

DIRECT TESTIMONY

of

SCOTT TOLSDORF
Accountant

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

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

Mt. Carmel Public Utility Company

Docket No. 15-0528

August 4, 2016

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

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

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

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

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

9 A. I received a Bachelors of Science in Liberal Studies from Excelsior College
10 in Albany, New York. I am a Certified Public Accountant and joined the Staff
11 of the Commission (“Staff”) in February 2010. Prior to the Commission, I
12 was employed for four years as a staff accountant for a public accounting
13 firm, and nine years in the U.S. Navy as an operator and instructor in the
14 Naval Nuclear Power Program.

15 **Q. Have you previously testified before any regulatory bodies?**

16 A. Yes, I have testified on various regulatory accounting issues on several
17 occasions before the Commission.

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

19 A. The purpose of my testimony is to report the results of my review of Mt.
20 Carmel Public Utility Company’s (“Mt. Carmel” or “Company”) Fuel
21 Adjustment Charges (“FAC”) Reconciliation as presented by their witness
22 Margaret E. Felts, in Mt. Carmel Exhibit 1.0 (E-2), and the underlying
23 documents which support the calculations.

24 **Schedule Identification**

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

26 A. Yes. I am sponsoring Schedule 1.01, FAC Reconciliation, which shows
27 data as of, or for the year ended December 31, 2015.

28 **Results of the Review**

29 **Q. Do you recommend any adjustments to Mt. Carmel's FAC**
30 **reconciliation as a result of your review?**

31 A. Yes. The Company's reconciliation schedule E-2 requires three minor
32 adjustments related to recoverable costs, revenues, and a prior period
33 Ordered Reconciliation Factor (Ro). The adjustments are not material,
34 however they are necessary to more accurately reflect the operation of the
35 FAC for the year ended December 31, 2015.

36 **Q. Please explain your adjustment related to recoverable costs and**
37 **revenues.**

38 A. The Company's reconciliation schedule E-2 has overstated costs and
39 understated revenues in the amounts of \$21 and \$3 respectively. The
40 discrepancies are the result of rounding and scrivener's errors and are not
41 material but more accurately reflect the operation of the FAC. Staff and the
42 Company have discussed these discrepancies and are in agreement that
43 an adjustment is necessary to correct them.

44 **Q. Please explain the adjustment related to the prior period Factor Ro.**

45 A. The prior period Factor Ro has not been properly reflected in the
46 "Disposition of Cumulative Under/(Over) Recovery Balance" section of the

47 Company's reconciliation schedule E-2. In Docket No. 14-0727, the
48 Commission ordered a Factor Ro of \$37 to be refunded to customers in the
49 next monthly filing. The Commission issued that order on December 9, 2015
50 and the Company included that refund in the next monthly filing which was
51 for the month of January 2016. Although the \$37 has been refunded to
52 customers, due to timing of the Commission's order, the refund did not flow
53 back to customers until January 2016 and, thus, was still owed to customers
54 as of December 31, 2015. The inclusion of the \$37 refund on Line 10 of the
55 reconciliation schedule has no further impact on the operation of the FAC
56 but is necessary for presentation purposes.

57 **Factor Ro**

58 **Q. Does the reconciliation result in an Ordered Reconciliation Factor**
59 **(Ro)?**

60 A. Yes. In the November 2015 monthly informational filing for the FAC
61 calculation, there was a discrepancy between the 2nd prior month
62 (September 2015) actual costs incurred and the actual costs reported in the
63 filing. This discovery was made by the Company and accounted for in its
64 reconciliation schedule Mt. Carmel Ex. 1.0 (E-2) noted above. The
65 discrepancy was the result of an incorrect invoice used when preparing the
66 monthly filing. Staff reviewed the invoices in question and discussed the
67 error with the Company and agrees with the Company's accounting of the
68 discrepancy. The September invoice discrepancy and a minor rounding
69 issue results in a Factor Ro to be collected in the amount of \$1,746.

70 **Summary**

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

72 A. Yes. I recommend that the Commission approve the FAC reconciliation as
73 presented on my schedule 1.01. The reconciliation reflects \$4,707,860 in
74 2015 Total FAC Recoverable Costs and \$4,776,987 in 2015 Total FAC
75 Revenues, resulting in a \$69,127 over-recovery of fuel costs for the 2015
76 reconciliation year.

77 The over-recovery of \$69,127, when combined with the under-recovery
78 balance from prior periods of \$139,907, results in a \$70,780 under-
79 recovered balance at December 31, 2015. That amount combined with the
80 Factor Ra of \$69,071 and the prior period refund of \$37 results in a Factor
81 Ro of \$1,746 to be collected from customers of Mt. Carmel. Therefore, I
82 recommend that the Commission direct Mt. Carmel to include the under-
83 recovered amount of \$1,746 through the fuel adjustment charge in its first
84 monthly FAC filing following the date of the Order in this docket.

85 I further recommend that Staff's FAC reconciliation schedule as presented
86 on Schedule 1.01 be attached as an Appendix to the Final Order in this
87 proceeding.

88 **Conclusion**

89 **Q. Does this question end your prepared direct testimony?**

90 A. Yes.

MT CARMEL PUBLIC UTILITY CO
 FAC Reconciliation
 For the Year Ended December 31, 2015

Line No	Description	Per Company	Staff Adjustment	Per Staff
	(a)	(b)	(c)	(d)
<u>Cumulative Under/(Over) Recovered Balance Carried Forward From 12/31/14</u>				
1	Automatic Reconciliation Factor (Factor Ra) as of 12/31/14	\$ 139,944	\$ -	\$ 139,944
2	Ordered Reconciliation Factor (Factor Ro(s)) to be Collected/(Refunded) Docket No. 14-0727	(37)	-	(37)
3	Cumulative Balance to be Collected/(Refunded) as of 12/31/14 (sum of Lines 1-2)	<u>\$ 139,907</u>	<u>\$ -</u>	<u>\$ 139,907</u>
<u>Determination of Cumulative Under/(Over) Recovered Balance at 12/31/15</u>				
4	2015 FAC Recoverable Costs	\$ 4,707,881	\$ (21)	\$ 4,707,860
5	2015 FAC Revenues	(4,776,984)	(3)	(4,776,987)
6	2015 Base Fuel Cost (BFC) Revenues	-	-	-
7	Under/(Over) Recovery for 2015 (Sum of Lines 4 to 6)	<u>\$ (69,103)</u>	<u>(24)</u>	<u>\$ (69,127)</u>
8	Cumulative Balance to be Collected/(Refunded) at 12/31/15 (Line 3 + Line 7)	<u><u>\$ 70,804</u></u>	<u><u>\$ (24)</u></u>	<u><u>\$ 70,780</u></u>
<u>Disposition of Cumulative Under/(Over) Recovery Balance at 12/31/15</u>				
9	Factor Ra at 12/31/15	\$ 69,071	\$ -	\$ 69,071
10	Factor Ro(s) from Prior Periods not Collected/(Refunded) during 2015	-	(37)	(37)
11	Factor Ro for 2015 (Line 8 - (Line 9 + Line 10)) to be Collected/(Refunded)	<u>1,733</u>	<u>13</u>	<u>1,746</u>
12	Cumulative Balance to be Collected/(Refunded) at 12/31/15 (Sum of Lines 9 through 11)	<u><u>\$ 70,804</u></u>	<u><u>\$ (24)</u></u>	<u><u>\$ 70,780</u></u>

Sources:

Per Company: Mt Carmel Exhibit 1.0, E-2
 Staff Adjustment: See Staff Testimony Exhibit 1.0 for explanation of adjustments