

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Restructured Com-)
modity Service Function of The East Ohio) Case No. 05-474-GA-ATA
Gas Company d/b/a Dominion East Ohio.)

ENTRY

The Commission finds:

- (1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) is a gas or natural gas company as defined by Section 4905.03(A)(5) and (6), Revised Code, and a public utility by reason of Section 4905.02, Revised Code. As such, DEO is subject to the jurisdiction of the Public Utilities Commission of Ohio ("Commission"), in accordance with Sections 4905.04 and 4905.05, Revised Code.
- (2) By Opinion and Order issued May 26, 2006, the Commission authorized DEO to proceed with the first phase of its plan (Phase 1) to eliminate its Gas Cost Recovery (GCR) mechanism and implement a market-based Standard Service Offer (SSO) through a wholesale auction. On August 30, 2006, the Commission accepted the results of DEO's auction of SSO service to traditional GCR and PIPP customers effective October 12, 2006. With the elimination of the GCR mechanism, costs and credits that were once recovered through the GCR were now to be recovered through the Transportation Migration Rider - Part B (TMR). The Commission declared, in its Opinion and Order, that all aspects of the proposed cost recovery through the TMR be reviewed as part of an annual financial audit that would be conducted by an outside auditor, docketed and reviewed by Commission Staff. The Commission is initiating the financial audit of DEO's TMR through this entry.

The financial audit is for the period 10/12/06 - 08/31/08 and the due date for the TMR audit is October 24, 2008.

- (3) DEO shall select the auditor to perform the audit described in this Entry. The selected auditor is required to submit a Certificate of Accountability attesting to the accuracy of financial data pertaining to the period specified above. Reference should be made to any errors, omissions or redundancy of costs from the calculations

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business
Technician Date Processed 3-26-07

supporting the filed Rider rates. As part of the audit, the auditor shall verify the accuracy of:

- (a) All cost associated with maintaining operational balancing inventories, including contract storage, withdrawal season firm transportation (FT) needed to support firm withdrawals, the injection season FT needed to support firm injections, and the carrying cost on the inventory as previously recovered through the GCR;
- (b) The net effect of any receipts or disbursements associated with cash-outs, on-system storage sales or purchases, and operational sale of storage;
- (c) The recovery of contract storage costs from Transportation Migration Rider - Part A and Volume Banking Service charges that are billed to non-Energy Choice transportation customers;
- (d) The crediting of migration-related charges included in seasonal firm storage service injection and withdrawal rates;
- (e) The cost of purchased gas, net of storage activity, incurred by DEO as a result of differences between actual unaccounted-for levels and volumes provided through the fuel retention charged to transportation customers;
- (f) Any difference between the amount billed for provider of last resort (POLR) service and the actual cost incurred for the volumes purchased or withdrawn from storage;
- (g) Any over/under-recovery of gas costs associated with DEO's former GCR rates; and
- (h) Associated excise tax.

The auditor shall also verify that the Rider rates were accurately applied to customers' bills.

- (4) On December 17, 2003, in Case No. 03-1127-GA-ATA, the Commission approved five gas distribution companies' application to recover uncollectible expenses through a rider. A requirement of the Opinion and Order in that case was that this new Uncollectible Expense (UEX) rider would be audited in the course of a company's GCR audit. With the elimination of DEO's GCR, the auditor of DEO's TMR will audit the UEX rider for calendar year

2007 and will docket its audit findings in DEO's latest uncollectible expense rider case (Case No. 07-659-GA-UEX).

- (5) The Commission directs that all costs associated with the audit be borne by the Company.
- (6) The auditor shall perform the audit as an independent contractor. Any conclusions, results, or recommendations formulated by the auditor may be examined by any participant to the proceeding for which the audit report was generated. Further, it shall be understood that the Commission and/or its Staff shall not be liable for any acts committed by the auditor or its agents in the preparation and presentation of the audit report.
- (7) The auditor will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under Sections 4903.03, 4905.06, 4905.15 and 4905.16, Revised Code. The auditor is subject to the Commission's statutory duty under Section 4901.16, Revised Code, which states:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

Once disclosure is permitted by Section 4901.16, Revised Code, the following process applies to the release of any document or information marked as confidential. Three days' prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice, staff or the auditor may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission is moved for a protective order pertaining to such documents or information within the three-day notice period. The three-day

notice period will be computed according to Rule 4901-1-07, O.A.C.

- (8) Upon request of the auditor or Staff, DEO shall provide any and all documents or information requested. DEO may conspicuously mark such documents or information "confidential." In no event, however, shall DEO refuse to provide or delay in providing such documents or information.
- (9) The Commission finds that complete documentation of the financial audit process within the report and auditor's work papers is essential. The financial auditor for this proceeding shall ensure that the reports and work papers are complete reflections of the financial audit process.

It is, therefore,

ORDERED, That an audit for the effective period pursuant to Finding (2) be filed with the Commission. It is, further,

ORDERED, That the audits of DEO's Transportation Migration Rider and Uncollectible Expense Rider, as discussed in Findings (3) and (4), be filed in their respective case numbers. It is, further,

ORDERED, That DEO bear the cost of the financial audit as provided in Finding (5). It is, further,

ORDERED, That DEO and the auditor shall observe the requirements set forth herein. It is, further,

ORDERED, That the auditor shall provide the documentation necessary to support its conclusions and recommendations, as specified in Finding (9). It is, further,

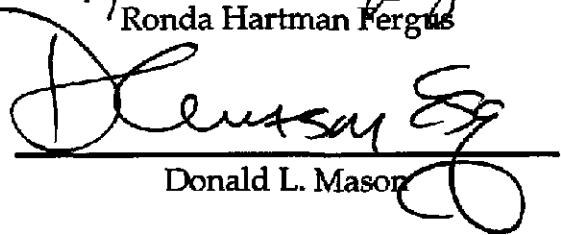
ORDERED, That a copy of this Entry shall be served upon DEO and upon all other parties of record in this proceeding.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Alan R. Schiber, Chairman



Paul A. Centolella


Ronda Hartman Fergus
Donald L. Mason

Valerie A. Lemmie

RS:sm

Entered in the Journal

MAR 26 2008



Renee J. Jenkins
Secretary