

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Exit Transition Cost)
Rider of Vectren Energy Delivery of) Case No. 14-220-GA-EXR
Ohio, Inc.)

In the Matter of the Uncollectible)
Expense Rider of Vectren Energy) Case No. 14-320-GA-UEx
Delivery of Ohio, Inc. and Related)
Matters.)

In the Matter of the Percentage of)
Income Payment Plan Rider of Vectren) Case No. 14-420-GA-PIP
Energy Delivery of Ohio, Inc.)

FINDING AND ORDER

The Commission finds:

- (1) Vectren Energy Delivery of Ohio, Inc. (VEDO) 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, VEDO is subject to the jurisdiction of the Commission, in accordance with R.C. 4905.04 and 4905.05.
- (2) By Opinion and Order issued April 30, 2008, in *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 07-1285-GA-EXM (*Vectren SSO Case*), the Commission authorized VEDO to proceed with the first and second phases of its plan to eliminate its gas cost recovery (GCR) mechanism.
- (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 exit transition cost (ETC) rider. In its April 30, 2008, Opinion and Order in the *Vectren SSO Case*, the Commission determined that all aspects of the costs proposed to be recovered through the ETC 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 Vectren Energy Delivery of Ohio, et al.*, Case No. 03-1127-GA-

ATA, the Commission approved an application filed by five gas distribution companies, including VEDO, 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 VEDO's GCR mechanism, the UEX rider is to be audited in the course of VEDO's audit of the ETC rider.

- (5) Furthermore, the Commission has authorized the utility companies to recover percentage of income payment plan (PIPP) arrearages associated with providing natural gas service through their PIPP riders. See *In re Establishment of Recovery Method for Percentage of Income Payment Plan*, Case No. 87-244-GE-UNC, Finding and Order (Aug. 4, 1987) (*PIPP Recovery Case*).
- (6) By Entry issued May 14, 2014, the Commission initiated the financial audits of VEDO's ETC, UEX, and PIPP riders. The ETC audit was for the period April 1, 2013 through March 31, 2014. The UEX audit was for calendar year 2013, and the first quarter of 2014. The PIPP audit was for rates effective January 2013 through March 2014. VEDO's auditor was directed to docket its audit findings for the ETC rider in Case No. 14-220-GA-EXR (*VEDO 2014 EXR Case*); audit findings for the UEX rider in Case No. 14-320-GA-UEX (*VEDO 2014 UEX Case*); and audit findings for the PIPP rider in Case No. 14-420-GA-PIP (*VEDO 2014 PIPP Case*). The auditor, to be selected by VEDO, was directed to docket all three audit reports in their respective dockets by September 19, 2014. Interested parties were directed to file comments and reply comments by October 3, 2014, and October 17, 2014, respectively.
- (7) The audit report for the ETC rider, for the period April 1, 2013 through March 31, 2014, was filed on September 19, 2014, in the *VEDO 2014 EXR Case*. The audit was performed by Deloitte & Touche LLP (D&T). The report details the procedures agreed to by VEDO and Staff that were performed by D&T. D&T found one discrepancy, which was determined following a comparison of the regulatory asset balance as of June 30, 2013, from VEDO's general ledger account number 1905924 against the balances of the

filing, noting a difference of \$57,853. VEDO's management had a reconciling item in the amount of \$57,858, which was included in the filing but not included in the general ledger until July 2013. The unreconciled difference as of June 30, 2013, was \$5.00.

- (8) The audit report for the UEX rider, for calendar year 2013 and the first quarter of 2014, was filed on September 19, 2014, by D&T in the *VEDO 2014 UEX Case*. D&T indicated that it obtained the accounts receivable regulatory asset balance as of December 31, 2013, and March 31, 2014, from VEDO's general ledger account and compared the balances to VEDO's filings, which resulted in rounding differences of \$3.00 and \$3.00, respectively. D&T did not note any other discrepancies in VEDO's calculation of the UEX rider rate.
- (9) The audit report for the PIPP rider was filed on September 19, 2014, in the *VEDO 2014 PIPP Case*. D&T stated that it obtained the balances for the PIPP and PIPP carrying charges regulatory assets at March 31, 2014, from VEDO's general ledger account numbers 1905907 and 1905923, and compared the balances to the filing. D&T observed a difference of \$39,983 and \$88 for accounts 1905907 and 1905923, respectively. VEDO's management had reconciling items that made up the entirety of these differences. D&T obtained the balances for the PIPP and PIPP carrying charges regulatory assets at April 30, 2014, from VEDO's general ledger account numbers 1905907 and 1905923, respectively, and compared the balances to the filing. D&T noted the reconciling items were corrected by management in April 2014. D&T compared the balances in the general ledger to the balances in the filing and found them to be in agreement. VEDO did not note any other discrepancies in VEDO's calculation of the UEX rider rate.
- (10) No comments were filed in these dockets concerning any of the D&T audits of the EXR, UEX, and PIPP riders.
- (11) The Commission has reviewed the reports filed in these dockets by D&T. Moreover, D&T noted no material discrepancies in VEDO's calculation of either the ETC, UEX, and PIPP rider that were not resolved by VEDO. Therefore, the Commission concludes that the findings of D&T, as set

forth in the audit reports docketed in the *VEDO 2013 EXR Case*, *VEDO 2013 UEX Case*, and *VEDO 2013 PIPP 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 VEDO 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

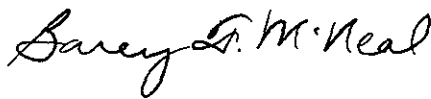

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Barcy F. McNeal
Secretary