

IPL: Stop investing in the past; Start investing in the future!

Tell the IURC to say NO to \$1 Billion+ in IPL rate increases!

In December 2011 Indianapolis Power and Light (IPL) got permission from the Indiana Utility Regulatory Commission (IURC) to **raise rates \$615.4 million** to install pollution control equipment on their fleet of aging coal-fired power plants.

In August 2013, IPL got permission from the IURC to **raise rates another \$510 million** to install pollution control equipment on even more of their aging coal-fired power plants.

Now, **IPL wants you to pay another \$667 million** so that they can build a new natural gas plant in Martinsville and switch two of their coal-fired units at Harding Street (Indianapolis) over to natural gas-fired units (Cause No. 44339).



Enough is enough! IPL's business choice to continue relying on fossil fuels is causing our electric bills to increase dramatically and unnecessarily!

IPL does not need to build another power plant. They generate and purchase more than enough electricity to meet their needs and maintain an extra reserve margin. Upgrading antiquated coal-fired power plants that should be retired and building new natural gas plants only maintains the status quo of relying on fossil fuels to generate electricity.

It's time for IPL to begin to diversify their generation portfolio away from fossil fuels and move into the 21st century by making meaningful investments in renewable energy and energy efficiency. Investing in renewables and efficiency will reduce ratepayer and shareholder risk, protect our health and the quality of our environment, and put money back into Hoosiers' pockets by creating jobs and reducing monthly electric bills.

Coal - expensive and outdated!

- ◆ **Within the last two years, IPL has received permission from the IURC to raise rates by over \$1 billion to invest in their antiquated coal-fired power plants.**
- ◆ IPL has not been to the IURC for a rate case in almost 20 years. This means that they are piecemealing rate increases by only showing regulators where their costs are going up and avoiding having to show where their costs have gone down.
- ◆ This has led to a business model whereby **99% of the electricity that IPL generates comes from burning coal.**
- ◆ Over the last decade IPL's average monthly bills have **increased nearly 44%** for customers using an average of 1,000 kilowatt hours (kWh) per month and **almost 33%** for customers using an average of 500 kWh per month. (*IURC Electric Bill Comparisons from the IURC 2002-2003 and 2011 annual reports*)



IPL's Harding Street plant, just south of downtown Indianapolis.

Photo by Mark Lee.

- ◆ **The cost of the coal that IPL buys has increased \$92.5 million** between 2009 and 2011. These costs are passed on to you as a captive ratepayer. (*IPALCO Enterprises, Inc. 2011 Form 10-K on file at the SEC*)
- ◆ Coal-fired power plants are built with the expectation that they will last an average of 40 years. The coal-fired units at Harding Street (southwest side of Indianapolis) and Petersburg (in Pike County near Washington, IN) that IPL wants to upgrade have an average age of 39 years. These plants have outlived their usefulness and are costing Hoosier ratepayers an enormous amount of money.
- ◆ As a result of continuing to run these antiquated coal-fired units that should be retired, **the amount of replacement power IPL had to purchase increased by 111%.** This was "...primarily due to an increase in unscheduled outages and major generating unit overhauls" from 2010 to 2011 (*IPALCO Enterprises, Inc. 2011 Form 10-K on file at the SEC*). **This replacement power cost ratepayers \$37.4 million.**

Natural gas-fired power plants are not the solution!

- ♦ **IPL wants you to pay another \$667 million** so that they can build a new 600 MW (megawatt) natural gas plant in Martinsville and switch two of their coal-fired units at Harding Street (Indianapolis) over to natural gas-fired units.
- ♦ The cost of natural gas is incredibly volatile. When natural gas is burned to generate electricity, that cost is passed on to you as a ratepayer. **The cost of natural gas used to generate electricity has increased more than 50% over the last year** (*EIA Electric Power Monthly, May 2013*).
- ♦ Part of the reason that so many utilities are switching from coal-fired to natural gas-fired power plants is because of the recent natural gas boom that caused natural gas prices to drop so low. This boom happened as a result of a new way of drilling for natural gas called hydrofracking or “fracking”. Fracking is an environmental catastrophe. It releases toxic chemicals and methane into the ground water around the sites that are being fracked. According to ProPublica reporter Abraham Lustgarten, “... **more than 1,000 other cases of contamination have been documented by courts and state and local governments” across the U.S.** (*“Buried Secrets: Is Natural Gas Drilling Endangering U.S. Water Supplies?” ProPublica, November 13, 2008, <http://www.propublica.org/article/buried-secrets-is-natural-gas-drilling-endangering-us-water-supplies-1113>*)

The Solution - a new business model based on Energy Efficiency and Renewables!

It is apparent that the impacts of relying on coal are costly and deadly. As regulations continue to tighten, IPL and other Indiana utilities expect Hoosier ratepayers to shoulder the cost (monetary and otherwise) to provide life support to a dying coal industry.

IPL could easily get its power by developing wind and solar projects right here in Indiana, or by allowing others to do it and buying the electricity from them. **This type of renewable development is a much more sustainable solution, and a far cheaper one for ratepayers, than upgrading or building power plants.**

- ♦ **Solar** - IPL cancelled their highly successful feed-in tariff (FIT), despite the fact that they had over 170 megawatts in applications for solar and wind projects. (A FIT is a program that allows individuals, businesses, and organizations to generate their own renewable electricity, and provides them with long-term contracts guaranteeing that the utility will purchase that electricity at a premium).
- ♦ **Wind** - Even without the FIT, Indiana is currently generating over 1,000 megawatts of wind power with at least another 1,000 megawatts in the queue, waiting to be built. The vast majority of this wind power is being developed by private companies who are selling the power to utilities on the wholesale market. IPL could easily contract to buy much more of this power than the 300 MW of out-of-state wind they currently purchase.
- ♦ **Energy efficiency is a resource that no Indiana utility, including IPL is doing enough to maximize.** Making our businesses, industries, homes, and schools more energy efficient will save ratepayer and taxpayer money by decreasing the amount of electricity we use, thereby reducing our monthly electric bills.
- ♦ **Efficiency is the least-cost resource. It is the easiest, cheapest, and fastest to implement.** By reducing the demand for electricity, efficiency also saves us money because it eliminates the need and the cost of building more power plants.

The choices are clear:

- ♦ We should first invest aggressively in energy efficiency to avoid the immediate costs of maintaining ancient power plants and building expensive new ones. As we slow electric demand, we can begin to ramp down our coal-fired generation.
- ♦ Investments in new generation should be immediately shifted away from coal and natural gas, and directed towards wind farms, solar farms, roof top photovoltaic energy (solar panels), and other forms of small-scale distributed energy. These investments are already cheaper and/or competitive to build, have far shorter construction times which mean less exposure to cost increases and risks, have no fuel costs, and experience significantly lower operation and maintenance costs.

Take Action:

Public Comments Needed!

Submit public comments to David Stippler, Indiana’s Utility Consumer Counselor:

Indiana Office of Utility Consumer Counselor

Attn: David Stippler
115 W. Washington Street
Suite 1500 South
Indianapolis, IN 46204
uccinfo@oucc.IN.gov
(888) 441-2494 phone

Tell the Regulators and the Counselor:

- To oppose IPL’s request in Cause No. 44339 for \$667 million
- That the IURC has already allowed IPL to raise rates more than \$1 billion within the last two years and Hoosiers can’t afford that, let alone another rate increase!
- Demand that IPL begin making meaningful upgrades to their system that include investments in energy efficiency and renewable energy

Make sure to reference Cause Number 44339 in your correspondence

Make your voice heard!