

Peabody Energy gets SEC subpoena on Prairie State



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Peabody Energy Corp. said the Securities and Exchange Commission is probing the company's role in the development of the

\$5 billion Prairie State power plant in southwestern Illinois.

St. Louis-based Peabody was served in January with a subpoena seeking information and documents related to the sprawling power plant

and an adjacent mine about an hour southeast of St. Louis. The company made the disclosure in its annual report filed Monday with securities regulators.

Peabody said it's cooperating with the investigation.

"We look forward to sharing information on what is a highly successful project," company spokesman Vic Svec said in an email response to questions.

The SEC as a matter of practice won't confirm or deny an ongoing investigation, spokesman John Nester said in an email.

The Peabody subpoena represents the latest twist in the development of the 1,600-megawatt Prairie State plant — the largest new coal-fired plant built in the United States in 30 years.

The project, originally announced in the fall of 2001 in Nashville, Ill., has been dogged by construction delays and cost overruns that pushed up the price of power that cities and electric cooperatives agreed to buy years earlier.

Peabody, the world's largest private-sector coal producer, conceived the plant and spearheaded its development. It later sold off all but a 5 percent stake to a group of public power agencies from Missouri to Virginia.

Among the plant's owners is the Missouri Joint Municipal Electric Utility Commission, a state-chartered entity that buys bulk power for dozens of municipal utilities including Kirkwood.

The Columbia-based commission, also known as the Missouri Public Utility Alliance, owns a 12 percent share of the plant financed through the sale of \$835 million of bonds backed by long-term contracts to sell the power to its member cities.

Prairie State generates electricity for 2.5 million people across eight states. The power is

fueled by an adjacent mine.

The project has attracted opposition from environmental groups since its announcement. And critics have kept up the pressure even after the plant began operating last year.

In September, former Congressman Dennis Kucinich, a Democrat from Ohio, asked the Federal Energy Regulatory Commission to investigate whether consumers in the state were being forced to buy power at above-market prices.