STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission  
On Its Own Motion  
-vs-  
Mt. Carmel Public Utility Co.  
18-1731

Reconciliation of revenues collected  
under fuel adjustment charges with  
actual costs prudently incurred.

ORDER

By the Commission:

I. INTRODUCTION

On November 26, 2018, 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, 2018 ("2018 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 Commission Staff ("Staff"). An evidentiary hearing was held on September 18, 2019. Mt. Carmel presented the testimony of Patricia L. Spencer, the Chief Financial Officer of Company. Staff presented the testimony of Scott Tolsdorf, a Certified Public Accountant in the Accounting Department of the Financial Analysis Division and Greg Rockrohr, a Senior Electrical Engineer in the Safety and Reliability Division. At the conclusion of the hearing, the record was marked "Heard and Taken." On October 10, 2019, the Company filed a Draft Order, which Staff reviewed.

II. MT. CARMEL’S POSITION

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 5,320 electric customers. Mt. Carmel has no generation facilities. In the
2018 Reconciliation Period, it purchased all electric power and energy requirements pursuant to multi-year contracts.

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 2018 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. Spencer testified that from January 1, 2018 to December 31, 2018, Mt. Carmel purchased all of its electric power requirements from Dynegy Marketing and Trade, LLC d/b/a Illinois Power Marketing (now owned by Vistra Energy Corp.), under a full requirements contract that covers the 2018 Reconciliation Period and for a period of time beyond the year 2018. This contract was the result of an RFP process issued in the year 2015. Mt. Carmel asserts the contract was the least-cost offer received in response to the RFP issued by Mt. Carmel.

Mt. Carmel is not an affiliate of Dynegy Marketing and Trade, LLC d/b/a Illinois Power Marketing or Vistra Energy Corp.

The electric power and energy are delivered to Mt. Carmel at electric substations, owned by Ameren Illinois Company d/b/a Ameren Illinois, located in Albion and Lawrenceville, Illinois. The power and energy is then transported upon Mt. Carmel's electric lines to its distribution system.

Ms. Spencer presented a summary of Mt. Carmel's FAC Reconciliation for 2018. She testified that Mt. Carmel has made monthly reports to the Commission under the FAC detailing its receipts and purchases. She provided an independent auditor's report addressing the FAC. She sponsored Mt. Carmel Exhibit 1.0, Schedule E-2, which shows the reconciliation of revenues and costs, including Mt. Carmel's requested ordered reconciliation factor.

III. STAFF'S POSITION

Mr. Rockrohr testified 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 2018 Reconciliation Period. He stated 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 testified that he reviewed Mt. Carmel's filing and the underlying documents that support the FAC reconciliation calculations. He testified that nothing came to his attention that would warrant an adjustment and that he proposed no adjustments to Mt. Carmel's proposed reconciliation schedule.

Mr. Tolsdorf testified that the reconciliation reflects that total FAC Recoverable Costs for 2018 were $6,022,787; and that FAC revenues were $6,046,527, and a $1 rounding error. He stated the resulting over-recovery is $23,739.
Mr. Tolsdorf stated that the over-recovery when combined with the under-recovery balance from prior periods in the amount of $136,804 (Lines 1-3 of the Company's Schedule E-2), results in a $113,065 under-recovered balance at December 31, 2018.

Mr. Tolsdorf recommended that the FAC Reconciliation as presented in Staff Exhibit 1.0, Schedule 1.01 be attached to the Order as an Appendix.

IV. COMMISSION ANALYSIS AND CONCLUSION

Based on the evidence presented, the Commission finds that the 2018 FAC reconciliations for Mt. Carmel appropriately reconciles the revenues collected by Mt. Carmel under its FAC for the 2018 Reconciliation Period with the actual costs prudently incurred. The reconciliation as presented by Mt. Carmel is reflected in the Appendix hereto. This reconciliation is reasonable and should be approved.

V. 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 2018 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 2018 Reconciliation Period with the actual costs prudently incurred for the purchases reflected in its FAC reconciliation, 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 2018 Reconciliation Period with the actual costs prudently incurred, as shown in the Appendix hereto, is approved.

IT IS FURTHER ORDERED that pursuant to Section 10-113(a) of the Public Utilities Act and 83 Ill Adm. Code 200.880, any application for rehearing shall be filed within 30 days after service of the Order on the party.

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 14th day of November, 2019.

(SIGNED) CARRIE ZALEWSKI

Chairman