

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission :
On Its Own Motion :
-vs- :
Mt. Carmel Public Utility Co. : **15-0528**
: :
Reconciliation of revenues collected :
under fuel adjustment charges with :
actual costs prudently incurred. :

ORDER

By the Commission:

I. INTRODUCTION

On September 16, 2015, the Illinois Commerce Commission (“Commission”) entered an Order commencing the instant purchased fuel adjustment clause (“FAC”) 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. The reconciliation year is the 12-month period ended December 31, 2015 (“2015 Reconciliation Period”).

Mt. Carmel posted notice of the filing of its testimony and exhibits in its business office and published notice of the filing in newspapers having general circulation in its service territory, in the manner prescribed by 83 Ill. Adm. Code 255, “Notice Requirements for Change in Rates for Cooling, Electric, Gas, Heating, Telecommunications, Sewer or Water Services.”

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 Commission (“Staff”). An evidentiary hearing was held on August 25, 2016. Mt. Carmel presents the testimony of Margaret E. Felts, President of Mt. Carmel. Staff presents the testimony of Scott Tolsdorf, a Certified Public Accountant in the Accounting Department of the Financial Analysis Division and Rashid Yassir, an Electrical 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.” Mt. Carmel and Staff filed a Draft Order.

II. RECONCILIATION

Mt. Carmel is a combination electric and gas utility serving customers in various communities in Wabash and Lawrence Counties in Illinois. Mt. Carmel serves

approximately 5,372 electric customers. Mt. Carmel has no generation facilities. In the reconciliation year, it purchased all electric power and energy requirements pursuant to a multi-year contract.

This proceeding was initiated to determine whether Mt. Carmel's FAC reflects actual costs of fuel purchased, whether the purchases were prudent, and to reconcile revenues collected with the actual costs of prudently purchased fuel, during the 2015 Reconciliation Period. Mt. Carmel was directed to reconcile the revenue collected under the FAC with the total cost of fuel, power, and coal transportation, if applicable. The rules implementing Section 9-220 are contained in 83 Ill. Adm. Code 425, "Uniform Electric Fuel Adjustment."

Ms. Felts testifies that Mt. Carmel entered into the multi-year contract after issuing a request for proposals ("RFP") in 2012. She states that the proposal submitted by Ameren Energy Marketing ("AEM") was the least-cost offer received. She says that AEM was acquired effective December, 2013, by Dynegy Company, d/b/a Illinois Power Marketing. Ms. Felts indicates that the terms of its contract with AEM were unchanged in the transition. Mt. Carmel is not an affiliate of AEM or Dynegy Company.

The electric power and energy is delivered to Mt. Carmel at electric substations, owned by Ameren Illinois Company doing business as Ameren Illinois, located in Albion and Lawrenceville, Illinois. The power and energy is then transported upon Mt. Carmel's transmission lines to its distribution system. Mt. Carmel's peak electric load for 2015 was 25 megawatts ("MW"), occurring on July 14, 2015.

Ms. Felts, presents a summary of Mt. Carmel's FAC Reconciliation for 2015. She testifies that Mt. Carmel has made monthly reports to the Commission under the FAC detailing its receipts and purchases. She provides an independent auditor's report addressing the FAC. She sponsors Exhibit E-2, which shows the reconciliation of revenues and costs, including Mt. Carmel's requested ordered reconciliation factor.

Mr. Rashid testifies that he reviewed Mt. Carmel's filing and its responses to Staff data requests concerning the prudence of Mt. Carmel's power purchases during the 2015 Reconciliation Period. He states that he found no reason to dispute Mt. Carmel's assertion that all electric power supply purchases were prudently incurred during the reconciliation period.

Mr. Tolsdorf presents the FAC Reconciliation recommended by Staff in Schedule 1.01 of Staff Exhibit 1.0. Mr. Tolsdorf testifies that he reviewed Mt. Carmel's filing and the underlying documents that support the FAC reconciliation calculations. He recommends that the Company's FAC recoverable costs for the 2015 Reconciliation Period be reduced by \$21 and the 2015 FAC Revenues be increased by \$3 to correct rounding and scrivener's errors in Company's Schedule E-2.

Mr. Tolsdorf states that the Company's prior period Factor Ro of \$37 in Docket No. 14-0727, was ordered by the Commission on December 9, 2015 to be refunded to customers in the Company's next monthly filing. He says that the Factor Ro was refunded in accordance with the Order in January, 2016, and therefore was still owed to customers as of December 31, 2015. Mr. Tolsdorf recommends that because of the timing of the Commission's Order and the refund by the Company in January, 2016, that the \$37 be

included on Line 10 of the reconciliation schedule to properly reflect the "Disposition of Cumulative Under/Over Recovery Balance" section of reconciliation.

Mr. Tolsdorf recommends that Mt. Carmel be directed to collect the under-recovered amount of \$1,746 through the FAC in its first monthly FAC filing following the date of the Order in this docket for the reconciliation year ending December 31, 2015. He testifies that total FAC Recoverable Costs for 2015 were \$4,707,860; that FAC revenues were \$4,776,987; and that Base Fuel cost revenues were \$0. He states the resulting over-recovery is \$69,127.

Mr. Tolsdorf recommends that the FAC Reconciliation as presented in Staff Schedule 1.01 be attached to the Order as an Appendix. He states that lines 1-3 reflect that \$139,907 from prior periods was to be collected during the 2015 Reconciliation Period. He indicates that adding this amount to the 2015 over-recovery of \$69,127 results in an under-recovered FAC reconciliation balance on December 31, 2015 of \$70,780. Mr. Tolsdorf explains that this balance, combined with the Factor Ra balance of \$69,071 and the prior period refund of \$37 results in a Factor Ro in the amount of \$1,746 to be collected as reflected in the attached Appendix, lines 8-11.

Mt. Carmel accepts the revisions and recommendations advanced by Mr. Tolsdorf.

III. COMMISSION ANALYSIS AND CONCLUSION

Based on the evidence presented, the Commission finds that 2015 FAC reconciliations for Mt. Carmel, appropriately reconcile the revenues collected by Mt. Carmel under its FAC for the 2015 Reconciliation Period with the actual costs prudently incurred. The reconciliation as presented by Staff is reflected in the Appendix hereto, this reconciliation is reasonable and should be approved.

IV. FINDINGS AND ORDERING PARAGRAPHS

- (1) Mt. Carmel is a corporation engaged, among other things, in the distribution of electricity 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 2015 Reconciliation Period, Mt. Carmel acted prudently in its purchases reflected in its FAC reconciliation; and
- (5) the reconciliation of revenues collected by Mt. Carmel under its FAC for the 2015 Reconciliation Period with the actual costs prudently incurred for the purchases reflected in its FAC reconciliation as adjusted by Staff, and 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 FAC for

the 2015 Reconciliation Period with the actual costs prudently incurred, as shown in the Appendix hereto, is approved.

IT IS FURTHER ORDERED that Mt. Carmel Public Utility Co. collect the under-recovered amount of \$1,746 in its first monthly FAC 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 this Commission this 2nd day of November, 2016.

(SIGNED) BRIEN SHEAHAN

Chairman