

## THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE AUDIT OF THE  
TRANSPORTATION MIGRATION RIDER –  
PART B OF THE EAST OHIO GAS  
COMPANY D/B/A DOMINION ENERGY  
OHIO.

CASE NO. 19-219-GA-EXR

IN THE MATTER OF THE AUDIT OF THE  
UNCOLLECTIBLE EXPENSE RIDER OF THE  
EAST OHIO GAS COMPANY D/B/A  
DOMINION ENERGY OHIO.

CASE NO. 19-319-GA-UEX

IN THE MATTER OF THE AUDIT OF THE  
PERCENTAGE OF INCOME PAYMENT PLAN  
RIDERS OF THE EAST OHIO GAS  
COMPANY D/B/A DOMINION ENERGY  
OHIO.

CASE NO. 19-419-GA-PIP

### FINDING AND ORDER

Entered in the Journal on October 23, 2019

#### I. SUMMARY

{¶ 1} The Commission adopts the findings set forth in the audit reports regarding the transportation migration rider, uncollectible expense rider, and percentage of income payment plan rider of The East Ohio Gas Company d/b/a Dominion Energy Ohio.

#### II. DISCUSSION

{¶ 2} The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO) 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 DEO, 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} By Opinion and Order issued June 18, 2008, in accordance with R.C. 4929.04, the Commission authorized DEO to proceed with the second phase of its plan to eliminate its GCR mechanism and implement a market-based standard service offer (SSO), through a wholesale auction for percentage of income payment plan (PIPP), choice-ineligible, and transitional customers, and a standard choice offer, through a retail auction for choice-eligible SSO customers. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 07-1224-GA-EXM (*DEO EXM Case*), Opinion and Order (June 18, 2008).

{¶ 6} With the elimination of the GCR mechanism, costs and credits that were once recovered through the GCR are now recovered through the Transportation Migration Rider-Part B (TMR). In addition, by Opinion and Order issued May 26, 2006, the Commission approved a stipulation, which provided that all aspects of the proposed cost recovery through the TMR are to be reviewed as part of an annual financial audit that would be conducted by an outside auditor, docketed, and reviewed by Staff. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 05-474-GA-ATA, Opinion and Order (May 26, 2006).

{¶ 7} By Finding and Order issued December 17, 2003, the Commission approved an application filed by five gas distribution companies, including DEO, requesting authorization to recover uncollectible expenses (UEX) through riders. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, 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 DEO's GCR mechanism, the UEX rider is to be audited in the course of the audit of DEO's TMR.

{¶ 8} Furthermore, the Commission has authorized the utility companies, including DEO, to recover 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 February 20, 2019, the Commission initiated the financial audits of DEO's TMR, UEX, and PIPP riders. DEO's auditor was directed to docket its audit findings for the TMR in Case No. 19-219-GA-EXR (*DEO 2019 EXR Case*), audit findings for the UEX rider in Case No. 19-319-GA-UEX (*DEO 2019 UEX Case*), and audit findings for the PIPP rider in Case No. 19-419-GA-PIP (*DEO 2019 PIPP Case*). The auditor, to be selected by DEO, was directed to docket all three audit reports in their respective dockets by September 6, 2019. Interested persons were directed to file comments and reply comments by September 20, 2019, and October 4, 2019, respectively.

{¶ 10} The audit report for the TMR, for the period of May 1, 2018, through April 30, 2019, was filed on September 4, 2019, in the *DEO 2019 EXR Case*. The audit, performed by Deloitte & Touche LLP (D&T), found no discrepancies.

{¶ 11} On September 4, 2019, DEO filed correspondence indicating that it does not object to the Commission adopting D&T's TMR audit findings, as set forth in the audit report. No other comments were filed.

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

{¶ 13} D&T's audit report for the UEX rider, for the period of April 1, 2018, to March 31, 2019, was filed on September 4, 2019, in the *DEO 2019 UEX Case*. D&T found only one discrepancy during the UEX rider audit. For the year ended December 31, 2018, and the quarter ended March 31, 2019, D&T obtained a reconciliation of the UEX rider regulatory asset balance used in calculating the UEX rider rate, showing the totals of each activity type impacting the UEX rider regulatory asset balance. D&T also obtained from DEO the balance of the systems, applications, and products (SAP) account number 1171160 at December 31,

2018, and March 31, 2019. D&T found that DEO has identified reconciling items for activity during the periods ended December 31, 2018, and March 31, 2019. According to D&T, DEO explained that these reconciling items relate to timing differences caused by estimated amounts recorded to the SAP general ledger each month in accordance with DEO policies, which are updated with the actual balances in the following month.

{¶ 14} On September 4, 2019, DEO filed correspondence indicating that it does not object to the Commission adopting D&T's UEX audit findings, as set forth in the audit report. No other comments were filed.

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

{¶ 16} The audit report for the PIPP rider, for the period of April 1, 2018, through March 31, 2019, was filed on September 4, 2019, in the *DEO 2019 PIPP Case*. D&T found only one discrepancy during the audit. D&T obtained a reconciliation of the balance of accumulated deferrals for the PIPP rider at March 31, 2109, to SAP account numbers 1171162/2171137, and found that DEO identified reconciling items for activity during the period ended March 31, 2019. According to D&T, DEO stated that these reconciling items relate to timing differences that result from estimated amounts recorded monthly to the SAP general ledger, in accordance with DEO policies, which are updated with actual balances in the subsequent month.

{¶ 17} On September 4, 2019, DEO filed correspondence indicating that it does not object to the Commission adopting D&T's PIPP audit findings, as set forth in the audit report. No other comments were filed.

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

{¶ 19} The Commission has reviewed D&T's audit reports filed in these dockets, as well as DEO's correspondence. The Commission concludes that D&T found no material discrepancies in DEO's calculation of the TMR, UEX, and PIPP riders that were not resolved by DEO. Therefore, the Commission concludes that the findings of D&T, as set forth in the

audit reports docketed in the *DEO 2019 EXR Case*, *DEO 2019 UEX Case*, and *DEO 2019 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 DEO and upon all other persons of record in these proceedings.

COMMISSIONERS:

*Approving:*

Sam Randazzo, Chairman  
M. Beth Trombold  
Daniel R. Conway  
Dennis P. Deters

JML/hac

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**Case No(s). 19-0219-GA-EXR, 19-0319-GA-UEX, 19-0419-GA-PIP**

Summary: Finding & Order that the Commission adopts the findings set forth in the audit reports regarding the transportation migration rider, uncollectible expense rider, and percentage of income payment plan rider of The East Ohio Gas Company d/b/a Dominion Energy Ohio electronically filed by Docketing Staff on behalf of Docketing