

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

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**Contact: Kerwin Olson**

## **Groups Press Regulators on Duke's Debacle in Edwardsport**

Today the Citizens Action Coalition, Sierra Club Hoosier Chapter, Save the Valley and Valley Watch called for critical consumer protections against cost overruns at the scandal-plagued Edwardsport coal gasification project caused by misdeeds of Duke Energy and State of Indiana officials. Specifically, the groups called on the Indiana Utility Regulatory Commission to open two separate investigations to assess the economic impacts on the project of:

- 1) Fraud, concealment or gross mismanagement in the planning, design, engineering and construction of the project by Duke Energy Indiana, its affiliates and contractors; and
- 2) Improper communications, conflicts of interest, undue influence, or other misconduct relating to the regulatory oversight of the project on the part of past and present officials of Duke Energy and the State of Indiana

Currently, there are five ongoing investigations pertaining to potential criminal, civil, and/or ethical misconduct with respect to the Edwardsport IGCC; including one being conducted by the Department of Justice.

According to CAC Program Director Kerwin Olson, "It is absolutely critical that the Commission timely and fully investigate the economic impacts on Edwardsport of all criminal, civil and ethical misconduct uncovered by the ongoing investigations of other agencies and organizations. However, it must be understood that only the Commission has the authority to set the rates that Duke Customers pay. In addition, only the Commission can return any illegally confiscated dollars to ratepayers. Therefore, we are asking the Commission to launch those investigations in order to assure the protection of Duke Customers against Edwardsport cost overruns attributable to misconduct by the Company, its affiliates, contractors or State regulators."

Construction costs have skyrocketed from an original estimate of \$1.2 billion to Duke Energy's current estimate of \$2.88 billion. If the plant is ever completed and operational, which remains uncertain, the Edwardsport IGCC would be the first large scale IGCC ever constructed, as well as the most expensive fossil fuel power plant ever built.

"We said from the start that this plant was a science project that ratepayers should not be forced to finance," added Mr. Olson. "Ratepayers pay for the delivery of electricity, nothing more, and nothing less. Ratepayers are not obligated to insure investor risk, nor should ratepayers be paying for something Wall Street will not," concluded Mr. Olson.

David Schlissel, a consultant for the coalition of organizations, points out in testimony filed last week with the IURC that Duke Energy "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 necessarily presented."

Mr. Schlissel continued: "However, [Duke Energy] refused to acknowledge and analyze those risks and costs in its testimony before the IURC...Instead [Duke Energy] reported to the IURC at every stage that the project risks were manageable and that its costs were under control." Mr. Schlissel concluded that "this course of conduct represents gross mismanagement."

Steve Francis, Chairperson of the Hoosier Chapter of Sierra Club, stated: "the IURC has a statutory responsibility to investigate whether any gross mismanagement of the costs of the Edwardsport plant has occurred and to fulfill its mission of balancing the interests of ratepayers and citizens of Indiana with those of the regulated parties. It is time for the IURC to exercise that regulatory responsibility in relation to the environmental and ratepayer consequences of proceeding with Edwardsport rather than viable alternatives."

Richard Hill, President of Save the Valley added: "If things proceed along their present course, Duke Energy customers, who are already paying for this boondoggle, can expect even more dramatic increases in their monthly electric bills. In our opinion, an investigation should be initiated into whether these costs are legitimate."

"Edwardsport was a mistake from the beginning and informed people knew it. Now with scandal racking the IURC, it has become evident that Duke and the IURC have been cronies in a grand scheme to rob Duke's customers of hard earned money," stated John Blair, President of Valley Watch. "Duke has either completely mismanaged the Edwardsport fiasco or this was their plan all along. But the IURC's complicity is unforgivable."

The motions filed at the IURC from the groups are attached.

Mr. Schissel's testimony can be viewed at:

<https://myweb.in.gov/IURC/eds/Modules/IURC/CategorySearch/viewfile.aspx?contentid=0900b6318014fd85>

Mr. Olson's testimony can be viewed at:

<https://myweb.in.gov/IURC/eds/Modules/IURC/CategorySearch/viewfile.aspx?contentid=0900b6318014fe31>

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