

NEWS RELEASE

**Citizens Action Coalition
Save the Valley
Hoosier Chapter Sierra Club**

**AARP Indiana
Valley Watch**

FOR IMMEDIATE RELEASE
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Consumer/Environmental Coalition: Senate Bill 251 Is a Utility Money Grab, Nothing More

Today, a coalition of consumer and environmental organizations blasted Senate Bill 251, contending that it is a utility wish-list inimical to consumer interests and economic stability. SB251 was approved on Tuesday, February 22 by a vote of 32-17 and will now to be sent to the House of Representatives for consideration.

Grant Smith, Executive Director of Citizens Action Coalition, said, "SB 251 does three things: First, the legislation is designed to enable utilities to pursue financially high-risk investments, like nuclear power, that they would otherwise avoid. Secondly, it is designed to deregulate large portions of utility revenue over time. Finally, SB 251 all but eliminates the possibility of a robust, homegrown renewable energy sector for Indiana."

Smith continued, "Taken together, these three objectives, long sought by Indiana's utility industry, will lead to exorbitant utility bills, representing a crushing burden on individual finances as well as on the economy as a whole."

Kerwin Olson, program director of CAC, said, "CAC has pushed for least cost service and fair and balanced regulatory oversight of Indiana's monopoly, state-franchised utility industry since our inception. Senate Bill 251 is an all-out assault on ratepayer protections and pocketbooks. It establishes a preference for high cost options rather than least cost options. This bill is all the more disturbing in that it is being championed by State Senators in the wake of the Duke Energy scandal at Edwardsport."

The consumer/environmental coalition points to what it considers the most onerous provisions in the legislation:

- If utilities can argue that the federal government may impose a mandate on them, they can invest and recover costs immediately; even if those mandates are never actually imposed. This is called "tracking" the cost or one-way rate making. Rates always go up. Areas where utility costs may be dropping are not factored in.
- The revenue stream collected from ratepayers due to so-called federal mandates is deregulated, off the books for purposes of setting rates. Over time, the groups contend, this will lead to confiscatory profit-taking by Indiana utilities.

- SB 251 also provides CWIP (construction work in progress) for nuclear power. Utilities seek CWIP because it allows them to secure private financing for projects that Wall Street would otherwise not support. Ratepayers pay the financing costs plus profit margin during the course of construction. CWIP is a power plant tax, an interest free loan on behalf of utility companies. To make matters worse, SB251 would force ratepayers to foot the entire bill, even if those power plants never produce a single kWh of electricity.
- The groups assert that the legislation undermines renewable energy investment in favor of coal and nuclear investments. It creates a voluntary “clean portfolio standard” that includes coal, nuclear, and methane from landfills and coal seams.

June Lyle, State Director of AARP, said, "This bill is a nightmare that should keep ratepayers awake at night. It undermines the regulatory process with virtual, automatic rate increases that would be very difficult to stop. The idea here is to allow utilities to overearn and to cut opposing voices out of the regulatory process as much as possible."

John Blair, President of Valley Watch, said, “To adopt CWIP for nuclear power after the Edwardsport fiasco and the inability of utilities recently to get one new nuclear unit built in the country due to inevitable cost overruns is irresponsible. It is a known fact that energy efficiency and renewable energy investments are much less financially risky than coal or nuclear plants. The planning horizons are much shorter. These technologies can be deployed much more quickly and require far fewer to no permits. Maintenance costs are lower. They are not subject to fuel cost fluctuations. And they require far less taxpayer and ratepayer support.”

Richard Hill, President of Save the Valley, said. “From public health to water usage, coal and nuclear power are having a devastating impact on our country and its citizens. It is time to shift utility investment patterns primarily from coal and nuclear power plants to less expensive energy efficiency and wind technology. Even solar photovoltaic panels are competitive with nuclear power. SB 251 has nothing to do with change. It is purely a utility money grab aided and abetted by Senate Republicans.”

Steve Francis, Chairperson of the Hoosier Chapter Sierra Club, said, “Amazingly, SB 251 gives the green light to utilities to develop more coal and nuclear plants under the guise of 'clean energy', and to pass the bill to ratepayers in advance while also adding on presumed federal "mandated" costs with little oversight. Indiana needs a TRUE renewable energy standard to make it competitive with neighboring states, not a FALSE 'clean energy', voluntary standard that promotes dangerous, expensive nuclear plants and dirty fossil fuels, including coal and natural gas.”