

# **2011 Annual Report**

**Citizens Action Coalition of Indiana**

**[www.citact.org](http://www.citact.org)**

**[www.cacefindiana.org](http://www.cacefindiana.org)**

**October 22, 2011**

# Table of Contents

|   |    |
|---|----|
| Special Thanks.....   | 3  |
| The Board and Staff of Citizens Action Coalition.....             | 4  |
| Our Mission.....  | 5  |
| Letter from the Executive Director.....                           | 5  |
| Letter from the Former Executive Director.....                    | 7  |
| Reports from the Canvasses.....                                   | 9  |
| Financial Outlook.....  | 12 |
| Technology Update.....  | 13 |
| Archival Overview.....  | 14 |
| Proceedings Before the Indiana Utility Regulatory Commission..... | 15 |
| Results of the 2011 Indiana General Assembly.....                 | 16 |
| Demand Side Management Oversight Board Activity.....              | 17 |
| Biomass Update.....   | 19 |
| Low-Income and Consumer Protections Campaign.....                 | 19 |
| CAC Education Fund Organizing.....                                | 21 |

# **Special Thanks To:**

**All of our members,  
for their continued support**

**Grant Smith, for 30 years  
of selfless and dedicated service**

**Michael A. Mullett**

**Jerome Polk; Polk & Associates**

**David Agnew; Ward & King, LLC**

**Russell Ellis**

**WFHB Radio Bloomington**

**Civil Society Institute**

**Andrea Price, for  
all of her work and support**

**David Schlissel and Anna Sommer**

**Peter Bradford**

**Food and Water Watch**

**Synapse Energy**

**Community Catalyst**

**Bill Groth and Fillenwarth Dennerline  
Groth & Towe LLP, Attorneys at Law**

**WTLC AM Radio**

**Craig Shumaker**

**AARP for Its Generous Support**

**Steve Higgs and the  
Bloomington Alternative**

**David Keppel and the Unitarian  
Universalist Church in Bloomington**

**Richard Hill and Save the Valley**

**John Blair and Valley Watch**

**James Gignac, Nachy Kanfer and the  
Sierra Club Beyond Coal Campaign**

**Steve Francis, Bowden Quinn,  
David Maidenbergl and the  
Hoosier Chapter of Sierra Club**

**Concerned Citizens of Scott County**

**Concerned Citizens of Crawford County**

**Citizens for a Healthy Dubois County**

**The Growald Family Fund**

**RE-AMP**

**GRACE Communications Foundation**

**Laura Arnold and IDEA**

**Urban Bricks**

# **The Board and Staff of Citizens Action Coalition of Indiana**

## **Board Members**

Tim Koponen, President  
Andrea Price, Vice President  
Craig Shumaker, Treasurer  
Sharon Hirsch, Secretary  
Ed Gerrardot  
Aaron Haith  
Francis Marley  
Sam Miller  
Ivan Wagner  
Robert Webster

## **Interim Executive Director**

Kerwin Olson

## **Financial Director**

Mark Bailey

## **Program Staff**

Zac Elliot, Statewide Organizer  
Lindsay Helmbock, Statewide Organizer  
Julia Vaughn, CACEF Organizer

## **Administrative Staff**

Jim Conkle, Archivist  
Heather Hankins, Office Manager  
Rebecca Harding, Database Manager  
Heather Meloy, Development  
Lisa Smith, IT Manager

## **Canvass Staff**

Laura Sucec, Senior Canvass Director

## **Field Canvass**

Bryce Gustafson, Canvass Director  
Justin Miller, Senior Field Manager  
Anne Freeman, Field Manager  
Annmarie Egan  
Kala Guillaume  
Nick Keener  
Ryan Robinson  
Jim Sandman  
Whitney Spatz

## **Phone Canvass**

Corey Jefferson, Canvass Director in  
Training  
Jeff Goldstein, Crew Manager  
Bev Myers, Crew Manager  
Steve Peckinpugh, Crew Manager  
Frankie Black  
Ann Custance  
Lynn Ferguson  
Tracy Herring  
Colleen Mitchell  
Lindsay Shipps  
Adam Southerland  
Luke Taylor

## **Our Mission**

To initiate, facilitate and coordinate citizen action directed to improving the quality of life of all inhabitants of the State of Indiana through principled advocacy of public policies to preserve democracy, conserve natural resources, protect the environment, and provide affordable access to essential human services.

## **Letter from the Executive Director**

**Kerwin Olson, Interim Executive Director**

The year was 1974. A collection of senior groups, labor unions, community organizations, clergy, and others came together to form the Citizens Energy Coalition “to fight for consumers before the Indiana General Assembly and the Public Service Commission.” Energy prices were on the rise and consumer voices were being left out of the debate, if not completely ignored. The doors to the PSC were closed and consumers had no right to appeal.

CAC helped kick that door open and have accomplished much over our 37 years. Some of the major victories include defeating CWIP in the early 80’s to put the nail in the coffin of Marble Hill; forcing PSI, NIPSCO, and SBC to refund ratepayers’ millions for illegal rate increases; and defeating countless legislative attempts by the industry at deregulation at the Statehouse.

Despite these major victories, fast forward to 2011 and consumers in Indiana find themselves in much the same predicament as when CAC was founded. Consumer protections are eliminated virtually every year at the Statehouse thanks to a willing legislative body drunk on utility influence and money, while utility bills in all corners of the State skyrocket. As evidenced by an ongoing CAC review of utility complaints, the industry self-polices while the fox still guards the hen house over at the IURC as the revolving door continues to spin and the utilities essentially regulate themselves.

Politicians continue protecting taxpayers with great fervor while throwing ratepayers to the wolves. Utility bills are increasingly used more and more as tools for economic development and hidden tax increases as both parties throw the political football of taxation back and forth, finding a convenient home for their initiatives in the open-ended checkbook of the invisible utility ratepayer.

Indiana remains one of only three states in the entire country where those that regulate public utilities remain unaccountable to the public. Meanwhile, vulnerable populations, most notably seniors and disabled on fixed incomes, are being left out in the cold to fend for themselves as the State has few safeguards in place and the Democratic White House and Republican Congress take the hatchet to programs intended to protect the less fortunate.

All that said, public awareness and frustration is growing and opportunities abound. Our diligent work on the Edwardsport IGCC has opened the door to a real conversation on reform of the regulatory process. The greed of Vectren, NIPSCO, I&M and others have raised public angst and people are mobilizing.

The need for the advocacy, research, and organizing talents of CAC is greater than ever. I pledge our continued diligence and hard work toward fulfillment of our mission.

# Letter from the Former Executive Director

Grant Smith, Civil Society Institute

It is with great pride that I reflect on my nearly 30 year sojourn at the Citizens Action Coalition of Indiana. There are many reasons I feel this way. There's the ability of the staff to pull together for common goals. There's the unwavering advocacy for what's right. There's the intelligence and persistence of the people around you and the friendships and collegial connections built over the years. But above all else, there's the privilege of serving the public interest and the many thousands of Hoosiers who support the organization.

As an increasing number of elected officials forget why they were elected to office, CAC has never lost sight of its mission. People know what to expect when a CAC canvasser comes to the door. They hear what the problem is, how it should be fixed, and what they should do to help fix it. They hear a very well researched, rational and truthful message. What are we asking of politicians and regulators? We're asking that people be treated in a just manner. We're asking for balance and fair play. We're asking that they support economic development that will create jobs and wealth without further eroding environmental quality and impairing public health. That's all. That's all we've ever done. We advocate for simple justice for current and future generations. That's what we advocate for every day - whether on the doors, at the Statehouse or before state regulators.

But this is too high a price for many legislators and regulators - and certainly for utility and health insurance companies. If anyone has been waging class warfare, it's been the conservatives in both political parties. For 30 years, legalized theft from the middle class has been the order of the day for these people, with encouragement and seemingly unlimited financial backing, of course, from their corporate benefactors.

We're now witnessing, however, a backlash against the pickpockets. The Occupy Wall Street movement comes to mind. As it happens, no monumental, positive change has ever occurred in this country without people hitting the streets. The grassroots are the route to curtailing corporate influence and converting our "managed" democracy into a real democracy. And CAC plays a role in that effort on a daily basis.

Where else are people going to turn when it comes to standing up against corporate power in Indiana? Who has the track record? CAC does. Who jumps in with both feet and keeps fighting? CAC does. Why do we have 40,000 members? Because people know they can rely on us. The idea of canvassing is not spin. It's content. And we've always had plenty of content, plenty to talk about that has a direct impact on people's ability to live in dignity.

Currently we are in an era in the United States where there is, for all practical purposes, no palpable political leadership. There is no mutually beneficial vision for the future that we, as a society, can work towards in good conscience. There is no assumption that there will be anything left, financially or otherwise, for future generations. Our so-called political leadership has ruined the country's financial stability and its ability to innovate by abdicating its responsibilities and handing over public policy to the short term profit

motives of corporations. Public policy has become nothing more than an individual company's or economic sector's quarterly business plan.

But this irrational, anti-social behavior is becoming a highly motivating factor for Americans. People's ire is beginning to focus on the primary enemy to our collective survival, the corporation. On the left and right, we are seeing the beginnings of a populist movement against corporate power. And CAC can be a unifying beacon to those Hoosiers seeking an outlet for their frustrations and desire for justice, not just for themselves, as is the tradition in the US, but for the 99%.

CAC is well-positioned to carry out such a role. After all, the organization has prioritized energy and health care, which combined represent perhaps the biggest, direct and indirect cost and quality of life threat to the middle class, the lower-income brackets, and to the economy as a whole. And this is an organization, whether liked or hated, that is well respected and has a rich and storied history at just 37 years old. Never lose sight of that. Whether at the doors or at the legislature a CAC staffer can stand with pride and look people in the eye because they know they are delivering the truth and representing the true interests of the public.

As for me, I'm very proud of the organization I leave behind and stand ready assist in any way I can. A sound and necessary generational transition has taken place. I am confident that CAC is in good hands and will flourish well into the future.

Remember: Be persistent!

Yours always,

Grant Smith  
Former Executive Director



# Reports from the Canvasses

## **Laura Sucec, Senior Canvass Director**

There have been so many changes this year that it's hard to know where to begin. We certainly did not expect these happenings when this year began, so we have been working to adapt and adjust as the circumstances have required.

With regard to the canvasses, the first change that happened was that Bryce Gustafson became our new Field Canvass Director in the Indianapolis office. He has been doing a great job, and as he has worked to improve the canvass he has discovered the sheer magnitude of the position he has taken. A lot of work has been done, and many improvements have been made. We are beginning to see the efforts pay off, but there is still more work to be done.

The second change happened at the beginning of June. We had some unfortunate incidents in our Fort Wayne office that forced us to close the office. We laid off most of our canvassers in that office, with the exception of the very senior canvassers, who came down to Indianapolis and are now field canvassing as a part of the Indianapolis crew. Unfortunately this means that we only have one field canvass office in the state at the moment. However, this also gives us an opportunity to fix the problems we've been having for the last several years. Once these issues are addressed we will be much stronger, and we will be able to take the new model that we've created and replicate it in other offices across the state. This may just end up being a huge blessing in disguise that will enable us to reach the full potential we all know we are capable of reaching.

The change happened when I moved out of the position of Phone Canvass Director at the beginning of August and became the Senior Canvass Director for the organization. This means that I am now responsible for overseeing the other Canvass Directors, both field and phone. The huge opportunity here is that I can take the very successful training model we have developed and used on the phone canvass over the last ten years, and I can adapt it to the field canvass to help them become more successful as well. This is a huge collaborative effort, and I appreciate the hard work that Bryce has put in as he has been implementing these different ideas. We have certainly seen dramatic improvement over the last several months as a result of changes we've made so far.

And the last thing that has happened is that Corey Jefferson has stepped into the position of Phone Canvass Director. He has been doing a marvelous job of picking up the ball and keeping it rolling. He has had the opportunity to begin recruiting and training new phone canvassers (an opportunity that we don't always have on the phone canvass because of the limitations we face with the number of members we have to call – we can only support a certain number of phone canvass positions at the moment). This is a huge learning experience for him, and he has risen to the challenge in a very admirable way. The canvassers all adore and support him, and I am confident that he is absolutely the right person for the job.

Overall, we are turning over a new leaf and leaving no stone unturned as we dig into our old policies and practices. We are taking a very hard look at the things that work and that don't work, and we are working very hard to improve a situation that has been teetering on the brink for many, many years. I am confident that, working together, we will come out on the other side a much stronger canvass, and a much stronger organization.

As always, I want to take this opportunity to thank everybody. Thank you to Kerwin, who has taken the job as Interim Executive Director very seriously, and whose hard work has afforded us this opportunity to begin the process of improving what we have been doing all these years. Thank you to our organizers (Kerwin, Zac, and Lindsay) for standing up to the powers that be and making sure that the people in Indiana have a strong voice advocating for them. Thank you to our administrative staff (Mark, Becky, Lisa, Jim, and Heather) for keeping the day-to-day operations running smoothly in this period of transition. Thank you to the Canvass Directors (Bryce and Corey) for their hard work, and for their desire to make sure that the canvassers are informed, involved, successful, and have the passion to do what it takes to empower people all over the state. Thank you to the Field Managers, the Crew Managers, and the canvassers (I would name them all, but there are a lot of them!) – it is their drive, determination, and passion that allow us to effectively educate people about what the utilities are doing and to find the support it takes to allow us to continue fighting on behalf of the ratepayers of Indiana. The canvass is the very foundation of what we do and the importance of the canvassers and what they do should never be underappreciated. And most of all, thank you to our members. It is our members that make everything possible. Without them we wouldn't exist and we wouldn't have the ability to be the autonomous voice in Indiana that we are when it comes to energy policy. Thank you!

### **Bryce Gustafson, Field Canvass Director**

It has been an amazing year of transition and challenge at Citizens Action Coalition, and in my opinion, no other part of the organization exemplifies this more than the field canvass. I came down from Fort Wayne in April to be the new Canvass Director for the Indianapolis field canvass. Immediately, I wanted to fix what I felt was broken and challenge the staff to the standard of excellence that I had grown accustomed to. I soon came to the conclusion that taking over the office and implementing change takes more than a couple months, and so did the staff in place. We plugged through a long, difficult period in the early summer with a large office of trainees and a few remaining veteran canvassers. Through much trial and error, the Indy canvass began to show necessary improvements. Then the Fort Wayne office was shut down.

Looking beyond the unfortunate circumstances behind the closing of Fort Wayne, an opportunity arose to start fresh and improve the Indianapolis office. Long time Field Manager, Anne Freeman, and senior canvassers, Jim Sandman and Annmarie Egan, graciously decided to rearrange their lives and come down from the Fort Wayne office in July to continue their careers at CAC. Coupled with Senior Field Manager, Justin Miller's, transfer from Fort Wayne in May, the senior staff made an immediate, positive impact. They all brought the confidence, experience, and dedication that the Indianapolis office needed to rebuild CAC's field canvass.

Another huge addition has been the help of Senior Canvass Director, Laura Sucec. We have been working hand in hand to implement new training, personnel policies, and infuse the canvass with a renewed sense of purpose and teamwork that were lacking in Indy heretofore. These efforts have shown immediate results, as the senior staff and new people in training have been more and more effective in communicating CAC's important message to the public. We now have an amazing group of canvassers that thoroughly understand the issues we work on and are geared to not only fundraise while out in the field, but also organize everyone they speak with to become involved and create meaningful change here in Indiana.

Speaking of my canvassers, I want to publically acknowledge them for their hours of hard work and dedication through all types of weather, talking to all kinds of people, and dealing with me as a boss! The aforementioned Justin Miller, Anne Freeman, Annmarie Egan, and Jim Sandman, as well as Kala Guillaume, Nick Keener, Whitney Spatz, and Ryan Robinson all call CAC home and I consider each of them to be my personal heroes for who they are and what they do. We are going to make this happen!

On the flip side of the coin, I also want to thank our amazing members for their unfaltering faith in Citizens Action Coalition's ability to hold accountable the powers-that-be. We cannot possibly affect positive change without you behind us. We have an uphill battle in front of us, but we will arrive together. Thanks to all!

### **Corey Jefferson, Phone Canvass Director in Training**

I am very fortunate to have inherited such a structured, well-oiled machine from Laura Sucec. I could not have hoped for a smoother transition into this position. There are more spreadsheets and double and triple checks for everything than I ever dreamed possible, but it really does make for an efficient, effective system for tracking numbers and progress and knowing what to work on with canvassers to ensure the success of both them and the organization. From the minute I took over as Phone Canvass Director, I felt well equipped to do the job, and infinitely supported in that role by both Laura Sucec and Kerwin Olson. A million thanks to them both.

As for the fundraising of the phone canvass, we are in a very good position right now. For the year so far, the weekly average raised by the canvass is right around our weekly projections. This is despite a sagging economy and a somewhat diminished crew, with some senior canvassers having either promoted or left for personal or medical reasons. In addition, we still have a great core of wonderful, knowledgeable, involved canvassers and we are only growing stronger. I have three crew managers who do an incredible job of training, developing, and strengthening phone canvassers. We recently brought on some very bright, promising canvassers and there is still that positive vibe in the canvass bay that makes working here such a unique, enjoyable experience.

More than three years after starting here, I still look forward to coming into work and seeing everybody and I think the rest of the phone crew shares my excitement and passion for these issues and this organization. I have to thank all of my canvassers, Bev Myers, Lisa Smith, Jim Conkle, Lynn Ferguson, Jeff Goldstein, Lindsay Helmbock, Steve Peckinpough,

Ann Custance, Lindsay Shipps, Adam Southerland, Tracy Herring, Colleen Mitchell, Luke Taylor, and Robert Easterling for creating such an amazing environment. Every one of these people has contributed to this wonderful thing that we have built. I want to thank Heather Hankins, Becky Harding, Zac Elliot, Heather Meloy, and Mark Bailey for being so welcoming and putting up with my shenanigans. I also want to give a huge thanks to Bryce Gustafson, and the rest of the Fort Wayne crew for coming down here and doing such a great job along with the Indianapolis canvassers. The field canvass seems to be moving in a positive direction and I could not be happier to see it. We cannot do what we do without them doing what they do. You guys are awesome! Lastly, I want to thank the Board, most of whom I have not really had the opportunity to get to know yet, but I look forward to working with in the future.

It has just been a good, exciting year, seeing the organization change and move in a different, positive direction. I think we really are building a firm foundation here upon which to build and grow. And after working on the Edwardsport plant for so long, it has been immensely gratifying to see the repercussions of the Scott Storms scandal and the momentum that it has given us to shine the spotlight on this project and continue to fight this plant.

Thus concludes my report on the status of the phone canvass. There will be a test on this.

## **Financial Outlook**

**Mark Bailey, Financial Director**

### **Financial Outlook in General**

2011 has been a very testing year for Citizens Action. Going in chronological order, we replaced the Indianapolis canvass director, closed the Ft. Wayne office, had to transition to new leadership with Grant moving on, and held our breath as the value of our Endowment Fund teeters up & down with the stock market. Other than that we're holding our own!

### **Field & Phone Canvass**

Due to the below average performance of the Indianapolis office over the last few years it was determined that we needed to replace the canvass director and go in a new direction. His replacement, Bryce Gustafson, was a senior field manager in Fort Wayne and was brought in as Buddy's replacement in April. Then on the 1st week of June we discovered that the Fort Wayne CD hadn't made the nightly deposits for two days and hadn't come to the office Monday morning. By Monday evening he was fired, the field staff was sent home and a police report was filed. Without an immediate replacement available it was determined to close that office and have any employees willing to transfer to move to Indianapolis, three did. Amid this chaos the Phone canvass has continued to plug along smoothly. We do have Corey Jefferson in Phone Director training at this time as the previous director, Laura Sucec, transitions into a supervisory role.

## **Foundation Grants**

Grants are another area that we are putting substantial effort into going forward. The current legal battles over the Edwardsport & Leucadia plants are being subsidized with funding from the Indiana Utility Regulatory Trust (IURT). The IURT was created with part of the legal award from the Marble Hill nuclear power plant victory back in the 1990's. The IURT has granted \$260,000 so far in fighting Edwardsport & \$180,000 towards the legal costs to oppose the Leucadia coal gasification plant so far. Other foundation grants include The Downstream Project funded by Food & Water Watch which has nearly \$100,000 available. We have been receiving \$140,000 from the Civil Society Institute for the last 3 years. They have adjusted their commitment to \$75,000 in 2012. The Nina Mason Pulliam Foundation is considering funding the Hospital Accountability Project next year. Additionally, we are working on proposals to the Joyce and Energy Foundations and potentially to the Catholic Campaign for Human Development for grants in 2012.

## **CAC Endowment**

Larry Pitts, our investment manager at Trust Investments Advisors, has been doing his best to keep the Endowment weathering the current instability in the markets. After starting the year with about \$1.3 million in the Endowment he was able to maintain it at that level until August. You might remember that the US Treasury bond credit rating was downgraded at that time and the market nosedived. The September statement shows the fund at nearly \$1.15 million at that time. The major change was in the valuation of the stocks in the portfolio. They had dropped almost \$100,000 so far this year, \$82,000 of that in September alone. The DOW has been up in recent days so we could be back to even by the end of the year.

## **Technology Update**

**Lisa Smith, IT Director**

It's difficult to write about being an IT nerd without those reading being bored to tears. So I'll not delve too far into the specifics of configuring SSL certificates, or writing the HTML for the email action alerts we send out, or even how personally satisfying it is to track down a technical issue with a co-worker's computer and fix it so it makes their life easier. All of that is part of what I do, so when I'm doing my job right, no one really pays any attention, because things are working. Those are the good days.

One of the big things I have been involved in is helping with the new website. It's taken a while, for various unforeseen reasons, but it's in progress and hopefully soon we'll be able to unveil a spiffy new website.

One of our main concerns has been creating an easily navigable site that puts the important information right at your fingertips, while also containing an archive of more in-depth information for those who want to go deeper into the issues we work on. It's really critical to strike a balance between being to-the-point and easily understandable, and also to not

sacrifice the in-depth information that digs into how utility policy works and how utilities use that labyrinthine system to their advantage.

Beyond the website and continuing to build an online presence with social media like Facebook and Twitter, we are also working to streamline our information processes by updating our database technology and bringing our informational capabilities into the 21st century. It's a long, complex process, but one that can make us more efficient and more organized in the long run.

Past that, my job is just keeping things running and making sure that those doing the really hard work of running Citizens Action Coalition and representing our members at the legislative and regulatory levels don't have to think about the technology necessary to do the work, but can invest their time in fighting for our members.

## **Archival Overview**

**Jim Conkle, Archivist**

### **History**

My involvement with archiving at CAC began in September, 2000, when 26 years of boxed files remained stacked in the basement of our office at 5420 N. College Avenue. More boxes were moved there from offsite storage in December, 2002.

In February, 2007 the effort was accelerated, and I moved into the position of Archivist. Files were more thoroughly sorted, condensed, and organized. That stage of the work would not have been possible without a major hands-on commitment by senior staff. What was not kept was recycled: Enough to fill over 100 large bins. Documents that couldn't be recycled were shredded: Filling over 60 additional bins of the same size.

The remaining files were moved to our current location in September, 2007. Over the past four years, I've temporarily taken on other responsibilities as needed, and the purpose of archiving has continued to evolve.

### **The Present & The Future**

As Archivist, I have two primary goals: To create a digital library and to advance the ongoing process of archiving digitally. The intent is to serve today's staff, as well as those who will work here in the future. Files, both digital and print, are gathered, entered, precisely labeled, constantly updated and organized. It is truly a work in progress.

This effort dovetails with the effort of each staff person to keep her/his own files, and is informed and assisted by all staff members. The merging of our IT and office equipment capabilities continues to provide tools essential to this project. Our recently improved scanning function alone answers the question of how to efficiently convert reams of print files to digital files.

My experiences as both a phone canvasser and the Archivist continue to underscore a lesson I learned on July 5, 2000, my first day at CAC: The one constant in the organization's history has been to endure. We've fought, won, suffered setbacks, and won again. We have endured. That is the past, present and future of Citizens Action Coalition.

## **Proceedings before the Indiana Utility Regulatory Commission**

**Kerwin Olson, Interim Executive Director**

**Zac Elliot, Statewide Organizer**

### **Edwardsport IGCC:**

As of the writing of this summary, the Duke estimate of the IGCC project now stands at \$3.3B!!! It is the fourth "official" guesstimate Duke has filed in this proceeding over the last five years and a far cry from the guesstimate of \$1.2-\$1.5B Duke was advertising from 2004 through 2006 when lobbying legislators and regulators for enabling legislation and favorable treatment prior to filing at the Commission.

What seemed like a fait accompli only one short year ago has now exploded into a huge scandal and the biggest utility case in at least a decade. Thanks to the hubris of Duke Energy and the hard work of CAC, our legal team, and our allies, Duke Energy is facing charges of concealment, fraud, and/or gross mismanagement with respect to the construction of the Edwardsport IGCC. Volumes of testimony have been filed and hearings will begin at the Commission in early November on those charges.

Prior to that, hearings on the prudence of the \$530M in cost overruns begin in late October. It should be noted that the \$530M in overruns is now actually \$750M in overruns, however Duke has indicated it will not seek cost recovery of the additional \$220 from ratepayers.

It would be a near impossible task to summarize the events of the case in a few short paragraphs, so for a complete history of the case, please visit our website. This is a case of historic magnitude and enormous proportions. Many people have dedicated themselves and their time with no questions asked and deserve our endless thanks and appreciation. Hundreds, if not thousands of hours of work have gone into this case.

This is far from over and we should be very proud of what we have accomplished thus far and excited at what is yet to come. Stay tuned, it keeps getting better every day.

### **NIPSCO feed in tariff:**

CAC, along with the OUCC, Indiana Distributed Energy Advocates, Sierra Club and others helped negotiate a very good settlement with NIPSCO to establish a feed in tariff that included dedicated set asides for small scale wind and solar energy projects. A few technical issues have emerged that are resulting in delays that may cause many projects to fall by the way side as Federal tax credits expire at the end of the year.

That being said, NIPSCO is negotiating in good faith currently in an effort to fix the glitches and get this program off the ground. We are optimistic that a resolution will be reached soon.

**Citizens Energy Group/City of Indianapolis, transfer of Water and Wastewater utilities:**

The OUCC and Citizens Energy reached a settlement agreement that officially transferred the operations of the Indianapolis water and sewer systems into the control of the Citizens Energy Group. CAC was not a party to the settlement.

Due to time constraints and resource limitations, as well as our inability to secure expert witnesses, CAC had to unofficially pull out of this proceeding. This was a case loaded with unanswered questions that remain unanswered today. Why should the public be mandated to pay to transfer assets that they own and will still own after the transfer? How will Citizens be held accountable for the savings they promise and how will those savings be verified? Why should utility ratepayers pay for sidewalks and home demolition?

CAC will be paying close attention to the new empire that is Citizens Energy Group as consumers will be hit hard with rate increases on their sewer and water bills of staggering proportions over the next several years.

**INVCEPS (SB251 rulemaking):**

With the passage of SB 251 during the last legislative session, the IURC was ordered to establish an emergency rule with respect to a voluntary clean energy standard in Indiana. CAC is a participating stakeholder in the rulemaking process, and will continue to argue that inclusion of non-renewable resources, such as coal, nuclear, and industrial waste, not be included in the statutory definition of “clean energy.”

CAC also argued that the final iteration of the rule should not reward past behavior, but should instead provide incentives for truly renewable projects. We have met with the IURC, participated in technical conferences, and have submitted written comments urging the Commission to draft a final rule that will be beneficial for both our environment and ratepayers.

## **Results of the 2011 Indiana General Assembly**

**Kerwin Olson, Interim Executive Director**

Utility Ratepayers were not left off the list of those groups under assault during the 2011 session of the Indiana General Assembly. After numerous hearings and hours of opposing testimony, the highly controversial and widely publicized SB251 was passed into law. A more detailed discussion of those hearings can be found on the CAC website.



SB251 had four distinct sections that brought together the desires of all the member companies of the Indiana Energy Association:

- 1) **Federally Mandated Costs:** This section of the bill gives the utility companies automatic cost recovery, aka a “tracker”, for any and all costs incurred in order to comply with any new rule, mandate, or regulation “imposed” by any agency of the Federal government with jurisdiction or oversight of the utility industry. In a nutshell, the Indiana General Assembly sent a loud and clear message to the public: We really don’t care what the EPA or anyone else in DC may do as long as the public has to foot the bill and not our good friends at the monopoly utilities who fill our campaign coffers full of cash and please our palettes with gourmet food and fine wine.
- 2) **Nuclear energy:** This section of the bill was lobbied for aggressively by Indiana Michigan Power to add their DC Cook nuclear power plant to the CWIP statutes. They need CWIP to ensure cost recovery for major renovations and maintenance at the plant, otherwise called “life cycle management”, which I&M must undertake as a requirement of the license extension they recovered from the NRC if they want to operate the plant for an additional 20 years. This project is expected to cost at least \$2B and would not have been possible without this legislation, which transfers all of the financial risk of the project to the ratepayers of I&M.
- 3) **Voluntary Clean Energy Standard:** This section of the bill is a sham of a renewable energy standard. Utilities who choose to comply with the “voluntary” standard will receive automatic cost recovery for those projects as well as the ability to earn incentives. Virtually every generation source of electricity, including coal and nuclear, is defined as “clean” energy in the statute. The rules that will govern the standard are currently being developed at the Commission.
- 4) **Eminent Domain for the construction, operation, and maintenance of Carbon Dioxide Pipelines:** This was the final piece of the legislative puzzle that Governor Daniels needed to get his substitute natural gas project to be built in Rockport off the ground. Despite being defeated in the early part of the session in the Indiana Senate in the form of SB115, that language was eventually added to SB251 and was railroaded through both chambers late in the session after lengthy debate and discussion.

## **Demand Side Management Oversight Board Activity**

**Zac Elliott, Statewide Organizer**

2011 has been a busy year for energy efficiency programs in Indiana – particularly Demand Side Management (DSM). DSM, simply defined, is a set of programs designed to reduce consumer demand through various forms of incentives and education. CAC has played a critical role in advocating for meaningful program design, implementation, and evaluation

of energy efficiency programs through its activities on various utilities' DSM oversight boards.

On both the natural gas and electric side, CAC is a voting oversight board member for most jurisdictional utilities in Indiana, including NIPSCO, Vectren, Citizens Gas, I&M and IPL. CAC is also a member of the statewide Joint Gas Oversight Board, Demand Side Management Coordinating Committee (DSMCC), and various other subcommittees of the DSMCC tasked with overseeing the statewide electric energy efficiency programs. Our goal is to promote programs that simultaneously maximize benefits for ratepayers and the environment.

### **Demand Side Management Coordinating Committee (DSMCC)**

The Demand Side Management Coordinating Committee (DSMCC) is comprised of all jurisdictional electric utilities in the state of Indiana, the OUCC, CAC, and the Industrial Group. On July 27, 2011 the Indiana Utility Regulatory Commission ordered the DSMCC to move forward with the startup and implementation phase of Core electric energy efficiency programs in Indiana. There was a delay to the initial schedule as a result of a minority opinion filed by the Industrial Group contending that the selection of GoodCents as the statewide Third Party Administrator (TPA) was not the least cost selection. CAC filed as a member of the DSMCC that the least cost bid was not necessarily the reasonable choice, due to the complex set of requirements of the TPA. In this case, the "least cost" bidder, in our minds, would have been unable to achieve the level of impacts dictated by the original Commission order. Programs are now due to launch on January 2, 2012, and CAC is playing an active role in design, implementation, and evaluation of the statewide DSM programs. GoodCents was selected as the statewide Third Party Administrator (TPA) and TecMarket Works was selected as the statewide Third Party Evaluator.

### **Joint Gas Oversight Board (JOSB)**

The Indiana Joint Natural Gas Oversight Board (JOSB) is comprised of the jurisdictional gas utilities, the Office of Utility Consumer Counselor, and CAC. Much like the DSMCC, the role of the JOSB is to provide a collaborative setting where JOSB members can share information, and jointly solve problems. This year, a joint evaluation of natural gas efficiency programs was conducted by Cadmus, a third party evaluator, and results of program impacts were presented to the JOSB. Additionally, the JOSB is currently reviewing the treatment of natural gas DSM cost effectiveness, as entire DSM portfolios are on the verge of not being cost effective. As natural gas prices continue to fall due to the prevalence of shale gas reserves, the cost effectiveness of DSM programs will continue to be in jeopardy. CAC is advocating that: 1. Social benefits be included in the cost effectiveness methodology; 2. Program design be looked at to optimize cost effectiveness; 3. That a range be used for utility avoided cost assumptions contained within the cost effectiveness methodology; 4. That DSM programs be looked at as a hedge (least cost option moving forward); and 5. That natural gas DSM programs not be curtailed or altogether eliminated unless there is a trend of being an economic net loss over a number of subsequent program years.

## **Biomass Update**

**Zac Elliott, Statewide Organizer**

CAC's biomass campaign has continued to evolve this year. With the extremely broad definition of biomass and bioenergy, we continue to have reservations with respect to: 1. Local air pollution; 2. Public health and safety impacts; 3. Local infrastructure impacts; 4. Economic impacts; 5. The assumption of carbon neutrality; and 6. Water use and wastewater discharge. Last year, in April of 2010, after much research and consideration, the CAC Board of Directors adopted a resolution on biomass technology, which simply stated that CAC would continue to scrutinize biomass projects on a case by case basis. This year, CAC began playing a supportive role with grassroots efforts in Jasper, Indiana to raise awareness and pressure local elected/appointed officials. Citizens for a Healthy Dubois County have been fighting a proposal submitted to the city of Jasper to revitalize its antiquated (and inoperable) coal plant to co-fire natural gas and miscanthus grass. As of right now, the city is yet to enter into a lease agreement with Twisted Oak Corporation, the developer seeking to operate the facility. CAC organized an educational canvass in Jasper this year, and will continue to provide assistance to grassroots efforts moving forward.

Liberty Green Renewables (LGR), a woody biomass plant developer, continued its efforts this year to construct and operate two wood waste incinerators in southern Indiana. Beginning in April of 2010, CAC began playing a supportive role with grassroots organizations in Scott County and Crawford County to pressure local elected officials. The Concerned Citizens of Crawford County were able to pass a comprehensive Environmental Impact Study (EIS) through the County Commission, which would have required Liberty Green to acquire a license to operate. Upon the passage of the ordinance, LGR pulled their land-use permit – a huge victory for local citizens.

In 2010, the Concerned Citizens of Scott County were able to pressure local elected officials into rejecting the development plan for the Liberty Green project. That decision was overturned by appeal in 2011. Despite Liberty Green's success at keeping these projects alive, as of late September 2011, they formally pulled their IDEM air permits in both Scott and Crawford counties, signaling that the proposed projects are dead. CAC is very proud to have been a part of these two successful grassroots efforts.

## **Low-Income and Consumer Protections Campaign**

**Lindsay Helmbock, Statewide Organizer**

CAC has been dedicated to protecting consumers since 1974 with a core focus on providing affordable access to essential human services for the citizens of Indiana. The key word here is affordable. In an effort to address the growing needs in Indiana amidst the backdrop of a record high 16.3% poverty rate, jobs that are harder and harder to find, people who are out of work for longer, and unaffordable energy bills, more must be done to protect consumers and adhere to our mission.

Over the past couple of years, CAC has experienced an increase in calls from consumers who are experiencing difficulty paying their utility bills, have been disconnected, feel they were treated unfairly, and/or are wondering who or where they can turn for legal and financial assistance. Additionally, Vectren customers in Southern Indiana are paying an average of \$155 per 1000kwh/month compared to Indiana's average price of about \$100, making their electric rates the highest in the state. Those customers are now facing another rate increase on the horizon. CAC has been working with Rep. Gail Riecken to pressure the Indiana Utility Regulatory Commission (IURC) to hold a field hearing so ratepayers may testify, on record, about the struggles and challenges they face paying their utility bills. We are also working to make the Commission initiate a formal investigation into the rights of consumers as well as the economic well-being of all Indiana utility ratepayers. These are issues faced by ratepayers across the spectrum.

In terms of energy assistance, Indiana ratepayers have limited options. The federally-funded Low-Income Home Energy Assistance Program (LIHEAP) is geared toward helping low-income households meet their home energy burden of heating and cooling their homes. Since 1981, it has become the number one safety net program in protecting the most vulnerable populations, including seniors, children and the disabled, avoid the dilemma of "heat or eat," hypothermia in the winter, and heat stress in the summer. Unfortunately, LIHEAP has been historically underfunded and low on resources. Right now, President Obama has proposed slashing LIHEAP funding nearly in half to \$2.5 billion, the pre-recession 2008 level of funding. On the state level, in 2010, LIHEAP provided 197,809 households with financial assistance while there were roughly 730,000 eligible households. The average Indiana household assistance benefit was \$420. With the proposed cut, the same number of households will be served, but will receive a lower benefit amount. Other forms of assistance such as NIPSCO's Winter Warmth, Vectren and Citizens Gas Universal Service Program, the winter moratorium, township assistance, and charitable donations are available but remain limited and inadequate in relation to the rising home energy burden of Indiana citizens.

To add fuel to the fire, we have an anemic regulatory body that allows the utilities to drive the process, completely leaving the interests of ratepayers out of the picture. The last publicly reported utility data collected to understand the economic state of affairs for consumers was published in a 2008 report by Roger Colton called "Home Energy Affordability in Indiana: Current Needs and Future Potentials." This showed that in an average month in 2007, 41% of Indiana's low income accounts were in arrears and the average monthly percentage of total residential accounts in arrears in any given month for the 2006/2007 reporting period was 20%. The fact alone that the utilities stopped publicly reporting data on disconnections, reconnections, billing and collections, and arrearages, is troubling. Resuming that reporting must be a necessary step towards truly understanding the scope of the problem in 2011. Even more troubling is that the IURC has full authority to retrieve this data from the utilities and to make it public, yet has failed to do so.

Coupled with the publicly unreported utility data, we have acquired 3800 pages of consumer complaints filed with the IURC from SIGECO, Vectren, and NIPSCO customers.

We are currently looking through those and analyzing the complaint process headed by the Consumer Affairs Division of the IURC. From what we have reviewed, it is clear the consumer is subject to a system that allows the utilities to self-police with no repercussions in place when consumers are wronged. At the very least, customers should be informed of their right to appeal and we are concerned this information is not being communicated consistently and effectively. It is high time the Indiana Utility Regulatory Commission fully upholds their mission to balance the interests of the consumers with the interests of the utilities by looking at the financial health and legal protections of the consumer.

As it stands, the IURC is a commission appointed by the Governor, unaccountable to the public, and remains a revolving door to the industry. CAC will continue to work towards legislative reform through an elected IURC, making the commissioners accountable to the public as well as reintroducing Rep. Win Moses' bill, giving the commission fining authority. Attention will additionally be focused on looking at energy assistance programs other states have implemented to protect low-income and the most vulnerable populations. On the regulatory level, we will be working to push the commission to resume public reporting of utility data and initiate an investigation into the economic well-being of ratepayers, as well as hold monthly Consumer Affairs Days throughout the state, so consumers who appeal their decision will have the opportunity to be represented by the OUCC against the appropriate utility.

## **CAC Education Fund Organizing**

**Julia Vaughn, CACEF Organizer**

### **Hospital Accountability Project (HAP)**

Funding from Community Catalyst for the Hospital Accountability Project (HAP) ran out in mid-June 2011, so the joint project between CACEF and Indiana Legal Services is currently on hiatus until new funding is received. We have submitted a preliminary proposal to the Nina Mason Pulliam Charitable Trust and have gotten very positive feedback from the assigned Program Officer, so we are hopeful the project can continue in 2012.

During its 2 year lifespan the Project had a very positive impact in Marion County. We held 15 community meetings to educate consumers about their rights and responsibilities as health care consumers. We provided direct education to over 200 individuals and reached hundreds more through canvassing and tabling at multiple venues.

The information we developed and provided was responsible for dozens of individuals becoming aware of the availability of financial assistance and eventually accessing it. For many of these people, their ability to get financial assistance for their hospital bills means they will avoid bankruptcy.

Over the course of the project we collected surveys from 731 people with hospital debt, giving us a broad data set to use to analyze this problem. This broad view gave us credibility to go into meetings with hospital administrators with the goal of working with

them to improve their financial assistance policies. We also issued a report in 2011 that analyzed hospital financial assistance policies to see how well they comply with federal standards and have used these standards in our conversations with hospitals in Marion County.

These discussions have already born fruit. IU Health has begun including financial assistance applications with bills that go unpaid for 2 billing cycles, St. Vincent Hospital is revamping its phone intake procedure and Community Hospitals has made significant changes to its signage and brochures regarding financial assistance. St. Francis Hospital has made numerous changes to its financial assistance procedures with the goal of making its patients more aware of the program and to make the application process more user friendly.

HAP also initiated a dialogue with the Indiana Attorney General's office with the goal of getting that office to play a bigger role in the oversight of financial assistance programs at not-for-profit hospitals in Indiana.

### **The Downstream Project**

Funded by a grant from GRACE, the Downstream Project works at both the state and local level to address problems associated with factory farms. The project is in its 3<sup>rd</sup> year and we anticipate a grant renewal for 2012.

The Project has been working with environmental and grassroots groups on the final round of rulemaking for Confined Feeding Operations (CFO)/Concentrated Animal Feeding Operations (CAFO) rules under the Water Pollution Control Board. This has been a nearly three year process and we have been instrumental in ensuring that environmentalists and consumers coordinate their efforts and speak with one voice on this issue. This is important since our opponents have a leg up in this process due to their affiliation with well-funded institutions and well-connected lobbyists.

We have also been working with small dairy farmers to call attention to a recent deal between Kroger and Fair Oaks Farm, the mega factory dairy in Northwest Indiana. This deal makes Fair Oaks Farm the exclusive milk supplier for Kroger stores in Indiana, giving consumers fewer choices and making it harder for small famers to stay in business. We are organizing a grassroots campaign to pressure the Kroger CEO to cancel this contract.

We have been working with several local communities to fight back against CAFO expansions and to institute local ordinances to protect water supplies, public health and property values. Currently we are providing assistance in White County, Harrison County, Blackford County, and Kosciusko County.

Most recently we have begun talking to environmentalists in St. Joseph County about the Indiana Department of Environmental Management's (IDEM) failure to enforce a compliance action against an egg factory near South Bend. The St. Joseph County Health Department is forcing the issue with the state and we will be working with them to

organize grassroots pressure on IDEM officials and the Daniels administration on the Pick a Chick issue.

We are also working to encourage a dialogue about the 2012 federal Farm Bill, particularly in the context of the Lugar/Mourdock Senate race. Lugar is a major voice on federal farm policy, so this issue should be an important part of the campaign next year. We will use showings of the documentary film Food Inc. to encourage grassroots discussions of this issue.