

October 14, 2016

Ms. Barcy F. McNeal  
Director, Office of Administration  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215

Re: *In re Application of Dominion East Ohio*, Case No. 16-0419-GA-PIP

Dear Ms. McNeal,

Please find attached the Independent Accountants' Report on Applying Agreed-Upon Procedures, supplied in accordance with the Commission's April 14, 2016 Entry in the above-captioned case. The East Ohio Gas Company d/b/a Dominion East Ohio does not object to the adoption by the Commission of the findings set forth in the audit report. Please file the report in the above-captioned docket.

Please let me know if there are any questions.

Regards,

/s/ Rebekah J. Glover  
Rebekah J. Glover

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
The East Ohio Gas Company  
Cleveland, Ohio

RE: Public Utility Commission of Ohio Case No. 16-419-GA-PIP

We have performed the procedures enumerated below, which were agreed to by The East Ohio Gas Company (a wholly-owned subsidiary of Dominion Resources, Inc.) (the "Company") and the Public Utility Commission of Ohio (the "PUCO") (collectively "the specified parties"), solely to assist the PUCO with respect to its evaluation of the Company's compliance with PUCO Case Nos. 88-1115-GE-PIP, 90-705-GE-PIP, and 90-879-GE-ORD, as amended in PUCO Case No. 08-723-AU-ORD, in conjunction with the calculation of the Percentage of Income Payment Plan Rider ("PIPP Rider") for the period April 1, 2015 to March 31, 2016, as described in the entry dated April 14, 2016 in PUCO Case No. 16-419-GA-PIP. The Company's management is responsible for the Company's compliance with these requirements. 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:

### **Percentage of Income Payment Plan Procedures**

- A. We obtained from Company management the Calculation of Recommended PIPP Rider Rate for the 2016 PIPP filing, and compared the balance of accumulated deferrals as of March 31, 2016 to the sum of (1) the beginning balance of accumulated deferred PIPP on April 1, 2015 and (2) the activity obtained in B below for the periods April 1, 2015 to December 31, 2015, and January 1, 2016 to March 31, 2016, and found them to be in agreement.
- B. We obtained from Company management, and recalculated the mathematical accuracy of, the accounting schedules summarizing the deferred PIPP balances for the following items for each month within the period April 1, 2015 to March 31, 2016:
  - 1. Deferred PIPP arrearages
  - 2. PIPP Recoveries
    - i. Sales customers
    - ii. Energy Choice customers
    - iii. Transport customers

3. Firm receipt point and commodity exchange revenue sharing
  4. Re-verification charges
  5. Carrying charges
- C. We haphazardly selected the months of April, June, August, and November of 2015 and January of 2016 and performed the following procedures:
1. We compared the deferred PIPP arrearages for each selected month, as detailed in B.1, to the sum of (1) the monthly net activity of the PIPP arrearages over 12 months old and pre-PIPP arrearages, and (2) PIPP arrearage and repayment credits, credit balance transfers, and charge-offs, for such selected month, each as shown in a schedule obtained from Company management detailing the monthly account balance activity for the PIPP regulatory asset, and found them to be in agreement.
    - i. For each of the five selected months, we compared the beginning and ending month balances for the PIPP arrearages over 12 months old and pre-PIPP arrearages, each shown in the monthly schedule supporting the general ledger entry to record arrearages to the regulatory asset account ("HOPP File Entry schedule"), to the corresponding balances in Customer Care System ("CCS") HOPP file reports provided by Company management, and found them to be in agreement. In addition, we recalculated the monthly net activity for each selected month without exception.
    - ii. We compared (1) the PIPP arrearage and repayment credits, (2) the credit balance transfer amounts, and (3) the charge-offs to the corresponding activity reported in CCS, as shown in screen prints provided by Company management for each of the five selected months, and found them to be in agreement.
  2. For each of the five selected months, we compared (1) the PIPP recoveries as shown in the schedules referenced in B.2.i, B.2.ii, and B.2.iii above to (2) supporting schedules that calculate rider recoveries based on applicable customer consumption volumes and approved rates, provided by the Company management, finding them to be in agreement, and we recalculated the mathematical accuracy of such schedules.
  3. For each month selected in C above:
    - i. We compared the PIPP recovery volumes for B.2.i in C.2 above to the respective volumes on Schedule 23 – Requirements and Supply and the PIPP recovery volumes for B.2.ii and B.2.iii, in C.2 above to reports from the applicable billing system for each selected month, obtained from Company management, and found them to be in agreement.
    - ii. We compared the PIPP Rider rate used to derive the recoveries shown in the schedules obtained in C.2 above to the applicable rate filing approved by the PUCO, and found the rates to be in agreement.

4. We compared the firm receipt point and commodity exchange revenue sharing amounts for each selected month, as detailed in the schedules obtained in B.3 above, to supporting schedules provided by Company management, and found them to be in agreement.
5. For each of the five selected months in C. above, we compared the re-verification charges, incurred within each of the selected months, included in schedules obtained in B.4 above to the corresponding invoices provided by Company management, and found them to be in agreement.
6. We obtained from Company management the Company's monthly annualized money pool interest rates for each selected month, and compared such interest rates to the interest rates utilized by the Company to calculate the monthly carrying charges as detailed in the schedules obtained in B.5 above and found them to be in agreement.
7. For each selected month, using (1) the rates obtained in C.6 above, net of the impact of the statutory federal income tax rate of 35 percent when the regulatory asset balance shows an under-recovery, and (2) the average of the previous month and current month net PIPP deferral balance before interest reported in the Company's schedule of deferred balances used to calculate the PIPP Rider obtained in B.5 above, we recalculated the carrying charges for such selected months shown on the applicable schedules obtained in B.5.

We performed the following procedure related to the application of the PIPP Riders in effect during the period April 1, 2015 through March 31, 2016:

- D. We selected five individual customer billings from each month selected in C. above (25 selections in total, including 20 selections from the CCS billing system and 5 selections from the SBS billing system) and compared the PIPP Rider rate used in each customer's bill calculation to the applicable rate filing approved by the PUCO, and found them to be in agreement.

We performed the following procedures related to the application of credits to customer balances in accordance with Chapter 4901:1-18-14 of the Ohio Administrative Code ("the Ohio Administrative Code") for the period April 1, 2015 through March 31, 2016:

- E. We selected four individual PIPP Plus customer payments and one individual Graduate PIPP customer payment, as defined by the Ohio Administrative Code, made within each of the months selected in C. above (25 selected payments in total, all from the CCS billing system) from a detail of such payments reported by CCS. For each payment selected, we obtained the customer's bill for which the payment was made, noted whether the required PIPP payment was made in full and by the due date stated on the bill based on review of the customer's account detail in CCS, and performed the procedures enumerated below.

Note: for the purposes of the procedures below, the term "Anniversary Date" as applied to each customer is defined as the calendar date each year corresponding with the date on which the customer became a PIPP customer.

1. For each PIPP Plus customer payment selected above, if the required payment was made in full and on time, we found that the customer's account balance was reduced by (1) the difference between (a) the amount of the required payment as

shown on the bill for which the payment was made, obtained from Company management, and (b) the current monthly bill amount, also as shown on the bill for which the payment was made, plus (2) one twenty-fourth of the customer's accumulated arrearages, as shown on the customer's account detail in CCS, obtained from Company management, calculated as of the customer's enrollment in the PIPP program or, if late or missed payments occurred, at the time of the PIPP customer's last Anniversary Date.

2. Except as discussed below, for each Graduate PIPP customer payment selected above, if the required payment was made in full and on time, we found that the customer's account balance was reduced by (1) the difference between (a) the amount of the required payment as shown on the bill for which the payment was made, obtained from Company management, and (b) the current monthly bill amount, also as shown on the bill for which the payment was made, plus (2) one twelfth of the customer's accumulated arrearages, as shown on the customer's account detail in CCS, obtained from Company management, calculated as at the time of the customer's enrollment in the Graduate PIPP Plus program.

For the April 2015 Graduate PIPP customer payment selected, we found that the customer's account balance was reduced by a duplicate arrearage credit. The company informed us that excess credits had been applied to certain accounts, which reflected a programming issue that the company has rectified. Duplicate credits of less than \$100, including the one identified in the selection, were not corrected due to the complexity of implementing the corrections and the overall de minimis impact on the rider.

3. For each customer payment selected above, if the required payment was not made both in full and on time, we found that the credits described in F.1 or F.2 were not applied to the associated customer arrearage balance as a result of that customer payment.

We performed the following procedure related to the planned billed volumes used to calculate the PIPP Rider rate:

- F. We compared the planned billed volumes subject to the PIPP Rider used in the Calculation of Recommended PIPP Rider Rate obtained in A. above to the schedule of total planned volumes for the 12-months ending June 30, 2017 provided by Company management, and found them to be in agreement.

We performed the following procedure related to the balance of accumulated deferrals for the PIPP rider (SAP account numbers 1171162/2171137) as of March 31, 2016:

- G. We obtained from Company management a reconciliation of the balance of accumulated deferrals for the PIPP Rider at March 31, 2016 to SAP account numbers 1171162/2171137, and found that the Company has identified reconciling items for activity during the period ended March 31, 2016 as a result of timing differences. The Company has informed us that these differences result from the estimated amounts recorded to the SAP general ledger each month, in accordance with the Company's policies, which are updated with the actual balances in the subsequent month.

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 PUCO Case Nos. 88-1115-GE-PIP, 90-705-GE-PIP, and 90-879-GE-ORD, as amended in PUCO Case No. 08-723-AU-ORD, in conjunction with the calculation of the Percentage of Income Payment Plan Rider for the period April 1, 2015 through March 31, 2016. 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.

*Debitte & Touche LLP*

October 13, 2016

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**10/14/2016 12:06:09 PM**

**in**

**Case No(s). 16-0419-GA-PIP**

Summary: Text Independent Accountants' Report on Applying Agreed-Upon  
Procedures electronically filed by Ms. Rebekah J. Glover on behalf of The East Ohio Gas  
Company d/b/a Dominion East Ohio