

DIRECT TESTIMONY

of

MIKE OSTRANDER

Accounting Department  
Financial Analysis Division  
Public Utilities Bureau  
Illinois Commerce Commission

Reconciliation of Revenues Collected Under  
Fuel Adjustment Charges With Actual  
Costs Prudently Incurred

Mt. Carmel Public Utility Company

Docket No. 08-0618

September 9, 2009

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  
4 Avenue, Springfield, Illinois 62701.

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

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

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

10 A. I received a Bachelors of Business Administration in Accounting from the  
11 University of Notre Dame. I am a Certified Public Accountant and a  
12 Certified Internal Auditor. I joined the staff of the Commission in March  
13 2006. Prior to the Commission, I was employed for three years as a staff  
14 accountant in public accounting, seventeen years in private industry with  
15 positions ranging from accounting manager to corporate officer  
16 encompassing all areas of accounting and internal auditing, and three  
17 years as controller of a law firm and software company.

18 **Q. Have you previously testified before this Commission?**

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

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

21 A. The purpose of my testimony is to report the results of my review of Mt.  
22 Carmel Public Utility Company's ("Mt. Carmel" or "Company") 2008 Fuel  
23 Adjustment Charge ("FAC") reconciliation as presented by Company  
24 witness Philip Barnhard in his Direct Testimony Mt. Carmel Exhibit 1.0,  
25 and the underlying documents which supports the calculations.

26 **Schedule Identification**

27 **Q. Are you sponsoring any schedules with your testimony?**

28 A. Yes. I am sponsoring Schedule 1.1 – Staff Reconciliation of the Fuel  
29 Adjustment Charge

30 **Q. Please explain ICC Staff Exhibit 1.0, Schedule 1.1, Staff**  
31 **Reconciliation of the Fuel Adjustment Charge.**

32 A. Schedule 1.1 presents the Company proposed FAC reconciliation, my  
33 adjustments to the Company proposed FAC reconciliation, and the  
34 resulting Staff proposed FAC reconciliation.  
35 My adjustments correct Line 1, Line 2 and Line 4 of the Company's  
36 proposed reconciliation schedule. Line 1, Balance of Factor Ra at  
37 12/31/07 per 2007 Reconciliation, is adjusted to equal the 12/31/07  
38 Factor Ra balance per the Order Appendix in Docket No. 07-0565. Line  
39 2, Factor Ro Collected / (Refunded) during 2008 from prior periods, is  
40 adjusted to reflect that the Factor Ro was not refunded until 2009. Line  
41 4, 2008 FAC Recoverable Costs, reflects an adjustment to decrease

42 costs by \$2,391 for a credit invoice not included in 2008 recoverable  
43 costs.

44 **Factor Ro**

45 **Q. Does the Staff proposed reconciliation in this proceeding require a**  
46 **Factor Ro Collection or Refund?**

47 A. Yes. The FAC reconciliation requires a Factor Ro refund of \$2,239.

48 **Summary**

49 **Q. Do you have any recommendations?**

50 A. Yes. I recommend that the Commission accept the reconciliation of  
51 revenues collected under the fuel adjustment charge with actual costs as  
52 reflected on ICC Staff Exhibit 1.0, Schedule 1.1. I also recommend that  
53 the Commission direct Mt. Carmel to include the refund amount of  
54 \$2,239 through the fuel adjustment charge in its first monthly FAC filing  
55 following the date of the Order in this docket.

56 **Conclusion**

57 **Q. Does this conclude your direct testimony?**

58 A. Yes.

**Mt. Carmel Public Utility Co.**  
**Staff Reconciliation of the Fuel Adjustment Charge**  
**For the year ended December 31, 2008**

Line No.	Description	Per Company Exhibit E-2	Staff Adjustments	Per Staff Columns (b+c)
	(a)	(b)	(c)	(d)
1	Balance of Factor Ra at 12/31/07, per 2007 Reconciliation	\$ (276,921)	\$ 1,785	\$ (275,136)
2	Factor Ro Collected/(Refunded) during 2008	<u>(1,785)</u>	<u>1,785</u>	<u>0</u>
3	Balance to be Collected / (Refunded) during 2008 from prior periods (line 1 + 2)	(278,706)	3,570	(275,136)
4	2008 FAC Recoverable Costs	6,235,772	(2,391)	6,233,381
5	2008 FAC Revenues	(5,469,263)		(5,469,263)
6	2008 Base Fuel Cost Revenues	<u>(753,788)</u>	<u>0</u>	<u>(753,788)</u>
7	Under /(Over)-Recovery for 2008 (sum of lines 4 to 6)	12,721	(2,391)	10,330
8	FAC Reconciliation Balance at December 31, 2008 (line 3 + line 7)	(265,985)	1,179	(264,806)
9	Balance of Factor Ra at December 31, 2008	<u>(262,567)</u>		<u>(262,567)</u>
10	Requested Ordered Reconciliation Factor (Factor Ro) (line 8 - line 9)	<u>\$ (3,418)</u>	<u>\$ 1,179</u>	<u>\$ (2,239)</u>