

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Audit of the Exit       )  
Transition Cost Rider of Vectren       )   Case No. 13-220-GA-EXR  
Energy Delivery of Ohio, Inc.       )

In the Matter of the Audit of the       )  
Uncollectible Expense Rider of       )   Case No. 13-320-GA-UEx  
Vectren 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 R.C. 4905.03, and a public utility by reason of R.C. 4905.02. As such, VEDO is subject to the jurisdiction of the Commission, in accordance with R.C. 4905.04 and 4905.05.
- (2) By Opinion and Order issued April 30, 2008, in *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 07-1285-GA-EXM (*Vectren SSO Case*), the Commission authorized VEDO to proceed with the first and second phases of its plan to eliminate its gas cost recovery (GCR) mechanism.
- (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. In its April 30, 2008, Opinion and Order in the *Vectren SSO Case*, the Commission determined 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 Staff.
- (4) By Opinion and Order issued December 17, 2003, in *In re Vectren Energy Delivery of Ohio, et al.*, 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 January 30, 2013, the Commission initiated the financial audits of VEDO's ETC and UEX riders. The ETC audit was for the period April 1, 2012 through March 31, 2013, and the UEX audit was for calendar year 2012, and the first quarter of 2013. VEDO's auditor was directed to docket its audit findings for the ETC rider in Case No. 13-220-GA-EXR (*VEDO 2013 EXR Case*) and its audit findings for the UEX rider in Case No. 13-320-GA-UEX (*VEDO 2013 UEX Case*). The auditor, to be selected by VEDO, was directed to docket both audit reports in their respective dockets by September 20, 2013. Interested parties were directed to file comments and reply comments by October 4, 2013, and October 18, 2013, respectively.
- (6) The audit report for the ETC rider, for the period April 1, 2012 through March 31, 2013, was filed on September 20, 2013, in the *VEDO 2013 EXR Case*. 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. D&T did not indicate any discrepancies in VEDO's calculation of the ETC rider rate.

The audit report for the UEX rider, for calendar year 2012 and the first quarter of 2013, was filed on September 20, 2013, by D&T in the *VEDO 2013 UEX Case*. The report details the procedures agreed to by VEDO and Staff that were performed by D&T. In its report, D&T noted two issues concerning bad debts written off during the period in question. Both instances involved a customer balance that was written off in 2012; however, according to the

customer history card and VEDO's write-off policy, the balances were eligible to be written off in 2010. According to D&T, the accounts were tagged as accounts exempt from the percentage of income payment plan (PIPP) program and, as such, they were not written off in a timely manner. D&T asserts that, although these customers were PIPP customers, these balances were not PIPP balances; thus, the balances were eligible for write-off and inclusion in the UEX rider. D&T states that it was informed that, in 2012, VEDO management initiated a new report to isolate and correct these types of balances; once isolated, the balances were appropriately included in the write-off mechanism. D&T did not note any other discrepancies in VEDO's calculation of the UEX rider rate.

- (7) VEDO filed its comments concerning the UEX audit on October 1, 2013. VEDO states that it concurs with D&T's findings and has corrected the exceptions to the write-off process identified by D&T in its audit.
- (8) The Commission has reviewed the reports filed in these dockets by D&T and notes that comments were filed for the UEX rider audit only. 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 the *VEDO 2013 EXR Case* and the *VEDO 2013 UEX Case*, 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,

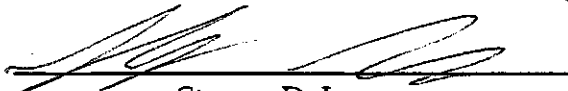
ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

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

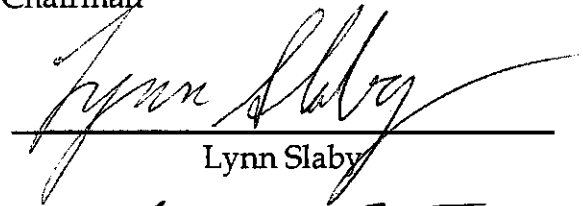
THE PUBLIC UTILITIES COMMISSION OF OHIO



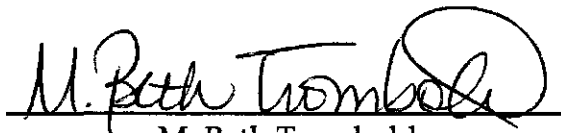
Todd A. Snitchler, Chairman



Steven D. Lesser



Lynn Slaby



M. Beth Trombold

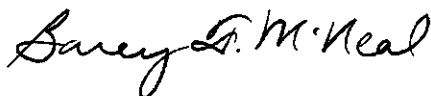


Asim Z. Haque

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Barcy F. McNeal  
Secretary