

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Audit of the)
Transportation Migration Rider – Part B of) Case No. 10-219-GA-EXR
The East Ohio Gas Company d/b/a)
Dominion East Ohio and Related Matters)

In the Matter of the Uncollectible)
Expense Rider of The East Ohio) Case No. 10-319-GA-UEX
Gas Company d/b/a Dominion)
East Ohio and Related Matters.)

ENTRY

The Commission finds:

- (1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) is a gas or natural gas company as defined by Section 4905.03(A)(5) and (6), Revised Code, and a public utility by reason of Section 4905.02, Revised Code. As such, DEO is subject to the jurisdiction of the Public Utilities Commission of Ohio (Commission), in accordance with Sections 4905.04 and 4905.05, Revised Code.
- (2) By opinion and order issued June 18, 2008, in *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services*, Case No. 07-1224-GA-EXM, the Commission authorized DEO to proceed with the second phase of its plan (Phase 2) to eliminate its Gas Cost Recovery (GCR) mechanism and implement a market-based Standard Service Offer (SSO) through a wholesale auction for Percentage of Income Payment Plan (PIPP), Choice-ineligible, and transitional customers and a Standard Choice Offer (SCO) through a retail auction for Choice-eligible SSO customers. On July 23, 2008, the Commission accepted the results of DEO's SSO auction to be effective September 1, 2008, through March 31, 2009. On February 11, 2009, the Commission accepted the results of DEO's Phase 2 auction for SSO service and for SCO service to be effective April 1, 2009, through March 31, 2010.
- (3) With the elimination of the GCR mechanism, costs and credits that were once recovered through the GCR were now to be recovered through the Transportation Migration Rider - Part B (TMR). The

Commission determined in *In the Matter of the Restructured Commodity Service Function of The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 05-474-GA-ATA, Opinion and Order (May 26, 2006), that all aspects of the proposed cost recovery through the TMR are to be reviewed as part of an annual financial audit that would be conducted by an outside auditor, docketed, and reviewed by Commission's Staff.

- (4) By opinion and order issued December 17, 2003, in *In the Matter of the Joint Application of The East Ohio Gas Company d/b/a Dominion East Ohio, et al., for Approval of an Adjustment Mechanism to Recover Uncollectible Expenses*, Case No. 03-1127-GA-ATA, the Commission approved five gas distribution companies' application to recover uncollectible expenses (UEX) through a rider. A requirement of the order in that case was that this new UEX rider would be audited in the course of a company's GCR audit. With the elimination of DEO's GCR, the Commission now finds that the UEX rider should be audited in the course of DEO's audit of the TMR.
- (5) Through this entry, the Commission is initiating the financial audits of DEO's TMR and UEX rider. The TMR audit will be for the period September 1, 2008, through March 31, 2010, and the UEX rider audit will be for calendar years 2008 and 2009. DEO's auditor should docket its audit findings for the TMR audit in Case No. 10-219-GA-EXR. In addition, the auditor should docket its audit findings for the UEX rider in Case No. 10-319-GA-UEX, which is the case reserved for this UEX audit and DEO's filing of its UEX status report that is to be filed in May 2010. The due date of the TMR and UEX rider audit reports is August 20, 2010.
- (6) DEO shall select the auditor to perform the audits described in this entry. The selected auditor is required to submit a certificate of accountability attesting to the accuracy of financial data pertaining to the period specified above. Reference should be made to any errors, omissions, or redundancy of costs from the calculations supporting the TMR and UEX rider rates.
- (7) As part of the TMR audit, the auditor shall verify the accuracy of:
 - (a) All costs associated with maintaining operational balancing inventories, including contract storage, withdrawal season

firm transportation (FT) needed to support firm withdrawals, the injection season FT needed to support firm injections, and the carrying cost on the inventory as previously recovered through the GCR;

- (b) The net effect of any receipts or disbursements associated with cash-outs, on-system storage sales, or purchases, and operational sale of storage;
- (c) The recovery of contract storage costs from Transportation Migration Rider - Part A and Volume Banking Service charges that are billed to non-Choice transportation customers;
- (d) The crediting of migration-related charges included in seasonal firm storage service injection and withdrawal rates;
- (e) The cost of purchased gas, net of storage activity, incurred by DEO as a result of differences between actual unaccounted-for levels and volumes provided through the fuel retention charged to transportation customers;
- (f) Any difference between the amount billed for provider of last resort (POLR) service and the actual cost incurred for the volumes purchased or withdrawn from storage;
- (g) Review of the standard system-wide fuel retention rate charged to Energy Choice and traditional transportation service, SSO, and SCO commodity service providers; and
- (h) Associated excise tax.

The auditor shall also verify that the TMR rates were accurately applied to customers' bills.

- (8) The Commission directs that all costs associated with the TMR and UEX rider audits be borne by DEO.
- (9) The auditor shall perform the 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 reports were 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 these audit reports.

- (10) 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 4903.03, 4905.06, 4905.15, and 4905.16, Revised Code. The auditor is 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) Once disclosure is permitted by Section 4901.16, Revised Code, the following process applies to the release of any document or information marked as confidential. Three days' prior notice of intent to disclose shall be provided to the party claiming confidentiality. 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 the Commission is moved 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 Rule 4901-1-07, O.A.C.
- (12) Upon request of the auditor or Staff, DEO shall provide any and all documents or information requested. DEO may conspicuously mark such documents or information "confidential." In no event, however, shall DEO refuse to provide or delay in providing such documents or information.

- (13) The Commission finds that complete documentation of the financial audit process within the auditor's work papers is essential. The financial auditor for these proceedings shall ensure that the reports and work papers are complete reflections of the financial audit processes.
- (14) The Commission finds it appropriate to call for comments on the financial audits of the TMR and UEX riders. Such comments should be limited to the audit of these riders and the recovery of the associated costs. Accordingly, interested persons may file comments and reply comments on the audits by September 20, 2010, and October 12, 2010, respectively

It is, therefore,

ORDERED, That, pursuant to finding (5), the audits for the effective periods of the TMR and UEX riders be filed in the respective dockets by August 20, 2010. It is, further,

ORDERED, That DEO bear the cost of the financial audits as provided in finding (8). It is, further,

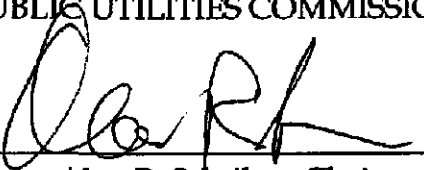
ORDERED, That DEO and the auditor shall observe the requirements set forth herein. It is, further,

ORDERED, That the auditor shall provide the documentation necessary to support its conclusions and recommendations, as specified in finding (13). It is, further,

ORDERED, That comments and reply comments on the financial audits of the TMR and UEX riders, be filed in the respective dockets in accordance with finding (14). It is, further,

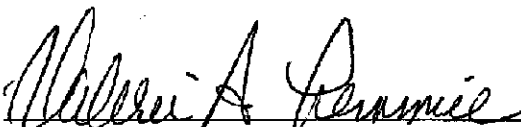
ORDERED, That a copy of this entry shall be served upon DEO and upon all other persons of record in these proceedings.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Alan R. Schriber, Chairman


Paul A. Centolella


Ronda Hartman Fergus

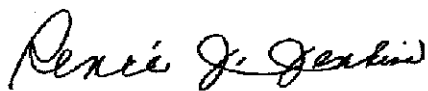

Valerie A. Lemmie


Cheryl L. Roberto

RS:sm

Entered in the Journal

JAN 20 2010



Renee J. Jenkins
Secretary