

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Audit of the )  
CHOICE/SSO Reconciliation Rider of )  
Columbia Gas of Ohio, Inc. and Related ) Case No. 11-221-GA-EXR  
Matters. )

In the Matter of the Uncollectible )  
Expense Rider of Columbia Gas of Ohio, ) Case No. 11-321-GA-UEX  
Inc. and Related Matters. )

ENTRY

The Commission finds:

- (1) Columbia Gas of Ohio, Inc. (Columbia) is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) By opinion and order issued December 2, 2009, in *In the Matter of the Application of Columbia Gas of Ohio, Inc., for Approval of a General Exemption of Certain Natural Gas Commodity Sales Services or Ancillary Services*, Case No. 08-1344-GA-EXM, the Commission authorized Columbia to replace its existing gas cost recovery (GCR) mechanism with a market-based standard service offer (SSO) rate, through a wholesale auction. On February 24, 2010, the Commission accepted the results of Columbia's auction for SSO service to be effective April 1, 2010 through March 31, 2011.
- (3) With the elimination of the GCR mechanism, costs and credits that were once recovered through the GCR were now to be recovered through the CHOICE/SSO/SCO Reconciliation (CSRR) rider. By opinion and order issued December 2, 2009, the Commission approved a stipulation, which provided that all aspects of the proposed cost recovery through the CSRR rider are to 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.
- (4) By opinion and order issued December 17, 2003, in *In the Matter of the Joint Application of Columbia Gas of Ohio, Inc., et al.,*

*for Approval of an Adjustment Mechanism to Recover Uncollectible Expenses*, Case No. 03-1127-GA-ATA, the Commission approved five gas distribution companies' applications to recover uncollectible expenses (UEX) through riders. 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 Columbia's GCR, the UEX rider is to be audited in the course of Columbia's audit of the CSRR rider.

- (5) Through this entry, the Commission is initiating the financial audits of Columbia's CSRR and UEX riders. The CSRR rider audit will be for the period April 1, 2010 through March 31, 2011, and the UEX rider audit will be for calendar year 2010, and the first quarter of 2011. Columbia's auditor should docket its audit findings for the CSRR rider in Case No. 11-221-GA-EXR and its audit findings for the UEX rider in Case No. 11-321-GA-UEX. Columbia's filing of its May 2011 UEX status report should also be filed in Case No. 11-321-GA-UEX. The due date of the CSRR and UEX rider audit reports is September 16, 2011.
- (6) Columbia shall select the auditor to perform the audits 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 supporting the CSRR and UEX rider rates.
- (7) As part of the CSRR audit, the auditor shall verify the accuracy of:
  - (a) Unrecovered Gas Cost Balance/Deferred Gas Purchase costs reflected on Columbia's books at the end of each quarter during the audit period. Unrecovered Gas Cost Balance/Deferred Gas Purchase costs include;
    - 1) Capacity Costs;
    - 2) Commodity Costs;

- 3) Miscellaneous Costs;
  - 4) Operational Sale or Purchase;
  - 5) Penalty Charge;
  - 6) Reconciliation Adjustment;
  - 7) Refunds;
  - 8) Regulatory Assessment Costs;
  - 9) Revenue, and;
  - 10) Storage Carrying Costs.
- (b) Off system sales margin and capacity release revenue;  
and
- (c) Associated excise tax.

The auditor shall also verify that the CSRR and UEX rider rates were accurately applied to customers' bills.

- (8) The Commission directs that all costs associated with the CSRR and UEX rider audits be borne by Columbia.
- (9) 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 reports were 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 these audit reports.
- (10) 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.

- (11) 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, Ohio Administrative Code.
- (12) Upon request of the auditor or Staff, Columbia shall provide any and all documents or information requested. Columbia may conspicuously mark such documents or information "confidential." In no event, however, shall Columbia refuse to provide or delay in providing such documents or information.
- (13) The Commission finds that complete documentation of the financial audit process within the auditor's work papers is essential. The financial auditor for these proceedings shall ensure that the reports and work papers are complete reflections of the financial audit processes.
- (14) The Commission finds it appropriate to call for comments on the financial audits of the CSRR and UEX riders. Such comments should be limited to the audit of these riders and the recovery of the associated costs. Accordingly, interested persons may file comments and reply comments on the audits by October 17, 2011, and October 31, 2011.

It is, therefore,

ORDERED, That pursuant to finding (5), the audits for the effective periods of the CSRR and UEX riders be filed in the respective dockets by September 16, 2011. It is, further,

ORDERED, That Columbia bear the cost of the financial audits as provided in finding (8). It is, further,

ORDERED, That the auditor shall provide the documentation necessary to support its conclusions and recommendations, as specified in finding (13). It is, further,

ORDERED, That comments and reply comments on the financial audits of the CSRR and UEX riders, be filed in the respective dockets in accordance with finding (14). It is, further,

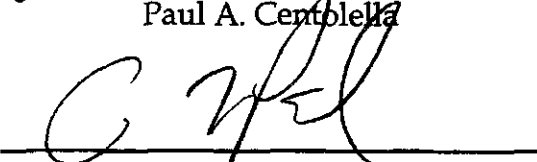
ORDERED, That a copy of this entry be served upon Columbia and upon all other persons of record in these proceedings.

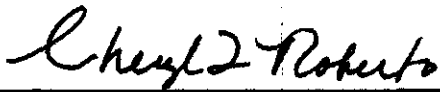
THE PUBLIC UTILITIES COMMISSION OF OHIO

  
Todd A. Snitchler, Chairman

  
Paul A. Centolella

  
Steven D. Lesser

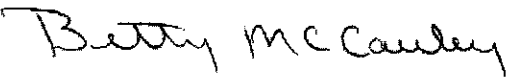
  
Andre T. Porter

  
Cheryl L. Roberto

JR/clh

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**APR 19 2011**



Betty McCauley  
Secretary