

# Democracy North Carolina

105 W. Main St., Carrboro NC 27510 • 919-967-9942 or 489-1931 • democracy-nc.org

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## The Utility of Giving

### Political Investments By N.C. Electric Utilities

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*The private electric utilities serving North Carolina are among the state's largest employers, landowners, taxpayers, and charitable donors. They gain influence in shaping policy by their sheer size, economic muscle, and the goodwill accumulated by providing leaders and money for civic activities, from school construction bond drives to United Way campaigns. In Wake County, home of the state capital, Progress Energy is the largest private employer and property taxpayer. The five-term Republican mayor of Charlotte is a Duke Energy executive. The recently retired chair of the state's Democratic Party worked for Progress Energy. The chair of the UNC-CH board of trustees is a Duke Energy vice president. And on it goes. To better understand the power of the power companies to shape public policy in their favor, here is a look at the political clout of Duke Energy (formerly Duke Power), Progress Energy (formerly Carolina Power & Light), and the Virginia-based Dominion Resources, which serves northeastern North Carolina.*

- Progress Energy and Duke sponsor two of the biggest corporate PACs in North Carolina. They consistently rank among the most politically active companies in the state – along with Bank of America, Wachovia, Sprint, and BellSouth – in terms of direct political donations to state candidates and parties. For the period 2001-2004, Duke's PAC donated \$488,750 to state-level politics, Progress gave \$300,250 and Richmond, Virginia-based Dominion contributed \$84,650.
- The three utility PACs gave a total of \$360,750 to the 170 members of the General Assembly during their 2004 campaigns, an average of more than \$2,000 per member. Eighty-six of the legislators received a least \$1,000 from the Duke or Progress Energy PACs for the 2004 election.
- One thousand dollars may not seem significant, but for half the members of the General Assembly, at least one of the utility PACs is among their 10 highest-dollar contributors.
- Duke, Progress Energy, and Dominion retain a dozen in-house and contract lobbyists, including Zeb Alley and Don Beason, the two men who consistently rank as the first and second "most influential" lobbyists in the N.C. Center for Public Policy Research's survey – as well as Dave Horne and John Bode, who rank among the top ten of the Center's list.
- The three utilities reported paying \$1 million to state lobbyists from 2001 through 2004 – but by taking advantage of the "goodwill lobbying loophole" in North Carolina's law, they did not disclose a single penny of what they spent to wine and dine state legislators.
- In addition to the \$873,000 donated by the PACs of Duke, Progress, and Dominion to state candidates and parties, their executives gave in excess of \$150,000 during the same four-year period, which pushes the total figure for state political contributions beyond \$1 million.
- On a single day in April 2004 (April Fool's Day!), then House Co-Speaker Richard Morgan

received \$15,000 from 27 executives of Progress Energy. Six months later, in October, Co-Speaker Jim Black took in \$16,000 for his campaign from 33 Progress Energy executives.

- The PACs of Duke, Progress Energy and Dominion Resources each gave Gov. Mike Easley the maximum \$8,000 donation during his 2004 re-election bid. The companies' executives gave Easley more than \$50,000 for his 2000 campaign and more than \$50,000 for his 2004 re-election.
- Duke and Progress Energy spent \$9.5 million to lobby the federal government in 2003-2004.
- On the list of North Carolina-based corporations that spent the most to lobby Congress and the federal government from 1998 to 2004, Duke Energy and Progress Energy rank as the second and fourth biggest spenders, according to a study by the Center for Public Integrity. Reynolds Tobacco, Lorillard Tobacco, and Bank of America rank first, third, and fifth respectively.
- Duke, Progress Energy, and Dominion spent a total of \$23 million to lobby federal agencies and Congress during the 2001-2004 period featured in our report – making this the area of political activity where the corporations invest the most.
- Federal PACs for the three companies also donated nearly \$3 million directly to federal candidates and political parties in the same four-year period.
- Finally, between 2001 and 2004, the companies sent \$1.3 million in soft-money donations from their corporate treasuries to 527 committees and other quasi-political intermediaries that frequently spend money to aid federal and state candidates.
- All combined, Duke Energy, Progress Energy, and Dominion Resources invested more than \$29 million in the political process to promote their agenda in the past four years – including spending for lobbyists, contributions to North Carolina and federal candidates and parties, and donations to soft-money committees.

#### **POLITICAL INVESTMENTS BY THREE INVESTOR-OWNED UTILITIES, 2001-2004**

<b>Area of Spending for 2001-2004</b>	<b>Duke</b>	<b>Progress</b>	<b>Dominion</b>	<b>Totals</b>
PAC donations to state legislators, other NC candidates and parties.	\$ 488,750	\$ 300,250	\$ 84,650	\$ 873,650
Spending on Lobbyists to lobby the N.C. General Assembly	\$ 271,317	\$ 166,500	\$ 600,330	\$ 1,038,147
Spending on Lobbyists to lobby Congress and federal agencies	\$10,960,000	\$ 8,571,000	\$ 3,410,000	\$22,941,000
PAC donations to federal candidates and parties	\$ 1,055,810	\$ 814,749	\$ 1,066,072	\$ 2,936,631
Soft-money donations to political advocacy committees	\$ 340,765	\$ 182,250	\$ 802,450	\$ 1,325,465
<b>Totals</b>	<b>\$13,116,642</b>	<b>\$10,034,749</b>	<b>\$ 5,963,502</b>	<b>\$29,114,893</b>

Sources: Disclosure reports filed with the State Board of Elections, NC Office of the Secretary of State, Federal Elections Commission, US Senate Office of Public Records, and the IRS; and data on Web sites of the Center for Responsive Politics, Center for Public Integrity, and PoliticalMoneyLine as of April 22, 2005