

## 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. 22-219-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. 22-319-GA-UEX

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

CASE NO. 22-419-GA-PIP

### FINDING AND ORDER

Entered in the Journal on October 5, 2022

#### 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 April 6, 2022, 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. 22-219-GA-EXR (*DEO 2022 EXR Case*), audit findings for the UEX rider in Case No. 22-319-GA-UEX (*DEO 2022 UEX Case*), and audit findings for the PIPP rider in Case No. 22-419-GA-PIP (*DEO 2022 PIPP Case*). The auditor, to be selected by DEO, was directed to docket all three audit reports in their respective dockets by September 2, 2022. Interested persons were directed to file comments and reply comments by September 16, 2022, and September 30, 2022, respectively.

{¶ 10} The audit report for the TMR, for the period of May 1, 2021, through April 30, 2022, was filed on September 2, 2022, in the *DEO 2022 EXR Case*. The audit, performed by Deloitte & Touche LLP (D&T), found one discrepancy. D&T recalculated the rate shown on the rate calculation schedules as the Expected Annualized Demand Costs plus the actual operational balancing costs and related credits, deferred from October 2006 through May 2010, minus TMR recoveries for the same period. D&T then divided the outcome by the planned 12-month recovery volumes through July 2022 for the TMR filing in August 2021. D&T identified a difference of \$0.0038 per McF between the recalculated rate of \$0.2460 per McF and the rate of \$0.2498 per McF in the TMR filing in May 2021. DEO informed D&T that the difference of \$0.0038 is the result of the storage sales in March 2021 being incorrectly recorded as a positive number when it should have been negative; the overcollection was corrected in subsequent months and is shown in the calculation schedule for the TMR filing in November 2021.

{¶ 11} Included with the filing of the TMR audit report is a cover letter from DEO's counsel stating that DEO does not object to Commission adoption of the findings in the audit report.

{¶ 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, 2021, to March 31, 2022, was filed on September 2, 2022, in the *DEO 2022 UEX Case*.

{¶ 14} Regarding the UEX Rider Regulatory Asset balance as of December 31, 2021, and March 31, 2022, D&T obtained a reconciliation of this asset balance showing the totals of each activity type impacting the Asset balance for the year ended December 31, 2021, and the quarter ended March 31, 2022. D&T also obtained the balance of SAP account number 1171160 as of December 31, 2021, and March 31, 2022, and found that DEO had identified reconciling items for activity during the periods ending December 31, 2021 and March 31, 2022. D&T was informed by DEO that the reconciling items represent differences between estimates and actuals, because DEO books an estimate to SAP of what DEO expects the bad debt rider recovery to be for a month; once the actual recovery is determined, the estimate is reversed and the actual recovery is booked. Thus, explained DEO, a time difference will exist.

{¶ 15} In addition, D&T randomly selected June, August, and November 2021 and January 2022, and obtained from DEO a billing management analysis of late payment charges for such selected months. D&T noted a difference of \$4,353.25 between the Special Billing System Late Payment Charges in the Other Recoveries schedule and the Late Payment Charge from the special billing system for the month of June 2021. D&T informed DEO that the difference of \$4,353.25 was due to late payment charges from the Special billing System that were originally posted in May 2021 for \$98,898.68, then was adjusted to remove the gross receipts tax in June 2021, for a final amount of \$94,545.43.

{¶ 16} Included with the filing of the UEX audit report is a cover letter from DEO's counsel stating that DEO does not object to Commission adoption of the findings in the audit report.

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

{¶ 18} The audit report for the PIPP rider, for the period of April 1, 2021, through March 31, 2022, was filed on September 2, 2022, in the *DEO 2022 PIPP Case*. The audit, performed by D&T, found no discrepancies.

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

{¶ 20} Included with the filing of the PIPP audit report is a cover letter from DEO's counsel stating that DEO does not object to Commission adoption of the findings in the audit report.

{¶ 21} 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 2022 EXR Case*, *DEO 2022 UEX Case*, and *DEO 2022 PIPP Cases* should be adopted.

### III. ORDER

{¶ 22} It is, therefore,

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

{¶ 24} 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,

{¶ 25} 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:*

Jenifer French, Chair

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

JML/dmh

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Summary: Finding & Order adopting 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 Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio