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September 16, 2016

Barcy McNeal
Secretary
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

RE: Case No. 16-220-GA-EXR

Dear Secretary McNeal:

Enclosed please find the Audit Report of Deloitte & Touche LLP of Vectren Energy Delivery of Ohio, Inc.'s Exit Transition Cost Rider to be filed in the above referenced case.

Very truly yours,

/s/ Frank P. Darr

Frank P. Darr

**Attorney for Vectren Energy Delivery of
Ohio, Inc.**

Enclosure
FPD:vlp

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Vectren Energy Delivery of Ohio:

We have performed the procedures enumerated below, which were agreed to by Vectren Energy Delivery of Ohio (the "Company") and provided to the Public Utility Commission of Ohio (the "PUCO"), solely to assist the specified parties in the evaluation of the Exit Transition Cost ("ETC") Rider for the period July 1, 2015 through June 30, 2016 (the "specified period"), in conjunction with the PUCO Entry regarding Case No. 16-220-GA-EXR. The Company's management is responsible for the ETC mechanism. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

Exit Transition Cost Rider (the "ETC Rider")

1. For the specified period, a single filing captures actual costs and recoveries incurred from July 1, 2015 through June 30, 2016 (the "Filing"). This sets the ETC Rider rate for the period October 1, 2016 through September 30, 2017. We obtained the Filing summarizing components of the ETC Rider and proved the mathematical accuracy noting no exceptions.
2. We obtained a schedule of costs incurred from July 1, 2015 to June 30, 2016 and agreed the monthly total to the Filing. We randomly selected nine charges using a sampling interval of \$100,000, as defined by the PUCO in the Entry regarding Case No. 16-220-GA-EXR, and agreed the charges to supporting documentation obtained from Company management. The following categories were sampled:
 - a. Billing costs totaling \$352,754 (4 selections)
 - b. Informational and educational costs totaling \$251,713 (3 selections)
 - c. Other implementation costs, such as tax consulting and legal fees totaling \$65,000 (1 selection)
 - d. Other cost or credit applicable to sales and/or choice customers as approved by the Commission totaling \$20,294 (1 selection)

3. We did not make any selections of costs with zero balances included for the period July 1, 2015 to June 30, 2016 for the following categories:
 - a. Business system development costs
 - b. Call center costs
 - c. Any incremental provider of last resort costs not recovered from defaulting SSO or choice supplier
 - d. Any imbalance costs not recovered from transportation customers or pool customers
 - e. Gas costs incurred by the Company when diverting customers' transportation gas quantities during curtailment
 - f. Stranded gas supply costs related to customer migrations to Choice Service
4. Of the charges included in 'Other costs or credits applicable to sales and/or Choice customers as approved by the Commission,' we obtained the *Choice and SCO Supplier Volume Reconciliation Report* for the period May 1, 2015 to April 30, 2016 and proved the arithmetic accuracy of the report and observed the charges were approved recoverable costs by the ETC rider.
5. From randomly selected months in the period July 1, 2015 to June 30, 2016, we selected a total of ten customers from the ETC recovery supporting documentation of monthly customer recoveries by customer and premise. We recalculated the ETC portion of their bills, agreeing the rate to the corresponding ETC rider rates found on the PUCO website without exception. We performed the following:
 - a. We obtained each customer's bill detail from the customer billing system from the *Customer History Card* in Banner (the Company's billing system) for the selected month.
 - b. We agreed customer and premise numbers from each selection to the customer bill.
 - c. We agreed the selected customer's ETC Rider eligibility based on the customer's rate class.
 - d. We recalculated the ETC Rider revenue portion of the customer invoice.
 - e. We agreed ETC rider revenue to the *Customer History Card* in Banner and agreed total charges per screenshot to the customer invoice.
6. We obtained the Regulatory Asset balances at December 31, 2015 and June 30, 2016 from the Company's general ledger account number 1905924 and found them to be in agreement.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Company's compliance with the Exit Transition Cost Rider in accordance with the PUCO letter regarding Case No. 16-220-GA-EXR. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

September 15, 2016

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 16-0220-GA-EXR

Summary: Audit DeLoitte & Touche LLP's Audit Report of Vectren Energy Delivery of Ohio, Inc.'s Exit Transition Cost Rider electronically filed by Ms. Vicki L. Leach-Payne on behalf of Darr, Frank P. Mr.