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PUCO

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FILE

September 27, 2010

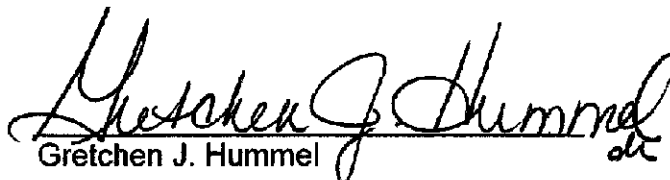
Renee J. Jenkins
Secretary
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

RE: Case No. 10-220-GA-EXR

Dear Secretary Jenkins:

Enclosed please find the Audit Report of Deloitte & Touche LLP of Vectren Energy Delivery of Ohio, Inc.'s Exit Transition Cost Rider which was filed in this case by facsimile transmission on September 24, 2010.

Very truly yours,


Gretchen J. Hummel

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

Enclosure
GJH:dsr

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors of
Vectren Energy Delivery of Ohio:

We have performed the procedures enumerated below, which were agreed to by Vectren Energy Delivery of Ohio (the "Company") and provided to the Public Utility Commission of Ohio (the "PUCO") and the Ohio Consumers' Counsel (the "OCC"), solely to assist the specified parties in the evaluation of the Exit Transition Cost Rider for the period October 1, 2008 through March 31, 2010, in conjunction with the PUCO letter regarding Case No. 10-220-GA-EXR. The Company's management is responsible for the exit transition cost mechanism. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

Exit Transition Cost Rider ("ETC Rider")

1. We obtained the following three quarterly filings from Company management summarizing components of the ETC Riders for the period October 1, 2008 to March 31, 2010 and proved the mathematical accuracy noting no exceptions other than rounding differences:
 - a. ETC Rider Filing with a reconciliation period of January 1, 2009 to March 31, 2009
 - b. ETC Rider Filing with a reconciliation period of October 1, 2009 to December 31, 2009
 - c. ETC Rider Filing with a reconciliation period of January 1, 2010 to March 31, 2010
2. We obtained the supporting documentation and randomly sampled for the following charges, as defined by the PUCO in the letter regarding Case No. 10-220-GA-EXR. We agreed each selection without exception, other than rounding differences, to inclusion in the ETC Rider filing support for the respective quarterly ETC filing found on the PUCO website.
 - a. We made one selection of business system and development costs totaling \$106,587
 - b. We made nine selections of informational and educational costs totaling \$967,913
 - c. We made one selection of call center costs totaling \$114,949
 - d. We made two selections of other implementation costs, such as tax consulting and legal fees totaling \$273,352

3. There were no costs included in the ETC Rider for the period October 1, 2008 to March 31, 2010 for the following categories:
 - a. Billing costs
 - b. Stranded gas supply costs related to customer migrations to Choice
 - c. Incremental provider of last resort costs not recovered from defaulting Standard Service Offer ("SSO") or choice supplier
 - d. Imbalance costs not recovered from transportation customers or pool customers
 - e. Gas costs incurred by the Company when diverting customers' transportation gas quantities during curtailment
4. Gas cost recovery ("GCR") variances remaining as of July 31, 2008, totaled \$9,130,271.93 and were included in the initial ETC Rider rate calculation, approved by the PUCO, effective October 1, 2008 through December 31, 2008.
 - a. We obtained the general ledger rollforward of the GCR general ledger accounts for the period November 2007 through January 2008, noting agreement of the ending balance to the supporting documentation for the initial quarterly ETC filing for the period October 1, 2008 through December 31, 2008 docketed with the PUCO on August 29, 2008.
 - b. We selected one month (April 2008) from the GCR period of February 2008 through April 2008 and agreed all amounts to the supporting documentation. We traced the ending GCR balance for this GCR period into the balance included in the initial quarterly ETC filing for the period October 1, 2008 through December 31, 2008 docketed with the PUCO on August 29, 2008. We proved the mathematical accuracy of the supporting schedules without exception other than rounding differences.
 - c. For the GCR activity in the months May 2008 through September 2008, we selected the month of May 2008 and proved the mathematical accuracy of the supporting schedules without exception other than rounding differences. We agreed each GCR variance account as of July 31, 2008 to the ETC filing support and traced the total to the filing schedule for the period October 1, 2008 to December 31, 2008. We agreed the GCR activity in the months of August and September 2008 into the ETC filing for the period January 1, 2009 to March 31, 2009 docketed with the PUCO on December 2, 2008. Effective October 1, 2008, the SSO was implemented, which replaced the GCR.
5. We agreed choice service migration costs of \$491,687 included in the initial ETC rider filing support for the period October 1, 2008 to December 31, 2008 and to the PUCO Case No. 07-1285-GA-EXM, noting no exceptions.
6. We randomly selected ten customers from the period October 1, 2008 to March 31, 2010 and recalculated the ETC portion of their bills, agreeing the rate to the corresponding ETC rates found on the PUCO website. We noted no exceptions in performing the following:
 - a. We obtained each customer's bill for the selected month

- b. We obtained the revenue ledger account detail for the selected bill which included total ETC rider charges for the billing period
- c. We agreed customer and premise number from the population to the customer bill and to the revenue ledger account detail
- d. We recalculated the ETC rider revenue portion of the customer invoice
- e. We agreed ETC rider revenue to the revenue ledger account detail and agreed total charges per revenue ledger account detail to the customer invoice without exception other than rounding differences

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Company's compliance with the exit transition cost rider in accordance with the PUCO letter regarding Case No. 10-220-GA-EXR. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company, the PUCO, and the OCC and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

September 24, 2010