Panel Waters Down Coal-Gas Measure

TOM LoBIANCO,Associated Press

INDIANAPOLIS (AP) — The fight over a proposed $2.6 billion coal-gasification plant was left to the Indiana courts on Thursday after a Senate committee decided not to get involved in how an account set up by the plant's developers would be used.

Supporters and opponents of the plant have waged parallel fights this year in Legislature and the courts. But lawmakers stepped out by abandoning a plan that would have sped up how soon ratepayers received refunds from a $150 million account established by the plant's developers to offset rate hikes.

The developers, Indiana Gasification LLC and its parent company, Leucadia, have said such a move would have killed the project.

The Senate Utilities Committee decided Thursday to strip the plan from legislation that involved the workings of the Indiana Utility Regulatory Commission. Committee members said they wanted to allow the pending court fight to play out before getting more involved.

However, the committee added in new protections for ratepayers if the courts send the issue back to the IURC. Those protections would "give the ratepayer a voice more so than before," said Sen. Jim Merritt, R-Indianapolis, chairman of the committee.

The panel approved the pared-downed legislation and sent it to the full Senate.

The Indiana Court of Appeals ruled last year that a contract the state signed guaranteeing to buy synthetic natural gas from the plant over the next 30 years was invalid. If that ruling stands, the legislation would dictate that the IURC review the contract with an eye toward projected natural gas costs and the future availability of shale gas.

The proposed Rockport plant has pitted southwestern Indiana lawmakers and the New York-based developer, Leucadia, against environmentalists, consumer advocates and large ratepayers this session, who have argued the deal unfairly places ratepayers on the hook for potential hikes.

"This is really a complicated issue and I certainly would not like to see the project die, but there are still very valid concerns," said Sen. Jean Breaux, D-Indianapolis.

Sen. Jim Tomes, R-Wadesville, said the plant would bring good-paying jobs to the constituents he represents.

"There's six-and-a-half million people in this state who aren't here today because they're working for a living or trying to find jobs trying to support their families. We

all want jobs," he said.

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