STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission : On Its Own Motion :
-vs-
Mt. Carmel Public Utility Co. : 18-1737 :
Reconciliation of revenues collected under gas adjustment charges with actual costs prudently incurred. :

ORDER

By the Commission:

I. INTRODUCTION

On November 26, 2018, the Illinois Commerce Commission (“Commission”) entered an Initiating Order commencing the instant purchased gas adjustment (“PGA”) reconciliation proceeding for Mt. Carmel Public Utility Co. (“Mt. Carmel” or the “Company”), in accordance with the requirements of Section 9-220 of the Public Utilities Act (“Act”), 220 ILCS 5/1-101 et seq. The Initiating 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, 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 Ms. Patricia L. Spencer, the Chief Financial Officer of the Company. 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.” On October 10, 2019, the Company filed a Draft Order, which Staff reviewed.
II. GAS PROCUREMENT PROCESS

Ms. Spencer testified that Mt. Carmel is a combination electric and gas utility based at Mt. Carmel, Illinois. She stated that during the 2018 Reconciliation Period, the Company provided gas service to approximately 3,448 customers, of whom 3,087 were residential customers located in various communities in Wabash and Lawrence Counties in Illinois. She stated that during the reconciliation year, the gas volume supplied for the actual peak day on January 1, 2018 was 4,265 dekatherms. She testified that a maximum pipeline capacity of 5,214 dekatherms/day was available under a contract with Texas Eastern Transmission Co.

Ms. Spencer testified that in 2018, the Company purchased all its gas supply from Atmos Energy Marketing L.L.C. ("Atmos") under a full requirements contract beginning April 1, 2015 and extending past the year 2018. Atmos was acquired by CenterPoint Energy Services in 2017. Ms. Spencer testified that the contract with Atmos was entered into as a result of request for proposals issued in 2014. Ms. Spencer indicated that the transportation was provided by the City of Grayville, Illinois, and Texas Eastern Transmission Corp.

Mr. Maple stated 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 testified that, using the Commission’s criteria for determining prudence, he found no reason to question the prudence of gas purchases made during the reconciliation period.

III. RECONCILIATION OF PGA REVENUES AND COSTS

Ms. Spencer presented 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 stated that he reviewed Mt. Carmel's reconciliation and the underlying documents which support the 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 schedules. Mr. Tolsdorf stated that the reconciliation reflects $1,456,532 in 2018 Total Gas Costs and $1,484,908 in 2018 Total PGA Revenues, $1 rounding error and $160 of interest resulting in a $28,215 over-recovery of gas costs for the 2018 Reconciliation Period. The over-recovery of $28,215, when combined with the under-recovery balance from prior periods of $9,738 results in an $18,477 over-recovered balance at December 31, 2018. That amount when combined with the Factor A adjustment as of December 31, 2018, in the amount of $15,913 as of December 31, 2018, results in no Ordered Reconciliation Factor. Mr. Tolsdorf recommended that Mt. Carmel's reconciliation be approved and that Staff Exhibit 1.0, Schedule 1.01 be attached to the Order as an Appendix.

IV. COMMISSION ANALYSIS AND CONCLUSION

In accordance with Section 9-220 of the Act, 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 the 2018 PGA schedules presented by
Mt. Carmel appropriately reconcile the revenues collected by Mt. Carmel under its PGA for the 2018 Reconciliation Period 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 $1,456,532, actual PGA recoveries of $1,484,908, and other appropriate calculations, is reasonable and should be approved. As recommended by Mr. Tolsdorf, no Factor O is ordered.

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 2018 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 2018 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 that the reconciliation of the revenues collected by Mt. Carmel Public Utility Co. under its purchased gas adjustment for the 2018 Reconciliation Period with the actual costs prudently incurred, as shown in the Appendix hereto, is approved.

IT IS FURTHER ORDERED that subject to the provisions of 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 the Commission this 14th day of November, 2019.

(SIGNED) CARRIE ZALEWSKI

Chairman