

# Big Bucks for Bad Actors



**Mirant is under increased scrutiny for allegedly engaging in “round trip” energy trading. Instead of cracking down on corporate abuse, will Congress reward Mirant with new tax breaks and subsidies in its final energy legislation?**



## Corporate Irresponsibility

**Cooking the Books:** On August 15, 2002, Mirant announced that an accounting review had turned up mistakes that may have inflated figures on its balance sheet by as much as \$1.1 billion.<sup>1</sup> As of August 22, 2002, Mirant was one of 16 companies yet to comply with an SEC directive requiring executives at 691 companies to swear to the veracity of their financial statements. Mirant cited an internal review of its accounting policies as cause of the delay.<sup>2</sup>

**Sham Energy Trading:** In the spring of 2002, California officials sued Mirant and three other energy suppliers, accusing them of market misconduct after a year-long investigation into California's failed wholesale electricity market. Investigators found that traders at Xcel Energy and Mirant allegedly discussed "games" to profit from California's electricity crisis in 2000, including schemes to schedule nonexistent power use and to take advantage of "congestion" payments on California's overburdened electric grid.<sup>3</sup>

**Air Pollution:** Mirant owns some of the dirtiest power plants along the east coast, emitting pollutants that cause smog (NOx), soot (SO<sub>2</sub>) and global warming (CO<sub>2</sub>).

## Emissions from Mirant's Dirty Power Plants (2001)

Plant Name	SO2 (tons)	CO2 (tons)	NOx (tons)
Canal (MA)	23,227	4,241,249	6,003
Chalk Point (MD)	38,442 (88 <sup>th</sup> )	5,196,515	12,104
Dickerson (MD)	33,666 (100 <sup>th</sup> )	3,144,971	7,529
Morgantown (MD)	75,335 (28 <sup>th</sup> )	7,042,889	16,661 (88 <sup>th</sup> )
Potomac River (VA)	15,162	2,811,631	5,918
Wyman (ME)	6,787	1,010,730	1,537

*Compiled from EPA's Acid Rain Database. Rank of power plants in top 100 for emissions in parentheses.*



## Energy Policy: Throwing Good Money After Bad Actors

Mirant stands to benefit from several of the coal provisions in the House and Senate energy bills. Such provisions include:

**Handouts for Dirty Power.** Both the House and Senate energy bills include tax breaks and subsidies for so-called “clean” coal technology. There is no such thing as “clean” coal, as coal pollutes air, land and water from the point of mining to combustion. The Senate bill contains \$1.9 billion in tax breaks for “clean” coal; the House bill contains more than \$3 billion in tax breaks and an additional \$2.5 billion in subsidies for research and development.

**Opening the Door to More ‘Enrons’.** The Senate energy bill repeals the pro-consumer Public Utility Holding Company Act. Mirant signed on to a March 2001 letter to Vice President Cheney advocating the repeal of PUHCA. The American

Public Power Association predicts that repealing PUHCA will allow multi-state holding companies to “escape effective regulatory oversight,” leaving “consumers at risk of severe market power abuses.”<sup>4</sup> Repealing PUHCA removes accountability and transparency from the energy sector at a time when evidence suggests that energy companies, such as Enron and Mirant, have engaged in sham energy trades to boost their bottom line.

**Giveaways to Big Oil and Gas.** Mirant operates several natural gas-fired power plants and holds an interest in 18 natural gas- and oil-producing fields in southern Louisiana. As such, Mirant could benefit from the enormous tax breaks and subsidies for the oil and gas industry in the House and Senate energy bills. The House energy bill includes \$23.7 billion in tax breaks and subsidies for the oil and gas industry, the Senate energy bill \$5.6 billion in tax breaks.



### Mirant’s Political Influence

Mirant won pro-coal energy policy in the House and Senate energy bills by helping to elect industry-friendly Members of Congress, buying access with campaign contributions and lobbyists, and tapping into its high level of access with the Bush administration.

### Mirant’s Lobbying Expenses and Contributions to Congressional and Presidential Candidates

	Total
PAC \$ (2000-2002 cycles)	\$69,500
Hard \$ to Energy Bill Conferees* (2000-2002 cycles)	\$14,650
Soft \$ (2000-2002 cycles)	\$112,500
Lobbying Expenses 2001	\$940,000

Data collected from [www.opensecrets.org](http://www.opensecrets.org) and Senate Office of Public Records at <http://sopr.senate.gov/>.

\* Includes PAC money and individual hard money contributions

Mirant also benefited significantly from the financial and political prowess of its former parent, Southern Company, which spun off Mirant in January 2001.

### Access to the Bush Administration

• Marce Fuller, president and chief executive officer of Mirant, chairs the Electricity Advisory Board,

which was set up by Energy Secretary Spencer Abraham to advise him on electricity policy issues.<sup>5</sup>

• Mirant had contact with Vice President Cheney’s energy task force five times, according to documents obtained by NRDC. Southern Company had contact with the task force seven times.<sup>6</sup>

• In March 2001, a Southern Company lobbyist emailed a DOE official, suggesting that the task force include a weakening of the Clean Air Act in its final report. Vice President Cheney incorporated Southern’s suggestions into the energy plan, launching the Administration’s effort to gut the Clean Air Act’s New Source Review provisions and retreat from enforcement actions against the nation’s largest polluters, including Southern Co.<sup>7</sup>



### Company Background

Mirant and its subsidiaries acquire, develop, build, own, and operate power production and delivery facilities and provide a broad range of energy-related services to utilities and industrial companies.

**Headquarters:** Atlanta, Georgia  
**Revenues (1/1/02-6/30/02):** \$13.4 billion<sup>8</sup>  
**CEO Salary in 2001:** \$3.7 million<sup>9</sup>

### Media Contact Information

Media Relations  
 1155 Perimeter Center West  
 Atlanta, Georgia 30338  
 (678) 579-6726  
[pr@mirant.com](mailto:pr@mirant.com)

<sup>1</sup> “Mirant Finds at Least \$1.1 Billion in Errors.” *New York Times*. August 15, 2002.

<sup>2</sup> Krissah Williams. “16 of 691 Firms Missed Deadline.” *Washington Post*. August 22, 2002.

<sup>3</sup> Albert B. Crenshaw, “Mirant Made Accounting Errors.” *Washington Post*. July 31, 2002.

<sup>4</sup> American Public Power Association Issue Brief, “Congress Must Act to Solve the Wholesale Electricity Market Crisis.” March 2001.

<sup>5</sup> Department of Energy, <http://www.energy.gov/HQPress/releases01/decpr/ElectricityAdvisoryBoardMembers.html>.

<sup>6</sup> Natural Resources Defense Council, <http://www.nrdc.org/media/pressreleases/020521.asp>.

<sup>7</sup> Natural Resources Defense Council, <http://www.nrdc.org/media/pressreleases/020327.asp>.

<sup>8</sup> Justin Bachman, “Mirant Posts \$151 Million Loss.” *Associated Press*. July 30, 2002.

<sup>9</sup> Yahoo Market Guide, <http://biz.yahoo.com/p/m/mir.html>.