

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

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

FINDING AND ORDER

The Commission finds:

- (1) Columbia Gas of Ohio, Inc. (Columbia) is a gas or natural gas company as defined by Section 4905.03(A)(4) and (5), Revised Code, and a public utility by reason of Section 4905.02, Revised Code. As such, Columbia is subject to the jurisdiction of the Public Utilities Commission of Ohio (Commission), in accordance with Sections 4905.04 and 4905.05, Revised Code.
- (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 (08-1344), 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 are now to be recovered through the Choice/SSO Reconciliation Rider (CSRR). By opinion and order issued December 2, 2009, in 08-1344, the Commission approved a stipulation, which provided that all aspects of the proposed cost recovery through the CSRR 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 an application filed by five gas distribution companies, including Columbia, requesting authorization 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 mechanism, the UEX rider is to be audited in the course of Columbia's audit of the CSRR.
- (5) By entry issued April 19, 2011, the Commission initiated the financial audits of Columbia's CSRR and UEX rider. The CSRR audit was for the period April 1, 2010 through March 31, 2011, and the UEX audit was for calendar year 2010, and the first quarter 2011. Columbia's auditor was directed to docket its audit findings for the CSRR in Case No. 11-221-GA-EXR (11-221) and its audit findings for the UEX rider in Case No. 11-321-GA-UEX (11-321). The auditor, to be selected by Columbia, was directed to docket both audit reports in their respective dockets by September 16, 2011. Interested parties were directed to file comments and reply comments by October 17, 2011, and October 31, 2011, respectively.
- (6) The audit report for the CSRR, for the period April 1, 2010 through March 31, 2011, was filed on September 16, 2011, in 11-221. The audit was performed by Deloitte & Touche LLP (D&T). The report details the procedures agreed to by Columbia and Staff that were performed by D&T. In its report, D&T found that Columbia did not apply the regulatory assessment rider to 11,300 customer's bills; thus, their bills were understated by \$0.61. This was subsequently corrected by Columbia.
- (7) The audit report for the UEX rider, for the calendar year 2010, and the first quarter of 2011, was filed on September 16, 2011, by D&T in 11-321. The report details the procedures agreed to by Columbia and Staff that were performed by D&T. In its report, D&T did not note any discrepancies in Columbia's calculation of the UEX rider rate.

- (8) The Commission has reviewed the reports filed in these dockets by D&T and notes that no comments were filed regarding either the CSRR or UEX rider audit. Moreover, D&T noted no material discrepancies in Columbia's calculation of either the CSRR or UEX rider that were not resolved by Columbia. Therefore, the Commission concludes that the findings of D&T, as set forth in the audit reports docketed in 11-221 and 11-321, should be adopted by the Commission.

It is, therefore,

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

ORDERED, That nothing in this finding and order shall be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

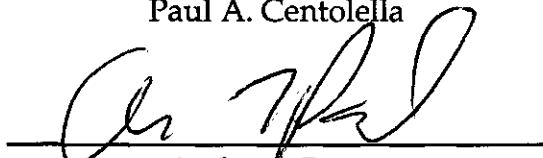
ORDERED, That a copy of this finding and order be served upon Columbia and upon all other persons of record in these proceedings.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Shitchler, Chairman


Paul A. Centolella

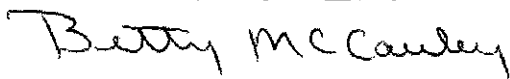

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Entered in the Journal **NOV 29 2011**



Betty McCauley
Secretary