

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
-vs-	:	14-0733
Mt. Carmel Public Utility Co.	:	
	:	
Reconciliation of revenues collected	:	
under gas adjustment charges with	:	
actual costs prudently incurred.	:	

ORDER

By the Commission:

I. INTRODUCTION

On December 17, 2014, the Illinois Commerce Commission (“Commission”) entered an Order commencing the instant purchased gas adjustment (“PGA”) reconciliation proceeding versus Mt. Carmel Public Utility Co. (“Mt. Carmel” or “Company”), in accordance with the requirements of Section 9-220 of the Public Utilities Act (“Act”), 220 ILCS 5/1-101 et seq. That Order directed Mt. Carmel to present evidence at a public hearing to “show the reconciliation of PGA revenues with the actual cost of such gas supplies obtained through purchases demonstrated by the [utility] to be prudent, and the measures taken to insulate the PGA from price volatility . . .” for the 12 months ended December 31, 2014 (the “reconciliation period” or “reconciliation year”).

Pursuant to due notice, hearings were held in this matter before a duly authorized Administrative Law Judge of the Commission at its offices in Springfield, Illinois. Appearances were entered by counsel for Mt. Carmel and Scott Tolsdorf of the Financial Analysis Division of the Commission (“Staff”). An evidentiary hearing was held on August 25, 2015. Mt. Carmel presented the testimony of Mrs. Margaret E. Felts, President of Mt. Carmel. Staff presented the testimony of Scott Tolsdorf, an Accountant, in the Accounting Department of the Financial Analysis Division and Mark Maple, a Senior Gas Engineer in the Energy Engineering Program of the Safety and Reliability Division. At the conclusion of the hearing, the record was marked “Heard and Taken.” A draft order was filed on September 14, 2015.

II. GAS PROCUREMENT PROCESS

Mrs. Felts testifies that Mt. Carmel is a combination electric and gas utility based at Mt. Carmel, Illinois. She states that during the 2014 reconciliation year, the Company provided gas service to approximately 3,481 customers, of whom 3,128 were residential customers located in various communities in Wabash and Lawrence Counties in Illinois. She states that during the reconciliation year, the gas volume supplied for the actual peak

day on January 6, 2014 was 5,154 dekatherms. She testifies that a maximum pipeline capacity of 5,214 dekatherms/day was available under a contract with Texas Eastern Transmission Co. She indicates that in 2014, the Company purchased all of its gas supply from Laclede Energy Resources, Inc. under a full requirements contract beginning April 1, 2013 and ending March 31, 2015. She states the contract was entered into as a result of request for proposals. Ms. Felts indicates that the transportation was provided by the City of Grayville, Illinois and Texas Eastern Transmission Corp.

Mr. Mark Maple states that he reviewed Mt. Carmel's filings, as well as responses to numerous data requests concerning the prudence of its gas purchases during the reconciliation period. He testifies that, using the Commission's criteria for determining prudence, he finds no reason to question the prudence of gas purchases made during the reconciliation period.

III. RECONCILIATION OF PGA REVENUES AND COSTS

Ms. Felts provides exhibits reconciling the total revenue collected under the PGA with the commodity and non-commodity gas costs, including Mt. Carmel's requested ordered reconciliation factor.

Mr. Tolsdorf states that he reviewed Mt. Carmel's reconciliation and the underlying documents which support the calculations. Mr. Tolsdorf proposes no adjustments to Mt. Carmel's proposed reconciliation schedules. He recommends that a Factor O under recovery of \$183 be collected through the gas charge in the first monthly PGA filing after the date of the order in this docket. He presents Mt. Carmel's PGA reconciliation in a format that identifies Factor O amounts from prior periods by the year in which they were ordered rather than netted together.

IV. COMMISSION ANALYSIS AND CONCLUSION

In accordance with Section 9-220 of the Act, 220 ILCS 5/1-101 et seq., the Commission may authorize an increase or decrease in rates and charges based upon changes in the cost of purchased gas through the application of a purchased gas adjustment clause. Based on the evidence presented, the Commission finds that 2014 PGA schedules presented by Mt. Carmel appropriately reconciles the revenues collected by Mt. Carmel under its PGA for calendar year 2014 with the actual costs prudently incurred for the purchase of gas supply. The Appendix attached hereto reflects the reconciliation in the transparent format presented by Staff.

The Commission finds that the reconciliation, which reflects recoverable PGA costs of \$2,231,246, actual PGA recoveries of (\$2,219,345), and other appropriate calculations, is reasonable and should be approved. As recommended by Mr. Tolsdorf, a Factor O under recovery of \$183 shall be collected through the gas charge in the first monthly PGA filing after the date of this order.

V. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) Mt. Carmel Public Utility Co. is a corporation engaged, among other things, in the distribution of natural gas to the public in portions of the State of Illinois and is a public utility within the meaning of the Public Utilities Act;
- (2) the Commission has jurisdiction over the parties and subject matter in this proceeding;
- (3) the statements of fact set forth in the prefatory portion of this Order are supported by the record and hereby adopted as findings herein;
- (4) the evidence shows that for the calendar year 2014 Reconciliation Period, Mt. Carmel Public Utility Co. acted prudently in its purchases reflected in its PGA reconciliation; and
- (5) the reconciliation of revenues collected by Mt. Carmel Public Utility Co. under its purchased gas adjustment for calendar year 2014 with the actual costs prudently incurred for the purchases reflected in its purchased gas adjustment reconciliation as shown in the Appendix hereto, should be approved.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the reconciliation of the revenues collected by Mt. Carmel Public Utility Co. under its purchased gas adjustment for calendar year 2014 with the actual costs prudently incurred, as shown in the Appendix hereto, is approved.

IT IS FURTHER ORDERED that Mt. Carmel Public Utility Co. shall collect the Factor O of \$183 in its first monthly purchased gas adjustment filing following the date of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 10th day of February, 2016.

(SIGNED) BRIEN SHEAHAN

Chairman