

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Audit of the |) | |
| CHOICE/SSO/SCO Reconciliation |) | Case No. 14-221-GA-EXR |
| Rider of Columbia Gas of Ohio, Inc. |) | |
| and Related Matters. |) | |

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| In the Matter of the Uncollectible |) | |
| Expense Rider of Columbia Gas of |) | Case No. 14-321-GA-UEX |
| Ohio, Inc. and Related Matters. |) | |

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| In the Matter of the Percentage of |) | |
| Income Payment Plan Rider of |) | Case No. 14-421-GA-PIP |
| Columbia Gas of Ohio, Inc. |) | |

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

Introduction

On May 7, 2014, 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 Choice Offer Reconciliation Rider ("CSRR"), Uncollectible Expense Rider ("UEX") and Percentage of Income Payment Plan Tariff Schedule Rider ("PIPP") to be performed by Columbia's auditor. The Entry required the final audit reports to be filed by October 3, 2014, with comments and reply comments filed by October 17, 2014 and October 31, 2014, respectively. Columbia's auditor, Deloitte & Touche LLP ("Deloitte"), conducted audits of the CSRR, UEX, and PIPP. The CSRR Audit performed by Deloitte is for the period of April 1, 2013 through March 31, 2014. The UEX Audit and the PIPP Audit performed by Deloitte are for the period of January 1, 2013 through March 31, 2014. Deloitte filed the final CSRR, UEX, and PIPP Audit reports on October 3, 2014. Columbia hereby submits its comments to each audit report.

CSRR Audit

The CSRR Audit was designed to (1) verify the mathematical accuracy of the quarterly CSRR filings; (2) verify the adjustments listed on the current quarter's CSRR filing with the previous quarters' filings; (3) reconcile the CSRR to current approved tariff sheets; (4) compare the quarterly CSRR filing account activity used to compute the Actual Cost Adjustment with the general ledger; (5) compare the quarterly CSRR filing account activity used to compute the Supplier Refund and Reconciliation Adjustment with the general ledger; (6) compare the quarterly CSRR filing account activity used to compute the OSS/CR Sharing Adjustment with the general ledger; and (7) verify the throughput used to determine each quarterly CSRR rate.

The CSRR Audit report found Columbia's application and accounting systems accurate in many respects, but it did identify areas of discrepancies. First, Deloitte noted discrepancies within the OSS/CR margins and dollars values to be shared with customers [CSRR Audit Paragraph (3)(a), (3)(b) and (3)(d)]. Second, Deloitte noted discrepancies with the Actual Cost Adjustment between Columbia's schedules and the general ledger [CSRR Audit Paragraph (4)(a) though (4)(d)]. Third, Deloitte noted discrepancies with the Supplier Refund and Reconciliation Adjustment between Columbia's schedules and the general ledger [CSRR Audit Paragraph (5)(a) through (5)(b)]. Finally, Deloitte noted discrepancies with the OSS/CR Sharing Adjustment between Columbia's schedules and the general ledger [CSRR Audit Paragraph 6(a) through (6)(c)].

Columbia examined each of these discrepancies and provides in response the following comments:

Paragraphs 3(a)(i), 3(a)(ii), 3(b)(i)

These variances resulted from an erroneous adjustment booked to the general ledger in December 2013. In review of the audit-identified discrepancies, Columbia determined the adjustment created an imbalance between the supporting documentation and the general ledger. Therefore, the adjustment will be reversed in October 2014. The December 2013 adjustment had no impact on the Columbia's CSRR filings, which were based on the supporting data rather than the general ledger.

Paragraphs 3(d)(i), 4(a) and 4(b), 5(a) and 5(b), 6(c)

These minor variances in the Actual Cost Adjustment, Refund and Reconciliation Adjustment, and Shared Savings Adjustment balances are rounding differences resulting from Columbia using the Financial Statements and other supporting documentation rather than the general ledger to develop the CSRR filings. These variances have been corrected with the April 2014 deployment of Columbia's new accounting software.

Paragraphs (4)(c) and 4(d)

The variance results from an inadvertent booking error in June 2013 that resulted in an understatement of non-temperature balancing service revenues set forth on the general ledger. Columbia's books were corrected in July 2013. This error had no impact on Columbia's October 2013 or January 2014 CSRR filing due the fact the filing reflected use of the corrected non-temperature balancing service revenues.

Paragraph 6(b)

The variance in shared savings of \$45,280 between Columbia's CSRR filing and its general ledger resulted from the recording of shared savings to a prior period. Booking these revenues to a prior period did not impact on Columbia's CSRR filing because Columbia utilized other supporting documentation in lieu of the general ledger to prepare its CSRR filing. Columbia will be making a correcting entry to its books in October 2014.

UEx Audit

The UEx Audit was designed to (1) prove the mathematical accuracy of the accounting schedules and supporting schedules that summarize bad-debt tracker activity by month; (2) compare bad-debt charge-offs computed from those schedules obtained from Columbia's Distributed Information System ("DIS"), Gas Accounting System ("GMB/GAS") and Transportation Next Generation ("GTS"); (3) compare 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 UEx and to determine if the UEx rates billed were applied only to those schedules subject to payment of the UEx; (4) verify that bad-debt charge-offs and recoveries set forth in Columbia's accounting schedules were consistent with those reported in its

accounting systems; (5) verify the interest rate used by Columbia to calculate monthly carrying charges with Columbia's Operating Money Pool Rates; and (6) verify the carrying cost calculations for the months May 2013, November 2013, and March 2014.

The audit report found Columbia's application and accounting systems accurate in all respects with the single exception of the general ledger balance at March 31, 2014, which was overstated by \$22,562. This variance resulted from Columbia inadvertently failing to apply bad debt recoveries and adjustments to certain internal accounts. Columbia will correct the imbalance by a general ledger entry in October 2014. This variance had no impact on Columbia's UEX filing because Columbia utilized correct supporting documentation to prepare and calculate the UEX rider rate.

PIPP Audit

The PIPP Audit was designed to (1) prove the mathematical accuracy of the accounting schedules and supporting schedules that summarize deferred PIPP balances by month; (2) compare the PIPP regulatory asset balance with the general ledger; (3) verify selected months of PIPP arrearages, PIPP recoveries, and exclusion of UEX write-offs; and (4) verify selected customers' charge of the correct PIPP rider rate.

The audit report found Columbia's application and accounting systems accurate with several discrepancies. First, Deloitte found a minor \$7 discrepancy between the accounting systems and the general ledger for the PIPP regulatory asset [PIPP Audit Paragraph B(1)]. Second, Deloitte found several discrepancies with the randomly selected three customer arrearages [PIPP Audit Paragraph (C)(1)(a)]. Finally, Deloitte found several discrepancies when it compared sales, Choice and transportation volumes to appropriate DIS, GMB/GAS, and GTS reports [PIPP Audit Paragraph (C)(2)(a)].

Columbia examined each of these discrepancies and provides in response the following comments:

Paragraph B(1)

This minor variance is a rounding difference resulting from Columbia using the Financial Statements rather than the general ledger to develop the PIPP

filing. This variance has been corrected with the April 2014 deployment of Columbia's new accounting software.

Paragraph C(1)(a)(1) and C(1)(a)(3)

In paragraph C(1)(a)(1), the \$12.98 differential between DIS and customer detail was caused by a customer paying \$12.98 over the final bill amount due. This overpayment left a credit balance on the account. Columbia applied the \$12.98 credit to lessen this customer's final PIPP arrearage; however, a corresponding entry showing the transfer was not made in the customer detail. Columbia made the subsequent entry, and this customer's account detail shows a \$0 balance.

In paragraph C(1)(a)(3), the \$119.04 differential between DIS and customer detail was due to a system crediting issue. Columbia billed and rebilled a PIPP customer, who correspondingly paid all of the amounts owed. Nonetheless, Columbia's system did not properly apply the PIPP credit to the customer's account because the total payment was made in two separate installments. Columbia identified the issue, and has corrected the customer's account in DIS.

Paragraph C(2)(a)

The differential between volumes primarily resulted from Columbia's inadvertent failure to update its worksheet which summarizes volumes subject to payment of the PIPP Rider. Typically, Columbia updates this worksheet monthly with a direct link to a worksheet used to develop recoveries of PIPP arrearages through the PIPP Rider. During Columbia's normal accounting PIPP Rider recovery reconciliation process, the errors in volumes consumed were identified. Columbia made subsequent correcting entries in June 2013, October 2013, and September 2014 to ensure that the PIPP Rider recoveries on the books were calculated using the actual volumes consumed.

Conclusion

Columbia agrees with the findings contained in Deloitte's audit reports filed on October 3, 2014. All variances identified in the audit reports have been corrected. Columbia has implemented changes to its internal processes to eliminate these variances in future filings. For these reasons, Columbia requests the Commission's issuance of an Entry in these dockets accepting the audit reports and closing these matters.

Respectfully submitted,
COLUMBIA GAS OF OHIO, INC.

/s/ Melissa L. Thompson

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Summary: Comments of Columbia Gas of Ohio, Inc. electronically filed by Ms. Melissa L. Thompson on behalf of Columbia Gas of Ohio, Inc.