

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. for April 1,) Case No. 15-221-GA-EXR
2014, through March 31, 2015, and)
Related Matters.)

In the Matter of the Uncollectible)
Expense Rider Audit for April 2014,)
through March 2015, and Rider) Case No. 15-321-GA-UEx
Adjustment for the Costs Incurred in)
2014, for Columbia Gas of Ohio, Inc.)

In the Matter of the Percentage of Income)
Payment Plan Rider Audit for April)
2014, through March 2015, and Rider) Case No. 15-421-GA-PIP
Adjustment for the Costs Incurred in)
2014 for Columbia Gas of Ohio, Inc.)

ENTRY

The Commission finds:

- (1) Columbia Gas of Ohio, Inc. (Columbia) is a gas or natural gas company as defined in R.C. 4905.03 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) On December 2, 2009, 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. *In re Columbia Gas of Ohio, Inc.*, Case No. 08-1344-GA-EXM (SSO Case), Opinion and Order (Dec. 2, 2009). On February 5, 2014, the Commission accepted the results of Columbia's fifth auction for SSO services to be effective April 1, 2014, through March 31, 2015. *SSO Case*, Entry (Feb, 5, 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 *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) On December 17, 2003, the Commission approved five gas distribution companies' applications to recover uncollectible expenses (UEX) through riders. *In re The East Ohio Gas Company d/b/a Dominion East Ohio, et al.*, Case No. 03-1127-GA-UNC (UEX Case), Finding and Order (Dec. 17, 2003). A requirement of the Order in the UEX 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, 2014, through March 31, 2015, and the auditor should docket its findings in Case No. 15-221-GA-EXR. The UEX rider audit will be for April 2014, through March 2015, and the auditor should docket its findings in Case No. 15-321-GA-UEX. The PIPP rider audit will be for rates effective April 2014, through March 2015, and the auditor should docket its findings in Case No. 15-421-GA-PIP. The due date for the CSRR, UEX, and PIPP rider audit reports is October 2, 2015.
- (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 the costs potentially recovered, as specified in the application, as amended by the stipulation, and the Program Outline filed on November 12, 2009, and approved by the Commission through the Order in the *SSO Case*. Each of these costs is summarized below, which summary in no way supersedes the specific terms of the stipulation reached by the parties and subsequently approved by the Commission in the *SSO Case*:

(a) Costs Traditionally Recovered Through the GCR:

i. Operation Balancing:

1. Capacity Costs: The cost of capacity not assigned to CHOICE/SSO/SCO suppliers and retained by Columbia to meet the operational, balancing, and peaking requirements of customers served through Columbia's SSO/SCO, CHOICE and Transportation Service (TS) programs.
2. Commodity Costs: The cost of gas purchased to meet the daily, seasonal and short-term delivery requirements of customers served through Columbia's SSO/SCO, CHOICE and TS programs.
3. Operational Sale or Purchase: A sale or purchase of gas by Columbia necessary for the effective management of Columbia's system.
4. Storage Carrying Costs: Carrying costs incurred by Columbia on gas stored underground for daily and seasonal balancing purposes.

- ii. Refunds: The balance of refunds as of December 31, 2009, and refunds received from an interstate pipeline or other upstream transportation or storage service provider each quarter thereafter, to be passed back to CHOICE/SSO/SCO customers where such refund is received as a lump sum or credit.
- iii. Off-system sales margin and capacity release revenue.

(b) Program Costs Arising from the SSO Case:

- i. Miscellaneous Costs: Any prudent and necessary gas costs incurred by Columbia in the provision of CHOICE/SSO/SCO service approved by the Commission.
- ii. Penalty Charge: A charge billed by an interstate or intrastate pipeline resulting from the violation of a tariff provision of an interstate or intrastate pipeline.
- iii. Reconciliation Adjustment: A positive or negative adjustment to a future CSRR to reconcile variance between actual and projected CSRR rider revenue to be received or passed back.
- iv. Regulatory Assessment Costs: That portion of regulatory assessment paid by Columbia on SSO revenue.
- v. Revenue: All revenue received from: sale of gas; provision of a balancing service(s); billing of a penalty charge(s); operational flow order and operational matching order charge(s); reconciliation adjustment; CHOICE program and TS program cash-out(s) or customer's share of off-system sales and capacity release sharing mechanism.

The auditor shall recommend removal of any and all costs not delineated in the Program Outline filed on November 12, 2009 and approved by the Commission through the Order in the SSO Case. The auditor shall also verify that the CSRR, UEX, and PIPP 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 16, 2015, and October 30, 2015, 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 2, 2015. It is, further,

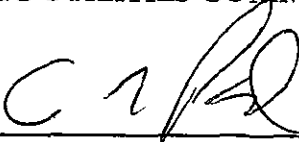
ORDERED, That Columbia bear the cost of the financial audits as provided in finding (9). It is, further,

ORDERED, That the auditor shall provide the documentation necessary to support its conclusions and recommendations, as specified in finding (13). It is, further,

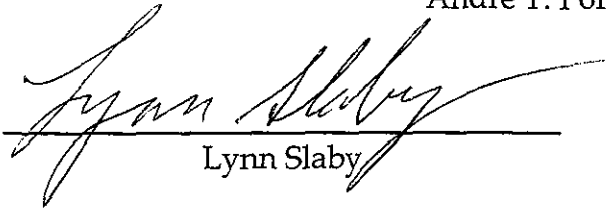
ORDERED, That comments and reply comments on the financial audits of the CSRR, UEX, and PIPP riders be filed in the respective dockets in accordance with finding (14). It is, further,

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

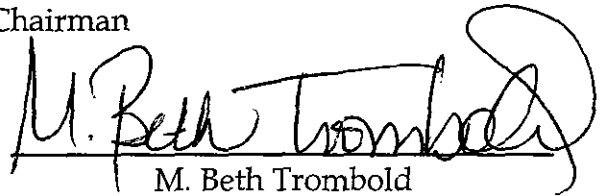
THE PUBLIC UTILITIES COMMISSION OF OHIO



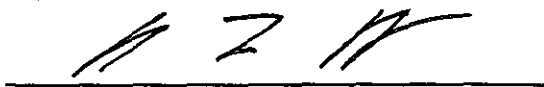
Andre T. Porter, Chairman



Lynn Slaby



M. Beth Trombold



Asim Z. Haque

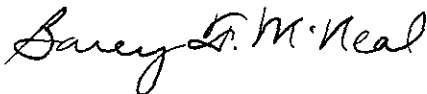


Thomas W. Johnson

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Entered in the Journal

JUL 01 2015



Barcy F. McNeal
Secretary