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**Broad Based Coalition of Local, State, and National Organizations, Issue Letter to Governor Mitch Daniels in Opposition to Duke Energy's Proposed Coal Gasification Plant.**

Today, a broad-based coalition of local, state, and national consumer and environmental organizations issued a letter to Governor Mitch Daniels urging him to support a sustainable energy policy and to withdraw his support for a coal gasification plant proposed by Duke Energy (formerly PSI Energy) for Knox County.

Although the Indiana Utility Regulatory Commission has yet to determine if building the expensive new facility is in the interest of ratepayers, Governor Daniels has openly endorsed the plant. Indeed, Governor Daniels recently issued a statement saying the plant "will" be built, which, the groups say, demonstrates a disregard for the Commission review process now under way and raises questions about improper communications with the Commission, a quasi-judicial body whose members cannot communicate with individuals about pending cases.

Among the points raised in the letter was the fact that the projected costs for the plant have nearly doubled within just one year and now are projected to be at least 2.1 billion dollars. Those costs also fail to include the additional cost of complying with future regulations on carbon dioxide, or CO<sub>2</sub>, a gas that contributes to global warming. If approved, the plant could result in a 15-20% rate increase, before adding the costs of compliance with carbon regulations.

The organizations also challenged the wisdom of investing ratepayer dollars in new, unproven technology. Duke CEO Jim Rogers was recently quoted in Newsweek stating that "clean coal" technologies have not yet been proven successful for plants of 600 or 1000 megawatts. As proposed, the Knox County plant is 630 megawatts.

"The growing costs of this plant make it clear that Duke's proposal is neither prudent nor reasonable. The proposed new coal plant is far from the least cost approach to serving Duke Energy customers, and therefore should be denied as a matter of law and sound energy policy. We urge the Governor to look at the reality of this costly proposition and instead pursue a sustainable policy that will provide good jobs while controlling rising energy costs. Duke ratepayers should not be engaged in subsidizing a multi-billion dollar power plant which private investors are unwilling to pay for on their own," said Grant Smith, Executive Director of the Citizens Action Coalition of Indiana.

“Too many Indiana households are already struggling with rising heating and health care costs. We are concerned that this project could mean significantly higher utility bills for our members,” said Nancy Griffin, AARP Indiana State Director.

Tyson Slocum of Public Citizen said, “We support the ratepayers in Indiana who should not be forced to pay for a risky, unproven technology when cheaper, cleaner alternatives are available today. We need a national energy policy that promotes energy efficiency and renewable energy sources such as wind rather than pursuing a costly build and burn approach that fails to address our long term economic and environmental security.”

The plant will increase emissions of a variety of hazardous pollutants and would emit a projected 3.5 million tons of additional CO2 per year. The Coalition believes new centralized fossil-fuel fired power plants should only be considered when and if they include carbon capture and sequestration technology, and other least cost alternatives such as efficiency and renewables have been fully developed.

John Blair of Valley Watch says “There is nothing clean about coal, and we cannot fight global warming by burning more of it. Southern Indiana has paid a heavy price over the years due to the high concentration of coal fired power plants. Public health has suffered, and positive economic development has been stifled, leaving a legacy of polluted ground water, land and air. Governor Daniels and Duke Energy are taking a 19<sup>th</sup> century approach to energy and economic development that fails to move Indiana toward a sustainable energy future.”

Smith concluded, “Not only should construction of the plant be denied, there are troubling indications that the IURC process has been compromised. When the Governor states publicly that the plant ‘will’ be built before the Commission has considered all the evidence and issued an order, it raises questions of whether the IURC is being allowed to independently weigh whether this project is in the best interest of ratepayers.”

For more information about Duke Energy’s proposed plant, go to <http://www.citact.org/dukeigcc/dukeigcc.htm>

A copy of the letter is attached.

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