

BEFORE

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) Case No. 08-219-GA-EXR
Dominion East Ohio and Related Matters.)

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion East)
Ohio for Approval of an Adjustment to its) Case No. 07-659-GA-UEX
Uncollectible Expense Rider Rate.)

FINDING AND ORDER

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 Commission, in accordance with Sections 4905.04 and 4905.05, Revised Code.
- (2) By opinion and order issued May 26, 2006, in *In the Matter of the Restructured Commodity Service Function of The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 05-474-GA-ATA (05-474), the Commission authorized DEO to proceed with the first phase of its plan 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 with regard to its SSO for traditional GCR and percentage of income payment plan (PIPP) customers, effective October 12, 2006. With the elimination of the GCR mechanism, certain costs and credits that were once recovered through the GCR are now to be recovered through the Transportation Migration Rider - Part B (TMR). The Commission declared, in its 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 the Commission's staff.

- (3) On December 31, 2007, the Commission opened Case No. 08-219-GA-EXR (08-219) for the purpose of reviewing DEO's TMR.
- (4) On March 26, 2008, the Commission issued an entry in 05-474, initiating a financial review of DEO's TMR for the period of October 12, 2006, through August 31, 2008. The due date for the TMR report was October 24, 2008.
- (5) By entry issued November 13, 2008, in 05-474 and 08-219, the attorney examiner found, *inter alia*, that the review of DEO's TMR should be considered in a separate docket from 05-474 and that it was appropriate for that consideration to occur in 08-219. In addition, the attorney examiner granted DEO's motion for an extension of time until November 14, 2008, to file its report.
- (6) The financial report for the TMR for the period of October 12, 2006, through August 31, 2008, was filed by Deloitte & Touche, LLP, (D&T) on November 14, 2008, in 08-219. The report details the procedures, agreed to by DEO and the Commission's Staff, that were performed by D&T. In its report, D&T did not note any discrepancies in DEO's calculation of the TMR.
- (7) On November 14, 2008, D&T filed the report of DEO's uncollectible expense through a bad debt recovery mechanism, for the period of January 1, 2007, through December 31, 2007, in Case No. 07-659-GA-UEX (07-659). In its report, D&T noted that its review was in conjunction with the Commission's decision in *In the Matter of the Joint Application of The East Ohio Gas Company d.b.a. Dominion East Ohio, Columbia Gas of Ohio, Inc., Vectren Energy Delivery of Ohio, Northeast Ohio Natural Gas Corp., and Oxford Natural Gas Company for Approval of an Adjustment Mechanism to Recover Uncollectible Expenses*, Case No. 03-1127-GA-UNC (December 17, 2003). The report details the procedures, agreed to by DEO and the Commission's Staff, that were performed by D&T. In its report, D&T found only one discrepancy and stated that DEO explained it as relating to the timing of differences in the general ledger and an interest true-up based on the final summary of the 2007 bad debt tracker activity.

- (8) By entries issued February 23, 2009, and March 12, 2009, the attorney examiner, *inter alia*, granted the motions to intervene filed by the Office of the Ohio Consumers' Counsel (OCC) and Interstate Gas Supply, Inc. In addition, in the February 23, 2009, entry, the examiner ordered that comments and reply comments on the financial report of the TMR and the review of DEO's uncollectible expense rider be filed by March 12, 2009, and March 26, 2009, respectively. Subsequently, by entry issued March 12, 2009, the examiner granted OCC's motion for extension of time to file comments and reply comments, until March 19, 2009, and April 2, 2009, respectively.
- (9) The Commission has reviewed the reports filed in these dockets by D&T and notes that no comments were filed regarding either the financial TMR report or the report for the uncollectible expense through a bad debt recovery mechanism. D&T noted one discrepancy in the report submitted for the uncollectible expense and it related to the timing of differences in the general ledger and an interest true-up based on the final summary of the 2007 bad debt tracker activity. Therefore, the Commission finds that DEO should reconcile the reported discrepancy and, as part of the next review of DEO's uncollectible expense, the auditor should verify that the company has reconciled this discrepancy. Accordingly, the Commission concludes that the findings of D&T, set forth in the reports, should be adopted by the Commission.

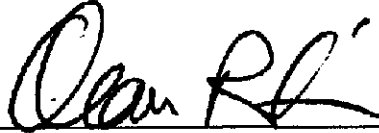
It is, therefore,

ORDERED, That the findings of D&T, set forth in the reports, be adopted. It is, further,

ORDERED, That DEO reconcile the reported discrepancy and, as part of the next review of DEO's uncollectible expense, the auditor verify that the company has reconciled the discrepancy noted in the D&T report. It is, further,

ORDERED, That a copy of this finding and order be served upon all parties of record.

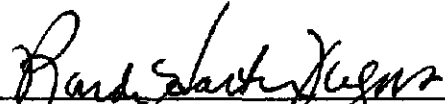
THE PUBLIC UTILITIES COMMISSION OF OHIO



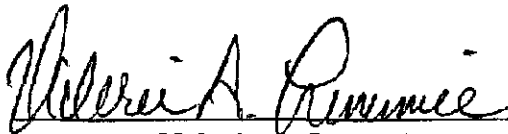
Alan R. Schriber, Chairman



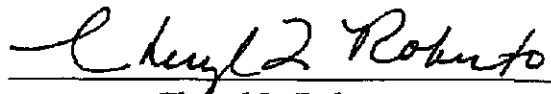
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Secretary