

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 ) Case No. 13-219-GA-EXR  
d/b/a Dominion East Ohio and )  
Related Matters. )

In the Matter of the Uncollectible )  
Expense Rider of The East Ohio Gas ) Case No. 13-319-GA-UEX  
Company d/b/a Dominion East Ohio )  
and Related Matters. )

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 R.C. 4905.03, and a public utility by reason of R.C. 4905.02. As such, DEO is subject to the jurisdiction of the Commission, in accordance with R.C. 4905.04 and 4905.05.
- (2) By Opinion and Order issued June 18, 2008, in *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 07-1224-GA-EXM, the Commission authorized DEO to proceed with the second 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 for percentage of income payment plan (PIPP), choice-ineligible, and transitional customers, and a standard choice offer (SCO), through a retail auction for choice-eligible SSO customers.
- (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 Transportation Migration Rider - Part B (TM rider). By Opinion and Order issued May 26, 2006, the Commission approved a stipulation in *In re The East Ohio Gas Company d/b/a*

*Dominion East Ohio*, Case No. 05-474-GA-ATA, which provided that all aspects of the proposed cost recovery through the TM rider are to be reviewed as part of an annual financial audit that would be conducted by an outside auditor, docketed, and reviewed by Staff.

- (4) By Opinion and Order issued December 17, 2003, in *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, et al., Case No. 03-1127-GA-ATA, the Commission approved an application filed by five gas distribution companies, including DEO, 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 DEO's GCR mechanism, the UEX rider is to be audited in the course of DEO's audit of the TM rider.
- (5) By Entry issued January 30, 2013, the Commission initiated the financial audits of DEO's TM and UEX riders, in Case Nos. 13-219-GA-EXR (*DEO 2013 EXR Case*) and 13-319-GA-UEx (*DEO 2013 UEX Case*), respectively. The audit of the TM rider covers the period from April 1, 2012 through March 31, 2013, and the audit of the UEX rider is for calendar year 2012, and the first quarter of 2013. The auditor, to be selected by DEO, was directed to docket both audit reports in their respective dockets by September 6, 2013. Interested parties were directed to file comments and reply comments by September 20, 2013, and October 4, 2013, respectively.
- (6) The audit report for the TM rider, for the period of April 1, 2012 through March 31, 2013, was filed on September 6, 2013, by Deloitte & Touche LLP (D&T) in the *DEO 2013 EXR Case*. The audit report for the UEX rider, for calendar year 2012 and the first quarter of 2013, was filed on September 6, 2013, by D&T in the *DEO 2013 UEX Case*. The reports detail the procedures agreed to by DEO and Staff that were performed by D&T. In its

reports, D&T found no discrepancies in DEO's calculation of the TM rider and only one discrepancy in DEO's calculation of the UEX rider. D&T states that it examined a bad debt charge-off involving a PIPP customer that filed for bankruptcy during the period under review, resulting in a \$7,345.17 overcharge to the UEX regulatory asset. D&T adds that it was informed by DEO that the charge-off of the customer's pre-bankruptcy account to a UEX regulatory asset was because of a systematic transfer of the account's PIPP information to a new post-bankruptcy account, which removed the PIPP status from the old account. DEO informed D&T that the system, at that time, did not recognize that this account was for a PIPP customer, so the balance was inadvertently included in the UEX charge-offs. DEO has indicated to D&T that it will record an accounting adjustment to correct the UEX and PIPP regulatory assets for any such charge-offs.

- (7) The Commission has reviewed the reports filed in these dockets by D&T and notes that no comments were filed regarding either the TM or UEX rider audits. Moreover, D&T found no discrepancies in DEO's calculation of the TM rider. Further, while one discrepancy was found in DEO's calculation of the UEX rider, the Commission observes that DEO has taken steps to correct its error. Therefore, the Commission concludes that the findings of D&T, as set forth in the audit reports docketed in the *DEO 2013 EXR Case* and the *DEO 2013 UEX Case*, should be adopted by the Commission.

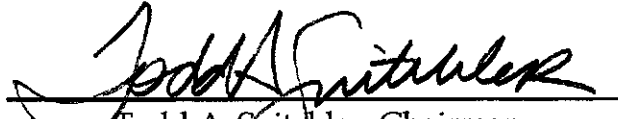
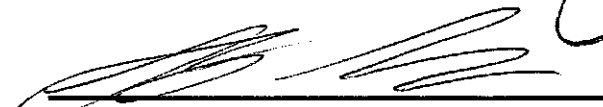
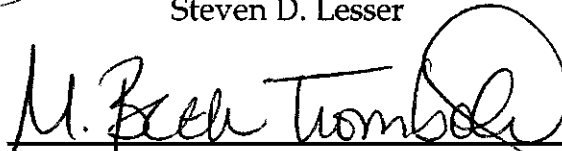
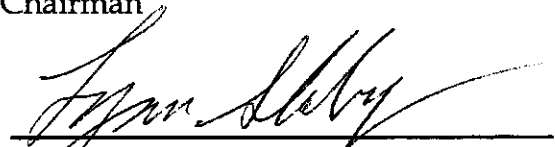

It is, therefore,

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 DEO and upon all other persons of record in these proceedings.

THE PUBLIC UTILITIES COMMISSION OF OHIO

  
Todd A. Snitchler, Chairman  
Steven D. Lesser  
M. Beth Trombold  
Lynn Slaby  
Asim Z. Haque

JML/sc

Entered in the Journal

**DEC 18 2013**



Barcy F. McNeal  
Secretary