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September 21, 2018

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

RE: Case No. 18-320-GA-UEx

Dear Secretary McNeal:

Enclosed please find the Audit Report of Deloitte & Touche LLP of Vectren Energy Delivery of Ohio, Inc.'s Uncollectible Expense 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:jmm

C0115285:1

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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 Utilities Commission of Ohio (the "PUCO"), solely to assist the specified parties in the evaluation of the accuracy of the financial data associated with the uncollectible expense recovery mechanism for the period May 1, 2017 to April 30, 2018, in conjunction with PUCO Case No. 18-320-GA-UEX. The Company's management is responsible for the completeness and accuracy of the information provided to us in connection with our procedures. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated 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:

Uncollectible Expense Recovery Mechanism

1. We obtained from Company management the monthly accounting schedules summarizing the following items included as a component of the uncollectible expense recovery mechanism ("UEX") for the period May 1, 2017 through April 30, 2018:
 - a. Uncollectible write-offs for the period May 1, 2017 to April 30, 2018 of \$2,253,263.
 - b. Billed and unbilled UEX recoveries for the period May 1, 2017 to April 30, 2018 of \$1,350,969.
 - c. Other recoveries for the period May 1, 2017 to April 30, 2018 of \$563,545.
 - d. Carrying charges for the period May 1, 2017 to April 30, 2018 of \$7,019.

We proved the arithmetic accuracy of each monthly accounting schedule for May 2017 through April 2018, noting no exceptions.

2. We agreed uncollectible write-offs for each month for the period from May 2017 through April 2018 from the monthly accounting schedule obtained in Step 1.a. above to the Company's Write-Off and Collection Summary report, as obtained from Company management. No exceptions were noted.

3. We selected four (4) months included in the monthly accounting schedules obtained in Step 1. above and performed the following procedures:
 - a. We agreed the uncollectible expense rider rates used by the Company in its Bad Debt Analytical Analysis report with those permitted by the PUCO, as outlined in Case Nos. 16-320-GA-UEx and 17-320-GA-UEx, and noted no exceptions.
 - b. We agreed the volumes in the monthly accounting schedule upon which the uncollectible expense amounts are based, included within the Bad Debt Analytical Analysis report, to the volumes in the monthly accounting schedule upon which the Percentage of Income Plan amounts are based, based on the Percentage of Income Payment Analytical Analysis report, as obtained from Company management, and noted no exceptions.
 - c. We agreed the amounts of uncollectible write-offs, billed and unbilled UEX recoveries and other recoveries in the monthly accounting schedules obtained in Step 1. above to the supporting schedules for uncollectible write-offs, billed and unbilled UEX recoveries and other recoveries and noted no exceptions.
 - d. We agreed the interest rates utilized by the Company to calculate the carrying charges included in the schedule obtained in Step 1.d. above to interest rates included in a supporting schedule we obtained from Company management, and noted no differences. We recalculated carrying charges utilizing interest rates provided by the Company (as included in the respective monthly accounting schedule) and the balances and percentages included in the monthly accounting schedule obtained in Step 1.d. above, noting no exceptions.
 - e. Using the supporting schedule for 'Other Recoveries' described in Step 3.c. above, for each month selected, we made one selection of a commission fee expense and agreed to invoice and payment support as obtained from Company management. Two of the months selected did not have a commission fee expense to select. We selected two additional months and then selected one commission fee expense from each of those months, and noted no exceptions.
4. For the months selected in Step 3. above, we agreed billed and unbilled UEX recoveries in the monthly accounting schedule to the Bad Debt Analytical Analysis report, and noted no differences. We obtained the revenue listing by cycle of monthly billed uncollectible expense rider revenue from management. We subsequently selected a billing cycle within each month and obtained the detail from the Company's customer billing system (Banner), totaling monthly billed revenue by customer and premise. Using this method, we selected ten (10) customers, in aggregate, from the Banner (customer billing system) detail, totaling monthly billed uncollectible expense rider revenue by customer and premise for the period May 1, 2017 to April 30, 2018. We performed the following procedures:
 - a. We obtained each customer's bill detail from the Customer History Card in Banner for the selected month.
 - b. We agreed customer and premise numbers from each selection to the customer bill and noted no exceptions.
 - c. For each customer, we agreed the customer rate code included in the Banner detail to the VEDO Rate Reference schedule and, based on the customer code included in the Banner detail determined whether the customer appeared eligible for the UEX rider rate based on the information provided. No exceptions were

noted.

- d. We recalculated the UEX portion of each selected customer's bill based on consumption (ccf) included on the customer bill and the UEX rider rate and noted no exceptions. We agreed the rate in each selected customer's bill to the corresponding approved UEX rider rates found on the PUCO website. No exceptions were noted.
 - e. We agreed the recalculated UEX rider revenue to the Customer History Card in Banner and agreed total charges in the Customer History Card to the customer invoice. No exceptions were noted.
5. We obtained from Company management the combined population of bad debts written off or recalled from the UEX during the period May 1, 2017 to April 30, 2018. We agreed the population obtained to the Write-off and Collection Summary report obtained in Step 2. above and noted no exceptions. For the months selected in Step 3. above, we made 25 selections, in the aggregate, and obtained the related customer billing history from Banner and related customer bill. Based on this information, as provided by management, we compared the activity for each selected write-off to Company policy to determine whether the write-off appears to be in accordance with Company policy.
- We identified two exceptions:
- a. One customer had a write-off of \$3,865.54; however, according to Company policy and records, the write-off amount should have been \$3,809.20
 - b. One customer had a write-off of \$4,652.41; however, according to Company policy and records, the write-off amount should have been \$4,654.05
6. We obtained the regulatory asset balance at April 30, 2018 from the Company's general ledger account number 1905922 and agreed the balance to the monthly accounting schedule obtained in Step 1. above. We noted no exceptions.
7. Using the Write-Off and Collection Summary report obtained in Step 5. above, we observed total bad debts written off for each month were adjusted for write-offs associated with Percentage of Income Payment Plan accounts to exclude such write-offs without exception.
8. We inquired of management as to whether the uncollectible expense write-offs included in the tracker do not include PIPP accounts and relate only to accounts that pay the PIPP rider. Management informed us that the uncollectible expense write-offs included in the tracker do not include PIPP accounts and relate only to accounts that pay the PIPP rider.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with the uncollectible expense recovery mechanism in accordance with the PUCO order regarding Case No. 18-320-GA-UEx. Accordingly, we do not express such an opinion or conclusion. 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 20, 2018

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

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in

Case No(s). 18-0320-GA-UEx

Summary: Audit Audit Report of Vectren Energy Delivery of Ohio, Inc.'s Uncollectible Expense Rider electronically filed by Mr. Frank P Darr on behalf of Vectren Energy Delivery of Ohio, Inc.