

**National Fuel Gas Distribution Corporation  
Pennsylvania Division**

**Implementation Plan  
To  
Focused Management and Operations Audit**

**Chapter III. Executive Management and Organizational Structure**

**Recommendation:** Expand the Senior Management Metric Dashboard Report to include performance metrics specific to NFGDC-PA operations and PAPUC regulatory metrics.

**Audit Report Reference:** Chapter III (Page 16)

**NFGDC Response:** Accept

**Completion Date:** September 2019 and On-Going Thereafter

**NFGDC Action Plan:**

- Identify existing key metrics and/or cost drivers across NFGDC-PA
- Verify the availability and comparability of historic data for selected NFGDC-PA metrics
- Build new PowerPoint slides in the Senior Management Metric Dashboard Report to capture NFGDC-PA performance
- Issue the expanded Senior Management Metric Dashboard Report to all NFGDC Officers

**Responsible Individual(s):**

- Ray Boy, Assistant General Manager, Purchasing/Accounts Payable Department
- Evan Crahen, Director, Rates and Regulatory Affairs Department
- Mike Colpoys, Vice President

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**Chapter IV. Corporate Governance**

**Recommendation:** Monitor the nomination process to ensure diverse business perspectives are included in the Board's membership to more closely adhere with Corporate Governance guidelines.

**Audit Report Reference:** Chapter IV (Page 23)

**NFGDC Response:** Accept

**Completion Date:** On-Going

**NFGDC Action Plan:**

- Annually review the Notice of Annual Meeting and Proxy Statement document, which contains: (1) the National Fuel Gas Company Corporate Governance Guidelines, (2) the National Fuel Gas Company Director Qualification Guidelines, (3) the National Fuel Gas Company Nominating/Corporate Governance Committee Process for Identifying and Evaluating Nominees for Director, and (4) Proposals for the Election of Directors
- Monitor the nomination process for adherence to the National Fuel Gas Company Corporate Governance Guidelines

**Responsible Individual(s):**

- Jim Baetzhold, Assistant General Counsel, National Fuel Gas Distribution Corporation
- Mike Reville, Vice President and General Counsel

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**Chapter IV. Corporate Governance**

**Recommendation:** Formally document committee membership and rotation practices of the Board.

**Audit Report Reference:** Chapter IV (Page 23)

**NFGDC Response:** Accept

**Completion Date:** June 2019

**NFGDC Action Plan:**

- Form a team of subject matter experts
- Develop draft documentation for committee membership and rotation practices of the Board
- Complete review of draft documentation internally, incorporating the feedback of internal stakeholders
- Post final documentation to the Company's website

**Responsible Individual(s):**

- Jim Baetzhold, Assistant General Counsel, National Fuel Gas Distribution Corporation
- Mike Reville, Vice President and General Counsel

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**Chapter IV. Corporate Governance**

**Recommendation:** Update the Audit Services Department Manual to specifically include a procedure stating that all Audit Services Department employees, including the Chief Auditor, have unrestricted access to the external audit firm.

**Audit Report Reference:** Chapter IV (Page 23)

**NFGDC Response:** Accept

**Completion Date:** December 2018

**NFGDC Action Plan:**

- Document that all Audit Services Department employees, including the Chief Auditor, have unrestricted access to the external audit firm
- Update Audit Services Department Manual to include the formal documentation

**Responsible Individual(s):**

- Jonathan Wilkins, Chief Auditor, Audit Services Department

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**Chapter VIII. Customer Service**

**Recommendation:** Reduce gross write-off levels to more closely align with the panel average of peer gas distribution utilities in Pennsylvania.

**Audit Report Reference:** Chapter VIII (Page 48)

**NFGDC Response:** Accept

**Completion Date:** On-Going

**NFGDC Action Plan:**

- Continue to work with the Information Services Department to enhance billing system (SAP) functionality
- Conduct regular planning meetings with the Operations and Consumer Business Departments to focus and pursue collection activity
- Allow LIRA households to maintain program enrollment, without re-verifying income, when they transfer from one residence to another within NFGDC's territory
- Establish and work with its universal service advisory committee to examine ways to enhance its LIRA outreach
- Review peer utility panel for comparability and anomalies

**Responsible Individual(s):**

- Kathy Frank, Assistant General Manager, Credit, Collections and Receivables Management Department
- Ron Haener, General Manager, Consumer Business Department
- Donna DeCarolis, Vice President
- Joe Del Vecchio, Vice President and Chief Regulatory Counsel

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**Chapter VIII. Customer Service**

**Recommendation:** Reduce billing lag by creating a process to issue atypical meter reads separately from the normal billing cycle reads.

**Audit Report Reference:** Chapter VIII (Page 48)

**NFGDC Response:** Accept

**Completion Date:** December 2020

**NFGDC Action Plan:**

- Form a team of subject matter experts
- Determine root causes of current billing lags
- Assess technological capabilities of current billing system
- Based upon technological capabilities, explore billing system enhancements or consider potential alternatives

**Responsible Individual(s):**

- Ron Haener, General Manager, Consumer Business Department
- Donna DeCarolis, Vice President

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**Chapter XI. Human Resources**

**Recommendation:** Measure employee engagement on a routine basis to trend employee satisfaction and identify areas of improvement.

**Audit Report Reference:** Chapter XI (Page 64)

**NFGDC Response:** Accept

**Completion Date:** December 2019 and On-Going Thereafter

**NFGDC Action Plan:**

- Issue employee engagement surveys
- Assess employee engagement survey responses
- Take action(s) as deemed appropriate

**Responsible Individual(s):**

- Val Hawthorn, Senior Manager, Human Resources Department
- Amy Shiley, General Manager, Human Resources Department
- Mike Reville, Vice President and General Counsel

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**Chapter XI. Human Resources**

**Recommendation:** Reduce preventable OSHA recordable incidents to achieve at least industry performance levels and eliminate incidents labeled as “Hazard not Identified.”

**Audit Report Reference:** Chapter XI (Page 64)

**NFGDC Response:** Accept

**Completion Date:** On-Going

**NFGDC Action Plan:**

- Expand senior management participation in employee meetings to ensure alignment of managers, supervisors and hourly workers with respect to safety expectations
- Enhance safety training for hourly workers through a consistently administered program
- Conduct company-wide employee safety survey in calendar year 2019 to measure progress and identify areas for improvement
- Modify post-incident investigation procedure to ensure “Hazard not Identified” is not cited as an exclusive cause of OSHA recordable incidents

**Responsible Individual(s):**

- Mike Anderson, General Manager of Safety, Risk Management Department
- Lee Hartz, Assistant Vice President



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**Chapter XII. Fleet Management**

**Recommendation:** Perform a lease versus buy analysis every three to five years to determine the most cost-effective vehicle acquisition method.

**Audit Report Reference:** Chapter XII (Page 69)

**NFGDC Response:** Accept

**Completion Date:** May 2020

**NFGDC Action Plan:**

- Form a team of subject matter experts
- Team to draw upon internal analytical and legal expertise
- Assess the quantitative and qualitative benefits of leasing versus buying
- Document the results of the assessment and take action(s) as deemed appropriate

**Responsible Individual(s):**

- Paul White, General Foreman, Mechanical Department
- Bob Plewa, Superintendent, Mechanical Department
- Craig Swiech, Assistant Vice President, Mechanical Department