

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Audit of the)
CHOICE/SSO/SCO Reconciliation Rider)
of Columbia Gas of Ohio, Inc. and) Case No. 14-221-GA-EXR
Related Matters.)

In the Matter of the Uncollectible)
Expense Rider of Columbia Gas of Ohio,) Case No. 14-321-GA-UEx
Inc. and Related Matters.)

In the Matter of the Percentage of Income)
Payment Plan Rider of Columbia Gas of) Case No. 14-421-GA-PIP
Ohio, Inc.)

ENTRY

The Commission finds:

- (1) Columbia Gas of Ohio, Inc. (Columbia) is a gas company as defined in R. C. 4905.03(A) and a public utility by reason of R.C. 4905.02. As such, Columbia is subject to the jurisdiction of this Commission, in accordance with R.C. 4905.04 and 4905.05.
- (2) By Opinion and Order issued December 2, 2009, in *In re Application of Columbia Gas of Ohio, Inc.*, Case No. 08-1344-GA-EXM (*Columbia SSO Case*), 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 27, 2013, the Commission accepted the results of Columbia's fourth auction for SSO services to be effective April 1, 2013, through March 31, 2014.
- (3) With the elimination of the GCR mechanism, costs and credits that were once recovered through the GCR are now recovered through the CHOICE/SSO/SCO Reconciliation (CSRR) rider. The stipulation approved in the *Columbia SSO Case* 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 Staff.

- (4) By Opinion and Order issued December 17, 2003, in *In re Application of Columbia Gas of Ohio, Inc., et al.*, 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) Furthermore, the Commission has authorized Columbia to recover percentage of income payment plan (PIPP) arrearages associated with providing natural gas service through its PIPP rider. *In re Establishment of Recovery Method for Percentage of Income Payment Plan*, Case No. 87-244-GE-UNC, Finding and Order (Aug. 4, 1987). At this time, the Commission finds that this rider should be audited in the course of Columbia's CSRR and UEX audits.
- (6) Through this Entry, the Commission is initiating the financial audits of Columbia's CSRR, UEX, and PIPP riders. Columbia shall select the auditor to perform the audits described in this Entry. The CSRR rider audit will be for the period April 1, 2013, through March 31, 2014, and the auditor should docket its findings in Case No. 14-221-GA-EXR. The UEX rider audit will be for calendar year 2013, and the first quarter of 2014, and the auditor should docket its findings in Case No. 14-321-GA-UEX. The PIPP rider audit will be for rates effective January 2013, through March 2014, and the auditor should docket its findings in Case No. 14-421-GA-PIP. The due date for the CSRR, UEX, and PIPP rider audit reports is October 3, 2014.
- (7) 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, UEX and PIPP rider rates.
- (8) 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, 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.

- (9) The Commission directs that all costs associated with the CSRR, UEX and PIPP rider audits be borne by Columbia.
- (10) 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 Staff shall not be liable for any acts committed by the auditor or

its agents in the preparation and presentation of these audit reports.

- (11) The auditor will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.03, 4905.06, 4905.15, and 4905.16. The auditor is subject to the Commission's statutory duty under R.C. 4901.16, 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.

Once disclosure is permitted by R.C. 4901.16, 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 Ohio Adm.Code 4901-1-07.

- (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, UEX, and PIPP 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, 2014, and October 31, 2014, respectively.

It is, therefore,

ORDERED, That, pursuant to finding (6), the audits for the effective periods of the CSRR, UEX and PIPP riders be filed in the respective dockets by October 3, 2014. It is, further,

ORDERED, That Columbia bear the cost of the financial audits as provided in finding (9). 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,

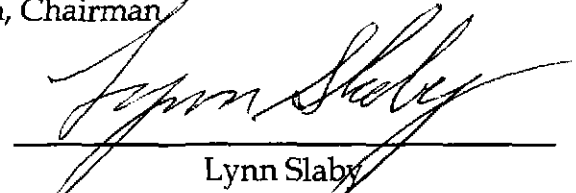
ORDERED, That comments and reply comments on the financial audits of the CSRR, UEX, and PIPP riders, be filed in the respective dockets in accordance with finding (14). It is, further,

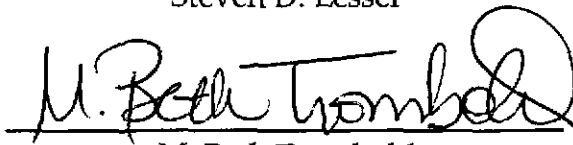
ORDERED, That a copy of this Entry be served upon Columbia and upon all other persons of record in these proceedings.

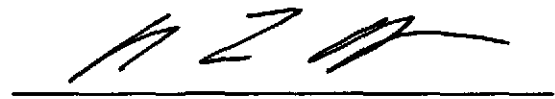
THE PUBLIC UTILITIES COMMISSION OF OHIO


Thomas W. Johnson, Chairman


Steven D. Lesser


Lynn Slaby

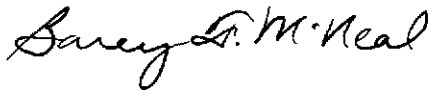

M. Beth Trombold


Asim Z. Haque

RS/js

Entered in the Journal

MAY 07 2014



Barcy F. McNeal
Secretary