



*An Innovative Community; Authentically Hometown*

## **AEP Rate Increase Illustrates Value of Aggregation**

*Participants in City's electric program set to see substantial savings*

MOUNT VERNON, May 9, 2023 – For 15 years now, residents of the City of Mount Vernon have had the opportunity to save money on their electric and natural gas bills through the City's utility aggregation program.

These savings have varied over the years, but they stand to be especially significant for participants in the electric program for at least the next two and a half years. The City, through its broker, Buckeye Energy, was able to negotiate a 4½-year, fixed rate of 4.69 cents per kilowatt hour (kWh) for electricity in mid-2021 with the supplier Energy Harbor, which continues through the end of 2025.

By comparison, AEP has been charging 7.49 cents/kWh. However, AEP's rate is scheduled to climb by 30 percent on June 1 to 11.84 cents/kWh, which will cost AEP's average residential user about \$40 more per month compared to what they're paying this month. Residents in the City's electric aggregation program will continue to pay 4.69 cents/kWh for at least 30 more months.

"This savings is real. It could amount to several hundred, even thousands of dollars saved for a typical resident over the life of our current electricity contract," said Mayor Matt Starr. "And signing up literally couldn't be easier – residents are automatically enrolled unless they choose not to be."

AEP's rates are going up June 1 because of rising generation supply prices. According to the utility, these prices are rising because of events like the war in Ukraine and "economic uncertainty." By law, AEP is required to pass this cost – technically, the price determined by the winning auction suppliers – directly to its customers.

Consequently, "many government aggregators are enrolling customers with retail suppliers with pricing options far lower than the local utility's default rate," the Public Utilities Commission of Ohio stated in a recent press release.

Mount Vernon has been on board with this for years. Ohio began utility aggregation in 2001, but for years the program languished because of an uneven distribution of suppliers across the state. As soon as the PUCO's regulatory structure was revised in 2008, the Mount Vernon City Council decided to put a City aggregation program on the ballot, where it was approved.

The City's utility aggregation program, which is able to arrive at lower rates via group participation, is an opt-out process, meaning residents are automatically enrolled unless they actively choose to opt out by contacting the supplier.

Although AEP contends it had no choice but to pass along this summer's 30 percent rate increase to customers, it may not be done hiking its prices just yet. In January AEP filed its Electric Security Plan with the PUCO, which would raise rates beginning in June 2024 to improve the utility's infrastructure in the wake of last June's windstorm, which cut power to 606,000 AEP customers across Ohio for as long as a week, including in Mount Vernon. That rate increase would be more modest, at 2 percent (or \$4 per month) for each of the next six years, or 12 percent overall.

“Meanwhile, Mount Vernon residents participating in our electric aggregation program will continue to be locked in at 4.69 cents through December 2025,” said Safety-Service Director Rick Dzik. “They also have the option of looking for savings on their own, by going to the PUCO website [energychoice.ohio.gov](http://energychoice.ohio.gov) and comparing what’s often apples and oranges, given all the various pricing plans. But through our energy broker the City has already done all that work.”

“An aggregation program provides consumers a low, fixed-price option in an unpredictable market. Residents and businesses can sidestep rate increases by joining the City’s electric program,” said Tom Bellish, president of Buckeye Energy Brokers.

City residents will continue to have the option of keeping AEP as their electricity provider if they wish. They can opt out of this and all future electric aggregation contracts permanently by visiting [community.puco.ohio.gov/p/s/electric-do-not-aggregate-form](http://community.puco.ohio.gov/p/s/electric-do-not-aggregate-form) or calling the PUCO toll-free at 800-686-7826. Customers will be asked to provide their name, service address and the account or identification number on their utility bill.

### END ###

#### **ABOUT THE CITY OF MOUNT VERNON:**

The City of Mount Vernon is an innovative community with an authentic hometown feel. The City is dedicated to providing modern services with an emphasis on continual improvement, customer service and equitable laws that support our citizens and visitors, while retaining and attracting investors in our community. Home to 17,000 people, Mount Vernon is the county seat for Knox County and boasts historic buildings and districts as well as business and professional, educational and recreational opportunities through many adaptive reuses of the community’s infrastructure and spaces. The City has strong ties to higher education, with Mount Vernon Nazarene University, Kenyon College and Central Ohio Technical College operating satellite locations in the historic downtown. Located 40 miles northeast of Columbus, Mount Vernon is near the geographic center of Ohio and has connections all over the globe.

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