

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of	)	
the Purchase Gas Adjustment Clause	)	Case No. 10-221-GA-GCR
Contained Within the Rate Schedules of	)	
Columbia Gas of Ohio, Inc. and Related Matters.	)	
	)	
In the Matter of the Audit of the	)	
Uncollectible Expense Rider of Columbia	)	Case No. 10-421-GA-UEX
Gas of Ohio, Inc. and Related Matters.	)	

ENTRY

The Commission finds:

- (1) Columbia Gas of Ohio, Inc. (Columbia or Company) 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, Columbia 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) Section 4905.302, Revised Code, and Rule 4901:1-14-07, Ohio Administrative Code (O.A.C.), require that the Commission conduct, or cause to be conducted, periodic audits of gas or natural gas companies. Such an audit is to review the Company's compliance with the gas cost recovery (GCR) mechanism for the Company's GCR rates (GCR audit). In addition, Rule 4901:1-14-07, O.A.C., requires an independent auditor and/or consulting firm, selected by Commission, to perform a management/performance (m/p) audit of the Company's compliance with the provisions of Chapter 4901:1-14, O.A.C.
- (3) 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.

- (4) Through this entry, the Commission is initiating Columbia's GCR audit, Columbia's m/p audit, and an audit of Columbia's UEX rider. The auditors for the audits will be selected as follows: in accordance with this entry, Columbia shall select the auditor to conduct the GCR audit and UEX rider audit and, by separate entry issued on this same day in Case No. 10-221-GA-GCR, the Commission is issuing a request for proposal to select the auditor for the m/p audit.

The GCR and m/p audits will be for the period of November 2008 through March 2010. The auditors for the GCR and m/p audits shall docket their audit findings in Case No. 10-221-GA-GCR. The UEX rider audit will be for calendar years 2008 and 2009. The UEX auditor shall docket its audit findings for the UEX rider in Case No. 10-421-GA-UEX, which is reserved for this UEX audit and Columbia's UEX status report to be filed in May 2010. The due date for the GCR, m/p, and UEX rider audit reports is November 18, 2010.

- (5) Columbia shall select the auditor to perform the GCR and UEX rider 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 audits specified above. Reference should be made in the GCR report to any *errors or deviations from the calculations prescribed within Chapter 4901:1-14, O.A.C.* Any errors or deviations from the calculations prescribed in the agreed upon UEX procedures should be referenced in the UEX rider report.
- (6) Pursuant to the GCR rules, the auditor conducting the GCR audit shall assure the Commission that:
  - (a) The costs reflected in the Company's GCR rates were properly incurred by the Company.
  - (b) The GCR rates were accurately computed by the Company.

- (c) The GCR rates were accurately applied to customer bills.
- (d) If it changed from historical volumes to weather-normalized and/or forecasted volumes, the Company has reasonably applied such approach throughout the audit period.

The GCR auditor shall also include discussions of the Company's compliance with any and all applications granted for revisions to its filed GCR rates pertinent to the audit period, as well as the Company's compliance with the directives of the Commission's opinion and order in Case No. 08-221-GA-GCR.

- (7) Rule 4901:1-14-08, O.A.C., requires the Commission to hold a public hearing at least 60 days after the filing of the GCR audit report required under paragraph (C) of Rule 4901:1-14-07, O.A.C.
- (8) A public hearing shall be held in this matter pursuant to Section 4905.302(C), Revised Code, to allow the Commission to review the operation of the Company's purchased gas adjustment clause and related matters. The hearing shall commence on January 18, 2011, at 10:00 a.m., at the offices of the Commission, 180 East Broad Street, Columbus, Ohio 43215-3793. At that time, all interested persons will be given an opportunity to be heard.
- (9) Rule 4901:1-14-08(C), O.A.C., specifies the requirement for notice of a hearing, which the Company should cause to be published between 15 and 30 days prior to the date set for its hearing. The notice may be provided by newspaper publication (in a section other than the legal notices section), bill message, bill insert, or direct mailing to the customers. The notice shall be published in substantially the following form:

LEGAL NOTICE

The Public Utilities Commission of Ohio has set for public hearing Case No. 10-221-GA-GCR, to review the gas cost recovery rates of Columbia Gas of Ohio, Inc., the operation of its Purchased Gas Adjustment Clause, and related matters. This hearing is scheduled to begin at 10:00 a.m. on Tuesday, January 18, 2011, at the offices of the Commission, 180 East Broad Street, Columbus, Ohio 43215-3793. All interested parties will be given an opportunity to be heard. Further information may be obtained by viewing the Commission's web page at <http://www.puc.state.oh.us>, or contacting the Commission's hotline at 1-(800)-686-7826 or for TTY at 1-(800)-686-1570.

- (10) The Commission directs that all costs associated with the GCR, m/p, and UEX rider audits be borne by Columbia.
- (11) The direct testimony of any witness testifying on behalf of Columbia should be filed at least 16 days prior to the hearing. All direct testimony to be presented by any other party in a given proceeding should be filed at least seven days prior to the hearing.
- (12) The auditors shall perform the audits as independent contractors. Any conclusions, results, or recommendations formulated by the auditors 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 auditors or their agents in the preparation and presentation of the audit reports.
- (13) The auditors will execute their 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. The auditors are 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.

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.

- (14) Upon request of the auditors or Staff, Columbia shall provide any and all documents or information requested. The Company may conspicuously mark such documents or information "confidential." In no event, however, shall the Company refuse to provide or delay in providing such documents or information.
- (15) The Commission finds that complete documentation of the GCR audit process within the auditors' work papers is essential. The GCR auditor shall ensure that the reports and work papers are complete reflections of the financial audit process. In the event we experience difficulty in gaining access to necessary documentation, the Commission may issue a request for proposal for the selection of the GCR auditor in subsequent audits.

It is, therefore,

ORDERED, That the GCR, m\p, and UEX rider audits of Columbia shall be conducted pursuant to the directives herein. It is, further,

ORDERED, That a public hearing shall be conducted in this matter consistent with the findings herein, at the time specified in Finding (8). It is, further,

ORDERED, That the notice required in Finding (9) shall be provided as set forth in that finding and in substantially the form specified. It is, further,

ORDERED, That the Company will bear the cost of the GCR, m/p, and UEX rider audits as provided in Finding (10). It is, further,

ORDERED, That the Company and auditors shall observe the requirements set forth herein. It is, further,

ORDERED, That the auditors shall provide the documentation necessary to support its conclusions and recommendations, as specified herein. It is, further,

ORDERED, That a copy of this Entry shall be served upon the Company and upon all other parties of record in these proceedings.

THE PUBLIC UTILITIES COMMISSION OF OHIO

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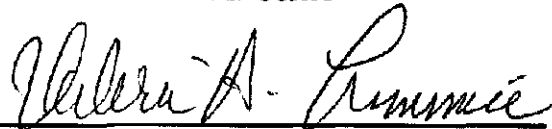
Alan R. Schriber, Chairman



Paul A. Centolella



Ronda Hartman Fergus



Valerie A. Lemmie



Cheryl L. Roberto

RS:js

Entered in the Journal

**MAR 31 2010**



Reneé J. Jenkins  
Secretary