

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Audit of the Exit )  
Transition Cost Rider of Vectren Energy ) Case No. 11-220-GA-EXR  
Delivery of Ohio, Inc. )

In the Matter of the Audit of the )  
Uncollectible Expense Rider of Vectren ) Case No. 11-320-GA-UEX  
Energy Delivery of Ohio, Inc. )

FINDING AND ORDER

The Commission finds:

- (1) Vectren Energy Delivery of Ohio, Inc. (VEDO) is a gas or natural gas company as defined by Section 4905.03(A)(4) and (5), Revised Code, and a public utility by reason of Section 4905.02, Revised Code. As such, VEDO 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 April 30, 2008, in *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services*, Case No. 07-1285-GA-EXM (07-1285), the Commission authorized VEDO to proceed with the first and second phases of its plan to eliminate its gas cost recovery (GCR) mechanism. For Phase 1, VEDO was authorized to implement a market-based standard service offer (SSO) through a wholesale auction for all GCR customers. On January 13, 2010, the Commission accepted the results of VEDO's SSO auction to be effective April 1, 2010 through March 31, 2011.
- (3) With the elimination of the GCR mechanism, costs and credits that were once recovered through the GCR are now to be recovered through the exit transition cost (ETC) rider. The Commission determined in its April 30, 2008, opinion and order in 07-1285 that all aspects of the costs proposed to be recovered through the ETC rider are to be reviewed as part of an annual financial audit that would be conducted by an outside auditor, docketed, and reviewed by the Commission's Staff.

- (4) By opinion and order issued December 17, 2003, in *In the Matter of the Joint Application of Vectren Energy Delivery of Ohio, et al., for Approval of an Adjustment Mechanism to Recover Uncollectible Expenses*, Case No. 03-1127-GA-ATA, the Commission approved an application filed by five gas distribution companies, including VEDO, requesting authorization to recover uncollectible expenses (UEX) through riders. A requirement of the order in that case was that the new UEX riders would be audited in the course of each company's GCR audit. With the elimination of VEDO's GCR mechanism, the UEX rider is to be audited in the course of VEDO's audit of the ETC rider.
- (5) By entry issued April 19, 2011, the Commission initiated the financial audits of VEDO's ETC and UEX riders. The ETC audit was for the period April 1, 2010 through March 31, 2011, and the UEX audit was for calendar year 2010, and the first quarter 2011. VEDO's auditor was directed to docket its audit findings for the ETC rider in Case No. 11-220-GA-EXR (11-220) and its audit findings for the UEX rider in Case No. 11-320-GA-UEX (11-320). The auditor, to be selected by VEDO, was directed to docket both audit reports in their respective dockets by September 27, 2011. Interested parties were directed to file comments and reply comments by October 31, 2011, and November 14, 2011, respectively.
- (6) The audit report for the ETC rider, for the period April 1, 2010 through March 31, 2011, was filed on September 27, 2011, in 11-220. The audit was performed by Deloitte & Touche LLP (D&T). The report details the procedures agreed to by VEDO and Staff that were performed by D&T. In its report, D&T took the regulatory asset balance and compared it to the filings, finding differences of \$5 and \$6, respectively. The report explains that VEDO's management states the difference relates to rounding between the filing support and the general ledger. D&T did not note any other discrepancies in VEDO's calculation of the ETC rider rate.
- (7) The audit report for the UEX rider, for the period of April 1, 2010 through March 31, 2011, was filed on September 27, 2011, by D&T in 11-320. The report details the procedures agreed to by VEDO and Staff that were performed by D&T. In its report, D&T did not note any discrepancies in VEDO's calculation of the UEX rider rate.

- (8) The Commission has reviewed the reports filed in these dockets by D&T and notes that no comments were filed regarding either the ETC or UEX rider audits. Moreover, D&T noted no material discrepancies in VEDO's calculation of either the ETC or UEX rider that were not resolved by VEDO. Therefore, the Commission concludes that the findings of D&T, as set forth in the audit reports docketed in 11-220 and 11-320, should be adopted by the Commission.

It is, therefore,

ORDERED, That the findings of D&T, set forth in the audit reports docketed in these cases, be adopted. It is, further,

ORDERED, That nothing in this finding and order shall be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this finding and order be served upon VEDO and upon all other persons of record in these proceedings.

THE PUBLIC UTILITIES COMMISSION OF OHIO



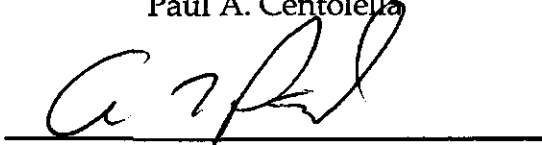
Todd A. Snitchler, Chairman



Paul A. Centolella



Steven D. Lesser



Andre T. Porter

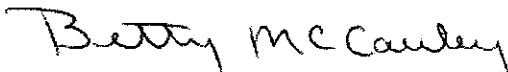


Cheryl L. Roberto

JJT/sc

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Betty McCauley  
Secretary