

The Honorable Mitch Daniels
Governor of the State of Indiana
Statehouse
Indianapolis, IN 46204

September 4th, 2007

Dear Governor Daniels,

The undersigned environmental and consumer organizations oppose the approval for construction of Duke Energy's proposed integrated coal gasification power plant at the current Edwardsport facility in southwest Indiana (Knox County) for the following reasons:

- The cost for the plant has nearly doubled in the past year, and is now projected to be at least 2.1 billion dollars not including carbon capture and sequestration.
- The construction of the plant would lead to significant rate increases for Duke/PSI customers even though cheaper, cleaner alternatives exist to meet electric demand and would maintain greater stability in electric bills for residential and business ratepayers.
- If the plant were built, there would be a net increase in carbon dioxide emissions from the Duke system without any prospect for capture and sequestration technology add-ons by the time the plant is completed.
- If the plant were built, there would be net increases in particulate emissions, responsible for numerous pre-mature deaths and severe lung disease problems in Indiana.
- More jobs can be created and cleaner air achieved if Duke Energy were to shift investment from the plant to end-use energy efficiency for homes and businesses, renewable energy technology, and combined-heat-and-power projects at industrial facilities.
- Overwhelming evidence exists that an emphasis on diversification and decentralization of the electric energy mix would result in a much stronger economy and a much cleaner environment while allowing us to meet electric energy demand and address global warming in an economically sound and cost-effective manner.
- New, centralized, fossil-fuel-fired power plants, particularly those based on commercially unproven technology (which is the case with respect to the Duke proposed coal gasification plant), should be considered only when carbon capture and sequestration technology is available and site-specific conditions are

compatible with sequestering the carbon dioxide emissions from a plant, and only after end-use efficiency, combine-heat-and-power and renewable technology options have been exhausted.

Therefore, we, the undersigned organizations, respectfully request that you:

- 1) Withdraw your support for the proposed Duke coal gasification plant; and,
- 2) Endorse a state energy policy that emphasizes end-use energy efficiency, renewable energy technology, and distributed power prior to investing in more fossil-fueled generating capacity.

Please respond, in writing, to the organizations listed below at your earliest convenience with your thoughts on our request.

Sincerely,

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cc. Indiana Utility Regulatory Commission, Indiana Office of Utility Consumer
Counselor, elected officials, and the media