

*Chicago Tribune*  
July 12, 2010  
**Clean coal dream a costly nightmare**

*TheDailyReporter*  
May 21, 2012  
**Equipment failure may lead to months of delays at power plant**

*The Columbus Dispatch*  
April 29, 2012  
**Cities on hook for power plant's costs**

**THE BLADE**  
May 23, 2012  
**Area utilities face 30% rate hike**

*ST. LOUIS POST-DISPATCH*  
June 17, 2012  
**Coal plant not living up to its promises**

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## **Prairie State Coal Plant: A terrible deal for Indiana Municipal electric customers**

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Millions of Midwest electric customers, including customers of municipally-owned electric companies all over Indiana, are being threatened with high electric bills due to the cost overruns and economic risks of a new coal-fired power plant under construction in Southern Illinois.

Peabody Energy, the largest coal company in the world, developed the 1600 megawatt Prairie State coal plant project nearly a decade ago. A few years later, Peabody sold 95% of the project, including a coal mine and disposal sites, to municipal electric systems. The communities were promised a low-risk, steady source of electric power at below-market rates.

Now, 2.5 million ratepayers in 217 communities

across 9 states are on the hook for paying for this plant for decades to come. All told, between construction and debt financing costs, the Prairie State plant will cost \$9 billion.

During the years that the Prairie State plant was being proposed and under construction, 166 other proposed coal-fired power plants across the country were canceled because they were too expensive. Peabody decided they didn't want to take the risks for Prairie State and managed to sell 95% of the project - and the risk - to municipalities. A nearly identical plant to Prairie State in Kentucky was scrapped, and American Municipal Power (AMP), one of the main owners of Prairie State, canceled their own proposed coal plant in Southeast Ohio.

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**Power will be at least 40% more expensive than promised  
and nearly twice as high as market prices.**

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When they bought into the plant, communities were told that the power would cost about \$40 - \$45 per megawatt hour and would be below the market price of power for the lifetime of the plant. However, because construction costs are more than \$1 billion over budget, the price of the power is now scheduled to begin in the high \$50 range. At the same time, the market price of power has dipped significantly, to approximately \$30 per megawatt hour. The plant is months behind schedule in going online, and municipalities are already paying the costs of interest on the bonds - before any electricity is ever created. In this economy, we cannot afford to waste our money like this!

## Cost of first year power from Prairie State



**Construction costs are more than \$1 billion over budget. All told, between construction and debt financing costs, the Prairie State plant will cost \$9 billion.**

When they bought into the Prairie State plant, public power entities also took on the all of the environmental risks of the project. The plant will be a major new source of air pollution, releasing a combined 36 million pounds of sulfur dioxide, nitrogen oxide, soot, and mercury each year.

The Prairie State project also includes a coal mine, a mine waste disposal site, and a coal ash disposal site. The mine has received numerous citations for safety hazards from the federal government, and it

remains unknown whether the mine will be able to produce the full supply of coal needed to meet the project's demands safely over the next 30 years. The Prairie State Energy Campus is also projected to produce 3.6 million to 4.8 million tons of toxic ash, which must be disposed. Prairie State bought two coal ash waste disposal sites from Peabody and now PSEC is proposing to build a third site near the plant, which would destroy 740 acres of farmland.

## Take Action Now!

Communities that are signed onto this plant must ask questions about why they were sold a plant that can't keep its promises, and explore options about what can be done!

Call or write your Mayor or Town Manager today! Ask him/her to:

- Hold a full public hearing on the costs, delays, and risks of the Prairie State coal plant;
- Investigate and reveal what the high cost of power from Prairie State will do to local rates;
- Explore legal options for how to reduce the city's financial risk;
- Ask whether the plant should be mothballed since it has become too expensive.

**For more information, visit [www.prairiestatecoalplant.org](http://www.prairiestatecoalplant.org).**

**Mayor/Town Manager:** \_\_\_\_\_

**E-mail:** \_\_\_\_\_

**Phone:** \_\_\_\_\_