

Democracy North Carolina

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Merged Utilities Would Create State's Top Corporate PAC, 115 of 170 NC Legislators Have Duke/Progress Donations

The merger of Duke Energy and Progress Energy would not only create the largest electric utility in the nation. The combined lobbying muscle of the two companies would likely produce the most politically influential corporation in North Carolina, according to an analysis by the nonpartisan watchdog group, Democracy North Carolina.

“Duke and Progress Energy have consistently sponsored political action committees that rank among the top 10 in the state, and together they would surpass Bank of America to form the largest corporate PAC in North Carolina,” said Bob Hall, executive director of the group.

“Their combined spending on NC and federal lobbying and political donations hit \$19 million in the 2009-2010 cycle,” he said. “Total political spending over the past 8 years is \$52 million – just for NC and national politics, not counting other states like FL and SC where they operate.”

Hall noted that 115 of the 170 state legislators elected in 2010 got a donation from one or both of the utilities; the top legislative leaders from both parties received at least \$13,000 each.

In addition to the merger proposal under review by regulators, Duke is asking the NC Utilities Commission for permission to charge higher rates for its electricity. Progress says it will seek a rate hike in 2012.

The companies are also lobbying the NC legislature for an unusual law that would allow them to raise rates automatically to recover the millions spent on developing and building new nuclear or other power plants, even if the construction project is ultimately abandoned. The proposal would make ratepayers, rather than investors, bear the financial risk of expansion operations.

“In all these dealings with state and federal policymakers, it is useful to understand the scope of the two companies’ political clout,” said Hall. “Policymakers often act like the utilities are the experts on energy issues but the public has a right to know that alternative perspectives and better strategies are not being overlooked because of the utilities’ money and lobbying muscle.”

Hall noted that the companies gain influence through many means, including their large payrolls and tax payments, their gifts to nonprofits and universities, their business ties to policymakers, and their goodwill efforts, from executives coaching little league teams to Duke Energy offering a \$10 million line of credit to lure the Democratic National Convention to Charlotte.

Hall said Democracy North Carolina’s analysis boils down to ten points worth knowing about the two companies’ political clout:

- ✓ Year after year, Duke Energy’s and Progress Energy’s PACs have ranked among the top 10 PACs in NC. With a merger, they will become the #1 corporate PAC in NC, surpassing the Bank of America PAC.
- ✓ In the past 8 years (Jan. 1, 2003 through Dec. 31, 2010), the Duke and Progress Energy PACs have donated \$2.2 million to state candidates and political committees. In addition, company officials donated more than \$300,000 from 2003 through 2010.

- ✓ In the same 8-year period, Duke and Progress Energy reported spending \$1.6 million for lobbyists and other expenses on lobbying NC state government
- ✓ Summing up, Duke Energy & Progress Energy have spent more than \$4 million in the past 8 years on lobbyists and political donations for North Carolina politics, or an average of \$23,000 for each of the 170 legislators in Raleigh.
- ✓ In just the 2010 election, the PACs of Progress Energy and Duke Energy handed out \$540,000 to NC General Assembly candidates – more than any other PAC.
- ✓ 115 of the 170 winners in 2010 got donations. One in 4 received \$3,500 or more.
- ✓ The top leaders in the NC legislature from each party got from \$13,000 to \$22,000 each.
- ✓ In the past 8 years, Duke Energy and Progress Energy reported spending an amazing \$43 million to lobby Congress and federal agencies.
- ✓ In the past 8 years, Duke Energy and Progress Energy have spent \$4,460,000 on PAC donations to national candidates and committees.
- ✓ Summing up, Duke and Progress Energy have spent over \$47 million in the past 8 years on lobbyists and political donations related to federal elections and policymaking.

Political Spending by Duke Energy & Progress Energy, 2003-2010

Type of Spending	2003-2004	2005-2006	2007-2008	2009-2010	Totals
NC Political Donations: Duke	281,000	241,000	278,000	258,500	1,058,500
NC Political Donations: Progress	257,500	260,255	301,831	369,312	1,188,898
Total NC Political Donations	\$ 538,500	\$ 501,255	\$ 579,831	\$ 627,812	\$ 2,547,398*
NC Lobbying Exp: Duke	94,865	150,034	214,199	378,289	837,387
NC Lobbying Exp: Progress	118,000	85,000	146,452	444,166	793,618
Total NC Lobbying	\$ 212,865	\$ 235,034	\$ 360,651	\$ 822,455	\$ 1,631,005
Federal Lobbying Exp: Duke	3,870,000	4,150,000	7,889,718	12,380,516	28,290,234
Federal Lobbying Exp: Progress	3,761,000	3,423,580	3,560,000	4,050,000	14,794,580
Total Federal Lobbying	\$7,631,000	\$7,573,580	\$11,449,718	\$16,430,516	\$43,084,814
Fed. Political Donations: Duke	610,810	602,500	587,000	754,900	2,555,210
Fed. Pol. Donations: Progress	435,542	478,033	462,238	529,331	1,905,144
Total Fed. Political Donations	\$1,046,352	\$1,080,533	\$ 1,049,238	\$ 1,284,231	\$ 4,460,354
Grand Totals	\$9,428,717	\$9,390,402	\$13,439,438	\$19,165,014	\$51,723,571

* Includes \$300,000 donations from company executives and officials. Data from State Board of Elections, NC Secretary of State and Center for Responsive Politics. Some donations at end of an even year are for next election cycle.

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Legislators Receiving Most from Duke & Progress Energy PACs, 2009-2010

Party – Chamber	Legislator	Total Amount
Rep. – House:	Thom Tillis	\$22,000
Rep. – Senate:	Phil Berger	20,000
Rep. – Senate:	Tom Apodaca	16,000
Rep. – House:	Harold Brubaker	16,000
Dem. – Senate:	Dan Clodfelter	16,000
Dem. – House:	Joe Hackney	16,000
Dem. – Senate:	Martin Nesbitt	14,000
Dem. – House:	Wm. Wainwright	14,000
Rep. – House:	Paul Stam	13,000