

## THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE AUDIT OF THE  
EXIT TRANSITION COST RIDER OF  
VECTREN ENERGY DELIVERY OF OHIO,  
INC.

CASE NO. 19-220-GA-EXR

IN THE MATTER OF THE AUDIT OF THE  
UNCOLLECTIBLE EXPENSE RIDER OF  
VECTREN ENERGY DELIVERY OF OHIO,  
INC.

CASE NO. 19-320-GA-UEX

IN THE MATTER OF THE AUDIT OF THE  
PERCENTAGE OF INCOME PAYMENT  
PLAN RIDER OF VECTREN ENERGY  
DELIVERY OF OHIO, INC.

CASE NO. 19-420-GA-PIP

### FINDING AND ORDER

Entered in the Journal on November 21, 2019

#### I. SUMMARY

{¶ 1} The Commission adopts the findings set forth in the audit reports regarding the exit transition cost rider, uncollectible expense rider, and percentage of income payment plan rider of Vectren Energy Delivery of Ohio, Inc.

#### II. DISCUSSION

{¶ 2} Vectren Energy Delivery of Ohio, Inc. (VEDO) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} Pursuant to R.C. 4905.302, natural gas companies implement purchased gas adjustment mechanisms, which allow them to adjust the rates they charge customers in accordance with any fluctuation in the cost the company incurs for the gas it sells to customers. R.C. 4905.302 also directs the Commission to audit the companies' gas cost recovery (GCR) rates and to review each company's production and purchasing policies and their effect upon the rates.

{¶ 4} R.C. 4929.04, among other things, authorizes the Commission, upon the application of a natural gas company such as VEDO, to exempt any commodity sales service or ancillary service from all provisions of R.C. Chapter 4905, including the GCR provisions contained in R.C. 4905.302.

{¶ 5} By Opinion and Order issued April 30, 2008, in accordance with R.C. 4929.04, the Commission authorized VEDO to proceed with the first and second phases of its plan to eliminate its GCR mechanism. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 07-1285-GA-EXM (*Vectren EXM Case*), Opinion and Order (Apr. 30, 2008).

{¶ 6} 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 Order in the *Vectren EXM 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.

{¶ 7} By Finding and Order issued December 17, 2003, the Commission approved an application filed by five gas distribution companies, including VEDO, requesting authorization to recover uncollectible expenses (UEX) through riders. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 03-1127-GA-UNC (*UEX Case*), Finding and Order (Dec. 17, 2003). A requirement of the Order in the *UEX 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.

{¶ 8} Furthermore, the Commission has authorized the utility companies, including VEDO, to recover percentage of income payment plan (PIPP) arrearages associated with providing natural gas service through their PIPP riders. *In re Establishment of Recovery Method for Percentage of Income Payment Plan*, Case No. 87-244-GE-UNC, Finding and Order (Aug. 4, 1987).

{¶ 9} By Entry issued March 27, 2019, the Commission initiated the financial audits of VEDO's ETC, UEX, and PIPP riders. VEDO's auditor was directed to docket its audit findings for the ETC rider in Case No. 19-220-GA-EXR (*VEDO 2019 EXR Case*); audit findings for the UEX rider in Case No. 19-320-GA-UEX (*VEDO 2019 UEX Case*); and audit findings for the PIPP rider in Case No. 19-420-GA-PIP (*VEDO 2019 PIPP Case*). The auditor, to be selected by VEDO, was directed to docket all three audit reports in their respective dockets by September 20, 2019. Interested parties were directed to file comments and reply comments by October 4, 2019, and October 18, 2019, respectively.

{¶ 10} The audit report for the ETC rider, for the period July 1, 2018, through June 30, 2019, was filed on September 19, 2019, in the *VEDO 2019 EXR Case*. The audit was performed by Deloitte & Touche LLP (D&T) and found three minor discrepancies. D&T compared recalculated ETC rider revenue to the customer history card in the customer information system, and then compared the total charges per the customer history card to the customer bill. D&T reports that three exceptions, caused by rounding, totaled less than \$2.00.

{¶ 11} No comments in response to the audit report for the ETC rider were filed.

{¶ 12} The audit report for the UEX rider, for the period May 1, 2018, through April 30, 2019, was filed on September 19, 2019, in the *VEDO 2019 UEX Case*. No discrepancies were found by D&T.

{¶ 13} No comments were filed in response to the audit report for the UEX rider.

{¶ 14} The audit report for the PIPP rider, for the period May 1, 2018, through April 30, 2019, was filed on September 19, 2019, in the *VEDO 2019 PIPP Case*. No discrepancies were found by D&T.

{¶ 15} No comments were filed in response to the audit report for the PIPP rider.

{¶ 16} The Commission has reviewed the reports filed in these dockets by D&T, and concludes that the findings of D&T, as set forth in the audit reports docketed in the *VEDO 2019 EXR Case*, *VEDO 2019 UEX Case*, and *VEDO 2019 PIPP Case* should be adopted.

### III. ORDER

{¶ 17} It is, therefore,

{¶ 18} ORDERED, That the findings of D&T set forth in the audit reports docketed in these cases be adopted. It is, further,

{¶ 19} 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,

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

COMMISSIONERS:

*Approving:*

Sam Randazzo, Chairman

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

JML/hac

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**Case No(s). 19-0220-GA-EXR, 19-0320-GA-UEX, 19-0420-GA-PIP**

Summary: Finding & Order Finding and Order that the Commission adopts the findings set forth in the audit reports regarding the exit transition cost rider, uncollectible expense rider, and percentage of income payment plan rider of Vectren Energy Delivery of Ohio, Inc. electronically filed by Docketing Staff on behalf of Docketing