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High Fossil Gas Prices Drive Looming 19% Rate Increase for AES-IN Ratepayers

While Indianapolis Consumers Struggle, AES-IN Realizes Handsome Profit

INDIANAPOLIS – On June 17th, AES-IN, formerly Indianapolis Power & Light, filed its quarterly Fuel Adjustment Clause ("FAC") tracker before the Indiana Utility Regulatory Commission ("IURC"). The FAC tracker is an adjustable-rate mechanism that allows the utilities to adjust the price customers pay to reflect fluctuations in the cost of fuel used, like coal and fossil gas, and the costs of any purchased power used to supply electricity to ratepayers. The proceeding is docketed at the IURC as Cause No. 38703 FAC-136.

AES-IN states in its filing, "*the* [proposed rate] *will result in* ***an increase of $24.39 or 18.90% for an average residential customer*** *using 1,000 kWh per month*."[1] Should the IURC approve the request, the new rates would take effect in September and remain through November of 2022, when another updated FAC tracker is expected.

AES-IN explains that the *"**significant increase**"*[2] in fossil gas prices is the primary reason for the proposed massive increase in customers' monthly electric bills. AES-IN is projecting that ***the price of fossil gas will be 288% higher*** for the months of September through November in 2022 than they were during the same period in 2021.[3]

"AES Indiana has delayed transitioning to more affordable and clean energy solutions for years, and now Hoosiers are being asked to pay for those poor decisions through skyrocketing electricity bills," said Ben Inskeep, Program Director at CAC. "This massive bill increase highlights the urgency of transitioning to clean energy solutions like energy efficiency, renewable energy, and battery storage, which will save Hoosiers money and reduce bill volatility."

When discussing the drivers for the massive increase in fossil gas prices, AES-IN points to increased demand and uncertainty of domestic supplies, the robust LNG export market, the war in Ukraine and global supply interruptions, trade embargoes on Russian commodities, as well as utilities beginning to build fossil gas inventories in preparation for the upcoming winter heating season.[4] In addition, AES-IN states that, "***Coal markets remain tight****, and the assumption is that natural gas will see increased burns from fuel switching due to* ***availability concerns of coal on a national level***."[5]

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[1] *Direct Testimony of Natalie Herr Coklow, IURC Cause No. 38703 FAC-136, page 14, lines 7-8.*
[2] *Direct Testimony of David Jackson, IURC Cause No. 38703 FAC-136, page 7, line 8.*
[3] *Direct Testimony of Jackson at page 8, Table DJ-1.*
[4] *Direct Testimony of Jackson at page 7, lines 9-17.*
[5] *Direct Testimony of Jackson at page 7, lines 17-18.*

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"By continuing to extract and burn climate-wrecking fossil fuels, we are making energy unaffordable for hard-working Hoosiers," added CAC Executive Director Kerwin Olson. "There is a better path forward that is cheaper, cleaner, and that will create local, sustainable jobs that can't be outsourced. Let's put our energy dollars back into our communities and the pockets of everyday Hoosiers. We can and must do better."

Notably, AES-IN reported nearly $224 million in net operating income, aka profit, for the twelve months ending April 30th courtesy of Indianapolis ratepayers. Meanwhile, those same ratepayers struggle to keep food on the table amidst serious inflationary pressures and continue to be slammed with higher costs at the pump.

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Copies of the petition and direct testimony of AES-IN, as well as other case-related documents, are available on the IURC Online Services Portal [here.]