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McNees Wallace & Nurick LLC
attorneys at law

PUCO

January 13, 2009

Renee J. Jenkins
Secretary
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

Re: **Case No. 08-220-GA-GCR**
FINANCIAL AUDIT

Dear Secretary Jenkins:

Attached please find the Financial Audit conducted by Deloitte and Touche LLP of Vectren Energy Delivery of Ohio in the above-styled proceeding.

Thank you for your attention to this matter.

Very truly yours,


Gretchen J. Hummel

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

GJH:vlp
Enclosure

cc: Parties of Record

21 EAST STATE STREET, 17TH FLOOR, COLUMBUS, OHIO 43215 • TEL: 614-469-8000 • FAX: 614-469-4653 • WWW.MWVN.COM

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Deloitte & Touche LLP
Suite 2000
Chase Tower
111 Monument Circle
Indianapolis, IN 46204-5108
USA

Tel: +1 317 464 8600
Fax: +1 317 464 8500
www.deloitte.com

INDEPENDENT ACCOUNTANTS' REPORT

Vectren Energy Delivery of Ohio:

We have examined the quarterly filings of Vectren Energy Delivery of Ohio, Inc. (the "Company") which support the accompanying summary of gas cost recovery (GCR) rates for the monthly periods from November 2007 through September 2008, and which relate to the reporting period for the 11 months ended September 30, 2008, for conformity in all material respects with the financial procedural aspects of the uniformed purchased gas adjustment as set forth in Chapter 4901:1-14 and related appendices of the Ohio Administrative Code. These filings and the Company's compliance with these requirements are the responsibility of the Company's management. Our responsibility is to express an opinion as to the fair determination of GCR rates calculated within the quarterly filings and whether those rates have been properly applied to customer bills based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence supporting the Company's computation of the GCR rates in accordance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, the Company has fairly determined the GCR rates for the monthly periods November 2007 through September 2008, in all material respects, in accordance with the financial procedural aspects of the uniformed purchased gas adjustment as set forth in Chapter 4901:1-14 of the Ohio Administrative Code, and properly applied the GCR rates to customer bills.

Specific findings, which are presented for the attention of the Public Utilities Commission of Ohio (PUCO), are included in a separate exhibit entitled *Memorandum of Findings*.

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 parties.

Deloitte + Touche LLP

January 8, 2009

VECTREN ENERGY DELIVERY OF OHIO, INC.

UNIFORM GAS COST RECOVERY

FOR EACH OF THE ELEVEN MONTHS ENDED SEPTEMBER 30, 2008

The following is a summary of the gas cost recovery rates filed by the Company and subjected to our examination:

Period in Effect	Expected Gas Cost	Supplier Refund and Reconciliation Adjustment	Actual Adjustment	Total Gas Cost Recovery
November 1, 2007–November 30, 2007	\$ 9.3383	\$ -	\$(0.0175)	\$ 9.3208
December 1, 2007–December 31, 2007	9.3359		(0.0175)	9.3184
January 1, 2008–January 31, 2008	9.0496		(0.0175)	9.0321
February 1, 2008–February 28, 2008	9.3994		(0.0466)	9.3528
March 1, 2008–March 31, 2008	9.6818		(0.0466)	9.6352
April 1, 2008–April 30, 2008	11.4709		(0.0466)	11.4243
May 1, 2008–May 31, 2008	12.2467		(0.1638)	12.0829
June 1, 2008–June 30, 2008	13.3942		(0.1638)	13.2304
July 1, 2008–July 31, 2008	14.2412		(0.1638)	14.0774
August 1, 2008–August 31, 2008	14.0806		(0.3241)	13.7565
September 1, 2008–September 30, 2008	11.0698		(0.3241)	10.7457

VECTREN ENERGY DELIVERY OF OHIO, INC.

MEMORANDUM OF FINDINGS

FOR THE ELEVEN MONTHS ENDED SEPTEMBER 30, 2008

In accordance with Case No. 86-2011-GA-ORD (the "Case") regarding the level of Unaccounted For Gas (UFG), the Company's analysis of UFG for the 11 months ended September 30, 2008 indicates that the percentage, which is calculated as the difference between the measured volume of the total gas supply and the measured volume of gas disposition divided by the volume of total gas supply, is below the 5% ceiling currently imposed by the Case.