

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation)
of the Purchased Gas,Adjustment)
Clauses Contained Within the Rate)
Schedules of)

Vectren Energy Delivery of Ohio, Inc. ,) Case No. 04-220-GA-GCR
Columbia Gas of Ohio, Inc.,) Case No. 04-221-GA-GCR
Cincinnati Gas & Electric Company,) Case No. 05-218-GA-GCR
Dominion East Ohio Gas Company,) Case No. 05-219-GA-GCR
and Related Matters.)

ENTRY

The Commission finds:

- (1) Vectren Energy Delivery of Ohio, Inc., Columbia Gas of Ohio, Inc., Cincinnati Gas & Electric Company and Dominion East Ohio Gas Company ("Companies") are gas or natural gas companies as defined by Section 4905.03(A)(5) and (6), Revised Code, and public utilities by reason of Section 4905.02, Revised Code. As such, the Companies are subject to the jurisdiction of the Public Utilities Commission ("Commission") in accordance with Sections 4905.04 and 4905.05, Revised Code.
- (2) Rule 4901:1-14-08, Ohio Administrative Code, Hearings, requires the Commission to hold a public hearing at least sixty days after the filing of each audit report required under Paragraphs (C) and (D) of Rule 4901:1-14-07, Ohio Administrative Code. By entry issued October 6, 2004, in Case No. 04-220-GA-GCR and Case No. 04-221-GA-GCR, the Commission initiated the 2004 financial audits and set the hearing dates for Vectren and Columbia. In order to allow sufficient time to conduct the management performance audits of Vectren and Columbia, the existing hearing dates for these two companies will be rescheduled. The hearing for Columbia and Vectren will be rescheduled to the date set forth in finding (3) below.
- (3) A public hearing shall be held in these matters pursuant to Section 4905.302(C), Revised Code, to allow the Commission to review the gas purchasing practices and policies of the Companies and related matters. Each of the hearings shall be held beginning

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at 10:00 a.m. at the offices of the Commission, 180 East Broad Street, Columbus, Ohio. At that time, all interested persons will be given an opportunity to be heard. The first day of each Company's hearing shall be as follows:

Vectren Energy Delivery of Ohio	October 17, 2006
Columbia Gas of Ohio	November 14, 2006
Cincinnati Gas & Electric Company	June 20, 2006
Dominion East Ohio Gas Company	July 18, 2006

- (4) Rule 4901:1-14-08(C), Ohio Administrative Code, specifies the requirement for notice of hearing which each company should cause to be published between fifteen and thirty days prior to the date set for the hearings. The notice shall be published in substantially the following form, as individually applicable.

LEGAL NOTICE

The Public Utilities Commission of Ohio has set for public hearing Case No. [applicable number], to review the gas cost recovery rates of [applicable company], the operation of its Purchased Gas Adjustment Clause, and related matters. This hearing is scheduled to begin at 10:00 a.m. on [applicable day of week], [applicable date], at the offices of the Commission, 180 East Broad Street, Columbus, Ohio. All interested parties will be given an opportunity to be heard. Further information may be obtained by contacting the Commission's Hotline at (800) 686-7826. The hearing impaired can reach the Commission via TTY-TDD at (800) 686-1570 or, in Columbus, at 466-8180.

- (5) Pursuant to Section 4901.22, Revised Code, the Commission may compel the production of testimony in its proceedings.
- (6) Section 4905.302, Revised Code, and Rule 4901:1-14-07, Ohio Administrative Code, Audits, require that the Commission shall conduct, or cause to be conducted, periodic audits of each gas or natural gas company. Such audit shall review each Company's compliance with the gas cost recovery mechanism for the GCR rates effective:

<u>Company</u>	<u>Management Audit Period</u>	<u>Report Due</u>
Vectren	11/01/02-10/31/05	August 18, 2006
Columbia	11/01/02-10/31/05	September 15, 2006
CG&E	09/01/03-08/31/05	April 21, 2006
Dominion	11/01/03-10/31/05	May 19, 2006

- (7) Rule 4901:1-14-07, Ohio Administrative Code, Audits, requires an independent auditor and/or consulting firm, selected by Commission, to perform a management/performance audit of the Company's compliance with the provisions of Chapter 4901:1-14, Ohio Administrative Code. These management/performance audits shall be for the time periods as identified in Paragraph (6), above. The Commission Staff will oversee these audits. In order to assist the Commission Staff in its oversight, all interviews with company personnel must be conducted at the Company's Ohio offices, unless approval for out of state interviews are granted in writing by Staff. The management/performance audit reports shall identify and evaluate the specific management policies, procedures, and reasoning of each Company's existing or proposed procurement strategy, as well as include management recommendations, as described in Rule 4901:1-14-07(D), Ohio Administrative Code.
- (8) Pursuant to Rule 4901:1-14-07(D), Ohio Administrative Code, the Commission Staff has developed a Request for Proposal (RFP) entitled, "A Management/Performance Audit of the Gas Purchasing Practices and Policies of Regulated Gas Distribution Companies," to solicit responses for conducting the management/performance audits for each of the companies identified in Paragraph (6), above.
- (9) The Commission has reviewed the RFP and finds that its provisions are consistent with the Commission's objectives in this matter. The RFP should be distributed immediately to potential proposers. Each auditor or consultant receiving this RFP will have the opportunity to bid on one or more of the management/performance audits. Proposals will be due September 23, 2005. The selection criteria to be used by the Commission to determine the selection of the management/performance auditor shall be the technical and management capabilities of each firm as well as the overall cost of each bid. The Commission shall di-

rect, by entry, each Company to enter into contract with the selected auditor to perform the management/performance audit.

- (10) The Commission directs that all costs associated with the management/performance audit be borne by the Company consistent with Rule 4901:1-14-07(A), Ohio Administrative Code.
- (11) The GCR auditors shall deliver the audit reports to the Commission or its Staff no later than sixty days prior to the scheduled hearing date.
- (12) The GCR auditors shall perform the audits as independent contractors. Any conclusions, results, or recommendations formulated by the auditors may be examined by any participant to the proceeding for which the audit report was generated. Further, it shall be understood that the Commission and/or its Staff shall not be liable for any acts committed by the auditors or their agents in the preparation and presentation of the audit reports.
- (13) The GCR auditors will execute their duties pursuant to the Public Utilities Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under Sections 4903.02, 4903.03, 4905.06, 4905.15 and 4905.16, Revised Code. The GCR auditors are subject to the Public Utilities Commission's statutory duty under Section 4901.16, Revised Code, 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 Section 4901.16, Revised Code, 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 Rule 4901-1-07, Ohio Administrative Code.

- (14) Upon request of the auditor or Staff, each Company being audited shall provide any and all documents or information requested. The Company may conspicuously mark such documents or information "confidential". In no event, however, shall the Company refuse or delay in providing such documents or information.

It is, therefore,

ORDERED, That public hearings shall be conducted in these matters consistent with the Findings herein at the time specified in Finding (3). It is, further,

ORDERED, That audits for the Reporting Quarters pursuant to Finding (6), herein, shall be filed with the Commission. It is, further,

ORDERED, That the Commission Staff submit the Request For Proposal for conducting each management/performance audit to various auditing and consulting firms, as required under Chapter 4901:1-14, Ohio Administrative Code, and Findings (8) and (9). It is, further,

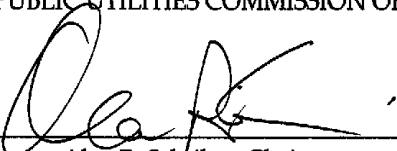
ORDERED, That the Companies bear the cost of the management/performance audit as provided in Finding (10), above. It is, further,

ORDERED, That the notice required in Finding (4) shall be published in substantially that form, as individually applicable, and shall be published in a section of the newspaper other than the legal notice section. It is, further,

ORDERED, That the Companies and the auditors shall observe the requirements set forth herein. It is, further,

ORDERED, That a copy of this Entry shall be served upon the Companies and upon all other parties of record to these proceedings.


THE PUBLIC UTILITIES COMMISSION OF OHIO



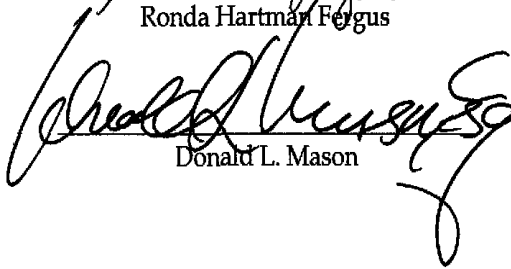
Alan R. Schriber, Chairman



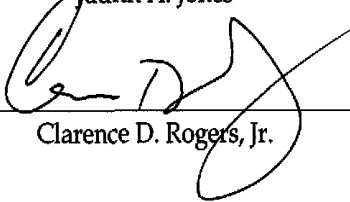
Ronda Hartman Fergus



Judith A. Jones



Donald L. Mason

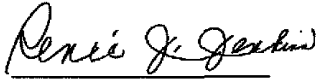


Clarence D. Rogers, Jr.

RS:sm

Entered in the Journal

AUG 24 2005



Renee J. Jenkins
Secretary