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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

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PUCO

To the Board of Directors of  
Columbia Gas of Ohio, Inc.  
Columbus, OH 43215

Case No. ~~10-221~~<sup>11-321</sup>-GA-GCR

We have performed the procedures enumerated below, which were agreed to by Columbia Gas of Ohio, Inc. (the "Company") and provided to the Public Utilities Commission of Ohio (the "PUCO"), solely to assist you in evaluating the Company's recovery of uncollectible customer accounts receivable through a bad debt recovery mechanism as described in the Public Utilities Commission of Ohio Case No. 03-1127-GA-UNC. The Company's management is responsible for compliance with the bad debt recovery 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:

**Uncollectible Customer Accounts Receivable Recovery Mechanism**

- a) We obtained from Company management, and proved the mathematical accuracy of the accounting schedules summarizing bad debt tracker activity by month and supporting schedules for the following items from January 1, 2010 to December 31, 2010 and from January 1, 2011 to March 31, 2011 and noted no differences.
  - 1. Bad debt charge offs for the period from January 1, 2010 through December 31, 2010 of \$59,729,192 and for the period from January 1, 2011 through March 31, 2011, of \$11,148,218.
  - 2. Recovery of bad debt via the bad debt tracker for the period from January 1, 2010 through December 31, 2010 of \$29,138,793 and for the period from January 1, 2011 through March 31, 2011, of \$14,461,130.
  - 3. Other recoveries of bad debt for the period from January 1, 2010 through December 31, 2010 of \$48,796,692 and for the period from January 1, 2011 through March 31, 2011, of \$11,006,173.
  - 4. Carrying charges for the period from January 1, 2010 through December 31, 2010 of \$1,936 and for the period from January 1, 2011 through March 31, 2011, of \$26,649.
  
- b) We compared bad debt charge offs from the schedule obtained in a)1. above to Distributed Information System ("DIS"), Gas Accounting System ("GMB/GAS"), and Transportation Next Generation ("GTS") reports and noted no differences. We noted that eligible charge-offs used in the calculations relate only to the following accounts: Small General Service ("SGS"), General Service ("GS"), Small General Transportation Service ("SGTS"), General Transportation Service ("GTS"),

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Full Requirements Small General Transportation Service ("FRSGTS"), and Full Requirements General Transportation Service ("FRGTS").

- c) We randomly selected four months of data included in the schedules obtained in a)2. above and performed the following procedures:
  - 1. We compared sales, CHOICE and transportation volumes to appropriate DIS, GMB/GAS, and GTS reports for the months of February 2010, June 2010, October 2010 and January 2011 and noted no differences.
  - 2. We compared sales, CHOICE and transportation volumes for the months of February 2010, June 2010, October 2010 and January 2011 and noted such eligible volumes relate only to SGS, GS, SGTS, GTS, FRSGTS, and FRGTS accounts without exception.
  - 3. We compared the bad debt recovery rates for the Company with those permitted by the PUCO, as outlined in Case No. 09-372-GA-UEx and Case No. 10-578-GA-UEx, and observed that the rates have been applied to eligible volumes for the months of February 2010, June 2010, October 2010 and January 2011.
- d) We agreed bad debt charge offs, bad debts recovered in base rates, and other recoveries per the schedules obtained in b) and c) above to the schedule obtained in a) above for the months selected in c).
  - 1. We selected three charge-offs for each month and obtained the customer billing history from DIS. We noted the dates and transactions up to and including the charge off of the customer's outstanding balance.
  - 2. We selected three recoveries for each month and obtained the customer history from DIS. We listed the dates and transactions up to and including the recovery of the customer's outstanding balance. We noted the General Ledger account(s) to which third party fees, if any, are recorded.
- e) We inspected supporting schedules for the interest rate utilized by the Company to calculate the monthly carrying charges for the months selected in c) and noted agreement to the percentages used to calculate the amounts listed in step a.) 4.
- f) We recalculated carrying cost calculations (obtained in e) above) for the months of February 2010, June 2010, October 2010 and January 2011 and noted no differences.

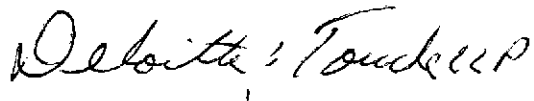
#### **Accounts Receivable Regulatory Asset Balance**

- a) We obtained the Accounts Receivable Regulatory Asset balance from general ledger account 182-3499 at December 31, 2010 and March 31, 2011. We recalculated amounts and calculations used in support of the Accounts Receivable Regulatory Asset balance deferred as of December 31, 2010 and March 31, 2011 and noted no differences.
- b) We agreed the use of the appropriate amortization rate of regulatory asset established in Case No. 01-3278-GA-AAM to the PUCO Order 03-1127-GA-UNC.
- c) We selected four months and obtained the corresponding monthly voucher OPR-02-401. We noted that the total charge-offs per the voucher equal total deferrals to the Accounts Receivable Regulatory

asset and the PIPP regulatory asset for the months of February 2010, June 2010, October 2010 and January 2011.

We were not engaged to, and did not conduct, an examination, the objective of which would be the expression of an opinion on compliance. 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 management 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.

A handwritten signature in cursive script that reads "Deloitte, Touche LLP". The signature is written in black ink and is positioned above the date.

September 16, 2011