

# IURC News Release

Indiana Utility Regulatory Commission

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## For Immediate Release

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## The IURC to Conduct an Internal Investigation

*Duke CEO James Rogers requested to appear before Commission on Nov. 3<sup>rd</sup> to address concerns*

**INDIANAPOLIS** – The Indiana Utility Regulatory Commission (IURC) will immediately conduct a legal and technical audit of the cases that former Administrative Law Judge Scott Storms (ALJ Storms) presided over involving Duke Energy Indiana, Inc. The audit will be comprehensive, spanning from January 1, 2010 through September 30, 2010.

Under the direction of IURC Chairman Jim Atterholt, the Commission is aggressively acting to determine whether any activity by ALJ Storms did not follow normal processes or failed to be supported by evidence or another legal basis. The audit process will consist of reviewing both decisions that were autonomous (such as bench rulings) and group decisions (such as final orders). Documents to be reviewed include, but are not limited to, the following: transcripts, rulings on motions and technical staff reports.

A final report detailing the Commission's findings will be issued and made public so that stakeholders can see firsthand the exhaustive process the Commission used. The report will encompass the action items listed in the "Internal Audit of Duke Energy Cases Presided over by Former Administrative Law Judge Storms" document, which is attached for your reference. The Commission plans to issue a final report by the end of the year that will fully address the directive of the Governor.

The Commission's internal audit is separate from the Inspector General's (IG) investigation. Despite both of them commencing simultaneously, they will be treated as distinct investigations. However, the Commission has communicated that it will fully cooperate with the IG's review.

"The Commission has a professional staff dedicated to ensuring that the public interest is met and that the decisions made today will positively impact Indiana's future as it pertains to utility services," said Chairman Jim Atterholt. "It is of the utmost importance to determine whether the cases were handled improperly or mismanaged in any way, and if so, for us to take swift and corrective action immediately."

The continuing need for the Edwardsport project is a foundational issue to Duke Energy's request in Cause No. 43114-IGCC4-S1. Therefore, the Commission will audit all Edwardsport Integrated Gasification Combined Cycle (Edwardsport IGCC) cases dating

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back to 2006, as well as cases decided after ALJ Storms became a candidate for employment at Duke Energy.

In addition to the internal audit, the Commission will hold a technical conference on November 3, 2010 to explore Duke Energy's integrated resource plan (IRP) and how the Edwardsport IGCC facility is incorporated into it. An IRP forecasts a utility's long-term and short-term energy demand needs and how it plans to meet them through various alternatives. For example, alternatives may include: constructing additional baseload generation, implementing demand-side management programs, or purchasing capacity.

In a docket entry issued today, the Commission specifically requested that James E. (Jim) Rogers, President and Chief Executive Officer, present on behalf of the company at the technical conference. Further, Mr. Rogers and his staff are to field questions from IURC staff members and commissioners as well as the parties to the Edwardsport case. Parties include: Citizens Action Coalition of Indiana; the Indiana Industrial Group; Nucor Steel-Indiana; the Office of Utility Consumer Counselor (the state agency representing the public); Save the Valley, Inc.; Sierra Club; and Hoosier Chapter Valley Watch, Inc.

Because of the need for transparency and the significance of this endeavor, the Commission believes that it is in the public interest for the utility to explain why the plant is still necessary during the November 3<sup>rd</sup> technical conference, which is open to both the public and media. The conference will be held at 9:00 a.m. in the Commission's courtrooms, 222 and 224, at 101 W. Washington Street, Indianapolis, Ind. 46204.

Furthermore, in order to ensure the ongoing integrity of the Duke Energy case (Cause No. 43114-IGCC4-S1), the Commission will take the unprecedented step today of assigning all four commissioners to it. Typically, only one commissioner and administrative law judge are assigned to a case. Having all four commissioners participate fully in the case will increase oversight, provide additional scrutiny for interim rulings, and lend further expertise to the process. The Commission will also continue to fulfill its statutory duties and responsibilities, while complying with and addressing issues associated with the pending investigations.

*Attachments:*

Docket Entry 10-14-10

"Internal Audit of Duke Energy Cases Presided over by Former Administrative Law Judge Storms" document

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*The Commission is a fact-finding body that hears evidence in cases filed before it and makes decisions based on the evidence presented in those cases. An advocate of neither the public nor the utilities, the IURC is required by state statute to make decisions that balance the interests of all parties to ensure the utilities provide adequate and reliable service at reasonable prices.*