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

*Independent Accountants' Report on the  
Uniform Purchased Gas Adjustment Rates  
for the Year Ended October 31, 2003 in  
Response to Cases No. 03-220-GA-GCR,  
No. 03-939-GA-UNC and No. 86-2011-GA-ORD*

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# VECTREN ENERGY DELIVERY OF OHIO, INC.

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## INDEPENDENT ACCOUNTANTS' REPORT

### Vectren Energy Delivery of Ohio

We have examined the quarterly filings of Vectren Energy Delivery of Ohio, Inc. (the "Company") that support the uniform purchased gas adjustment ("GCR") rates for three-month periods ended January 31, 2003 and April 30, 2003 and for the monthly periods ended May through October 2003, and which relate to the reporting period for the year ended October 31, 2003, for conformity in all material respects with the financial procedural aspects of the uniform purchased gas adjustment as set forth in Chapter 4901:1-14 and related appendices of the Ohio Administrative Code. These filings are the responsibility of the Company's management. Our responsibility is to express an opinion as to the fair determination of GCR rates calculated within the quarterly filings and whether those rates have been properly applied to customer bills based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Company's computation of the GCR rates in accordance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. We did not make a detailed examination as would be required to determine that each transaction has been recorded in accordance with the financial procedural aspects of Chapter 4901:1-14 and related appendices of the Ohio Administrative Code. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, the Company has fairly determined the GCR rates for the three-month periods ended January 31, 2003 and April 30, 2003 and for the monthly periods ended May through October 2003, in all material respects, in accordance with the financial procedural aspects of the uniform purchased gas adjustment as set forth in Chapter 4901:1-14 of the Ohio Administrative Code, and properly applied the GCR rates to customer bills.

Specific findings, which are presented for the attention of the Public Utilities Commission of Ohio ("PUCO"), are included in a separate exhibit entitled *Summary of Findings*.

This report is intended solely for the information and use of the Company and the PUCO and is not intended to be and should not be used by anyone other than these parties.

*Deloitte & Touche LLP*

February 6, 2004

Member of  
Deloitte Touche Tohmatsu

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## VECTREN ENERGY DELIVERY OF OHIO, INC.

### UNIFORM PURCHASED GAS ADJUSTMENT RATES YEAR ENDED OCTOBER 31, 2003

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The following is a summary of the uniform purchased gas adjustment rates filed by the Company and subjected to our examination:

Period in Effect	Dollars per Mcf				Total Uniform Purchased Gas Adjustment
	Expected Gas Cost (1)	Supplier Refund and Reconciliation Adjustment	Actual Adjustment	Balance Adjustment	
November 1, 2002 to January 31, 2003	\$ 5.3646	\$ (0.0071)	\$ 0.1727	\$ (0.3637)	\$ 5.1665
February 1, 2003 to April 30, 2003	5.3978	(0.0254)	0.2028	(0.0806)	5.4946
May 1, 2003 to May 31, 2003	6.5759	(0.0251)	0.2928	0.3142	7.1578
June 1, 2003 to June 30, 2003	7.3904	(0.0251)	0.2928	0.3142	7.9723
July 1, 2003 to July 31, 2003	7.1137	(0.0251)	0.2928	0.3142	7.6956
August 1, 2003 to August 31, 2003	6.6994	(0.0183)	0.3870	0.1743	7.2424
September 1, 2003 to September 30, 2003	7.1477	(0.0183)	0.3870	0.1743	7.6907
October 1, 2003 to October 31, 2003	6.3825	(0.0183)	0.3870	0.1743	6.9255

(1) Per PUCO Case Number 03-939-GA-UNC, the Company was approved to make monthly adjustments to the Expected Gas Cost component of the GCR for the period May 1, 2003 to October 31, 2003.

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**EXHIBIT**

**VECTREN ENERGY DELIVERY OF OHIO, INC.**

**SUMMARY OF FINDINGS  
YEAR ENDED OCTOBER 31, 2003**

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As indicated in our prior year summary of findings, dated July 29, 2003, the Company overstated its supply costs by \$45,858 in the filing effective October 31, 2001. The Company corrected this error with a refund to ratepayers through a credit to the actual adjustment ("AA") in the amount of \$45,858 in the filing effective November 1, 2003.

As indicated in our prior year summary of findings, dated July 29, 2003, the Company overstated its supply costs by \$474,775 (net) in the filing effective May 2, 2002. A portion of this error in the amount of \$533,957 was corrected in the calculation of the AA for GCR rates effective August 1, 2002. The Company recovered the remaining error in the amount of \$59,182 by adjusting the AA for rates effective November 1, 2003.

As indicated in our prior year summary of findings, dated July 29, 2003, the Company understated/(overstated) its recoveries from ratepayers by \$36 and \$(33) for filings effective October 31, 2001 and May 2, 2002, respectively. The Company corrected these errors in the net amount of \$3 by adjusting the reconciliation adjustment ("RA") for rates effective November 1, 2003.

The Company overstated its recoveries from ratepayers by \$98,099 and \$162,976 in the filings effective May 1, 2003 and August 1, 2003, respectively. The Company corrected these errors in the total amount of \$261,075 by adjusting the balance adjustment ("BA") for rates effective February 1, 2004.

In accordance with Case No. 86-2011-GA-ORD (the "Case") regarding the level of Unaccounted For Gas ("UFG"), the Company's analysis of UFG as of October 31, 2003 indicates that the annual percentage, which is calculated as the difference between the measured volume of the total gas supply and the measured volume of gas disposition divided by the volume of total gas supply, is below the five percent ceiling currently imposed in the Case.

There is a requirement that Ohio gas utilities undergo a biannual management performance audit of their gas acquisition practices in connection with the gas cost recovery ("GCR") mechanism. The Company's two-year audit period began in November 2000, coincident with the acquisition of the gas assets now owned by the Company and the Company's commencement of service in Ohio. The external auditor retained by the PUCO staff to perform this biannual audit submitted an audit report wherein it recommended a disallowance of approximately \$7 million of previously recovered gas costs (Case No. 02-220-GA-GCR). A hearing has been held, and based on the external auditor's report, the PUCO staff has recommended a \$6.1 million disallowance. The Ohio Consumer Counselor has submitted testimony to support an \$11.5 million disallowance. Briefing of the issues will conclude in February 2004. The resolution of this matter may affect future GCR filings.

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