

## Duke Energy's Edwardsport IGCC\*: Fraud, Concealment & Gross Mismanagement (Masked by Collusion?)

The now \$3 billion Edwardsport Integrated Gasification Combined Cycle (IGCC) coal-fired power plant currently under construction by Duke Energy has been shrouded in controversy since Duke Energy first filed for approval before the IURC in 2006. The burgeoning ethics scandal has made the approval of this problem plagued power plant even more questionable.



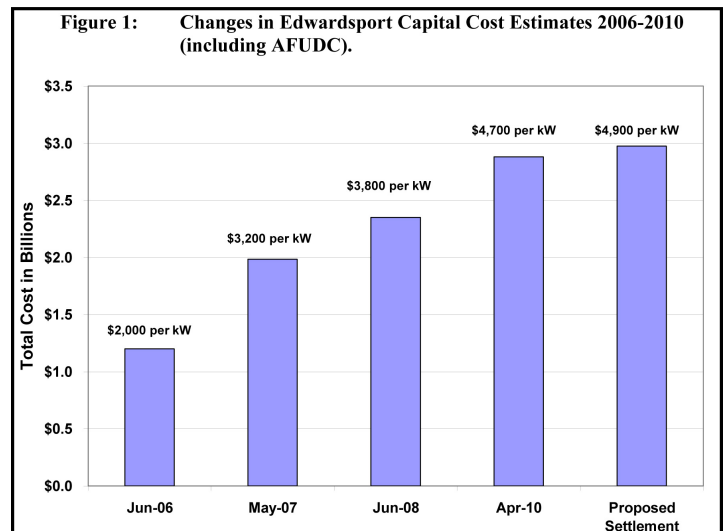
### Evidence was presented to the Commission that:

- ◆ Duke Energy does not need this power plant to serve the needs of their customers.
- ◆ IGCC technology was unproven, too risky, and far too expensive.
- ◆ Proven, cheaper, and cleaner alternatives exist that are available to meet the current and future needs of the ratepayers of Duke Energy.
- ◆ Cancelling the IGCC is the cheapest option for Duke's ratepayers (this evidence was presented as recently as this year).

Proceedings pertaining to the IGCC continue despite all of this evidence and a major ethics scandal. The ethics scandal has resulted in 5 ongoing investigations, the termination of the IURC Chairman, and the hiring and firing by Duke Energy of two former IURC employees central to the original approval of this project. The Commission is currently considering a Settlement agreement between Duke Energy and the Utility Consumer Counselor that will effectively close the case on the IGCC and give Duke Energy more money than they are currently asking for. Ratepayers should not be asked to pay a single dime more of what may amount to illegitimate rate increases for a power plant that never should have been approved to begin with!

### Evidence of Gross Mismanagement and Concealment:

- ◆ The Company clearly knew, even before beginning to build Edwardsport, the significant technology risks and potential for additional construction costs that a large scale, first-of-a-kind IGCC project presented.
- ◆ At the same time they were before Indiana regulators touting the promise of IGCC technology, they were arguing against IGCC in North Carolina, stating IGCC was too expensive, too risky, and unproven.
- ◆ Duke Energy has refused to analyze and acknowledge any of those risks in testimony before the Commission. In fact, Duke has indicated to the Commission in every step of the way that those risks were manageable and that costs were under control.
- ◆ Duke grossly underestimated the amount of pipe and wire it needed, chose the wrong kind of steel in some cases, and made miscalculations regarding many of the key components.



\*Integrated Gasification Combined Cycle, a.k.a. coal gasification - the process of gasifying the coal and burning the gas to produce electricity

# Take Action Now!!

Contact David Stippler, Chair of the Indiana Office of Utility Consumer Counselor and tell him to:

**Tell Jim Atterholt, Chair of the IURC, to deny any cost increase in its entirety, cancel the plant, and refund all monies taken from ratepayers!**

- ◆ As evidenced by skyrocketing construction costs, Duke Energy has grossly mismanaged this project.
- ◆ Recently acquired evidence indicates Duke Energy may have concealed the true cost of the IGCC from the Commission.
- ◆ Ratepayers should not be forced to pay for what could amount to illegitimate rate increases!

**Tell Atterholt to immediately assign a special prosecutor to investigate whether or not improper communication, undue influence, or other misconduct has occurred with respect to the regulatory review of the Edwardsport IGCC power plant!**

- ◆ The trust and confidence of the rate paying public in the integrity of the regulatory process, especially relating to the Edwardsport IGCC, has been damaged.
- ◆ To this point, 4 key employees have lost their jobs as a result of the scandal. Three were terminated and one resigned. The three individuals terminated were all key employees at the IURC when the IGCC power plant was first approved.
- ◆ One of those terminated employees, former IURC General Counsel Scott Storms, has been found guilty of ethics violations after it was revealed he was negotiating for employment with Duke Energy while hearing and issuing orders on Duke Energy cases. Mr. Storms was the presiding Judge over every order in the IGCC case prior to August 2010, including the original order granting approval for the IGCC to be built.
- ◆ Also terminated was Michael W. Reed, former President of Duke Energy Indiana, Mr. Reed was serving as a member of Gov. Daniels cabinet as the Commissioner of INDOT when hired by Duke in June of 2010. Prior to his job at INDOT, he was the Executive Director of the IURC and held that position when the IGCC was first approved.
- ◆ David Lott Hardy was terminated as Chairman of the IURC by the Governor in October when it was learned that he was aware of Mr. Storms negotiating with Duke Energy, and failed to act. Mr. Hardy was the IURC Chairman when the plant was first approved.
- ◆ James Turner, the second ranking chief executive of Duke Energy, resigned his position in December 2010 when published e-mails showed an all too cozy relationship between Mr. Turner and former Chairman Hardy.
- ◆ U.S. Attorney Joe Hogsett, at the urging of CAC and Common Cause, has referred this matter to the FBI.

## Indiana Office of Utility Consumer Counselor

Attn: David Stippler  
115 W. Washington Street  
Suite 1500 South  
Indianapolis, IN 46204  
uccinfo@oucc.IN.gov  
(888) 441-2494 phone

**Please reference Cause No.  
43114-IGCC-4S1 in your  
correspondence**

## Duke Energy: The Giant Sucking Sound on the Indiana Economy

