BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Authority to Increase Rates for its Gas Distribution Service.	)))))	Case No. 07-829-GA-AIR
In the Matter of the Application of The East Ohio Gas Company d/b/a/ Dominion East Ohio for Approval of an Alternative Rate Plan for its Gas Distribution Service.	)))))	Case No. 07-830-GA-ALT
In the Matter of the Application of The East Oho Gas Company d/b/a Dominion East Ohio for Approval to Change Accounting Methods.	)))))	Case No. 07-831-GA-AAM

ENTRY

The Commission finds:

(1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) is a natural gas company as defined in Section 4905.03(A)(6), Revised Code, and a public utility as defined in Section 4905.02, Revised Code. As such, DEO is subject to the jurisdiction of the Public Utilities Commission of Ohio in accordance with Sections 4905.04 and 4905.05, Revised Code.

(2) On August 30, 2007, DEO filed applications for an increase in gas distribution rates, for approval of an alternative rate plan, and for approval to change accounting methods.

(3) In order to complete staff's review of DEO's application, the Commission found that the necessary audit should be conducted by a qualified independent auditing firm and the Commission ordered the staff to issue a Request for Proposal (RFP).

(4) Staff mailed RFP No. U07-FA-2 on September 13, 2007. One proposal was submitted in a timely manner.

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Technician AMP Date Processed 10/31/07

(5) The Commission has evaluated the proposal received and finds that the proposal should be rejected. The submitted proposal lacks sufficient detail regarding the firm's understanding of the project and the work to be performed. There is insufficient information to ensure that the audit would be performed according to the staff's RFP. Therefore, the Commission finds the submitted bid unacceptable and will reject the proposal.

(6) The Commission orders the staff to issue a second RFP, in the form attached to this entry, in order to obtain a qualified independent auditor for the purpose of performing the audit described in finding (3). All audit proposals are due November 14, 2007. In order to demonstrate the ability to perform the audit according to the RFP, the proposal must show, in detail, the auditor's understanding of the project and the work required. Each proposal must address, with specificity, how it will handle all of the issues in the staff's RFP. The auditor must demonstrate that it will be able to perform the required audit, showing its clear understanding of the tasks to be completed, the experience and qualification of the personnel who will perform the work, and the anticipated breakdown of costs and timing. The Commission intends to select the auditor by November 20, 2007.

(7) The auditor shall perform the audit between November 2007 and February 2008. It will submit a draft audit report to staff by February 15, 2008, and file its final audit report concurrently with the Staff Report.

(8) The auditor shall perform the audit as an independent contractor. Any conclusions, results, or recommendations formulated by the auditor may be examined by any party to the proceeding for which the audit report was generated. It shall be understood that the Commission and/or its staff shall not be liable for any acts committed by the auditor or its agents in the preparation and presentation of the audit report.

(9) The auditor will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under Sections 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16, Revised Code.

(10) The auditor shall be subject to the Commission's statutory duty under Section 4901.16, Revised Code, which states:

> Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

(11) Upon request of the auditor or staff, DEO shall provide any and all documents and information requested. DEO may conspicuously mark such documents or information "confidential." In no event, shall DEO refuse or delay providing such information or documents.

(12) Once the exception set forth in Section 4901.16, Revised Code, is satisfied, the following process applies to the release of any document or information DEO marks as "confidential." The staff or the auditor shall not publicly disclose any document marked "confidential" by DEO, except upon three days' prior written notice of intent to disclose served upon DEO's counsel. Three days after such notice, staff or the auditor may disclose or otherwise make use of such documents or information for any lawful purpose, unless DEO moves the Commission for a protective order pertaining to such information within the three-day notice period.

(13) The three-day notice period will be computed according to Rule 4901-1-07, Ohio Administrative Code. Service shall be complete upon mailing or delivery in person.

It is, therefore,

ORDERED, That the proposal submitted in response to the RFP issued on October 3, 2007, be rejected and the staff shall issue another RFP, and evaluate all responses received, as described in this Entry. It is, further,

ORDERED, That The East Ohio Gas Company d/b/a/ Dominion East Ohio and the auditor shall observe the requirements set forth in this Entry. It is, further,

ORDERED, That a copy of this Entry be served upon The East Ohio Gas Company d/b/a/ Dominion East Ohio and all interested parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Alan R. Schriber, Chairman

Paul A. Centolella

Ronda Hartman Fergus

Valerie A. Lemmie

Donald L. Mason

JB:hw

Entered in the Journal
OCT 31 2007

Reneé J. Jenkins
Secretary

REQUEST FOR PROPOSAL NO. U 07-FA-3

FINANCIAL AUDIT
OF THE EAST OHIO GAS COMPANY
D/B/A DOMINION EAST OHIO

THE
PUBLIC UTILITIES COMMISSION OF OHIO
180 East Broad Street
Columbus, Ohio
43215-3793

PROPOSAL DUE: November 14, 2007

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I. INTRODUCTION

On August 30, 2007, The East Ohio Gas Company d/b/a Dominion East Ohio (Dominion, Applicant, or Company) filed an application for an increase in its gas distribution rates in Case Nos. 07-0829-GA-AIR, 07-830-GA-ALT and 07-831-GA-AAM. Dominion is a natural gas company as defined in Section 4903.03(A)(6), Revised Code, and a public utility as defined in Section 4905.02, Revised Code. As such, Dominion is subject to the jurisdiction of the Public Utilities Commission (PUCO or Commission). According to Section 4909.19, Revised Code, after a company has requested an increase in rates, the Commission shall cause an investigation to be made of the facts and exhibits set forth in the Company's application. In order to complete this investigation in a timely manner, the Commission finds that portions of the investigation should be conducted by a qualified independent auditing firm.

The Company has requested a test year from January 1, 2007 though December 31, 2007 for examination. The Commission is seeking proposals from independent firms to verify and attest to the Company's financial information and to file a report with the Commission. The statutory framework that the auditor selected must follow in verifying the Company's filing is set forth in Sections 4909.15 and 4909.18 Revised Code, and the Standard Filing Requirements contained in Appendix A of Rule 4901-7-01, Ohio Administrative Code (O.A.C.). The auditor selected will be required to conduct such audit and will be responsible for submitting a report which is based upon those statutory requirements.

II. PURPOSE

In accordance with provisions of Section 4909.19, Revised Code, the Commission is seeking proposals to audit and attest to the accuracy of the financial information provided by the Company in the Application. The investigation shall verify the financial information provided in the Standard Filing Requirements Section B (Rate Base), Section C (Operating Income), Section D (Rate of Return), and Section E (Rates and Tariffs).

The auditor selected shall verify and attest to the accuracy of financial data contained in the rate filing of the Applicant. The audit should include, but not be limited to, verifying actual data by tracing financial information to the general ledger of the Applicant; documenting budgeted data by tracing financial information to the corporate approved budget; verifying plant additions, retirements, and transfers; verifying the Applicant's revenues (both projected and actual); and reviewing all adjustments reflected in the filing. In addition, the auditor must verify the existence of the used and useful nature of the plant samples through physical inspections. The auditor is not required to make a recommended revenue requirement to the Commission. The Staff will utilize the auditor's report in developing and recommending a revenue requirement in its Staff Report.

The auditor shall be familiar with and comply with all:

- Chapter 4909, Revised Code, including Section 4909.18, Revised Code.
- Chapter 4901-7, Standard Filing Requirements (SFRs) of the O.A.C.
- Accounting Systems such as the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts and the National Regulatory Utility Commission (NARUC) Uniform System of Accounts

III. SCOPE OF INVESTIGATION

The auditor's investigation shall determine if the Applicant's filed exhibits concerning the test year operating income, rate base, and other data are reasonable for ratemaking purposes, and if the financial and statistical records supporting this data can be relied upon. The auditor's investigation of test year operating income and rate base shall include but not be limited to:

A. GENERAL PROJECT REQUIREMENTS

The auditor selected shall:

- Review the entire Application including any supplemental information.
- Read all applicable supporting testimony.
- Verify the mathematical accuracy of the information contained in the application.
- Review the Staff Report of Investigation in the Applicant's last base rate case.
- Review the Opinion and Order from the Applicant's last base rate case.
- Review the audit report and Opinion and Order from the Company's most recent gas cost recovery case.
- Develop a comparison of the revenue requirement from the Opinion and Order in the last base rate case to the current revenue requirement (proforma) in the current case, to assist in identifying what costs are driving the requested increase.
  Interview the Applicant's management personnel and review both internal and published financial reports to assure understanding of the Applicant's operation and organization.
- Obtain and review:
  - Actuarial reports for pensions and other than pensions
  - Affiliate Agreements for Inter-affiliate Transactions
  - Audit Committee Minutes
  - Billing Records (registers, etc.)
  - Board of Director Minutes
  - Chart of Accounts and Accounts Manual
  - Construction Work Orders
  - Construction Budgets

- Continuing Property Record (CPR)
- Corporate Budget by Month and by Function
- Current Labor Contract
- External Independent Audit Reports and Workpapers
- Franchise Fee Records (collection and payment)
- Forecast Assumptions
- General Ledger and Subsidiary Ledgers
- Income Tax Returns
- Internal Audit Reports and Workpapers
- Invoices
- List of Property Units
- FERC General Advertising Expense Acct. 930.1
- FERC Miscellaneous General Expense Acct. 930.2
- Monthly or Quarterly Operating/Financial Reports
- Monthly or Quarterly Trial Balances
- Monthly Sales by Rate Schedule and/or Customer Class
- Organizational Charts (corporate and internal reporting lines and departments)
- Payroll Records
- Property Tax Statements
- Risk Committee Minutes and Documentation
- Sample of Customer Bills (to verify rates and information)
- Standard Journal Entries

- Report weekly to designated staff members and discuss the application and audit progress.

The auditor will not be required to investigate the financial information supporting the lead lag study, depreciation study, or customer cost of service studies

B. OPERATING INCOME

The auditor selected shall:

- Prepare an operating income comparison of the test year to actual historical financial data. The comparison shall contain data for the five most recent historic years for which data is available to help determine whether the test year operating income is representative of historical trends. Abnormalities of the test year will be noted and investigated.
- Obtain thorough records, trial balances, or informational requests to the utility, a side-by-side spreadsheet of financial and operational monthly data for the twelve months of the test year. From this analysis, the auditor shall create a list of items to be further examined by obtaining invoices, payroll records, work orders, supporting budget documentation or other source documents.
- Work with Staff and develop an investigation audit plan directed at the significant issues of the case.

- Compare the final approved budget to five actual, historical years to determine whether the test year budgeted information is representative of historical trends. Abnormalities of the budget shall be noted and investigated.
- Document the budget process.
- Interview Company personnel responsible for the compilation of the budgeted information.
- Interview a select sample of company personnel (function heads) that had input into the budget and track their input through the budget process.
- As actual information for the budgeted months becomes available, compare and analyze budgeted months to actual months. Significant variances shall be investigated.
- Compare most recent prior year budget to actual results and note significant variances.
- Prepare and analyze monthly test year and three historical years of monthly historical consumption data (sales) and customer count by tariff.
- Review the Applicant's written summary explaining the forecasting (sales) methodology as it relates to the test year. (SFR Supplemental C-12)
- Interview Applicant's personnel responsible for the sales forecast.
- Review the Applicant's proposed adjustments to operating income and trace them to supporting workpapers and source data

C. RATE BASE

The auditor selected shall:

- Prepare a balance sheet comparison of the date certain to actual historical financial data. The comparison shall include historic data for the most recent five years for which data is available to determine whether the rate base is representative of historical trends. Abnormalities in the date certain balance sheet shall be noted and investigated
- Prepare a comparison to identify plant additions by year, by account. Major additions shall also be identified by project description. The auditor shall sample projects directed at the major additions since date certain in the previous case and examine work orders and other source documents. Primary efforts shall be directed toward the significant issues of the case. The auditor shall conduct field investigations to physically inspect sample projects.
- Review major additions, retirements, transfers, and adjustments to current date certain value of plant in service that have occurred since the date certain from the last rate proceeding.
- Review annual plant balances, plant retirements, and their corresponding salvage and cost of removal.
- Review current Commission approved amortization of reserve deficiency (if applicable).

- Verify that plant retirements have been reflected in plant in service and depreciation reserve.
- Verify that amortization expense of capital leases corresponds with the capitalized amount and is amortized at the proper rate.
- Analyze Allowance for Funds used During Construction (AFUDC), or Interest Used During Construction (IDC) to insure a proper calculation.
- Review any major sale of plant or equipment since the Applicant's last base rate case to determine if gains or losses from the sale are treated properly.
- Verify that the Applicant's inventory of Material and Supplies (M&S) included in the application is for repair or replacement of existing plant and equipment and not for construction projects.
- Become familiar with any regulatory assets, the nature of the entries, dollar amounts, reason for the deferrals, and whether regulatory approval has primarily been obtained for the deferrals.
- Investigate the accounting for income taxes and verify that the Applicant has properly accounted for the differences on the balance sheet.
- Review and analyze the Applicant's proposed adjustments to operating income and rate base and trace them to supporting workpapers and source data.
- Perform other independent analyses as the auditor selected and/or Staff consider necessary under the circumstances.

D. ALLOCATIONS

The auditor selected shall:

- Review the Applicant's Corporate Allocation Manual (CAM) and verify that it has been properly applied to the test year and date certain valuations.
- Review any operating income and rate base jurisdictional allocation factors (state/federal); determine the basis of each factor, and render an opinion regarding the appropriateness of the allocation factor.

E. ROLE OF THE AUDITOR

Any auditor who is chosen by the Commission to perform an audit expressly agrees to perform his or her audit as an independent contractor. Any conclusions, results, or recommendations formulated by the auditor may be examined by any participant to the proceeding for which the audit report was generated. Further it shall be understood that the Commission and/or its Staff shall not be liable for any acts committed by the auditor or its agents in the preparation and presentation of the audit reports.

F. PUCO STAFF SUPERVISION

The PUCO Staff will oversee the project. Staff personnel shall be informed of all correspondence between the auditor selected and the Company, and shall be given at least three working days' notice of all meetings and interviews with the Company to allow Staff the opportunity to attend. The auditor shall meet with PUCO Staff no less than once a week through the duration of the audit. These meetings may occur via telephone.

G. COST OF AUDIT AND QUOTATION OF CHARGES

The proposed cost of the audit shall include all expenses associated with conducting the audit and presenting the findings and recommendations in the audit report. A detailed presentation of costs shall be provided, broken down by phase/task, in conformance with this Request for Proposal. The proposed costs shall be considered firm prices for performing the work described in the proposal.

H. COST OF PRESENTING EXPERT TESTIMONY

The proposed cost of the audit shall include actual costs associated with presenting expert testimony before the Commission during the applicable hearing, including time and materials. Expenses associated with the presentation of testimony will include the following:

- actual transportation expense (i.e., airfare, etc.)
- actual living expenses (hotels, meals, local transportation)
- actual preparation time, up to 8 hours per witness
- actual hours spent in travel
- actual hours spent presenting testimony

IV. TIMELINE

The timeline presented below is intended to provide the auditor an understanding of the timeframe during which the audit is to be conducted. Although precise dates are used below, the actual dates for awarding the audit and for conducting audit and hearing activities may vary somewhat when they are set through a subsequent Commission entry.

Audit proposals due	November 14, 2007
Award audit (Commission Order)	November 20 2007
Audit Conducted	November 2007 through February 2008
Draft audit report presented to Staff	February 15, 2008
Final audit report filed with Commission	Concurrent with Staff Report

V. DEADLINES AND DELIVERABLES

A. AVAILABILITY OF DOCUMENTS

The Company shall provide any and all documents or information requested by the auditor selected and the Commission Staff. The Company may conspicuously mark such documents or information as being "confidential." In no event, however, shall the company refuse or delay to provide such documents or information.

The Staff or the auditor selected shall not publicly disclose any document marked "confidential" by the Company, except upon three days prior notice of intent to disclose served upon the Company's counsel. Three days after such notice, the Staff or auditor may disclose or otherwise make use of such documents or information for any purpose, unless the Company moves the Commission for a protective order pertaining to such documents or information within the three-day notice period.

The three-day notice period will be computed according to Section 4901-1-07, O.A.C. Service shall be complete upon mailing or delivery in person.

B. FISCAL REPORTS

The auditor will submit invoices when work is 50% complete and when work is 100% complete. The invoices shall include details regarding the dates and activities covered by each invoice, and shall be sufficiently detailed to allow Staff to identify the work completed, the personnel involved, and the corresponding charges in relation to the activity schedule originally set forth in the auditor's proposal. All invoices are to be sent to the Company, and copies sent to the PUCO Staff. After approval of the invoice by the Commission Staff, the Company will be authorized to make payment.

The Company shall be ordered by the Commission to enter into a contract, which shall incorporate by reference all provisions of this proposal, with the auditor chosen

by the Commission to perform the audit. Auditors shall submit a copy of this contract agreement between the auditor and Company to the Staff member assigned to the audit.

C. INTERIM REPORTING

At the midpoint of the audit activities, the auditor selected will provide a progress report to Staff. This report will briefly describe progress made on required audit activities, as well as initial/tentative findings and conclusions on issues investigated to date. Unless requested by the PUCO staff, this interim report may be made verbally.

D. DRAFT REPORT

Four copies of a draft of the final audit report shall be sent to the Commission Staff at least ten days prior to the due date of the final audit report.

E. FINAL REPORT

Twenty-five copies of the final audit report plus two reproducible originals shall be delivered to the Commission by the morning of the date specified in Section IV. The final report should include an executive summary of recommendations. The final docketed report should contain an overview of the investigation, recommended adjustments, if any, and an attestation by the auditor that the financial information contained in the application is from a reliable source and is appropriate for ratemaking purposes. Along with the paper copies of the audit report, the auditor shall submit to Staff a computer diskette containing a complete version of the final audit report. If it is necessary to prepare a redacted report, due to confidentiality concerns, four copies of a non-redacted report shall also be provided to both the Commission and the Company. The non-redacted report shall clearly be labeled "confidential."

F. WORKING PAPERS

A complete set of working papers is an integral part of the audit requirements. With the final audit report, the auditor selected shall deliver to the Commission Staff one complete set of working papers that contain documents used and procedures followed to develop the conclusions set forth in the audit report. Working papers should include Applicant's name, case number, description (items in folder) and source documents. Plant work papers should include a copy of the work order, location, age, and value of the property. Plant information should include an explanation of the adjustment, if applicable, and a picture of the inspected project. Voluminous documents may be included only as references in the working papers, upon Staff's agreement. Confidential documents should be clearly marked and provided in a separate section of the working papers.

The auditor selected shall maintain working papers and document all supporting information, including, without limitation, meetings, interviews, or any pertinent information. The auditor selected shall utilize Staff's data request procedures, utilizing a Microsoft Outlook Public Folder for issuing information requests and recording responses.

G. PRODUCTION OF DOCUMENTS

At any time, upon request of the Commission or its Staff, the auditor selected shall immediately produce any document or information obtained or produced within the scope of the audit.

H. TESTIMONY

The auditor shall present expert testimony during the course of any hearing at which the audit report is considered. The individual providing testimony will be one or more persons who conducted or directed the audit activities being considered at any hearing.

VI. MINIMUM CONTENTS OF PROPOSAL

Each proposal shall contain page numbers and a Table of Contents. In a separate section, reflected in the Table of Contents, the following information shall be provided:

A. Name, mailing address, and telephone number of individual to contact if further information is desired;

B. An indication of how the bidder plans to incorporate the Staff's participation in the proposed work plan; and

C. The name(s) of all subcontractors to be used in the performance of the proposed work, identification of the specific items to be performed/provided by the subcontractor, and the cost of the proposed subcontractor's work; or if no subcontractors are to be used, the entry "Subcontractor – none". (All such subcontractors indicated in the proposal will be acknowledged as accepted by the Commission upon selection of the proposal for contract awarded unless the auditor is previously notified of the contrary. No addition, deletion, or substitution of subcontractors will be permitted during the course of the contract unless approved in advance by the Commission Staff in writing.) If subcontractors are proposed, all information required in this section shall be supplied for each subcontractor proposed. Such information shall be supplied in format parallel to the overall format specified for the contractor.

D. The following required Equal Employment Opportunity data must be provided for the auditor and each subcontractor:

1. The total number of employees;

2. The percentage of the total which are women;

3. The percentage of the total which are Black, Hispanic, Asian, or American Indian (please specify);

4. The total number of employees located in Ohio offices;

5. The percentage of the Ohio total which are women;

6. The percentage of the Ohio total which are Black, Hispanic, Asian, or American Indian (please specify);

7. The number of individuals to be assigned to the project;

8. The percentage of the total assigned which are women;

9. The percentage of the total assigned which are Black, Hispanic, Asian, or American Indian (please specify).

E. A listing of contracts the auditor and each subcontractor has with the State of Ohio and:

1. Name of the state agency(s) for each contract;

2. The cost of each contract;

3. The duration of each contract;

4. A brief description of each current contract.

F. A listing of the auditor's and each subcontractor's clients which may have a financial interest in the Company, or its affiliates. Auditors maintaining any present or on-going contracts or agreements with the Company and affiliates may, at the discretion of the PUCO, be disqualified by reason of possible conflict of interest. In the proposal, such contracts should be described in sufficient detail that the PUCO can determine whether a conflict of interest exists. A response indicating that this information will be provided on request or that such contracts are too numerous to enumerate will be cause for disqualification of the auditor.

G. A listing of all the auditor's and each subcontractor's offices, facilities, and equipment to be used in performance under this contract and their locations including a specification of offices, facilities, and equipment located in Ohio. If none, state – none.

H. A statement of financial responsibility including certification that the auditor, joint partners if the auditor is a conglomerate operation, and any subcontractors have no outstanding liens or claims against them.

I. Contact persons that the Commission or its Staff may call to receive an assessment of the auditor's, and each subcontractor's previous performance. References should be provided for the company or companies proposing and for the individuals designated as principals for the project. The information required for each reference is as follows:

- Name of individual to contact for reference
- Company/Facility which employed the individual
- Telephone number
- Whether reference is for the company or a principal
- Project or work for which the reference is given

J. A description of the proposed scope of work to be performed including a work plan, expected deliverable products and task timing. In a separately numbered section, the auditor will provide a detailed cost breakdown by phase/task of the workplan including the class of personnel performing each phase/task of the work, the hourly rate charged for each class, the number of hours charged for each class, an equivalent breakdown of all subcontracted work, any direct or indirect cost items which the auditor plans to charge, and the total cost.

The maximum contract price quoted by the auditor shall include all items of work defined in the proposal. The auditor will be expected to deliver the performance described in its proposal within the agreed price.

K. Identification, by name, of the lead personnel to be employed, the extent of their involvement in the project, and a description of how the proposed personnel's experience matches project requirements. Contract terms will not permit substitution of lead personnel without prior written approval of the Commission. Identification of lead personnel in the cost proposal will not constitute satisfactory compliance with this requirement.

L. A description of the qualifications, experience, and proven results achieved by all professional lead or significant personnel to be employed on the project, with a summary of work performed on projects similar to the one contemplated by this RFP including specific references. The Commission reserves the right to request samples or prior relevant work from any auditor prior to making its final consultant selection.

M. Identification by name and title, and the hourly rate of pay and all other related costs, of the individual or individuals who will present expert testimony before the Commission during the appropriate hearing.

VII. REVIEW CRITERIA

Proposals will be evaluated on a basis which includes the following criteria:

A. COMPLIANCE WITH MINIMUM CONTENTS REQUIREMENTS

Lack of satisfactory response to the Minimum Contents Requirements will be grounds for elimination of any proposal from further consideration.

B. COST

The total proposed contract price is specified in the Proposal. Auditors are encouraged to provide as competitive a bid as is practicable.

C. UNDERSTANDING OF PROJECT

Whether the entity bidding on the project has grasped intent of the project; is knowledgeable of the technical aspects required; indicates understanding of potential problems; demonstrates understanding of regulatory issues, trends, and perspectives; and the work plan indicates appropriate phasing. Whether the method of handling the project is indicated, the proposal reflects thorough understanding of project requirement, the methods appear realistic under stated time constraints, and innovative methodologies appear appropriate to the project. The proposal is responsive to the RFP.

D. EXPERIENCE OF PERSONNEL ASSIGNED TO PROJECT AND RELATED ORGANIZATIONAL EXPERIENCE

Relevant experience in field, qualified to undertake assignment. References of previous clients/projects provided.

E. TIMELINES

Demonstrated ability to meet stated deadline; realistic timelines provided; demonstrated proven results of lead personnel.

VIII. OTHER PROPOSAL CRITERIA

A. RELEVANCE

The auditor shall include only relevant information and pertinent exhibits in the proposal. Duplication of materials provided in the RFP, exhaustive resumes, inclusion of standard company promotional materials, etc. will not garner additional points in the evaluation process and may detract from the clarity and conciseness of the proposal.

B. PROPRIETARY DATA IN PROPOSAL

Submissions to the Public Utilities Commission of Ohio become public documents available to open inspection. Proprietary data in a proposal will also assume this stature. Therefore, discretionary action is recommended for any proprietary data to be submitted in proposals.

C. DUE DATE AND SUBMITTAL ADDRESS

Any proposal submitted hereunder must be received at the following address no later than 5:00 p.m., November 14, 2007. The proposal should be sent in a sealed container, clearly marked and addressed to:

Hilde Williamson
Response to RFP No. U07-FA-3
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215-3793

Note: By responding to this request for proposal, the proposer expressly accepts and is bound by all the terms thereof including all attachments, exhibits, and schedules.

D. COPIES

Ten copies of the proposal are to be submitted to the Commission.

E. CONTRACTOR REQUIREMENTS AND MINORITY PARTICIPATION

The PUCO, in awarding the contract, will give preference to Ohio contractors. Ohio contractors include not only established domestic companies actively doing business in Ohio but also encompass multi-state companies with headquarters outside of Ohio but with substantial commitments of offices, divisions, and facilities within the state. The Commission will give preference to proposals that demonstrate compliance with minority and women EEO criteria.

F. LATE PROPOSALS

A proposal is late if received at any time after the due date set for receipt of the proposals. A late proposal will be considered along with other proposals only if it is received before the evaluation of proposals has, in the sole opinion of the Commission, substantially progressed, and then only in one of the three following conditions exists:

1. Mail delay – the lateness is due solely to a delay in the mail when the response has been sent by registered or certified mail for which an official dated postmark on the original receipt has been obtained.

2. Commission error – if it is received by any reasonable means at the Commission in sufficient time to be delivered at the office designated for the opening and would have been received at such office except the delay due to mishandling at the Commission. Only an appropriate date or time stamp showing the time of the receipt will be accepted as evidence of timely receipt of the proposal.

3. Exceptions – Any other late proposal will not be considered, unless it is the only proposal received or in the sole judgment of the Commission it offers some important technical or scientific advantage that is of benefit to the Commission.

G. MODIFICATION OR WITHDRAWAL OF PROPOSAL

Any proposal may be modified or withdrawn upon written request of the auditor if such request is received by the Commission at the above address by the date set for receipt of original proposals.

H. MODIFICATION OR WITHDRAWAL OF THIS RFP

This Request for Proposal may be modified or withdrawn at any time prior to the time set for receipt of proposals and thereafter as long as no proposal has been opened. Upon any such modification or withdrawal, all bidders will be notified and any person or firm who has expressly requested such notice in writing will also be notified of such changes at the discretion of the Commission.

I. RIGHT TO REJECT ANY AND ALL PROPOSALS

The Commission reserves the right, without limitation or discussion with those submitting proposals, to reject any and all proposals.

J. PENALTY FOR DIVULGING INFORMATION

The auditor selected shall abide by all provisions of Section 4901.16 of the Ohio Revised Code which states: "Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission."

The auditor shall not divulge any information regarding its audit activities to the media or to any other entity, except in its report and testimony before the Commission, before, during, and/or after the audit. All comments or concerns that the auditor wants to address shall be directed to the PUCO Media Office.

K. RFP WEBSITE

All firms wishing to remain on the Commission's bidder list must subscribe to the PUCO RFP list by clicking on the "RFP – Requests for Proposals" link at:

http://www.puco.ohio.gov/PUCO/Docketing

Pending RFPs and further information will be posted at the above website.

L. STATUTORY SCOPE OF AUDIT

Any auditor selected by the Commission to perform an audit shall execute its duties pursuant to the Public Utilities Commission's statutory authority to investigate and acquire records, contracts, reports and other documentation under Sections 4903.02, 4903.03, 4905.06, 4905.15 and 4905.16, Revised Code.

M. AUDITOR SELECTION

The Commission reserves the right to determine that the described audit will not be conducted or will be conducted by the Commission Staff, depending on the Commission's needs and circumstances at the time of the selection.

IX. QUESTIONS

Questions regarding this RFP should be directed to Hilde Williamson at 614-644-7670.