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Duke Energy CEO defends coal-ash appeal during annual meeting

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CEO Lynn Good defended Duke Energy Corp.'s appeal of a N.C. environmental order that it excavate the coal ash in the state and rebury it in lined landfills during the "question and answer session" of the company's annual meeting Thursday.

"We received an order from the Department of Environmental Quality on April 1 requiring excavation of a number of basins that had been ranked low risk by the same agency," she said in response to a written shareholder question about coal ash. "We are appealing this ruling, because the ruling actually requires the most extreme measure and the most costly measure to close low-risk basins without incremental environmental benefit and without consideration of the additional



DUKE ENERGY ONLINE FEED

Mike Callahan moderates the question and answer session with Duke CEO Lynn Good during the annual shareholders meeting.

environmental impact of leaving the basins open and excavating them over decades.”

DEQ had rejected Duke’s proposal to draw all of the water out of coal-ash ponds at six N.C. plants and cap the ash in the current unlined pits. Duke (NYSE: DUK) contends this would protect groundwater, lakes and rivers from further contamination from water leaking through the ponds. DEQ found those measures inadequate and ordered excavation and reburial as Duke has already agreed to do that at eight other current and former coal plants in the state.

The change is expected to increase the total costs for closing down all of the ash ponds to as much as \$10.6 billion, up from the \$5.6 billion Duke estimates it would cost if Duke were allowed to cap the disputed ponds in place. Duke has appealed that decision to the N.C. Office of Administrative Hearings.

“Our commitment to continue to close basins in accordance with (federal and state) laws is undeterred,” Good said. “And we will do so striking a balance on ensuring safety of the environment, but also looking for ways that we can complete this work in a way that is affordable for our customers.”

Thursday’s annual meeting was the third conducted online by Duke, with Good in a studio at an undisclosed location streaming the meeting. She was accompanied by Michael Callahan, Duke’s vice president of investor relations, and David Fountain, Duke’s corporate secretary who acted as the secretary for the annual meeting. No one else appeared on camera at the event. Voice recordings were played of shareholders offered an opportunity to speak on behalf of proposals they had made for broader reporting by Duke on environmental and financial issues.

The board of directors opposed all four of the shareholder proposals, and all were defeated.

A proposal sponsored by the N.Y. Office of State Comptroller called on Duke to make a full accounting of its spending on political campaigns. It received just 35% of the votes cast by proxy at the meeting. Another proposal from Mercy Investment Services called for a similar report outlining all of Duke’s spending on lobbying local, state and federal governments. It received 36% of the votes cast.

The most popular shareholder proposal, made by environmental justice group As You Sow, called for a full report on any efforts by Duke to mitigate the health and climate change impacts of its continued use of coal to produce electricity. But even that

proposal got just 41% of the shares voted.

The least popular proposal on the agenda came from lobbyist, author and Fox News commentator Steven Milloy. He called for a report on the costs and benefits of environmental efforts Duke has voluntarily undertaken. Specifically, he contended Duke's efforts to reduce carbon emissions and shut down some coal plants had been "all pain and no gain," producing no serious environmental benefits. That proposal failed with just 4% of the shares voted calling for approval.

Fountain announced that the slate of 14 directors proposed for serving on the board won handily. He said each of the 14 nominees were elected with at least 95% of the shares voted by proxy.

The final detailed voting tallies will be released by the company in a Securities and Exchange Commission filing in a few weeks.

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