

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of the)
Purchased Gas Adjustment Clauses)
Contained Within the Rate Schedule(s) of)
Cincinnati Gas & Electric Company) Case Nos. 97-218-GA-GCR
East Ohio Gas Company) 97-219-GA-GCR
and Related Matters.)

ENTRY

The Commission finds:

- (1) The Cincinnati Gas & Electric Company and The East Ohio Gas Company 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 in accordance with Sections 4905.04 and 4905.05, Revised Code.
- (2) The Commission established the 1997 set of GCR annual audit hearings for the Companies by Entry in Case No. 97-218-GA-GCR, et al., journalized May 22, 1997, pursuant to Section 4905.302(C) Revised Code. The Staff of the Commission (Staff) issued Request for Proposal (RFP) No. U97-GCR-1, A Management/Performance Audit of the Gas Purchasing Practices and Policies of Regulated Gas Distribution Companies, as directed by the Commission in the above-cited Entry.
- (3) The Commission directs that all costs associated with the management/performance audits be borne by the respective companies consistent with Rule 4901:1-14-07(A), Administrative Code.
- (4) Each company, as identified in TABLE 1, below, shall enter into contract with the designated auditor to perform the work required to conduct the management/performance audit pursuant to RFP No. U97-GCR-1 and the Findings of this Entry.

TABLE 1

<u>COMPANY</u>	<u>AUDITOR</u>	<u>MAXIMUM COST OF AUDIT</u>
Cincinnati Gas & Electric	McFadden Consulting, Inc.	\$65,000
East Ohio Gas Company	Exeter Associates, Inc.	\$80,000

- (5) The total cost of each individual audit shall not exceed the amount enumerated above under the "COST OF AUDIT" column in TABLE 1. This amount does not include expenses and the costs associated with the preparation and presentation of expert testimony before the Commission during the appropriate GCR hearing. The costs for the preparation and presentation of testimony are to be billed separately by the auditors and will be recoverable to a maximum of \$30,000.00 per audit.
- (6) The management/performance auditor shall submit invoices for services completed as required by contract consistent with the terms of RFP No. U97-GCR-1, IV (B). All invoices must be submitted to the Project Coordinator for approval and, subject to approval, will be forwarded to the Company for payment. Payment shall be made by the Company to the auditor within thirty days of the Company's receipt of the invoices.
- (7) The Companies shall provide the designated auditor full and complete cooperation throughout the term of the audit, and shall endeavor to provide any data, information, and assistance in support of the audit project.

It is, therefore,

ORDERED, That management/performance audits of the gas purchasing practices and policies of regulated gas distribution companies be conducted in accordance with the provisions of RFP No. U97-GCR-1 and the Findings of this Entry. It is, further,

ORDERED, That the Companies enter into contract with the designated auditor to perform the work required to conduct the management/performance audit pursuant to RFP No. U97-GCR-1 and the Findings of this Entry. It is, further,

ORDERED, That the cost of the audits be paid by the Companies pursuant to the Findings of this Entry. It is, further,

ORDERED, That nothing contained in this Order shall be deemed binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO

Craig A. Glazer, Chairman

Jolynn Barry Butler

Ronda Hartman Fergus

David W. Johnson

Judith A. Jones

JR:ct