

## **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.**

**CASE No. 17-221-GA-EXR**

**IN THE MATTER OF THE AUDIT OF THE  
UNCOLLECTIBLE EXPENSE RIDER OF  
COLUMBIA GAS OF OHIO, INC.**

**CASE No. 17-321-GA-UEX**

**IN THE MATTER OF THE AUDIT OF THE  
PERCENTAGE OF INCOME PAYMENT  
PLAN RIDER OF COLUMBIA GAS OF  
OHIO, INC.**

**CASE No. 17-421-GA-PIP**

### **FINDING AND ORDER**

Entered in the Journal on December 6, 2017

#### **I. SUMMARY**

{¶ 1} The Commission adopts the findings set forth in the audit reports regarding the CHOICE/SSO/SCO reconciliation rider, uncollectible expense rider, and percentage of income payment plan rider of Columbia Gas of Ohio, Inc.

#### **II. DISCUSSION**

{¶ 2} Columbia Gas of Ohio, Inc. (Columbia) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} Pursuant to R.C. 4905.302, natural gas companies implement purchased gas adjustment mechanisms, which allow them to adjust the rates they charge customers in accordance with any fluctuation in the cost the company incurs for the gas it sells to customers. R.C. 4905.302 also directs the Commission to audit the companies' gas cost recovery (GCR) rates and to review each company's production and purchasing policies and their effect upon the rates.

{¶ 4} R.C. 4929.04, among other things, authorizes the Commission, upon the application of a natural gas company such as Columbia, to exempt any commodity sales service or ancillary service from all provisions of R.C. Chapter 4905, including the GCR provisions contained in R.C. 4905.302.

{¶ 5} On December 2, 2009, the Commission authorized Columbia to replace its existing GCR mechanism, initially with a market-based standard service offer (SSO) rate, and subsequently, with a market-based standard choice offer (SCO) rate. *In re Columbia Gas of Ohio, Inc.*, Case No. 08-1344-GA-EXM (*Columbia SSO Case*), Opinion and Order (Dec. 2, 2009); *In re Columbia Gas of Ohio, Inc.*, Case No. 12-2637-GA-EXM, Opinion and Order (Jan. 9, 2013).

{¶ 6} With the elimination of the GCR mechanism, costs and credits that were once recovered through the GCR are now to be recovered through the CHOICE/SSO/SCO reconciliation rider (CSRR). The stipulation approved in the *Columbia SSO Case* provided that all aspects of the proposed cost recovery through the CSRR are to be reviewed as part of an annual financial audit that would be conducted by an outside auditor, docketed, and reviewed by Staff.

{¶ 7} On December 17, 2003, the Commission approved five gas distribution companies' applications to recover uncollectible expenses (UEX) through riders. *In re Columbia Gas of Ohio, Inc.*, Case No. 03-1127-GA-UNC, Finding and Order (Dec. 17, 2003). 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.

{¶ 8} Furthermore, the Commission has authorized the utility companies, including Columbia, to recover percentage of income payment plan (PIPP) arrearages associated with providing natural gas service through their PIPP riders. *In re*

*Establishment of Recovery Method for Percentage of Income Payment Plan*, Case No. 87-244-GE-UNC, Finding and Order (Aug. 4, 1987).

{¶ 9} By Entry issued April 19, 2017, the Commission initiated the financial audits of Columbia's CSRR, UEX, and PIPP riders. Columbia's auditor, to be selected by Columbia, was directed to docket its audit findings for the CSRR in Case No. 17-221-GA-EXR (*Columbia 2017 CSRR Case*); audit findings for the UEX rider in Case No. 17-321-GA-UEX (*Columbia 2017 UEX Case*); and audit findings for the PIPP rider in Case No. 17-421-GA-PIP (*Columbia 2017 PIPP Case*). The auditor was directed to docket all three audit reports in their respective dockets by October 20, 2017. Interested persons were directed to file comments and reply comments by November 3, 2017, and November 17, 2017, respectively.

{¶ 10} The audit report for the CSRR, for the period April 1, 2016, through March 31, 2017, was filed on October 20, 2017, in the *Columbia 2017 CSRR Case*. The audit was performed by Deloitte & Touche LLP (D&T). The report details the procedures agreed to by Columbia and Staff that were performed by D&T. No discrepancies were found by D&T during the CSRR audit.

{¶ 11} On November 3, 2017, Columbia filed comments noting that D&T had found Columbia's accounting systems accurate in regard to the CSRR.

{¶ 12} No reply comments were filed concerning the CSRR audit.

{¶ 13} The audit report for the UEX rider, for the period April 1, 2016, through March 31, 2017, was filed on October 20, 2017, by D&T in the *Columbia 2017 UEX Case*. D&T found one discrepancy, specifically, an overstatement of \$104,608.96 in bad debts recovered through the rider versus booked in March 2017.

{¶ 14} On November 3, 2017, Columbia filed comments concerning D&T's findings. Columbia explains that the discrepancy resulted from inadvertent use of PIPP

recoveries for March 2017 in lieu of actual bad debt recoveries for March 2017. Columbia adds that there was no misstatement of PIPP information, as the PIPP entry was booked independently and the error was identified in July 2017 and corrected at that time.

{¶ 15} No reply comments were filed concerning the UEX audit.

{¶ 16} The audit report for the PIPP rider, for the period April 1, 2016, through March 31, 2017, was filed on October 20, 2017, in the *Columbia 2017 PIPP Case*. No discrepancies were found.

{¶ 17} On November 3, 2017, Columbia filed comments noting that D&T had found Columbia's accounting systems accurate in regard to the PIPP rider.

{¶ 18} No reply comments were filed concerning the PIPP rider audit.

{¶ 19} The Commission has reviewed the reports filed in these dockets by D&T, as well as Columbia's comments. The Commission concludes that D&T found no material discrepancies in Columbia's calculation of the UEX rider that were not resolved by Columbia. Therefore, the Commission concludes that the findings of D&T, as set forth in the audit reports docketed in the *Columbia 2017 CSRR Case*, *Columbia 2017 UEX Case*, and *Columbia 2017 PIPP Case* should be adopted.

### III. ORDER


{¶ 20} It is, therefore,

{¶ 21} ORDERED, That the findings of D&T set forth in the audit reports docketed in these cases be adopted. It is, further,

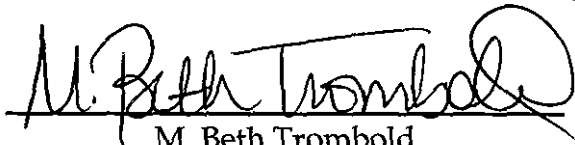
{¶ 22} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 23} ORDERED, That a copy of this Finding and Order be served upon Columbia and upon all other persons of record in these proceedings.

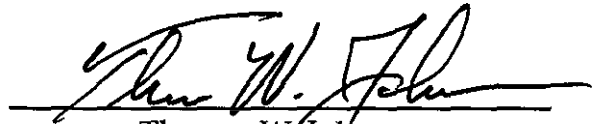
THE PUBLIC UTILITIES COMMISSION OF OHIO



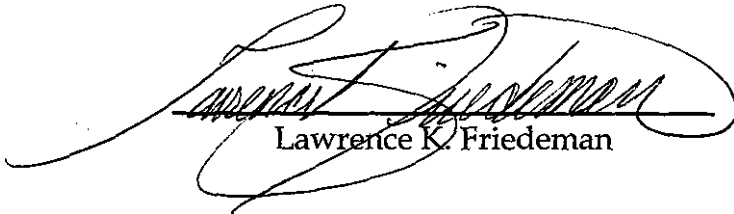
Asim Z. Haque, Chairman



M. Beth Trombold



Thomas W. Johnson

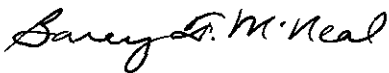


Lawrence K. Friedeman

Daniel R. Conway

JML/sc

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Barcy F. McNeal  
Secretary