

Duke Energy: The Power of Green in North Carolina

Company's executives and PAC have given over \$740,000 to state-level candidates, officeholders and parties since '05





A report by NC WARN, The Canary Coalition, Southern Energy Network, and Mountain Voices Alliance, in conjunction with The Civil Society Institute/TheCLEAN.org.

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A COMPREHENSIVE NEW ANALYSIS of State Board of Elections data by groups concerned about climate change finds that executives of Duke Energy and the company’s political action committee gave a combined \$744,512 to state level office holders and candidates in North Carolina and their party committees between January 2005 and November 2008, a period culminating in last year’s hard-fought race to elect a new governor. Contributions from Duke executives accounted for \$222,432 of the total, including multiple donations from Chairman/CEO Jim Rogers and about two thirds of Duke’s senior executive team.ⁱ Additionally, the Duke Energy Corporation Political Action Committee gave \$522,080 during the same period. (North Carolina law prohibits corporate donations, so Duke could not contribute company funds directly, as it sometimes does elsewhere.)

The contributions were made as Duke Energy sought favorable state action on a host of fiercely debated energy matters, including approvals for a new Cliffside coal fired power plant; approval of Senate Bill 3, which shifted much of the risk of building new power plants to the consumer; a possible nuclear plant just across the border in South Carolina; and the “Save-a-Watt” scheme the company touts as a tool to promote energy efficiency but which critics call a consumer rip-off that does very little to reduce demand for electricity.

By far the single biggest beneficiary of Duke Energy political largesse during the four years studied was Charlotte mayor and 2008 GOP gubernatorial nominee, Pat McCrory, who took in \$96,900. McCrory might be called Duke’s man in the race, literally, having worked in Duke Energy management for 29 years before quitting to run for governor. Walter Dalton, recently sworn in as lieutenant governor having previously served as appropriations committee chairman in the state Senate,ⁱⁱ took second position, with \$40,830 received from Duke donors. (Dalton represented the district in which Cliffside is located.) Bev Perdue, the new governor, came in third at \$27,347. Scores of lawmakers also took in Duke Energy funds, topped by \$21,000 to Dan Clodfelter, a state Senator credited with securing the pro-utility cost recovery provisions in Senate Bill 3. Overall, more than one hundred North Carolina politicians holding or seeking legislative or statewide offices in Raleigh have benefited from Duke donations since 2005.

<p align="center"><i>“It’s our intent to be involved in the political process”</i> -Duke Energy spokesperson, February 2008ⁱⁱⁱ</p>			
			
Pat McCrory \$96,900 from Duke Energy	Walter Dalton \$40,830 from Duke Energy	Bev Perdue \$27,347 from Duke Energy	Dan Clodfelter \$21,000 from Duke Energy

Some noteworthy politicians and their Duke donor profiles...

Charlotte mayor/GOP governor nominee Pat McCrory. Charlotte mayor and Republican gubernatorial nominee Pat McCrory worked for Duke Energy for 29 years in various management positions before quitting the company in January 2008 to devote himself fulltime to the governor's race.^{iv} McCrory netted \$88,900 from Duke executives and another \$8,000 (the maximum allowed) from Duke's PAC. According to a published report, Duke Energy's then-Carolinas President Ellen Ruff co-hosted a February 2008 fundraiser for McCrory that hauled in more than \$400,000 from all corners of the Charlotte business community and propelled McCrory to strong start as he jumped into a crowded field.^v

On the campaign trail, McCrory expressed support for Duke Energy's proposed new power plant at Cliffside, arguing it would help the cause of energy self-sufficiency.^{vi}

Even as he worked for Duke, McCrory simultaneously served for a dozen years as Charlotte's mayor, a nominally part-time position drawn from the ranks of the City Council. McCrory's dual roles led critics to claim possible conflicts of interest. For example, Mayor McCrory once chaired a US Conference of Mayors panel that drafted that group's position on greenhouse gases, but then refused to sign it because it failed to cite nuclear power as a fossil fuels alternative.^{vii} (He later dubbed the measure "unrealistic" and "very political."^{viii}) Skeptics were also said to wonder how McCrory, widely credited with devoting very long hours to his mayoral duties, could merit the apparently fulltime salary being paid him by Duke Energy—and whether the company perhaps hoped to gain by his activity in the public sector.^{ix}

Governor Bev Perdue. Governor Bev Perdue collected \$19,347 from Duke Energy executives plus \$8,000 (the maximum allowed) from Duke's PAC between 2005 and 2008, a period that covers her service as lieutenant governor as well as her active candidacy for governor. In late October 2008, Perdue's campaign reported a \$3397 in-kind donation from Duke's senior vice president Roberta Bowman for "event expense;" in-kind donations are often a sign the donor has helped host a fundraiser. Duke CEO Jim Rogers gave twice to Perdue in earlier years.

On the campaign trail, Perdue initially called on regulators to hold off on issuing a permit for the Cliffside power plant expansion.^x But when the state issued an air quality permit for the plant anyway, she dropped any active opposition and issued an energy platform stating that North Carolina should not authorize any additional coal fired power plants in the future,^{xi} a position that meant little in that Duke's Rogers had previously said Cliffside would be Duke's last coal plant in North Carolina.^{xii}

Perdue lagged far behind McCrory in Duke-connected political donations to her campaign. But it is the case that Duke CEO Jim Rogers showered \$34,000 in donations on the state Democratic Party in the closing days of the race. (Rogers made no donations to the state GOP.)

Lt. Governor Walter Dalton. Lt. Governor Walter Dalton received \$24,830 from Duke Energy executives, plus \$16,000 from Duke's PAC between 2005 and 2008. Dalton, often characterized as a pro-business Democrat, was previously Senate chair of the Appropriations Committee, a powerful post. Duke Energy was a "signature sponsor" of pre-Inaugural reception in honor of Dalton and other members of the Council of State.^{xiii}

On the campaign trail, Dalton gave Duke's Cliffside power plant proposal a strong public endorsement,^{xiv} arguing it would create jobs and supersede four older dirtier units. He was the only Democrat in the primary to support Cliffside. A frequent ally of the utility industry, Dalton voted against an amendment to Senate Bill 3 to cut incentives for new coal or nuclear power plants.^{xv}

State Sen. Dan Clodfelter. Dan Clodfelter has received \$16,000 from Duke PAC, plus \$5,000 from Duke executives, making him the biggest recipient of Duke donations of anyone not running for statewide office. The individual donations all arrived in October 2006, coming from CEO Rogers and other top leadership. Clodfelter was seen as a key player in Senate passage of Senate Bill 3, the 2007 energy measure that grew controversial after utility interests and their legislative allies added language allowing utilities to recoup power plant construction costs even before completion. Clodfelter successfully fought off an amendment to delete the provision.^{xvi}

Key Duke Energy issues before North Carolina state government...

Cliffside power plant expansion. Duke Energy spent 2008 seeking to push ahead with an 800 megawatt expansion to its coal-fired Cliffside power plant. Duke mounted a heavy public relations campaign to position the plant as an improvement over an existing facility and the state permitted it in January 2008,^{xvii} over the sharp objections of environmental experts and some elected officials. The National Park Service has said Duke's new plant would worsen haze within The Great Smoky Mountains National Park and mean more mercury and acidic chemicals in a park that already ranks as the nation's hardest hit by acidic pollution.^{xviii} Top climate change scientist James Hansen of NASA has called on the state to prohibit it or any other new coal fired power plant.^{xix} The Southern Alliance for Clean Energy says Duke's Cliffside proposal "commits North Carolinians to pollution from outdated, dirty coal technology for the next 50 years."^{xx} Energy watchdog group NC WARN calls Duke's environmental claims a "ruse" meant to create the misimpression that the new plant would dramatically cut greenhouse gas emissions, when, in fact, it would increase them.^{xxi}

Senate Bill 3. In early 2007 a broad coalition of environmental groups pushed for a bill to promote the use of renewable energy and energy efficiency to cut greenhouse gas emissions. In the Senate, Senator Clodfelter led the utilities' successful effort to add provisions that shifted the financial risk of building power plant to ratepayers by making them pay for the plants as they are being built – regardless of whether they are ever actually operational. The bill, widely regarded as the most important energy legislation in decades, became highly controversial when all but one of the environmental and consumer groups following the bill strongly opposed the provision, and, when it was not removed, opposed the bill. The groups saw provision as anti-environmental and anti-consumer. The bill passed.

Save-a-Watt. In early 2008, Duke Energy brought its Save-a-Watt proposal before the State Utilities Commission, promoting it as a paradigm shifting initiative to harness economic incentives to the cause of conservation and energy efficiency. Writing in a February 2008 op-ed, CEO Jim Rogers asserted that "productivity gains" in the use of electricity were faster and more economic route to reduced greenhouse emissions than the renewable energy proposals favored by environmentalists. Save-a-Watt's supposed breakthrough was a scheme to pay the utility for energy not produced, versus the "failed business-as-usual" cost-plus approach that rewarded new power plant construction. The renewables route, Rogers insisted, was, by contrast, too expensive

for most consumers, with rate hikes of 30 to 50 percent.^{xxii} But an alliance of 14 consumer and environmental groups blasted the plan as costing too much and doing too little. In August 2008, Rogers appeared before the North Carolina Utilities Commission in a bid to save the controversial proposal.^{xxiii} The Commission has yet to rule on the proposal. That same month consumer and environmental groups proposed to the Commission an alternative proposal, called NC SAVE\$ ENERGY, which would create an independently administered energy efficiency program aimed at benefiting low and moderate income families and creating green collar jobs.

Nuclear plant costs. In December 2007, Duke Energy submitted an 8,000 page application to the Nuclear Regulatory Commission to construct a new nuclear power plant in Cherokee County, South Carolina, just across the state border—a proposal even CEO Jim Rogers acknowledged might prove too costly or unpopular to move forward.^{xxiv} In April 2008, the North Carolina Utilities Commission ruled in support of Duke’s right to refuse to publicly disclose the expected cost of the plant—widely believed to be six to nine billion dollars per reactor—on the grounds this information constituted a trade secret.^{xxv} Consumer and environmental advocates argued that the public had a right to know since the cost would determine the economic merits of the plant and the rates charged consumers.^{xxvi}

Methodology. Duke Energy connected individual donations were identified via the State Board of Elections’ [electronic search system](#), primarily using searches designed to capture individual donors describing themselves as employed by Duke Energy and holding managerial positions. The results were cross referenced against recipient committee filings to ensure accuracy, where necessary. PAC donations were identified by means of both the electronic search system and [reports filed by the Duke Corporation Political Action Committee](#), so as to capture donations made to smaller committees, mainly in the Legislature, whose contributor activity is not always up to date in the electronic search system (because they file on paper).

ⁱ As identified on Duke’s “Leaders” web page <http://www.duke-energy.com/about-us/leaders.asp>

ⁱⁱ <http://www.walterdalton.org/about13.html>

ⁱⁱⁱ Charlotte Observer, 2/27/08

^{iv} News & Observer, 1/16/08 and Charlotte Observer, 8/3/08

^v Charlotte Business Journal, 4/28/08

^{vi} Mountain Xpress, 7/23/08

^{vii} Charlotte Observer, 5/18/08

^{viii} Charlotte Observer, 10/10/07

^{ix} Charlotte Observer, 10/10/07

^x Asheville Citizen-Times, 1/24/08

^{xi} Charlotte Observer, 2/9/08

^{xii} http://projects.newsobserver.com/tags/jim_rogers

^{xiii} Charlotte Observer, 11/13/08

^{xiv} Charlotte Observer, 1/1/08

^{xv} Charlotte Observer, 10/22/08

^{xvi} Charlotte Business Journal, 7/9/07

^{xvii} News & Observer, 6/9/08

^{xviii} Charlotte Observer, 7/26/08

^{xix} Charlotte Observer, 11/17/07

^{xx} <http://www.stopcliffside.org/news.php?extend.41>

^{xxi} News & Record (Greensboro, NC), 2/16/08

^{xxii} News & Observer, 2/19/08

^{xxiii} News & Observer, 8/18/08

^{xxiv} Charlotte Observer, 12/14/07

^{xxv} <http://www.newsobserver.com/business/story/1048035.html>

^{xxvi} News & Observer, 4/30/08