

# The Audit Process



# Initiating the Audit

- An audit is conducted to evaluate the books and records of the utility.
- To determine initial eligibility for a staff assisted rate case, an auditor will contact the utility to determine basic information such as location and availability of records.
- Once Commission staff determines that the utility is eligible for a staff assisted rate case, an auditor will contact the utility to initiate the audit.



# During the Audit

- The auditor will obtain information and documentation from the utility needed for the audit.
- The auditor will ask for invoices, cancelled checks, billing registers, general ledgers, contracts, and tax returns.
- The auditor will tour the plant site and discuss pertinent matters with utility personnel.



# The Audit Report

Commission auditors will issue a report that will:

- Explain the procedures used to meet stated objectives.
- Include a Rate Base Exhibit, a Net Operating Income Exhibit, and a Capital Structure Exhibit.
- Contain findings that will adjust the utility amounts on the exhibits for regulatory purposes or disclose information that may influence the decision process.



# The Audit Report (cont.)

---

- Commission auditors will provide a copy of the report to the utility.
- The utility will have an opportunity to respond in writing to the report.

