

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Audit of the)
CHOICE/SSO/SCO Reconciliation Rid-)
er of Columbia Gas of Ohio, Inc. for) Case No. 15-221-GA-EXR
April 1, 2014, through March 31, 2015,)
and Related Matters.)

In the Matter of the Uncollectible Ex-)
pense Rider Audit for April 2014,)
through March 2015, and Rider Ad-) Case No. 15-321-GA-UEX
justment for the Costs Incurred in 2014,)
for Columbia Gas of Ohio, Inc.)

In the Matter of the Percentage of In-)
come Payment Plan Rider Audit for)
April 2014, through March 2015, and) Case No. 15-421-GA-PIP
Rider Adjustment for the Costs In-)
curred in 2014 for Columbia Gas of)
Ohio, Inc.)

**COMMENTS OF
COLUMBIA GAS OF OHIO, INC.**

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 2, 2015, with comments and reply comments filed by October 16, 2015 and October 30, 2015, respectively. Columbia's auditor, Deloitte & Touche LLP ("Deloitte"), conducted audits of the CSRR, UEX, and PIPP. The audit period for all three audit reports is the period of April 1, 2014 through March 31, 2015.

Deloitte filed the final CSRR, UEX, and PIPP audit reports on September 25, 2015. Columbia hereby submits its comments on each audit report.

CSRR Audit

The CSRR audit report found Columbia's application and accounting systems accurate in most respects, but it did identify several discrepancies. Columbia examined each of these discrepancies and provides the following comments:

Audit Paragraph 3(a)

Deloitte found that Columbia included a Customer Education Cost Recovery Allowance Rate of \$0.0020 rather than the applicable \$0.0077 in its January 2015 filing.

Columbia discovered the error in January 2015, and corrected the error in the April 2015 CSRR filing. Any under-collection that occurred as a result of the incorrect rate was rolled into the customer education cost remaining balance in the July 2015 CSRR filing.

Audit Paragraph 3(b)

Deloitte's reconciliation of schedules of monthly Off-System Sales ("OSS") and Capacity Release ("CR") margins from April 1, 2014 through March 31, 2015 identified the following differences:

Total OSS sales margins per the schedule were	\$3,334,386
Total OSS sales margins per the general ledger were	<u>\$3,225,772</u>
Resulting in a difference of:	\$108,614
 Capacity Release margins per the schedule were	 \$2,392,700
Capacity Release margin per the general ledger were	<u>\$2,401,923</u>
Resulting in a difference of:	(\$9,233)

With regard to OSS sales margins, the \$108,614 difference is the result of a correcting entry of \$146,712 based upon the findings of the 2014 CSRR Audit Report, which was offset by transposing the OSS and CR numbers of (\$38,098). In other words, the OSS number was referenced in place of the CR number and vice versa on the general ledger. The CSRR includes both OSS and CR in its overall sharing calculation, therefore no correcting entry is required and no adjustment

is required to the CSRR because the variance of \$108,614 resulted from the fact the CSRR had previously provided for inclusion of the correct OSS sales margins.

With regard to CR margins, the (\$9,233) difference is the result of a correcting entry of (\$47,275) due to the findings of the 2014 CSRR Audit Report, which was offset by transposing the OSS and CR numbers of \$38,098 as detailed above. The CSRR includes both OSS and CR in its overall sharing calculation, therefore no correcting entry is required.

Audit Paragraph 3(e)

Deloitte found that the recalculated dollar value of OSS revenue to be shared was \$3,244,994 compared to \$3,246,322 recorded to the general ledger.

This variance results because the general ledger includes shared OSS revenues computed on volumes older than twelve months, where an adjustment to a customer's bill reflects forgiveness of amounts on volumes greater than twelve months. Therefore no adjustment to CSRR is required because Columbia properly computed the dollar value of OSS revenue to be shared.

Audit Paragraph 4(a)

Deloitte found that the Actual Cost Adjustment in the July 2014 quarterly filing was \$18,978,357, compared to \$18,983,501 recorded to the general ledger.

This variance of \$5,144 in the July 2014 quarterly filing is due to Columbia's Accounting Department inadvertently booking the February 2014 CSRR true-up of \$7,118.87 instead of the March 2014 CSRR true-up of \$12,099.81 in March 2014. This resulted in an understatement of the unrecovered balance on Columbia's books of \$4,980.61 and an equivalent variance between the books and CSRR since the filing reflected the use of the actual true-up amount of \$12,099.81.

This matter was further complicated by the fact that the July CSRR filing reflected a variance in non-temperature balancing recoveries at the end of the quarter of (\$10,114.00) due to the Regulatory Department's failure to recognize in its July 2014 quarterly filing the Accounting Department's reversal of a second booking error during the month of March 2014.

The combination of these two inadvertent errors resulted in the July 2014 CSRR filing reflecting a balance of \$18,978,350 versus the general ledger balance of \$18,983,501, a variance of \$5,133.06 as illustrated below:

March True-up	\$12,099.81
Feb. True-up	\$(7,118.87)
Variance	\$4,980.94
Bal. Rev. Adj.	\$(10,114.00)
Net Variance	\$(5,133.06)

The variance of \$4,980.94 was corrected by the Accounting Department in April 2014, with the Balancing Service Revenue variance being accounted for by the Regulatory Department in its October 2015 CSRR quarterly filing. No further adjustment to the CSRR is required. This variance was created because the variance had been recognized in a prior period filing.

Audit Paragraph 4(b)

Deloitte found that the Actual Cost Adjustment in the October 2014 quarterly filing was (\$44,579,465) compared to (\$44,574,448) recorded to the general ledger.

This variance of \$5,017 resulted from the Regulatory Department's recognition of the March 2014 Balancing Service Revenue Adjustment of (\$10,114) in its October 2014 CSRR quarterly filing, and the Accounting Department's correction of books in April 2014 to reflect the proper amount for March 2014, as set forth below.

April Adj.	(\$4,980.94)
April Adj.	\$10,114.00
Not Identified	(\$116.06)
Total	\$5,017.00
Net Variance	\$(5,133.06)

Columbia's Regulatory Department will include an adjustment in its next CSRR quarterly filing that provides for correction of the unidentified adjustment (\$116.06) shown above.

UEX Audit

The UEX audit report found Columbia's accounting systems to be accurate in all respects with the single exception of the general ledger balance at March 31, 2015, which was understated by \$1,034. The \$1,034 difference was related to a miscalculation of the March 2015 carrying charges applied to bad debt. The carrying cost outage was identified in the normal monthly reconciliation process and was corrected during April business when the additional carrying charges were added to the ledger balance.

PIPP Audit

Deloitte's PIPP audit report found Columbia's accounting systems to be accurate in all respects, and identified no discrepancies.

Conclusion

Columbia agrees with the findings contained in Deloitte's audit reports filed on September 25, 2015. 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/ Stephen B. Seiple

Stephen B. Seiple
(Counsel of Record)

Stephen B. Seiple, Asst. General Counsel
(0003809)

Joseph E. Clark, Senior Counsel
(0080711)

P.O. Box 117

290 W. Nationwide Blvd.

Columbus, Ohio 43216-0117

Telephone: (614) 460-4648

E-mail: sseiple@nisource.com

josephclark@nisource.com

(Willing to accept service by e-mail)

Attorneys for
COLUMBIA GAS OF OHIO, INC.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/16/2015 12:48:38 PM

in

Case No(s). 15-0221-GA-EXR, 15-0321-GA-UEX, 15-0421-GA-PIP

Summary: Comments electronically filed by Mr. Joseph Clark on behalf of Columbia Gas of Ohio, Inc.