

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1333 H STREET, N.W., 2ND FLOOR, WEST TOWER
WASHINGTON, D.C. 20005**

PUBLIC NOTICE

February 26, 2015

GT97-3, IN THE MATTER OF THE APPLICATION OF WASHINGTON GAS LIGHT COMPANY FOR AUTHORITY TO AMEND ITS RATE SCHEDULE NO. 6,

GT06-1, IN THE MATTER OF THE APPLICATION OF WASHINGTON GAS LIGHT COMPANY FOR AUTHORITY TO AMEND GENERAL SERVICE PROVISION NO. 23,

and

FORMAL CASE NO. 1027, IN THE MATTER OF THE EMERGENCY PETITION OF THE OFFICE OF THE PEOPLE'S COUNSEL FOR AN EXPEDITED INVESTIGATION OF THE DISTRIBUTION SYSTEM OF WASHINGTON GAS LIGHT COMPANY,

1. The Public Service Commission of the District of Columbia ("Commission") hereby gives notice that, on February 13, 2015, Washington Gas Light Company ("WGL") filed a Request to Perform an Agreed-Upon Procedures ("AUP")¹ engagement regarding the audit ordered by the Commission in Order No. 17203.²

2. In Order No. 17203, the Commission determined that "an audit of the projects and cost assignment processes" for the Vintage Coupling Encapsulation and Replacement Program ("Program") created as part of the Settlement Agreement³ between WGL and the Office of the People's Counsel ("OPC") was necessary. The Commission determined that the audit was to cover

- 1) The processes by which repair and replacement projects are assigned to the Program; 2) the processes by which projects are configured and costs are estimated; 3) cost experience, including the accuracy of cost estimates, the reasons for cost overruns, and the reasonableness of actual costs; and 4) the

¹ *Formal Case No. 1027, In the Matter of the Emergency Petition of the Office of the People's Counsel for an Expedited Investigation of the Distribution System of Washington Gas Light Company, GT97-3, GT06-1 ("Formal Case No. 1027, GT97-3, GT06-1")*, Washington Gas Light Company Request to Perform Agreed-Upon Procedures ("WGL Request"), filed February 13, 2015.

² *Formal Case No. 1027, GT97-3, GT06-1*, Order No. 17203, rel. July 31, 2013.

³ *Formal Case Nos. 1027, GT97-3, GT06-1*, Joint Motion for Approval of Unanimous Agreement of Stipulation and Full Settlement and Waiver of Commission Rule 130.12 ("Joint Motion"), filed October 2, 2009; Unanimous Agreement of Stipulation and Full Settlement ("Settlement Agreement"), filed October 2, 2009.

existence of non-qualifying costs assigned for recovery through the [Plant Recovery Adjustment (“PRA”) surcharge].⁴

In reviewing the parameters established by the Commission for the audit and issuing a Request for Proposal for the activities identified in Order No. 17203, WGL now represents that an audit is not the appropriate mechanism for investigating these activities. Instead of an audit, WGL argues that an AUP engagement is the proper mechanism for investigating the activities identified in Order No. 17203.⁵ WGL proposes that the AUP engagement be performed on: the processes by which costs are estimated;⁶ 2) cost experience, including the accuracy of cost estimates, the reasons for cost overruns, and the reasonableness of actual costs; and 3) the existence of non-qualifying costs assigned for recovery under the PRA. WGL represents that the American Institute of Certified Public Accountants (“AICPA”) defines an AUP engagement as a procedure

in which a practitioner is engaged by a client to issue a report of findings based on specific procedures performed on subject matter. The client engages the practitioner to assist specified parties in evaluating subject matter or an assertion as a result of a need or needs of the specified parties.⁷

WGL asserts that an AUP engagement would provide transparency and structure in assessing the reasonableness and appropriateness of costs and expenditures under the Program and would produce a detailed report on the procedures performed to evaluate the Program as well as the conclusions reached by the practitioner and any exceptions to the procedures. WGL also argues that AICPA standards require that the practitioner in an AUP engagement be independent and objective, a requirement that must also be present in an audit. Further, WGL contends that the procedures to be followed in an AUP engagement are to be specified by the users of the report. According to WGL, the practitioner’s report includes all procedures performed and all exceptions noted. The procedures performed are as detailed as the practitioner and the users agree, WGL contends.⁸

3. All persons interested in commenting on the WGL Request may submit written comments and reply comments not later than ten (10) and twenty (20) days, respectively, after the Commission’s issuance of this Notice. Comments are to be addressed to Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia, 1333 H Street, N.W., West Tower, Suite 200, Washington, D.C. 20005. Copies of the WGL Request may be obtained by visiting the Commission’s website at www.dcpsc.org. Once at the website, open the “eDocket” tab, click on “Search database” and input “FC 1027” as the case number and

⁴ Order No. 17203 at 19.

⁵ WGL Request at 3.

⁶ WGL Request at 3.

⁷ WGL Request at 4, citing AICPA, § 201, paragraph .03.

⁸ WGL Request at 4.

“394” as the item number. Copies of WGL’s Request may also be purchased, at cost, by contacting the Commission Secretary at (202) 626-5150 or PSC-CommissionSecretary@dc.gov.