

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

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IGCC Settlement a Heist for Duke Energy Duke "Bail Out" should be rejected!

The settlement filed yesterday at the Indiana Utility Regulatory Commission between Duke Energy, the Indiana Office of the Utility Consumer Counselor (OUCC), Nucor Steel, and the Duke Energy Indiana Industrial Group falls well short of what the captive ratepayers of Duke Energy deserve.

Kerwin Olson, Executive Director of CAC stated, "We maintain our position that this is an illegitimate power plant that never should have been approved in the first place. This proposed settlement amounts to nothing more than a massive bailout for Duke Energy."

The settlement and accompanying statements by the settling parties are grossly misleading with respect to the actual charges that captive ratepayers will be charged as a result of the construction of the unnecessary and scandal plagued IGCC plant. The so-called "hard" cap of \$2.595 billion does not include the nearly \$500 million in Construction Work in Progress, or CWIP, charges that will be confiscated from ratepayers before the plant is placed in the Duke Energy rate base; approximately \$230 million of which Duke ratepayers have already been forced to pay for a power plant that has not provided any electricity.

Richard Hill, President of Save the Valley said, "When adding these CWIP charges to the alleged 'hard' cap, the real price to Hoosiers is in excess of \$3 billion. To allow Duke to recover anything on this plant is wrong. To allow them recovery of anything over the originally proposed \$1.95 billion is just obscene."

"It is sad to see Indiana's so-called 'consumer advocate', the OUCC, mislead the public in this manner and totally disregard the interests of the state's consumers in agreeing to this sham settlement," added John Blair, President of Valley Watch. "However, we are not surprised in this state where crony capitalism trumps the interests of citizens nearly every day."

In addition to blatantly misleading the public on the cost of this boondoggle, the settling parties agreed to dismiss the charges of concealment, fraud, and gross mismanagement levied on Duke Energy with respect to the construction of the Edwardsport IGCC.

“To sweep the corporate malfeasance of Duke Energy under the carpet is an outrage,” stated Mr. Olson. “Ratepayers deserve justice and should not sit quietly as the Commission continues to ignore significant violations of due process.”

The settlement also does nothing to address the environmental devastation that will occur should the IGCC become operational, providing a meager \$1million for unidentified clean energy initiatives and failing to address the enormous risk that accompanies a new, massive source of carbon and other hazardous emissions.

“Not only does this settlement reward Duke for mismanagement and cost overruns of \$600 million on a plant that should have never been built, it is far from the least-cost option for Indiana ratepayers,” stated Steve Francis, Chair of the Sierra Club Hoosier Chapter. “Investments in energy efficiency, conservation and renewable power, such as wind, would be much cheaper and cleaner for Indiana. This power plant will be far from clean, adding over 4 million tons of CO2 per year for years to come. ”

The settlement also proposes an unacceptable and unreasonable litigation schedule to expedite the Duke bail out. The settling parties request that testimony be filed within 3 weeks, hearings to begin June 11th and a final order from the Commission on July 1st. “We will resist this proposed rush to judgment,” added Mr.Olson.

The settlement also does absolutely nothing to protect ratepayers from the likely prospect that the plant will experience significant start-up issues and undoubtedly will not perform as Duke Energy opines. Mr. Blair added, “Duke Energy claims that this plant will purr like a kitten from day one. We find this claim utterly ridiculous. This plant is a science project that Duke has been engineering and designing on the fly. As is evident by the gross underestimations of virtually every component and part, they have no idea what they are building and we are expected to believe it will work as promised; preposterous.”

Lastly, the Settlement fails to address the hundreds of confidential documents that Duke Energy wants concealed from the public. “The Commission still owes the public an order on whether or not those documents will remain classified and hidden from public scrutiny,” concluded Mr. Olson. “The time has long since passed to let the sunshine in and allow the public to decide for themselves.”

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