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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, 2004 in
Response to Cases No. 04-220-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 the monthly periods November 2003 through October 2004, and which relate to the reporting period for the year ended October 31, 2004, 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 monthly periods November 2003 through October 2004, 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

July 13, 2005

VECTREN ENERGY DELIVERY OF OHIO, INC.

UNIFORM PURCHASED GAS ADJUSTMENT RATES YEAR ENDED OCTOBER 31, 2004

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	Supplier Refund and Reconciliation Adjustment	Actual Adjustment	Balance Adjustment	
November 1, 2003 to November 30, 2003	\$ 6.3027	\$ (0.0183)	\$ 0.2483	\$ (0.0290)	\$ 6.5037
December 1, 2003 to December 31, 2003	6.6243	(0.0183)	0.2483	(0.0290)	6.8253
January 1, 2004 to January 31, 2004	7.0682	(0.0183)	0.2483	(0.0290)	7.2692
February 1, 2004 to February 29, 2004	6.9557	0.0000	0.1297	(0.0779)	7.0075
March 1, 2004 to March 31, 2004	6.6883	0.0000	0.1297	(0.0779)	6.7401
April 1, 2004 to April 30, 2004	7.0049	0.0000	0.1297	(0.0779)	7.0567
May 1, 2004 to May 31, 2004	7.6229	(0.0063)	0.3402	(0.0812)	7.8756
June 1, 2004 to June 30, 2004	8.4279	(0.0063)	0.3402	(0.0812)	8.6806
July 1, 2004 to July 31, 2004	8.3160	(0.0063)	0.3402	(0.0812)	8.5687
August 1, 2004 to August 31, 2004	7.6411	(0.0063)	0.0567	(0.0426)	7.6489
September 1, 2004 to September 30, 2004	7.7068	(0.0063)	0.0567	(0.0426)	7.7146
October 1, 2004 to October 31, 2004	7.5410	(0.0063)	0.0567	(0.0426)	7.5488

VECTREN ENERGY DELIVERY OF OHIO, INC.**SUMMARY OF FINDINGS
YEAR ENDED OCTOBER 31, 2004**

As indicated in our prior year summary of findings, dated February 6, 2004, 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.

The Company overstated its recoveries from ratepayers by \$72,843 in the filing effective November 1, 2003. The Company corrected these errors by adjusting the BA for the rates effective February 1, 2004.

In accordance with Case No. 03-220-GA-GCR regarding the regulation of the purchased gas adjustment clause, we verified that the residential customers affected by the misapplication of the gas cost recovery transition rider received a credit adjustment to their bills in May 2004.

In accordance with Case No. 03-220-GA-GCR regarding the regulation of the purchased gas adjustment clause, we tested the application of the gas recovery cost rate and monthly expected gas cost to customer bills.

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, 2004 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). Hearings on the matter were held and other parties to the proceeding, specifically the PUCO staff and the Ohio Consumer Counselor, presented testimony supporting disallowances between \$5.7 million and \$11.5 million. On June 14, 2005, the PUCO issued its order in the case, resulting in a \$9.6 million gas cost disallowance. The Company is currently evaluating the order findings and intends to seek rehearing. The Company is also evaluating any impact the findings may have on future GCR filings.

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