

NEWS RELEASE

For Immediate Release
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Settlement on Edwardsport IGCC BAD for Indiana

Today, a coalition of consumer and environmental watchdog groups announced their opposition to the recently filed settlement agreement pertaining to the Edwardsport IGCC power plant currently under construction in Knox County, IN.

The settlement, which still requires approval from The Utility Regulatory Commission, is unacceptable to the intervening parties for the following reasons.

- 1) It allows Duke to continue construction of the problem plagued project, even though Duke's own witnesses state that cancelling the plant today is the least cost option for consumers.
- 2) It does not provide a "hard-cap" on the cost of the project as the settlement claims but still allows Duke to increase capital costs above their latest estimates.
- 3) The so-called "hard-cap" fails to include future environmental compliance costs, costs associated with governmental action, or "acts of God". Again, this allows Duke to raise costs above the so called "cap". Carbon compliance costs alone could cost additional billions of dollars.
- 4) Limits prudence review of costs to only those above \$2.75 billion, which is even higher than the estimate previously approved by the Commission.
- 5) Duke's acceptance of a "reduced" return is limited to only costs above the already approved \$2.35B costs estimate.
- 6) The self-imposed rate case moratorium until 2012 does nothing to protect consumers from the plant which will come online in 2012, which is when Duke would have filed a rate case anyway.
- 7) Proposed changes to depreciation and capital are short lived as they can be lost in the next rate case in 2012.

"This settlement does nothing to change the fact that this plant first and foremost is not needed by Duke to fulfill their legal obligation of providing reliable electricity to their customers and is far too expensive," stated Kerwin Olson, Program Director for the Citizens Action Coalition.

Mr. Olson continued: "The Commission should reject this settlement in its entirety, immediately halt construction, and initiate an investigation on whether or not the project is necessary to meet demand and is in the public interest."

John Blair, President of Valley Watch, asserts, "Duke and the OUCC have been complicit in misleading the public since this project was first proposed. We

outlined these exact pitfalls in our testimony before the IURC in August 2007 (http://valleywatch.net/index.asp?id_nav=3). Unfortunately, the IURC and the OUCC failed to listen and now Indiana ratepayers in 69 counties will suffer needlessly for their complicity."

Grant Smith, Executive Director for Citizens Action Coalition
Richard Hill, President of Save the Valley
John Blair, President of Valley Watch