

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. 19-221-GA-EXR

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

CASE No. 19-321-GA-UEx

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

CASE No. 19-421-GA-PIP

ENTRY

Entered in the Journal on March 27, 2019

I. SUMMARY

{¶ 1} The Commission initiates the audits of 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} On December 2, 2009, the Commission authorized Columbia to replace its existing gas cost recovery (GCR) mechanism, initially with a market-based standard service offer (SSO) rate, and subsequently with a market-based standard choice offer (SCO) rate, established through wholesale auctions. *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). On January 31, 2018, the Commission accepted the results of Columbia's SCO auction to be effective April 1, 2018, through March 31, 2019.

{¶ 4} With the elimination of the GCR mechanism, costs and credits that were once recovered through the GCR are now 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.

{¶ 5} 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., et al.*, 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.

{¶ 6} Furthermore, the Commission has authorized Columbia to recover percentage of income payment plan (PIPP) arrearages associated with providing natural gas service through its PIPP rider. *In re Establishment of Recovery Method for Percentage of Income Payment Plan*, Case No. 87-244-GE-UNC, Finding and Order (Aug. 4, 1987). At this time, the Commission finds that this rider should be audited in the course of Columbia's CSRR and UEX audits.

{¶ 7} Through this Entry, the Commission is initiating the financial audits of Columbia's CSRR, UEX, and PIPP riders. Columbia shall select the auditor to perform the audits described in this Entry. The CSRR audit will be for the period April 1, 2018, through March 31, 2019, and the auditor should docket its findings in Case No. 19-221-GA-EXR. The UEX rider audit will be for April 2018 through March 2019, and the auditor should docket its findings in Case No. 19-321-GA-UEX. The PIPP rider audit will be for rates effective April 2018 through March 2019, and the auditor should docket its findings in Case No. 19-421-GA-PIP. The due date for the CSRR, UEX, and PIPP rider audit reports is October 18, 2019.

{¶ 8} The selected auditor is required to submit a certificate of accountability attesting to the accuracy of financial data pertaining to the period specified above. Reference should be made to any errors, omissions, or redundancy of costs from the calculations supporting the CSRR, UEX, and PIPP rider rates.

{¶ 9} As part of the CSRR audit, the auditor shall verify the accuracy of:

- (a) Unrecovered gas cost balance/deferred gas purchase costs reflected on Columbia's books at the end of each quarter during the audit period, including:
 - (1) Capacity costs;
 - (2) Commodity costs;
 - (3) Miscellaneous costs;
 - (4) Operational sale or purchase;
 - (5) Penalty charge;
 - (6) Reconciliation adjustment;
 - (7) Refunds;
 - (8) Regulatory assessment costs;
 - (9) Revenue; and
 - (10) Storage carrying costs.
- (b) Off-system sales margin and capacity release revenue; and
- (c) Associated excise tax.

The auditor shall also verify that the CSRR, UEX, and PIPP rider rates were accurately applied to customers' bills.

{¶ 10} The Commission directs that all costs associated with the CSRR, UEX, and PIPP rider audits be borne by Columbia.

{¶ 11} The auditor shall perform the audit as an independent contractor. Any conclusions, results, or recommendations formulated by the auditor may be examined by any participant to the proceeding for which the audit reports were generated. Further, it shall be understood that the Commission and/or Staff shall not be liable for any acts committed by the auditor or its agents in the preparation and presentation of these audit reports.

{¶ 12} The auditor will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.03, 4905.06, 4905.15, and 4905.16. The auditor is subject to the Commission's statutory duty under R.C. 4901.16, which states:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days' prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice,

Staff or the auditor may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission is moved for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07.

{¶ 13} Upon request of the auditor or Staff, Columbia shall provide any and all documents or information requested. Columbia may conspicuously mark such documents or information “confidential.” In no event, however, shall Columbia refuse to provide or delay in providing such documents or information.

{¶ 14} The Commission finds that complete documentation of the financial audit process within the auditor’s work papers is essential. The financial auditor for these proceedings shall ensure that the reports and work papers are complete reflections of the financial audit processes.

{¶ 15} The Commission finds it appropriate to call for comments on the financial audits of the CSRR, UEX, and PIPP riders. Such comments should be limited to the audit of these riders and the recovery of the associated costs. Accordingly, interested persons may file comments and reply comments on the audits by November 1, 2019, and November 15, 2019, respectively.

III. ORDER

{¶ 16} It is, therefore,

{¶ 17} ORDERED, That, pursuant to Paragraph 7, the audits for the effective periods of the CSRR, UEX, and PIPP riders be filed in the respective dockets by October 18, 2019. It is, further,

{¶ 18} ORDERED, That Columbia bear the cost of the financial audits as provided in Paragraph 10. It is, further,

{¶ 19} ORDERED, That the auditor shall provide the documentation necessary to support its conclusions and recommendations, as specified in Paragraph 14. It is, further,

{¶ 20} ORDERED, That comments and reply comments on the financial audits of the CSRR, UEX, and PIPP riders be filed in the respective dockets in accordance with Paragraph 15. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO

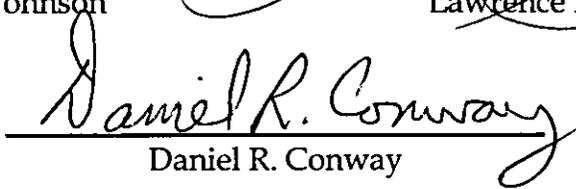
M. Beth Trombold, Chair



Thomas W. Johnson



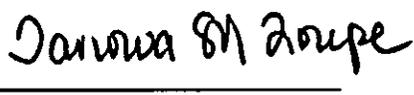
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Secretary