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PUCO

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August 31, 2005

Renee J. Jenkins  
Secretary  
Docketing Division  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, OH 43215

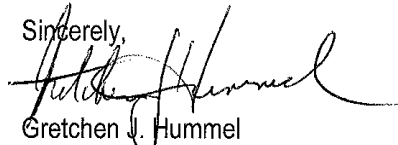
RE: **Vectren Energy Delivery of Ohio, Inc.;**  
**PUCO Case No. 04-220-GA-GCR**

Dear Secretary Jenkins:

Enclosed please find the audit report of Deloitte & Touche LLP of the uncollectibles expense recovery mechanism of Vectren Energy Delivery of Ohio, Inc. for filing in the docket of the above-captioned proceeding.

Thank you for your attention to this matter.

Sincerely,



Gretchen J. Hummel  
**Attorney for Vectren Energy Delivery  
of Ohio, Inc.**

GJH:rg

cc: Thomas Lindgren, Assistant Attorney General  
Joe Serio, Assistant Consumers' Counsel

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors of Vectren Energy Delivery of Ohio:

We have performed the procedures enumerated below, which were agreed to by Vectren Energy Delivery of Ohio (the "Company") and provided to the Public Utility Commission of Ohio (the "PUCO"), solely to assist the specified parties in the evaluation of the recovery of uncollectible expense through an uncollectible expense recovery mechanism in conjunction with the PUCO Case No. 03-1127-GA-UNC. The Company's management is responsible for the uncollectible expense recovery mechanism. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

### UNCOLLECTIBLE EXPENSE RECOVERY MECHANISM

- a) We obtained from Company management, and proved the mathematical accuracy of, the accounting schedule summarizing the uncollectible expense recovery mechanism activity by month and supporting schedules for the following items from January 1, 2004 to December 31, 2004.
  1. Uncollectible expense charge offs for the period of January 1, 2004 through December 31, 2004 of \$7,040,097, net of expected recoveries of \$3,191,035.
  2. Recovery of uncollectible expense for the period of January 1, 2004
    - a. In base rates through March 2004 of \$738,153;
    - b. In the initial rider implemented in April 2004 and the updated rider implemented in July 2004 of \$2,517,943 through December 31, 2004.
  3. Other recoveries for the period of January 1, 2004 through December 31, 2004 of \$910,119.
- b) We compared uncollectible expense charge-offs from the schedule obtained in a) above to the Banner revenue system reports. We noted all amounts to be in agreement, and that the eligible charge-offs used in the calculations relate only to accounts that pay the PIPP rider.
- c) We compared expected recoveries from the schedule obtained in a) above to the schedules prepared by Company personnel in the Customer Accounting Department. We noted all amounts to be in agreement.
- d) We haphazardly selected 3 months of data included in the schedules obtained in a) above and performed the following procedures:
  1. We compared sales, energy choice and transportation volumes to volumetric Banner revenue system reports, found them to be in agreement and noted that such eligible volumes relate only to accounts that pay the PIPP rider.
  2. We compared the uncollectible expense recovery rates for Vectren Energy Delivery of Ohio with those permitted by the PUCO, as outlined in Case Nos. 03-2571-GA-ATA and 04-737-

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Deloitte Touche Tohmatsu

GA-UEX and found them to be in agreement. We noted that the respective rates have been applied to the eligible volumes.

- c) We compared the amounts of the accounts receivable discounts withheld from the Energy Choice brokers to the Banner revenue system reports and found them to be in agreement for the months selected in c) above.
- f) We compared customer recovery volumes for the months selected in c) above to the respective Banner revenue system reports and found them to be in agreement.
- g) We compared supporting schedules for uncollectible expense charge-offs, uncollectible expense recoveries, and other recoveries to the summary schedule obtained in a) above and found them to be in agreement for the months selected in c) above.

#### A/R REGULATORY ASSET BALANCE

- a) We obtained the A/R Regulatory Asset balance from the appropriate general ledger account number 1905922 at December 31, 2004.
- b) We obtained the rollforward of general ledger account number 1905922 and 1231000 and verified that the uncollectible expense charge-offs and recoveries have been recorded against these accounts relate to the reserves that were originally recorded.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Company and the PUCO and is not intended to be and should not be used by any other party.

*Deloitte & Touche LLP*

August 19, 2005