**Implementation Plan**

**of**

**Philadelphia Gas Works**

**to the**

**Stratified Management & Operations Audit**

**for the**

**Pennsylvania Public Utility Commission
Bureau of Audits**

**Docket No. D-2015-2468141**



**October 2015**

Introduction

 Philadelphia Gas Works (PGW) is pleased to submit this Implementation Plan for review by the Pennsylvania Public Utility Commission (PAPUC). The Implementation Plan is in response to the recommendations contained in the Stratified Management and Operations Audit Report (Docket No. D-2015-2468141) prepared by Schumaker & Company under the direction of PAPUC Bureau of Audits – Management Audit Division and issued on August 28, 2015. The Implementation Plan provides PGW’s commitment to act on the recommendations by addressing opportunities for improvement in operational effectiveness while improving service to our customers.

 Of the seventy-six (76) recommendations contained in the Audit Report, PGW has accepted sixty-two (62) of them completely, accepted in-part thirteen (13), and rejected one (1).

 As requested, this Implementation Plan details the actions to be taken, the expected completion dates and the individuals responsible for implementing each recommendation.

PGW management wishes to express its appreciation to the Audit staff and to Schumaker & Co. for their collective efforts in assisting PGW in furthering the company’s program for continuous improvement. From the perspective of management this report is a very positive outcome to an extensive process and we look forward demonstrating the successful implementation of the recommendations we have accepted.

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# Chapter II – Executive Management and Human Resources

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|  | **Description** | **Page** | **PGW Response** |
| II-1 | Develop an organizational review and development process. | 9 | Accepted in Part |
| II-2 | Coordinate the procedures review process.  | 10 | Accepted |
| II-3 | Reinstitute the Strategic Focused Organization or similar strategic planning process. | 11 | Accepted |
| II-4 | Develop a comprehensive Corporate Communications (business) plan.  | 12 | Accepted |
| II-5 | Develop an External Relations communications plan.  | 13 | Accepted |
| II-6 | Expand the capacity of the Human Resources staffing function. | 14 | Accepted in Part |
| II-7 | Develop a comprehensive workforce plan.  | 15 | Accepted in Part |
| II-8 | Perform a management compensation study (including incentive compensation) to assess compensation levels as compared to market and realign as deemed appropriate.  | 16 | Accepted |

# Chapter III – Support Services

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Description** | **Page** | **PGW Response** |
| III-1 | Conduct a formal assessment study for adding a formal project management office (PMO) to the Information Services (IS) organization as soon as possible. | 17 | Accepted in Part |
| III-2 | Conduct a formal assessment study for adding a formal project management office (PMO) to the Information Services (IS) organization as soon as possible.  | 18 | Accepted |
| III-3 | Develop comprehensive project plans and schedules by incorporating additional detailed information and data.  | 19 | Accepted |
| III-4 | Configure the Accounts Payable system to allow electronic workflow, including approval of vendor invoices, and eliminate the need for sending paper invoices to the Accounts Payable group for payment processing. | 20 | Accepted |

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| --- | --- | --- | --- |
|  | **Description** | **Page** | **PGW Response** |
| III-5 | Implement use of systematic employee development plans for IS employees.  | 21 | Accepted |
| III-6 | Take actions to improve Help Desk performance to meet targets.  | 22 | Accepted |
| III-7 | Develop detailed policies and procedures involving IS chargebacks, not only during the budget cycle but also involving any changes in actual charges during the fiscal year. | 23 | Accepted |
| III-8 | Perform disaster recovery tests semi-annually to adhere to established goals and objectives.  | 24 | Accepted |
| III-9 | Perform annual penetration testing and vulnerability assessments.  | 25 | Accepted |
| III-10 | Periodically analyze outsourcing the Fleet function(s) to an outside contractor. | 26 | Accepted |
| III-11 | Conduct a post implementation audit of the new M5 system.  | 27 | Accepted |
| III-12 | Develop a comprehensive facilities plan.  | 28 | Accepted  |
| III-13 | Pursue additional vendor partnering opportunities.  | 29 | Accepted |
| III-14 | Develop and implement a Vendor Evaluation Program.  | 30 | Accepted |
| III-15 | Develop a Supply Chain business plan that fully integrates into a PGW strategic plan.  | 31 | Accepted |
| III-16 | Develop written procedures for all Supply Chain processes.  | 32 | Accepted |
| III-17 | Perform an analysis on the value of outsourcing Supply Chain function(s).  | 33 | Accepted |
| III-18 | Integrate all systems used by Supply Chain.  | 34 | Accepted |
| III-19 | Improve cycle count accuracy levels to at least 90% and increase analysis on inventory turn rates. | 35 | Accepted |
| III-20 | Enhance PGW’s enterprise risk management (ERM) program. | 36 | Accepted |
| III-21 | Enhance PGW’s risk management training programs. | 37 | Accepted |
| III-22 | Develop a plan for making organizational changes and for enhancing reporting capabilities. | 38 | Accepted |
| III-23 | Standardize any procedures, including numbering, developed by the Risk Management Department.  | 39 | Accepted |
| III-24 | Fully implement the DriveCam initiative and increase the number of loss controls to address preventable motor vehicle accidents (PMVAs). | 40 | Accepted |

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|  | **Description** | **Page** | **PGW Response** |
| III-25 | Certify PGW’s safety committees with the PA Department of Labor and Industry, Bureau of Workers’ Compensation. | 41 | Accepted |
| III-26 | Create a safety committee scorecard. | 42 | Accepted |
| III-27 | Measure and report safety performance using standard industry benchmarks. | 43 | Accepted |
| III-28 | Perform a formal technology review, including systems and document management applications used by the Legal Services organization, to determine if changes would be beneficial and should be implemented in the near future. | 44 | Accepted |

# Chapter IV – Corporate Governance

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Description** | **Page** | **PGW Response** |
| IV-1 | Improve the structure and processes of Board governance. | 45 | Rejected |
| IV-2 | Strengthen ethics procedures and processes. | 46 | Accepted |
| IV-3 | Revise the Internal Auditing Department reporting structure so that the Manager of Internal Audits reports directly to the Philadelphia Facilities Management Corporation (PFMC) Board’s Audit Committee and no longer administratively to the CFO. | 47 | Accepted |

# Chapter V – Financial Management

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Description** | **Page** | **PGW Response** |
| V-1 | Adjust the bank reconciliation process so that reconciling items are cleared in a timely manner. | 48 | Accepted |
| V-2 | Employ the use of a process checklist for the closing of capital projects. | 49 | Accepted |
| V-3 | Develop a systematic plan and process to review fixed assets across PGW and determine which recorded assets are no longer in service and need to be removed from the records. | 51 | Accepted |

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|  | **Description** | **Page** | **PGW Response** |
| V-4 | Develop a systematic plan and process to review unclassified assets with the end goal of classifying those assets to the proper account. | 52 | Accepted |
| V-5 | Explore alternatives for fulfilling internal audit requirements. | 53 | Accepted |
| V-6 | Create a new system and method to accumulate audit findings and recommendations that allows for retrieval based on different criteria. | 54 | Accepted |

# Chapter VI – Diversity and EEO

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Description** | **Page** | **PGW Response** |
| VI-1 | Leverage opportunities to increase diversity through retirements, workforce planning, and succession planning. | 55 | Accepted in Part |
| VI-2 | Integrate diversity as an overall business objective. | 56 | Accepted |
| VI-3 | Develop specific procedures to improve Minority, Women, and Disabled Business Enterprise (MWDBE) subcontractor participation for the next five years and include revised internal, external, and subcontracting efforts in the next Annual Diversity Report.  | 58 | Accepted |
| VI-4 | Update policies to ensure consistent and accurate communication of equal employment opportunity (EEO) and Supplier Diversity programs.  | 59 | Accepted |

# Chapter VII – System Reliability Performance & Other Related Operations

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Description** | **Page** | **PGW Response** |
| VII-1 | Take steps to plan for the retirements that could have a major impact on the ability to staff the Gas Control Center. | 60 | Accepted |
| VII-2 | Develop a mechanism for accounting for the carrying charges in the liquefied natural gas (LNG) sales pricing. | 61 | Accepted in Part |
| VII-3 | Continue to take steps to reduce PGW gas supply assets. | 62 | Accepted  |
| VII-4 | Evaluate an all-inclusive or enterprise computer system to track the gathering of transactions so that supplier invoices, transportation invoices, and sales of excess supplies are captured. | 63 | Accepted  |
|  | **Description** | **Page** | **PGW Response** |
| VII-5 | Migrate all asset data into a single geospatial database. | 64 | Accepted  |
| VII-6 | Take corrective action to timely address the noted deficiencies in the portions of the Distribution Integrity Management Program (DIMP) that were deemed unsatisfactory. | 65 | Accepted  |
| VII-7 | Aggressively accelerate the replacement of high risk mains, specifically cast iron mains. | 66 | Accepted |
| VII-8 | Integrate the corrosion work order database into Advanced Intelligent Mobile Solutions (AIMS). | 67 | Accepted |
| VII-9 | Reduce the number of open leaks by outsourcing the excavation work and using PGW crews to make repairs. | 68 | Accepted |
| VII-10 | Reconcile the output from the Main Replacement Program with the actual leak experience to validate its predicted outcomes. | 69 | Accepted |
| VII-11 | Improve emergency response capability by conducting periodic drills, simulating potential emergency situations, and updating area segregation plans. | 70 | Accepted |
| VII-12 | Develop a set of goals and reports for Field Operations and Planning and cascade them down through the organization to drive efficiency and operational and individual performance improvements. | 71 | Accepted |
| VII-13 | Update the system model design criteria. | 72 | Accepted  |
| VII-14 | Increase the number of qualified contractors to perform gas main installation work. | 73 | Accepted  |
| VII-15 | Implement financial controls on work performed by contractors. | 74 | Accepted  |
| VII-16 | Determine the number and location of residential meters that may have the incorrect encoder receiver transmitter (ERT) protocol and implement corrective measures. | 75 | Accepted in Part  |
| VII-17 | Develop and implement an expanded business continuity planning (BCP) schedule that includes tabletop exercises and live drills annually. | 76 | Accepted in Part |
| VII-18 | Develop and implement a sample plan framework for PGW departments to use when developing their BCPs.  | 77 | Accepted in Part |

# Chapter VIII – Customer Service

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Description** | **Page** | **PGW Response** |
| VIII-1 | Continue to institutionalize recent efforts to strengthen call center operations.  | 78 | Accepted |
| VIII-2 | Budget and track costs separately for each District Office. | 79 | Accepted in Part |
| VIII-3 | Evaluate and implement alternative in-person customer service options. | 80 | Accepted in Part |
| VIII-4 | Develop a plan for enhancing customer systems, including use of mobile applications for making customer payments. | 81 | Accepted |
| VIII-5 | Incorporate commercial/industrial accounts into PGW’s risk-based collections process, including sending such accounts to collection agencies. | 82 | Accepted |
| VIII-6 | Identify and address increasing customer disputes and PaPUC complaints. | 83 | Accepted |
| VIII-7 | Place greater emphasis on decreasing the number and amount of over-90-day-old accounts. | 84 | Accepted |
| VIII-8 | Identify and address why the number of customers being refunded their credit balances following closing has decreased from roughly 62% to 27%. | 85 | Accepted |
| VIII-9 | Formalize communication protocol between PGW groups to readily identify and remediate underbillings for gas service. | 86 | Accepted |
|  |  |  |  |
|  | Appendix A- Glossary of Terms and their Acronyms | 87 |  |

## Recommendation # II-1

Develop an organizational review and development process.

## Response

Accepted in part

## Action

PGW will determine through benchmarking and research effective ways to implement an organizational review and development process.

## Individual Responsible

Lorraine Webb, VP of Human Resources

## Expected Completion Date

3rd Quarter 2016

## Recommendation # II-2

Coordinate the procedures review process.

##

## Response

Accepted

## Action

Establish a procedures review process that will include the development of a central depository for all procedures activities including a process for identifying the need for new procedures, as well as a system for insuring current procedures are reviewed on a regular basis and are up to date with current operating activities.

## Individual Responsible

William Gallagher, VP Budget and Strategic Services

## Expected Completion Date

August 31, 2016.

## Recommendation # II-3

## Reinstitute the Strategic Focused Organization or similar strategic planning process.

## Response

Accepted

## Action

Develop and implement a strategic planning process that will establish the framework for aligning the achieving of PGW’s long term objectives with short term plans. This integrated process will encompass the establishment of long term objectives with short term business plans and the establishment of specific metrics to provide a means to measure success, all linked to the development and approval of an annual capital and operating budgets.

## Individual Responsible

William Gallagher, VP Budgets and Strategic Services

## Expected Completion Date

August 31, 2016.

## Recommendation # II-4

Develop a comprehensive Corporate Communications (business) plan.

## Response

Accepted

##

## Action

PGW has begun drafting a Corporate Communications (business) plan that supports strategic business needs. That plan will be implemented once completed and approved.

##

## Individual Responsible

Douglas I. Oliver, Vice President, Corporate Communications & Public Affairs

##

## Expected Completion Date

4th Quarter, FY2016

## Recommendation # II-5

Develop an External Relations communications plan.

## Response

Accepted

## Action

PGW has begun drafting an External Affairs plan that supports the company’s strategic business needs. That plan will be implemented once completed and approved

## Individual Responsible

Douglas Oliver, VP, Corporate Communication & External Affairs.

## Expected Completion Date

4th Quarter, FY2016

## Recommendation # II-6

Expand the capacity of the Human Resources staffing function.

## Response

Accepted in Part

## Action

The Human Resources Department has not been approved for additional headcount for FY 2016. However, upon completion of the organization study, as well as development of a strategic planning process, staffing resources in the future will be reevaluated.

## Individual Responsible

Lorraine Webb, VP of Human Resources

## Expected Completion Date

Not Applicable

## Recommendation # II-7

Develop a comprehensive workforce plan.

## Response

Accepted in Part

## Action

PGW will conduct a business analysis to assess the workforce planning process. PGW will then determine how and which aspects of it should be implemented. This assessment will include review of best practices, discussions with other utilities that have implemented the process and the overall benefits of workforce planning to the organization. Once this has been accomplished a decision will be made by senior management on next steps.

## Individual Responsible

Lorraine Webb, VP of Human Resources

## Expected Completion Date

2nd Quarter FY 2017

## Recommendation # II-8

Perform a management compensation study (including incentive compensation) to assess compensation levels as compared to market and realign as deemed appropriate.

## Response

Accepted

## Action

The Hay Group is currently performing a management compensation study for PGW.

## Individual Responsible

Lorraine Webb, VP of Human Resources

## Expected Completion Date

4th Quarter 2015

## Recommendation # III-1

Conduct a formal assessment study for adding a formal project management office (PMO) to the Information Services (IS) organization as soon as possible.

## Response

Accepted in Part

## Action

PGW is in the process of establishing a centralized PMO and reestablishing corporate strategic planning. The new PMO will report up to the Chief Financial Officer.

The following steps have been identified to get the PMO up and running:

* **Assess current business culture.** Deliverables will include assessments of PGW's PMO readiness as well as a detailed review of current projects.
* **Define PMO Charter and scope**. Deliverables from this step will include planning workshops and a PMO manual.
* **Build and implement PMO**

## Individual Responsible

Joseph Golden - Executive VP and Acting CFO

## Expected Completion Date

2nd Quarter FY 2017

## Recommendation # III-2

Expand IS project management methodology documentation and review at least annually, and revise as appropriate.

## Response

 Accepted

## Action

Information Services is currently updating the project management methodology to incorporate recently revised forms and processes. The revised methodology will be completed by 1Q FY 2016. Information Services will review the methodology for changes in the 3rd quarter of each fiscal year.

## Individual Responsible

Joseph Szlanic - Director, Enterprise Strategic Services

## Expected Completion Date

1Q FY 2016 and annually thereafter

## Recommendation # III-3

Develop comprehensive project plans and schedules by incorporating additional detailed information and data.

## Response

Accepted

## Action

Project Managers are currently utilizing Project Professional 2013, Project Server 2013 and KwikPMO to create and manage more robust project plans, status reports and project dashboards to improve among other things project associated resources.

## Individual Responsible

Joseph Szlanic - Director Enterprise Strategic Services

## Expected Completion Date

Completed migration to Kwik PMO - documentation ongoing

## Recommendation # III-4

Configure the Accounts Payable system to allow electronic workflow, including approval of vendor invoices, and eliminate the need for sending paper invoices to the Accounts Payable group for payment processing.

## Response

 Accepted

## Action

Information Services now scans all invoices into the Oracle Financials system. We will work with Finance to automate as much of the invoice payment process as is feasible.

## Individual Responsible

Driscilla Wanser-Bynum - Director, Administrative Services

## Expected Completion Date

2nd Quarter FY 2016

## Recommendation # III-5

Implement use of systematic employee development plans for IS employees.

## Response

 Accepted

## Action

Information Services will implement individual development plans for Information Services employees utilizing PGW’s Performance Management System (Cornerstone).

## Individual Responsible

Driscilla Wanser-Bynum - Director, Administrative Services

## Expected Completion Date

1st Quarter FY 2016

## Recommendation # III-6

Take actions to improve Help Desk performance to meet targets.

## Response

 Accepted

## Action

From January – August 2014, Information Services upgraded all existing PGW desktops to Windows 7. In addition, hundreds of desktop computers reached the end of their four-year leasing cycle in CY 2015 and had to be replaced. These upgrades/deployments represented over half of the tickets from the period. Each computer required analysis and testing time. Although not expected to meet the standard SLA turnaround time requirement, they were unfortunately included in the metrics reporting. Since we have moved from a purchase to a leasing strategy, will revisit our metric reporting and come up with a way to exclude these swap-outs from the regular break-fix tickets.

Technical Services will meet monthly with desktop technicians and continue to meet quarterly with the Project Manager of the desktop service provider.

## Individual Responsible

Driscilla Wanser-Bynum - Director, Administrative Services

## Expected Completion Date

1st Quarter FY 2016

## Recommendation # III-7

Develop detailed policies and procedures involving IS chargebacks, not only during the budget cycle but also involving any changes in actual charges during the fiscal year.

## Response

Accepted

## Action

Administrative Services will develop detailed documentation describing policies and procedures related to IS chargeback.

## Individual Responsible

Driscilla Wanser-Bynum - Director, Administrative Services

## Expected Completion Date

2nd Quarter FY 2016

## Recommendation # III-8

Perform disaster recovery tests semi-annually to adhere to established goals and objectives.

## Response

Accepted

## Action

PGW intentionally deferred DR testing in 2014 to allow technical resources to remain focused on the Data Center relocation and BCCS Modernization projects. As a result, we will conduct three tests in 2015.

PGW’s 2015 schedule is as follows:

* May 5th – 6th Complete
* September 14 – 15th Complete
* October 5th – 6th

## Individual Responsible

Qian Zhou – Director Information Controls and Compliance

## Expected Completion Date

Complete

## Recommendation # III-9

Perform annual penetration testing and vulnerability assessments.

## Response

Accepted

## Action

In 2014, PGW resumed penetration test and will test annually going forward. The 2014 test was completed in Feb 2015.

## Individual Responsible

Qian Zhou - Director, Information Controls and Compliance

## Expected Completion Date

Complete

## Recommendation # III-10

Periodically analyze outsourcing the Fleet function(s) to an outside contractor.

## Response

Accepted

## Action

As recommended by the PUC this periodic analysis process shall be initiated after the Facilities Consolidation Study has been completed and PGW management has decided on the final facilities structure of Fleet Operations that is either centralized with new facilities or decentralized with facilities upgrades.

## Individual Responsible

Anthony Mauro, Vice President, Supply Chain

## Expected Completion Date

Initiation to be reviewed upon decisions as outlined in the ‘Action’ paragraph and as stated above the process is periodic and therefore would be on-going.

## Recommendation # III-11

Conduct a post implementation audit of the new M5 system.

## Response

Accepted

## Action

As recommended by the PUC an audit will be conducted approximately six months after M5 has been fully implemented. New procedures relative to M5 will be developed that can be reviewed by the audit.

## Individual Responsible

Anthony Mauro, Vice President, Supply Chain

## Expected Completion Date

3rd Quarter 2016

## Recommendation # III-12

Develop a comprehensive facilities plan.

## Response

Accepted

## Action

Once the Building Consolidation Study is completed and a direction for PGW is established, it is the intent of facilities to begin working on a comprehensive plan.

## Individual Responsible

Hans Greene, Director of Facilities and Special Projects

## Expected Completion Date

4th Quarter 2016

## Recommendation # III-13

Pursue additional vendor partnering opportunities.

## Response

Accepted

## Action

Supply Chain will perform an analysis of vendors in PGW’s system to identify candidates that may be suitable for a vendor partnership relationship.

## Individual Responsible

Anthony Mauro, Vice President, Supply Chain

## Expected Completion Date

3rd Quarter, 2016

## Recommendation # III-14

Develop and implement a Vendor Evaluation Program.

## Response

Accepted

## Action

Supply Chain will develop and implement a vendor management program that includes vendor performance measurement, feedback, corrective action, and a vendor database. Supply Chain will evaluate the extent to which vendor performance can be used as part of the bid evaluation process given PGW’s procurement rules.

## Individual Responsible

Anthony Mauro, Vice President, Supply Chain

## Expected Completion Date

3rd Quarter, 2016

## Recommendation # III-15

Develop a Supply Chain business plan that fully integrates into a PGW strategic plan.

## Response

Accepted

## Action

Supply Chain will develop a business plan that incorporates all ongoing and planned efforts and their relationship to specific corporate goals and objectives.

## Individual Responsible

Anthony Mauro, Vice President, Supply Chain

## Expected Completion Date

1st Quarter, 2017

## Recommendation # III-16

Develop written procedures for all Supply Chain processes.

## Response

Accepted

## Action

Supply chain will develop documented procedures for all essential processes using an appropriate format (text document, flowchart, etc.).

## Individual Responsible

Anthony Mauro, Vice President, Supply Chain

## Expected Completion Date

4th Quarter, 2016

## Recommendation # III-17

Perform an analysis on the value of outsourcing Supply Chain function(s).

## Response

Accepted

## Action

Supply Chain will perform an analysis to determine the value of outsourcing certain functions to private contractors.

## Individual Responsible

Anthony Mauro, Vice President, Supply Chain

## Expected Completion Date

4th Quarter, 2016

## Recommendation # III-18

Integrate all systems used by Supply Chain.

## Response

Accepted

## Action

Supply Chain will work with PGW Senior Management and Information Services to determine which systems should be integrated. Supply Chain and Information Services will then develop a project plan to integrate those systems. Adding new technologies, such as barcoding and i-Procurement, will also be evaluated.

## Individual Responsible

Anthony Mauro, Vice President, Supply Chain

## Expected Completion Date

4th Quarter, 2017

##

## Recommendation # III-19

Improve cycle count accuracy levels to at least 90% and increase analysis on inventory turn rates.

## Response

Accepted

## Action

Supply Chain will perform root cause analysis of cycle count errors and take the appropriate corrective action in order to increase accuracy to 90%. Supply Chain will also perform a more in-depth analysis of inventory turns by sub-group to identify ways to increase turns in each group.

## Individual Responsible

Anthony Mauro, Vice President, Supply Chain

## Expected Completion Date

2nd Quarter, 2016

## Recommendation # III-20

Enhance PGW’s enterprise risk management (ERM) program

## Response

Accepted

## Action

Assign additional in-house staff person to do administrative work around ERM program. Get external training for same.

Review existing risk list.

Schedule meetings with Vice Presidents to review current risk list.

Compile new list to present to Board.

Prepare formalized schedule calendar and schedule for entire ERM process.

## Individual Responsible

Jane Elizabeth Lamb, Director of Risk Management

## Expected Completion Date

Ongoing Process

## Recommendation # III-21

Enhance PGW’s risk management training programs.

## Response

Accepted

## Action

Identify all of the training efforts currently provided by Risk.

Update existing training modules.

Survey departments on additional needs.

Work with HR Training, and departments, on new modules.

Create a Risk training calendar.

## Individual Responsible

Jane Lamb, Director of Risk Management

## Expected Completion Date

3rd Quarter FY2016

## Recommendation # III-22

Develop a plan for making organizational changes and for enhancing reporting capabilities.

## Response

Accepted

## Action

Complete upgrade of RiskMaster to better use reporting capabilities.

Obtain additional training on RiskMaster reporting.

Increase cross training among different functional areas in Risk.

Evaluate individual jobs to identify where best to embed report writing and data analysis.

## Individual Responsible

Jane Elizabeth Lamb, Director of Risk Management

## Expected Completion Date

4th Quarter FY2016

## Recommendation # III-23

Standardize any procedures, including numbering, developed by the Risk Management Department.

## Response

Accepted

## Action

Dedicate one employee to coordinate process.

Collect all of the various procedures/processes for the four functional areas.

Select an ideal template and adapt existing policies.

Identify needs for additional procedures, and have subject matter expert work to develop.

## Individual Responsible

Jane Elizabeth Lamb, Director of Risk Management

## Expected Completion Date

3rd Quarter FY 2016

## Recommendation # III-24

Fully implement the DriveCam initiative and increase the number of loss controls to address preventable motor vehicle accidents (PMVAs).

## Response

Accepted

## Action

Complete the installation of additional DriveCam units.

Continue supervisory training where needed.

Identify ways to use the newly installed driver identification FOBs and GPS devices to enhance safe driving efforts.

Continuously evaluate data to determine efficacy of the program.

## Individual Responsible

Edward Fennel, Safety Manager

## Expected Completion Date

4th Quarter FY2016

## Recommendation # III-25

Certify PGW’s safety committees with the PA Department of Labor and Industry, Bureau of Workers’ Compensation.

## Response

Accepted

## Action

Determine for which of PGW’s Safety Committees we will seek certification, then ensure that all of the details of the operations of the committee(s) meet the State standard, beginning December 1, 2015.

Ensure that the committee(s) members participated in the State training previously provided on site at PGW.

Complete the on-line application process on or after June 1, 2016, the earliest possible date to begin the application process.

## Individual Responsible

Edward Fennel, Safety Manager

## Expected Completion Date

September 1, 2016, the next renewal date of PGW’s self-insurance.

## Recommendation # III-26

Create a safety committee scorecard.

## Response

Accepted

## Action

We are compiling examples of scorecards used by other utilities. Additionally, we are determining the exact requirements of certified safety committees. A draft scorecard will be reviewed by the various union and management safety committee members for their input.

## Individual Responsible

Edward Fennel, Safety Manager

## Expected Completion Date

2nd Quarter 2016

## Recommendation # III-27

Measure and report safety performance using standard industry benchmarks.

## Response

Accepted

## Action

No current system provides a single, comprehensive way to identify all of the hours spent out of work or in a modified duty capacity. Risk is working with Finance to develop a report in TLM. Training will be necessary to have timekeepers properly use the codes for modified duty. Additionally, Risk is working with its Workers’ Compensation Third Party Administrator to track OSHA recordables electronically.

Once the information can be provided electronically, Safety personnel will go back and perform the calculations so that the rates are captured for all of FY2016.

## Individual Responsible

Edward Fennel, Safety Manager

## Expected Completion Date

2nd Quarter 2016

## Recommendation # III-28

Perform a formal technology review, including systems and document management applications used by the Legal Services organization, to determine if changes would be beneficial and should be implemented in the near future.

## Response

Accepted

## Action

Legal will perform a formal technology review, including systems and document management applications used by the Legal Services organization, to determine if changes would be beneficial and should be implemented in the near future. Legal has begun surveying products and systems used by colleagues in local firms and businesses. Legal has also asked for funds in this year's operating budget to pursue system acquisition. Once a suitable solution is identified, Legal intends to acquire and implement the system, following a procurement process.

## Individual Responsible

Raquel N. Guzman, Vice President - Legal

## Expected Completion Date

4th Quarter 2016

## Recommendation # IV-1

Improve the structure and processes of Board governance.

## Response

Rejected

## Action

This recommendation is beyond the capacity of PGW Management to address and is therefore rejected.

## Individual Responsible

Craig E. White, President and Chief Executive Officer

## Expected Completion Date

Not Applicable

## Recommendation # IV-2

Strengthen ethics procedures and processes.

## Response

Accepted

## Action

PGW will review all current Ethics policies and procedures to ensure compliance with applicable ethics laws and standards. PGW will implement a formal log to monitor receipt and disposition of ethics complaint/issues/resolutions. PGW will create a special filing area to store ethics complaints and disposition.

## Individual Responsible

Raquel N. Guzman, Vice-President, Legal

## Expected Completion Date

4th Quarter 2016

## Recommendation # IV-3

Revise the Internal Auditing Department reporting structure so that the Manager of Internal Audits reports directly to the Philadelphia Facilities Management Corporation (PFMC) Board’s Audit Committee and no longer administratively to the CFO.

## Response

Accepted

## Action

PGW has recently reorganized the Internal Auditing department’s reporting structure administratively from the CFO to CAO and General Counsel.

## Individual Responsible

Craig E. White, President and Chief Executive Officer

## Expected Completion Date

Complete

## Recommendation # V-1

Adjust the bank reconciliation process so that reconciling items are cleared in a timely manner

## Response

Accepted

The Bank Reconciliations for 13 of the 14 PGW Bank Accounts are up to date with the reconciled items corrected and removed from the reconciliation with the exception of current items that are being researched. Accounting and Reporting and Treasury personnel are meeting every two weeks to review all accounts to address and correct new items identified during the Bank Reconciliation Process. The Mail Receipts, D.O., & Treasury bank account is the most complex of all accounts to reconcile due to the volume of cash being recorded as a result of customer payments at the District Offices, 3rd party vendors, Federal and State Grant payments, etc. In addition, this account has transactions that cross the Account Management, Information Systems, Treasury and A&R Departments with an input of both manual and electronic information. In March 2015, Management initiated a Six Sigma project to address this bank account and the related flow of funds and data. The goal of the project is to review this account and all of the related processes to streamline the reporting and provide a more accurate and timely bank reconciliation. This project was completed on August 31, 2015.

## Action

See above

## Individual Responsible

Anne Breyer, Director Financial Reporting & Oracle Administration

## Expected Completion Date

Implementation of the Six Sigma project will occur during FY 2016.

## Recommendation # V-2

Employ the use of a process checklist for the closing of capital projects.

## Response

Accepted

A check list for closing capital projects has been documented and is listed below.

**Checklist to Close Capital Projects**

1. Receive the signed off #4 copy of the Capital Work Order from the Originating Department.
2. If the #4 copy is not available, follow departmental procedures and work with the VP of Budget & Strategic Planning to obtain documentation/memo to close the project.
3. Stop AFUDC Charges in the Oracle Project module.
4. Verify outstanding commitments in Oracle to determine all invoices have been processed.
5. End date the project task in Oracle.
6. If applicable, complete an analysis of labor, material, SL&E, tools, transportation and other costs to verify the expenses are correct, if not make necessary adjustments.
7. Determine you can identify the cost of the asset and move the project to classified or unclassified – Utility Plant in Service.
8. Define the Asset in Oracle:
	1. Unclassified Assets – you do not have enough information to classify the asset, however you can set up 1 asset per task in Oracle Fixed Assets
		1. Assign asset at the task or project level
		2. Generate assets
		3. Interface Assets
	2. Classified Assets – you have complete information
		1. Assign Assets
		2. Generate Assets
		3. Interface Assets
	3. Validate that total costs of each Asset equal the total of the project.
	4. End date and Close Project in Oracle.

## Action

See above

## Individual Responsible

Anne Breyer, Director Financial Reporting & Oracle Administration

## Expected Completion Date

The checklist has been completed.

## Recommendation # V-3

Develop a systematic plan and process to review fixed assets across PGW and determine which recorded assets are no longer in service and need to be removed from the records.

## Response

Accepted

To address new capital replacement assets submitted on a Capital Work Order, the Accounting & Reporting Department will request the originating department to identify the assets being replaced. Upon receipt of this information, the asset will be retired.

Accounting & Reporting is currently in the process of contacting departments, providing the departments with asset lists and working together with the departments to determine the assets that can be retired. In addition to supplying the listings to the departments, Accounting will continue to work on reviewing all assets by FERC account focusing on the age of the assets, location, and dollar amount along with the asset description and prioritize those assets that have a probability that they should be retired.

## Action

See above

## Individual Responsible

Anne Breyer, Director Financial Reporting & Oracle Administration

## Expected Completion Date

PGW is currently implementing this plan and will continue using it on an ongoing basis.

## Recommendation # V-4

Develop a systematic plan and process to review unclassified assets with the end goal of classifying those assets to the proper account

## Response

Accepted

The Accounting & Reporting Department is currently reviewing unclassified assets and working with the departments to unitize older assets. Accounting & Reporting will prioritize the unclassified asset by year and will request appropriate information needed to reclassify the asset. For construction projects, the Accounting & Reporting Department will work with the originating departments to receive the pertinent information to classify the asset as soon as construction has been completed.

## Action

See above

## Individual Responsible

Anne Breyer, Director Financial Reporting & Oracle Administration

## Expected Completion Date

PGW is currently implementing this plan and will continue to utilize it on an ongoing basis.

## Recommendation # V-5

Explore alternatives for fulfilling internal audit requirements.

## Response

Accepted

## Action

PGW currently utilizes the Ascent Group as Internal Auditing’s Co-Source vendor and will be renewing their contract in FY 2016. Once the contract expires at the end of FY 2016, Internal Audit will explore the options of filling the Internal Auditor roles within the company.

## Individual Responsible

Samantha Wagner – Manager, Internal Auditing

## Expected Completion Date

August 31, 2017

## Recommendation # V-6

Create a new system and method to accumulate audit findings and recommendations that allows for retrieval based on different criteria.

## Response

Accepted

## Action

Internal Audit (IA) will continue to track the audit findings and recommendations in Excel. Furthermore, IA will utilize our current software, IDEA to import and extract data in a timely fashion.

## Individual Responsible

Samantha Wagner – Manager, Internal Auditing

## Expected Completion Date

October 1, 2015

## Recommendation # VI-1

Leverage opportunities to increase diversity through retirements, workforce planning, and succession planning.

## Response

Accepted in Part

## Action

PGW has increased opportunities to increase diversity and inclusion. Diversity and inclusion are already in the calculus when factoring/formulating succession planning efforts (Leadership Development Programs/Promotional opportunities).

PGW has become a member of National Utilities Diversity Council (**prior** to the audit's findings release date), has reached out to various women in non-traditional work roles organizations and established relationships **prior** to the audit's findings (NAWIC, Philadelphia Veterans Multi-Development Center). In addition, Diversity training for all management employees (400+) was scheduled and delivered **prior** to the audit's findings. All leadership development program classes are created with both eyes on ensuring a diverse, qualified mix of high potentials.

PGW’s commitment to Diversity and Inclusion is ongoing.

The challenges regarding utilization for women in non-traditional roles remain. We are actively seeking partnerships with external agencies to help us realize the goals set forward. We attend Veteran Job Fairs to attract qualified female applicants. We have relations with trade schools and the Philadelphia School District. We are advisor/member of the National Utilities Diversity Council and this year we facilitated a session on this very challenge at the national convention in Brooklyn NY. Despite the findings, diversity is and remains a core value at PGW.

Additionally, PGW presents to our Board the previous year’s AAP facts/statistics. This year we will start to have annual meetings with departmental Vice Presidents so to inform them of the areas/vacancies within their purview that need to be highlighted when attempting to achieve utilization

## Individual Responsible

Gary Gioioso - Director Organizational Development

## Expected Completion Date

Ongoing

## Recommendation # VI-2

Integrate diversity as an overall business objective.

## Response

Accepted

## Action

PGW has and will continue to make a concerted effort in terms of integrating diversity into overall business strategy. Some action steps that have or will be taken include but are not limited to:

* Annual update to the PFMC on Affirmative Action, EEO and Diversity (ongoing)
* Report out to Cabinet and senior team twice a year: develop appropriate action plans as needed
* Annual letter from CEO reiterating PGW's stance on EEO and Diversity
* Prospective materials including online site contains information on PGW's position regarding EEO and Diversity (Ongoing)
* Onboarding/orientation provides new employees with an overview of our policy on EEO and Diversity (Ongoing)
* Compensation analysis to ensure minorities and females are being paid equitably (Annually)
* Employee engagement surveys that ask employees about whether or not they believe they are treated fairly and in accordance with EEO laws and statutes. Develop appropriate mitigations as necessary (Ongoing)
* Staffing: Documented discussion with hiring managers regarding utilization/underutilization with appropriate sourcing noted (Ongoing)
* Sourcing from non-traditional sources with a focus on the military, disabled and women in non-traditional positions (Ongoing)
* Support of minority and female organizations such as NSBE (Ongoing)
* Continued development of high school, college and university intern and co-op programs with a focus on hiring a diverse slate of students (Ongoing)
* Training and Development
* Implementation of either a leadership/high potential program with a focus on diversity (4th Quarter 2016)
* Diversity and EEOC training of all nonunion personnel (Every two years)

## Individual Responsible

Lorraine Webb, VP of Human Resources

## Expected Completion Date

Ongoing

## Recommendation # VI-3

Develop specific procedures to improve Minority, Women, and Disabled Business Enterprise (MWDBE) subcontractor participation for the next five years and include revised internal, external, and subcontracting efforts in the next Annual Diversity Report

## Response

Accepted

## Action

Supply Chain will develop a comprehensive supplier diversity plan to increase participation levels.  The plan will include short-term, mid-term, and long-term strategies, and it will detail internal, external, and subcontracting efforts to improve MWDBE participation in PGW’s supplier diversity program.

## Individual Responsible

Erica Patterson, Director, Contracts Management and Supplier Diversity

## Expected Completion Date

1st Quarter, 2016

## Recommendation # VI-4

Update policies to ensure consistent and accurate communication of equal employment opportunity (EEO) and Supplier Diversity programs.

## Response

Accepted

## Action

PGW will ensure that applicable communications regarding PGW’s equal employment opportunity commitment are communicated to applicants, new hires and employees. This includes but is not limited to communications regarding PGW’s adherence to applicable EEO laws and statues, training, bulletin boards, online messaging, etc.

## Individual Responsible

Lorraine Webb, VP of Human Resources

## Expected Completion Date

Ongoing

## Recommendation # VII-1

Take steps to plan for the retirements that could have a major impact on the ability to staff the Gas Control Center.

## Response

Accepted

## Action

This type of issue has an enterprise wide impact in light of the looming attrition issues facing PGW over the next several years. The Gas Control Center is designed to staff operations on a 24/7 basis and the training requirement is normally complete within two years. Over the past year, two new gas controllers were hired to replace retired employees and the department expects to hire two more by the end of FY 2016. Gas Control continues to canvass qualified candidates internally and externally to address the need to replace personnel and keep pace with the attrition rate.

## Individual Responsible

Joseph F. Stengel

Manager – Rates and Federal Regulatory Affairs

## Expected Completion Date

Implemented and an on-going process.

## Recommendation # VII-2

Develop a mechanism for accounting for the carrying charges in the liquefied natural gas (LNG) sales pricing.

## Response

Accepted in Part

## Action

To date, LNG produced each year has been only for firm customer requirements. Cash generated from operations has been used to purchase natural gas to be liquefied.  Only excess LNG accumulated after warm winters has been utilized in the pilot LNG Sales program. However, carrying charges could be a component in the pricing if PGW did produce LNG solely for the LNG Sales program in the future, or with an expansion of LNG production for LNG Sales.  PGW will investigate a mechanism for accounting of carrying charges.

## Individual Responsible

Joseph F. Stengel

Manager – Rates and Federal Regulatory Affairs

## Expected Completion Date

Will be completed by 8/31/16.

## Recommendation # VII-3

Continue to take steps to reduce PGW gas supply assets.

## Response

Accepted

## Action

PGW continually monitors its portfolio of gas supply assets and reviews all new pipeline projects from a least cost gas purchase perspective. PGW sent a Termination Notice to Transcontinental Gas Pipeline on 9/21/15 in regard to our Eminence Storage Contracts. This notice will apply to Contract No. 1039085 which will terminate on 3/31/16 and Contract No.1010416 which will terminate on 10/31/16. The associated volumes and costs are detailed below.

Contract No. 1039085 (Volumes) Contract No. 1010416 (Volumes)

Capacity 439,455 Capacity 323,416

Demand 52,077 Demand 38,327

Injection 4,346 Injection 3,198

 Estimated Estimated

Annual Cost $814,700 Annual Cost $607,700

PGW also continues to maximize the sourcing of Appalachia Basin gas utilizing our existing transportation contracts. On average approximately 50% of PGW’s annual supply is Appalachia Basin gas which in the past year has reduced our gas costs by tens of millions of dollars versus purchasing at traditional receipt points in the south.

## Individual Responsible

Joseph F. Stengel

Manager – Rates and Federal Regulatory Affairs

## Expected Completion Date

Will be completed by 10/31/16.

## Recommendation # VII-4

Evaluate an all-inclusive or enterprise computer system to track the gathering of transactions so that supplier invoices, transportation invoices, and sales of excess supplies are captured.

## Response

Accepted

## Action

Implementation and testing are in progress. Target completion date for the Gas Management computer system will be the end of FY 2016.

## Individual Responsible

Joseph F. Stengel

Manager – Rates and Federal Regulatory Affairs

## Expected Completion Date

Complete by 8/31/16

## Recommendation # VII-5

Migrate all asset data into a single geospatial database.

## Response

Accepted

## Action

PGW has secured funding and is currently beginning the process of correcting and migrating asset data into a single geospatial database.

## Individual Responsible

Ray Welte, VP Operations

## Expected Completion Date

2nd Quarter – Fiscal 2017

## Recommendation # VII-6

Take corrective action to timely address the noted deficiencies in the portions of the Distribution Integrity Management Program (DIMP) that were deemed unsatisfactory.

## Response

Accepted

## Action

PGW is currently developing an action plan to enhance certain areas of the plan.

## Individual Responsible

## Ray Welte, VP Operations

## Expected Completion Date

2nd Quarter – Fiscal 2016

## Recommendation # VII-7

Aggressively accelerate the replacement of high risk mains, specifically cast iron mains.

## Response

Accepted

## Action

Over the last 5 years, PGW has increased main replacement spending from $17m in 2012 to a projected $50m for 2016. PGW is currently performing a benchmarking study to evaluate key performance statistics against those of other utilities.

## Individual Responsible

Ray Welte, VP Operations

## Expected Completion Date

Implementation of this action plan has already begun.

## Recommendation # VII-8

Integrate the corrosion work order database into Advanced Intelligent Mobile Solutions (AIMS).

## Response

Accepted

## Action

PGW is in the process of evaluating the criteria used for hydraulic network modeling. The load data needs to be updated with current values. PGW is also evaluating the design day and experience day criteria. This is an ongoing collaborative effort facilitated through the Winter Load Committee.

## Individual Responsible

Ray Welte, VP Operations

## Expected Completion Date

4th Quarter – Fiscal 2017

## Recommendation # VII-9

Reduce the number of open leaks by outsourcing the excavation work and using PGW crews to make repairs.

## Response

Accepted

## Action

Starting in April of 2015, PGW began a program that utilizes contractors to perform excavation on maintenance work and thus free up PGW crews to help reduce the number of open leaks in the system. PGW plans to continue this practice, within the confines of the current bargaining agreement, to further reduce its open leaks.

## Individual Responsible

Ray Welte, VP Operations

## Expected Completion Date

Implementation of this action plan has already begun.

## Recommendation # VII-10

Reconcile the output from the Main Replacement Program with the actual leak experience to validate its predicted outcomes.

## Response

Accepted

## Action

PGW is currently developing a procedure to reconcile the output from the Mains Replacement Prioritization model.

## Individual Responsible

Ray Welte, VP Operations

## Expected Completion Date

4th Quarter – Fiscal 2016

## Recommendation # VII-11

Improve emergency response capability by conducting periodic drills, simulating potential emergency situations, and updating area segregation plans.

## Response

Accepted

## Action

PGW does conduct periodic drills/table top exercises designed to simulate emergency situations and help improve emergency response. We will evaluate possibly increasing the frequency of such exercises. PGW does have a segregation plan that will be analyzed and updated after the full implementation of a GIS database.

## Individual Responsible

Ray Welte, VP Operations

## Expected Completion Date

Implementation of this action plan has already begun. The timeframe for completion is undetermined at this time pending the outcome of our evaluation.

## Recommendation # VII-12

Develop a set of goals and reports for Field Operations and Planning and cascade them down through the organization to drive efficiency and operational and individual performance improvements.

## Response

Accepted

## Action

PGW is currently analyzing data and creating reports to help develop metrics that drive efficiencies and increase group/individual performance improvements. In addition, PGW is in the process of evaluating software to have these metrics easily accessible for the entire organization to utilize.

## Individual Responsible

Ray Welte, VP Operations

## Expected Completion Date

3rd Quarter – Fiscal 2016

## Recommendation # VII-13

Update the system model design criteria.

## Response

Accepted

## Action

PGW is in the process of evaluating the criteria used for hydraulic network modeling. The load data needs to be updated with current values. PGW is also evaluating the design day and experience day criteria. This is an ongoing collaborative effort facilitated through the Winter Load Committee.

## Individual Responsible

Ray Welte - VP Operations

## Expected Completion Date

4th Quarter – Fiscal 2016

## Recommendation # VII-14

Increase the number of qualified contractors to perform gas main installation work.

## Response

Accepted

## Action

PGW is currently in the process of procuring several long term contracts to entice new contractors to bid. In the prequalification stages, there are currently 5 new contractors that have shown interest.

## Individual Responsible

Ray Welte – VP Operations

## Expected Completion Date

3rd Quarter – Fiscal 2016

## Recommendation # VII-15

Implement financial controls on work performed by contractors.

## Response

Accepted

## Action

PGW is currently developing new tracking mechanisms and metrics to monitor project progress and spending. Project signoffs and exception reporting will be required from engineers for projects with variances.

## Individual Responsible

Ray Welte – VP Operations

## Expected Completion Date

3rd Quarter – Fiscal 2016

## Recommendation # VII-16

Determine the number and location of residential meters that may have the incorrect encoder receiver transmitter (ERT) protocol and implement corrective measures.

## Response

Accepted in Part

## Action

Determining the exact number and locations of all meters with incorrect ERTs at this time is both impractical and unwarranted. Currently, if we identify a meter with a wrongly programmed ERT device we move to correct the problem immediately by either reprograming the ERT or replacing the meter. Also, going forward we plan on looking into utilizing Detectent software, which we currently use to identify possible gas theft cases throughout the City, to help us identify active meters with possible incorrect ERTs.

## Individual Responsible

Ray Welte - VP Operations

## Expected Completion Date

Partial completion

## Recommendation # VII-17

Develop and implement an expanded business continuity planning (BCP) schedule that includes tabletop exercises and live drills annually.

## Response

Accepted in Part

## Action

PGW has engaged the services of two consultants, BDA Global and Phil McLaughlin to help with training and the development of exercises. In FY 15 PGW conducted two tabletop exercises in conjunction with ICS refresher training and two tabletop exercises to test critical areas associated with the loss of the corporate campus.

Tabletop exercises and live drill are highly dependent on operating conditions. PGW
has committed to conduct at least two tabletop exercises annually. The scheduling of these drills will depend on areas to be tested and exercise scope. They will be driven by resource availability and operating condition.

Annual live drills are a commendable goal; however they are resource intensive and subject to operating conditions. PGW has committed to biannual live drills.

## Individual Responsible

Mike Jones Vice President Technical Compliance

## Expected Completion Date

PGW’s Business Continuity Planning department will submit to senior management a training and exercise schedule the last quarter of each fiscal year for the following year for approval.

## Recommendation # VII-18

Develop and implement a sample plan framework for PGW departments to use when developing their BCPs.

## Response

Accepted in Part

## Action

PGW currently uses SunGard Availability Services Living Disaster Recovery Planning System (LDRPS). This software system utilizes a planning template “Navigator” to provide a uniformed plan structure. All departmental coordinators attend “Plan Builder” training at SunGard’s King of Prussia headquarters. PGW’s business continuity
planning department is developing a procedure for departmental coordinators to
follow when using the navigator.

**Individual Responsible**Mike Jones, Vice President Technical Compliance

## Expected Completion Date

The Business Continuity Planning department will submit this procedure for approval in the first quarter of FY 16

## Recommendation # VIII-1

Continue to institutionalize recent efforts to strengthen call center operations.

## Response

Accepted

## Action

The call center management will continue to focus on building upon improving the initiatives implemented over the past year to improve the customer experience (internal and external) by providing call center employees with proper resources, support and processes.

## Individual Responsible

Bernard L. Cummings, Vice President Customer Service and Collections

## Expected Completion Date

Expected completion is 3rd Quarter of 2016.

## Recommendation # VIII-2

Budget and track costs separately for each District Office.

## Response

Accepted in Part

## Action

Customer Affairs will work with PGW's finance area to implement this recommendation. This initiative will most likely will not be able to be implemented until the late spring of 2016 which is the beginning of development of the FY2017 operating budget.

## Individual Responsible

Bernard L. Cummings, Vice President of Customer Service and Collections

## Expected Completion Date

3rd Quarter Fiscal Year 2016

## Recommendation # VIII-3

Evaluate and implement alternative in-person customer service options.

## Response

Accepted in Part

## Action

Based upon the results customer surveys conducted by a third party many of PGW's customers the routinely utilize the district offices due so to learn more about PGW's various Universal Services programs (e.g. CRP, LIHEAP, etc.). In a survey conducted in April 2015, year to date 42% of district office visitors were most likely to have contacted PGW for universal services when compared to 12% to phone contacts. Our in-person customer service center gives our customers yet another method to contact us in addition to the normal channels (phone, web etc.). Customer Affairs will evaluate in the near future the utilization of kiosks in the district office as a means of expanding service options within the district offices.

## Individual Responsible

Bernard L. Cummings, Vice President of Customer Service and Collections

## Expected Completion Date

3rd Quarter Fiscal Year 2016

## Recommendation # VIII-4

Develop a plan for enhancing customer systems, including use of mobile applications for making customer payments.

## Response

Accepted

## Action

PGW is currently in the process of evaluating options with a third party vendor to develop a more expansive mobile application to be used by its customers. This initiative is expected to be completed by the third quarter of FY2016.

## Individual Responsible

Bernard L. Cummings

## Expected Completion Date

Third Quarter Fiscal Year 2016

## Recommendation # VIII-5

Incorporate commercial/industrial accounts into PGW’s risk-based collections process, including sending such accounts to collection agencies.

## Response

Accepted

## Action

In an effort to be further strategic with our collection efforts for commercial/industrial accounts, PGW is in the process of evaluating possible vendors to provide risk based collections services. As a part of this effort, commercial/industrial accounts will be scored based on established criteria to identify and mitigate risk. Also, commercial/industrial accounts will be sent to collection agencies as dictated by such collection activity.

## Individual Responsible

Bernard L. Cummings, Vice President of Customer Service and Collections

## Expected Completion Date

Fourth Quarter of FY2016

## Recommendation # VIII-6

Identify and address increasing customer disputes and PaPUC complaints.

## Response

Accepted

## Action

PGW will investigate the root cause of each of the primary types of disputes and informal complaints and develop action plans for addressing the identified issues, to the extent that corrections are desired from a policy perspective (e.g. the company may not want to increase the number of payment agreements it makes available).

## Individual Responsible

Denise Adamucci, Vice President Regulatory Compliance & Customer Programs

## Expected Completion Date

January 2016

## Recommendation # VIII-7

Place greater emphasis on decreasing the number and amount of over-90-day-old accounts.

## Response

Accepted

## Action

PGW will continue its ongoing efforts to improve the collectability of its accounts receivable by expanding the use of risk based collections, expanding the use of third party collection agencies, and continuing to develop various initiatives to improve collectability.

## Individual Responsible

Bernard L. Cummings, Vice President of Customer Affairs and Collections

## Expected Completion Date

This is an ongoing process

## Recommendation # VIII-8

Identify and address why the number of customers being refunded their credit balances following closing has decreased from roughly 62% to 27%.

## Response

Accepted

## Action

By the end of FY2016, management will perform a detailed root cause analysis to determine the causes of the reduction of customer refunds. Once the analysis is completed, if warranted, strategies will be developed to address issues identified.

## Individual Responsible

Bernard L. Cummings, Vice President of Customer Service and Collections

## Expected Completion Date

End of FY2016

## Recommendation # VIII-9

Formalize communication protocol between PGW groups to readily identify and remediate underbillings for gas service.

## Response

Accepted

## Action

The two Vice Presidents in Customer Affairs will continue to evaluate and implement initiatives that foster effective communications amongst the various groups in Customer Affairs to improve processes and procedures used to remediate underbilling for gas service.

## Individual Responsible

Denise Adamucci, Vice President of Regulatory Compliance and Customer Programs

Bernard L. Cummings, Vice President of Customer Service and Collections

## Expected Completion Date

On-going process

# Appendix A: Glossary

## A.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| accounts payable | A/P |  |
| affirmative action | AA |  |
| affirmative action plan | AAP |  |
| American Gas Association | AGA |  |
| automated call director | ACD |  |
| automated clearinghouse | ACH |  |
| Automated Computer Aided Drafting | AutoCAD |  |
| Automated Data Processing | ADP |  |
| Automated Information Management System | AIMS/AIMS2 |  |
| automated meter reading | AMR |  |
| automated time management system | ATMS |  |
| automatic external defibrillator | AED |  |

## B.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| Bank of America | BOA |  |
| Billing Collection & Customer Service | BCCS |  |
| billion cubic feet | Bcf |  |
| Board of Directors | BOD |  |
| British thermal unit | BTU |  |
| Bureau of Consumer Service | BCS |  |
| Business Technology Consultant | BTC |  |
| Business Transformation | BT |  |
| business transformation | BT |  |
| Business Transformation Initiative | BTI |  |

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| Business Transformation Steering Committee | BTSC |  |
| business unit | BU |  |

## C.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| calendar year | CY |  |
| Cannot Get In | CGI |  |
| Chief Executive Officer | CEO |  |
| Chief Financial Officer | CFO |  |
| Chief Information Officer | CIO |  |
| Chief Operating Officer | COO |  |
| Cincinnati Gas & Electric Company | CG&E |  |
| code division multiple access | CDMA |  |
| commercially-off-the-shelf | COTS |  |
| compressed natural gas | CNG |  |
| continuing property records | CPR |  |
| contract management system | CMS |  |
| corrective maintenance | CM |  |
| Credit & Collections | C/C |  |
| customer assistance program | CAP |  |
| Customer Contact Center | C3 |  |
| Customer Responsibility Program | CRP |  |
| Customer Review Unit | CRU |  |
| customer service center | CSC |  |
| customer service representative | CSR |  |

## D.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| database administrator | DBA |  |
| decatherms | DTH |  |
| Delaware Department of Transportation | DelDot |  |
| Item | Acronym | Description |
| Department of Transportation | DOT |  |
| disabled-owned business enterprise | DBE |  |
| Dispute Resolution Unit | DRU |  |
| Distribution Integrity Management Program | DIMP |  |

## E.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| electronic data interchange | EDI |  |
| electronic funds transfer | EFT |  |
| end of year | EOY |  |
| Energy Insurance Mutual | EIM |  |
| enterprise resource planning | ERP |  |
| enterprise risk management | ERM |  |
| Enterprise Steering Committee | ESC |  |
| equal employment opportunity | EEO |  |
| Equal Employment Opportunity Commission | EEOC |  |
| Expert Agent Selection | EAS |  |

## F.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| Federal Energy Regulatory Commission | FERC |  |
| Field Services Department | FSD |  |
| file/print | F/P |  |
| financial size category | FSC |  |
| fiscal year | FY |  |
| Fixed Utility Services | FUS |  |
| Fleet Operations | FO |  |
| Flexible Spending Account | FSA |  |
| free-is-good | FIG |  |
| full-time equivalent | FTE |  |

## G.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| gas cost recovery | GCR |  |
| Gas Industry Standards Board | GISB |  |
| Gas Processing Department | GPD |  |
| General Counsel | GC |  |
| general ledger | G/L |  |
| geographic information system | GIS |  |

## H.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| heating, ventilation, and air conditioning | HVAC |  |
| Human Resource Information System | HRIS |  |
| Human Resources | HR |  |

## I.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| Information Services | IS |  |
| Information Systems Audit and Control Association | ISACA |  |
| information technology | IT |  |
| instruction set architecture | ISA |  |
| integrated voice response | IVR |  |
| Internal Audit | IA |  |
| International Customer Management Institute | ICMI |  |
| International Swaps & Derivative Association | ISDA |  |

## J.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
|  |  |  |

## K.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| key performance indicator | KPI |  |

## L.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| Landlord Cooperation Program | LCP |  |
| liquid natural gas | LNG |  |
| Living Disaster Recovery Planning System | LDRPS |  |
| local area network | LAN |  |
| local distribution company | LDC |  |
| long-term disability | LTD |  |
| Low Income Home Energy Assistance Program | LIHEAP |  |

## M.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| Main Replacement Prioritization | MRP |  |
| Materials Management Department | MMD |  |
| Medical Review Officer | MRO |  |
| Meter Investigation Unit | MIU |  |
| minority business enterprise | MBE |  |
| Minority Business Enterprise Council | MBEC |  |
| Minority Supplier Development Council | MSDC |  |
| minority/women business enterprise | M/WBE |  |
| thousand cubic feet | Mcf |  |

## N.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| National Association of Securities Dealers | NASD |  |
| National Association of Women Business Owners | NAWBO |  |
| Natural Gas Approved Standardized Buy/Sell Agreement | NASBY |  |
| New Jersey Department of Transportation | NJDot |  |
| New York Stock Exchange | NYSE |  |
| non-payment shutoff program | NPSO |  |
| not-to-exceed | NTE |  |

## O.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| Office of Federal Contract Compliance Program | OFCCP |  |
| operations and maintenance | O&M |  |
| Operations Systems Support | OSS |  |
| Organizational Development | OD |  |
| overtime | OT |  |

## P.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| Parts and Labor Plan | PLP |  |
| payback period | PBP |  |
| payment arrangement | PAR |  |
| Pennsylvania Department of Transportation | PennDOT |  |
| Pennsylvania Human Relations Commission | PaHRC |  |
| Pennsylvania Public Utility Commission | PaPUC |  |
| performance improvement plan | PIP |  |
| personal computer | PC |  |
| Philadelphia Commission on Human Relations | PCHR |  |
| Philadelphia Facilities Management Corporation | PFMC |  |
| Philadelphia Gas Commission | PGC | Same acronym as purchased gas costs |
| Philadelphia Gas Works | PGW |  |
| Philadelphia Housing Authority | PHA |  |
| Philadelphia Human Rights Commission | PHRC |  |
| preventive maintenance | PM |  |
| Pricewaterhouse Coopers, LLC | PwC |  |
| project management office | PMO |  |
| Project Management Professional | PMP |  |
| Public Utility Commission | PUC |  |
| purchase order | PO |  |
| purchased gas costs | PGC | Same acronym as Philadelphia Gas Commission |
| Purchasing Management Association of Philadelphia | PMAP |  |

## Q.

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| --- | --- | --- |
| Item | Acronym | Description |
| quality assurance | QA |  |
| quality-of-service isolation | QoS isolation |  |

## R.

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| --- | --- | --- |
| Item | Acronym | Description |
| request for proposal | RFP |  |
| request for quote | RFQ |  |
| Return Material Authorization | RMA |  |
| Revenue Protection Unit | RPU |  |

## S.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| Sarbanes-Oxley Act | SOX |  |
| Securities and Exchange Commission | SEC |  |
| Senior Vice President | SVP |  |
| separate trading of interest and principal securities | STRIPS |  |
| service level agreement | SLA |  |
| Small Business Administration | SBA |  |
| Source of Authority | SOA |  |
| Southeastern Pennsylvania Transportation Authority | SEPTA |  |
| storage area network | SAN |  |
| Strategic Alignment Score | SAS |  |
| Strategic Focused Organization | SFO |  |
| Supervisory Control and Data Acquisition | SCADA |  |
| Supply Chain | SC |  |

## T.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| tax-exempt commercial paper | TXCP |  |
| third-party administrator | TPA |  |
| Transcontinental Pipeline | Transco |  |

## U.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| unaccounted-for gas | UAG |  |
| Underground Facilities Database | UFD |  |
| uninterruptible power supply | UPS |  |
| United States Department of Transportation | USDOT |  |
| Utility Emergency Service Fund | UESF |  |
| Utility Workers Union of America | UWUA |  |

## V.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| Vice President | VP |  |
| virtual machine | VM |  |

## W.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| wide area network | WAN |  |
| women business enterprise | WBE |  |
| workers’ compensation  | WC |  |

## X, Y.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
|  |  |  |

## Z.

|  |  |  |
| --- | --- | --- |
| Item | Acronym | Description |
| zero balance account | ZBA |  |