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September 18, 2015

Barcy McNeal
Secretary
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

RE: Case No. 15-320-GA-UEX

Dear Secretary McCauley:

Enclosed please find the Audit Report of Deloitte & Touche LLP of Vectren Energy Delivery of Ohio, Inc.'s Uncollectible Expense Rider to be filed in the above referenced case.

Very truly yours,

/s/ Frank P. Darr

Frank P. Darr

**Attorney for Vectren Energy Delivery of
Ohio, Inc.**

Enclosure
FPD:vlp

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Vectren Energy Delivery of Ohio:

We have performed the procedures enumerated below, which were agreed to by Vectren Energy Delivery of Ohio (the "Company") and provided to the Public Utility Commission of Ohio (the "PUCO"), solely to assist the specified parties in the evaluation of the recovery of uncollectible expense through an uncollectible expense recovery mechanism for the period April 1, 2014 to April 30, 2015, in conjunction with the PUCO Case No. 15-320-GA-UEx. The Company's management is responsible for the uncollectible expense recovery mechanism. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

Uncollectible Expense Recovery Mechanism

1. We obtained from Company management and proved the arithmetic accuracy of all the accounting schedules summarizing the following items included as a component of the uncollectible expense rider (the "Filing" or "UEx") for the period April 1, 2014 through April 30, 2015:
 - a. Uncollectible write-off activity for the period April 1, 2014 to December 31, 2014 of \$3,171,581 and for the four-month period ended April 30, 2015 of \$131,035.
 - b. Billed and unbilled recovery of uncollectible expense for the period April 1, 2014 to December 31, 2014 of \$830,538 and for the four-month period ended April 30, 2015 of \$1,422,360.
 - c. Other recoveries for the period April 1, 2014 to December 31, 2014 of \$536,295 and for the four-month period ended April 30, 2015 of \$158,743.
 - d. Carrying charges for the period April 1, 2014 to December 31, 2014 of \$1,790 and for the four-month period ended April 30, 2015 of \$677.
2. We compared uncollectible write-off activity from the schedule obtained in step 1a above to the Company's *Write-Off and Collection Summary* report and found such amounts to be in agreement.
3. Company management has informed us that the uncollectible write-off activity included in the Filing does not include Percentage of Income Payment Plan ("PIPP") accounts.

4. We compared uncollectible expense recoveries from the Filing obtained in step 1c above to the schedules prepared by Company management and found such amounts to be in agreement.
5. We randomly selected a total of ten customers from the UEX recovery supporting documentation across the months of June, October, and December 2014, and March 2015, totaling monthly customer recoveries by customer and premise for the period April 1, 2014 to April 30, 2015 and recalculated the UEX portion of their bills, agreeing the rate to the corresponding UEX rider rates found on the PUCO website. Procedures were performed as follows:
 - a. We obtained each customer's bill detail from the customer billing system from the *Customer History Card* in Banner (the Company's customer billing system) for the selected month.
 - b. We agreed customer and premise numbers from each selection to the customer bill.
 - c. We agreed the selected customer's UEX eligibility based on the customer's rate class.
 - d. We recalculated the UEX rider revenue portion of the customer invoice.
 - e. We agreed UEX rider revenue to the *Customer History Card* in Banner and agreed total charges per screenshot to the customer invoice.
6. We randomly selected the months of June, October, and December 2014, and March 2015 included in the schedules obtained in step 1 above and performed the following procedures:
 - a. We compared the uncollectible expense rider rates for the Company with those permitted by the PUCO, as outlined in Case Nos. 13-320-GA-UEx and 14-320-GA-UEx, and found the uncollectible expense rider rates to be in agreement. The respective uncollectible expense rider rates have been applied to the eligible volumes that pay the PIPP rider.
 - b. We compared the summary schedule in the Filing obtained in step 1 above to the supporting schedules for uncollectible write-off activity, uncollectible expense recoveries, and other recoveries and found such amounts to be in agreement.
 - c. We compared the internal interest rates utilized by the Company to calculate the carrying charges included in the schedules obtained in step 1d above to interest rates included in a supporting schedule we obtained from Company management and found the interest rates to be in agreement.
7. From the bad debts written off during the period April 1, 2014 to April 30, 2015, we randomly selected 25 write-offs and obtained the related customer billing history from Banner. We documented the dates and transactions prior to the write-off of the customer's outstanding balance, including any subsequent recovery of any portion of the balance written off. We agreed the selected write-offs and recoveries on the *Customer History Card* to the filing's supporting documents. We identified two exceptions:
 - a. We noted one customer balance, \$3,657.09, written off in December 2014; however, according to the *Customer History Card* and the Company's write-off policy, the balance was eligible to be written off in October 2014. The account was tagged with a manual flag within the Banner system, and as such was not written off timely.

- b. We noted one customer balance, \$2,078.07, written off in March 2015; however, according to the *Customer History Card* and the Company's write-off policy, the balance was eligible to be written off in November 2014. The account was tagged with a manual flag within the Banner system, and as such was not written off timely.

Uncollectible Expense Rider Regulatory Asset Balance

8. We obtained the Accounts Receivable Regulatory Asset balance at December 31, 2014 and April 30, 2015 from the Company's general ledger account number 1905922 and compared the balances to the Filings and found differences of \$3 and \$4, respectively. Management informed us that the differences related to rounding.
9. We obtained from Company management the rollforward of general ledger account number 1905922 and compared uncollectible charge-off activity, uncollectible recoveries, and other recoveries to the supporting schedules obtained in step 1 above and found such amounts to be in agreement for the months selected in step 5 above.
10. We obtained from Company management the rollforward of general ledger account number 1905922 and verified that the uncollectible charge-off activity included therein did not include PIPP accounts.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance with the uncollectible expense recovery mechanism in accordance with PUCO's Case No. 15-320-GA-UEX. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the PUCO and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

September 18, 2015

This foregoing document was electronically filed with the Public Utilities

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Case No(s). 15-0320-GA-UEx

Summary: Report Deloitte and Touche LLP's Audit Report of Vectren Energy Delivery of Ohio, Inc.'s uncollectible expense rider electronically filed by Ms. Vicki L. Leach-Payne on behalf of Darr, Frank P. Mr.