transmission & Distribution

- These tracking provisions would have provided automatic incentives for utilities for investments they are already supposed to be making to maintain quality of service, such as investments in transmission lines and local distribution systems; and
- Allowed the utilities to have trackers that force residential ratepayers to pay for the transmission lines that need to be extended to new ethanol plants, even though this is a cost traditionally shared by the utilities and their industrial customers. Because the market for ethanol is still unstable and risky, the utilities attempted to force residential customers to bear the brunt of the risk so they wouldn't have to.

Experimental Technology

- Coming up in the 2008 Indiana State legislative session, we expect that the utilities will also attempt to pass legislation allowing them to track the cost of carbon capture and sequestration projects. This technology, according to the industry, is 15 years away. Stockholders, not ratepayers, should pay for experiments whose technologies and costs are not well understood and may never become commercially viable.

Coming up in the 2009 Indiana State legislative session, we expect that the electric utilities will again attempt to pass tracker legislation as an end-run around the utility regulatory process. By allowing utilities to implement trackers, the Indiana State Legislature and Regulatory Commission assume the necessity of and reward upgrading aging and obsolete coal-fired power plants, regardless of cost; **and ignore cost-saving investments in energy efficiency measures and non-polluting renewable energy resources**, such as wind, solar and biomass, to hedge against the huge costs soon to be associated with the regulation of carbon dioxide emissions. **In 2007, the IURC testified before legislators that they have the authority to approve appropriate trackers and that additional legislation is not necessary.** The utilities, knowing that the trackers they seek do not fit the criteria for approving trackers, want to avoid that problem by legislating otherwise inappropriate trackers. Since no additional legislation is needed to approve and regulate reasonable and appropriate trackers, a legislator's support for trackers means one of two things:

- 1) They are ignorant of the issue and possibly being misled by utilities and their lobbyists; or,
- 2) They are sacrificing your interests on behalf of electric utilities.

Take Action!

Tell your State Senator and State Representative to oppose any utility legislation that contains tracking mechanisms for advanced metering, transmission and distribution, or compliance with future environmental regulations. Remind them that the IURC testified that it has all the authority it needs to approve trackers where appropriate, so that any tracking legislation is unnecessary and will serve only to increase the profits of monopoly utilities at the expense of ratepayers. Let them know that ratepayers need legislation that will promote energy efficiency and renewable energy because this will create jobs, save ratepayers money, and go a long way toward improving the environment and the health of all Hoosiers.

<u>Your State Legislators:</u>	<u>Indiana House of Representatives</u>	<u>Indiana State Senate</u>
Senator _____	200 W. Washington Street Indianapolis, IN 46204-2786 (317) 232-9600	200 W. Washington Street Indianapolis, IN 46204-2785 (317) 232-9400
Representative _____	(800) 382-9842	(800) 382-9467

To look up and/or e-mail your legislators, visit: <http://www.in.gov/apps/sos/legislator/search/>



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National Health Care Facts:

- **America's health care system is ranked 37th in the world, right after Costa Rica, by the World Health Organization.** We rank 36th in infant mortality, after Cuba and Taiwan, and well behind Canada and the European nations.
- **In the US, we spend more per capita on health care than any other country on earth.** We spend about twice as much as the Canadians, and almost three times as much as the English and the Japanese.
- **1 in 7 Americans have no health insurance coverage at all.** That's 47 million people, 15% of the population. Millions more struggle with increasing premiums, deductibles, and co-pays.
- **The uninsured live sicker and die younger.** The Institute of Medicine calculates that 18,000 people die every year purely because they don't have any insurance. That's almost 6 World Trade Center disasters every year.
- **Medical bills are the leading cause of personal bankruptcy.** Even more surprising is that 75% of those declaring bankruptcy had insurance at the time they got sick. Even with insurance you're not safe.
- **Public opinion polls consistently find that 65% or more of Americans surveyed favor government health insurance, even if it means tax increases.** More and more, business and labor groups are coming to the same conclusion. In a 2008 poll of U.S. physicians, 59% favored national health insurance.
- **Both the General Accounting Office (GAO) and the Congressional Budget Office (CBO) reached the same conclusion: if we eliminated private health insurance and covered everyone under a single government program, we would increase efficiency and cut overhead so much that it would leave enough money to cover all the uninsured.**
- **Every other industrialized nation in the world has come to the same conclusion – a government sponsored program of universal health insurance.** The United States stands alone spending the most, covering the least, and with poor health outcomes compared to the rest of the developed world.
- **We already have a program of government sponsored insurance to cover many of our citizens – Medicare.** It could be expanded to cover everyone. This would be social *insurance*, not socialized medicine.

Indiana Health Care Facts:

- **In Indiana, there are 860,000 Hoosiers with no health insurance coverage at all.** That is 14% of the state's population. And 159,000 children have no coverage.
- **The number of uninsured in Indiana is growing at twice the national average.** Indiana ranks 23rd among the states in the number of uninsured persons.
- **We have the highest per capita rate of medically bankrupt families, over 77,000 Hoosiers.** And surprisingly, 75% of those declaring bankruptcy for medical reasons had health insurance when they got sick.
- **We lost 138,000 manufacturing jobs from 2000 to 2004.** Many of the service sector jobs replacing those jobs lack health insurance.
- **"Healthcare costs in Indiana are among the highest in the country. Our rising cost of health insurance coverage, combined with lost productivity due to illness, has made Indiana a less desirable place to do business."** Governor Mitch Daniels, quoted in newspapers across the state in June, 2005.
- **Indianapolis is the second most expensive city in the nation for per family health insurance premiums.** Anthem/WellPoint, headquartered in Indianapolis, is one of the largest health insurance companies in the nation. The former CEO and current Chairman of the Board, Larry Glasscock, received a bonus of \$42.5 million in 2003.
- **Indiana has a history of innovation in the medical arena.** Eli Lilly and Indiana University Medical Center are known for creative ideas and innovative thinking. In the 70's we passed medical malpractice legislation that served as a model for many other states. We can lead the way again.
- **The most efficient, cost effective way to care for the state's population is to have a government sponsored program of insurance, like Medicare, to cover everyone.** Patients would have free choice of doctors and hospitals. There is simply no better way to do it.

The United States National Health Insurance Act (H.R. 676)

“Expanded & Improved Medicare For All Bill” introduced by Cong. John Conyers, 108th Congress

Brief Summary of Legislation

The United States National Health Insurance Act (HR 676) would create a publicly financed, privately delivered health care program that expands and improves the already existing Medicare program. The goal of the legislation is to ensure that all Americans, guaranteed by law, will have access to the highest quality and cost effective health care services regardless of one's employment, income, or health care status.

With over 47 million uninsured Americans, and another 40 million who are under insured, the time has come to change our inefficient and costly fragmented health care system. The USNHI program would reduce overall annual health care spending by over \$50 billion in the first year. In addition, because it implements effective methods of cost-control, health spending is contained over time, ensuring affordable health care to future generations. In its first year, Medicare-for-All will save over \$150 billion on paperwork and \$50 billion by using rational bulk purchasing of medications. These savings are more than enough to cover all the uninsured, improve coverage for everyone else, including medication coverage and long-term care.

Employers who currently provide coverage for their employees pay an average of 8.5% of payroll towards health coverage, while many employers can't afford to provide coverage at all. Under this Act, all employers will pay a modest 3.3% payroll tax per employee, while eliminating their payments towards private health plans. The average cost to an employer for an employee earning \$35,000 per year will be reduced to \$1,155, less than \$100 per month. 95% of families will pay less for health care under national health insurance than they do today. Seniors and younger people will all have the comprehensive medication coverage they need.

Who is Eligible

Every person living in the United States and the U.S. Territories would receive a United States National Health Insurance Card and ID number once they enroll at the appropriate location. Social Security numbers may not be used when assigning ID cards. No co-pays or deductibles are permissible under this act.

Benefits/Portability

This program will cover all medically necessary services, including primary care, inpatient care, outpatient care, emergency care, prescription drugs, durable medical equipment, long term care, mental health services, dentistry, eye care, chiropractic, and substance abuse treatment. Patients have their choice of physicians, providers, hospitals, clinics, and practices.

Cost Containment Provisions/ Reimbursement

The National USNHI program will annually set reimbursement rates for physicians, health care providers, and negotiate prescription drug prices. The national office will provide an annual lump sum allotment to each existing Medicare region, which will then administer the program. Payment to health care providers include fee for service, and global budgets. The conversion to a not-for-profit health care system will take place over a 15 year period, through the sale of U.S. treasury bonds; payment will not be made for loss of business profits, but only for real estate, buildings, and equipment.

Conversion to a Non-Profit Health Care System

Private health insurers shall be prohibited under this act from selling coverage that duplicates the benefits of the USNHI program. They shall not be prohibited from selling coverage for any additional benefits not covered by this Act; examples include cosmetic surgery, and other medically unnecessary treatments.

Funding & Administration

The United States Congress will establish annual funding outlays for the USNHI Program through an annual entitlement. The USNHI program will operate under the auspices of the Dept of Health & Human Services, and be administered in the former Medicare offices. All current expenditures for public health insurance programs such as S-CHIP, Medicaid, and Medicare will be placed into the USNHI program. A National USNHI Advisory Board will be established, comprised primarily of health care professionals and representatives of health advocacy groups.

Proposed Funding For USNHI Program: \$1.86 Trillion Per Year

A payroll tax on all employers of 3.3%. Maintain employee and employer Medicare payroll tax of 1.45%. Implement a variety of mechanisms so that low and middle income families pay a smaller share of their incomes for health care than wealthiest 5% of Americans; i.e, a health income tax on the wealthiest 5% of Americans, a small tax on stock and bond transfers, and closing corporate tax shelters. A repeal of the Bush tax cut of 2001.

Take Action!!!

Contact your U.S. Representative! Tell him it's time to change the broken U.S. health care system! Let him know that Indiana needs Medicare-for-All because it will save money and lives. This approach is what has proved highly successful in many countries for providing good health care for all citizens at affordable cost. Urge him to support H.R. 676!

Rep. _____

United States House of Representatives
Washington, D.C. 20515

House Switchboard: (202) 224-3121
<http://www.house.gov/writerep/>



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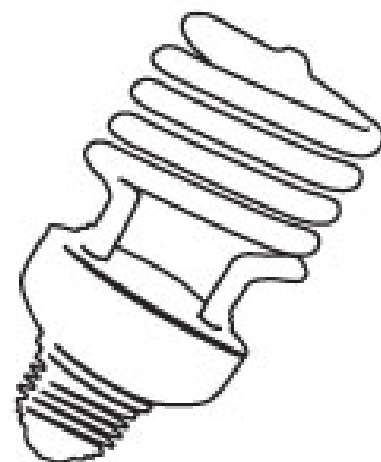
Act Now For the Creation of a Landmark Energy Efficiency Program in Fort Wayne!

The citizens of Fort Wayne have the ability to establish a public program to reduce utility bills and create jobs without having to increase taxes at all. Here's how...

Fort Wayne's Community Trust Fund

The community trust fund was established in 1974 by the Fort Wayne City Council in an agreement that leased the City's municipal electric utility (City Light & Power) to Indiana Michigan Power (I&M), a subsidiary of American Electric Power (AEP).

The lease provided for a payment by I&M of \$270,000 per year, which has accumulated to about \$40 million for the citizens of Fort Wayne to use as they wish. The fund becomes available for public use in 2010 when the I&M lease must be renegotiated.



Use of the Community Trust Dollars

Efficiency Fort Wayne: The Citizens Action Coalition suggests that the citizens and public officials of Fort Wayne seriously consider using the funds from the community trust to implement a sustained energy efficiency program in the Fort Wayne area.

Rationale for the Program:

- The City of Ft. Wayne adopted in 2007 a policy that "[t]he efficient and wise use of electricity is in the interest of all concerned."
- The City of Ft. Wayne has implemented a program that reduced energy consumption from traffic lighting by 60% using highly efficient LEDs (Light Emitting Diodes).
- The community trust fund was derived from an energy-related agreement.
- Energy efficiency saves money for homeowners, businesses and government (taxpayers).
- Energy efficiency creates jobs.
- Energy efficiency reduces electric and natural gas usage (demand), thus improving environmental quality.
- Energy efficiency improves reliability of the electric grid.
- Such a program would be truly unique to Indiana.
- Such a program would generate positive recognition for Fort Wayne.
- An energy efficiency program would benefit all residents.
- A sustained energy efficiency program is in keeping with Mayor's goals of:
 - Avoiding using the fund for "quick-fix ideas"
 - "Making Fort Wayne a place full of good jobs"
 - Providing "opportunity for every citizen"

Energy Efficiency: The Silent Partner in Economic Growth

What is Energy Efficiency?

The aim of energy efficiency is to use less electricity or natural gas while maintaining or enhancing quality of life and a high standard of living. Energy efficiency is using less natural gas or electricity while keeping your home at a comfortable temperature in the winter. Energy efficiency is using less energy-intensive lighting while still keeping the lights on at home. Energy efficiency is using less electricity or natural gas to manufacture a product.

Achieving a More Energy Efficient Economy

Technological advances have brought us more efficient lighting, appliances, electric motors for industry, and more efficient buildings. For instance, compact fluorescent bulbs (CFLs) use one quarter of the energy that traditional incandescent bulbs use. LEDs are even more efficient, using one third of the energy that CFLs use. Highly efficient washing machines (EnergyStar) use one third of the water and less electricity than traditional machines do. Highly efficient geothermal heat pumps can be used to heat and cool homes, schools, or commercial businesses.

Many states are creating statewide programs funded by ratepayers that save millions of dollars per year. Energy efficiency has been and can continue to be the foundation of economic growth nationally and in Indiana.

1. Energy efficiency is the least expensive energy resource at our disposal, less than 1/2 the cost of a new coal gasification plant.
2. A 2005 study demonstrated that Indiana could save as much as \$500 million in the fifth year of a comprehensive energy efficiency program that comprised both electric and natural gas efficiency measures.
3. Another study demonstrated that Indiana could generate 9,000 net jobs in 10 years and over 15,000 net jobs in 20 years by implementing a comprehensive energy efficiency program.

The Potential Impact of the Community Trust Dollars

If the citizens of Fort Wayne were to decide to invest the \$40 million and use 6% of the value of the fund while maintaining the fund's principal over time, the City could dedicate approximately \$2.4 million per year to an energy efficiency program. Fort Wayne would save enough electricity and natural gas per year to power almost 2,000 homes.

Take Action!

Please contact your city council person and the Mayor. Urge them to use the Community Trust Fund to implement a sustained energy efficiency program to reduce utility costs for homes and businesses and to stimulate job creation in Fort Wayne.

Mayor Tom Henry
One Main Street
Fort Wayne, IN 46802

mayor@ci.ft-wayne.in.us
(260) 427-1111

Your City Councilperson:

One Main Street, Room 290
Fort Wayne, Indiana 46802

Phone: (260) 427-1445
Fax: (260) 427-2979

Appendix C

Results of the 2008 Indiana General Assembly & Legislative Priorities for the 2009 Session

The 2008 session of the Indiana General Assembly adjourned sine die on Friday, March 14, 2008. Throughout the session media attention was focused on reforming Indiana's property tax system. While this issue dominated the discussions, hundreds of other bills and resolutions were considered, over 150 of which have or will soon become law.

HB 1001 was the main vehicle through which property tax reform measures were advanced. HB 1001 passed by a vote of 82-17 in the House and 41-6 in the Senate and was signed into law by the Governor on 3/19/08. Key provisions of the final 600-plus page document include:

- An additional \$620 million in homestead credits, projected to reduce 2008 tax bills by a statewide average of about 31% from pre-rebate 2007 tax bills (the reduction is projected to be roughly 26% after the 2007 rebate);
- A new homestead credit paid on all funds - \$140 million for 2009 and \$80 million for 2010;
- A 1.5%, 2.5% and 3.5% cap for property taxes on homestead, rental properties and businesses in 2009. Those figures would each drop by 0.5% in 2010, allowing government units more time to prepare for predicted shortfalls stemming from the caps;
- A 1% increase in the state sales tax, from 6% to 7%, beginning April 1, 2008, to help pay for part of the property tax relief;
- An increase in the renter's deduction, from \$2,500 to \$3,000;
- A cap of no more than 2% per year from 2007 levels on property tax increases for seniors with individual incomes of less than \$30,000 or joint incomes of less than \$40,000 and for whose home's assessed value does not exceed \$160,000;
- An increase in the Earned Income Tax Credit, from 6% to 9%, and repeal of the expiration date;
- State assumption of the full cost for the remaining School General Fund;
- State assumption of the full costs for Child Welfare levies;
- Elimination of all State property tax levies (i.e., State Fair, DNR Forestry);
- State assumption for the full cost for incarceration of juveniles in State correctional facilities;
- State assumption of the full cost for Hospital Care for the Indigent;
- State assumption of responsibility for payment of 100% of the total cost of the Pre-1977 Local Police and Fire Pension Payments effective in 2009 (the State currently pays at least 50%);
- State assumption of the full cost for pre-school Special Education;
- \$120 million in circuit breaker relief for schools to offset the revenue loss for schools that have an impact of greater than 2% of the levy;
- Allowing schools to have a referendum to offset circuit breaker impacts;
- Allowing counties to increase local option income taxes (LOIT) to pay for budget increases, provide dollar for dollar property tax relief or pay for public safety costs;
- Transferring the assessing duties of Trustee Assessors to the County Assessor effective 7/1/08;
- Transferring to the County Assessor assessment duties of all Township Assessors in townships in which the number of parcels is less than 15,000 effective 7/1/08;
- Requiring a referendum to be held in the 2008 general election in all townships that include at least 15,000 parcels to determine whether to transfer the assessing duties of the Township Assessor to the County Assessor;
- Requiring higher certification requirements for township and county assessors;
- Requiring referendum for elementary school construction projects costing more than \$10 million (petition for remonstrance for projects costing less than \$10 million);
- Requiring referendum for high school construction projects costing more than \$20 million (petition for remonstrance for projects costing less than \$20 million);

- Requiring referendum for other controlled projects (projects backed by property taxes) with an estimated cost greater than \$12 million or 1% of assessed value (petition for remonstrance for projects costing less than \$12 million or less than 1% but least \$1).

SJR1, the companion resolution to HB 1001, sets the property tax caps (1% on homesteads, 2% on rental properties and 3% on businesses) in stone through a constitutional amendment that, to become effective, will need to be approved again by the legislature either next year or in 2010. Voters would then have to approve such a change in 2010 for the constitution to be amended in 2012. SJR 1 passed by a vote of 79-20 in the House and 40-7 in the Senate and awaits signature by the Governor.

While lengthy debates on the elements of property tax reform were proceeding, CAC continued to focus its efforts on protecting the utility regulatory process to ensure the reasonableness of gas and electric utility rates and to stimulate development of a renewable energy market for Indiana's economic, health and environmental benefit. The following is a summary of key bills in which CAC was actively involved:

Good Bills

[HB 1280 – Energy Efficient Buildings](#)

Status: Eligible for signature into law.

Authored by Rep. Matt Pierce (D, Bloomington), and joined by co-authors Terri Austin (D, Anderson) and Greg Porter (D, Indianapolis), as introduced HB 1280 would have required large, state, educational, and local public works building projects (other than public schools) – those that are newly constructed, as well as those subject to repair or alteration – to be designed with the goal of achieving the silver rating under the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, the Green Globes Two Globes level or an equivalent rating system accredited by the American National Standards Institute. These systems rate buildings based on the sustainability of the site, the materials and other resources, water and energy efficiency, indoor environmental quality, and innovation in design.

HB 1280 passed 7-3 out of the House Environmental Affairs Committee as amended on 1/23/08, and passed third reading in the House on 1/30/08 by a vote of 51-45. Sponsored in the Senate by Senators Brandt Hershman (R, Monticello), along with co-sponsors Vi Simpson (D, Bloomington) and Jean Breaux (D, Indianapolis), HB 1280 was amended in the Senate Energy and Environmental Affairs Committee on 2/20/08 and passed by a vote of 7-1. HB 1280 passed third reading in the Senate on 2/27/08 by a vote of 46-1.

As amended in the Senate, HB 1280 simply requires the Environmental Quality Service Council to study whether public entities should be required or encouraged to seek to achieve energy and environmental design ratings in the construction and renovation of buildings and structures, as well as related issues.

Representative and bill author Matt Pierce (D, Bloomington) initially dissented from the Senate amendments in an effort to forge a compromise in the final days of the session that would have preserved the bill's key benefits - significant cost savings for Indiana taxpayers, improved worker health and productivity, and improved public and environmental health. When it became apparent that Senator Hershman (R, Monticello) would not agree to sign the conference committee report under any circumstance, Rep. Pierce changed his dissent to a concurrence to preserve the interim study rather than nothing at all.

Please take a moment to thank Representative Pierce (h61@in.gov) for his efforts to enact “green buildings” legislation and for his continuing advocacy on this important issue. Please also let Senator Hershman (s7@in.gov) know that his failure to support a legislative directive aimed at developing “green” design and construction for public works building projects constitutes a mandate on Indiana taxpayers to pay higher than necessary utility and maintenance costs for our government buildings, as well as higher costs associated with worker illness, lost productivity and the environmental impact caused by our continued over-reliance on a fossil-fuel-powered economy.

[HB 1090 – Climate Registry](#)

Status: Dead

HB 1090 would have required Indiana to become a member of the Climate Registry, a collaboration between states (39 have joined), Canadian provinces and tribes to develop and manage a common greenhouse gas emissions reporting system in anticipation of future mandatory reduction policies. Authored by Representative Ryan Dvorak (D, South Bend), HB 1090 would have ensured Indiana’s place at the table in developing policies related to CO2 air emissions. Given Indiana’s disproportionate contribution to greenhouse gas emissions (1st in the nation in per person CO2 air emissions and 5th in CO2 air emissions from coal-fired power plants overall), Indiana’s participation in the Climate Registry is key to acknowledging our shortcomings and facing our challenges for the betterment of generations to come.

HB 1090 passed 8-2 out of the House Environmental Affairs Committee on 1/23/08 and passed third reading in the House on 1/30/08 by a vote of 53-44. It was sponsored in the Senate by Senator Beverly Gard (R, Greenfield) and assigned to the Senate Utility and Regulatory Affairs Committee, chaired by Senator Brandt Hershman (R, Monticello), who let HB 1090 die by failing to schedule it for a hearing in his committee.

Please thank Representative Dvorak (h8@in.gov) for his efforts to pass HB 1090 to ensure a place at the table in developing policies to address Indiana’s disproportionate contribution to greenhouse gas emissions. Please let Senator Hershman (s7@in.gov) know that continued failure to address Indiana’s over-reliance on fossil fuels to meet its energy needs will needlessly saddle Indiana taxpayers and ratepayers with unreasonably high costs once carbon regulations are enacted.

Bad Bills

[SB 0223 – Coal Gasification and Substitute Natural Gas](#)

Status: Signed into law by the Governor.

Authored by Senator Brandt Hershman (R, Monticello), with Senator Ryan Mishler (R, Bremen) as a second author and Senators Karen Tallian (D, Portage), John Waterman (R, Shelburn), and Dennis Kruse (R, Auburn) as co-authors, SB 223 allows an out-of-state venture capitalist firm that seeks to build a coal gasification plant in Southern Indiana to assign tax credits to coal and substitute natural gas producers outside of Indiana. CAC opposed last year’s legislation, which paved the way for construction of this coal plant, as it locked natural gas suppliers, and hence ratepayers, into 30 year contracts for

the substitute natural gas, whatever the price, that neither the Indiana Utility Regulatory Commission or other governmental entity could subsequently change or even review. CAC raised concerns that it would also spew millions of new tons of CO₂ into Indiana's atmosphere each year.

Promises made last year to garner support for the coal plant – that it would use Indiana coal and produce substitute natural gas in Indiana – were removed in SB 223 in a classic “bait & switch” scheme designed to secure financing regardless of the negative impact to Indiana ratepayers or the economic best interests of the state.

SB 223 passed 10-0 out of the Senate Utilities and Regulatory Affairs Committee on 1/17/08 and passed third reading in the Senate on 1/29/08 by a vote of 47-0. The bill was sponsored in the House by Rep. Russ Stilwell (D, Boonville) with co-sponsors Reps. Dave Crooks (D, Washington), Jack Lutz (R, Anderson) and Eric Koch (R, Bedford). SB 223 passed out of the House Commerce, Energy and Utilities Committee on 2/14/08 by a vote of 8-0, and passed third reading in the House on 2/28/08 by vote of 88-10. Because it passed the House without any amendments, it became eligible for signature into law by the Governor, who signed SB 223 into law on 3/12/08.

Please let the Governor (mdaniels@gov.in.gov) know your opposition to so-called economic development initiatives that:

1. Promote coal over less expensive, cleaner energy alternatives;
2. Tie the hands of utility regulators to allow unfettered access to the pocketbooks of hard-working Hoosier ratepayers for investments too risky for Wall Street to finance; and
3. Result in a net economic loss to Indiana when externalities such as health and environmental costs are factored in.

HB 1117 – Various Utility Matters

Status: Dead.

1 Authored by Representative Russell Stilwell (D, Boonville), with co-authors Reps. Eric Koch (R, Bedford), Kreg Battles (D, Vincennes), and Jack Lutz, (R, Anderson), HB 1117 as introduced contained identical language to that in SB 223 (described immediately above). It passed 9-1 out of the House Commerce, Energy and Utilities Committee on 1/24/08 in that form. An amendment offered by Rep. Dale Grubb (D, Covington) on second reading, establishing a 10% tax credit for purchases of energy-generating wind or anaerobic digestion equipment from Indiana businesses, passed by voice vote.

2 HB 1117 passed third reading in the House by a vote of 81-8 and was heard in the Senate Utilities and Regulatory Affairs Committee on 2/14/08. At the hearing, bill sponsor/committee chair, Senator Brandt Hershman (R, Monticello), stripped out Rep. Grubb's tax credit language and inserted the language from SB 224 (described below).

As amended, HB 1117 now included the original language, paving the way for a coal gasification plant financed by captive ratepayers locked into long term contracts for the substitute natural gas and over which the IURC and the state has no power to alter, regardless of the availability of cheaper prices offered by other natural gas suppliers. It also contained two tracker provisions that would have weakened the utility regulatory process and allowed utilities to reap massive profits at the expense of ratepayers

regardless of the reasonableness or necessity of the investment. Finally, it contained a pseudo-RES (see SB 224 below) that would have ensured:

1. Indiana's continued over-reliance on coal;
2. Increased air pollution;
3. Increased health risks;
4. Potentially dramatic increases in utility rates when CO2 regulations would be enacted due to Indiana's disproportionate and growing contribution to greenhouse gas emissions; and
5. Incentives to develop nuclear power over safer and considerably less expensive wind, solar and biomass energy resources.

HB 1117 narrowly passed out of the Senate committee, as amended, by a vote of 6-5, and passed on third reading in the Senate on 2/19/08 by a vote of 33 to 12. Thankfully, the bill's author, Rep. Russ Stilwell, dissented from the Senate amendments once the bill was returned to the House, setting up a conference committee process where negotiations designed to resolve differences in House and Senate versions of the bill got underway in the final days of the 2008 session.

Working closely with Representatives Grubb and Battles, Representative Stilwell, the key House conferee, made a concerted effort to listen to and address targeted concerns raised by CAC. Senator Richard Young (D, Milltown), one of the two Senate conferees, likewise attempted to advocate for CAC's key concerns in an effort to reach a reasonable compromise that preserved a strong RES. Despite our good faith attempts to forge a consensus document, our efforts were thwarted when Senator Hershman, the other Senate conferee, offered a competing conference committee report in the final hours of the session that not only rejected every one of CAC's concerns, but contained new language, never before considered by the House or Senate, further ensuring utility profits, further weakening regulatory oversight, and further guaranteeing that a meaningful renewable energy market would never be developed in Indiana.

Faced with such unreasonable demands by an industry so unwilling to compromise in any manner, shape or form, Representative Stilwell had no alternative but to let HB 1117 die in the final hours of the last day of the 2008 session. With the death of HB 1117 comes the end of another attempt this year to strengthen Indiana's economy and improve its public and environmental health through development of a renewable energy market sector.

Please thank Representative Stilwell (h74@in.gov), Representative Grubb (h42@in.gov) and Senator Young (s47@in.gov) for their willingness to support a meaningful RES and work with us in an effort to address key concerns associated with utility attempts to weaken the regulatory process and reap profits above and beyond their authorized investment rate of return.

Please remind Senator Hershman (s7@in.gov) that Indiana's Alternative Utility Regulation Statute provides all the flexibility utilities need to obtain regulatory approval for non-traditional investments, and that provisions such as those contained in his version of the conference committee report on HB 1117 only serve to further deregulate the industry and unjustly enrich privately owned utility investors on the backs of Indiana ratepayers.

SB 0224 – Various Utility Matters

Status: Dead

Authored by Senator Brandt Hershman (R, Monticello), and joined by co-authors Senators Ryan Mishler (R, Bremen), Dennis Kruse (R, Auburn) and Jean Breaux (D, Indianapolis), SB 224 contained a pseudo-RES – renewable energy resources were defined to include largely non-polluting, renewable sources of energy (other than energy from burning tires, garbage and other waste in waste-to-energy facilities). However, of the 6% standard to be achieved by the year 2020, 50% of it could be met using “advanced energy resources”, a new term that nevertheless included old, non-renewable resources such as waste coal (extremely high in mercury content) and “clean” coal (that, while capable of reducing sulfur dioxide, nitrogen oxide, mercury and other toxic air emissions, would add to Indiana’s disproportionate contribution to greenhouse gas emissions responsible for global warming), and that could encompass nuclear power.

SB 224 also included two pro-utility trackers that would have weakened the utility regulatory process by requiring the Indiana Utility Regulatory Commission (IURC) to approve investments regardless of whether they are just, reasonable and in the public interest. These tracker provisions could result in significant and unjustified increases in electricity rates.

SB 224 passed out of the Senate Utilities and Regulatory Affairs Committee on 1/22/08 by a vote of 6-3. An amendment offered by Senator Hershman on second reading to further expand the reach of one of the tracker provisions was adopted by voice vote. Meanwhile, Senator Lanane’s (D, Anderson) RES amendment – calling for 25% of Indiana’s electricity to be produced from truly renewable resources by 2025 – was defeated, and SB 224 passed the Senate on third reading by a vote of 39-9. SB 224 was sponsored in the House by Reps. Greg Battles (D, Vincennes), and co-sponsors Dale Grubb (D, Covington), Jack Lutz (R, Anderson) and Dave Crooks (D, Washington). It was assigned to the House Commerce, Energy and Utilities Committee but failed to receive a hearing and is now dead thanks to Chairman Crooks’ unwillingness to consider anti-ratepayer/pro-utility legislation. In the final days of the legislative session, Senator Hershman offered language from SB 224 in his version of the conference committee report on HB 1117 (described above), but his efforts ultimately proved unsuccessful.

Please thank Representative Crooks (h63@in.gov) for protecting Indiana ratepayers by standing up to ongoing utility lobby efforts to deregulate the industry, for his efforts to pass a strong RES (he was the author of HB 1102, a stand-alone, meaningful RES, that failed to pass his committee 3-8 in the first half of the 2008 session) and for his fair and balanced approach to addressing the competing interests of utilities and ratepayers. With his retirement this year from the legislature, Indiana is losing one of its strongest leaders in the renewable energy movement. Please be sure to thank him for the tremendous contributions he has made in advancing this cause and for his willingness to listen to and work with CAC and other environmental groups.

Paul Chase, J.D.
CAC Governmental Affairs Liaison

Outlook for the 2009 General Assembly

This is a budget session; therefore any bill with new spending (a.k.a. tax dollars) probably won't pass. As a result, we expect an all out assault by the utilities at passing additional trackers, or legislative mechanisms by which they can pass costs onto ratepayers with little or not regulatory oversight. The General Assembly and the Administration continue failing to recognize that the ratepayer wallet and the taxpayer wallet are one and the same, therefore they force ratepayers to fund the utility agenda, thereby avoiding spending tax dollars.

CAC will stand firm and oppose legislation containing trackers. We also know that several legislators will introduce some version of a renewable energy standard. There have been attempts in the past to have an RES that includes language supporting Alternative Energy, or "clean" coal and nuclear power. We will stand guard, diligently working to make sure that the RES bill remains clean and is void of any language mandating coal or nuclear power. In addition to protecting consumers against further trackers and working towards a clean RES, we will work to improve Indianan's net metering rules, work to pass green building legislation, and continue working towards legislation that increases our state's investments in energy efficiency.

Kerwin Olson
CAC Program Director

Appendix D

Voting Records for State Senators and Representatives

2008 Indiana General Assembly Voting Records

Overview

From a consumer/ratepayer viewpoint and looking strictly at the voting tendencies in 2008, the Indiana General Assembly, with the exception of a few individuals, is not a consumer friendly body with respect to energy/utility issues. Current voting tendencies appear to reflect:

1. A lack of understanding with respect to the economic, job creation, affordability and public health implications of the votes;
2. A preference for the status quo; or,
3. A preference to support the immediate interests of utility companies and/or organized labor.

The Overall Pro-Consumer Voting Percentage for the Senate was 17%, and for the House was 37%.

The following spreadsheets track the voting records and the "Pro-Consumer Voting Percentage" of all of the State Senators and Representatives on the bills CAC was tracking during the 2008 Indiana General Assembly. We consider that 80% is a passing grade for the legislators, meaning that if their "Pro-Consumer Voting Percentage" is 80% or above, they are working to protect consumers in the State House. If their percentage is below 80%, they are not working to protect consumers.

General Voting Trends

Although the House was slightly more positive than the Senate in terms of the issues heard in committee and overall votes, both chambers, with few individual exceptions, voted consistently against consumers when it came to immediate pocketbook issues. The issues voted on concerned the ability of utility companies to recover costs more readily and/or to expand their access to consumer pocketbooks coupled with weaker regulatory oversight.

The House was somewhat more willing to move the energy efficiency agenda with respect to green building design, with most support from the Democrat side. The Senate gutted the green building legislation by converting it to a study committee, which is surprising given the overwhelming evidence of savings derived from reducing energy use in buildings with proper design.

Neither chamber was particularly supportive of jumpstarting a renewable energy market in Indiana. The House demonstrated clear bipartisan opposition. However, in the Senate Democrats were much more willing to support a statewide RES.

Campaign Contributions

The 2006 Campaign Contributions in the following spreadsheets are a total of the contributions that the legislators accepted from American Electric Power, Duke Energy, Indianapolis Power and Light, NiSource, Peabody Coal, and the Coal Industry's Political Action Committee.

Legislation

The following is a synopsis of the bills that CAC was tracking during the 2008 Indiana General Assembly.

SB 224: Various Utility Matters (Utility Wish List Legislation)

Status: Dead

Authored by Senator Brandt Hershman (R, Monticello), and joined by co-authors Senators Ryan Mishler (R, Bremen), Dennis Kruse (R, Auburn) and Jean Breaux (D, Indianapolis), SB 224 contained a pseudo-RES – renewable energy resources were defined to include largely non-polluting, renewable sources of energy (other than energy from burning tires, garbage and other waste in waste-to-energy facilities). However, of the 6% standard to be achieved by the year 2020, 50% of it could be met using "advanced energy resources", a new term that nevertheless included old, non-renewable resources such as waste coal (extremely high in mercury content) and "clean" coal (that, while capable of reducing sulfur dioxide, nitrogen oxide, mercury and other toxic air emissions, would add to Indiana's disproportionate contribution to greenhouse gas emissions responsible for global warming), and that could encompass nuclear power.

SB 224 also included two pro-utility trackers that would have weakened the utility regulatory process by requiring the Indiana Utility Regulatory Commission (IURC) to approve investments regardless of whether they are just,

reasonable and in the public interest. These tracker provisions could result in significant and unjustified increases in electricity rates.

SB 223 & HB 1117: Coal Gasification and Substitute Natural Gas

Status of SB 223: Signed into law by the Governor.

Status of HB 1117: Dead

SB 223 was authored by Senator Brandt Herselman (R, Monticello), with Senator Ryan Mishler (R, Bremen) as a second author and Senators Karen Tallian (D, Portage), John Waterman (R, Shelburn), and Dennis Kruse (R, Auburn) as co-authors. HB 1117 was authored by Representative Russell Stilwell (D, Boonville), with co-authors Reps. Eric Koch (R, Bedford), Kreg Battles (D, Vincennes), and Jack Lutz, (R, Anderson).

These bills contained identical language that allow an out-of-state venture capitalist firm (Leucadia) that seeks to build a coal gasification plant in Southern Indiana to assign tax credits to coal and substitute natural gas producers outside of Indiana. CAC opposed last year's legislation, which paved the way for construction of this coal plant, as it locked natural gas suppliers, and hence ratepayers, into 30 year contracts for the substitute natural gas, whatever the price, that neither the Indiana Utility Regulatory Commission or other governmental entity could subsequently change or even review. CAC raised concerns that it would also spew millions of new tons of CO2 into Indiana's atmosphere each year.

Promises made last year to garner support for the coal plant – that it would use Indiana coal and produce substitute natural gas in Indiana – were removed in SB 223 in a classic “bait & switch” scheme designed to secure financing regardless of the negative impact to Indiana ratepayers or the economic best interests of the state.

HB 1102: State Renewable Electricity Standard (RES)

Status: Dead

Authored by Representative Dave Crooks (Washington), HB 1102 was designed to jumpstart a renewable energy market in Indiana by establishing a statewide Renewable Electricity Standard. Over fifty percent the states in the country now have an RES. Most wind development, for instance, is in those states. Indiana has enormous wind potential but the legislation failed in committee due to a bipartisan effort among Republicans and Democrats alike to support the utility and coal industries against the greater interests of ratepayers and economy of Indiana. An RES mandates utility companies to provide a certain percent of their electric generation using renewable energy resources. HB 1102 envisioned 10% renewables by 2018, giving utilities leeway if compliance proved to be unachievable, which, given the experience in other states, would be next to impossible. In addition, studies in Indiana and across the nation demonstrate that the rate impacts of RES' are minimal, at most 5% but usually 1 to 2 percent over the designated time periods. However, the economic gains in terms of investment and job growth are enormous.

HB 1090: Climate Registry

Status: Dead

HB 1090 would have required Indiana to become a member of the Climate Registry, a collaboration between states (39 have joined), Canadian provinces and tribes to develop and manage a common greenhouse gas emissions reporting system in anticipation of future mandatory reduction policies. Authored by Representative Ryan Dvorak (D, South Bend), HB 1090 would have ensured Indiana's place at the table in developing policies related to CO2 air emissions. Given Indiana's disproportionate contribution to greenhouse gas emissions (1st in the nation in per person CO2 air emissions and 5th in CO2 air emissions from coal-fired power plants overall), Indiana's participation in the Climate Registry is key to acknowledging our shortcomings and facing our challenges for the betterment of generations to come.

HB 1280: Green Building Standards

Status: Passed to a Summer Study Committee

Authored by Rep. Matt Pierce (D, Bloomington), and joined by co-authors Terri Austin (D, Anderson) and Greg Porter (D, Indianapolis), as introduced HB 1280 would have required large, state, educational, and local public works building projects (other than public schools) – those that are newly constructed, as well as those subject to repair or alteration – to be designed with the goal of achieving the silver rating under the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, the Green Globes Two Globes level or an equivalent rating system accredited by the American National Standards Institute. These systems rate buildings based on the sustainability of the site, the materials and other resources, water and energy efficiency, indoor environmental quality, and innovation in design.

Analysis of 2008 Voting Records on Energy/Utility Issues

Voting records are difficult to assess in terms of the intention of elected officials. The Indiana General Assembly is no different. However, it is still important for the public to see how their legislators voted on the pocketbook issues that comprise the energy/utility debate.

The difficulty in assessing a legislator's intention lies in the fact that there are many variables at play when a vote on legislation is cast by a policymaker.

Familiarity with the issue and its implications for consumers is important.

Whether or not the legislative leadership has a stake in the vote can sway votes.

The influence of entrenched, influential special interests plays a role.

At times votes are being traded as compromises for getting unrelated bills passed.

Personal relationships between legislators and between legislators and lobbyists play a role.

The legislator's personal experience plays a role.

The implications of legislation for the legislator's district are important.

The messenger, rather than the message, can be critically important to the passage or failure of legislation.

The influence of the executive branch on legislators of the same political party, and, at times, both parties, is important.

Finally, the trend in Washington DC and in Indiana is for legislators to resign or retire from the legislature to become lobbyists, which could play a role in the type of legislation carried by a legislator.

However, the consistency of voting tendencies on a particular issue and what is heard and what is not heard during the committee process can shed light on the perspective of legislators and legislative leadership in terms of their priorities.

Overall View

From a consumer/ratepayer viewpoint and looking strictly at the voting tendencies in 2008, the Indiana General Assembly, with the exception of a few individuals, is not a consumer friendly body with respect to energy/utility issues. Current voting tendencies appear to reflect:

- 1) a lack of understanding with respect to the economic, job creation, affordability and public health implications of the votes;
- 2) a preference for the status quo; or,
- 3) a preference to support the immediate interests of utility companies and/or organized labor.

General Voting Trends

Although the House was slightly more positive than the Senate in terms of the issues heard in committee and overall votes, both chambers, with few individual exceptions, voted consistently against consumers when it came to immediate pocketbook issues. The issues voted on concerned the ability of utility companies to recover costs more readily and/or to expand their access to consumer pocketbooks coupled with weaker regulatory oversight.

The House was somewhat more willing to move the energy efficiency agenda with respect to green building design, with most support from the Democrat side. The Senate gutted the green building legislation by converting it to a study committee, which is surprising given the overwhelming evidence of savings derived from reducing energy use in buildings with proper design.

Neither chamber was particularly supportive of jumpstarting a renewable energy market in Indiana.

The House demonstrated clear bipartisan opposition. However, in the Senate Democrats were much more willing to support a statewide RES.

The Senate moved only pro-utility bills from committee to the floor for vote.

Observations

Evidence is Less of a Contributor to Voting Decisions

For the most part evidence does not appear to be significant factor in many instances for legislators. There have been numerous previous hearings, for instance, on the RES issue with experts from around the country and numerous reports describing the low cost and high economic value of wind and other development which legislators have been exposed to. However, the RES failed.

With respect to pro-utility legislation, there appears, with some exception, to be a tendency to support the pro-utility position initially without inquiring as to the impacts on ratepayers. For instance, some Senators began to shift their attitudes but only after an intense education effort by CAC.

The 1950s Economic Development Perspective

In terms of electric energy generation and delivery, we've had the same system in place for many decades that relies primarily on large power plants (mainly coal in Indiana) which ship electricity over a transmission and distribution system. Other options available to meet electric energy demand do not appear to be perceived with as much credibility as coal-fired power plants, although cheaper, cleaner options are readily available that can easily meet electric energy demand. The electric energy sector is much larger and the options much broader than coal and utility companies.

This could be a factor of education and/or politics. Again, the evidence clearly demonstrates that energy efficiency, renewables and other technologies are more suited to today's economic and financial context than coal-fired power. On the other hand, efficiency and renewable businesses are not as prevalent in the halls of the Statehouse as utility and coal industry lobbyists.

A Job's a Job Mentality

Among legislators, the prevailing attitude to job creation is that a job is a job, not matter the wage or benefits or type of industry in which a job is created.

It appears that legislators are looking for raw numbers to tout to their constituents. However, wage level is important given that Indiana is a low-wage state. Moreover, there is one more dimension that is by and large ignored; that is, green jobs. That is, with the proper investment strategy we can address many issues related to public health, affordability, and environmental quality.

With respect to electric energy investments, the perception seems to be that the more money involved the more jobs. But that's not true in the context of electric energy-related investments. Many more jobs on a sustained basis can be created with efficiency and renewable investments than with investments in coal-fired power.

With respect to the job angle and coal-fired power, the construction trades support coal more than they support energy efficiency and renewable energy, although coal not only generates less jobs than cheaper, cleaner alternatives, the massive rate increases associated with new coal-fired power plants would tend to suppress job growth.

Despite the reality of efficiency and renewable investments creating many more jobs than coal-fire power plant investments, there is an emphasis on capital intensive rather than employment (job creation) intensive investments with respect to energy policy related to electric generation.

The Affordability of Utility Bills Versus The Utility Business Plan

The rush to create jobs and the prevailing attitude to support utility investment in Indiana compromises the interests of ratepayers (both residential and business) severely.

In general, the costs of utility investments are played down and there appears to be a general disconnect between what people are facing today in terms of personal finances in terms of wages, energy costs, mortgages, health care etc. and the impact of utility proposals on ever tightening consumer belts. There does not appear to be concern about the critical issue of affordability with respect to households or businesses.

The perception seems to be that utility investment is a major contributor to economic development. However, the utility and coal industries represent together approximately 5% of the Indiana economy and the more rates and utility revenue are increased the greater the cost of electricity/natural gas service to the rest of the economy.

This perception may be due, in part, to the perception that central station power plant construction is absolutely necessary to meet energy demand, which, of course, is not the case.

The Investment Versus Expenditure/Cost Issue

The debate surrounding the RES and, to a certain extent, energy efficiency reveal perhaps another prevailing attitude at the General Assembly, at least among those who focus on energy/utility issues. There have been a number of bills passed that support/incentivize the construction of more coal-fired power plants. These plants appear to be considered an investment in Indiana's infrastructure. On the other hand, renewable energy and energy efficiency are considered an added cost to ratepayers despite the fact that rates increases associated with coal-fired power plants as compared to a statewide RES are 10 to twenty times greater and that fact that a combined strategy of comprehensive energy efficiency programs coupled with a RES would save ratepayers billions instead, as in the case of coal-fired power, of costing ratepayers billions.

A significant number of legislators have also stated that they oppose mandates on utility companies in the context of a statewide renewable energy standard, indicating a preference for "market-based" approaches. However, there is little to no resistance by the legislators of placing mandates on ratepayers to pay for utility-supported projects, which are regulated monopolies. Moreover, renewable electricity standards are considered a market-based approach to jumpstart renewable energy markets.

Voting Trends on Specific Issues

Renewable Electricity Standard

House Votes

A bipartisan vote against the RES killed HB 1102 in committee. The interesting trend was that northern Indiana Democrats and Republicans essentially voted against an economic development boom for their areas in that there is substantial wind development capacity (40,000 megawatts) in the northern third of the state. Legislators in Lake, Porter, Elkhart and Adams County voted against the measure.

Indianapolis and north central legislators also voted against the measure.

A number of the legislators have a history of voting with utility interests. There was really no surprise that Representatives Lutz (Anderson), Behning (Indpls) and Frizzell (Indpls) voted against the RES.

Only one northern Legislator (Ryan Dvorak from South Bend) voted for the bill. The other two supporters reside in southern Indiana (Dave Crooks, Washington and Sandra Blanton, Orleans).

As for the Lake County legislators (Chet Dobis and Dan Stevenson (former steelworker), both Democrats), it is interesting to note that they are Democrats and that the US Steelworkers, who are prevalent in Lake County and as a union are close to the Democratic Party, support a national RES. Moreover, Congressman Pete Visclosky from Lake County voted for a similar measure in Congress (which was killed in the US Senate).

Both legislators, during committee discussion of the bill, seemed to weave in concerns voiced by utilities in their remarks, e.g. high cost, for which there is no evidence anywhere in the country, and mandates on regulated utilities, for which there is no lack of support when proposals surface that would force ratepayers to pay for utility-backed cost recovery. Chet Dobis (Merriville) did raise the issue of offshore wind in Lake Michigan. However, a good portion of the lake shore is part of a national park and, again, Pete Visclosky who has made a career of protecting the Lake Michigan shore line. did vote for a national RES.

Legislators, who voted against the bill, in Porter, Elkhart and Adams County were all Republicans.

Senate

The RES vote in the Senate was an attempt to amend the measure into another bill on the Senate floor (known as a second reading vote). With one exception, the vote was party line. Marvin Riegsecker (R-Goshen) voted for the amendment.

Climate Registry

House

This bill passed out of the House primarily on a party line vote, with Democrats supporting and Republicans primarily opposing.

Senate

The Climate Registry bill was not heard in the Senate.

Pro-Utility Legislation

House and Senate

The pro-consumer vote on legislation supported by utility companies was extremely low. Only 12% of the votes in the House on these issues was pro-consumer, only 15% in the Senate.

After being educated on the tracking issue by CAC, there was a trend in the Senate towards the end of the session of more opposition to utility schemes, mainly from Democrats.

In both chambers, there was a very high correlation between utility support of legislation and voting trends of legislators on immediate pocketbook issues.

Green Building Design for Public Buildings

House

The green building legislation received the highest degree of support of any of the consumer/environmental issues in the House during the session. Fifty-seven percent of the votes were pro-consumer, most from Democrats.

Senate

The Senate stripped the bill and converted it into a study committee and passed it. However, support for this legislation, given its positive impacts on reducing government costs to operate buildings and the ever present concern among legislators for taxpayer dollars, should have been a no-brainer.