

NC WARN & Friends of the Earth

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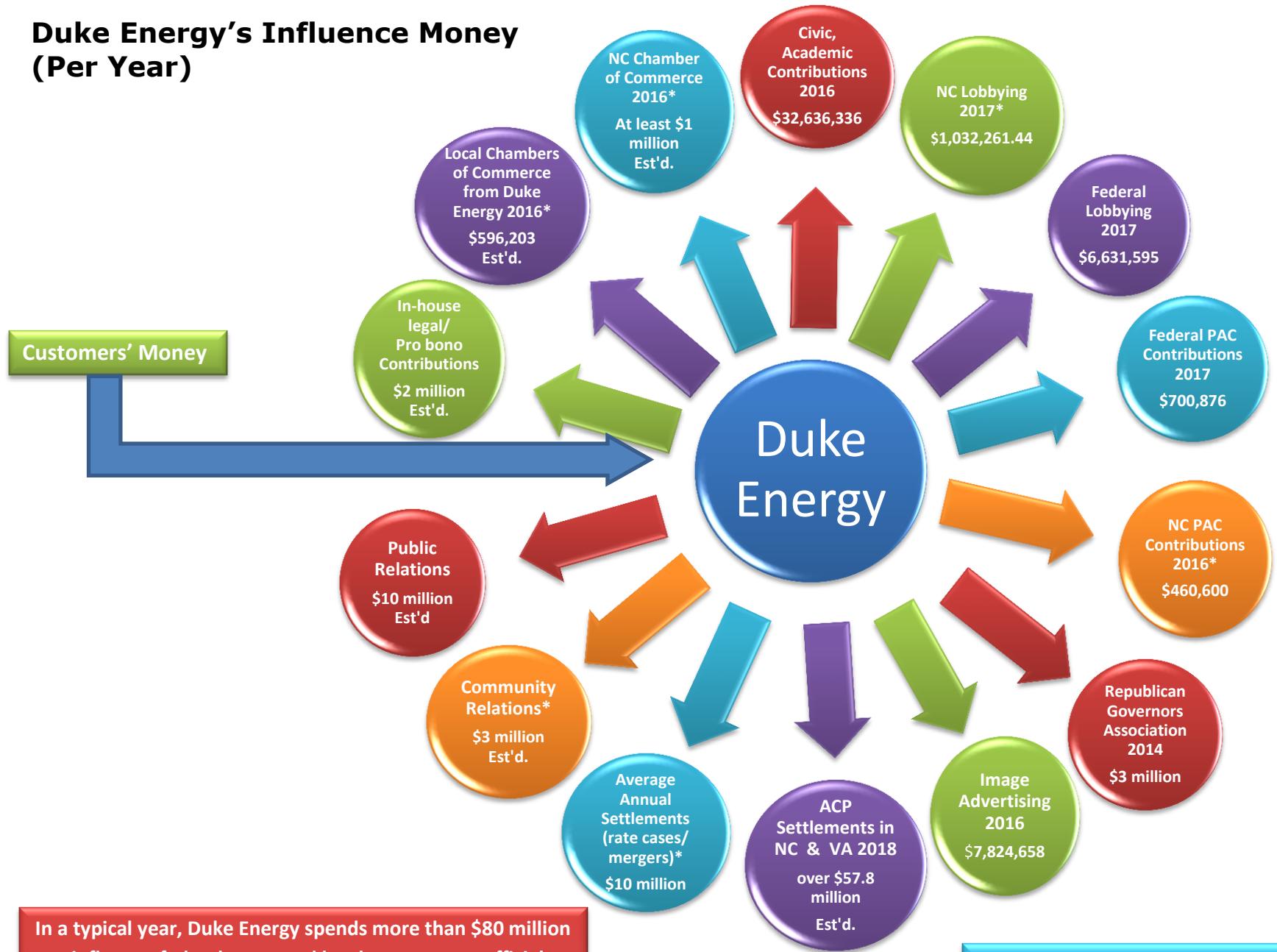
Groups Take Legal Action to Ban Duke Energy Influence Spending

National epidemic of captive monopoly customers being forced to fund disinformation, political pay-offs violates Constitutional protection against coerced speech, say critics

Durham, NC – NC WARN, a North Carolina climate justice watchdog, and Friends of the Earth, a leading environmental organization, began legal action today to ban the pervasive influence spending by Duke Energy in a case with national ramifications for climate change, electricity rates and corporate control over government and civic leaders. The groups say Duke Energy uses more than \$80 million annually in the Carolinas – originating from customers – to mislead the public and decision-makers as an essential plank of its business model that shields the corporation from criticism and accountability.

The petition calls for the NC Utilities Commission to prohibit the use of customers' money for influence spending by Duke's two Carolinas-based utilities and the parent corporation.

Duke Energy's Influence Money (Per Year)



In a typical year, Duke Energy spends more than \$80 million to influence federal, state and local government officials, news media, civic leaders and the public. In addition, in 2018 Duke Energy has already spent over \$57.8 million just on the Atlantic Coast Pipeline settlement agreements with Governors in NC and VA.

*Calculations do not include additional amounts expended in other states where Duke Energy operates.
*See sources and other information at ncwarn.org/influence.

It details how virtually all the spending for political and civic influence originates from customer bills, and how Duke Energy uses an “accounting fiction” to claim that its stockholders or employees pay for image-polishing propaganda, targeted philanthropy, political giveaways and other efforts to buy favor.

The case is being bolstered by the former **Chairman of the New York Utilities Commission, Peter Bradford**, who filed an affidavit describing utility influence spending as a long-running national problem, and he urged the NC Commission to take the lead in reining it in: *“Given the harm demonstrably done by utility programs designed to further their influence over policymaking processes, the Commission should do all that it can within the framework of the First Amendment to assure that customers do not pay for these programs...”*

During a March rate hearing, Duke Energy threatened NC WARN with a libel lawsuit over evidence introduced regarding the \$80 million in annual influence spending, but corporate officials barely even tried to refute the evidence while on the witness stand or afterward.

“Influence spending by energy corporations is a national epidemic that is polluting our democracy and driving the climate crisis,” **said Michelle Chan, Vice President of Programs at Friends of the Earth**. “Duke Energy and other utilities are only concerned with growing their corporate profits by expanding the use of fracked gas and preventing cheaper, clean energy alternatives.”

The case, filed by attorneys Kristen Wills and Matt Quinn, cites a recent U.S. Supreme Court ruling against political spending by a labor union to argue that Duke Energy’s customers are being forced to have part of their power bills pay for Duke Energy propaganda and political influence with which they vigorously disagree.

NC WARN’s Jim Warren said today, “Duke Energy executives calculate that they must spend millions to keep their 20th Century business model going. They simply have to buy favor and stifle criticism of the corporation’s role in driving the climate crisis, its coal ash fiascos and constantly raising rates to build

unneeded power plants and fracked gas infrastructure such as the Atlantic Coast Pipeline.”

Warren said Duke Energy executives constantly deceive the public, the press and politicians about key corporate practices. As one example, he cited renewable energy, saying that despite solar panels in every TV ad, Duke is only at 3 percent renewables in the Carolinas and plans to be at only 7 or 8 percent by 2033. He also cited Duke’s persistent claims that it has reduced its climate pollution even though it is greatly expanding the use of fracked “natural” gas. Scientists warn that unburned methane leaking from fracking wells, pipelines and power plants is a key short-term driver of the hyper-urgent climate crisis.

Former Commissioner Bradford also explained in his affidavit *“Having no need to compete for customers ... utilities have long understood their greatest public acceptance challenge to lie in assuring a favorable political climate. North Carolina utilities focus heavily on assuring that their interests are protected in political forums rather than in nonexistent competitive market places. The appointment of regulators and other officials, the enactment of legislation, the selection of judges, the election of legislators, the influencing of opinion pieces and of media editors – these are areas where the expenditure of a few million dollars can and does make a very large difference ...”*

He added, *“The anti-consumer consequences are clear and dramatic, amounting to per-state damage several orders of magnitude greater than the amounts spent buying influence”*

“Adequately responding to the climate crisis means not just tackling the technical question of transitioning to renewable energy,” Chan continued. “It also means stopping corporate monopolies like Duke from corroding our democracy and standing in the way of the change we need to protect people and the planet.”



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