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Nicole Paloney
Director
Rates & Regulatory Affairs

May 1, 2017

Mr. George Dorow, Jr.
Audit Supervisor
Bureau of Audits

Re: Management Efficiency Investigation of Columbia Gas of Pennsylvania, Inc.; D-2016-2564606 – Columbia Gas MEI Implementation Plan

Dear Mr. Dorow:

Enclosed please find Columbia's Implementation Plan in response to the Bureau of Audit's Management Efficiency Investigation (MEI) follow-up recommendations from the 2013 Focused Management and Operations Audit, as issued in the final report on April 11, 2017.

If you have any questions regarding the information contained within the Implementation Plan, please call me.

Sincerely,



Nicole Paloney
Director Rates & Regulatory Affairs
Columbia Gas of Pennsylvania

COLUMBIA GAS OF PENNSYLVANIA

MANAGEMENT EFFICIENCY INVESTIGATION

IMPLEMENTATION PLAN

at Docket No. D-2016-2564606

May 1, 2017

IMPLEMENTATION PLAN

III. FINANCIAL MANAGEMENT

Follow-Up Recommendation, Page 10	Create a policy that documents the O&M budgeting process.
Company Response	Accepted
Responsibility	Lloyd Jackson – Director Operations Budgets

Company Comments

The NiSource Financial Planning management team establishes financial goals and planning objectives in conjunction with NiSource Inc.'s Senior Management. It is the responsibility of Financial Planning, working with the above mentioned stakeholders, to ensure that: (1) Columbia Gas of Pennsylvania's financial plans are developed in accordance with State and Corporate goals, guidelines, assumptions and objectives, and (2) individual company operational and administrative requirements are addressed, including ongoing regulatory commitments.

On April 24th, 2017 NiSource implemented a new financial planning system. As part of the system project, NiSource commissioned a third-party to review existing business planning processes. The review consisted of a current state assessment, planning process redesign, defining of goals, objectives and roles, and a plan for implementation.

Final recommendations for business planning process improvement have been presented to management and Financial Planning has begun implementation as part of the upcoming planning cycle beginning in late May.

Implementation Steps	Estimated Date of Completion
<ul style="list-style-type: none"> Obtain final approval of new budgeting process. 	May 31, 2017
<ul style="list-style-type: none"> Create a formal policy that documents the O&M budgeting process. 	July 1, 2017
<ul style="list-style-type: none"> Full implementation of the O&M budgeting process. 	November 30, 2017
<ul style="list-style-type: none"> Conduct annual reviews of the O&M budget process as part of continuous process improvement. 	On-Going

IMPLEMENTATION PLAN

IV. Customer Service

Follow-Up Recommendation, Page 26	Establish Pennsylvania specific threshold levels or goals for measuring collection agency performance that are based on the gross collections as a percentage of amounts placed for collection in Pennsylvania, and if needed, replace any poor performing collection agencies.
Company Response	Accepted
Responsibility	Colleen Schenz – Manager Meter to Cash

Implementation Steps	Estimated Date of Completion
<ul style="list-style-type: none"> Establish a specific Pennsylvania threshold level or goal measuring Collection Agency performance that is based on the gross collections as a percentage of amounts placed for collection in Pennsylvania. 	June 1, 2017
<ul style="list-style-type: none"> Monitor collection agency performance for Pennsylvania. 	On-going
<ul style="list-style-type: none"> Work with vendor to be able to assign Pennsylvania accounts only to designated agencies (currently done at NiSource level). 	December 31, 2017
<ul style="list-style-type: none"> Move work from poor performing agencies. 	June 30, 2018

IMPLEMENTATION PLAN

V. GAS OPERATIONS

Follow-Up Recommendation, Page 31	Continue to monitor overtime metrics established by NiSource to distribute overtime equitably.
Company Response	Accepted
Responsibility	Mike Davidson – VP & General Manager CPA/CMD

Company Comments

The implementation of ARCOS, an automated call out system, has enhanced Columbia’s call out processes and reporting capabilities. Additionally, in an effort to distribute overtime equitably, current labor agreements establish a minimum call out acceptance rate for field employees. Monthly reporting on overtime acceptance and distribution are reviewed by management to monitor distribution and are used to make adjustments as appropriate. These efforts facilitate the spread of overtime across a broader group of field employees.

Implementation Steps	Estimated Date of Completion
<ul style="list-style-type: none"> Continue to monitor the effectiveness of ARCOS, including periodic performance review and modify as necessary. 	On-Going
<ul style="list-style-type: none"> Continue to review call acceptance rates on a monthly basis with Managers, Field Leaders and Union Leadership. 	On-Going
<ul style="list-style-type: none"> Continue to evaluate and back fill operational vacancies as appropriate. 	On-Going

IMPLEMENTATION PLAN

V. GAS OPERATIONS

Follow-Up Recommendation, Page 36	Continue to conduct periodic reviews of dispatch time performance to monitor the effectiveness of ARCOS and make modifications as needed to ensure emergency dispatches can be completed within 15 minutes.
Company Response	Accepted
Responsibility	Mike Davidson – VP & General Manager CPA/CMD

Company Comments

The Company has improved its dispatching capabilities with the implementation of ARCOS. The tool aids operators in selecting and assigning field operations employees to emergency orders. The company has also evaluated staffing and shift requirements by area and implemented changes based on those evaluations. This has better aligned the available field operations employees with the field work and has subsequently provided operators with more resources to quickly dispatch orders. The Company expects that these factors, in addition to the steps set forth below, will enhance the ability to complete dispatches within 15 minutes.

Implementation Steps	Estimated Date of Completion
<ul style="list-style-type: none"> Continue to review dispatch times on a monthly basis. 	On-Going
<ul style="list-style-type: none"> Continue to conduct reviews of dispatches exceeding 15 minutes. 	On-Going