

DIRECT TESTIMONY
OF
JANIS FREETLY

Finance Department
Financial Analysis Division
Illinois Commerce Commission

Mt. Carmel Public Utility Company

Application for a Certificate of Public Convenience
and Necessity under Section 8-406 of the
Illinois Public Utilities Act for Construction,
Operation and Maintenance of a 69 KV and 138 KV
Dual Constructed Multigrounded Electric
Transmission Line and Substation
in Wabash County, Illinois.

Docket No. 07-0530

January 7, 2008

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

2 A. My name is Janis Freetly. My business address is 527 East Capitol Avenue,
3 Springfield, Illinois 62701.

4 **Q. What is your current position with the Illinois Commerce Commission**
5 **(“Commission”)?**

6 A. I am currently employed as a Senior Financial Analyst in the Finance Department
7 of the Financial Analysis Division.

8 **Q. Please describe your qualifications and background.**

9 A. In May of 1995, I earned a Bachelor of Business degree from Western Illinois
10 University. I received a Master of Business Administration degree, with a
11 concentration in Finance, from Western Illinois University in May of 1998. I have
12 been employed by the Commission since September of 1998. I was promoted to
13 Senior Financial Analyst on August 31, 2001.

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

15 A. Mt. Carmel Public Utility Company (“Mt. Carmel”) filed a petition for the issuance
16 of a certificate of public convenience and necessity pursuant to Section 8-406 of
17 the Illinois Public Utilities Act (“Act”). The purpose of my testimony is to present
18 my evaluation of the financial implications of the proposed construction under
19 Section 8-406(b)(3) of the Act.

20 **Q. What does Section 8-406(b)(3) of the Act require?**

21 A. Section 8-406(b)(3) of the Act requires that before issuing the requested
22 certificate of public convenience and necessity the Commission find “that the
23 utility is capable of financing the proposed construction without significant
24 adverse financial consequences for the utility or its customers.”

25 **Q. Please describe the Company’s proposal.**

26 A. Mt. Carmel seeks a certificate of public convenience and necessity for the
27 construction, operation and maintenance of approximately 1.36 miles of 69 KV
28 and 138 KV dual constructed multigrounded transmission line; a substation with
29 transformers to reduce the voltage, and accompanying equipment; and the
30 conducting of a utility business in connection therewith.

31 **Q. What is the total cost of the project proposed in this docket?**

32 A. Mt. Carmel estimates that the total cost of the entire project, including the
33 proposed line and substation is \$2,951,275.¹ To date, \$2,904,275 has been
34 incurred and paid by Mt. Carmel and the estimated cost of work remaining to be
35 completed is \$47,000.²

36 **Q. How did Mt. Carmel finance the cost of its proposal?**

37 A. During the early phase of the project, Mt. Carmel utilized cash reserves and a
38 line of credit. In addition, a construction loan was drawn on as the need arose.
39 In Docket No. 07-0225, the Commission authorized the Company to execute a
40 long-term note in the amount of \$8,000,000 to Old National Bank. The proceeds

¹ Mt. Carmel Response to Staff Data Request JF-1.01.

² Mt. Carmel Responses to Staff Data Requests JF-1.02 and JF-1.03.

41 of that note were used to retire the construction loan and line of credit and
42 replenish the cash reserves.³ The Company expects to use cash reserves to
43 complete the construction of the project.⁴

44 **Q. Did Mt. Carmel finance the proposed line and substation without significant**
45 **adverse financial consequences for the Company or its customers?**

46 A. Yes. As noted above, Mt. Carmel executed a long-term note payable in the
47 amount of \$8,000,000 on August 17, 2007. The proceeds of the note were
48 distributed and applied to consolidate and pay off outstanding long-term debt and
49 short-term debt and to provide working capital for operations and construction.
50 According to the Final Part 240 Report filed by Mt. Carmel in Docket No. 07-
51 0225, a balance of \$4,040,710 remains available to the Company for working
52 capital needs.⁵

53 **Q. What is your recommendation?**

54 A. In my judgment, Mt. Carmel has met the requirement of Section 8-406(b)(3) of
55 the Act. Therefore, I conclude that the Company is capable of financing the
56 proposed line and substation without significant adverse financial consequences
57 for the utility or its customers.

58 **Q. Does this conclude your prepared direct testimony?**

59 A. Yes, it does.

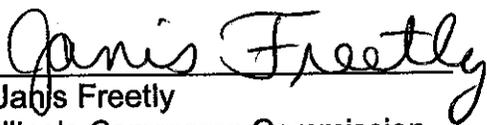
³ Mt. Carmel Response to Staff Data Request JF-1.04.

⁴ Mt. Carmel Response to Staff Data Request JF-1.05.

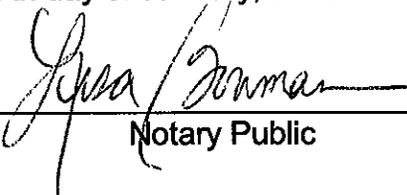
⁵ Mt. Carmel 2007 First and Final Report Pursuant to Part 240, Docket No. 07-0225, September 6, 2007.

VERIFICATION

I, Janis Freetly, being first duly sworn, depose and state that I am a Senior Financial Analyst in the Finance Department of the Financial Analysis Division of the Illinois Commerce Commission; that I sponsor the foregoing Direct Testimony of Janis Freetly; that I have personal knowledge of the information stated in the foregoing Direct Testimony; and that such information is true and correct to the best of my knowledge, information and belief.


Janis Freetly
Illinois Commerce Commission

Subscribed and sworn to before me
this 7th day of January, 2008.



Notary Public

