

## THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE AUDIT OF THE  
TRANSPORTATION MIGRATION RIDER –  
PART B OF THE EAST OHIO GAS  
COMPANY D/B/A DOMINION ENERGY  
OHIO.

CASE NO. 21-219-GA-EXR

IN THE MATTER OF THE AUDIT OF THE  
UNCOLLECTIBLE EXPENSE RIDER OF THE  
EAST OHIO GAS COMPANY D/B/A  
DOMINION ENERGY OHIO.

CASE NO. 21-319-GA-UEx

IN THE MATTER OF THE AUDIT OF THE  
PERCENTAGE OF INCOME PAYMENT PLAN  
RIDER OF THE EAST OHIO GAS  
COMPANY D/B/A DOMINION ENERGY  
OHIO.

CASE NO. 21-419-GA-PIP

### FINDING AND ORDER

Entered in the Journal on October 6, 2021

#### I. SUMMARY

{¶ 1} The Commission adopts the findings set forth in the audit reports regarding the transportation migration rider, uncollectible expense rider, and percentage of income payment plan rider of The East Ohio Gas Company d/b/a Dominion Energy Ohio.

#### II. DISCUSSION

{¶ 2} The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO) 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 DEO, 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 June 18, 2008, in accordance with R.C. 4929.04, the Commission authorized DEO to proceed with the second phase of its plan to eliminate its GCR mechanism and implement a market-based standard service offer (SSO), through a wholesale auction for percentage of income payment plan (PIPP), choice-ineligible, and transitional customers, and a standard choice offer, through a retail auction for choice-eligible SSO customers. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 07-1224-GA-EXM, Opinion and Order (June 18, 2008).

{¶ 6} With the elimination of the GCR mechanism, costs and credits that were once recovered through the GCR are now recovered through the Transportation Migration Rider-Part B (TMR). In addition, by Opinion and Order issued May 26, 2006, the Commission approved a stipulation, which provided that all aspects of the proposed cost recovery through the TMR are to be reviewed as part of an annual financial audit that would be conducted by an outside auditor, docketed, and reviewed by Staff. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 05-474-GA-ATA, Opinion and Order (May 26, 2006).

{¶ 7} By Finding and Order issued December 17, 2003, the Commission approved an application filed by five gas distribution companies, including DEO, requesting authorization to recover uncollectible expenses (UEX) through riders. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 03-1127-GA-UNC, Finding and Order (Dec. 17, 2003). 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 DEO's GCR mechanism, the UEX rider is to be audited in the course of the audit of DEO's TMR.

{¶ 8} Furthermore, the Commission has authorized the utility companies, including DEO, to recover 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 10, 2021, the Commission initiated the financial audits of DEO's TMR, UEX, and PIPP riders. DEO's auditor was directed to docket its audit findings for the TMR in Case No. 21-219-GA-EXR (*DEO 2021 EXR Case*), audit findings for the UEX rider in Case No. 21-319-GA-UEX (*DEO 2021 UEX Case*), and audit findings for the PIPP rider in Case No. 21-419-GA-PIP (*DEO 2021 PIPP Case*). The auditor, to be selected by DEO, was directed to docket all three audit reports in their respective dockets by September 3, 2021. Interested persons were directed to file comments and reply comments by September 17, 2021, and October 1, 2021, respectively.

{¶ 10} The audit report for the TMR, for the period of May 1, 2020, through April 30, 2021, was filed on September 3, 2021, in the *DEO 2021 EXR Case*. The audit, performed by Deloitte & Touche LLP (D&T), found three discrepancies. D&T recalculated the rate shown on the rate calculation schedules as the Expected Annualized Demand Costs, plus the actual operational balancing costs and related credits deferred from October 2006 through May 2020, minus TMR recoveries for the same period. D&T then divided the outcome by the planned 12-month recovery volumes through July 2021 for the TMR filing in August 2020. D&T identified a difference of \$0.0154 per thousand cubic feet (Mcf) between the recalculated rate of \$0.2265 per Mcf and the rate of \$0.2419 per Mcf in the TMR filing in August 2020. DEO informed D&T that the difference of \$0.0154 is caused by the exclusion of operational storage sales from April and May in the rate calculation schedule; the overcollection was corrected by including these operational storage sales in the rate calculation schedule for the November 2020 TMR filing.

{¶ 11} In addition, D&T obtained from DEO the Deferral and Recovery of Operational Balancing Costs schedules for the monthly activity in the rate filings for May 1, 2020, to April 30, 2021. D&T then randomly selected February, June, September, and November 2020, and compared the Unrecovered Gas Costs and the Gas Costs Recovered for each selected month to the corresponding amounts on the Requirements and Supply Schedule. According to D&T, DEO identified reconciling items for activity during the period ending December 31, 2020. DEO explained to D&T that these reconciling items relate to timing differences resulting from the estimated amounts recorded to the systems, applications, and products (SAP) general ledger each month, which are updated with the actual balances in the following month.

{¶ 12} Regarding Cost Procedures for May 1, 2020, through April 30, 2021, D&T compared the total costs listed in Schedule 23, Requirements and Supply, to supporting schedules provided by DEO. DEO informed D&T that reconciling items identified for the month ending September 30, 2020, relate to timing differences caused by the exclusion of operational storage sales from April and May, and from a \$7.70 timing difference in storage interest related to September 30, 2020, which was corrected in a subsequent period.

{¶ 13} On September 3, 2021, DEO filed correspondence indicating that it does not object to the Commission adopting D&T's TMR audit findings, as set forth in the audit report. No other comments were filed.

{¶ 14} No reply comments were filed concerning the TMR audit.

{¶ 15} D&T's audit report for the UEX rider, for the period of April 1, 2020, to March 31, 2021, was filed on September 3, 2021, in the *DEO 2021 UEX Case*. The audit, performed by D&T, found three discrepancies. D&T randomly selected June, August, and November 2020 and January 2021, and compared monthly volumes for sales, Energy Choice, and other transportation customers to volumetric Customer Care System (CCS) and Special Billing System (SBS) reports, after excluding customer accounts within the CCS and SBS reports associated with customers which are not subject to the PIPP rider. The only exception found

by D&T was for January 2021 volumes for CCS transportation customers. DEO informed D&T that the discrepancy was because of a transposition error; DEO added that the UEX rate was not impacted by the error, because the UEX rate is based on projected volumes for April 2021 through March 2022.

{¶ 16} Regarding the UEX Rider Regulatory Asset balance as of December 31, 2020, and March 31, 2021, D&T obtained a reconciliation of this asset balance showing the totals of each activity type impacting the UEX Rider Regulatory Asset balance for the year ended December 31, 2020, and the quarter ended March 31, 2021. D&T also obtained the balance of SAP account number 1171160 as of December 31, 2020, and March 31, 2021. D&T found that DEO had identified reconciling items for activity during the periods ending December 31, 2020, and March 31, 2021. D&T was informed by DEO that the reconciling items relate to timing differences caused by estimated amounts recoded to the SAP general ledger each month, which are updated with the actual balances in the subsequent month.

{¶ 17} Finally, D&T randomly selected June, August, and November 2020 and January 2021, and compared late payment charges for these months within DEO's billing system to the respective late payment charges included as a component of customer recoveries for carrying charges. For June and August 2020, DEO explained to D&T that there was a suspension of late payment charges caused by the COVID-19 pandemic. D&T added that it obtained a billing system analysis of activity during these months and found that no late charges were assessed.

{¶ 18} On September 3, 2021, DEO filed correspondence indicating that it does not object to the Commission adopting D&T's UEX audit findings, as set forth in the audit report. No other comments were filed.

{¶ 19} No reply comments were filed concerning the UEX rider audit.

{¶ 20} The audit report for the PIPP rider, for the period of April 1, 2020, through March 31, 2021, was filed on September 3, 2021, in the *DEO 2021 PIPP Case*. The audit,

performed by D&T, found three discrepancies. D&T randomly selected April, June, August, and December 2020 and February 2021, and compared deferred PIPP arrearages for these months to the sum of the monthly net activity of PIPP arrearages over 12 months old and pre-PIPP arrearages, plus PIPP arrearage and repayment credits, credit balance transfers, and charge-offs for each selected month. D&T found a difference of \$558.99; DEO explained that this was because of missed arrearage credits recorded in June 2020 that relate to March 2020 and May 2020.

{¶ 21} Concerning April, June, August, and December 2020 and February 2021, D&T compared the re-verification charges incurred within those months to corresponding invoices provided by DEO management. DEO found that, for June 2020, there was a difference of \$80,280. DEO informed D&T that the difference was because re-verification charges of \$41,376 for March 2020 and \$38,904 for May 2020 were included in information for June 2020.

{¶ 22} D&T obtained a reconciliation of the balance of accumulated deferrals for the PIPP rider as of March 31, 2021, to SAP account numbers 1171162/2171137. D&T found that DEO identified reconciling items for activity during the period ended March 31, 2021. DEO informed D&T that the reconciling differences relate to timing differences resulting from the estimated amounts recorded to the SAP general ledger each month, which are updated with the actual balances in the following month.

{¶ 23} On September 3, 2021, DEO filed correspondence indicating that it does not object to the Commission adopting D&T's PIPP audit findings, as set forth in the audit report. No other comments were filed.

{¶ 24} No reply comments were filed concerning the PIPP rider audit.

{¶ 25} The Commission has reviewed D&T's audit reports filed in these dockets, as well as DEO's correspondence. The Commission concludes that D&T found no material discrepancies in DEO's calculation of the TMR, UEX, and PIPP riders that were not resolved

by DEO. Therefore, the Commission concludes that the findings of D&T, as set forth in the audit reports docketed in the *DEO 2021 EXR Case*, *DEO 2021 UEX Case*, and *DEO 2021 PIPP Case* should be adopted.

### III. ORDER

{¶ 26} It is, therefore,

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

{¶ 28} 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,

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

COMMISSIONERS:

*Approving:*

Jenifer French, Chair

M. Beth Trombold

Lawrence K. Friedeman

Dennis P. Deters

JML/hac

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Summary: Finding & Order adopting the findings set forth in the audit reports regarding the transportation migration rider, uncollectible expense rider, and percentage of income payment plan rider of The East Ohio Gas Company d/b/a Dominion Energy Ohio electronically filed by Heather A. Chilcote on behalf of Public Utilities Commission of Ohio