

Annual Report

Citizens Action Coalition of Indiana
(www.citact.org)

November 7, 2009

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SPECIAL THANKS TO:

All Our Members For Their Continued Support

Stephanie Kimball, Madeline Hirschland and Earth Care Bloomington

Michael A. Mullett

Keith Vogelsang, Lucille Bertuccio and WFHB Radio Bloomington

Mark Cooper

Nancy LaBlaca

Ryan Berdel

Civil Society Institute

Craig Shumaker for his invaluable expertise and generous donation

Nina Mason Pulliam Charitable Trust

Food and Water Watch

Community Catalyst

Guacamole Fund, Bonnie Raitt, and Taj Mahal

Efroymsen Fund and Central Indiana Community Foundation

Normandie Foundation

1Sky

Jan Teaford, Anne Vehre and the Citizens Against CO2 Sequestration

Indianapolis Power and Light

Citizens Gas

PJ Christie

Small Box Web Design

Jeremy Dearing of Slingshot SEO

Jeff Sample and Birdy's Bar and Grill

Cliff Snyder

Wilson

Jeff Hoffman

The Board and Staff of Citizens Action Coalition of Indiana

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Francis Marley -treasurer
Ed Gerardot

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Indianapolis Field Canvass

Canvass Director
Buddy Whelchel

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Brett Henry
Rich Milhem

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Quentin Smith
Ashley Holmes
Amanda Skaggs
Rachel Dyer
Sean Musko
David Balaban
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Indianapolis Phone Canvass

Canvass Director
Laura Sucec

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Jeff Goldstein
Corey Jefferson

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Heather Hankins
Kerwin Olson
Lisa Smith

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Kerwin Olson – Program Director
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Jim Conkle
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Lisa Smith

Indianapolis Development Staff

Teddy Harrison (CAC Education Fund)
Heather Meloy (Major Gifts Coordinator)

Indianapolis Office Manager

Heather Hankins

Ft. Wayne Field Canvass

Canvass Director
Mary Brady

Field Managers

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Anne Freeman
Leon Griffin
Evan Hill
Canvassers
Garrett Richardson
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Ft. Wayne Program Staff

Dave Eberhardt (CLEAN Organizer)

Ft. Wayne Office Manager

Abbey Frost

Indianapolis Phone Canvassers

Kimra Smith
Virginia Geiger

Staff Director

Kelly Rice

CAC 2009 Annual Meeting: Defining Citizens Power

The year was 2004. Joe Tondou, a power plant developer originally from Michigan and now based in Texas, had honed his sights on New Carlisle, Indiana, a small town outside of South Bend. Undeterred by his recent unsuccessful attempt to site a conventional coal plant in Manistee, Michigan, he began to spin the benefits of coal gasification to local officials, unions, and businesses in the South Bend area. Unbeknownst to Joe, he was about to run into a community-organized buzz saw. The citizens of New Carlisle rallied to protect their property values, their water supply, their air quality, and the concept of sustainable development. They rose to the occasion with fierce, but thoughtful, determination and stopped Mr. Tondou in his tracks, very thoughtful determination.

Driving into South Bend to attend one of a number of County Council hearings on the issue, I tuned into a local radio station. Within minutes, music to my ears – the citizens group, now known as Michiana Quality of Life, was running radio commercials against the plant. They had raised money to mount a paid media campaign. I felt a huge grin developing across my face. When I arrived at the meeting the room and most of the hallway were packed. Literally, hundreds of people carrying ping pong paddle-sized signs with question marks on them. Since they weren't allowed to speak at this hearing, the members of Michiana Quality of Life held these signs in view of their elected officials the entire time. And they definitely had questions – that they answered constructively and systematically.

MQL was always well organized. They sought and gained expertise from Notre Dame on the water volume impacts that plant would have. They researched Joe Tondou and communicated with the citizens of Manistee who also defeated his attempts. They were always well prepared and had all angles of the issue covered in testimony. And they had their paid media campaign. At the not so important meetings 200 people would show up. At the important ones 500 attended consistently.

CAC coordinated its strategy with MQL. The CAC canvass rolled into swing districts and generated hundreds of letters to the fence-sitters. Joe Tondou set himself up with erroneous statements about the plant's rate impacts that CAC took advantage of in the press. It was a well-orchestrated, intelligent campaign. We created a truly symbiotic relationship with MQL. Among the positive results was that Michiana Quality of Life remained intact to work on sustainable economic development in the region.

Please join us on November 7, 2009 to celebrate, as we explore, effective citizen action at CAC's annual meeting. If you've ever wanted to do more, this moment belongs to you. This is an opportunity for you to enjoy learning more about the work we at CAC do every day; and how all of us, working together with hope, determination and principled advocacy, can reclaim our rights and responsibilities as citizens!

Thank you again for your many years of support.

Sincerely,

Grant Smith
Executive Director

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.

PERSONNEL DEVELOPMENT AND REPORTS FROM THE CANVASSES

Kelly Rice, Staff Director

It has been an interesting year in terms of internal development at Citizens Action Coalition. I began a new role at CAC focusing on developing leadership within our staff and new ways to reach out to the public to encourage citizen participation within communities around the state. I had been a canvass director with CAC for several years prior, and taking on the new challenge of creating opportunities for our staff to be more involved and developing new tools to assist us as we reach out to the public has been exciting, exhausting, and rewarding. I would like to take this time to thank our Executive Director and our Board of Directors for placing their faith (and patience!) in me as I learn about and implement new policies and techniques for organizing our staff as well as the public in general.

We have added new staff to our ranks, opening up new doors for the organization. Heather Meloy is flourishing as our Major Gifts Officer and taking on an immense amount of ownership in developing this new position-and the role it plays-in our organization. Zac Elliot has exceeded all expectations as a new program organizer and has quickly become invaluable as a member of our team. And finally, Lisa Smith began in July as our new IT person. She is doing so much more than that. Her willingness to take the initiative and make our fact sheets more digestible, and the creativity she uses to polish our image and streamline our communication capabilities is appreciated more than she can imagine. I find the most rewarding thing about my job is watching all of our staff take ownership and pride in the hard work that they do each and every day. It is truly a great joy to go to work every day knowing that you are working with a group of people you admire and respect.

Indianapolis Phone Canvass

Laura Sucec, Phone Canvass Director

This has been an eventful year, in many ways. The inauguration of a new president, which we all hoped would signal a change in the country's energy and health care policies, has not yet panned out as we had hoped. The recession, which the media says is starting to ease up, is still hanging on for many of our members, who deal with financial struggles and unemployment on a day-to-day basis. The many myriad effects of these two encompassing circumstances have made our canvassing a very interesting experience for the last year or so.

And yet we hang on. We all know that the recession will eventually end, and that the organization will eventually succeed in turning the tide of energy policy in this state and this country. Our main tool is our persistence. That is the spirit that I see shining through all of our phone canvassers this year. It is our persistence, individually and as an organization, that will bring us through all of this, and that will help us to eventually win

our campaigns. That is way it is now, and the way it has always been. As we say on the phones, “It may take time, but we aren’t going to give up!”

Despite the struggles facing our members and us, we endure and continue to build our membership base. For the last year we have been doing a great job of calling our new members and developing our relationship with them. We will continue to see the results of this hard work over the next few years. It is not a fast process, but relationships never are, and that is what CAC is all about.

I have been amazed this year by the passion of the people that we have on the phone canvass. One of the most rewarding experiences I’ve been privileged to be a part of is the process of training new canvassers, teaching them about the issues, and watching their passion grow as they learn more about the ins and outs of utility and energy policies in Indiana. Being able to witness the growth of their political sophistication as they learn more has been an incredible experience. We have twenty phone canvassers right now, all with varying levels of seniority. We have three crew managers, and about five other senior staff members who are beginning to move in the direction of taking on a little more responsibility and helping out with training newer canvassers in a variety of ways. We also have four people in “split” positions – people who have other positions in the office but still phone canvass on a regular basis.

I want to thank everyone who has made possible the work that Citizens Action Coalition does on a daily basis. Thank you to our members – without your support we would not be able to do our work. Thank you to our field canvassers – you are the foot soldiers out there educating people about the issues that confront them on a daily basis. Thank you to our program staff – you are the frontline in our constant fight to change the course of energy, health care, and farm policies in the State of Indiana. And a very warm and heartfelt thank you to our phone canvassers – you have made this last year a lot of fun, and have been doing the diligent work of helping this organization to develop the relationships with our members that allow us to be effective in this state. Your work is very much appreciated.

Indianapolis Field Canvass Update **Buddy Whelchel, Canvass Director**

As a new canvass director I must take a moment to express my thanks to a number of people. Thank you, Grant, Mark, and Kelly for giving me the opportunity to play such an integral role in this great organization, and thank you for being there to help me as I learn the ropes while on the job. Thanks also to the office personnel who make my job much easier on a daily basis.

When I took over as the Indianapolis Field Canvass Director my goal was to help the staff to be the best that it could be, and in turn help the organization to continue its amazing success. Of course things are never as easy as we hope, and there have been some trying times in my six month tenure, but it has been and will continue to be, the most important and rewarding job of my life. That being said, I am happy to report that our canvass staff is headed in the right direction. We have a talented and committed group of field managers who put in many hours a week training our new canvassers,

coordinating our canvass, canvassing, and having fun while doing it! All four of our field managers have the ability and drive to continue progressing within the organization, and I am looking forward to working with them for many years to come. It is a testament to these field managers that we have a solid core of canvassers as we move into the winter, and I would like to thank them for the great work that they do. The staff that we have is everything that I could want as we continue to build throughout the fall and winter. I must say that I could not be more proud as the burbs (our vehicles) leave everyday, because I know that those canvassers are going out there and fighting with everything that they have, for the benefit of the people of Indiana.

If this report has a theme it is one of thankfulness, and there is no reason to change that now. I would be remiss if I did not thank our members for their great support. Of course the contributions are necessary (and appreciated), but thank you most of all for the kind words for our staff, the bottles of water when it is hot and coffee when it is cold. Oh yeah, and the bathrooms! You can't imagine how much these things mean to us.

Ft. Wayne Field Canvass

Mary Brady, Canvass Director

Greetings again from Fort Wayne! I must say it is hard to believe that just one year ago the Fort Wayne staff was in the midst of a campaign to defeat AEP's proposed 20.5% rate increase. In just over two months the staff was able to generate over 1500 hand-written letters to the IURC, urging them to deny AEP's request for the sake of ratepayers in north-east Indiana. The staff's hard work and dedication really paid off! This victory for Fort Wayne definitely helped motivate us through a very cold and very icy winter (we can't forget the famous Fort Wayne ice storm of 2008!). Finally those first signs of Spring arrived and with each new Spring comes new life and opportunity. Many college students, home for the summer, joined the staff and worked very hard to get a handle on the complex issues CAC addresses each day.

As both Dave and Dylan moved onto other roles within the work, new staff developed quickly and picked up right where they had left off. Abyee, Rich, Amanda, Celia, Marty and Anne all worked diligently to train and educate the newer staff. Leon joined the staff in April and quickly moved into a management role as well. I am so very proud of the hard work and dedication that each of these field managers put into the staff this summer. They gave the staff their best and as a result we had the best summer we have had since reopening the Fort Wayne office. It is truly because of the work of these field managers that we were able to build a knowledgeable, hard-working, dedicated group of over 20 canvassers that went out each day to educate and organize communities across north-east Indiana. As the summer came to a close and the college students returned to their schools, Rich relocated to the Indy office in order to continue his development, and Evan and Tim joined the management team. The autumn is a gorgeous time to canvass and the staff really enjoyed the changing leaves just as they enjoyed training the changing staff.

We are heading into yet another winter now, and with a very strong management team I expect we will do as well as we did last winter-- although I do hope there is less ice this year! Currently, the staff is generating postcards to Senator Evan Bayh, urging him to oppose the 'cap-and-trade' legislation currently being worked on at the federal level. In

just over two months, the Fort Wayne staff alone has generated nearly 10,000 postcards to Sen. Evan Bayh! This legislation is one of the more complex issues we have worked on in the past few years- we even joke that many elected officials don't know what's in the bill. But the staff does! I have been impressed with their grasp of this issue, their understanding that this is not real change and their continued dedication to protecting the ratepayers of Indiana. I look forward to seeing how many postcards we generate in all before we win this campaign.

Community organizing is the most effective means of spreading hope, and especially in times like these, hope is a very powerful and empowering thing. A day does not go by without hearing the staff share heart-wrenching stories of the struggling people they encountered that evening. Although the past year has offered great hardships for many Hoosiers, the Fort Wayne canvass staff has continued to offer hope to them. I am so proud of my staff and the work they have done over this past year. Each of them comes to work more focused, more passionate, and more dedicated every day. It is not an easy job, but these canvassers recognize their potential to affect real change in their community, their country, and the world. It is with great commitment and perseverance that the staff has continued and will continue to fight for consumers throughout Indiana, but we can not do that without the support of our members. Thank you for your continued support of CAC. And thank you for your support of my staff. You give them hope that what they do is making a difference. We strive each day to be the change we wish to see in this world, and we thank you for joining us.

With great hope and great pride,
Sincerely,

Mary Brady
Ft. Wayne Canvass Director

FINANCES AND FUNDRAISING
Mark Bailey, Finance Director
Financial Outlook general

Due to the financial disaster of a year ago September it's been a trying time to be a controversial political & economics focused citizen's advocacy organization. Today CAC is a much more financially diversified organization then we were the last time the economy was in recession. Back in the 1980s, yes, both Grant & I worked here even then (he was a split organizer and I was a canvass director) CAC had 4 door to door offices. The phone canvass was just beginning and Foundation Grants supplemented the program staff. Today we have the Endowment Fund as an additional financial tool to support us, and we are beginning to see the fruits from the Major Gifts program. Even if all works out as we hope, we'll still probably be in red ink at the end of 2009. Thus far, we have been able to withstand any debilitating impact from the current recession. I'll break our finances down into their component parts for specific analysis.

Field & Phone Canvass

The Fort Wayne office has been very well managed the last two years by Mary Brady. The office income has grown steadily since she opened it in September 2007. Office

income is \$60,000 ahead of where it was in 2008. Looking at the net this year the office is down about \$12,000. The problem appears to be canvasser pay being higher than we expected it to be. The hourly pay went up for new hires and her staff now has a lot of senior staff, both of these have an inflationary impact that is hard to control.

The Indianapolis door canvass is currently about \$17,000 behind where they were in 2008. The need to change canvass directors in the early spring slowed summer recruitment. The Indy office has the same issue with canvasser pay being at a higher percentage than expected, but the office has generated a surplus of almost \$4,000 year to date.

The phone canvass income is only about \$10,000 behind where it was in 2008. Its net is currently about \$10,000, down from last year.

Foundation Grants

Grants are up substantially this year over last. For 2008 we received about \$44,000 as of August. This year the amount is over \$147,000. We have added 4 new staff positions because of the increased grant support. There are 3 specific grants involved. Two separate grants come from the Civil Society Institute. CLEAN, project of CSI, fully funds the position of Dave Eberhart in Ft. Wayne. The second of the CSI grants fully or partially supports 3 staff positions as well as some of our legal budget. 1Sky is the third grantor and fully funds Zac Elliot's activities. A noteworthy aside is that historically grants were given on a yearly basis in one lump sum. The current method used by funders is to send payments in thirds or quarters, which, at times, has had an impact on cash-flow, albeit negligible.

CAC Endowment

Understandably, there was a major drop in the funds available from the Endowment this year. Just prior to the market crash last September the portfolio reached \$1.5 million. At the end of the year it was down to \$1.1 million and bottomed out below the one million dollar mark this February. In 2008 it provided over \$100,000 to CAC. This year disbursed income from the fund was slightly more than half the 2008 amount. The last Endowment statement showed the fund rebounding to \$1.2 million.

Major Gifts Program

Heather Meloy has been working diligently over the last 2 years making a long held idea into a reality. With seed money provided by Michael Mullett, a CAC Education Fund board member, and supplemented this last year through CACEF she was successful in her efforts to secure support from two initial donors. Their contribution was generous and timely. Over time, we hope to be able to consistently budget for such funding. We have also secured a Google grant to assist in enhancing our exposure on the internet. In addition, we have the possibility of systematically organizing benefit concerts on behalf of CAC, and have submitted a proposal for in-kind assistance in upgrading the web site.

MEMBER AND PUBLIC COMMUNICATION

Lisa Smith, IT Director

One of the key aspects of organizing is, of course, communication. In an organization with over 40,000 members, that's a tall order!

Of course, the foundation of our communication with our members has always been knocking on people's doors and talking with them about the issues that affect them, as well as following up with regular phone calls to keep them abreast of what we are doing. Those will always be the core of what we do, and how we do it.

But in the age of technology, new avenues have opened up to allow for more communication and faster dissemination of information, not only to our existing members, but to a wider audience as well.

To those ends, we have built up and used an email list to alert our members to urgent matters like legislation and public hearings. With the glut of emails from worthwhile organizations (as well as the evil spam), it always takes a little tweaking to keep things running smoothly, and we are working hard to make our emails informative and useful, without being intrusive and annoying.

We are also making use of Social Networking, most recently with our profiles on Twitter and Facebook. These sites allow instantaneous communication with our members and other people interested in our issues, and allow for more personal interaction with a wide group of people. It's a great way to get the message out, to dialogue with both supporters and people who disagree with us as well.

We are also working on rebuilding a new website. While keeping the great information that our current website contains, we think it's important that the new site be easier to navigate, and also provide opportunities for communication and dialogue, either via the site itself (through blogs and forums, perhaps), or through integration with social networking sites, RSS feeds (a format for delivering regularly changing content), and other Web 2.0 technologies. While nothing is set in stone with that thus far, the idea is to use the technology available to make our site not only a compendium of information, but a place to dissect and discuss that information as well.

The issues we work on, especially energy policy, can too often be rather dry and seemingly boring, but they are incredibly important to Hoosiers. So it's important that our communication of these issues with our members be informational as well as dynamic. And while we know not everyone has access to the internet (YET!), web-based strategies are becoming increasingly important as a means of finding and sharing information, as well as organizing large groups of people socially and politically, to take part in the democratic process, and to affect their own lives in a positive way. We will continue to grow and explore new ideas, to keep the lines of communication open, and to keep fighting for the consumer and environmental rights of Hoosiers.

CITIZEN LEADERSHIP

Kelly Rice, Staff Director

CAC has also developed, under the guidance of Jeanne Farrah, new training materials that can be implemented within communities to assist groups and individuals in local areas take action within their own communities. So many times, people have approached CAC with local causes that are so critical to their community, but that we simply do not have the resources to take on. There is only so much one group of people can do! In response to that, we are putting together learning kits that will teach individuals how to organize town hall meetings, public rallies, how to participate in field hearings, conduct research on issues, and how to best relay messages to elected officials through citizens' participation. Taking what we do every day, sorting through all the information, and then creating from it a meaningful and comprehensible manual has been challenging!

However, the team work and enthusiasm of all our program staff and support personnel has made what was at first a seemingly impossible task into one that has been both fun and rewarding. I would like to extend my appreciation to all of those who provided information, reviewed and edited materials, and listened to me ramble on and on when I could not find the off switch after being flooded with new information.

I am looking forward to the year ahead. Yes, there are challenges concerning the economy and changes in our management structure that require patience and time. However, with a staff like ours, it is impossible to fail. Struggle? Yes. Frustrated at times? Absolutely. Grateful for the support we receive from the public and each other? Yes. Determined to stay the course, hold our heads high, and make a difference? Always.

ENERGY EDUCATION

Living Lean and Green Program

Monica Canaley and Julie Williams, Co-Project Managers

The Central Indiana Environmental Education Program (CIEEP) was launched in March of 2007 with a grant to the Citizens Action Coalition Education Fund (CACEF) from the Nina Mason Pulliam Charitable Trust (NMPCT). The initial goals of the program were to educate the public about energy use, conservation and environmental issues in Indiana, and to work with program participants to lower their "carbon footprints" through measures to reduce individual energy consumption. In June of 2007, the Normandie Foundation granted funds to CIEEP to assist in these efforts, along with subsequent contributions from Orion (wind) Energy, Indianapolis Power and Light (IPL) and Citizens Gas (CGU).

During CIEEP's first year, the program partnered with public libraries and community volunteers to design and facilitate environmental education programs. Paul Chase, the original Program Manager, researched and wrote an extensive article on global warming, its causes, impact and possible solutions. Based on this research, and incorporating individual action measures from ***Low Carbon Diet: A 30-Day Program to Lose 5,000 Pounds***, a book by David Gershon, a design team developed a stand-alone Powerpoint presentation called *Living Lean and Green*. This presentation was designed to be followed by a 5-session *Low Carbon Diet* workshop, for which the team developed a curriculum, handouts and a facilitator manual. "Give-aways" for the programs were also obtained: 500

reusable tote bags from IPL and CGU, energy efficiency kits and compact fluorescent light bulbs from IPL, and programmable thermostats from CGU.

Four pilot programs were held in October and November of 2007, from which future facilitators were recruited. Two "master trainers" from the design team subsequently conducted several training programs for 21 new workshop facilitators. CIEEP also worked with Citizens Action Coalition to design a website for advertising the program, posting the global warming research and related resources, and processing registrations and capturing workshop result data.

In March of 2008, CIEEP received its second annual grant from NMPCT, followed by a supplemental grant from the Efroymson Fund in April of 2008. IPL and CGU continued to increase their support of the program for the next year. The goals for Year 2 included holding an additional 20 workshops, developing a traveling display, continuing refinement and adaptation of the curriculum, updating and improving the website, and moving to expand the program beyond Central Indiana.

In Year 2, program design members opted to eliminate the stand-alone *Living Lean and Green* Powerpoint presentation, and to incorporate that materials into session 1 of the workshops. Facilitators also discovered that some participants were confused by the word "diet" being in the workshop description, so the title of the workshops was changed to *Living Lean & Green*. Based on workshop experience, facilitation materials and methods were revised and updated in 2008, along with development of a logo and brand for the *Living Lean & Green* program. Fifteen existing facilitators received a "refresher course" and updated training manuals on September 27, 2008.

Paul Chase left the program in June of 2008, and Kathryn Williams took over as Program Manager. Facilitators completed a total of 22 5-session workshops in 2008 which were conducted at library branches, community centers, Butler University, churches, a city hall and a hospital (for employees).

In January of 2009, the program contracted with Monica Cannaley to act as Co-Manager along with Kathryn Williams. A facilitator training/update workshop was conducted in February and 5 additional workshops were conducted through September. Kathryn Williams left the program in September of 2009, and Julie Williams stepped in as Co-Manager. A second facilitator training session was conducted in September of 2009. In addition to advertising the workshops at several events in central Indiana, staff has pursued expanding the program through negotiations with the City of Fort Wayne's Division of Energy and Environmental Services.

Due to decreased funding availability, the program will begin charging workshop attendees. Scholarship applications are being developed to assist with covering the costs for not-for-profit sponsors. Staff will be concentrating on getting businesses to offer workshops for their employees and expanding the program outside of central Indiana.

STATE ISSUES AND ADVOCACY

Proceedings before the Indiana Utility Regulatory Commission

Jerry Polk, Special Counsel for Utilities

CAC participated in over eleven docketed proceedings before the Indiana Utility Regulatory Commission in the last twelve months. In addition, CAC has participated on various oversight boards and collaboratives. A summary of the docketed cases follows:

I&M Rate Case Settlement (#43306): I&M had not been in for a general rate case in over a decade and was seeking a 14% overall increase with a 20% increase for residential customers. The settlement reduced the total increase, including trackers, to approximately 4.85% for all customers with residential customers seeing an increase of only 6.5%, or about \$4.79 per month for the typical customer using 1000 kWh per month. I&M had originally requested a 14% increase on average with a 20% increase for residential customers. The settlement reduced the amount of cost shifting from industrial to residential customers I&M had proposed and also mandated investments in Demand-Side Management. It also included \$37.5 million in off-system sales as a credit to base rates. The settlement was approved with minor modifications.

Edwardsport IGCC CWIP (Cause Nos. 43114 IGCC-2 and IGCC-3): Duke filed 43114-IGCC-2, seeking cost recovery of current expenditures and approval of their ongoing status report on November 3, 2008. CAC argued that the Edwardsport IGCC project should be terminated since electricity usage was declining and because Duke had under-represented the true cost of the plant in light of increasing carbon compliance costs. In March of 2009, the IURC approved Duke's request for cost recovery of actual expenditures through September 30, 2008, adding another \$17M annually to the annual revenue requirement, bringing the total annual increase related to Edwardsport Construction Work In Progress (CWIP) to \$27M.

In May of 2009, Duke filed 43114-IGCC-3, requesting approval of the ongoing status report and recovery of actual expenditures through March 31, 2009. To date, Duke's expenditures plus rate of return amount to approximately \$581M. CAC continues to oppose the inclusion of Edwardsport costs arguing that the Project is not needed and not least cost, especially in light of the growing amount of renewable energy (particularly wind power) in Indiana, the declining use of electricity, and the decreasing cost and Federal push for more energy efficiency. CAC also continues to argue that Duke has under-represented (and the IURC misunderstands) the true cost of Edwardsport, especially in light of future carbon emission costs.

Duke Carbon Sequestration Study (Cause No. 43653): In March of 2009, as ordered, Duke filed a petition requesting \$120M to study the storage of carbon. CAC has intervened and is opposing ratepayer financing of the study. To store just twenty percent of the carbon emissions from Edwardsport over 30 years would require ten cubic miles of suitable geology at least 2,500 feet below the surface. In addition, the carbon must be stored many thousands of years, if not for "eternity."

The area near Edwardsport is too shallow and seismically active for safe storage. And, even if storage is technically feasible, it may not be economic or even appropriate for Edwardsport.

This raises very serious legal issues with the proposal. The basic proposition underlying utility law is that customers pay for the utility service they receive and are not guarantors of investor risk, especially investments in speculative and risky business ventures. Although Indiana has been undermining the requirement that capital investments be “used-and-useful” with Construction Work In Progress (CWIP), what’s being proposed is even bolder – Construction Work In Theory (CWIT).

Gas Universal Service (#43669): CAC was joined by AARP and Unites Senior Action in filing testimony in support of renewal and expansion of programs designed to help keep gas service affordable for seniors and low-income gas customers of Citizens Gas, NIPSCO, and Vectren. The utilities support renewal, but oppose expansion. The IURC Chairman, David Hardy, opposes the programs. The case has been fully briefed and is awaiting a final decision.

Natural Gas rate design/decoupling (#43180): The IURC initiated an investigation into changes to natural gas rate design and “decoupling” utility net revenues from usage. Prior to and during the course of the investigation, Vectren and Citizens Gas requested and were approved for full decoupling, and the majority of smaller gas utilities have either received or have requested “weather normalization”, which normalizes gas utility margins in response to changes in weather related usage – in other words it increase rates when warm weather than normal results in lower usage and decreases rates when usage increases due to colder than normal weather.

Duke Save-a-Watt DSM (#43374): Duke has proposed that rather than charging customers for the cost of the programs plus an incentive for the utility, customers should pay rates based on the cost of a power plant and fuel that would have been necessary to provide the energy they did not use because they became more efficient. The case has been fully briefed and awaiting a decision from the IURC for nearly six months.

43501: Duke Smartgrid: CAC participated in negotiating a settlement which provides for a comprehensive five year program to upgrade distribution system automation and meters that will allow greater control over energy use. The settlement caps costs, identifies and locks in customer benefits up front, includes significant investments in renewable distributed generation, discussion of feed-in tariffs and expansion of net-metering, and piloting hybrid electric plug-in vehicles’

NIPSCO rates (43526): NIPSCO has the worst J.D. Powers rating of any comparable Midwest utility and some of the highest rates. They are requesting an 18% increase in residential rates and a major cost shifting from industrial customers to residential customers. In addition, they have announced they will be filing in

early 2010 for yet another increase. The evidentiary hearings have been held and final briefing should be completed by December.

Generic investigation into RTO demand response programs (#43566): The IURC initiated an investigation into how customers could participate in bidding demand reductions into the power market as an alternative to supply-side options (generation). The option is primarily of importance to large industrial customers, and CAC is monitoring to prevent cost shifting to residential customers.

IURC Generic Smartgrid investigation (#43580): The IURC held workshops to discuss general parameters for smartgrid proposals in Indiana. The investigation was to comply with provisions of Federal law requiring states to review smartgrid policies.

Generic DSM investigation (#42693): Phase II of the IURC investigation into statewide demand-side management has been fully argued and briefed and is awaiting a decision from the IURC. The process consisted of workshops where each party to the proceeding had one vote. Despite the lopsided bias in favor of the utilities, who were heavily represented, it is expected the Commission will continue to move toward statewide consistency in demand-side management with stakeholder participation on oversight boards.

NIPSCO DSM (#43618): Hearings postponed and a collaborative set up to review market potential study and consider changes as a result of that study which is due in January, 2010.

Generic IRP Rules investigation (#43643): Technical conferences were held and the IURC is expected to initiate a rulemaking after review of the 2009 Integrated Resource Plans are filed by the utilities this fall.

Results of the 2009 Indiana General Assembly Kerwin Olson, Program Director

The 2009 session of the General Assembly began with an unexpected surprise and an early Christmas gift for CAC. We learned on December 4, 2008 that Rep. Winfield C. Moses (D, Ft. Wayne), was named the Chairman of the House Commerce, Energy and Utilities Committee and that Rep. Matt Pierce (D, Bloomington) was named the Vice-Chairman of the Committee. Yes, this is the same Win Moses that was the first Board President of CAC and the same Matt Pierce that has stood with CAC in our struggles against coal, AT&T, and Edwardsport. Needless to say, upon hearing the news, work at CAC came to a screeching halt and pinches were necessary to ensure we were all awake. We of course were not naïve enough to think that this meant a progressive energy policy and real regulatory reform would fly through the Statehouse; but we were hopeful that this was an indication that a real dialogue would occur and that the stranglehold of the Indiana Energy Association and the Indiana Telecommunications Association was beginning to loosen. While the session brought the usual disappointments, progress was realized and, as evidenced by the four meetings of the Regulatory Flexibility Committee this fall, progress is continuing and momentum is shifting at 200 W Washington St, aka, the Indiana Statehouse.

The regular session of the 2009 Indiana General Assembly adjourned sine die on Wednesday April 30, 2009. However, lawmakers failed to pass HB1001, or the budget bill; therefore Governor Daniels had to call lawmakers into a special session in June. (more on that later) In the final moments of the regular session, the Senate passed the budget bill 37-13, but minutes later the bill failed in the House, 27-71, with all the Republicans and 24 Democrats voting no. K-12 funding, charter schools, gaming, transit, stimulus dollars, and rainy day funds were among many issues causing the budget vote to fail. (Although I think we all know both parties are posturing for the mid-term election). The legislature did succeed in coming to an agreement to fix the State's bankrupt unemployment insurance fund. Despite heavy opposition from the Indiana Chamber and the Manufacturers Association, HB1379 passed the Senate 46-3 and the House 52-47, not a single House Republican voted for the bill. The new plan will raise taxes on employers but will not cut benefit payments. Labor made their voice heard on the issue, staging the largest rally in the Statehouse in over a decade on Monday April 28th, filling the Statehouse with thousands of laid-off union workers. Despite claims to the contrary by some lawmakers, the rally proved that the voice of the people does matter and does have an impact.

While much debate was being held on the budget, unemployment, abortion, puppy mills, sugar cream pie, transit, stimulus dollars, and rainy day funds, CAC largely stayed away from these discussions (although I must confess I had more than one slice of the pie) and continued working to protect ratepayers and advocate for a sustainable energy policy focused on renewable energy and energy efficiency. Close to 50 bills and resolutions were introduced dealing with the topics of energy, utilities, coal, net metering, and the associated issues, an unprecedented number for our State. This is an indication that both sides finally recognize the importance of energy on the economy and the environment, and that Indiana can no longer shelter itself from the conversation in Washington and across the globe. Despite this acknowledgment, efforts to pass meaningful energy legislation failed, thanks in large part to partisan politics and the greed and hubris of the utility lobby. The following is a brief summary of the major bills CAC followed, and publicly supported or opposed, followed by a discussion of the myriad of legislation dealing with renewable and "alternative" energy that moved through both chambers, but ultimately failed. For a more thorough play by play of the session, please visit our website and click the 2009 General Assembly.

Bills CAC supported:

HB1080: Sales Tax Exemption for Home Energy Assistance

Status: Dead

Households that live at or below 150% of poverty are eligible to receive low income heating assistance program (LIHEAP) dollars to help offset the burden of high energy bills in during the heating season. These dollars have been exempt from Indiana sales tax since 2005. These families receive these dollars out of need. Poor families struggle daily to provide food, shelter, clothing, and health care for themselves and family members. This daily struggle to survive is exacerbated in the winter time, as their energy costs significantly increase, trying to keep their family warm. Adding additional expense by taxing these assistance dollars is inhumane and wrong. It should also be noted that LIHEAP dollars come from the Federal Government, or taxpayers. These funds are a

result of tax dollars, and there is something fundamentally wrong and unethical about assessing a State tax on Federal tax dollars.

However the Governor neglected to include the exemption in his budget outline, forcing the General Assembly to introduce HB1080. Authored by Rep. John Day (D, Indianapolis), and joined by co-authors Rep. Mike Murphy (R, Indianapolis), Rep. John Barnes (D, Indianapolis), and Rep. Peggy Welch (D, Bloomington), HB1080 would have made the sales tax exemption for LIHEAP permanent. The bill moved through the House with little opposition and strong bi-partisan support.

HB1080 was sponsored in the Senate by Sen. Luke Kenley (R, Noblesville), Sen. Tim Lanane (D, Anderson), Sen Ron Alting (R, Lafayette), and co-sponsored by Sen. Greg Taylor (D, Indianapolis). The bill was then assigned to the Tax and Fiscal Policy Committee chaired by Sen. Brandt Hershman (R, Monticello). Despite the best efforts from low income advocates, Sen. Hershman refused to hear HB1080, based in large part to the OMB (Office of Management and Budget) coming out in opposition, and the legislation died.

HB1620: Energy Efficient Buildings

Status: Dead

Authored by Rep. Matt Pierce (D, Bloomington), and joined by co-authors Rep. Terri Austin (D, Anderson) and Rep. Sheila Klinker (D, Lafayette), HB1620 would have required certain government buildings be designed and constructed to achieve or exceed the level of energy efficiency required under certain rating systems. The bill moved out of Ways and Means 15-8, and subsequently passed out of the House on 3rd reading 58-39.

Sen. Beverly Gard (R, Greenfield) sponsored the bill in the Senate, along with co-sponsors Sen. Sue Errington (D, Muncie), Sen. Vi Simpson (D, Bloomington), and Sen. Greg Taylor (R, Indianapolis). Sen. Gard did give the bill a hearing in committee in the Senate, but failed to take a vote, effectively killing the legislation.

Opposition to this legislation is short sighted and is effectively a mandate on taxpayers to pay more for utilities, and fails to recognize the positive impact that green building design has on worker productivity and worker health. In 2008, Sen. Brandt Hershman (R, Monticello) amended a similar bill to nothing more than a summer study committee. By failing to move this bill for a second year in a row, the Indiana Senate is costing the taxpayers of Indiana millions of dollars in unnecessary utility bills, ignoring the environmental impacts of fossil fuel emissions and pollution, and undermining the economy of our State.

HB1669: Geothermal conversion loans and energy efficiency

Status: Law enacted, signed by Governor Daniels May 6, 2009

Authored by Rep. Nancy Michael (D, Greencastle), and joined by co-authors Rep. Win Moses (D, Ft. Wayne), Rep. David Niezgodski (D, South Bend), and Rep. David Frizzell (R, Indianapolis), HB1669 establishes the Geothermal Conversion Revolving Fund for the purpose of making loans to school corporations that: (1) install a geothermal heating and cooling system in a new facility; or (2) install a geothermal heating and cooling

system that replaces a conventional heating and cooling system. HB1669 moved quickly through the House with unanimous support.

The bill was sponsored in the Senate by Sen. Gard, Sen Errington, and Sen. Karen Tallian (D, Portage). HB 1669 moved through the Senate virtually unanimously. The only no vote on the bill the entire session came during the vote in the Senate Energy and Environmental Affairs Committee by Sen. Gary Dillon (R, Pierceton), who confusingly said he supported it but was voting no. Sen. Dillon later voted Yea for the bill on the Senate floor.

HB1669 represents everything the General Assembly should be doing: 1) Job creation – Not only will these systems be installed in Indiana, but one of the largest manufacturers of geothermal pumps in the country is in Ft. Wayne. 2) Protecting taxpayers – Geothermal saves a significant amount of money on utility bills, and thus will save taxpayer dollars, as the pay back period on many geothermal systems is less than 3 years. 3) Climate Change mitigation – By reducing the use of fossil fuels, Indiana is taking a positive step, by reducing CO2 emissions. And 4) Energy independence – We are reducing the need for imported natural gas, and instead moving towards clean, renewable, and homegrown energy.

This bill was the result of very hard work by the DePauw Environmental Policy Project, a collection of faculty and students from DePauw University interested in environmental policy in Indiana. Professor Kelsey Kauffman and her students worked tirelessly at the Statehouse, testifying in committees and talking to legislators in the hallways and in their offices about this bill and other environmental challenges facing our State. DePauw should be very proud of what of Professor Kauffman and her students accomplished.

HB1348: Energy Conservation Codes and Standards

Status: VETOED by Gov. Daniels May 1, 2009

Authored by Rep. Ryan Dvorak (D, South Bend), and joined by co-authors Rep. Pierce and Rep. Bill Ruppel (R, N. Manchester), requires the Fire Prevention and Building Safety Commission to adopt the most recent edition of the (1) International Energy Conservation Code as published by the International Code Council; or (2) American Society of Heating, Refrigerating, or Air-Conditioning Engineers Standard 90.1; for commercial structures before July 1, 2010. The bill originally required the commission to update both the residential codes and the commercial codes, but the language requiring residential codes was removed in the House Environmental Affairs Committee, primarily due to opposition by the Home Builders. After amendment, the bill met no resistance in the House, passing out of committee and on the floor unanimously.

HB1348 was sponsored in the House by Sen. Gard, and co-sponsored by Sen. Tallian. The House version would have required the commission to adopt any subsequent versions of the code within 18 months of being updated. That language was removed in the Senate Energy and Environmental Affairs Committee, and the bill passed unanimously 8-0 after amendment. The full Senate then moved the bill by a vote of 47-2. Rep. Dvorak concurred with the Senate language and the bill was adopted by the House unanimously 96-0.

However, Gov. Daniels chose to veto the bill on May 1 stating the bill was “completely superfluous,” as he has already directed the FPSBC to update energy codes and the bill would “only serve to clutter the existing Indiana Code without adding any way to our progress in these areas.” Rep. Dvorak intends to seek an override of the veto in the 2010 legislative session.

HB1622: Advanced renewable energy tariffs

Status: Dead

Authored by Rep. Pierce, HB1622 would have required the owners and operators of an electric grid to enter into 20 year fixed price contracts with the owners of renewable energy generation systems. It would have obligated the owner of the grid to purchase the customer owned generation at above market rates, prioritize the deployment of that energy to the grid, and make the necessary upgrades to the grid necessary to deploy that energy. Chairman Moses did give the bill a hearing in committee, but did not take a vote. Feed in tariffs have been enacted in over 40 countries worldwide, most notably in Germany, Spain, and Denmark. A feed in tariff is a true market based approach to the development of renewable energy. They level the playing field and make it financially viable for customer owned generation.

Deployment of renewables, especially solar power, has exploded in the countries that have enacted feed in tariffs. Indiana not only has vast renewable energy resources, but also significant manufacturing capabilities for green technology. Enactment of this bill would provide rapid and sustainable deployment of renewables in Indiana which would in turn cause significant job creation, vastly improve public health and the quality of our environment, help to stabilize the price of electricity, and make Indiana a leader in the renewable energy marketplace.

HB1352: The Climate Registry

Status: Dead

Authored by Rep. Dvorak, HB1352 would have required the state of Indiana to become a member of and participate in the Climate Registry concerning greenhouse gas emissions reporting and reduction. It would have required the Governor or the Governor's designee to sign the Climate Registry's statement of principles and goals to become a member of the Climate Registry and deliver a copy of the signed statement to the Climate Registry before July 1, 2009.

HB1352 was heard in the House Environmental Affairs committee and met minimal opposition, primarily from the Chamber of Commerce. It was voted out of committee on a party line vote of 6-3. Rep. Tim Brown (R, Crawfordsville) offered an amendment on 2nd reading that established an exception to the registry membership requirement if a petition of opposition is submitted to the Governor by the majority of the local economic development commissions in the state and it allowed the Governor to withdraw the state from the registry if the Governor determined that membership caused a loss of jobs or missed opportunities for jobs. The amendment was adopted by a voice vote. On 3rd reading, it was passed 61-33.

Sen. Gard and Sen. Jean Breaux (D, Indianapolis) sponsored the legislation in the Senate. Sen. Gard held a hearing for the bill on March 9th. The contrast between the hearing in the Senate and the hearing in the House could not have been greater. All the polluters lined up one after the other to express their opposition, the Chamber, the Farm Bureau, the Manufacturers, the utilities, the Petroleum industry, ET all. The hearing took close to 2 hours as the corporate polluters wanted to make sure their paid servants in the Senate were aware of their opposition. A vote was never taken by Sen. Gard, effectively killing the bill. This was the second year in the row the Indiana Senate allowed this legislation to die.

This bill would have ensured Indiana's place at the table in developing policies related to carbon dioxide air emissions. Given Indiana's disproportionate contribution to greenhouse gas emissions, Indiana's participation in the Climate Registry is a key to acknowledging our shortcomings and facing our challenges for the betterment of generations to come. However thanks to the influence of special interests, Indiana continues to stand in the middle of the railroad tracks, waiting to be run over by the freight train known as climate legislation.

“Renewable” energy legislation: SB300 & SB420

Status: Both dead

2009 proved to be an historic and hectic session relating to the discussion of “renewable” energy legislation. There were numerous hearings in both chambers involving some form of legislation, and three different bills cleared votes on the floor. Rather than re-create the entire session, I will summarize the main talking points. A full discussion on the content and timeline of those bills can be found on our website.

SB420, a bill CAC opposed, passed a floor vote in both the Senate and the House. The language and intent of the Senate version was very different from that of the House. A brief outline of the main provisions that CAC objected:

- 1) Redefined the definition of renewable energy to include nuclear power, clean coal, waste to energy, tires, and coal bed methane. The House version did not include nuclear.
- 2) The Senate version included unlimited trackers to investor owned utilities for transmission, distribution, pipelines and other infrastructure necessary for delivery of electric service. The House version limited the total amount of allowable recovery and had cost sharing requirements between ratepayers and investors.
- 3) Added “low-carbon” or “non-carbon”, aka nuclear energy, to the clean coal CWIP statute. The House version did not include this language.
- 4) Targets too low, mandating only 10% renewables, which the utilities are on course to do anyway. If nukes and clean coal are included, the utilities can meet that mandate without doing anything differently.
- 5) Mandated ratepayers subsidize the utility infrastructure, both electric and gas, to ethanol and bio-diesel facilities. The House version limited the total recovery and required a rate case to recover costs.

SB300, a bill CAC supported, was originally a net metering only bill when it moved out the Senate. Rep. Moses did a strip and insert in House Committee and added a clean renewable energy standard, with no nukes and no coal. The bill received bi-partisan support on the House floor receiving all of the Democrats votes and 11 Republicans. However, Sen. Merritt, the original Senate author, dissented on the bill and it died. While the bill did include tracking language, it did limit the amount utilities could recover. The best provision of the bill was the requirement that the electricity be generated in Indiana. Inclusion of this provision ensures that Indiana will reap the economic and environmental benefits of renewable energy.

While it was encouraging to see so much discussion about renewables, it is unfortunate that so many lawmakers lack the courage to thwart the will of the Indiana Energy Association and pass energy legislation that does not mandate the continued use of coal and nuclear power. Most of them profess to support an “all of the above” approach to energy, yet do nothing when it comes to encouraging and incentivizing renewable energy.

Another missing piece to this whole discussion on energy policy is energy efficiency. We know that we can reduce our consumption of electricity at least 50%. We know that energy efficiency creates far more jobs than any other resource. We know energy efficiency can be deployed much more quickly than any other resource. We know energy efficiency will save business and consumers billions of dollars that could then be re-invested into the economy. Yet, we fail to have a serious policy discussion on implementing energy efficiency. If we are serious about addressing our energy crisis and reducing GHG emissions, then we must engage now in a serious dialogue about immediate deployment of energy efficiency on a massive scale.

Net Metering: HB1347 and SB300

Status: Both dead

Two different net metering bills meant to improve Indiana’s outdated rule moved through both chambers. The House version was authored by Rep. Dvorak, and joined by co-authors Rep. Eric Koch (R, Bedford) and Rep. Wes Culver (R, Goshen), HB1347 would have expanded Indiana’s net metering rule to allow any investor owned utility customer to connect a renewable energy system with a capacity of up to 1MW, up from the current law of 10 kW. Current law also limits the program to residential and K-12 schools only. HB1347 would have expanded the program to all customer classes. HB1347 moved out of the House with broad bi-partisan support, but Sen. James Merritt (R, Indianapolis), did not give the bill a hearing in the Senate, effectively killing the bill.

The Senate version, SB300, authored by Sen. James Merritt (R, Indianapolis), and joined by co-authors Sen. Errington, Sen. Marlin Stutzman (R, Howe), Sen. Dennis Kruse (R, Auburn), and Sen. Jean Leising (R, Oldenburg), expanded Indiana’s net metering rule to allow a customer of an investor owned utility to connect to the grid a renewable energy system with a capacity of 100 kW or less, significantly less than the House version, but a vast improvement nonetheless. SB300 would have also expanded the program to all customer classes. Net metering is currently an administrative rule of the IURC; SB300 would have codified net metering and put it into statute, unlike the House version which left net metering as an administrative rule.

In the House, Rep. Moses did a strip and insert of SB300, inserting the language from HB1347 and also a renewable energy standard (more on that later). The bill moved out of the House by a vote of 62-37.

As expected, Sen. Merritt dissented on the House amendments to SB300. The conference committee was comprised of Sen. Merritt, Sen. Errington, Rep. Moses, and Rep. Jack Lutz (R, Anderson). Rep. Dvorak worked to reach a compromise with Sen. Merritt on net metering language. When it appeared a compromise was reached, Rep. Lutz was replaced on the conference committee with Rep. Dale Grubb, (D, Covington), as Rep. Lutz stated he would not sign the agreed upon conference report. However, Sen. Merritt failed to actually offer a conference committee report, apparently due to pressure behind the scenes from the utilities and Sen. Hershman, and the legislation died.

CAC supported both of these bills as Indiana desperately needs to improve interconnection rules for distributed power and customer owned generation. It appeared that there was a will on both sides of the aisle to at a minimum, expand and improve net metering rules. However, once again, the investor owned utilities flexed their muscle and killed a last minute compromise. It is incredibly disappointing that our elected officials continue to allow the influence of campaign contributions from the investor owned utilities to dictate an energy policy that is against the best interest of the public and only serves to fatten the profits of shareholders and undermine renewable energy and energy efficiency. All that being said, it was promising to come so close.

CAC supported other good bills that are now signed into law by the Governor. HB1097, authored by freshman legislator Rep. John Barnes (D, Indianapolis), requires the state department of health to adopt rules concerning indoor air quality in schools and state agencies. HB1589, authored by freshman legislator Rep. Mary Ann Sullivan (D, Indianapolis), establishes the State's first recycling program for electronic waste.

Bills CAC Opposed

SB423: Substitute Natural Gas Contracts (aka Leucadia/Indiana Gasification resurrected)

Status: Law enacted, signed by Gov. Daniels on March 24, 2009

For the last three years, CAC has been fighting legislation to force the construction of a coal-to-gas plant in Rockport, Indiana. In 2007, legislation was passed that practically gave Leucadia (a multi-national speculative venture corporation) the project and shifted the entire cost of construction and operation (i.e. financial risk) onto the backs of Indiana natural gas ratepayers. In order to garner support for the plant, they made promises to build the plant in Indiana (creating Indiana jobs) and to use Indiana coal. The project is called Indiana Gasification, LLC. The legislation allowed Leucadia to lock ratepayers into 30 year, take or pay contracts with no look back provisions or review, for the SNG, even if cheaper resources are available.

In 2008, when it became clear that Leucadia could not secure land contracts or Indiana coal contracts, the rules were changed again. Legislation passed in 2008 allowed the plant to be built outside of Indiana and not to have to use Indiana coal, but still to receive

Indiana tax credits and to still keep Indiana ratepayers on the hook to assume all of the financial risk and liability of the plant.

Despite these obvious attempts to force the construction of the plant, by the end of 2008, all three Indiana natural gas utilities (Citizens Gas, Vectren, and NIPSCO) had withdrawn from negotiations to sign the 30 year take or pay contracts to purchase the gas from Leucadia. The project was assumed dead; or so we thought.

So now we get SB 423. This bill changes the rules of the game again. Since the utilities refused to enter into these 30 year contracts to purchase the SNG, Gov. Daniels, Sen. Hershman, Rep. Stillwell, Leucadia, and The Coal Council engineered a scheme which would allow the state, via the Indiana Finance Authority (IFA), to enter into those 30 year contracts for the SNG, force the utilities to deliver it, and force ratepayers to pay for it. This bill essentially makes the State of Indiana (through the IFA) an unregulated energy utility. This piece of legislation epitomizes using the power of government to benefit the private sector, at the expense of the public. The bill eliminates free market competition and goes beyond corporate welfare by creating a business model that mirrors that of Communist China.

SB423 was first heard in the Senate Utilities Committee. Normally, this committee room is packed to the hilt with utility lobbyists and other polluters, but not this hearing. The room was so empty you could have heard a pin drop. Outside of the OUCC, IURC, and developers of the project, I think there were maybe 3 people other than myself present. Can anyone say greased pig? After Sen. Hershman, the project developers, the Coal Council, and the consumer counselor (yes, I did say consumer counselor) testified how great this bill was, CAC voiced the only opposition to the legislation. Despite reminding the committee members that the gas utilities go in every 90 days for cost review of their purchases, and that this bill would not allow any review of cost for 30 years, and that it is unthinkable to expose Indiana natural gas ratepayers to the same risk that Indiana electric ratepayers face due to upcoming carbon regulations, the bill was deemed a great deal for the consumers of Indiana and moved out of committee with unanimous support 10-0. SB423 met no opposition on the Senate floor and moved unanimously 48-0.

The bill was sponsored in the House by Rep. Russ Stillwell (D, Boonville), and co-sponsored by Ed Soliday (R, Valparaiso), Rep. Suzanne Crouch (R, Evansville), and Rep. Win Moses (D, Ft. Wayne). The House hearing was held less than 2 weeks after passage from the Senate. As it turns out, Leucadia, the project developers, needed the legislation by Mid-March to apply for their federal loan guarantees, and our elected officials were quick to comply. The hearing in the House had many more attendees, including Bill Rosenberg the economic guru behind this project. Thanks to Mr. Rosenberg's excruciatingly long testimony, the hearing was continued until after lunch. CAC was joined by Sierra Club and a few others in voicing opposition to the legislation, but despite our efforts, the lone no vote in committee came from Rep. Dvorak and the bill was moved 10-1. The bill was passed 90-8 on the House floor and was signed into law just 8 days later by the Governor.

However it was discovered in the last week of the session that the way the bill was written rendered the coal gasification tax credit useless. This credit is necessary to make the plant financially viable and to make the use of Indiana coal an affordable option. A mad dash by the Coal Council to get an amendment inserted into a bill failed in the final days. But thanks to the budget failing necessitating a special session, the amendment was covertly inserted into the budget, despite never being discussed in a committee hearing or being voted on by either Chamber, a clear violation of the democratic process.

Developers of this project suggested that the SNG produced by this plant would be sold at a price of approximately \$7.52 per MMBtu. Now that natural gas prices have fallen dramatically, reaching prices below \$3.00 per MMBtu this summer and new reserves are being discovered daily across the country and the globe, this project becomes more absurd and unviable with each passing moment. One of the stipulations laid out in the bill was that the IFA had to “guarantee ratepayer savings” throughout the life of the 30 year contract. As we now have learned, the IFA is using much of their resources in attempting to draft these contracts but this requirement of ratepayer savings appears to be an obstacle the IFA may be unable to overcome, despite the will of Gov. Daniels to see this project to fruition. Whether this project dies under its own weight or we see a 4th piece of enabling legislation at the Statehouse in January remains to be seen. If past behavior is truly an indicator of future actions, Mitch will be back with the intention of fully utilizing the authority granted him to enrich his corporate pals, public good be damned.

Voting Records and Analysis

Grant Smith, Executive Director

CAC has established an 80% overall, pro-consumer voting record during a legislative session as the standard for being considered a pro-consumer legislator.

As a whole, the Indiana General Assembly falls far below the pro-consumer standard. The Indiana Senate voted only 17% pro-consumer during the 2008 legislative session. There was no one that scored 80% or above. There 27 legislators, over 50% of the Senate, had a zero percent voting record. The 2008 session voting record for the House was 37%. However, there were 8 House members with a 100% pro-consumer record. One legislator reached the 80% or above mark and 29, close to 1/3 of the House, had a zero percent voting record.

Whereas in 2008 there was little bipartisan cooperation, 2009 was different, at least in the Indiana House of Representatives. A number of important pieces of legislation were passed with bipartisan support, only to be killed without even a hearing, in the Indiana Senate by the Republican leadership. The overall House record climbed to 63%, with 6 legislators at the 80% or above mark. There were no zero percent voting records.

The overall record for the Indiana Senate improved to 56%, with only one Senator reaching the 80% mark. There were no Senators with a zero percent voting record.

It remains to be seen how votes will shake out during an election year. Generally, it becomes more difficult for consumers as both parties vie more intensely for campaign contributions from special interests. However, raising utility rates with schemes like

CWIP for nuclear power or curtailing due process for the build-out of transmission lines we don't need could backfire in an election campaign.

Testimony before the Regulatory Flexibility Committee

Kerwin Olson, Program Director

Regulatory Flexibility Committee Meetings 2009

The interim session of the 2009 Indiana General Assembly brought us four meetings of the Regulatory Flexibility Committee, or Reg Flex for short. The Reg Flex Committee is charged with studying and making recommendations regarding telecommunications and energy utility issues in Indiana and is comprised of the members of the House and Senate energy and utilities committees. Chairing the committee is shared by the Chairman of the committees from each chamber, so this year those duties went to Sen. Merritt and Rep. Moses.

The Chairman of the IURC in addition to the director of the State Utility Forecasting Group (SUFG) always gives their annual reports to the committee at the first meeting. This year, the co-chairs decided to add the Office of the Utility Consumer Counselor's Office, headed by Counselor David Stipler to the list of presenters for the first meeting. The Reg Flex Committee was also charged with studying two topics; the potential for nuclear energy in Indiana and the mission, organization, and structure of the I-Light fiber optic network. Chairman Merritt and Chairman Moses agreed to add two other topics; a study of carbon capture and storage in Indiana, and a study of feed in tariffs.

The meetings are archived and available online to view. I will present an overview and highlight some of my favorite moments.

Meeting #1 September 17, 2009: Indiana Utility Regulatory Commission and State Utility Forecasting Group

The first presentation was given by Chairman David Lott Hardy and consisted of the usual pro-utility spin of the information. The Edwardsport IGCC was touted as being the greatest investment our State has ever made; no mention of the \$365 M increase in cost; no mention of the near \$100 M in additional costs mentioned as a possibility in the most recent docket; no mention of the \$121 M requested for research into carbon storage; no mention of the recent discovery that the site is not suitable for carbon storage; etc...etc... Omissions that Chairman Moses did not let slide by as he aggressively challenged the Chairman on the Edwardsport issue and related costs to consumers.

The Chairman's report also included a report on telecom "reform", aka deregulation, and how that policy changed has encouraged enormous investment and competition in our State. Consumers have so many affordable choices with all of these new bundled services being offered and jobs are being created by the thousands thanks to massive investments by the private sector. Misleading facts that Rep. Pierce questioned the Chairman on. In a classic moment, Rep. Pierce informed the Chairman that the source he used to cite this private sector investment was in fact an article in his hometown newspaper, the Bloomington Herald-Tribune. So Rep. Pierce, being the studious intellectual he is, did a little research on the story. He learned that the investment by Smithville Telephone used as the example of "private sector" investment, was actually

funded mostly by the Federal Government, and was not in fact a result of the momentous telecom “reformed” enacted by the General Assembly.

The IURC report also failed to mention the outage at the AEP Cook nuclear power plant and mysteriously excluded a consumer affairs section discussing utility complaints for the year, which has always been included in the past.

Counselor Stipler gave what I thought was a good presentation. He discussed the role of the OUCC, and highlighted some of the bigger cases the OUCC intervened in the last 12 months. I found it interesting he pointed out that CAC signed on the AEP rate case settlement. He mentioned this fact on more than one occasion. Rep. Moses challenged the Counselor on the Edwardsport cause as he did the Chairman. Counselor Stipler deferred most of the criticism stating he was not at the OUCC at the time of the original filing. Rep. Pierce was relentless on the Counselor in regards to telecom issues. He pointed out the immediate rate increase that AT&T levied on him and all customers the very same month that full deregulation was in full effect. He also stated he had read the entire insert placed in his phone bill and that he was probably the only in the chamber today who had done so. Rep. Pierce expressed his grave concern over the rights of consumers that were explained in the inserts. Unsatisfied with the Counselor’s response, he felt it necessary to remind Mr. Stipler he was in fact the “Consumer” counselor.

Dr. Gotham, the executive director of SUFG, gave the same report that SUFG presents every year. Indiana has low electricity prices thanks to coal. Renewables are not cost competitive compared with other alternatives, and even if they were, Indiana doesn’t have any renewable resources to use. Not only are solar and wind far too expensive and completely unavailable in Indiana, they simply don’t work very well. Oh, and that energy efficiency stuff, we’ll just ignore that too.

The presentation given by SUFG was only their renewables report. They did not present their 2009 forecast as was expected. When questioned on this by Chairman Moses, Dr. Gotham stated the forecast was not ready. After the Chairman expressed his displeasure, he suggested reconvening the entire committee as he thought the forecast was going to be presented. I’m not sure that it matters much that the forecast did not get presented as it has reached the same conclusion for 20 years; he advised policymakers, Indiana needs significant new baseload capacity over the next 10 years or the lights will go out. Rep. Dvorak requested that as they completed the forecast, they include an evaluation of the accuracy of past forecasts, especially considering that the SUFG forecast is mentioned as gospel around the Statehouse when it comes to energy policy.

Sen. Breaux, Sen. Errington, and Sen. Randolph, in addition to the aforementioned representatives, all stepped to the microphone and asked tough and direct questions to the IURC, OUCC, and SUFG. It was incredibly refreshing to watch our elected officials actually question these state agencies who for so long have acted with little to no accountability. All indications were at the end of this meeting that momentum was beginning to shift at the Statehouse.

Meeting #2 September 22, 2009: Carbon Storage and Sequestration and Nuclear Power

This meeting was separated into a morning session discussion on carbon storage and an afternoon discussion on nuclear energy. We were privileged to be able to present at both sessions as well as find and recommend an additional speaker for both.

The morning session was kicked off by Nancy LaPlaca, an energy consultant with Bardwell Consulting in Colorado. Nancy has since been hired by the Arizona Corporation Commission, the equivalent of Indiana's IURC. She gave a very well informed and organized overview of CCS and was very well received. I followed Nancy and presented a discussion titled "CCS in Indiana" and spoke about the topic in context to the ongoing Edwardsport cause.

One of the original selling points for the Edwardsport project was the fact that Duke Energy claimed that the site where the plant was being built was ideal for carbon storage. I felt it necessary that members of the General Assembly were informed that Duke Energy was wrong, and in fact, the Edwardsport site is less than suitable for carbon storage and they are now aware they need to look elsewhere. This information came as a surprise to most members of the GA.

Not only did this revelation prove surprising to the legislators, so did all of the other risks, unknowns, and uncertainties that Duke conveniently laid out in their testimony. Using Duke's own words, copied verbatim from their testimony made it rather easy to present a convincing argument against the insanity that is CCS. The most impact was felt through the chamber when I pointed out that Duke's own experts say CCS projects should not be undertaken in proven seismic hazard zones. Yet, we know that SW Indiana was identified as a seismic hazard zone by the USGS, and that SW Indiana sits on both the New Madrid Fault Line and the Wabash Valley Seismic Zone.

It also proved effective to inform the legislators that Duke is unwilling to publicly disclose not only how much this venture is expected to cost, but also to identify how long it may take them to figure out if they can even do this or not. I also reminded the members of the committee that it is the obligation of a utility ratepayer to pay for the delivery of utility service, not to finance theoretical science projects that will never generate a single watt of electricity.

Duke presented two witnesses to follow up in an attempt to make their case. John Rupp from the Indiana Geological Survey presented an objective presentation on the science behind carbon storage and did more to confirm the uncertainties than to reassure. Kay Pashos from Baker and Daniels laid out the legislative road map they will be asking members of the General Assembly to enact, so they and the other utilities will be able to shift all the costs and risks onto the public, while they realize all the profit.

The afternoon session began with a talk by Mark Cooper of the Consumer Federation of America. His discussion focused on why CWIP for nuclear power is "a mitigated disaster for ratepayers." He presented an overview of the economic failings of the nuclear industry, the massive cost overruns, the substantial delays, and the significant

increase in costs to build new reactors. He made a strong case that consumers have far better uses for their money than “providing interest free loans to utility companies.”

My presentation focused on the issues with nuclear power that the industry and its supporters don’t want to discuss. Chernobyl, Three Mile Island, waste, Strontium 90, Plutonium 239, nuclear proliferation, and other small details the industry wishes people would simply forget about. We of course were accused of fear mongering and predicting gloom and doom, or to use the words of Rep. Frizzell “I don’t know why we are even having this conversation as Mr. Olson just informed us the world as we know it will come to an end.”

It goes without saying that Mr. Cooper and I were not questioned or challenged to any significant degree as things like the truth and facts tend to get in the way.

The proponents of nuclear power were Leslie Kass from the Nuclear Energy Institute and Ellen Ruff, President of nuclear development for Duke Energy. Ms. Kass’ presentation largely focused on the myth that nuclear power does not contribute to global warming, the false promise that revisions to the permitting and licensing process will allow new reactors to go online in record time, the lie that nuclear power is cost competitive, and the misconception that waste is not an issue. She was challenged by Rep. Pierce who asked if she knew exactly how long this hazardous waste remained radioactive. In classic industry fashion, she danced around the question and never answered it. She also pointed out she felt insulted by some of the information I presented, without actually refuting anything I said.

The highlight of the entire day without question was the hour we got to spend with Ms. Ruff. The impetus driving her discussion was the imperative need for the Indiana General Assembly to enact legislation granting CWIP authority to utilities to enable the construction of new nuclear reactors. She did not try to conceal the fact that new reactors are enormously expensive and massive undertakings. She made it quite clear that new reactors would drive up utility rates and costs consumers a lot of money. She did however correctly inform the committee that the industry could not build them without CWIP. Her approach was similar to a football coach at halftime, challenging the members to muster the courage to give her what she needed to deliver the reliable electric service she is mandated by law to provide. Of course, she can only provide that service with enormously expensive reactors that will drive utility rates through the roof and shower her shareholders with enormous profits, one fact she did leave out.

Upon conclusion of her halftime speech, the parade of legislators to the microphone began. One after the other took Ms. Ruff to task on her demands to shift all the cost and risks onto ratepayers. Sen. Breaux and Rep. Pierce, more in the form of a statement than a question, mentioned things were clear to them now, ratepayers had to get squeezed because new reactors were such bad business deals and risky ventures that no investor in their right mind would finance them. Sen. Randolph did his best to find out how exactly CWIP benefitted ratepayers, but did not get an answer. Rep. Moses capped off the inquisition by asking why ratepayers and not industry should assume the risk, because ratepayers certainly have nothing else to pay for. As Ms. Ruff was attempting to

respond, Rep, Moses kept interrupting her, pointing out things “like food”, and “rent”, and “gas.”

Another promising meeting of the Reg Flex committee ended on a high note. The old tired arguments, excessive greed, and overt arrogance of the utility industry is starting to wear thin.

Meeting #3 September 29, 2009: Feed-In Tariffs

Four presentations were given at this meeting, but for all intensive purposes, this day was a one man show. Toby Couture, formerly with NREL now an energy and market analyst with E3 analytics, stole the show. His presentation on feed in tariffs was concise and informative. He dismissed all the mis-information about feed in tariffs and made it crystal clear that if Indiana was serious about creating real investments in the renewable energy markets, then a feed in tariff is the best, if not the only mechanism to make this happen.

He dominated the day, taking all questions with informed and thoughtful answers. From exposing the truth that rate impacts from feed in tariffs are negligible at best, to explaining that today’s electrical grid can handle much higher levels of saturation from renewables with little to no upgrades, there was no question he did not answer completely and thoroughly.

Little to no counter point was made by Stan Pinegar, Vice President of the Indiana Energy Association, as to why feed in tariffs were not good public policy. In fact, he had to admit to committee members prior to showing his presentation that much of it was taken from the work of Mr. Couture. I’m sure that admission was necessary only because Mr. Couture just stood before the committee for about an hour and was still present in the Chamber.

The only disappointment from this day was the absence of many of the committee members. Despite that fact, the momentum realized from the first two meetings was built upon, and it appeared progress was in fact occurring at the Indiana Statehouse.

Meeting #4 October 6, 2009: High-Speed Internet

This meeting was an update on the I-Light fiber optic network. This was an initiative began about 10 years ago to connect all of Indiana’s universities and colleges with high speed communication fiber optic cable. Apparently, the Indiana Finance Authority was charged with the mission of examining whether or not the network should be “outsourced”, which is code of course for privatized. Surprisingly, perhaps even shockingly, Jennifer Alvey from the IFA recommended against outsourcing as there were many contracts and vendors in place and the IFA simply did not have the resources necessary right now to fully evaluate everything, as their time and resources were dedicated to different tasks at the moment. Thanks to Rep. Pierce’s inquiry, we learned that most of the IFA’s time and resources are being dedicated right now to securing contracts for the Indiana Gasification, LLC project.

Also, thanks to Rep. Pierce, we also learned that it is clear that the Indiana Telecommunications Association appears to be the driving force behind the privatization efforts. Clearly AT&T is attempting to take full advantage of infrastructure paid for completely by public dollars, and use that public asset to create a monopoly marketplace that will serve to enrich their shareholders. Stay tuned on this issue, as it appears HB1279, or telecom deregulation, failed to deliver on its promise of providing affordable high-speed services to all of Indiana residents, as AT&T once again has surfaced at the Statehouse and has their greedy little hands back in the cookie jar, looking for more handouts.

Hospital Accountability Project

Julia Vaughn, Project Manager

In June of 2009, CACEF launched the Hospital Accountability Project (HAP). Funded by a grant from Community Catalyst, HAP will work to improve not-for-profit hospital charity care/community benefit policies in Marion County. HAP is a two year project.

CAC canvassers have been contracted to conduct outreach in targeted Indianapolis neighborhoods, where they survey residents about hospital debt. Beryl Cohen has been contracted as the project's lead staff, and Julia Vaughn manages the project for CACEF.

Research on current hospital charity care expenditures is being conducted and we will hold community meetings in several neighborhoods over the next two years. Indiana Legal Services is a project partner and will participate in the community meetings and provide legal assistance to some participants.

After the research is finished and public meeting participants have been trained, we will request meetings with hospital representatives to discuss suggested improvements to their hospital charity care/community benefit policies.

The Downstream Project

Julia Vaughn, Farm Organizer

In the spring of 2009, CACEF received funding from Food and Water Watch to re-establish our work on factory farms. The Downstream Project is working to build a statewide network of rural and urban citizens who will advocate for state, local and federal policies that discourage industrial agriculture and encourage local food production on small sustainable farms. Julia Vaughn is the Project Director and only staff.

We have participated with other environmental advocates in several rulemaking discussions, including new fertilizer applicator rules, CAFO rules and milk labeling.

We have compiled a statewide list of local food producers and are contacting them to discuss opportunities to work together on issues of common concern.

We sponsored an antibiotic free hog roast at the Indianapolis City Market in August and are looking for other opportunities to promote the Preserve Antibiotics for Medical Use Act. We worked with Chris Ely, the owner and chef at Goose the Market, a very successful "foodie" business in Indianapolis, and are excited about partnering with Chris in the future.

We have met with the Indiana Public Health Association and will continue working with their local members on local confined animal feeding operation (CAFO) actions, including sponsoring a student water testing project

We are working with local CAFO neighbors to sponsor “field trips” where policymakers and interested citizens can visit the neighbors of factory farms to learn first hand the problems they cause

Northern Indiana singer/songwriter George Schricker was commissioned to write an anti-factory farm song, “Factory Farm Pig’s Lament (access the song on the CACEF website). It is both timely and entertaining, and we continue to look for ways to use it.

While most of the project’s outreach efforts have been successful, we are still struggling to connect with citizens on the front lines of CAFO zoning battles. While there are several organizations working on these issues in Indiana, turf battles seem to interfere with cooperative efforts.

FEDERAL ISSUES AND ADVOCACY

National Energy/Climate Legislation

Grant Smith, Executive Director and CLEAN Policy Analyst

What is being heralded in Congress as a major shift in policy to decisively address global warming is actually a race to the status quo. Rather than a strategic move to a true clean energy economy, the Waxman-Markey (or ACES (American Clean Energy and Security Act) passed by the US House of Representatives is a financial mechanism to sustain coal-fired power plants and the coal mining industry. President Obama said it best when he stated that without Waxman-Markey the coal industry would probably go away.

The legislation provides for the government giving the utility and other large carbon-emitters tens of billions of dollars in carbon permits (permits to pollute) every year. The number of permits actually increases until 2016 and does not reach 2012 levels until 2023. In addition, the legislation is fraught with loopholes to allow for coal-fired power plants to continue to bellow carbon dioxide, by some estimates, for 20 more years.

The Senate legislation is similar. However, the US Senate is interested in, as Senator John Kerry puts it, making it easier for those who want to build new nuclear plants to get financing. This is code for forcing taxpayers to be collateral to secure enough money (billions of dollars) from banks to build a plant.

It is a virtual pigs-a-the-trough scenario with utilities, coal, natural gas, and oil companies battling over a piece of the carbon allowance pie. The nuclear industry is now weighing in in the US Senate to grab their share of ratepayer and taxpayer dollars.

The losers in this malaise are the public and the renewable and energy efficiency sectors of the economy.

Ironically, the market has been going down the right path. Dozens of coal plants have been cancelled over the last 3 years and no nuclear plants have been built because they

are simply too expensive and the financial risk too high. During this time, the market preferred energy efficiency and renewables. Rather than assist those sectors with strong policy statements and public policies to accelerate the transition to a clean energy economy and the eventual phase out, over time, of coal-fired and nuclear power, Congress has intervened in an effort to save the those industries from certain demise.

Saving these industries is a pig in the poke proposition. The nuclear industry claims that it can overcome hurdles that it never could and still can't – cost, avoiding cost overruns, safety, high-level nuclear waste, and the coal industry says that it can shoot billions of tons of carbon dioxide into the ground and keep it from entering the atmosphere, essentially, forever.

If Congress passes these bills, we will end up squandering hundreds of billions, if not trillions, of public and private dollars, setting us back another 20 years. As Europe, China, and Arabic countries focus their economic efforts increasingly on energy efficiency and renewables, the United States will be stuck with financially and technologically obsolete technology that will cost us dearly in our pocketbooks, with respect to public health, in jobs, and competitiveness. US ratepayers/taxpayers (the same wallet) can ill-afford the passage of such legislation.

The 1Sky Network

Zac Elliot, 1Sky Coordinator

1Sky is a large, national collaborative network with a bold initiative to pass meaningful federal climate policy in the United States. The campaign is uniting hundreds of diverse organizations and millions of Americans behind a clear vision and a platform for bold solutions at the scale of the problem. The 1Sky policy platform is designed to do what our best scientists say is necessary to stabilize our endangered climate while simultaneously delivering economic opportunity and energy security for our country. The 1Sky campaign is asking federal officials from across the political spectrum to support policies that will:

- **Create 5 millions jobs** and pathways out of poverty by rebuilding and refueling America with a comprehensive energy efficiency mobilization and immediate investments in a clean-energy infrastructure.
- **Reduce global warming pollution** at least 35% below current levels by 2020, and at least 80% below current levels by 2050, in line with the best science available. Recycle revenues from the sale of pollution allowances or carbon taxes to ensure they are equitably returned to the public to offset potential increases in energy costs, accelerate the transition to a clean energy future in the U.S. and internationally, and fund adaptation for vulnerable communities and nature systems here and abroad.
- **Re-power America by imposing a moratorium on new coal plants** that emit global warming pollution and replacing dirty fuels with 100% renewable energy.

My role, as 1Sky's Indiana organizer, is to educate and gain support of congressional targets in Indiana with respect to 1Sky's policy platform by building and clearly demonstrating dramatic public support for climate solutions, clean energy and green jobs. As an organizer, I have many resources at my disposal and a multitude of strategies to

move these targeted officials. These resources include a collaborative network of allies in Indiana, which represents diverse constituencies, individual supporters of the campaign, and a network of volunteers associated with 1Sky's campaign. These allies include organizations, businesses, and individuals, and all provide resources for generating phone calls, emails, letters, faxes, postcards, and direct meetings with targeted officials. Other direct strategies include the use of media, public education, and coordinating with 1Sky's national campaign.

Benefits to large collaborative networks:

- Diverse entrenchment of alliance
 - Broad constituency which represents almost every sector of the economy
 - NGO's, NPO's, Business, Labor, Faith, Veterans, Elderly, Students, Youth, etc, etc, etc.
- Broad-reaching message
- Power and Influence

Drawbacks to large collaborative networks:

- Lack of specificity
 - In messaging
- Difficult to rapidly generate messages and talking points.
 - Need to acquire compliance and feedback from all allies and parties under the organization's umbrella.
 - Broad representation means that allies come from different lines of work, and may result in internal conflicts with messaging, actions, stances, and outcomes.
- Misunderstanding of local political environment/local issues.
- Difficult to rapidly mobilize and organize for direct actions.
 - Due to size of the network.

The CLEAN Network

Dave Eberhardt, Regional Organizer

Citizen's Action Coalition (CAC) fights here in Indiana for fair utility rates, clean energy, and to stop unnecessary coal plants from being built. The fight for energy policy reform goes beyond the Indiana border and for the past few years CAC has been part of a national initiative Citizen's Lead for Energy Action Now (CLEAN). CLEAN works to bring the nation's grassroots organizations together for a network of communication and action. The work focuses around a Call to Action, a list of necessary steps the federal government must take for a zero carbon and zero nuclear economy. Not only will the steps put an end to the most destructive form of coal mining in the country, mountain top removal coal mining, it will bring forth millions of skilled green jobs and savings to the American people. The CLEAN network is designed to help local organizations in success on their campaigns and flex the combined political muscle of these 150 groups on national issues as well.

With the reality of climate change on the way, the federal House and Senate have been pressured to come up with legislation to deal with the growing issue of carbon emissions, a leading man-made contributor. What they produced, the 'cap and trade bill,' fails to

address the immediate solutions needed to limit carbon emissions. As a network, CLEAN has organized a call for local organizations to have their members meet with their senators and representatives to express their desire to see a strengthened bill, or no bill at all.

Many campaigns on the local level throughout the country have benefited through CLEAN's involvement. Here in Indiana, CLEAN helped promote CAC's media campaign working to expose the true cost to Hoosiers of Duke Energy's unnecessary coal plant in Edwardsport. Out in Massachusetts the battle for the first US offshore wind farm is continuing forward with the effort of Clean Power Now with the CLEAN network to get the word out across the country. TransCanada has proposed an oil pipeline from Canada that would enter the United States in Montana and travel through South Dakota, threatening the environment and economy of local towns and citizens. The Western Organization of Resource Councils has teamed up with CLEAN to create an online map of the proposed route so folks can place their name and declare how the pipeline would hurt their community to raise awareness.

If you are interested in checking out to movement you can visit www.theclean.org or e-mail me at Dave@theClean.org for more information. You can also sign the Call to Action and send a message to your elected officials if you are tired of bad energy policies which contribute to climate change and the state of our economy! Start easy local organizing of your own at www.theclean.org!

National Health Reform

Julia Vaughn, Health Care Organizer

At this point in time (mid-October 2009) it is unclear what the outcome of the Congressional health reform debate. Committees in both the House and Senate have passed bills but major details, such as financing and how to extend coverage to the uninsured, remain undecided. The House and Senate bills have major differences as well, so conference committee will be extremely important in the process.

While single payer was never on the table in the committee process, a single payer amendment will be offered on the House floor at some point in the debate. Last week, a leader of the House Blue Dogs suggested expanding Medicare as the public option – it's not clear if his suggestion will go anywhere.

The private for-profit health insurance industry remains the biggest obstacle to comprehensive reform. CAC and our allies in Hoosiers for a Commonsense Health Plan have done a good job in focusing attention on Anthem/Wellpoint's role in the health reform debate.

Our 3rd annual protest at the Wellpoint stockholders' meeting was the best yet, with more than 100 attendees and music by Carrie Newcomer. At the conclusion of the protest, we led protesters in a march to Senator Even Bayh's office, where we demanded that Bayh either recuse himself from the health reform debate or persuade his wife to resign from the Wellpoint Board of Directors. We were extremely successful at calling attention to Bayh's huge conflict of interest and the subject has become a major focus of local media

coverage. It was obvious that Bayh's local staff is extremely uncomfortable with the issue as well.

RESEARCH AND INFORMATION GATHERING

CAC completed white papers on energy issues important to ratepayers across the country. They can be found on the CAC web site, www.citact.org.

Cap and Trade vs. Carbon Tax White Paper Findings

Both conservative and liberal economists prefer a carbon tax over a cap and trade mechanism for addressing carbon dioxide. This preference is based on the following:

- 1) A carbon tax is transparent whereas trading carbon allowances (permits) is open to gaming
- 2) A carbon tax sets predictable prices whereas a cap and trade mechanism is subject to price volatility
- 3) The mechanism for taxing carbon is already in place and can be implemented in a matter of months whereas a cap and trade mechanism requires a new regulatory structure and rules to oversee the market

Smart Grid White Paper Findings

Smart grid technology is telecommunications technology that is deployed at the distribution level to allow for a more efficient system with less disruptions and lower costs. In addition, such technology can allow for saturating the grid with customer-owned generation like solar panels, wind turbines, fuel cells, micro-turbines, self-generation at industrial facilities, etc. It could greatly assist in the phase out of large, centralized coal and nuclear plants or serve as a utility mechanism to own generation on the customer side of the meter and leaving customers to their own devices with respect to controlling their electric bills. The public interest calls for smart grid policy that leads to cleaner, cheaper, more efficient and reliable generation at the local level and substantially reduced reliance on dirty, overly-expensive coal and nuclear plants.

State Models for Appointing or Electing Public Utility Commissions

CAC's summer intern, Molly attending Butler University, compiled information with respect to models for appointing or electing state public utility commissions. CAC is assessing the best means of creating a system for making public utility commissioners more accountable to the public than is currently the case in Indiana where commissioners are appointed by the Governor.

In process are white papers on decoupling, Hoosier electric bills, and the impact of coal plants and coal mining on the local economy. Information on electric bills and the impact of coal plants and mining was initially compiled by Molly .

GRASSROOTS ORGANIZING

Carbon Capture and Sequestration Project in Darke County, OH

In early May 2009, I was approached by Jan Teaford and Anne Vehre from Greenville, OH. They had recently formed a group called Citizens against CO2 Sequestration to stop a proposed CO2 sequestration project in their county, Darke. The Midwest Regional Carbon Sequestration Partnership, MRCSP, had plans to use the CO2 emissions from a

local ethanol plant to conduct a pilot project to study CCS in Darke County. Upon learning about this venture, Jan, Anne and others in Greenville looked more deeply into CCS, what it is, and what impact it may have on their community. They discovered CCS is unproven, incredibly risky, may very well contaminate their aquifers and drinking water, and would provide no economic benefit to their county. They decided to stop it and began a grassroots movement in their community. T-Shirts were made, 900 yard signs were dispersed, meetings were held weekly, and engagement of elected officials began with great intensity.

They contacted CAC because they uncovered that the Edwardsport IGCC was the secondary sight for the pilot, should the Marathon ethanol plant prove unsuccessful. They asked for information, help, and invited me to speak at a rally they were putting together. We exchanged many e-mails and phone calls and I accepted the invitation. Upon arriving in Greenville, I was surprised to see the large room and hundreds of chairs set up for the rally. However, within an hour, every chair was filled, and bodies were standing all around. There were over 1000 people in attendance, many elected officials including representatives from Rep. John Boehner's office and the office of Sen. Sherrod Brown, and reporters from several TV stations, radio stations, and newspapers. The rally was a huge success.

They carried this momentum into the streets of Greenville and the chambers of city hall. They challenged elected officials and demanded the interest of the public be made the top priority. They held a large prayer vigil at the local high school football stadium. They even garnered the support of the Darke County Chamber of Commerce. By August, the MRCSP cancelled the project at pulled out.

This effort was a testament to grassroots activism. Jan, Anne et all proved that power truly does belong to the people, when they demand it. It was a privilege and an honor to work with these folks. And as you can see from an e-mail that Jan sent, their work is not complete, and they are ready to help with the struggles at Edwardsport and beyond.

"Kerwin:

Perhaps the people in Knox CO will see how EVERYONE in ours was against it, too risky ... and listen and stop it there.. I know you have a much harder battle going against Duke Energy but if you look at our blog this morning and see the video... when the videographer said, "What's next?" Our group shouted, "Edwardsport here we come!"

I still can't believe it's over.. Sherrod Brown's field rep, John Ryan, was a major force in stopping this..... great guy!

Still pinching myself to make sure it's real, need to get to work!

Many thanks for your leadership..... YOU kicked off this effort, gave it muscle, it is your victory as much as ours. Jan"

EMERGING ISSUES

A troublesome development over the last year is the emerging alliance between certain inside-the-beltway environmental organizations with the utility industry at the national level in pushing policies that have theoretical or indirect benefits for the environment, true clean energy sectors of the economy, or affordability issues for consumers but unequivocal, direct benefits for utility companies. The federal energy/climate legislation is an example. Similar developments are occurring with utility ratemaking schemes to dive deeper into ratepayer pockets with theoretical implications for enhanced energy efficiency investments like decoupling.

At the state level, there is a willingness by some environmental organizations to secure the passage of extremely weak to ineffective renewable energy provisions in the legislature in exchange for excessive profit-enhancing measures for utility companies. Regional and national organizations are also targeting Indiana in similar ways.

CAC has, thus far, been successful in convincing key legislators that it is not in the interests of the state's economy or consumers to go down this path. We will continue to assess legislation, whether federal or state, as objectively and accurately as we can. Loyalty to political parties, opportunities to fundraise, or passing legislation for the purpose of grandstanding on a vacuous victory are not the ways to formulate sound public policy.

MEMBERSHIP SURVEY

This year's member survey posed the questions whether the Indiana Utility Regulatory Commission and the Office of the Utility Consumer Counselor should continue to be appointed by the Governor or should be elected. The third option allowed the member to indicate that they were unsure.

There were 254 responses from 130 surveys, a much lower response rate than in previous years. There were 134 responses or non-responses to the question as to whether to elect the IURC. Most agreed that the IURC should be elected. More indicated they weren't sure than agreeing that the Governor should continue to appoint the IURC. In a number of cases non-answers were included suggestions for other approaches, such as a mix of legislative and gubernatorial appointments. In fact, states do employ various models in forming their public utility commissions. Others expressed concern about the election process and public understanding for whom they were voting.

50% of respondents supported an elected IURC. 15% supported continued appointment by the Governor. 25% weren't sure. 5% didn't answer.

There was a similar distribution for an elected OUCC. 57% of respondents supported an elected OUCC. 15% supported continued appointment by the Governor. 22% weren't sure. 6% did not respond.

The best we can discern from these results is that there appears to be a tendency to support a more democratic process for selecting IURC commissioners that results in making them more accountable to the public.

LEGISLATIVE PRIORITIES FOR 2010

Kerwin Olson, Program Director

There are numerous so called “obstacles” that the utilities and the Governor’s office will undoubtedly pursue in the 2010 session; some of these they tried to enact in 2009 and other sessions. The claim is that these are issues that are obstructing investments in “renewable” or “alternative” energy. Just as they accuse CAC and others of “fear” mongering when discussing the risks of CCS or nuclear energy, the utilities and their paid servants in government use similar tactics by saying the lights will go out and pandemonium will ensue if they are not given the following “incentives” and policies:

1) Trackers for transmission, distribution, pipelines, and “green” infrastructure projects Utilities have been trying for years to get trackers for transmission and distribution. Let’s keep in mind that utilities are charged by law to provide reliable electric service to the public. In exchange for this legal contract, the utilities receive a monopoly service territory, a captive ratebase, and a guaranteed rate of return. Moving and distributing electricity is part of the normal cost of doing business. They should not be allowed to bypass the regulatory process for operating and maintenance costs associated with fulfilling their legal obligation to the public. They went a step further this year by adding pipelines and utility service to ethanol and bio-fuels facility to the list of tracking requests.

This language was presented under the guise of creating an infrastructure for “green” power. In fact, this language did not give the utilities any authority to do anything that they cannot already do. All this language tried to accomplish was the erosion of consumer protections that have been in place for decades to shield consumers from the profit-driven greed of monopoly utility companies. These protections have been under attack by those same utilities for years. This language is another example of the utilities’ attack on those protections, at a time when consumers are most vulnerable. With the state of the economy and unemployment going up, the last thing we need right now is to give the utilities a blank check to prey on ratepayers in order to pad the pockets of their shareholders.

Also, forcing ratepayers to subsidize the utility infrastructure to ethanol plants is a probable violation of utility law, as an ethanol plant provides no service or benefit to utility ratepayers. It would also be irresponsible, foolhardy, and shortsighted. Ethanol plants are going bankrupt across the State right now because it is not a financially viable industry anymore. Asking utility ratepayers to subsidize new plants, while current plants declare bankruptcy and plants under construction are abandoned is insanity!!!! The ethanol and bio-fuel industry is receiving millions from States and billions from the Feds in taxpayer subsidies, to add ratepayer subsidies to that dying industry is unthinkable.

2) Eminent Domain for new transmission, distribution, and pipelines This language would have allowed a public utility that proposed to take, acquire, condemn, or appropriate land, real estate, or any interest in land or real estate for certain projects related to electric line facilities or pipeline infrastructure to obtain from the IURC a certificate of authority. It modified common law to provide that the owner of land against

which eminent domain is initiated may object to the public purpose and necessity of the project only if the condemner has not been issued a certificate of authority. It also limited the recourse of a land owner to challenge only the compensation amount, and not the taking of land if the IURC issued a certificate of authority.

This language essentially granted full authority of routing and siting of transmission, distribution and pipelines to the IURC, removing local jurisdiction. The utilities don't want to be bothered and delayed by localities and landowners who may object to transmission lines over their schools, or new pipelines burrowing through their farm fields or neighborhoods. Not only do they want to erode ratepayer protections, they are now trying to re-write decades of property law, all in the name of corporate profit and greed.

3) CWIP for non-carbon or low carbon power plants, otherwise known as nuclear power It should be noted that prior to 2002, utilities could not charge ratepayers for building power plants until after those power plants were actually producing electricity (used and useful). In 2002, the Indiana General Assembly passed a bill granting CWIP, or construction work in progress. CWIP allows utilities to charge ratepayers for building "clean coal" power plants (defined as power plants that burn Illinois Basin coal with reduced emissions) before those power plants are actually producing electricity.

Non-carbon or low-carbon is industry code for nuclear power. This is an attempt by the utility industry and the Daniels administration to amend the "clean coal" statute to add nuclear generation to the definition so they can CWIP a nuclear reactor. The starting price for building a nuclear reactor is \$10 billion, and this bill would allow the utilities to begin recovering this money before the power plant is operational and producing electricity. This language also added trackers for the associated transmission and distribution systems necessary for the new generation, and added trackers for the cost recovery of fees associated with siting, design, licensing, and permitting of the new generation facility **even if the new facility is never built or placed in service.**

The reason they want power plant CWIP is the same reason they wanted it for "clean coal," the utilities want to build power plants that Wall Street is reluctant, and in most cases refusing, to finance. This bill will dramatically increase utility rates by incentivizing excessively expensive nuclear power. Consumers are struggling today to care for, feed, and shelter their loved ones. Hard choices are being made daily between food, medicine, rent, and utilities. Consumers have far better uses for their scarce resources right now than giving interest free loans to utility companies.

Nuclear power also does nothing towards mitigating climate change as nuclear plants take on average ten years to construct, much too slow to have any meaningful impact on climate change. A new reactor would have to be built every two weeks to reduce carbon dioxide emissions 20% by 2050, at a cost of over \$1,800 trillion dollars. Obviously, nuclear power is the slowest and costliest way to reduce carbon dioxide emissions, and would further divert resources away from renewables, efficiency, and distributed resources.

4) Trackers for “federally mandated costs” This was a very short and seemingly innocuous paragraph inserted by Sen. Hershman at the end of the session that would have allowed the electric utilities to pass any and all costs related to any federal renewable energy standard, carbon legislation, pollution control requirement, or any other legislation passed by the Federal government related to their dirty energy onto utility ratepayers with little regulatory oversight. With the passage of ACES in the House of Representatives and the movement now on the Boxer/Kerry bill in the Senate, this language will more than likely re-appear.

Just as the utilities don’t want to invest a dime of their own money into the R & D of carbon capture or storage, they also don’t want to be held accountable for the pollution and toxins that their business plan has been spewing out for decades now. They don’t want to have any skin in the game and expect their captive ratepayers to pay any and all costs associated with their bad business decisions; decisions I must add that have wreaked horrifying damage on our environment, and have been killing people for decades now. These decisions are bankrupting our economy, and now imperil the future of our planet. The energy utilities must be held accountable for their pollution and greed, and it should be the stockholders of these corporations that bear the costs, not captive ratepayers who had nothing to do with their business plan. Where is the incentive for these polluters to change their behavior when it is the ratepayers being hit with all the pain?

5) Price-Anderson Act for Carbon Capture and Sequestration Investors were unwilling to accept the risks related to the construction of the nuclear power plants without some limitation on liability. So it was deemed necessary to indemnify the nuclear industry against liability claims in order to expand nuclear generation in the United States. So in 1957, the Federal Government granted the industry just that with the passage of the Price-Anderson Act.

Now the utility industry is facing similar obstacles with the implementation of carbon capture and sequestration (CCS), or so-called “clean” coal. Too much legal, regulatory, and scientific uncertainty and risk surround CCS. Those uncertainties and risks include, but are certainly not limited to:

- 1) Pore space ownership, or who actually owns the sub-surface beneath our homes, schools, businesses, parks, farms etc...
- 2) Leakage of CO₂, or who is liable if the CO₂ leaks through the caprock, uncapped gas or oil wells, or any other means and contaminates drinking water, or even worse causes injury or death
- 3) Long term stewardship of stored CO₂, or who is actually responsible for the stored CO₂ and for how long
- 4) Permits and oversight, or who is responsible for permitting, what entity? Local? State? Federal?
- 5) Property rights and compensation, or how is property acquired and who is compensated and how much?
- 6) Jurisdiction, or what happens when storage formation cross county lines, state lines, city limits?

- 7) Finances, or who is going to pay for this massively expensive venture and what kinds of incentives will be offered to utilities?

Utilities are actively seeking protection from those, and many other issues before they will venture into any large scale project. They and their investors want complete assurance that they will not be liable for any harm or damage that CCS may cause to the public. They are asking for protection from local regulators, state regulators, federal regulators, state legislatures and the Federal Government. Duke Energy has made it quite clear they intend to introduce legislation in Indiana regarding those issues, possibly as soon as the 2010 session. Duke and others are also aggressively seeking the same protections in Congress right now via the various climate bills, or in amendments offered to other bills. Failure to obtain indemnity may prove fatal to the coal industry; so they will continue their all out assault on democracy and flood the halls of our Statehouse and the halls of Congress with their lobbyists and their cash, and clutter the airwaves with their lies and propaganda until they get their way. This is why the public must engage and demand that our elected officials and our regulators finally begin to protect the public

Positive Legislation

Feed-in tariff legislation will be filed. There is also the possibility for building code legislation and legislation for expansion of energy efficiency efforts in general. It is unclear what form this legislation will take at this time.

Appendix I
Living Lean & Green Workshop Statistics (Workshops Completed)

LOCATION	DATE	# OF HOUSEHOLDS	INITIAL FOOTPRINT	FINAL FOOTPRINT	TOTAL REDUCED
Pike Library	10/14/07- 11/18/07	31	-	-	114,968
Spades Park Library	10/17/07- 11/28/07	12	-	-	-
Mystic Bay	1/12/08- 2/16/08	15	822,488	656,833	165,655
Central Library	1/23/08- 2/27/08	21	485,669	358,325	127,344
St. Thomas Lutheran Church	2/2/08- 3/29/08	13	-	-	-
Unitarian Universalist Church	2/4/08- 3/31/08	21	194,474	161,204	33,270
Temple Beth El Zedeck	2/5/08- 3/4/08	13	167,259	122,234	45,025
First Presbyterian Church	2/5/08- 4/1/08	41	1,024,341	861,491	162,850
Green Deanery	2/12/08- 3/11/08	29	523,380	394,880	128,500
Fountain Square Library	2/27/08- 4/2/08	11	134,212	102,352	31,860
Franklin Road Library	3/1/08- 4/12/08	13	383,726	303,197	80,529
Trafalgar Library	4/10/08- 5/25/08	7	375,267	231,831	143,436
Roy G. Holland Park	4/24/08- 5/29/08	2*	58,455	54,035	4,420
Carmel City Hall	5/8/08- 6/5/08	6*	272,997	242,130	53,492
Trinity Episcopal Church	5/17/08- 6/21/08	7*	280,689	114,285	25,782
Hussey- Mayfield Library	6/25/08- 8/6/08	18	-	-	-
St. Vincent's Hospital	7/10/08- 8/7/08	26	486,903	366,917	220,646
Crooked Creek/JCC	7/10/08- 8/7/08	4*	208,700	155,594	53,106
Irvington Library	8/6/08- 9/10/08	17	288,138	162,588	125,550

Orchard Park Presbyterian Butler University	9/14/08-10/12/08 9/30/08-11/4/08	15 14	112,177 425,963	94,059 259,151	18,118 101,674
Central Library Butler University	10/1/08-11/5/08 10/2/08-11/6/08	14 13	710,038 562,988	431,855 335,453	216,353 141,028
Nora Library	10/11/08-11/15/08	10	308,624	271,985	36,639
Catholic Center, Archdiocese of Indianapolis	1/26/09-2/23/09	11	459,616	327,156	132,460
Friedens United Church of Christ	3/3/09-3/31/09	25	461,475	398,750	62,725
Carmel Clay Public Library	5/26/09-7/1/09	8	288,438	263,182	25,256
First Congregational Church	8/4/09-9/1/09	9	401,311	273,129	128,182
Central Library	9/1/09-9/29/09	9	331,750	248,950	82,800
		434	9,769,078	7,191,566	2,577,512

CARBON REDUCED BY 26% [(IF – FF)/IF]

* Number of households that recorded a footprint (does not reflect the actual number of households that attended)

Note: Some households that participated in the workshop did not record some/all of the data for their footprints. Consequently, the carbon reduction percentage is not entirely accurate.