

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Audit of the)	
CHOICE/SSO/SCO Reconciliation)	Case No. 13-221-GA-EXR
Rider of Columbia Gas of Ohio, Inc.)	
and Related Matters.)	

In the Matter of the Uncollectible)	
Expense Rider of Columbia Gas of)	Case No. 13-321-GA-UEX
Ohio, Inc. and Related Matters.)	

**COMMENTS OF COLUMBIA GAS OF OHIO, INC.
TO THE AUDIT REPORTS FILED BY DELOITTE & TOUCHE LLC**

Introduction

On January 30, 2013, the Commission issued an Entry ("Entry") in these proceedings in which it established a procedural schedule and initiated financial audits of Columbia Gas of Ohio, Inc.'s ("Columbia") Choice/Standard Service Reconciliation Rider ("CSRR") and Bad-Debt Tracker Rider ("UEX") to be performed by Columbia's auditor. The CSRR audit performed by the auditor is for the period April 1, 2012 through March 31, 2013 with the UEX audit period being calendar year 2012 and the first quarter of 2013. The Entry further required the filing of these audit reports by October 18, 2013, with comments and reply comments on the audit reports to be filed by November 15, 2013 and November 29, 2013 respectively. The audit reports were filed on October 18, 2013 by Columbia's auditor, Deloitte & Touche, LLP. Columbia hereby submits its comments on each of these audits.

UEX Audit

The UEX audit did the following: (1) proved the mathematical accuracy of the accounting schedules that summarize the bad-debt activity by month and supporting schedules; (2) compared bad-debt charge-offs computed from those schedules obtained from Columbia's Distributed Information System ("DIS"), Gas Accounting ("GMB") and Gas Transportation Systems ("GTS"); (3) compared SCO, Choice, and Transportation Service volumes to the appropriate

DIS, GMB and GTS reports to determine whether eligible volumes relate only to those schedules subject to the Uncollectible Expense Rider and to determine if the UEX rates billed were applied to only to those schedules subject to payment of rider; (4) verified that bad-debt charge-offs and recoveries set forth in Columbia's accounting schedules filed in support of its May 30, 2012 rate are consistent with those reported in its accounting systems; and, (5) verified that the interest rates used by Columbia in its filing to calculate carrying costs coincide with Columbia's Operating Money Pool Rates.

The audit report found Columbia's application and accounting systems accurate in all respects with the single exception of total bad-debts charged off being understated by \$12,160, which resulted from failure to include in its application a manual accounting adjustment made subsequent to receipt of the reports used for preparation of these schedules. This understatement of \$12,160 resulted in an understatement of related interest of \$152.01, which Columbia corrected in October 2013. Columbia will correct this inadvertent error in its next UEX filing, and Columbia plans to implement an additional reconciliation process to ensure that these manual adjustments are properly included in all future reports.

CSRR Audit

The CSRR audit did the following: (1) verified the mathematical accuracy of each filing; (2) verified the adjustments listed on the current quarter's filing were consistent with those reflected in the previous quarter's CSRR filing; (3) reconciled the CSRR to current approved tariff sheets; (4) reviewed each account included in Columbia's Computation of Actual Cost Adjustment to the general ledger and identified any differences identified in the report; (5) reconciled amounts used in computation of the CSRR Supplier Refund and Reconciliation adjustments to general ledger; (6) verified the amounts reflected in each quarterly CSRR filing for computation of the OSS/CR sharing adjustment agreed to the general ledger and identification of any variance; (7) verified the accuracy of throughput used in the determination of each quarterly CSRR rate; and, (8) proved the CSRR was properly applied on each customer bill.

Paragraphs 4, 5 and 6 of Deloitte's Independent Accountants' Report listed several minor variances. These variances, which ranged from one dollar up to twelve dollars, resulted from the fact that Columbia's CSRR filings reflect the use of amounts taken from its general ledger accounts rather than the financial statements used by Deloitte. The amounts reflected in Columbia's CSRR filings

obtained from its general ledgers for development of its quarterly CSRR are correct. Columbia's financial statements simply reflect minor variances due to rounding of actual general ledger amounts. Thus, no adjustment for reconciliation of these variances is required.

Conclusion

Columbia agrees with the findings contained in the audit reports filed by Deloitte & Touche LLP on October 18, 2013 in the above-referenced dockets. All variances identified in the audit reports have been corrected with the single exception of the minor understatement of bad-debt charge-offs which will be corrected in Columbia's next UEX filing. Columbia has implemented changes to the process used for development of these filings to eliminate these variances in future filings. For these reasons Columbia requests the Commission's issuance of an Entry in these dockets that provides for acceptance of the audit reports and closure of these dockets.

COLUMBIA GAS OF OHIO, INC.

/s/ Stephen B. Seiple

Stephen B. Seiple (Counsel of Record)

Stephen B. Seiple, Asst. General Counsel

Brooke E. Leslie, Senior Counsel

200 Civic Center Drive

P. O. Box 117

Columbus, Ohio 43216-0117

Telephone: (614) 460-4648

(614) 460-5558

Fax: (614) 460-6986

Email: sseiple@nisource.com

bleslie@nisource.com

Attorneys for

COLUMBIA GAS OF OHIO, INC.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

11/11/2013 9:54:12 AM

in

Case No(s). 13-0221-GA-EXR, 13-0321-GA-UEX

Summary: Comments to the Audit Reports filed by Deloitte & Touche electronically filed by Cheryl A MacDonald on behalf of Columbia Gas of Ohio, Inc.