DIRECT TESTIMONY

of

MIKE OSTRANDER

Accounting Department
Financial Analysis Division
Public Utilities Bureau
Illinois Commerce Commission

Proposed General Increase in Electric and Natural Gas
Rates for Mt. Carmel Public Utility Co.

Docket No. 07-0357

September 20, 2007

Witness Identification

Q. Please state your name and business address.

A. My name is Mike Ostrander. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701.

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

A. I am an Accountant in the Accounting Department of the Financial Analysis Division of the Illinois Commerce Commission ("ICC" or "Commission").

Q. Please describe your background and professional affiliations.

A. I received a Bachelor of Business Administration in Accounting from the University of Notre Dame. I am a Certified Public Accountant and a Certified Internal Auditor. I joined the Commission staff ("Staff") in March 2006. Prior to joining the Commission, I was employed for three years as a staff accountant in public accounting, seventeen years in private industry with positions ranging from accounting manager to corporate officer encompassing all areas of accounting and internal auditing, and three years as controller of a law firm and software company.

Q. Have you previously testified before any regulatory bodies?

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

Purpose of Testimony

Q. What are your responsibilities in this case?

21 A. I have been assigned to this case by the Manager of the Accounting Department
22 of the Illinois Commerce Commission. I am to review Mt. Carmel Public Utility
23 Co.'s ("Mt. Carmel" or "Company") tariff filing, analyze the underlying data and
24 make recommendations as appropriate.

25 **Q. What is the purpose of your testimony?**

26 A. The purpose of my testimony is to:

27 1) Present Staff's adjusted operating statements and Rate Base for Mt.
28 Carmel, and

29 2) Propose adjustments to the Company's cash working capital,
30 contributions to community and economic development organizations,
31 advertising expense, industry association dues and lobbying expense.

32 Q. **Are you sponsoring any schedules as part of ICC Staff Exhibit 1.0?**

33 A. Yes. I am sponsoring the following schedules that show data as of, or for the
34 test year ending December 31, 2006:

35 **<u>Revenue Requirement Schedules</u>**

36 Schedules 1.01 E and G Statement of Operating Income with Adjustments
37 Schedules 1.02 E and G Adjustments to Operating Income
38 Schedules 1.03 E and G Rate Base
39 Schedules 1.04 E and G Adjustments to Rate Base
40 Schedules 1.05 E and G Interest Synchronization Adjustment

Schedules 1.06 E and G	Gross Revenue Conversion Factor
Schedules 1.07 E and G	Revenue Effect of Adjustments

Adjustment Schedules

Schedules 1.08 E and G	Adjustment for Contributions to Community and Economic Development Organizations
Schedules 1.09 E and G	Adjustment to Advertising Expense
Schedules 1.10 E and G	Adjustment to Industry Association Dues
Schedules 1.11 E and G	Adjustment for Lobbying Expense
Schedules 1.12 E and G	Adjustment to Miscellaneous General Expense
Schedules 1.13 E and G	Adjustment for Unamortized Rate Case Expense
Schedules 1.14 E and G	Adjustment to Working Capital

Q. Please explain the "E" and "G" suffixes which appear in your schedule numbers.

A. The Company has filed an increase in rates for electric and gas services. The "E" suffix identifies a schedule that pertains to the electric rate increase. The "G" suffix identifies a schedule that pertains to the gas rate increase.

Revenue Requirement Schedules

Q. Please describe Schedules 1.01 E and G, Statement of Operating Income with Adjustments.

A. Each Schedule 1.01 derives the required revenue at the Staff proposed Rate of Return. Column (b) presents the Company's pro forma operating statement at present rates for the test year as reflected on its Schedule C-1. Column (c) reflects the total of all Staff Adjustments shown on the corresponding Schedule

1.02. Column (d) reflects the pro forma operating statement at present rates per Staff. Column (e) presents the Company's Proposed Increase to Revenue. Column (f) adjusts revenue to reflect Staff's Gross Revenue Conversion Factor. Column (g) is Staff's pro forma operating statement inclusive of the Company's proposed revenue increase. Column (h) is the necessary reduction from the Company's proposed revenues, adjusted for Staff's Gross Revenue Conversion Factor, to arrive at Staff's computed Revenue Requirement reflected in column (i). Line 24 is the difference between current revenues and required revenues as determined by Staff. Line 25 is Staff's calculated percentage change in revenues. Net Operating Income in column (i), line 21, is the product of Rate Base, line 22, and Rate of Return, line 23.

Q. Please describe Schedules 1.02 E and G, Adjustments to Operating Income.

A. Each Schedule 1.02 identifies Staff's adjustment to Operating Income. The source of each adjustment is shown in the heading of each column. Column (k) from page 2 is carried forward to the corresponding Schedule 1.01, column (c).

Q. Please describe Schedule 1.03 E and G, Rate Base.

A. Each Schedule 1.03 compiles Staff's Rate Base. Column (b) reflects the Company's proposed Rate Base. Column (c) summarizes Staff's adjustments to Rate Base. Column (d) is the net of columns (b) and (c), and reflects Staff's computed Rate Base.

Q. Please describe Schedules 1.04 E and G, Adjustments to Rate Base.

86 A. Each Schedule 1.04 identifies Staff's adjustments to Rate Base. The source of
87 each adjustment is shown in the heading of each column. Column (i) is carried
88 forward to the corresponding Schedule 1.03, column (c).

89 **Interest Synchronization**

90 **Q. Please describe Schedules 1.05 E and G, Interest Synchronization**
91 **Adjustment.**

92 A. Each Schedule 1.05 computes the interest component of Revenue Requirement.
93 The Interest Expense (component) is computed by multiplying the Rate Base by
94 Weighted Cost of Debt. The calculated Interest Expense is then compared to the
95 Interest Expense used by the Company in its computation of test year Income
96 Tax Expense. The tax effect of the difference in Interest Expense is the
97 adjustment for Interest Synchronization. The effect of this adjustment is to
98 ensure that the Revenue Requirement reflects the tax savings generated by the
99 interest component of Revenue Requirement.

100 **Gross Revenue Conversion Factor**

101 **Q. Please describe Schedules 1.06 E and G, Gross Revenue Conversion**
102 **Factor.**

103 A. Each Schedule 1.06 presents Staff's proposed Gross Revenue Conversion
104 Factor ("GRCF"). The GRCF is applied to the operating income deficiency to
105 derive the change in Revenue Requirement. It is based upon the applicable
106 federal tax rate, state income tax rate, and uncollectible rate. The GRCF is used

in the calculation of the Revenue Requirement in columns (f) through (h) of the corresponding Schedule 1.01.

Revenue Effect of Adjustments

Q. What is the purpose of Schedules 1.07 E and G, Revenue Effect of Adjustments?

A. Each Schedule 1.07 is a three-page document that identifies the approximate effect of each Staff adjustment on the Company's revenue requirement. Schedule 1.07 is not the development of Staff's revenue requirement. Rather, it is an analysis that is intended to assist in identifying the relative monetary significance of each Staff adjustment.

Adjustment for Contributions to Community and Economic Development Organizations

Q. Please describe Schedules 1.08 E and G, Adjustment for Contributions to Community and Economic Development Organizations.

A. Schedules 1.08 E and G present my proposed adjustments to remove contributions to community and economic development organizations from the electric and gas revenue requirements.

Q. Please explain why you propose to remove contributions to community and economic development organizations.

127 A. Section 9-227 of the Public Utilities Act ("Act") allows as an operating expense
128 contributions made by a utility for the public welfare or for charitable scientific,
129 religious or educational purposes. Contributing to community and economic
130 development organizations is a promotional and goodwill practice. The Mt.
131 Carmel contributions are for community and economic development, not for the
132 public welfare or for charitable scientific, religious or educational purposes. While
133 perhaps such contributions demonstrate good corporate citizenship, they are not
134 necessary in providing utility service. Consequently, the ratepayers should not
135 be burdened with the expense of the Company contributing to these community
136 and economic development organizations. Therefore, these expenses should be
137 removed from the Company's electric and gas revenue requirements.

138 **Q. Has the Commission previously excluded contributions to community and**
139 **economic development organizations from the revenue requirement?**

140 A. Yes, the Commission excluded similar contributions in an Aqua Illinois, Inc water
141 rate case.[1] Also, the Commission, in a Commonwealth Edison Electric rate
142 case,[2] and in a Contel of Illinois, Inc. general rate case,[3] concluded that the
143 shareholders, rather than the ratepayers, should bear the cost of interfacing with
144 community organizations. In its Order in another Commonwealth Edison Electric

[1] *Order* at 18, Consumers Illinois Water Company: Tariffs seeking general increase in water Rates for the Kankakee Water Division (Tariffs filed on May 21, 2003), ICC Docket 03-0403 (April 13, 2004)("2004 Kankakee Rate Order") .

[2] *Order*, Commonwealth Edison Company: Proposed General Increase In Electric Rates, ICC Docket No. 90-0169, 1991 Ill. PUC Lexis 99 (March 8, 1991)

[3] *Order*, Contel of Illinois, Inc.: Proposed general increase in rates, ICC Docket No. 90-0128, 1991 Ill. PUC Lexis 18; 119 P.U.R.4th 284 (January 16, 1991)

145 rate case,[4] the Commission affirmed this position to remove the cost of
146 contributions to such organizations. Once again, in AmerenCIP's and
147 AmerenUE's first and second Delivery Services rate cases,[5] the Commission
148 adopted this same position.

149 **Adjustment to Advertising Expense**

150 **Q. Please describe Schedules 1.09 E and G, Adjustment to Advertising**
151 **Expense.**

152 A. Schedules 1.09 E and G, Adjustment to Advertising Expense, reflect my
153 adjustments to disallow certain advertising expenses. My adjustments disallow
154 expenses that are promotional or goodwill in nature.

155 My understanding of Section 9-225(2) of the Act is that goodwill advertising,
156 which is advertising designed primarily to promote the image or name of the
157 Company or promote industry wide issues, should not be considered for the
158 purpose of determining rates for gas or electric utilities. It is not appropriate for
159 captive customers to pay for advertising the purpose of which is not to inform the
160 customer regarding service-related maters, but rather to promote the Company.
161 Captive customers should not pay rates that include amounts for promoting a
162 product that they have no choice but to purchase.

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[4] *Order*, Commonwealth Edison Company: Proposed General Increase In Electric Rates, ICC Docket No. 94-0065, 1995 Ill. PUC Lexis 25; 158 P.U.R.4th 458 (January 9, 1995)

[5] *Order*, Central Illinois Public Service Company (AmerenCIPS) and Union Electric Company (AmerenUE): Request for approval of revisions to delivery services tariffs, and for approval of Delivery Services Implementation Plan for Residential Customers, ICC Docket No. 00-0802 , 2001 Ill. PUC Lexis 1099; 214 P.U.R.4th 437 (December 11, 2001); *Order*, Central Illinois Public Service Company d/b/a AmerenCIPS and Union Electric Company d/b/a AmerenUE: Petition for approval of delivery services implementation plan and delivery service tariffs, ICC Docket No. 99-0121, 1999 Ill. PUC Lexis 646 (August 25, 1999)

Q. Has the Commission ever accepted an adjustment disallowing goodwill advertising expenses from an electric and gas utility company's rates?

A. Yes. In the Company's prior rate cases, in which the Commission entered orders in 1996[6] and 1998,[7] the Commission accepted an adjustment to disallow goodwill advertising expenses.

Q. How have you determined the amount of goodwill advertising expense to disallow in this proceeding?

A. During field work, the Company provided a detail of its 2006 advertising expense.

A review of the 2006 advertising scripts provided revealed that certain advertising was either promotional or goodwill in nature and, thus, not properly recoverable under the Act.

Adjustment to Industry Association Dues

Q. Please describe Schedules 1.10 E and G, Adjustment to Industry Associations Dues.

A. Schedules 1.10 E and G, Adjustment to Industry Association Dues, reflect my proposed adjustments to reduce industry association dues. My adjustments remove the portion of dues related to lobbying efforts.

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[6] *Order, Mt. Carmel Public Utility Co.: Proposed general increase in electric and gas rates (Tariffs filed July 31, 1995), ICC Docket No. 95-0418 (April 24, 1996)*

[7] *Order, Mt. Carmel Public Utility Co.: Proposed general increase in electric and gas rates (Tariffs filed September 16, 1997) / Proposed Non-Sufficient Fund check charge and elimination of a tariff sheet filed in error, ICC Dockets Nos. 97-0513 / 97-0514 (consol.) (April 8, 1998)*

Q. Please explain why you propose to remove the portion of membership dues related to lobbying efforts.

A. Section 9-224 of the Act states that, the Commission shall not consider as an expense of any public utility company, for the purpose of determining any rate or charge, any amount expended for political activity or lobbying as defined in the "Lobbyist Registration Act". In responding to a field work Staff data request, the Company provided invoices for dues for its membership in the Edison Electric Institute and the Illinois Energy Association. The invoices stated the percentage of the dues that were for lobbying activities.

From reviewing the websites of the Illinois Electricity Council ("IEC") and the American Gas Association ("AGA"), the other industry associations that the Company pays dues to, it is apparent that these associations also engage in lobbying activities. The invoices provided by the Company for the dues to IEC and AGA, however, did not state the percentage of dues related to lobbying activities. Lacking better information, I believe it reasonable to use the same percentage as other industry associations for determining the amount of dues related to lobbying activities. Therefore, Schedules 1.10 E and G, as reflected on page 2, deduct 25% of industry dues for being non-recoverable lobbying expenses.

<u>Adjustment for Lobbying Expense</u>

Q. Please describe Schedules 1.11 E and G, Adjustment for Lobbying Expense.

A. Schedules 1.11 E and G, Adjustment for Lobbying Expense, reflect my proposed adjustments to exclude lobbying expenses from the Company's electric and gas revenue requirements.

Q. Please explain why you propose to disallow lobbying expenses.

A. Section 9-224 of the Act states that, the Commission shall not consider as an expense of any public utility company, for the purpose of determining any rate or charge, any amount expended for political activity or lobbying as defined in the "Lobbyist Registration Act". Accordingly, I propose an adjustment to reduce test year operating expense for payment of lobbyist registration fees as identified by the Company in response to a field work Staff data request. My adjustment also excludes a percentage of the salary and benefits of a Mt. Carmel employee who is registered as a lobbyist for the Company, according to the Illinois Secretary of State's web site.

<u>Adjustment to Miscellaneous General Expense</u>

Q. Please describe Schedules 1.12 E and G, Adjustment to Miscellaneous General Expense.

A. Schedules 1.12 E and G, Adjustment to Miscellaneous General Expense, reflect my proposed adjustments to exclude the write off of amounts due for utility services of deployed military personnel (from the Mt. Carmel service area) from the Company's electric and gas revenue requirements.

Q. Please explain why you propose to disallow the write off of amounts due for utility services of deployed military personnel.

225 A. The practice of writing off amounts due for utility services of deployed military
226 personnel is similar to contributing to community and economic development
227 organizations. As stated previously, Section 9-227 of the Public Utilities Act
228 ("Act") allows as an operating expense contributions made by a utility for the
229 public welfare or for charitable scientific, religious or educational purposes. The
230 Mt. Carmel practice of writing off amounts due for utility services of deployed
231 military personnel is not for the public welfare or for charitable, scientific,
232 religious or educational purposes. While perhaps this practice demonstrates
233 good corporate citizenship, it is not necessary in providing utility service.
234 Consequently, the ratepayers should not be burdened with the expense of the
235 Company writing off amounts due for utility services of deployed military
236 personnel. Therefore, these expenses should be removed from the Company's
237 electric and gas revenue requirements.

238 **<u>Adjustment for Unamortized Rate Case Expense</u>**

239 **Q. Please describe Schedules 1.13 E and G, Adjustment for Unamortized Rate**
240 **Case Expense.**

241 A. Schedules 1.13 E and G, Adjustment for Unamortized Rate Case Expense,
242 reflect my proposed adjustments to remove unamortized rate case expense from
243 the Company's electric and gas rate base for the test year, to insure that there is
244 a fair and equitable allocation of rate case costs between ratepayers and
245 shareholders. This treatment of rate case expense requires shareholders to
246 bear the capital costs associated with improving their investment through
247 increased rates, while ratepayers bear the average annual cost for the continued

248 provision of safe reliable service. Without this treatment, there is little to no
249 incentive for the Company to keep its rate case expenses to a minimum.

250 **Q. Does the Commission generally allow utilities to recover its unamortized**
251 **balance of rate case expense in rate base?**

252 A. No. I have researched recent ICC orders for unamortized rate case treatment
253 where it was a contested issue before the Commission, and could only find one
254 case, ICC Docket No. 99-0117[8], where this practice was followed. In that case,
255 ComEd successfully argued that the proceeding was markedly dissimilar from
256 general rate case dockets the Commission has historically heard in that the
257 proceeding was initiated by law and not by a utility's request for a rate increase.
258 (Order, p. 49) This is not the case in the instant proceeding; therefore, I
259 recommend the Commission follow its customary practice of allowing
260 amortization of rate case expense but not allowing a return on the unamortized
261 balance.[9]

262 **<u>Adjustment to Working Capital</u>**

263 **Q. Please describe Schedules 1.14 E and G, Adjustment to Working Capital.**

264 A. Schedules 1.14 E and G, Adjustment to Working Capital, reflect my proposed
265 adjustments to cash working capital to use a more appropriate methodology than
266 that used by the Company and to incorporate the effects of other Staff-proposed

[8] Order entered August 25, 1999.

[9] *Order, Commonwealth Edison Company, ICC Docket No. 05-0597 (July 26, 2006); Order, Commonwealth Edison Company, ICC Docket No. 94-0065 (January 9, 1995); Order, Consumers Illinois Water Company, ICC Docket No. 91-0137 (May 28, 1992); Order, Central Illinois Public Service Company, ICC Docket No. 91-0193 (March 18, 1992); Order, Central Illinois Light Company, ICC Docket No. 90-0127 (January 16, 1991).*

adjustments. The Company calculated its cash working capital requirements using a hybrid approach that combines the 1/8th method based on the operating expenses presented in its filing and the balance sheet method using prepaid expenses and accrued liabilities. This hybrid approach does not produce an appropriate result because the prepaid expenses and accrued liabilities are provided for in the 1/8th of operating expenses that are also included in the Companies calculation. My Schedules 1.14 E and G present a more appropriate calculation of the Company's cash working capital requirement based upon the 1/8th method as it is normally applied.

My calculation begins with Staff's proposed operating expenses and then removes items that do not require cash working capital. The cash working capital requirement is then 1/8th of this amount. The total working capital requirement is determined by adding inventories to the cash working capital requirement. This adjustment should be updated to reflect the operating expenses approved by the Commission.

Q. Does this end your prepared direct testimony?

A. Yes.

Mt. Carmel Public Utility Co.

Statement of Operating Income with Adjustments - Electric

For the Test Year Ending December 31, 2006

Line No.	Description	Company Pro Forma Present (Co. Sch. C-1)	Staff Adjustments (ICC Staff Ex. 1.0 Sch 1.02 E)	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (Co. Sch. C-1)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Base Rate Revenues	$ 8,815,986	$ (200,343)	$ 8,615,643	$ 2,877,910	$ 3,727	$ 11,497,280	$ (418,075)	$ 11,079,205
2	Other Revenues	219,404	(2,700)	216,704	-	-	216,704	-	216,704
3	Total Operating Revenue	9,035,390	(203,043)	8,832,347	2,877,910	3,727	11,713,984	(418,075)	11,295,909
4	Uncollectible Accounts		-	-	-	-	-	-	-
5	Operation and Maintenance Expense	8,942,452	(246,093)	8,696,359	-	-	8,696,359	-	8,696,359
6	Depreciation and Amortization Expense	521,984	98,126	620,110	-	-	620,110	-	620,110
7	Taxes Other Than Income	201,335	(14,002)	187,333	-	-	187,333	-	187,333
8	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	9,665,771	(161,969)	9,503,802	-	-	9,503,802	-	9,503,802
							-		-
17	State Income Tax	-	(30,621)	(30,621)	-	210,359	179,738	(30,519)	149,219
18	Federal Income Tax	(93,487)	(132,206)	(225,693)	1,114,867	(206,632)	682,542	(131,769)	550,773
19	Deferred Taxes and ITCs Net	-	1,735	1,735	-	-	1,735	-	1,735
20	Total Operating Expenses	9,572,284	(323,061)	9,249,223	1,114,867	3,727	10,367,817	(162,288)	10,205,529
21	NET OPERATING INCOME	$ (536,894)	$ 120,018	$ (416,876)	$ 1,763,043	$ -	$ 1,346,167	$ (255,787)	$ 1,090,380
22	Staff Rate Base (ICC Staff Exhibit 1.0, Schedule 1.03 E, Column (d))								$ 11,661,822
23	Staff Overall Rate of Return (ICC Staff Exhibit 5.0, Schedule 5.01)								9.35%
24	Revenue Change (Col. (i) Line 3 minus Col. (d), Line 3)								$ 2,463,562
25	Percentage Revenue Change (Col. (i), Line 24 divided by Col. (d), Line 3)								27.89%

Mt. Carmel Public Utility Co.

Adjustments to Operating Income - Electric

For the Test Year Ending December 31, 2006

Line No.	Description	Interest Synchronization (ICC Staff Ex. 1.0, Sch. 1.05 E)	Adjustment for 2006 Test Year (ICC Staff Ex. 2.0, Sch. 2.01 E)	Contributions to Community and Economic Development Organizations (ICC Staff Ex. 1.0, Sch. 1.08 E)	Advertising Expense (ICC Staff Ex. 1.0, Sch. 1.09 E)	Industry Association Dues (ICC Staff Ex. 1.0, Sch. 1.10 E)	Lobbying Expense (ICC Staff Ex. 1.0, Sch. 1.11 E)	Miscellaneous General Expense (ICC Staff Ex. 1.0, Sch. 1.12 E)	General Office Allocation (ICC Staff Ex. 2.0, Sch. 2.02 E)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Base Rate Revenues	$ -	$ (200,343)	$ -	$ -	$ -	$ -	$ -	$ -	$ (200,343)
2	Other Revenues	-	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	(200,343)	-	-	-	-	-	-	(200,343)
4	Uncollectible Accounts	-	-	-	-	-	-	-	-	-
5	Operation and Maintenance Expense	-	(211,689)	(2,256)	(1,894)	(6,437)	(704)	(2,800)	-	(225,780)
6	Depreciation and Amortization Expense	-	96,498	-	-	-	-	-	1,628	98,126
7	Taxes Other Than Income	-	(14,002)	-	-	-	-	-	-	(14,002)
8	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-	-
15	Total Operating Expense									
16	Before Income Taxes	-	(129,193)	(2,256)	(1,894)	(6,437)	(704)	(2,800)	1,628	(141,656)
									-	
17	State Income Tax	(27,622)	(5,194)	165	138	470	51	204	(119)	(31,907)
18	Federal Income Tax	(119,261)	(22,425)	711	597	2,029	222	883	(513)	(137,757)
19	Deferred Taxes and ITCs Net	-	1,735	-	-	-	-	-	-	1,735
20	Total Operating Expenses	(146,883)	(155,077)	(1,380)	(1,159)	(3,938)	(431)	(1,713)	996	(309,585)
21	NET OPERATING INCOME	$ 146,883	$ (45,266)	$ 1,380	$ 1,159	$ 3,938	$ 431	$ 1,713	$ (996)	$ 109,242

Mt. Carmel Public Utility Co.

Adjustments to Operating Income - Electric

For the Test Year Ending December 31, 2006

Line No.	Description	Subtotal (page 1)	Affiliate Transactions (ICC Staff Ex. 2.0, Sch. 2.05 E)	(Source)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Base Rate Revenues	$ (200,343)	$ -	$ -	$ -	$ -	$ -	$ -	$ (200,343)
2	Other Revenues	-	(2,700)	-	-	-	-	-	(2,700)
3	Total Operating Revenue	(200,343)	(2,700)	-	-	-	-	-	(203,043)
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Operation and Maintenance Expense	(225,780)	(20,313)	-	-	-	-	-	(246,093)
6	Depreciation and Amortization Expense	98,126	-	-	-	-	-	-	98,126
7	Taxes Other Than Income	(14,002)	-	-	-	-	-	-	(14,002)
8	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(141,656)	(20,313)	-	-	-	-	-	(161,969)
17	State Income Tax	(31,907)	1,286	-	-	-	-	-	(30,621)
18	Federal Income Tax	(137,757)	5,551	-	-	-	-	-	(132,206)
19	Deferred Taxes and ITCs Net	1,735	-	-	-	-	-	-	1,735
20	Total Operating Expenses	(309,585)	(13,476)	-	-	-	-	-	(323,061)
21	NET OPERATING INCOME	$ 109,242	$ 10,776	$ -	$ -	$ -	$ -	$ -	$ 120,018

Mt. Carmel Public Utility Co.

Rate Base - Electric

For the Test Year Ending December 31, 2006

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-2)	Staff Adjustments (ICC Staff Ex. 1.0 Sch 1.04 E)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Utility Plant in Service	$ 21,545,364	$ 570,316	$ 22,115,680
2	Accumulated Depreciation	(12,077,564)	(555,916)	(12,633,480)
3	-	-	-	-
4	Net Plant	9,467,800	14,400	9,482,200
5	Additions to Rate Base			
6	CWIP	2,221,952	(329,813)	1,892,139
7	Working Capital Allowance	1,787,760	(879,104)	908,656
8	Unamortized Rate Case Expense	95,786	(95,786)	-
9	-	-	-	-
10	-	-	-	-
11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	Deductions From Rate Base			
17	Deferred Income Taxes	(549,957)	42,050	(507,907)
18	Customer Deposits	(104,272)	(8,994)	(113,266)
19	-	-	-	-
20	-	-	-	-
21	-	-	-	-
22	-	-	-	-
23	Rate Base	$ 12,919,069	$ (1,257,247)	$ 11,661,822

Mt. Carmel Public Utility Co.

Adjustments to Rate Base - Electric

For the Test Year Ending December 31, 2006

Line No.	Description	Unamortized Rate Case Expense (ICC Staff Ex. 1.0, Sch. 1.13 E)	Adjustment for 2006 Test Year (ICC Staff Ex. 2.0, Sch. 2.01 E)	General Office Allocation (ICC Staff Ex. 2.0, Sch. 2.02 E)	Materials & Supplies (ICC Staff Ex. 2.0, Sch. 2.03 E)	CWIP Depreciation (ICC Staff Ex. 2.0, Sch. 2.04 E)	Attorney's Office Accumulated Depreciation (ICC Staff Ex. 2.0, Sch. 2.06 E)	CWIP - New Transmission Line (ICC Staff Ex. 2.0, Sch. 2.07 E)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(I)
1	Utility Plant in Service	$ -	$ 558,693	$ 11,623	$ -	$ -	$ -	$ -	$ 570,316
2	Accumulated Depreciation	-	(540,415)	(24,487)	-	(11,689)	(5,594)	26,269	(555,916)
3	-	-	-	-	-	-	-	-	-
4	Net Plant	-	18,278	(12,864)	-	(11,689)	(5,594)	26,269	14,400
	-								
5	Additions to Rate Base								-
6	CWIP	-	333,975	-	-	-	-	(663,788)	(329,813)
7	Working Capital Allowance	-	173,648	-	(22,969)	-	-	-	150,679
8	Unamortized Rate Case Expense	(95,786)	-	-	-	-	-	-	(95,786)
9	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-
16	Deductions From Rate Base	-	-	-	-	-	-	-	-
17	Deferred Income Taxes	-	42,050	-	-	-	-	-	42,050
18	Customer Deposits	-	(8,994)	-	-	-	-	-	(8,994)
19	-	-	-	-	-	-	-	-	-
20		-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22	-	-	-	-	-	-	-	-	-
	-								
23	Rate Base	$ (95,786)	$ 558,957	$ (12,864)	$ (22,969)	$ (11,689)	$ (5,594)	$ (637,519)	$ (227,464)

Mt. Carmel Public Utility Co.

Adjustments to Rate Base - Electric

For the Test Year Ending December 31, 2006

Line No.	Description		Company Pro Forma Rate Base (Source)	Working Capital (ICC Staff Ex. 1.0, Sch. 1.14 E)	(Source)	(Source)	(Source)	(Source)	(Source)	Subtotal Rate Base Adjustments
	(a)		(l)	(m)	(n)	(o)	(p)	(q)	(r)	(u)
1	Utility Plant in Service		$ 570,316	$ -	$ -	$ -	$ -	$ -	$ -	$ 570,316
2	Accumulated Depreciation		(555,916)	-	-	-	-	-	-	(555,916)
3		-	-	-	-	-	-	-	-	-
4	Net Plant		14,400	-	-	-	-	-	-	14,400
		-								
5	Additions to Rate Base									-
6	CWIP		(329,813)	-	-	-	-	-	-	(329,813)
7	Working Capital Allowance		150,679	(1,029,783)	-	-	-	-	-	(879,104)
8	Unamortized Rate Case Expense		(95,786)	-	-	-	-	-	-	(95,786)
9		-	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-	-
16	Deductions From Rate Base		-	-	-	-	-	-	-	
17	Deferred Income Taxes		42,050	-	-	-	-	-	-	42,050
18	Customer Deposits		(8,994)	-	-	-	-	-	-	(8,994)
19		-	-	-	-	-	-	-	-	-
20		-	-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-	-
		-								
23	Rate Base		$ (227,464)	$ (1,029,783)	$ -	$ -	$ -	$ -	$ -	$ (1,257,247)

Mt. Carmel Public Utility Co.

Interest Synchronization Adjustment - Electric

For the Test Year Ending December 31, 2006

Line No.	Description	Amount	
	(a)	(b)	
1	Utility Plant in Service	$ 11,661,822	(1)
2	Weighted Cost of Debt	3.95%	(2)
3	Synchronized Interest Per Staff	460,642	
4	Company Interest Expense	82,253	(3)
5	Increase (Decrease) in Interest Expense	378,389	
6	Increase (Decrease) in State Income Tax Expense		
7	at 7.300%	$ (27,622)	
8	Increase (Decrease) in Federal Income Tax Expense		
9	at 34.000%	$ (119,261)	

(1) Source: ICC Staff Ex. 1.0, Schedule 1.03 E, Column (d).
(2) Source: ICC Staff Exhibit 5.0, Schedule 5.01.
(3) Source: Company 2005 FERC Form 1, Page 117, Column (c):

Interest Expense, Lines 62 through 69	$ 100,308
Electric Allocation Factor	82%
Interst Expense Allocated to Electric	$ 82,253

Mt. Carmel Public Utility Co.

Gross Revenue Conversion Factor - Electric

For the Test Year Ending December 31, 2006

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.0000%	0.000000	
3	State Taxable Income		1.000000	1.000000
4	State Income Tax	7.3000%	0.073000	0.073000
5	Federal Taxable Income		0.927000	0.927000
6	Federal Income Tax	34.0000%	0.315180	0.315180
7	Operating Income		0.611820	0.611820
8	Gross Revenue Conversion Factor Per Staff		1.634468	1.634468

Mt. Carmel Public Utility Co.

Revenue Effect of Adjustments - Electric

For the Test Year Ending December 31, 2006

Line No.	Description		Effect At Company ROR	Effect of Staff ROR	Effect of Interest Synch.	Rounding	TOTAL REVENUE EFFECT	
	(a)		(b)	(c)	(d)	(e)	(f)	
1	Company Proposed Increase						**$ 2,877,910**	(1)
2	Staff Rate of Return Applied to Company Rate Base	9.35% (2)		$ (29,774)			**(29,774)**	
3	Return On Equity	12.10% (2)						
4	Staff Adjustments - Total RATE BASE (from page 2 of 3)		$ (195,033)	2,897	$ 31,508	-	**(160,628)**	
5	Staff Adjustments - Total OPERATING INCOME STATEMENT (From page 3 of 3)						**(227,674)**	
7	Gross Revenue Conversion Factor Adjustmnet						**3,727**	
8	Rounding						**1**	
9	Total Revenue Effect of Staff's Proposals						**(414,348)**	
10	Staff Proposed Change to Revenues						**$ 2,463,562**	(3)
11	Rounding (memo only)			-				
12	Staff Rate of Return Applied to Staff Rate Base (memo only)			$ (26,877)				

Notes:

13 (1) Source: Company Exhbit 1.0, Schedule C-1.
14 (2) Source: ICC Staff Exhibit 5.0, Schedule 5.01.
15 (3) Source: ICC Staff Exhibit 1.0, Schedule 1.01 E, column (e) + column (f) + column (h), line 3.

Mt. Carmel Public Utility Co.
Revenue Effect of Adjustments - Electric
For the Test Year Ending December 31, 2006

Line No.	Description	Exhibit	Effect at Co. ROR (1)	Effect of Staff ROR (2)	Effect of Interest Synch. (3)	Rounding	**TOTAL REVENUE EFFECT (4)**
	(a)	(b)	(c)	(d)	(e)	(f)	**(g)**
1	Staff Adjustments - RATE BASE						
2	Unamortized Rate case Expense	ICC Staff Exhibit 1.0, Schedule 1.13 E	(14,859)	221	2,401	(1)	**(12,238)**
3	2006 Test Year	ICC Staff Exhibit 2.0, Schedule 2.01 E	86,710	(1,288)	(14,008)	(1)	**71,413**
4	General Office Allocation	ICC Staff Exhibit 2.0, Schedule 2.02 E	(1,996)	30	322	-	**(1,644)**
5	Materials & Supplies	ICC Staff Exhibit 2.0, Schedule 2.03 E	(3,563)	53	576	(1)	**(2,935)**
6	CWIP Depreciation	ICC Staff Exhibit 2.0, Schedule 2.04 E	(1,813)	27	293	-	**(1,493)**
7	Attorney's Office Accum. Depreciation	ICC Staff Exhibit 2.0, Schedule 2.06 E	(868)	13	140	-	**(715)**
8	CWIP - New Transmission Line	ICC Staff Exhibit 2.0, Schedule 2.07 E	(98,897)	1,469	15,977	1	**(81,450)**
9	Working Capital	ICC Staff Exhibit 1.0, Schedule 1.14 E	(159,747)	2,373	25,808	(1)	**(131,567)**
10			-	-	-	-	**-**
11			-	-	-	-	**-**
12			-	-	-	-	**-**
13			-	-	-	-	**-**
14			-	-	-	-	**-**
15			-	-	-	-	**-**
16			-	-	-	-	**-**
17			-	-	-	-	**-**
18			-	-	-	-	**-**
19			-	-	-	-	**-**
20			-	-	-	-	**-**
21			-	-	-	-	**-**
22			-	-	-	-	**-**
23			-	-	-	-	**-**
24			-	-	-	-	**-**
25			-	-	-	-	**-**
26			-	-	-	-	**-**
27			-	-	-	-	**-**
28			-	-	-	-	**-**
29			-	-	-	-	**-**
30			-	-	-	-	**-**
31			-	-	-	-	**-**
32			-	-	-	-	**-**
33			-	-	-	-	**-**
34			-	-	-	-	**-**
35			-	-	-	-	**-**
36			-	-	-	-	**-**
37			-	-	-	-	**-**
38			-	-	-	-	**-**
39	Subtotal		(195,033)	2,898	31,509	(3)	**(160,629)**
40	Rounding		-	(1)	(1)	3	**1**
41	Total Revenue Effect of Rate Base Adjustments		(195,033)	2,897	31,508	-	**(160,628)**

(1) Source: Net Rate Base Adjustment x Co. ROR x Staff GRCF.
(2) Source: Net Rate Base Adjustment x (Staff ROR - Co. ROR) x Staff GRCF.
(3) Source: Net Rate Base Adjustment x (Staff After-tax ROR - Staff Before-tax ROR) x Staff GRCF.
(4) Source: Net Rate Base Adjustment x Staff After-tax ROR x Staff GRCF.

Mt. Carmel Public Utility Co.

Revenue Effect of Adjustments - Electric

For the Test Year Ending December 31, 2006

Line No.	Description	Exhibit	**TOTAL REVENUE EFFECT (1)**	Remove Rate Base Portion (2)	Operating Statement Portion (3)
	(a)	(b)	**(c)**	(d)	(e)
1	Staff Adjustments - OPERATING STATEMENT				
2	Interest Synchronization	ICC Staff Exhibit 1.0, Schedule 1.05 E	**(240,076)**	(31,508)	(271,584)
3	2006 Test Year	ICC Staff Exhibit 2.0, Schedule 2.01 E	**73,986**		73,986
4	Contributions to C & ED Organizations	ICC Staff Exhibit 1.0, Schedule 1.08 E	**(2,256)**		(2,256)
5	Advertising Expense	ICC Staff Exhibit 1.0, Schedule 1.09 E	**(1,894)**		(1,894)
6	Industry Association Dues	ICC Staff Exhibit 1.0, Schedule 1.10 E	**(6,437)**		(6,437)
7	Lobbying Expense	ICC Staff Exhibit 1.0, Schedule 1.11 E	**(704)**		(704)
8	Miscellaneous General Expense	ICC Staff Exhibit 1.0, Schedule 1.12 E	**(2,800)**		(2,800)
9	General Office Allocation	ICC Staff Exhibit 2.0, Schedule 2.02 E	**1,628**		1,628
10	Affiliate Transactions	ICC Staff Exhibit 2.0, Schedule 2.05 E	**(17,613)**		(17,613)
11			**-**		-
12			**-**		-
13			**-**		-
14			**-**		-
15			**-**		-
16			**-**		-
17			**-**		-
18			**-**		-
19			**-**		-
20			**-**		-
21			**-**		-
22			**-**		-
23			**-**		-
24			**-**		-
25			**-**		-
26			**-**		-
27			**-**		-
28			**-**		-
29			**-**		-
30			**-**		-
31			**-**		-
32			**-**		-
33			**-**		-
34			**-**		-
35			**-**		-
36			**-**		-
37			**-**		-
38			**-**		-
39			**-**	-	-
40	Column Total		**(196,166)**	(31,508)	(227,674)
41	Rounding				-
42	Total Revenue Effect of Operating Statement Adjustments				(227,674)

(1) Source: Operating Income Adjustment x Staff GRCF.
(2) Source: ICC Staff Exhibit 1.0, Schedule 1.07 E, page 2, column (e), line 41.
(3) Source: Column (c) + column (d).

Mt. Carmel Public Utility Co.
Electric
Adjustment for Contributions to Community and Economic Development Organizations
For the Test Year Ending December 31, 2006

Line No.	Description	Amount
1	Allowable Expenses per Staff	$ -
2	Contributions per Company	2,256
3	Staff Adjustment	$ (2,256)

Source:

Line 2 ICC Staff Exhibit 1.0, Schedule 1.08 E, p. 2, line 6

Mt. Carmel Public Utility Co.
Electric
Adjustment for Contributions to Community and Economic Development Organizations
For the Test Year Ending December 31, 2006

Line No.	Description	Amount
1	Community & Economic Development Organizations:	
2	Wabash County Merchant's Association	$ 82
3	Southeastern Alliance - IL (SAIL)	410
4	Wabash County Chamber of Commerce	1,223
5	Illinois Chamber of Commerce	541
6	Total per Company	$ 2,256

Source:

Lines 1 - 5: Mt. Carmel response to Staff data request JMO 1.01

Mt. Carmel Public Utility Co.
Electric
Adjustment to Advertising Expense
For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Advertising Expense per Staff	$ 794
2	2006 Advertising Expense	2,688
3	Staff Adjustment	$ (1,894)

Source:

Line 1 ICC Staff Exhibit 1.0, Schedule 1.09 E, p. 2, column (b), line 10

Line 2 Mt. Carmel 2006 general ledger (Reflects the effects of Staff's

Mt. Carmel Public Utility Co.
Electric
Adjustment to Advertising Expense
For the Test Year Ending December 31, 2006

Line No.	Vendor	2006 Allowed Expense	2006 Disallowed Expense Per Staff	2006 Total Expense Col. (b) + (c)
	(a)	(b)	(c)	(d)
1	FAC/PGA Notice	$ 463	$ -	$ 463
2	Gas Appliances Safety	331		331
3	Internet Ads		677	677
4	Want Ads		93	93
5	Yearbook Ads		185	185
6	Dee White Baseball Field Sign		287	287
7	Wabash Courier		82	82
8	Daily Republican Register		366	366
9	Golf Scorecards		205	205
10		$ 794	$ 1,894	$ 2,688

Source:

Columns (a), (b) and (c): Review of Mt. Carmel 2006 general ledger and invoices during field work

Mt. Carmel Public Utility Co.
Electric
Adjustment to Industry Association Dues
For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Industry Association Dues per Staff	$ 15,088
2	2006 Industry Association Dues	21,525
3	Staff Adjustment	$ (6,437)

Source:

Line 1 ICC Staff Exhibit 1.0, Schedule 1.10 E, p. 2, column (e), line 9.

Line 2 Mt. Carmel 2006 general ledger (Reflects the effects of Staff's

Mt. Carmel Public Utility Co.
Electric
Adjustment to Industry Association Dues
For the Test Year Ending December 31, 2006

Line No.	Description	Amount	Percentage Used for Lobbying Purposes	Dues for Lobbying Purposes Col. (b) x (c)	Allowable Industry Association Dues Per Staff Col. (b) - (d)
	(a)	(b)	(c)	(d)	(e)
1	Edison Electric Institute:				
2	Regular Activities	$ 12,300	25%	$ 3,075	$ 9,225
3	Industry Structure Assessment	1,845	70%	1,292	553
4	Mutual Assistance Program	410	0%	0	410
5	Total Edison Electric Institute	14,555		4,367	10,188
6	Illinois Electricity Council	2,870	25%	718	2,153
7	Illinois Energy Association	3,280	35%	1,148	2,132
8	American Gas Association	820	25%	205	615
9	Totals (Line 5 + Line 6 + Line 7 + Line 8)	$ 21,525		$ 6,437	$ 15,088

Source:

Columns (a), (b) and (c): Review of Mt. Carmel 2006 general ledger and invoices during field work.

Mt. Carmel Public Utility Co.
Electric
Adjustment for Lobbying Expense
For the Test Year Ending December 31, 2006

Line No.	Description	Registration Fees	Salary and Benefits	Total Lobbying Expense Col. (b) + (c)
	(a)	(b)	(c)	(d)
1	Lobbying Expenses per Staff	$ -	$ -	$ -
2	2006 Lobbying Expenses	592	112	704
3	Staff Adjustment	$ (592)	$ (112)	$ (704)

Source:

Line 1 Review of Mt. Carmel 2006 general ledger and invoices during field work

Line 2 Column (b): Mt. Carmel 2006 general ledger. (Reflects the effects of Staff's test year adjustments.)

Column (c): ICC Staff Exhibit 1.0, Schedule 1.11 E, page 2, column (b), line 10.

Mt. Carmel Public Utility Co.
Electric
Adjustment for Lobbying Expense
For the Test Year Ending December 31, 2006

Line No.	Description	Amount	Source
	(a)	(b)	(c)
	Calculation of Employee's Salary and Benefits Spent on Lobbying Activities, Allocated to Electric:		
1	Employee Salary	$ 87,832	Mt. Carmel 2006 FERC Form 1, Page 104, Column (c), Line 2
2	Benefits Loading Rate	55%	Mt. Carmel workpaper C-2
3	Employee Benefits (Line 1 x Line 2)	48,308	
4	Total Employee Salary and Benefits (Line 1 + Line 3)	136,140	
5	Employee Time Related to Lobbying Activities	2 hours	Mt. Carmel response to Staff data request JMO 3.02
6	Annual Employee Time	2,080 hours	
7	Percentage of Time Spent on Lobbying Activities (Line 5 / Line 6)	0.1%	
8	Employee Salary and Benefits Related to Lobbying Activities (Line 4 x Line 7)	136	
9	Electric Allocation Factor	82%	
10	Employee Salary and Benefits Spent on Lobbying Activities, Allocated to Electric (Line 8 x Line 9)	$ 112	

Docket No. 07-0357
ICC Staff Exhibit No. 1.0
Schedule 1.12 E

Mt. Carmel Public Utility Co.
Electric
Adjustment to Miscellaneous General Expense
For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Miscellaneous General Expense per Staff	$ -
2	2006 Miscellaneous General Expense	2,800
3	Staff Adjustment	$ (2,800)

Source:

Line 1 Review of Mt. Carmel 2006 general ledger and invoices during field work

Line 2 Mt. Carmel 2006 general ledger (Reflects the effects of Staff's

Mt. Carmel Public Utility Co.
Electric
Adjustment for Unamortized Rate Case Expense
For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Unamortized Rate Case Expense in Rate Base per Staff	$ -
2	Unamortized Rate Case Expense in Rate Base per Company	95,786
3	Staff Adjustment	$ (95,786)

Source:

Line 2 Mt. Carmel Ex. 1.0, Schedule B-1, Electric

Mt. Carmel Public Utility Co.
Electric
Adjustment to Working Capital
For the Test Year Ending December 31, 2006

Line No.	Description	Amount		Source
	(a)	(b)		(c)
1	Operating Expense Per Staff	$ 9,503,802		ICC Staf Exhibit 1.0, Schedule 1.01 E, page 1, column (i), line 16
	Less:			
2	Cost of Purchased Power	(5,643,340)		FERC Form 1, page 321, column (b), line 80
3	Depreciation Expense	(620,110)		ICC Staf Exhibit 1.0, Schedule 1.01 E, page 1, column (i), line 6
4	Taxes Other than Income	(187,333)		ICC Staf Exhibit 1.0, Schedule 1.01 E, page 1, column (i), line 7
5	Operating Expense Requiring Cash Working Capital	3,053,019		Sum of Lines 1 through 4
6	One eighth	12.5%		
7	Cash Working Capital	381,627		Line 6 x Line 7
8	Electric Material Stock	549,998	(A)	Mt. Carmel Exhibit 1.0, Schedule B 8.1, Electric
9	Accounts Payable	(22,969)		ICC Staff Exhibit 2.0, Schedule 2.03 E, page 1, column (b), line 5
10	Total Working Capital Per Staff	908,656		Sum of Lines 7 through 9
11	Working Capital Per Company Including Staff 2006 TY Adj.	1,961,408		ICC Staff Exhibit 2.0, Schedule 2.01 E, page 1, column (b), line 5
12	Impact of Accounts Payable Adjustment	(22,969)		ICC Staff Exhibit 2.0, Schedule 2.03 E, page 1, column (b), line 5
13	Company Working Capital as Adjusted by Staff	1,938,439		Line 11 plus Line 12
14	Difference- Staff Adjustment to Working Capital	$ (1,029,783)		Line 10 minus Line 13

Note
(A) Includes impact of Staff's 2006 test year adjustment

Mt. Carmel Public Utility Co.

Statement of Operating Income with Adjustments - Gas

For the Test Year Ending December 31, 2006

Line No.	Description	Company Pro Forma Present (Co. Sch. C-1)	Staff Adjustments (ICC Staff Ex. 1.0 Sch 1.02 G)	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (Co. Sch. C-1)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Base Rate Revenues	$ 4,248,196	$ (120,570)	$ 4,127,626	$ 756,625	$ 980	$ 4,885,231	$ (157,857)	$ 4,727,374
2	Other Revenues	14,203	-	14,203	-	-	14,203	-	14,203
3	Total Operating Revenue	4,262,399	(120,570)	4,141,829	756,625	980	4,899,434	(157,857)	4,741,577
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Operation and Maintenance Expense	4,498,830	(151,890)	4,346,940	-	-	4,346,940	-	4,346,940
6	Depreciation and Amortization Expense	127,268	17,095	144,363	-	-	144,363	-	144,363
7	Taxes Other Than Income	40,745	(15,314)	25,431	-	-	25,431	-	25,431
8	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	4,666,843	(150,109)	4,516,734	-	-	4,516,734	-	4,516,734
							-		-
17	State Income Tax	-	(2,634)	(2,634)	-	55,305	52,671	(11,524)	41,147
18	Federal Income Tax	(192,008)	(11,369)	(203,377)	293,107	(54,325)	35,405	(49,753)	(14,348)
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	4,474,835	(164,112)	4,310,723	293,107	980	4,604,810	(61,277)	4,543,533
21	NET OPERATING INCOME	$ (212,436)	$ 43,542	$ (168,894)	$ 463,518	$ -	$ 294,624	$ (96,580)	$ 198,044
22	Staff Rate Base (ICC Staff Exhibit 1.0, Schedule 1.03 G, Column (d))								$ 2,118,117
23	Staff Overall Rate of Return (ICC Staff Exhibit 5.0, Schedule 5.01)								9.35%
24	Revenue Change (Col. (i) Line 3 minus Col. (d), Line 3)								$ 599,748
25	Percentage Revenue Change (Col. (i), Line 24 divided by Col. (d), Line 3)								14.48%

Mt. Carmel Public Utility Co.

Adjustments to Operating Income - Gas

For the Test Year Ending December 31, 2006

Line No.	Description	Interest Synchronization (ICC Staff Ex. 1.0, Sch. 1.05 G)	Adjustment for 2006 Test Year (ICC Staff Ex. 2.0, Sch. 2.01 G)	Contributions to Community and Economic Development Organizations (ICC Staff Ex. 1.0, Sch. 1.08 G)	Advertising Expense (ICC Staff Ex. 1.0, Sch. 1.09 G)	Industry Association Dues (ICC Staff Ex. 1.0, Sch. 1.10 G)	Lobbying Expense (ICC Staff Ex. 1.0, Sch. 1.11 G)	Miscellaneous General Expense (ICC Staff Ex. 1.0, Sch. 1.12 G)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(j)	(k)
1	Base Rate Revenues	$ -	$ (120,570)	$ -	$ -	$ -	$ -	$ -	$ (120,570)
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	(120,570)	-	-	-	-	-	(120,570)
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Operation and Maintenance Expense	-	(146,400)	(495)	(416)	(1,413)	(155)	(3,011)	(151,890)
6	Depreciation and Amortization Expense	-	18,723	-	-	-	-	-	18,723
7	Taxes Other Than Income	-	(15,314)	-	-	-	-	-	(15,314)
8	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	-	(142,991)	(495)	(416)	(1,413)	(155)	(3,011)	(148,481)
								-	
17	State Income Tax	(4,790)	1,637	36	30	103	11	220	(2,753)
18	Federal Income Tax	(20,679)	7,067	156	131	445	49	949	(11,882)
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(25,469)	(134,287)	(303)	(255)	(865)	(95)	(1,842)	(163,116)
21	NET OPERATING INCOME	$ 25,469	$ 13,717	$ 303	$ 255	$ 865	$ 95	$ 1,842	$ 42,546

Mt. Carmel Public Utility Co.

Adjustments to Operating Income - Gas

For the Test Year Ending December 31, 2006

Line No.	Description	Subtotal (page 1)	General Office Allocation (ICC Staff Ex. 2.0, Sch. 2.02 G)	(Source)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(j)	(k)
1	Base Rate Revenues	$ (120,570)	$ -	$ -	$ -	$ -	$ -	$ -	$ (120,570)
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	(120,570)	-	-	-	-	-	-	(120,570)
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Operation and Maintenance Expense	(151,890)	-	-	-	-	-	-	(151,890)
6	Depreciation and Amortization Expense	18,723	(1,628)	-	-	-	-	-	17,095
7	Taxes Other Than Income	(15,314)	-	-	-	-	-	-	(15,314)
8	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(148,481)	(1,628)	-	-	-	-	-	(150,109)
17	State Income Tax	(2,753)	119	-	-	-	-	-	(2,634)
18	Federal Income Tax	(11,882)	513	-	-	-	-	-	(11,369)
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(163,116)	(996)	-	-	-	-	-	(164,112)
21	NET OPERATING INCOME	$ 42,546	$ 996	$ -	$ -	$ -	$ -	$ -	$ 43,542

Mt. Carmel Public Utility Co.

Rate Base - Gas

For the Test Year Ending December 31, 2006

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-2)	Staff Adjustments (ICC Staff Ex. 1.0 Sch 1.04 E)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Utility Plant in Service	$ 5,211,464	$ 14,591	$ 5,226,055
2	Accumulated Depreciation	(3,178,722)	(63,952)	(3,242,674)
3	-	-	-	-
4	Net Plant	2,032,742	(49,361)	1,983,381
5	Additions to Rate Base			
6	Working Capital Allowance	687,718	(437,557)	250,161
7	Unamortized Rate Case Expense	37,546	(37,546)	-
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	Deductions From Rate Base			
17	Deferred Income Taxes	(38,914)	(8,414)	(47,328)
18	Customer Deposits	(73,606)	5,509	(68,097)
19	-	-	-	-
20	-	-	-	-
21	-	-	-	-
22	-	-	-	-
23	Rate Base	$ 2,645,486	$ (527,369)	$ 2,118,117

Mt. Carmel Public Utility Co.

Adjustments to Rate Base - Gas

For the Test Year Ending December 31, 2006

Line No.	Description	Unamortized Rate Case Expense (ICC Staff Ex. 1.0, Sch. 1.13 G)	Adjustment for 2006 Test Year (ICC Staff Ex. 2.0, Sch. 2.01 G)	Propane Working Capital (ICC Staff Ex. 4.0, Sch. 4.01 G)	General Office Allocation (ICC Staff Ex. 2.0, Sch. 2.02 G)	Materials & Supplies (ICC Staff Ex. 2.0, Sch. 2.03 G)	Attorney's Office Accumulated Depreciation (ICC Staff Ex. 2.0, Sch. 2.06 E)	Working Capital (ICC Staff Ex. 1.0, Sch. 1.14 G)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Utility Plant in Service	$ -	$ 26,214	$ -	$ (11,623)	$ -	$ -	$ -	$ 14,591
2	Accumulated Depreciation	-	(87,210)	-	24,487	-	(1,229)	-	(63,952)
3	-	-	-	-	-	-	-	-	-
4	Net Plant	-	(60,996)	-	12,864	-	(1,229)	-	(49,361)
	-								
5	Additions to Rate Base								-
6	Working Capital Allowance	-	3,288	(4,014)	-	(5,042)	-	(431,789)	(437,557)
7	Unamortized Rate Case Expense	(37,546)	-	-	-	-	-	-	(37,546)
8	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-
16	Deductions From Rate Base	-	-	-	-	-	-	-	-
17	Deferred Income Taxes	-	(8,414)	-	-	-	-	-	(8,414)
18	Customer Deposits	-	5,509	-	-	-	-	-	5,509
19	-	-	-	-	-	-	-	-	-
20		-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22	-	-	-	-	-	-	-	-	-
	-								
23	Rate Base	$ (37,546)	$ (60,613)	$ (4,014)	$ 12,864	$ (5,042)	$ (1,229)	$ (431,789)	$ (527,369)

Mt. Carmel Public Utility Co.

Interest Synchronization Adjustment - Gas

For the Test Year Ending December 31, 2006

Line No.	Description	Amount	
	(a)	(b)	
1	Utility Plant in Service	$ 2,118,117	(1)
2	Weighted Cost of Debt	3.95%	(2)
3	Synchronized Interest Per Staff	83,666	
4	Company Interest Expense	18,055	(3)
5	Increase (Decrease) in Interest Expense	65,611	
6	Increase (Decrease) in State Income Tax Expense		
7	at 0.000%	$ (4,790)	
8	Increase (Decrease) in Federal Income Tax Expense		
9	at 0.000%	$ (20,679)	

(1) Source: ICC Staff Ex. 1.0, Schedule 1.03 E, Column (d).
(2) Source: ICC Staff Exhibit 5.0, Schedule 5.01.
(3) Source: Company 2005 FERC Form 1, Page 117, Column (c):

Interest Expense, Lines 62 through 69	$ 100,308
Gas Allocation Factor	18%
Interst Expense Allocated to Gas	$ 18,055

Mt. Carmel Public Utility Co.

Gross Revenue Conversion Factor - Gas

For the Test Year Ending December 31, 2006

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.0000%	0.000000	
3	State Taxable Income		1.000000	1.000000
4	State Income Tax	7.3000%	0.073000	0.073000
5	Federal Taxable Income		0.927000	0.927000
6	Federal Income Tax	34.0000%	0.315180	0.315180
7	Operating Income		0.611820	0.611820
8	Gross Revenue Conversion Factor Per Staff		1.634468	1.634468

Mt. Carmel Public Utility Co.

Revenue Effect of Adjustments - Gas

For the Test Year Ending December 31, 2006

Line No.	Description		Effect At Company ROR	Effect of Staff ROR	Effect of Interest Synch.	Rounding	TOTAL REVENUE EFFECT	
	(a)		(b)	(c)	(d)	(e)	(f)	
1	Company Proposed Increase						**$ 756,625**	(1)
2	Staff Rate of Return Applied to Company Rate Base	9.35% (2)		$ (6,095)			**(6,095)**	
3	Return On Equity	12.10% (2)						
4	Staff Adjustments - Total RATE BASE (from page 2 of 3)		$ (81,809)	1,215	$ 13,217	-	**(67,377)**	
5	Staff Adjustments - Total OPERATING INCOME STATEMENT (From page 3 of 3)						**(84,385)**	
7	Gross Revenue Conversion Factor Adjustmnet						**980**	
8	Rounding						**-**	
9	Total Revenue Effect of Staff's Proposals						**(156,877)**	
10	Staff Proposed Change to Revenues						**$ 599,748**	(3)
11	Rounding (memo only)			-				
12	Staff Rate of Return Applied to Staff Rate Base (memo only)			$ (4,880)				

Notes:

13 (1) Source: Company Exhbit 1.0, Schedule C-1.
14 (2) Source: ICC Staff Exhibit 5.0, Schedule 5.01.
15 (3) Source: ICC Staff Exhibit 1.0, Schedule 1.01 G, column (e) + column (f) + column (h), line 3.

Mt. Carmel Public Utility Co.
Revenue Effect of Adjustments - Gas
For the Test Year Ending December 31, 2006

Line No.	Description	Exhibit	Effect at Co. ROR (1)	Effect of Staff ROR (2)	Effect of Interest Synch. (3)	Rounding	**TOTAL REVENUE EFFECT (4)**
	(a)	(b)	(c)	(d)	(e)	(f)	**(g)**
1	Staff Adjustments - RATE BASE						
2	Unamortized Rate Case Expense	ICC Staff Exhibit 1.0, Schedule 1.13 G	(5,824)	87	941	(1)	**(4,797)**
3	2006 Test Year	ICC Staff Exhibit 2.0, Schedule 2.01 G	(9,403)	140	1,519	-	**(7,744)**
4	Cash Working Capital	ICC Staff Exhibit 4.0, Schedule 4.01 G	(623)	9	101	-	**(513)**
5	General Office Allocation	ICC Staff Exhibit 2.0, Schedule 2.02 G	1,996	(30)	(322)	-	**1,644**
6	Materials & Supplies	ICC Staff Exhibit 2.0, Schedule 2.03 G	(782)	12	126	-	**(644)**
7	Attorney's Office Accum. Depreciation	ICC Staff Exhibit 2.0, Schedule 2.06 G	(191)	3	31	-	**(157)**
8	Working Capital	ICC Staff Exhibit 1.0, Schedule 1.14 G	(66,982)	995	10,821	-	**(55,166)**
9			-	-	-	-	**-**
10			-	-	-	-	**-**
11			-	-	-	-	**-**
12			-	-	-	-	**-**
13			-	-	-	-	**-**
14			-	-	-	-	**-**
15			-	-	-	-	**-**
16			-	-	-	-	**-**
17			-	-	-	-	**-**
18			-	-	-	-	**-**
19			-	-	-	-	**-**
20			-	-	-	-	**-**
21			-	-	-	-	**-**
22			-	-	-	-	**-**
23			-	-	-	-	**-**
24			-	-	-	-	**-**
25			-	-	-	-	**-**
26			-	-	-	-	**-**
27			-	-	-	-	**-**
28			-	-	-	-	**-**
29			-	-	-	-	**-**
30			-	-	-	-	**-**
31			-	-	-	-	**-**
32			-	-	-	-	**-**
33			-	-	-	-	**-**
34			-	-	-	-	**-**
35			-	-	-	-	**-**
36			-	-	-	-	**-**
37			-	-	-	-	**-**
38			-	-	-	-	**-**
39	Subtotal		(81,809)	1,216	13,217	(1)	**(67,377)**
40	Rounding		-	(1)	-	1	**-**
41	Total Revenue Effect of Rate Base Adjustments		(81,809)	1,215	13,217	-	**(67,377)**

(1) Source: Net Rate Base Adjustment x Co. ROR x Staff GRCF.
(2) Source: Net Rate Base Adjustment x (Staff ROR - Co. ROR) x Staff GRCF.
(3) Source: Net Rate Base Adjustment x (Staff After-tax ROR - Staff Before-tax ROR) x Staff GRCF.
(4) Source: Net Rate Base Adjustment x Staff After-tax ROR x Staff GRCF.

Mt. Carmel Public Utility Co.

Revenue Effect of Adjustments - Gas

For the Test Year Ending December 31, 2006

Line No.	Description	Exhibit	**TOTAL REVENUE EFFECT (1)**	Remove Rate Base Portion (2)	Operating Statement Portion (3)
	(a)	(b)	**(c)**	(d)	(e)
1	Staff Adjustments - OPERATING STATEMENT				
2	Interest Synchronization	ICC Staff Exhibit 1.0, Schedule 1.05 G	**(41,628)**	(13,217)	(54,845)
3	2006 Test Year	ICC Staff Exhibit 2.0, Schedule 2.01 G	**(22,420)**		(22,420)
4	Contributions to C & ED Organizations	ICC Staff Exhibit 1.0, Schedule 1.08 G	**(495)**		(495)
5	Advertising Expense	ICC Staff Exhibit 1.0, Schedule 1.09 G	**(417)**		(417)
6	Industry Association Dues	ICC Staff Exhibit 1.0, Schedule 1.10 G	**(1,414)**		(1,414)
7	Lobbying Expense	ICC Staff Exhibit 1.0, Schedule 1.11 G	**(155)**		(155)
8	Miscellaneous General Expense	ICC Staff Exhibit 1.0, Schedule 1.12 G	**(3,011)**		(3,011)
9	General Office Allocation	ICC Staff Exhibit 2.0, Schedule 2.02 G	**(1,628)**		(1,628)
10			**-**		-
11			**-**		-
12			**-**		-
13			**-**		-
14			**-**		-
15			**-**		-
16			**-**		-
17			**-**		-
18			**-**		-
19			**-**		-
20			**-**		-
21			**-**		-
22			**-**		-
23			**-**		-
24			**-**		-
25			**-**		-
26			**-**		-
27			**-**		-
28			**-**		-
29			**-**		-
30			**-**		-
31			**-**		-
32			**-**		-
33			**-**		-
34			**-**		-
35			**-**		-
36			**-**		-
37			**-**		-
38			**-**	-	-
39	Column Total		**(71,168)**	(13,217)	(84,385)
40	Rounding				-
41	Total Revenue Effect of Operating Statement Adjustments				(84,385)

(1) Source: Operating Income Adjustment x Staff GRCF.
(2) Source: ICC Staff Exhibit 1.0, Schedule 1.07 G, page 2, column (e), line 41.
(3) Source: Column (c) + column (d).

Mt. Carmel Public Utility Co.
Gas
Adjustment for Contributions to Community and Economic Development Organizations
For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Allowable Expenses per Staff	$ -
2	Contributions per Company	495
3	Staff Adjustment	$ (495)

Source:

Line 2 ICC Staff Exhibit 1.0, Schedule 1.08 G, p. 2, line 6

Mt. Carmel Public Utility Co.
Gas
Adjustment for Contributions to Community and Economic Development Organizations
For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Community & Economic Development Organizations:	
2	Wabash County Merchant's Association	$ 18
3	Southeastern Alliance - IL (SAIL)	90
4	Wabash County Chamber of Commerce	268
5	Illinois Chamber of Commerce	119
6	Total per Company	$ 495

Source:

Lines 1 - 5: Mt. Carmel response to Staff data request JMO 1.01

Mt. Carmel Public Utility Co.
Gas
Adjustment to Advertising Expense
For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Advertising Expense per Staff	$ 174
2	2006 Advertising Expense	590
3	Staff Adjustment	$ (416)

Source:

Line 1 ICC Staff Exhibit 1.0, Schedule 1.09 G, p. 2, column (b), line 10

Line 2 Mt. Carmel 2006 general ledger (Reflects the effects of Staff's

Mt. Carmel Public Utility Co.
Gas
Adjustment to Advertising Expense
For the Test Year Ending December 31, 2006

Line No.	Vendor	2006 Allowed Expense	2006 Disallowed Expense Per Staff	2006 Total Expense Col. (b) + (c)
	(a)	(b)	(c)	(d)
1	FAC/PGA Notice	$ 102	$ -	$ 102
2	Gas Appliances Safety	73		73
3	Internet Ads		149	149
4	Want Ads		21	21
5	Yearbook Ads		41	41
6	Dee White Baseball Field Sign		63	63
7	Wabash Courier		18	18
8	Daily Republican Register		80	80
9	Golf Scorecards		45	45
10		$ 174	$ 416	$ 590

Source:

Columns (a), (b) and (c): Review of Mt. Carmel 2006 general ledger and invoices during field work

Mt. Carmel Public Utility Co.
Gas
Adjustment to Industry Association Dues
For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Industry Association Dues per Staff	$ 3,312
2	2006 Industry Association Dues	4,725
3	Staff Adjustment	$ (1,413)

Source:

Line 1 ICC Staff Exhibit 1.0, Schedule 1.10 G, p. 2, column (e), line 9.

Line 2 Mt. Carmel 2006 general ledger (Reflects the effects of Staff's test year adjustments.)

Mt. Carmel Public Utility Co.
Gas
Adjustment to Industry Association Dues
For the Test Year Ending December 31, 2006

Line No.	Description	Amount	Percentage Used for Lobbying Purposes	Dues for Lobbying Purposes Col. (b) x (c)	Allowable Industry Association Dues Per Staff Col. (b) - (d)
	(a)	(b)	(c)	(d)	(e)
1	Edison Electric Institute:				
2	Regular Activities	$ 2,700	25%	$ 675	$ 2,025
3	Industry Structure Assessment	405	70%	284	121
4	Mutual Assistance Program	90	0%	0	90
5	Total Edison Electric Institute	3,195		959	2,236
6	Illinois Electricity Council	630	25%	158	472
7	Illinois Energy Association	720	35%	252	468
8	American Gas Association	180	25%	45	135
9	Totals (Line 5 + Line 6 + Line 7 + Line 8)	$ 4,725		$ 1,413	$ 3,312

Source:

Columns (a), (b) and (c): Review of Mt. Carmel 2006 general ledger and invoices during field work.

Mt. Carmel Public Utility Co.
Gas
Adjustment for Lobbying Expense
For the Test Year Ending December 31, 2006

Line No.	Description	Registration Fees	Salary and Benefits	Total Lobbying Expense Col. (b) + (c)
	(a)	(b)	(c)	(d)
1	Lobbying Expenses per Staff	$ -	$ -	$ -
2	2006 Lobbying Expenses	130	25	155
3	Staff Adjustment	$ (130)	$ (25)	$ (155)

Source:

Line 1 Review of Mt. Carmel 2006 general ledger and invoices during field work

Line 2 Column (b): Mt. Carmel 2006 general ledger. (Reflects the effects of Staff's test year adjustments.)

Column (c): ICC Staff Exhibit 1.0, Schedule 1.11 G, page 2, column (b), line 10.

Mt. Carmel Public Utility Co.
Gas
Adjustment for Lobbying Expense
For the Test Year Ending December 31, 2006

Line No.	Description	Amount	Source
	(a)	(b)	(c)
	Calculation of Employee's Salary and Benefits Spent on Lobbying Activities, Allocated to Gas:		
1	Employee Salary	$ 87,832	Mt. Carmel 2006 FERC Form 1, Page 104, Column (c), Line 2
2	Benefits Loading Rate	55%	Mt. Carmel workpaper C-2
3	Employee Benefits (Line 1 x Line 2)	48,308	
4	Total Employee Salary and Benefits (Line 1 + Line 3)	136,140	
5	Employee Time Related to Lobbying Activities	2 hours	Mt. Carmel response to Staff data request JMO 3.02
6	Annual Employee Time	2,080 hours	
7	Percentage of Time Spent on Lobbying Activites (Line 5 / Line 6)	0.1%	
8	Employee Salary and Benefits Related to Lobbying Activities (Line 4 x Line 7)	136	
9	Gas Allocation Factor	18%	
10	Employee Salary and Benefits Spent on Lobbying Activities, Allocated to Gas	$ 25	

Docket No. 07-0357
ICC Staff Exhibit No. 1.0
Schedule 1.12 G

Mt. Carmel Public Utility Co.
Gas
Adjustment to Miscellaneous General Expense
For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Miscellaneous General Expense per Staff	$ -
2	2006 Miscellaneous General Expense	3,011
3	Staff Adjustment	$ (3,011)

Source:

Line 1 Review of Mt. Carmel 2006 general ledger and invoices during field work

Line 2 Mt. Carmel 2006 general ledger (Reflects the effects of Staff's

Mt. Carmel Public Utility Co.
Gas
Adjustment for Unamortized Rate Case Expense
For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Unamortized Rate Case Expense in Rate Base per Staff	$ -
2	Unamortized Rate Case Expense in Rate Base per Company	37,546
3	Staff Adjustment	$ (37,546)

Source:

Line 2 Mt. Carmel Ex. 1.0, Schedule B-1, Gas

Mt. Carmel Public Utility Co.
Gas
Adjustment to Working Capital
For the Test Year Ending December 31, 2006

Line No.	Description	Amount		Source
	(a)	(b)		(c)
1	Operating Expense Per Staff	$ 4,516,734		ICC Staf Exhibit 1.0, Schedule 1.01 G, page 1, column (i), line 16
	Less:			
2	Cost of Purchased Gas	(3,315,615)		ILCC Form 21, p. 321, col. (b), line 77
3	Depreciation and Amortization Expense	(144,363)		ICC Staf Exhibit 1.0, Schedule 1.01 G, page 1, column (i), line 6
4	Taxes Other than Income	(25,431)		ICC Staf Exhibit 1.0, Schedule 1.01 G, page 1, column (i), line 7
5	Operating Expense Requiring Cash Working Capital	1,031,325		Sum of Lines 1 through 4
6	One eighth	12.5%		
7	Cash Working Capital	128,916		Line 5 x Line 6
8	Propane	72,991		ICC Staff Exhibit 4.0, Schedule 4.01 G, page 1, column (b), line 5
9	Materials & Supplies	53,296	(A)	Mt. Carmel Exhibit 1.0, Schedule B 9.1, Gas
10	Accounts Payable	(5,042)		ICC Staff Exhibit 2.0, Schedule 2.03 G, page 1, column (b), line 5
11	Total Working Capital Per Staff	250,161		Sum of Lines 7 through 10
12	Working Capital Per Company Including Staff 2006 TY Adj.	691,006	(A)	ICC Staff Exhibit 2.0, Schedule 2.01 G, page 1, column (b), line 5
13	Impact of Propane Inventory Adjustment	(4,014)		ICC Staff Exhibit 4.0, Schedule 4.01 G, page 1, column (b), line 5
14	Impact of Accounts Payable Adjustment	(5,042)		ICC Staff Exhibit 2.0, Schedule 2.03 G, page 1, column (b), line 5
15	Company Working Capital as Adjusted by Staff	681,950		Sum of Lines 12 through14
16	Difference- Staff Adjustment to Working Capital	$ (431,789)		Line 11 minus Line 15

Note
(A) Includes impact of Staff's 2006 test year adjustment