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October 5, 2018

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

Re: Case No. 18-0320-GA-UEX

Dear Secretary McNeal:

On September 21, 2018, Deloitte & Touche LLP (“D&T”) filed its Audit Report regarding Vectren Energy Delivery of Ohio, Inc.’s (“VEDO”) uncollectible expense (“UEX”) rider. In section 5a and 5b of the report, D&T reported the following exceptions regarding the audit of the bad debts written off by VEDO during the period May 1, 2017 to April 30, 2018:

- 5a. D&T noted that a customer account (no. 40044050) had a balance of \$3,865.54 that was written off in June of 2017; however, the bill that was sent to the customer was for \$3,809.20 resulting in a \$56.34 overstatement of the write off balance included in the UEX rider

Response: VEDO concurs with D&T’s findings and will adjust accordingly in the next UEX filing. The identified account had late fees of \$56.34 automatically applied by the computer billing system after the “final bill” was sent to the customer. The Public Utilities Commission of Ohio (“PUCO”) allows for late fees to be charged in this manner per the approved tariff; however, VEDO acknowledges that an additional “final bill” should have been sent to the customer in order to adhere to Company policy and records. This automatic application of late fees without production of an additional “final bill” is a customer billing system defect that was discovered by VEDO at the end of 2016. A manual system correction was implemented in July of 2017. VEDO believes this correction is working as designed as no additional errors of this type have been identified during or after the audit period.

- 5b. D&T noted a customer account (no. 401686072) had a balance of \$4,652.41 that was written off in September of 2017; however, the final bill that was sent to the customer was for \$4,654.05, resulting in an understatement of the write off balance by \$1.64.

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Response: VEDO concurs with D&T's findings and will adjust accordingly in the next UEX filing. While the amount of the exception had no effect on the UEX recoverable balance, this item was an exception to Company policy. This account had been previously written off and was in bad debt status as of February 2017. In March 2017, the account was recalled by VEDO due to PUCO's "Winter Reconnect Order"*. The full balance of the account failed to recall, leaving \$1.64 left in write off status yet still billable to the customer. In September 2017, the account subsequently wrote off again, leaving the \$1.64 in write off status for 6 months without ever being recalled. VEDO acknowledges that this system defect, while rare, can happen with aged accounts that are written off and recalled multiple times. This is a known customer billing system defect and VEDO has a system data correction submitted to its technical team for implementation and resolution of this problem.

Thank you for your kind attention to this matter.

Very truly yours,

/s/ Frank P. Darr

Frank P. Darr

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

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Summary: Correspondence 2018 UEX Audit Response electronically filed by Mr. Frank P Darr on behalf of Vectren Energy Delivery of Ohio, Inc.