

DIRECT TESTIMONY

of

THERESA EBREY

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Petition Seeking Authority to Enter
Into a Lease of Office Space in which
An Affiliated Interest Exists

Consumers Gas Company

Docket No. 04-0375

May 25, 2004

1 **Witness Identification**

2 **Q. Please state your name and business address.**

3 A. My name is Theresa Ebrey. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am currently employed as an Accountant in the Accounting Department
7 of the Financial Analysis Division of the Illinois Commerce Commission
8 ("ICC" or "Commission").

9 **Q. Please describe your professional background and affiliations.**

10 A. I have a Bachelor of Science degree in Accounting from Quincy College. I
11 am a Certified Public Accountant, licensed to practice in the State of
12 Illinois. My prior accounting experience includes fifteen years as the
13 corporate controller of a large long-term care facility in Illinois, as well as a
14 period of time employed as an outside auditor of governmental agencies.
15 I joined the Staff of the Illinois Commerce Commission ("Staff") in April
16 1999.

17 **Q. Have you previously testified before any regulatory bodies?**

18 A. Yes. I have testified on several occasions before the Commission.

19 **Q. What is the purpose of your testimony in this proceeding?**

20 A. The purpose of my testimony is to report the results of my review of
21 Consumers Gas Company's ("Consumers" or "Company") Petition for the
22 approval of a lease for office space with an affiliated interest.

23 **Q. What steps did you take in your review?**

24 A. I reviewed the Company's filing and compared the proposed lease
25 agreement with the lease agreement currently in effect that was approved
26 by the Commission in Docket No. 01-0373. The proposed lease
27 agreement includes a \$50 increase in the monthly rent over the existing
28 lease agreement. In all other aspects, the two lease agreements are
29 identical.

30 **Q. Has the Company explained the basis for this increase in rent?**

31 A. Yes. In response to Staff data request TEE-001 (Attachment 1), the
32 Company provides an explanation, which justifies the increase in monthly
33 rent based on increases in various expenses for the building.

34 **Q. How does the monthly rent of \$750 compare with the current market**
35 **for similar office space in the Evansville, IN area?**

36 A. As Consumers explains in response to Staff data request TEE-002
37 (Attachment 2), the monthly rent in the proposed lease agreement
38 compares favorably with other rental properties in the area.

39 **Q. What is your recommendation regarding Consumers petition?**

40 A. I find no reason to object to the proposed lease agreement and
41 recommend that the Commission give Consumers authority to execute the
42 lease.

43 **Conclusion**

44 **Q. Does this question end your prepared direct testimony?**

45 A. Yes.

CONSUMERS GAS COMPANY
Constance D. Warren, Asst.. Sec.
(812)477-9030
consumersgasco@yahoo.com

DOCKET NO. 04-0375

TEE-001 The Lease agreement included with the Company's Petition and labeled Exhibit "A" indicated monthly rent for the subject office space of \$750 per month. The monthly rent for previous lease approved in Docket 01-0373 provided for monthly rent of \$700. Please explain the basis for the increase in monthly rent.

Due to cost increases of property maintenance - 12% increase in property taxes, approximately 25% increase in utility costs over the last 2 years, 9% increase in property insurance coverage - it is felt that a 6% increase in the lease is an appropriate increase. Also, due to surrounding property development of office spaces the area is becoming highly favorable.

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DOCKET NO. 04-0375

TEE-002 How does the monthly rent of \$750 per month compare with the current market for similar office space in the Evansville area? Provide an explanation for your response.

Consumers' leases 800 sq. ft of office space with all utilities and janitorial service provided. Any maintenance needed is handled by the property owner, also. An office in the same building is leased for \$850 per month with 1000 sq. ft of office space. No utilities are provided. A building in the same block is leased for \$4,000/mo for 3200 sq. ft.. The lessee pays all utilities and any inside maintenance repairs.

The only cost incurred by Consumers' for office space is the monthly lease price and personal property taxes.

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

CONSUMERS GAS COMPANY

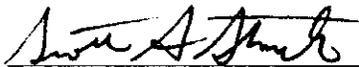
Petition pursuant to §701 of the Public Utilities Act
seeking authority to enter a Lease of office space in
which an affiliated interest exists.

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NOTICE OF FILING

TO ATTACHED SERVICE LIST:

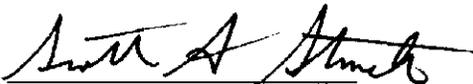
YOU ARE HEREBY NOTIFIED that we have, on this 25th day of May 2004 forwarded to the Chief Clerk of the Illinois Commerce Commission for filing in the above-captioned docket, the Direct Testimony of Theresa Ebrey of the Financial Analysis Division, Accounting Department, a copy of which is hereby served upon you.



Scott A. Struck
Supervisor
Accounting Department
527 East Capitol Avenue
Springfield, IL 62701

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT copies of the foregoing Notice, together with the documents referred to therein, were served upon the parties on the attached Service List, by messenger, electronic mail, facsimile and/or first-class mail, proper postage prepaid from Springfield, Illinois, on this 25th day of May 2004.



Scott A. Struck
Supervisor
Accounting Department

CONSUMERS GAS COMPANY
Docket No. 04-0375
Service List

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ILLINOIS COMMERCE COMMISSION

Claudia Sainsot, Administrative Law Judge
Theresa Ebrey, Case Manager, Accounting Department
Scott Struck, Case Staff, Accounting Department