

REBUTTAL 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

November 7, 2007

1 **Witness Identification**

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

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

5 **Q. Are you the same Mike Ostrander who previously provided direct testimony**  
6 **in this proceeding?**

7 A. Yes.

8 **Purpose of Testimony**

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. The purpose of my testimony is to:

11 1) Present Staff's rebuttal Revenue Requirement schedules for Mt. Carmel

12 Public Utility Co. ("Mt. Carmel" or "Company"), and

13 2) Respond to the testimony of Company witness Dan E. Long (MCPU Ex. 1.0

14 R) on the issues of miscellaneous general expense, unamortized rate case

15 expense, working capital, adjustment to payroll expense, and amortization of

16 rate case expense.

17 **Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 7.0?**

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

20 **Revenue Requirement Schedules**

21 Schedules 7.01 E and G Statement of Operating Income with Adjustments

22	Schedules 7.02 E and G	Adjustments to Operating Income
23	Schedules 7.03 E and G	Rate Base
24	Schedules 7.04 E and G	Adjustments to Rate Base
25	Schedules 7.05 E and G	Interest Synchronization Adjustment
26	Schedules 7.06 E and G	Gross Revenue Conversion Factor
27	Schedules 7.07 E and G	Revenue Effect of Adjustments
28	<u>Adjustment Schedules</u>	
29	Schedules 7.08 E and G	Adjustment for Contributions to Community and
30		Economic Development Organizations
31	Schedules 7.09 E and G	Adjustment to Advertising Expense
32	Schedules 7.10 E and G	Adjustment to Industry Association Dues
33	Schedules 7.11 E and G	Adjustment for Lobbying Expense
34	Schedules 7.12 E and G	Adjustment to Miscellaneous General Expense
35	Schedules 7.13 E and G	Adjustment for Unamortized Rate Case Expense
36	Schedules 7.14 E and G	Adjustment to Working Capital
37	Schedules 7.15 E and G	Adjustment to Payroll Expense

38 **Q. Please explain the “E” and “G” suffixes which appear in your schedule**  
39 **numbers.**

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

43 **Revenue Requirement Schedules**

44 **Q. Please describe Schedules 7.01 E and G, Statement of Operating Income**  
45 **with Adjustments.**

46 A. Schedules 7.01 E and G are the same as ICC Staff Exhibit 1.0, Schedules 1.01  
47 E and G, described in my direct testimony, except that the schedules  
48 incorporate Staff's rebuttal positions.

49 **Q. Please describe Schedules 7.02 E and G, Adjustments to Operating**  
50 **Income.**

51 A. Each Schedule 7.02 identifies Staff's adjustment to Operating Income. The  
52 source of each adjustment is shown in the heading of each column. Column (i)  
53 from page 2 is carried forward to the corresponding Schedule 7.01, column (c).

54 **Q. Please describe Schedule 7.03 E and G, Rate Base.**

55 A. Schedules 7.03 E and G are the same as ICC Staff Exhibit 1.0, Schedules 1.03  
56 E and G, described in my direct testimony, except that the schedules  
57 incorporate Staff's rebuttal positions.

58 **Q. Please describe Schedules 7.04 E and G, Adjustments to Rate Base.**

59 A. Each Schedule 7.04 identifies Staff's adjustments to Rate Base. The source of  
60 each adjustment is shown in the heading of each column. Column (i) is carried  
61 forward to the corresponding Schedule 7.03, column (c).

62 **Interest Synchronization**

63 **Q. Please describe Schedules 7.05 E and G, Interest Synchronization**  
64 **Adjustment.**

65 A. Each Schedule 7.05 uses the same concept as ICC Staff Exhibit 1.0, Schedules  
66 1.05 E and G. The theory is discussed in ICC Staff Exhibit 1.0, page 5.

67 **Gross Revenue Conversion Factor**

68 **Q. Please describe Schedules 7.06 E and G, Gross Revenue Conversion**  
69 **Factor.**

70 A. Each Schedule 7.06 uses the same concept as ICC Staff Exhibit 1.0, Schedules  
71 1.06 E and G. The theory is discussed in ICC Staff Exhibit 1.0, pages 5 and 6.

72 **Revenue Effect of Adjustments**

73 **Q. What is the purpose of Schedules 7.07 E and G, Revenue Effect of**  
74 **Adjustments?**

75 A. Each Schedule 7.07 uses the same concept as ICC Staff Exhibit 1.0, Schedules  
76 1.07 E and G. The purpose is discussed in ICC Staff Exhibit 1.0, page 6.

77 **Adjustment for Contributions to Community and Economic Development**  
78 **Organizations**

79 **Q. Please describe Schedules 7.08 E and G, Adjustment for Contributions to**  
80 **Community and Economic Development Organizations.**

81 A. Schedules 7.08 E and G present my proposed adjustments to remove  
82 contributions to community and economic development organizations from the  
83 electric and gas revenue requirements. These adjustments are identical to the  
84 adjustments proposed in my direct testimony, ICC Staff Exhibit 1.0, Schedules  
85 1.08 E and G.

86 **Adjustment to Advertising Expense**

87 **Q. Please describe Schedules 7.09 E and G, Adjustment to Advertising**  
88 **Expense.**

89 A. Schedules 7.09 E and G, Adjustment to Advertising Expense, reflect my  
90 adjustments to disallow certain advertising expenses. These adjustments are  
91 identical to the adjustments proposed in my direct testimony, ICC Staff Exhibit  
92 1.0, Schedules 1.09 E and G.

93 **Adjustment to Industry Association Dues**

94 **Q. Please describe Schedules 7.10 E and G, Adjustment to Industry**  
95 **Associations Dues.**

96 A. Schedules 7.10 E and G, Adjustment to Industry Association Dues, reflect my  
97 proposed adjustments to reduce industry association dues. These adjustments  
98 are identical to the adjustments proposed in my direct testimony, ICC Staff  
99 Exhibit 1.0, Schedules 1.10 E and G.

100 **Adjustment for Lobbying Expense**

101 **Q. Please describe Schedules 7.11 E and G, Adjustment for Lobbying**  
102 **Expense.**

103 A. Schedules 7.11 E and G, Adjustment for Lobbying Expense, reflect my proposed  
104 adjustments to exclude lobbying expenses from the Company's electric and gas  
105 revenue requirements. These adjustments are identical to the adjustments  
106 proposed in my direct testimony, ICC Staff Exhibit 1.0, Schedules 1.11 E and G.

107 **Adjustment to Miscellaneous General Expense**

108 **Q. Please describe Schedules 7.12 E and G, Adjustment to Miscellaneous**  
109 **General Expense.**

110 A. Schedules 7.12 E and G, Adjustment to Miscellaneous General Expense, reflect  
111 my proposed adjustments to exclude the write off of amounts due for utility  
112 services of deployed military personnel (from the Mt. Carmel service area) from  
113 the Company's electric and gas revenue requirements. These adjustments are  
114 identical to the adjustments proposed in my direct testimony, ICC Staff Exhibit  
115 1.0, Schedules 1.12 E and G.

116 **Q. Does the Company's contest your proposed adjustments to Miscellaneous**  
117 **General Expense?**

118 A. Yes. The Company opposes my adjustments to Miscellaneous General Expense  
119 arguing that the write off of amounts due for utility services of deployed military  
120 personnel is an act of charity or simple public welfare. (MCPU Ex. 1.0 R, pages  
121 17-18).

122 **Q. What is your response?**

123 A. The practice of writing off amounts due for utility services of deployed military  
124 personnel is a patriotic gesture and demonstrates good corporate citizenship. I  
125 do not take issue with the Company's desire to provide a benefit to deployed  
126 military personnel if it wishes to do so. However, the question is whether the cost  
127 of doing so should be recovered in rates as a cost of providing utility service. The  
128 Company's tariffs do not contain a provision that provides for this practice. I do  
129 not believe such costs can be categorized as an expense made by a utility for the

130 public welfare or for charitable scientific, religious or educational purposes under  
131 Section 9-227 of the Public Utilities Act (“Act”). Rather than attempting to recover  
132 the cost of this practice as a Miscellaneous General Expense, the Company  
133 could recover the costs through a formalized process of soliciting contributions  
134 from ratepayers. The Company acknowledges that it does not currently solicit  
135 contributions from ratepayers to offset the cost of utility services of deployed  
136 military personnel. Adopting a formalized process of soliciting contributions for  
137 this program would make it voluntary and transparent. Another possible avenue  
138 to explore is to seek Commission approval, in a separate filing, of a tariff  
139 enunciating the Company’s practice of essentially providing free utility service for  
140 deployed military personnel so that this rate would be included in the Company’s  
141 schedule of rates.

142 **Adjustment for Unamortized Rate Case Expense**

143 **Q. Please describe Schedules 7.13 E and G, Adjustment for Unamortized Rate**  
144 **Case Expense.**

145 A. Schedules 7.13 E and G, Adjustment for Unamortized Rate Case Expense,  
146 reflect my proposed adjustments to remove unamortized rate case expense from  
147 the Company’s electric and gas rate base. These adjustments are identical to  
148 the adjustments proposed in my direct testimony, ICC Staff Exhibit 1.0,  
149 Schedules 1.13 E and G.

150 **Q. Does the Company contest your proposed adjustments for Unamortized**  
151 **Rate Case Expense?**

152 A. Yes. The Company opposes my adjustments to remove unamortized rate case  
153 expense from the Company's electric and gas rate base as being unreasonable  
154 and not consistent with past Commission practice. (MCPU Exhibit 1.0R, pp. 18-  
155 19) Contrary to the Company's assertion, it is reasonable for the Commission to  
156 exclude unamortized rate case expense from rate base and, as I explained in my  
157 direct testimony, is consistent with past Commission practice. The purpose of  
158 removing unamortized rate case expense from rate base is to ensure that there  
159 is a fair and equitable allocation of rate case costs between ratepayers and  
160 shareholders.

161 The Company is incorrect in its assertion that the Commission allowed a return  
162 on unamortized rate case expense in the Company's last rate case. In response  
163 to Staff data request JMO 5.01, the Company acknowledged that the  
164 Commission did not allow a return on unamortized rate case expense in the  
165 Company's last rate case.

166 The Company also argues that it should be allowed to include unamortized rate  
167 case expense in its rate base because the 10-year rate freeze prohibited the  
168 Company from filing a rate case earlier. (MCPU Exhibit 1.0R, pp. 18-19) As is  
169 discussed in the rebuttal testimony of Staff witness Everson, there was no such  
170 prohibition on delivery services rate cases. (ICC Staff Exhibit 8.0, pp. 8-10) And,  
171 even if there had been a ten year prohibition on the filing of a delivery services  
172 rate case by Mt. Carmel, it does not support the inclusion of unamortized rate  
173 case expense in rate base.

174 My adjustments to exclude unamortized rate case expense from rate base are  
175 reasonable, consistent with prior Commission practice, and should be accepted  
176 by the Commission.

177 **Adjustment to Working Capital**

178 **Q. Please describe Schedules 7.14 E and G, Adjustment to Working Capital.**

179 A. Schedules 7.14 E and G, Adjustment to Working Capital, reflect my proposed  
180 adjustments to cash working capital to use a more appropriate methodology than  
181 that used by the Company and to incorporate the effects of other Staff-proposed  
182 adjustments. The adjustments proposed in my direct testimony, ICC Staff Exhibit  
183 1.0, Schedules 1.14 E and G have been updated to incorporate Staff's rebuttal  
184 positions.

185 **Q. Does the Company agree with your proposed adjustments to Working**  
186 **Capital?**

187 A. The Company stated that it did not agree entirely. The Company believes that it  
188 is reasonable to earn a return on the timing lag between when funds are  
189 disbursed for purchased power and purchased gas and the receipt of revenues  
190 from providing electric and gas utility service. (MCPU Ex. 1.0 R, pages 19-20).

191 **Q. Do you agree with the Company that it should earn a return because of a**  
192 **timing lag between when funds are disbursed for purchased power and**  
193 **purchased gas and the receipt of revenues from providing service?**

194 A. No, I do not. My analysis demonstrates that there is little if any time lag between  
195 when funds are disbursed for purchased power and purchased gas and the  
196 receipt of revenues from providing electric and gas utility service.

197 **Q. What is your understanding of the timing lag between when funds are**  
198 **disbursed for purchased power and purchased gas and the receipt of**  
199 **revenues from providing electric and gas utility service?**

200 A. During my review of the 2006 reconciliations of revenues collected with actual  
201 costs of purchased power and purchased gas, Dockets No. 06-0740 and 06-  
202 0749, respectively, I noted that vendor invoices were dated mid-month of the  
203 month (e.g. February) following when purchased power and purchased gas were  
204 provided (e.g. January) to the Company. Payment for the cost of January  
205 purchased power and purchased gas was due in ten days after receipt of the  
206 invoices or near the end of February. The funding of the January cost of  
207 purchased power and purchased gas was accomplished via the billing of  
208 ratepayers for utility service provided during January and subsequent collection  
209 of revenues during January and February. This example demonstrates that there  
210 is little if any time lag between when funds are disbursed for purchased power  
211 and purchased gas and the receipt of revenues from providing electric and gas  
212 utility service. As there is little if any time lag, the Company should not earn a  
213 return on its outlay of funds for purchased power and purchased gas.

214 **Adjustment to Payroll Expense**

215 **Q. Please describe Schedules 7.15 E and G, Adjustment to Payroll Expense.**

216 A. Schedules 7.15 E and G, Adjustment for Payroll Expense, reflect my proposed  
217 adjustments to exclude from the Company's electric and gas revenue  
218 requirements pro forma payroll expense that is not known and measurable.

219 **Q. Please explain why you propose to exclude pro forma payroll expense that**  
220 **is not known and measurable.**

221 A. 83 Ill. Adm. Code 287.40 limits pro forma adjustments to adjustments that are  
222 known and measurable and that are reasonably certain to occur subsequent to  
223 the historical test year within 12 months after the filing date of the tariffs. The  
224 Company's response to Staff data request JMO 4.01 revealed that, to date, only  
225 two (a tree trimmer and gas utility man) of the five pro forma personnel have  
226 been hired. The Company has stated in rebuttal testimony (MCPU Ex. 1.0 R,  
227 page 15) and in its response to Staff data request JMO 4.01 that the Company  
228 lacks the funds to hire the remaining pro forma personnel, but will fill these  
229 positions in early 2008 as long as rates are approved that allow for such  
230 expenditures. In response to Staff data request 4.05, the Company reiterated its  
231 intent to add the remaining pro forma personnel as long as these personnel  
232 additions are included in the respective electric and gas revenue requirements.  
233 Thus, the addition of the remaining pro forma personnel is contingent upon the  
234 level of rate relief granted in the Commission's Order in this proceeding.

235 In its Order in Docket No. 85-0056, the Commission, speaking of pro forma  
236 adjustments, stated, "These adjustments, however, should be limited to known  
237 and measurable changes, verifiable on the record and certain of effectuation."  
238 (Commission Order, Docket No. 85-0056, entered November 26, 1985, p.16) The

239 Company's position regarding the remaining pro forma personnel does not  
240 provide reasonable assurance that pro forma payroll expense is known and  
241 measurable and that the hiring will occur within 12 months after the filing date of  
242 the tariffs. More specifically, the contingent nature of these items demonstrates  
243 that they are not "known and measurable changes, verifiable on the record and  
244 certain of effectuation." As such, the payroll expense attributed to the remaining  
245 pro forma personnel should be excluded from the respective electric and gas  
246 revenue requirements.

247 **Amortization of Rate Case Expense**

248 **Q. In rebuttal testimony, the Company stated that the concern of the City of**  
249 **Mt. Carmel ("City") regarding the Company's amortization period for rate**  
250 **case expense to be unreasonable. Do you have a comment?**

251 A. Yes. The Company took exception to the City including the ten year rate freeze  
252 in the calculation of the City's recommended amortization period of eight years  
253 for rate case expense versus the Company's three year amortization period. The  
254 Company views the rate freeze period as an anomaly that should be left out  
255 when determining the rate case expense amortization period. (MCPU Exhibit 1.0,  
256 p. 11, lines 11-15) As is discussed in the rebuttal testimony of Staff witness  
257 Everson, Staff disagrees that the Company was prohibited from filing a delivery  
258 services rate during the rate freeze period. (ICC Staff Exhibit 8.0, pp. 8-10)  
259 However, if the Company believed it was constrained from filing a rate case, then  
260 presumably, that would have impacted the timing and frequency of its rate cases.  
261 The time frame to amortize rate case expense should correspond with the

262 practical life of the electric and gas rates resulting from this docket. In the  
263 Company's last rate case prior to the ten year rate freeze, ICC Dockets No. 97-  
264 0513 / 97-0514 (consol.), the Company utilized a three year rate case expense  
265 amortization period. Staff did not propose an adjustment for an alternative  
266 amortization period in this proceeding.

267 **Q. Does this end your prepared rebuttal testimony?**

268 A. Yes.



**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. 7.0, Sch. 7.05 E)	Adjustment for 2006 Test Year (ICC Staff Ex. 8.0, Sch. 8.01 E)	Contributions to Community and Economic Development Organizations (ICC Staff Ex. 7.0, Sch. 7.08 E)	Advertising Expense (ICC Staff Ex. 7.0, Sch. 7.09 E)	Industry Association Dues (ICC Staff Ex. 7.0, Sch. 7.10 E)	Lobbying Expense (ICC Staff Ex. 7.0, Sch. 7.11 E)	Miscellaneous General Expense (ICC Staff Ex. 7.0, Sch. 7.12 E)	General Office Allocation (ICC Staff Ex. 8.0, Sch. 8.02 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	-	(129,193)	(2,256)	(1,894)	(6,437)	(704)	(2,800)	1,628	(141,656)
16	Before Income Taxes	-	(129,193)	(2,256)	(1,894)	(6,437)	(704)	(2,800)	1,628	(141,656)
17	State Income Tax	(26,759)	(5,194)	165	138	470	51	204	(119)	(31,044)
18	Federal Income Tax	(115,534)	(22,425)	711	597	2,029	222	883	(513)	(134,030)
19	Deferred Taxes and ITCs Net	-	1,735	-	-	-	-	-	-	1,735
20	Total Operating Expenses	(142,293)	(155,077)	(1,380)	(1,159)	(3,938)	(431)	(1,713)	996	(304,995)
21	NET OPERATING INCOME	\$ 142,293	\$ (45,266)	\$ 1,380	\$ 1,159	\$ 3,938	\$ 431	\$ 1,713	\$ (996)	\$ 104,652

**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. 8.0, Sch. 8.05 E)	Payroll Expense (ICC Staff Ex. 7.0, Sch. 7.15 E)	(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)	(227,421)	-	-	-	-	(473,514)
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)	(227,421)	-	-	-	-	(389,390)
17	State Income Tax	(31,044)	1,286	16,602	-	-	-	-	(13,156)
18	Federal Income Tax	(134,030)	5,551	71,679	-	-	-	-	(56,800)
19	Deferred Taxes and ITCs Net	1,735	-	-	-	-	-	-	1,735
20	Total Operating Expense:	(304,995)	(13,476)	(139,140)	-	-	-	-	(457,611)
21	NET OPERATING INCOME	\$ 104,652	\$ 10,776	\$ 139,140	\$ -	\$ -	\$ -	\$ -	\$ 254,568

**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 Rebuttal Adjustments (ICC Staff Ex. 7.0 Sch 7.04 E)	Staff Rebuttal Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Utility Plant in Service	\$ 21,545,364	\$ 255,316	\$ 21,800,680
2	Accumulated Depreciation	(12,077,564)	(511,816)	(12,589,380)
3		-	-	-
4	Net Plant	9,467,800	(256,500)	9,211,300
5	Additions to Rate Base			
6	CWIP	2,221,952	(329,813)	1,892,139
7	Working Capital Allowance	1,787,760	(907,531)	880,229
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	<u>\$ 12,919,069</u>	<u>\$ (1,556,574)</u>	<u>\$ 11,362,495</u>

**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. 7.0, Sch. 7.13 E)	Adjustment for 2006 Test Year (ICC Staff Ex. 8.0, Sch. 8.01 E)	General Office Allocation (ICC Staff Ex. 8.0, Sch. 8.02 E)	Materials & Supplies (ICC Staff Ex. 8.0, Sch. 8.03 E)	CWIP Depreciation (ICC Staff Ex. 8.0, Sch. 8.04 E)	Attorney's Office Accumulated Depreciation (ICC Staff Ex. 8.0, Sch. 8.06 E)	CWIP - New Transmission Line (ICC Staff Ex. 8.0, Sch. 8.07 E)	Subtotal 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. 7.0, Sch. 7.14 E)	Vehicles (ICC Staff Ex. 8.0, Sch. 8.08 E)	(Source)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Utility Plant in Service	\$ 570,316	\$ -	\$ (315,000)	\$ -	\$ -	\$ -	\$ -	\$ 255,316
2	Accumulated Depreciation	(555,916)	-	44,100	-	-	-	-	(511,816)
3		-	-	-	-	-	-	-	-
4	Net Plant	14,400	-	(270,900)	-	-	-	-	(256,500)
5	Additions to Rate Base								-
6	CWIP	(329,813)	-	-	-	-	-	-	(329,813)
7	Working Capital Allowance	150,679	(1,058,210)	-	-	-	-	-	(907,531)
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	<u>\$ (227,464)</u>	<u>\$ (1,058,210)</u>	<u>\$ (270,900)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,556,574)</u>

**Mt. Carmel Public Utility Co.**  
**Interest Synchronization Adjustment - Electric**  
 For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 11,362,495 (1)
2	Weighted Cost of Debt	3.95% (2)
3	Synchronized Interest Per Staff	448,819
4	Company Interest Expense	<u>82,253 (3)</u>
5	Increase (Decrease) in Interest Expense	<u>366,566</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ (26,759)</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 34.000%	<u>\$ (115,534)</u>

(1) Source: ICC Staff Ex. 7.0, Schedule 7.03 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	<u>82%</u>
Interest Expense Allocated to Electric	<u>\$ 82,253</u>

**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%	<u>0.000000</u>	
3	State Taxable Income		1.000000	1.000000
4	State Income Tax	7.3000%	<u>0.073000</u>	<u>0.073000</u>
5	Federal Taxable Income		<u>0.927000</u>	<u>0.927000</u>
6	Federal Income Tax	34.0000%	<u>0.315180</u>	<u>0.315180</u>
7	Operating Income		<u>0.611820</u>	<u>0.611820</u>
8	Gross Revenue Conversion Factor Per Staf		<u>1.634468</u>	<u>1.634468</u>

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

Line No.	Description (a)	Effect At Company ROR (b)	Effect of Staff ROR (c)	Effect of Interest Synch. (d)	Rounding (e)	<b>TOTAL REVENUE EFFECT (f)</b>
1	Company Proposed Increase					<b>\$ 2,877,910</b> (1)
2	Staff Rate of Return Applied to Company Rate Base		\$ (29,774)			<b>(29,774)</b>
3	Return On Equity					
			9.35% (2)			
			12.10% (2)			
4	Staff Adjustments - Total RATE BASE (from page 2 of 3)	\$ (241,467)	3,587	\$ 39,010	-	<b>(198,870)</b>
5	Staff Adjustments - Total OPERATING INCOME STATEMENT (From page 3 of 3)					<b>(455,093)</b>
7	Gross Revenue Conversion Factor Adjustmnet					<b>3,727</b>
8	Rounding					-
9	Total Revenue Effect of Staff's Proposals					<b>(680,010)</b>
10	Staff Proposed Change to Revenues					<b>\$ 2,197,900</b> (3)
11	Rounding (memo only)		-			
12	Staff Rate of Return Applied to Staff Rate Base (memo only)		<b>\$ (26,187)</b>			

Notes:

- 13 (1) Source: Company Exhibit 1.0, Schedule C-1.  
 14 (2) Source: ICC Staff Exhibit 5.0, Schedule 5.01.  
 15 (3) Source: ICC Staff Exhibit 7.0, Schedule 7.01 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 (f)	<b>TOTAL REVENUE EFFECT (4)</b> (g)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Staff Adjustments - RATE BASE						
2	Unamortized Rate case Expense	ICC Staff Exhibit 7.0, Schedule 7.13 E	(14,859)	221	2,401	(1)	<b>(12,238)</b>
3	2006 Test Year	ICC Staff Exhibit 8.0, Schedule 8.01 E	86,710	(1,288)	(14,008)	(1)	<b>71,413</b>
4	General Office Allocation	ICC Staff Exhibit 8.0, Schedule 8.02 E	(1,996)	30	322	-	<b>(1,644)</b>
5	Materials & Supplies	ICC Staff Exhibit 8.0, Schedule 8.03 E	(3,563)	53	576	(1)	<b>(2,935)</b>
6	CWIP Depreciation	ICC Staff Exhibit 8.0, Schedule 8.04 E	(1,813)	27	293	-	<b>(1,493)</b>
7	Attorney's Office Accum. Depreciation	ICC Staff Exhibit 8.0, Schedule 8.06 E	(868)	13	140	-	<b>(715)</b>
8	CWIP - New Transmission Line	ICC Staff Exhibit 8.0, Schedule 8.07 E	(98,897)	1,469	15,977	1	<b>(81,450)</b>
9	Working Capital Allowance	ICC Staff Exhibit 7.0, Schedule 7.14 E	(164,157)	2,439	26,520	-	<b>(135,198)</b>
10	Vehicles	ICC Staff Exhibit 8.0, Schedule 8.08 E	(42,024)	624	6,789	-	<b>(34,611)</b>
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		(241,467)	3,588	39,010	(2)	<b>(198,871)</b>
40	Rounding		-	(1)	-	2	<b>1</b>
41	Total Revenue Effect of Rate Base Adjustments		<u>(241,467)</u>	<u>3,587</u>	<u>39,010</u>	<u>-</u>	<u><b>(198,870)</b></u>

(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	<b>TOTAL REVENUE EFFECT (1)</b>	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 7.0, Schedule 7.05 E	<b>(232,573)</b>	(39,010)	(271,583)
3	2006 Test Year	ICC Staff Exhibit 8.0, Schedule 8.01 E	<b>73,986</b>		73,986
4	Contributions to C & ED Organizations	ICC Staff Exhibit 7.0, Schedule 7.08 E	<b>(2,256)</b>		(2,256)
5	Advertising Expense	ICC Staff Exhibit 7.0, Schedule 7.09 E	<b>(1,894)</b>		(1,894)
6	Industry Association Dues	ICC Staff Exhibit 7.0, Schedule 7.10 E	<b>(6,437)</b>		(6,437)
7	Lobbying Expense	ICC Staff Exhibit 7.0, Schedule 7.11 E	<b>(704)</b>		(704)
8	Miscellaneous General Expense	ICC Staff Exhibit 7.0, Schedule 7.12 E	<b>(2,800)</b>		(2,800)
9	General Office Allocation	ICC Staff Exhibit 8.0, Schedule 8.02 E	<b>1,628</b>		1,628
10	Affiliate Transactions	ICC Staff Exhibit 8.0, Schedule 8.05 E	<b>(17,613)</b>		(17,613)
11	Payroll Expense	ICC Staff Exhibit 7.0, Schedule 7.15 E	<b>(227,420)</b>		(227,420)
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		<b><u>(416,083)</u></b>	<b><u>(39,010)</u></b>	<b><u>(455,093)</u></b>
41	Rounding				-
42	Total Revenue Effect of Operating Statement Adjustments				
					<b><u>(455,093)</u></b>

(1) Source: Operating Income Adjustment x Staff GRCF.  
 (2) Source: ICC Staff Exhibit 7.0, Schedule 7.07 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**

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

Source:

Line 2      ICC Staff Exhibit 7.0, Schedule 7.08 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	<u>541</u>
6	Total per Company	<u><u>\$ 2,256</u></u>

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**

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

Source:

- Line 1 ICC Staff Exhibit 7.0, Schedule 7.09 E, p. 2, column (b), line 10
- Line 2 Mt. Carmel 2006 general ledger (Reflects the effects of Staff's test year adjustments.)

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

Line No.	Vendor (a)	2006 Allowed Expense (b)	2006 Disallowed Expense Per Staff (c)	2006 Total Expense Col. (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		<u>\$ 794</u>	<u>\$ 1,894</u>	<u>\$ 2,688</u>

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	<u>21,525</u>
3	Staff Adjustment	<u><u>\$ (6,437)</u></u>

Source:

- Line 1            ICC Staff Exhibit 7.0, Schedule 7.10 E, 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.  
 Electric  
 Adjustment to Industry Association Dues  
 For the Test Year Ending December 31, 2006**

Line No.	Description (a)	Amount (b)	Percentage Used for Lobbying Purposes (c)	Dues for Lobbying Purposes Col. (b) x (c) (d)	Allowable Industry Association Dues Per Staff Col. (b) - (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	<u>14,555</u>		<u>4,367</u>	<u>10,188</u>
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	<u>820</u>	25%	<u>205</u>	<u>615</u>
9	Totals (Line 5 + Line 6 + Line 7 + Line 8)	<u>\$ 21,525</u>		<u>\$ 6,437</u>	<u>\$ 15,088</u>

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 (a)	Registration Fees (b)	Salary and Benefits (c)	Total Lobbying Expense Col. (b) + (c) (d)
1	Lobbying Expenses per Staff	\$ -	\$ -	\$ -
2	2006 Lobbying Expenses	<u>592</u>	<u>112</u>	<u>704</u>
3	Staff Adjustment	<u><u>\$ (592)</u></u>	<u><u>\$ (112)</u></u>	<u><u>\$ (704)</u></u>

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 7.0, Schedule 7.11 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 (a)	Amount (b)	Source (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	Benefits Loading Rate	<u>55%</u>	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)	<u>136,140</u>	
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	<u>82%</u>	
10	Employee Salary and Benefits Spent on Lobbying Activities, Allocated to Electric ( Line 8 x Line 9)	<u>\$ 112</u>	

**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	<u>2,800</u>
3	Staff Adjustment	<u><u>\$ (2,800)</u></u>

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 test year adjustments.)

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

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

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 (a)	Amount (b)	Source (c)
1	Operating Expense Per Staff	\$ 9,276,381	ICC Staf Exhibit 7.0, Schedule 7.01 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 7.0, Schedule 7.01 E, page 1, column (i), line 6
4	Taxes Other than Income	<u>(187,333)</u>	ICC Staf Exhibit 7.0, Schedule 7.01 E, page 1, column (i), line 7
5	Operating Expense Requiring Cash Working Capital	2,825,598	Sum of Lines 1 through 4
6	One eighth	12.5%	
7	Cash Working Capital	353,200	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	<u>(22,969)</u>	ICC Staff Exhibit 8.0, Schedule 8.03 E, page 1, column (b), line 5
10	Total Working Capital Per Staff	<u>880,229</u>	Sum of Lines 7 through 9
11	Working Capital Per Company Including Staff 2006 TY Adj.	1,961,408	ICC Staff Exhibit 8.0, Schedule 8.01 E, page 1, column (b), line 5
12	Impact of Accounts Payable Adjustment	<u>(22,969)</u>	ICC Staff Exhibit 8.0, Schedule 8.03 E, page 1, column (b), line 5
13	Company Working Capital as Adjusted by Staff	<u>1,938,439</u>	Line 11 plus Line 12
14	Difference- Staff Adjustment to Working Capital	<u>\$ (1,058,210)</u>	Line 10 minus Line 13

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

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

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1	Pro forma Payroll Expense per Staff	\$ 80,664
2	Pro forma Payroll Expense per Company	<u>308,085</u>
3	Staff Adjustment	<u>\$ (227,421)</u>

Source:

Line 1 ICC Staff Exhibit 7.0, Schedule 7.15 E, p. 2, column (d), line 1  
Line 2 ICC Staff Exhibit 7.0, Schedule 7.15 E, p. 2, column (d), line 5

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

Line No.	Pro forma Personnel (a)	Allowed Payroll Expense (b)	Disallowed Payroll Expense (c)	Total Pro forma Payroll Expense Col. (b) + (c) (d)
1	Tree Trimmer	\$ 80,664	\$ -	\$ 80,664
2	Tree Trimmer		80,664	80,664
3	Tree Trimmer		80,664	80,664
4	Store Room / Safety Manager		66,092	66,092
5		<u>\$ 80,664</u>	<u>\$ 227,421</u>	<u>\$ 308,085</u>

Source:

Lines 1-3 Mt. Carmel Ex. 1.0, Schedule C-2.1, Electric

Line 4 Mt. Carmel Ex. 1.0, Schedule C-2.2, Electric



**Mt. Carmel Public Utility Co.**  
**Adjustments to Operating Income - Gas**  
 For the Test Year Ending December 31, 2006

Line No.	Description	Contributions to Community and Economic Development Organizations (ICC Staff Ex. 7.0, Sch. 7.08 G)							Subtotal Operating Statement Adjustments
		Interest Synchronization (ICC Staff Ex. 7.0, Sch. 7.05 G)	Adjustment for 2006 Test Year (ICC Staff Ex. 8.0, Sch. 8.01 G)	Economic Development Organizations (ICC Staff Ex. 7.0, Sch. 7.08 G)	Advertising Expense (ICC Staff Ex. 7.0, Sch. 7.09 G)	Industry Association Dues (ICC Staff Ex. 7.0, Sch. 7.10 G)	Lobbying Expense (ICC Staff Ex. 7.0, Sch. 7.11 G)	Miscellaneous General Expense (ICC Staff Ex. 7.0, Sch. 7.12 G)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
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	-	(142,991)	(495)	(416)	(1,413)	(155)	(3,011)	(148,481)
16	Before Income Taxes	-	(142,991)	(495)	(416)	(1,413)	(155)	(3,011)	(148,481)
17	State Income Tax	(4,784)	1,637	36	30	103	11	220	(2,747)
18	Federal Income Tax	(20,656)	7,067	156	131	445	49	949	(11,859)
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(25,440)	(134,287)	(303)	(255)	(865)	(95)	(1,842)	(163,087)
21	NET OPERATING INCOME	\$ 25,440	\$ 13,717	\$ 303	\$ 255	\$ 865	\$ 95	\$ 1,842	\$ 42,517

**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. 8.0, Sch. 8.02 G)	Payroll Expense (ICC Staff Ex. 7.0, Sch. 7.15 G)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
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)	-	(14,508)	-	-	-	-	(166,398)
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)	(14,508)	-	-	-	-	(164,617)
17	State Income Tax	(2,747)	119	1,059	-	-	-	-	(1,569)
18	Federal Income Tax	(11,859)	513	4,573	-	-	-	-	(6,773)
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(163,087)	(996)	(8,876)	-	-	-	-	(172,959)
21	NET OPERATING INCOME	\$ 42,517	\$ 996	\$ 8,876	\$ -	\$ -	\$ -	\$ -	\$ 52,389

**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.7.0 Sch 7.04 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	<u>2,032,742</u>	<u>(49,361)</u>	<u>1,983,381</u>
5	Additions to Rate Base			
6	Working Capital Allowance	687,718	(439,371)	248,347
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	<u>\$ 2,645,486</u>	<u>\$ (529,183)</u>	<u>\$ 2,116,303</u>

**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. 7.0, Sch. 7.13 G)	Adjustment for 2006 Test Year (ICC Staff Ex. 8.0, Sch. 8.01 G)	Propane Working Capital (ICC Staff Ex. 4.0, Sch. 4.01 G)	General Office Allocation (ICC Staff Ex. 8.0, Sch. 8.02 G)	Materials & Supplies (ICC Staff Ex. 8.0, Sch. 8.03 G)	Attorney's Office Accumulated Depreciation (ICC Staff Ex. 8.0, Sch. 8.06 E)	Working Capital (ICC Staff Ex. 7.0, Sch. 7.14 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)	-	(433,603)	(439,371)
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)	\$ (433,603)	\$ (529,183)

**Mt. Carmel Public Utility Co.**  
**Interest Synchronization Adjustment - Gas**  
 For the Test Year Ending December 31, 2006

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 2,116,303 (1)
2	Weighted Cost of Debt	3.95% (2)
3	Synchronized Interest Per Staff	83,594
4	Company Interest Expense	<u>18,055</u> (3)
5	Increase (Decrease) in Interest Expense	<u>65,539</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ (4,784)</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 34.000%	<u>\$ (20,656)</u>

(1) Source: ICC Staff Ex. 7.0, Schedule 7.03 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	<u>18%</u>
Interest Expense Allocated to Gas	<u>\$ 18,055</u>

**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%	<u>0.000000</u>	
3	State Taxable Income		1.000000	1.000000
4	State Income Tax	7.3000%	<u>0.073000</u>	<u>0.073000</u>
5	Federal Taxable Income		<u>0.927000</u>	<u>0.927000</u>
6	Federal Income Tax	34.0000%	<u>0.315180</u>	<u>0.315180</u>
7	Operating Income		<u>0.611820</u>	<u>0.611820</u>
8	Gross Revenue Conversion Factor Per Staf		<u>1.634468</u>	<u>1.634468</u>

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

Line No.	Description (a)	Effect At Company ROR (b)	Effect of Staff ROR (c)	Effect of Interest Synch. (d)	Rounding (e)	<b>TOTAL REVENUE EFFECT (f)</b>
1	Company Proposed Increase					<b>\$ 756,625</b> (1)
2	Staff Rate of Return Applied to Company Rate Base		\$ (6,096)			<b>(6,096)</b>
3	Return On Equity					
			9.35% (2)			
			12.10% (2)			
4	Staff Adjustments - Total RATE BASE (from page 2 of 3)	\$ (82,090)	1,219	\$ 13,262	-	<b>(67,609)</b>
5	Staff Adjustments - Total OPERATING INCOME STATEMENT (From page 3 of 3)					<b>(98,890)</b>
7	Gross Revenue Conversion Factor Adjustmnet					<b>980</b>
8	Rounding					<u>1</u>
9	Total Revenue Effect of Staff's Proposals					<u><b>(171,614)</b></u>
10	Staff Proposed Change to Revenues					<b>\$ 585,011</b> (3)
11	Rounding (memo only)		<u>1</u>			
12	Staff Rate of Return Applied to Staff Rate Base (memo only)		<u>\$ (4,876)</u>			

Notes:

- 13 (1) Source: Company Exhibit 1.0, Schedule C-1.  
 14 (2) Source: ICC Staff Exhibit 5.0, Schedule 5.01.  
 15 (3) Source: ICC Staff Exhibit 7.0, Schedule 7.01 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 (f)	TOTAL REVENUE EFFECT (4) (g)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Staff Adjustments - RATE BASE						
2	Unamortized Rate Case Expense	ICC Staff Exhibit 7.0, Schedule 7.13 G	(5,824)	87	941	(1)	(4,797)
3	2006 Test Year	ICC Staff Exhibit 8.0, Schedule 8.01 G	(9,403)	140	1,519	-	(7,744)
4	Propane Inventory	ICC Staff Exhibit 4.0, Schedule 4.01 G	(623)	9	101	-	(513)
5	General Office Allocation	ICC Staff Exhibit 8.0, Schedule 8.02 G	1,996	(30)	(322)	-	1,644
6	Materials & Supplies	ICC Staff Exhibit 8.0, Schedule 8.03 G	(782)	12	126	-	(644)
7	Attorney's Office Accum. Depreciation	ICC Staff Exhibit 8.0, Schedule 8.06 G	(191)	3	31	-	(157)
8	Working Capital Allowance	ICC Staff Exhibit 7.0, Schedule 7.14 G	(67,263)	999	10,867	(1)	(55,398)
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		(82,090)	1,220	13,263	(2)	(67,609)
40	Rounding		-	(1)	(1)	2	-
41	Total Revenue Effect of Rate Base Adjustments		(82,090)	1,219	13,262	-	(67,609)

(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 (a)	Exhibit (b)	<b>TOTAL REVENUE EFFECT (1) (c)</b>	Remove Rate Base Portion (2) (d)	Operating Statement Portion (3) (e)
1	Staff Adjustments - OPERATING STATEMENT				
2	Interest Synchronization	ICC Staff Exhibit 7.0, Schedule 7.05 G	<b>(41,581)</b>	(13,262)	(54,843)
3	2006 Test Year	ICC Staff Exhibit 8.0, Schedule 8.01 G	<b>(22,420)</b>		(22,420)
4	Contributions to C & ED Organizations	ICC Staff Exhibit 7.0, Schedule 7.08 G	<b>(495)</b>		(495)
5	Advertising Expense	ICC Staff Exhibit 7.0, Schedule 7.09 G	<b>(417)</b>		(417)
6	Industry Association Dues	ICC Staff Exhibit 7.0, Schedule 7.10 G	<b>(1,414)</b>		(1,414)
7	Lobbying Expense	ICC Staff Exhibit 7.0, Schedule 7.11 G	<b>(155)</b>		(155)
8	Miscellaneous General Expense	ICC Staff Exhibit 7.0, Schedule 7.12 G	<b>(3,011)</b>		(3,011)
9	General Office Allocation	ICC Staff Exhibit 8.0, Schedule 8.02 G	<b>(1,628)</b>		(1,628)
10	Payroll Expense	ICC Staff Exhibit 7.0, Schedule 7.15 G	<b>(14,508)</b>		(14,508)
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		<b><u>(85,629)</u></b>	<b><u>(13,262)</u></b>	<b><u>(98,891)</u></b>
40	Rounding				<u>1</u>
41	Total Revenue Effect of Operating Statement Adjustments				
					<b><u><u>(98,890)</u></u></b>

(1) Source: Operating Income Adjustment x Staff GRCF.  
 (2) Source: ICC Staff Exhibit 7.0, Schedule 7.07 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**

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

Source:

Line 2            ICC Staff Exhibit 7.0, Schedule 7.08 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	<u>119</u>
6	Total per Company	<u><u>\$ 495</u></u>

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**

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

Source:

- Line 1 ICC Staff Exhibit 7.0, Schedule 7.09 G, p. 2, column (b), line 10
- Line 2 Mt. Carmel 2006 general ledger (Reflects the effects of Staff's test year adjustments.)

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

Line No.	Vendor (a)	2006 Allowed Expense (b)	2006 Disallowed Expense Per Staff (c)	2006 Total Expense Col. (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		<u>\$ 174</u>	<u>\$ 416</u>	<u>\$ 590</u>

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	<u>4,725</u>
3	Staff Adjustment	<u><u>\$ (1,413)</u></u>

Source:

- Line 1            ICC Staff Exhibit 7.0, Schedule 7.10 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 (a)	Amount (b)	Percentage Used for Lobbying Purposes (c)	Dues for Lobbying Purposes Col. (b) x (c) (d)	Allowable Industry Association Dues Per Staff Col. (b) - (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	<u>3,195</u>		<u>959</u>	<u>2,236</u>
6	Illinois Electricity Council	630	25%	158	472
7	Illinois Energy Association	720	35%	252	468
8	American Gas Association	<u>180</u>	25%	<u>45</u>	<u>135</u>
9	Totals (Line 5 + Line 6 + Line 7 + Line 8)	<u><u>\$ 4,725</u></u>		<u><u>\$ 1,413</u></u>	<u><u>\$ 3,312</u></u>

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 (a)	Registration Fees (b)	Salary and Benefits (c)	Total Lobbying Expense Col. (b) + (c) (d)
1	Lobbying Expenses per Staff	\$ -	\$ -	\$ -
2	2006 Lobbying Expenses	<u>130</u>	<u>25</u>	<u>155</u>
3	Staff Adjustment	<u><u>\$ (130)</u></u>	<u><u>\$ (25)</u></u>	<u><u>\$ (155)</u></u>

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 7.0, Schedule 7.11 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 (a)	Amount (b)	Source (c)
	<u>Calculation of Employee's Salary and Benefits Spent on Lobbying Activities, Allocated to Gas:</u>		
1	Employee Salary	\$ 87,832	Mt. Carmel 2006 FERC Form 1, Page 104, Column (c), Line :
2	Benefits Loading Rate	<u>55%</u>	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)	<u>136,140</u>	
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	Gas Allocation Factor	<u>18%</u>	
10	Employee Salary and Benefits Spent on Lobbying Activities, Allocated to Gas	<u>\$ 25</u>	

**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	<u>3,011</u>
3	Staff Adjustment	<u><u>\$ (3,011)</u></u>

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 test year adjustments.)

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

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

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 (a)	Amount (b)	Source (c)
1	Operating Expense Per Staff	\$ 4,502,226	ICC Staf Exhibit 7.0, Schedule 7.01 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 7.0, Schedule 7.01 G, page 1, column (i), line 6
4	Taxes Other than Income	<u>(25,431)</u>	ICC Staf Exhibit 7.0, Schedule 7.01 G, page 1, column (i), line 7
5	Operating Expense Requiring Cash Working Capital	1,016,817	Sum of Lines 1 through 4
6	One eighth	12.5%	
7	Cash Working Capital	127,102	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	<u>(5,042)</u>	ICC Staff Exhibit 8.0, Schedule 8.03 G, page 1, column (b), line 5
11	Total Working Capital Per Staff	<u>248,347</u>	Sum of Lines 7 through 10
12	Working Capital Per Company Including Staff 2006 TY Adj.	691,006	(A) ICC Staff Exhibit 8.0, Schedule 8.01 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	<u>(5,042)</u>	ICC Staff Exhibit 8.0, Schedule 8.03 G, page 1, column (b), line 5
15	Company Working Capital as Adjusted by Staff	<u>681,950</u>	Sum of Lines 12 through 14
16	Difference- Staff Adjustment to Working Capital	<u>\$ (433,603)</u>	Line 11 minus Line 15

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

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

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1	Pro forma Payroll Expense per Staff	\$ 80,664
2	Pro forma Payroll Expense per Company	<u>95,172</u>
3	Staff Adjustment	<u><u>\$ (14,508)</u></u>

Source:

Line 1 ICC Staff Exhibit 7.0, Schedule 7.15 G, p. 2, column (d), line 1  
Line 2 ICC Staff Exhibit 7.0, Schedule 7.15 G, p. 2, column (d), line 3

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

Line No.	Pro forma Personnel (a)	Allowed Payroll Expense (b)	Disallowed Payroll Expense (c)	Total Pro forma Payroll Expense Col. (b) + (c) (d)
1	Utility Man	\$ 80,664	\$ -	\$ 80,664
2	Store Room / Safety Manager	<u>                    </u>	<u>14,508</u>	<u>14,508</u>
3		<u>\$ 80,664</u>	<u>\$ 14,508</u>	<u>\$ 95,172</u>

Source:

Lines 1-3     Mt. Carmel Ex. 1.0, Schedule C-2.2, Gas

Line 4        Mt. Carmel Ex. 1.0, Schedule C-2.3, Gas