

Utilities Thwarted Again in 2008 Legislature

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



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

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

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

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

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

Ratepayers should demand from the Governor and state legislature:

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

Renewable Energy Standard Held Hostage by Utility Interests & the Governor

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

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

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

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



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

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

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

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

Legislature Continues to Support Raw Coal Plant Deal for Ratepayers

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



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

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

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

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

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

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

Jim Rogers:

Poster Boy for the Utility Business Plan

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

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

Developments at CAC

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

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

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

Getting Involved

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

Letters to the Editor

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



Arrange Meetings with Your Legislators

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

CAC Speakers

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

For Those Without Computer Access at Home

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



State Office

603 E. Washington St., Suite 502
Indianapolis, IN 46204
Tel. (317) 205-3535
Fax (317) 205-3599

www.citact.org
www.cacefindiana.org
staff@citact.org

Northeast Office

2250 Lake Ave, Suite 110
Fort Wayne, IN 46805
Tel. (260) 399-1352
Fax (260) 420-8500