



Turning On Citizen Power

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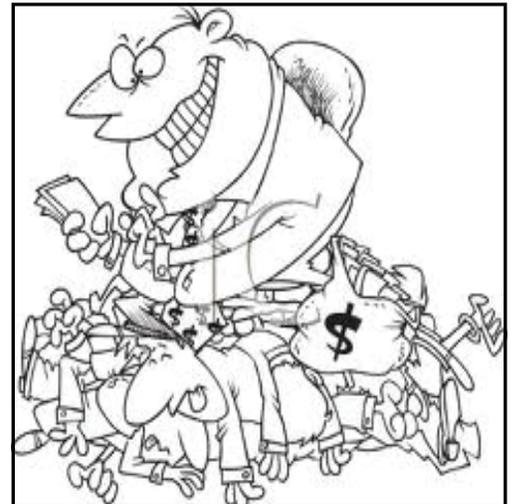
Coal-to-gas plant: Indiana's Enron

Leucadia Corporation wants to build and own a coal-to-gas plant in Spencer County, just outside of Rockport, IN. Leucadia is an out-of-state, speculative venture corporation, headquartered in New York City (with offices in Utah and California). The project is called Indiana Gasification LLC.

The plant is designed to convert coal into pipeline quality gas, called substitute natural gas or SNG. Gov. Daniels and Leucadia have had a difficult time getting the project off the ground. After the state legislature suspended all consumer protections with respect to power plant construction for Leucadia in legislation in 2007 and negotiations between Leucadia and Indiana's major gas utilities failed, Governor Daniels introduced legislation in 2009 (SB 423) to have the State sign a contract with Leucadia to force ratepayers to finance construction of the plant.

In drafting SB 423, Gov. Daniels evidently took a cue from Will Rogers who once said, "With Congress, every time they make a joke it's a law, and every time they make a law it's a joke."

However, during negotiations between Leucadia and the State, it was learned that gas ratepayers may never actually receive the SNG. Instead, Gov. Daniels came up with a scheme to force ratepayers to pay for an unregulated "exotic derivative" or financial contract which shifts all of the business risk onto captive ratepayers. The Indiana Finance Authority (the state's bonding agency) recently signed a 30 year contract to force ratepayers to purchase this "derivative" and is currently seeking approval of the contract before the Indiana Utility Regulatory Commission in Cause No. 43976.



Leucadia is claiming significant savings for ratepayers over time without knowing the final cost of plant construction, future operation and maintenance costs, the future prices for coal, and the costs associated with transporting the gas via pipeline. Irrespective of the cost of natural gas on the market, 17% of every utility bill will be sent to Leucadia to pay for the SNG.

Ratepayers have everything to lose, while Leucadia has nothing to lose and everything to gain!

Take Action!!!

Come to one of the three scheduled field hearings, or submit your comments in writing (information on back)!

West Lafayette

April 18, 2011 at 5:30 p.m.
W. Lafayette High School,
1105 North Grant St, 47906

Jasper

April 20, 2011 at 5:30 p.m.
Jasper Middle School Auditorium
3600 N Portersville Rd, 47546

Indianapolis

April 25, 2011 at 5:30 p.m.
Glick Indiana History Center
450 West Ohio St, 46202

Take Action Now!!!

Tell IURC Chairman Jim Atterholt to reject this contract in its entirety!!!

Tell the Chairman:

- ◆ If this was such a great deal, why would the Indiana gas utilities who are engaged in the business of selling and distributing natural gas not want any part of this?
- ◆ Why are the large industrial customers, who are the State's largest users of natural gas, exempted from this contract? If this promised such great savings, why would they not want to take advantage of it?
- ◆ It is not the role of the Commission to enable a private corporation with no obligation to serve the public to force their highly speculative and potentially expensive business scheme on captive Hoosier ratepayers.
- ◆ It is the obligation of the Commission to protect consumers, not force them to buy "exotic derivatives" that may lead to confiscatory utility rates.
- ◆ It is the role and obligation of the Commission to ensure that rates charged captive ratepayers are just and reasonable.
- ◆ The Commission would be fulfilling their statutory obligation of protecting the consumers of Indiana by rejecting these contracts in their entirety.
- ◆ Ratepayers pay for the delivery of utility service, nothing more, nothing less. What ratepayers may choose to do as individual investors should not be confused with what they are obligated to do as ratepayers.
- ◆ If the contract is approved, gas ratepayers will no longer have the protection that is guaranteed them by law. Currently, most gas utilities go in at least every 90 days to have their gas purchases reviewed by the Commission to ensure those utilities are being prudent in their business practices and delivering least cost resources to their ratepayers. If this contract is approved, regulatory oversight of 17% of a gas ratepayers bill will be eliminated, for at least 30 years, or 10,957 days.

Indiana Utility Regulatory Commission

Attn: Chairman Jim Atterholt

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**Please reference Cause No.
43976 in your correspondence**

