**ANNUAL REPORT**

**66 PA C.S. § 516 AUDITS**

**FOR FISCAL YEAR 2017-2018**

**MANAGEMENT AUDITS &**

**MANAGEMENT EFFICIENCY**

**INVESTIGATIONS**

**Pennsylvania Public Utility Commission**

**Bureau of Audits**

**Issued October 2018**

**Docket No. D-2018-3004556**

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**I. INTRODUCTION**

 Management Audits (MAs) and Management Efficiency Investigations (MEIs) periodically examine management effectiveness and operating efficiency of the Pennsylvania jurisdictional fixed utilities. Specifically, MAs determine the extent to which a utility has contained costs, developed reasonable long and short-range plans for the company’s continued operations, provided adequate service to the customers it serves, and provided proper management and organizational structure. MEIs, in part, review utility efforts in implementing prior management audit recommendations.

 The MAs and MEIs are required of any electric, gas, telephone or water utility whose plant-in-service is valued at not less than $10 million (Public Utility Code, 66 Pa. C.S. § 516). MAs are to be conducted at least once every five to eight years. MEIs or investigations of implementation progress are usually conducted two to three years after completion of the MAs.

 Currently, MAs and MEIs are performed for 28 large and medium-sized electric, gas, and water companies. Although telecommunications companies with plant-in-service of $10 million or more are technically covered by the mandate, audits and investigations of these companies have been suspended consistent with approved alternative regulatory plans.

Required audits and investigations are conducted by Bureau staff, or by outside consulting firms with the oversight of Bureau personnel. Other special operational and/or financial projects are also performed from time to time by Bureau employees, or by outside consultants with the oversight of Bureau staff.

 Section 516(b) of the Pennsylvania Public Utility Code requires that an Annual Report addressing the MAs and MEIs released during the year be provided to the Pennsylvania Public Utility Commission (PUC or Commission), the Bureau of Investigations & Enforcement, and the Office of Consumer Advocate. In this Annual Report, Chapter II contains tables showing the number and categorization of recommendations from the various MAs and MEIs released during the fiscal year ended June 30, 2018, as well as a summary analysis of benefits and costs associated with the Management Audit Division's mandated operations. Chapter III of the report provides a brief narrative summary of each MA, while Chapter IV provides a summary of each MEI. Chapter V presents a list of the regulated utilities subject to mandated Section 516 MAs as of June 30, 2018, and a list of all Section 516 mandated MAs released to Fiscal Year End 2018 (i.e., June 30, 2018). Complete copies of all audits and investigations have been sent to each of the required parties and are available on the PUC’s website.

 *Please note, this annual report addresses only MAs and MEIs performed pursuant to 66 Pa. C.S. § 516. The results of other projects completed by the Bureau of Audits’ Management Audit Division during the fiscal year are available to the extent approved for public release by the Commission. A listing of those projects as well as copies of any issued reports can be obtained by contacting John Clista at*

*(717) 772‑0317 or* jclista@pa.gov*.*

**II. STATISTICAL TABLES**

|  |
| --- |
| **TABLE A** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **FY 2017-2018 Management Audits**  |
| **Number and Categorization of Recommendations** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Company** | **Total** | **Accepted** | **Partially Accepted\*** | **Rejected** | **% Accepted or Partially Accepted** |
|  |  |  |  |  |  |
| Columbia Water Company | 13 | 12 | 1 | 0 | 100% |
|  |  |  |  |  |  |
| National Fuel Gas Distribution Corporation | 9 | 9 | 0 | 0 | 100% |
|  |  |  |  |  |  |
| Pike County Light and Power & Leatherstocking Gas Co. | 33 | 33 | 0 | 0 | 100% |
|  |  |  |  |  |  |
| **Totals** | 55 | 54 | 1 | 0 | 100% |
|  |  |  |  |  |  |
| \* Per implementation plans submitted by the companies. |

|  |
| --- |
| **TABLE B** |
|  |  |   |  |   |  |  |  |  |  |
| **FY 2017-2018 Management Efficiency Investigations** |
| **Number and Categorization of Recommendations**  |
|  |  |   |  |   |  |  |  |  |  |
|  |  |   |  |   |  |  |  |  |  |
|  | **Evaluation of Prior Recommendations** |  |  |
|  |  |   |  |   |  |  |  |  |  |
| **Company** | **Total Evaluated** |  | **Effectively Implemented** |  | **Partially or Not Implemented** |  | **% Effectively Implemented** |  |  |
|  |  |  |  |  |  |  |  |  |  |
| PECO Energy Company | 23 |   | 14 |   | 9 |  | 61% |  |  |
|  |  |   |  |   |  |  |  |  |  |
| The York Water Company | 15 |   | 10 |   | 5 |   | 67% |  |  |
|  |   |   |   |   |   |   |  |  |  |
| **Totals** | 38 |   | 24 |   | 14 |   | 63% |  |  |
|  |  |   |  |   |  |  |  |  |  |
|  |  |   |  |   |  |  |  |  |  |
|  |  |   |  |   |  |  |  |  |  |
|  | **Staff’s Follow-Up Recommendations** |
|  |  |   |  |   |  |  |  |  |  |
| **Company** | **Total Developed** |  | **Accepted** |  | **Partially Accepted\*** |  | **Rejected** |  | **% Accepted or Partially Accepted** |
|  |  |   |  |   |  |  |  |  |  |
| PECO Energy Company | 13 |   | 13 |   | 0 |  | 0 |  | 100% |
|  |  |   |  |   |  |  |  |  |  |
| The York Water Company | 8 |   | 8 |   | 0 |  | 0 |  | 100% |
|  |  |   |  |   |  |  |  |  |  |
| **Totals** | 21 |   | 21 |   | 0 |  | 0 |  | 100% |
|  |  |   |  |   |  |  |  |  |  |
|  |  |   |  |   |  |  |  |  |  |
| \* Per implementation plans submitted by the companies.  |

|  |
| --- |
| **TABLE C** |
|  |  |  |  |  |   |  |  |  |
|  |  |  |  |  |   |  |  |  |
| **FY 2017-2018 Management Audits (MAs) and**  |
| **Management Efficiency Investigations (MEIs)** |
|  |  |  |  |  |   |  |  |  |
| **Benefit/Cost Summary** |
|  |  |  |  |  |   |  |  |  |
|  |  | **Net Projected Savings or Benefits\* Upon Implementation of Current Audit Recommendations** |   | **Net Realized Savings or Benefits\* After Implementation of Prior Audit Recommendations** |
|  |  |  |   |   |   |  |   |   |
|  |  | **Annual (Millions)** |  | **One-Time (Millions)** |  | **Annual (Millions)** |  | **One-Time (Millions)** |
|  |  |  |  |  |  |  |  |  |
| Consultant MAs (0) |  | $0.0 |  | $0.0 |  | $0.0 |  | $0.0 |
|  |  |  |  |  |  |  |  |  |
| Staff MAs & MEIs (6) |  | $0.0 |  | $0.0 |  | $0.0 |  | $1.4 |
|  |  |  |  |  |  |  |  |  |
| Total Benefits |  | $0.0 |  | $0.0 |  | $0.0 |  | $1.4 |
|  |  |  |  |   |   |   |
|  |  |  |  |   |   |   |
| One-Time Consultant Costs for FY 2017-2018 Audits (Millions) |   | $0.0 |
|  |  |  |  |  |   |  |  |  |
| Approximate Management Audit Division Costs for FY 2017-2018 (Millions) |  | $1.7 |
|  |  |  |  |  |  |  |  |  |
| Total Estimated Cost of MAs and MEIs (Millions) |  | $1.7 |
|  |  |  |  |  |  |  |  |  |
| \* These quantified benefits are net of projected or realized implementation costs. |  |  |

**Readers should also note that many benefits are qualitative in nature and cannot be measured in specific dollar terms.**

**III. SUMMARY OF MANAGEMENT AUDITS**

 **COMPLETED IN FISCAL YEAR 2017-2018**

Columbia Water Company (D-2017-2606105)

The report on the Focused Management and Operations Audit (MA) of Columbia Water Company (CWC or Company), completed by staff from the Bureau of Audits, was publicly released on May 3, 2018. The audit report contained 13 recommendations. The Company’s Implementation Plan, dated April 4, 2018, indicated acceptance of 12 recommendations and partial acceptance of one recommendation. The Company indicated its plans to complete implementation of most recommendations by March 2019.

During the audit, five functional areas or specific issues were examined in-depth. The distribution of the auditors’ functional ratings and the number of recommendations by chapter/functional area are as follows:

|  |  |  |
| --- | --- | --- |
| **Functional Ratings** | **Chapter / Functional Area** | **Number of Recommendations** |
|  |  |  |
| Major Improvement Needed (0) | None | 0 |
| SignificantImprovement Needed (0) | None | 0 |
| ModerateImprovement Needed (2) | IV – Financial ManagementV – Water Operations | 35 |
| MinorImprovement Needed (3) | III – Corporate GovernanceVI – Public Utility Emergency PreparednessVII – Customer Service | 212 |
| Meets Expected Performance Level (0) | None | 0 |
| Total Number of Recommendations | 13 |

Several staff’s recommendations, if effectively implemented, could yield qualitative benefits. Examples of these recommendations included:

* Accelerating the replacement of cast iron mains;
* Developing and maintaining a damage prevention program to include a damage prevention manual, line damage database, and a pipeline education and awareness program for the company’s stakeholders;
* Emergency preparedness and annual testing of related plans;
* Periodically exploring banking and financing services through price comparisons or competitive bids; and,
* Evaluating historical customer delinquent account data and modifying collection practices accordingly.

No projected benefits/savings or incremental costs associated with implementation of the recommendations were specifically identified.

National Fuel Gas Distribution Corporation (D-2017-2584893))

The report on the Focused Management and Operations Audit (MA) of the National Fuel Gas Distribution Corporation (NFGDC), completed by staff from the Bureau of Audits, was publicly released on April 19, 2018. The audit report contained nine recommendations. The Company’s Implementation Plan, dated March 23, 2018, indicated acceptance of all nine recommendations.

During the audit, 11 functional areas or specific issues were examined in-depth. The distribution of the auditors’ functional ratings and the number of recommendations by chapter/functional area are as follows:

|  |  |  |
| --- | --- | --- |
| **Functional Ratings** | **Chapter / Functional Area** | **Number of Recommendations** |
|  |  |  |
| Major Improvement Needed (0) | None | None |
| SignificantImprovement Needed (0) | None | None |
| ModerateImprovement Needed (0) | None | None |
| Minor Improvement Needed (5) | III – Executive Management and Organization StructureIV – Corporate GovernanceVIII – Customer ServiceXI – Human ResourcesXII – Fleet Management | 13221 |
| Meets Expected Performance Level (6) | V – Affiliated Interests and Cost AllocationsVI – Financial ManagementVII – Gas OperationsIX – Purchasing and Materials ManagementX – Emergency PreparednessXIII – Information Technology | None |
| Total Number of Recommendations | 9 |

Several staff recommendations, if effectively implemented, could yield qualitative benefits. The report makes nine recommendations, as follows:

* Expand the Senior Management Metric Dashboard Report to include performance metrics specific to NFGDC-PA operations and PAPUC regulatory metrics;
* Monitor the nomination process to ensure diverse business perspectives are included in the Board’s membership to comply with Corporate Governance guidelines;
* Formally document committee membership and adopt best practices for rotation of the Board members on committees;
* 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;
* Reduce gross write-off levels to more closely align with the panel average of peer gas distribution utilities in Pennsylvania;
* Reduce billing lag by creating a process to issue atypical meter reads separately from the normal billing cycle reads;
* Measure employee engagement on a routine basis to trend employee satisfaction and identify areas of improvement;
* Reduce preventable OSHA recordable incidents to achieve at least industry performance levels and eliminate incidents labeled as “Hazard not Identified”; and,
* Perform a lease versus buy analysis every three to five years to determine the most cost-effective vehicle acquisition method.

No projected benefits/savings or incremental costs associated with implementation of the recommendations were specifically identified.

Pike County Light and Power Company (D-2017-2584891) and Leatherstocking Gas Company LLC (D-2017-2584892)

The Focused Management and Operations Audit of Pike County Light and Power Company and Leatherstocking Gas Company LLC (collectively referred to as Companies) completed by staff from the Bureau of Audits, was publicly released on February 8, 2018. The audit report contained 33 recommendations. The Companies’ Implementation Plan, dated December 28, 2017, indicated acceptance of all 33 recommendations. The Companies indicated that they plan to complete implementation of all recommendations by May 2019.

During the audit, nine functional areas or specific issues were examined in-depth. The distribution of the auditors’ functional ratings and the number of recommendations by chapter/functional area are as follows:

|  |  |  |
| --- | --- | --- |
| **Functional Ratings** | **Chapter / Functional Area** | **Number of Recommendations** |
|  |  |  |
| Major Improvement Needed (0) | None | None |
| SignificantImprovement Needed (3) | III – Organizational Structure and StaffingVI – Cost AllocationsIV – Emergency Preparedness | 538 |
| ModerateImprovement Needed (4) | IV – Corporate GovernanceV – Financial ManagementVIII – Gas OperationsX – Customer Service | 5333 |
| MinorImprovement Needed (2) | VII – Electric OperationsXI – Settlement Agreement | 21 |
| Meets Expected Performance Level (0) | None | None |
| Total Number of Recommendations | 33 |

Several staff recommendations, if effectively implemented, could yield mainly qualitative benefits. Examples of these recommendations included:

* Accelerate replacement of unprotected bare steel and cast-iron main for PCLP;
* Develop a staffing plan to document the cost-benefit analyses used to support the decision-making process in determining staffing level resources;
* Review, test and update emergency response plans annually;
* Develop physical security plans and review, test and update those plans annually;
* Develop comprehensive business continuity plans and review, test and update them annually;
* Develop comprehensive cybersecurity plans, and consider utilizing a cybersecurity risk analysis or cyber vulnerability assessment;
* Ensure all charges between affiliates are appropriate, reasonable, documented, and align with the PA PUC-approved affiliated interest agreement;
* Expand the safety manual to include detailed safety topics related to gas and electric operations; and,
* Select, purchase, install and test all remaining computer systems required to run and manage PCLP in a timely manner.

No projected benefits/savings or incremental costs associated with implementation of the recommendations were specifically identified.

**IV. SUMMARY OF MANAGEMENT EFFICIENCY INVESTIGATIONS**

**COMPLETED IN FISCAL YEAR 2017-2018**

PECO Energy Company (D-2016-2562303)

The report on the Management Efficiency Investigation (MEI) of PECO Energy Company (PECO or Company), which was completed by Bureau of Audits’ staff, was publicly released on October 5, 2017. The scope of this investigation was an examination of the progress in implementing 23 of the 28 original recommendations from the Focused Management and Operations Audit released in October 2014.

During the MEI, the auditors found that PECO had effectively or substantially implemented 14 of the 23 prior recommendations reviewed and taken some action on the remaining 9 recommendations. Among the notable improvements achieved by the Company were: automating the process of providing work packet and project information to contractors, improved oversight of contractor performed work by dedicating additional resources to project oversight and implementing process improvements, accelerated its main replacement rates for both cast iron and bare steel mains, and partnered with a vetted outside agency to conduct vulnerability assessments at selected facilities, resulting in the identification and correction of various, previously unidentified security issues. **Because of the Company’s implementation efforts, it has realized one-time savings of approximately $1.4 million.**

The audit staff concluded that further improvement was warranted and developed 13 recommendations for improvement. In its September 21, 2017 Implementation Plan, PECO indicated acceptance of all 13 follow-up recommendations. The Company further stated that it plans to complete most of the follow-up recommendations by December 2018. The notable follow-up recommendations were to:

* Improve response times to priority one emergency calls and conduct common cause analysis to determine if changes could improve future response times;
* Reduce the number of occurrences of customers experiencing 10 or more interruptions per year;
* Implement plans, programs, and initiatives designed to reduce the number of gas line hits resulting from mapping inaccuracies;
* Correct minor security deficiencies identified at several facilities;
* Determine if any conditions of “combination of data” are present within its systems and revise data security policies to deploy appropriate safeguards;
* Enhance the inventory review process; including conducting reviews of inactive materials by Engineering with support from Supply and documenting the justification for retaining inactive inventory; and,
* Investigate the cause and address data integrity issues in the fleet maintenance system.

No incremental costs associated with implementation of the recommendations were specifically identified.

The York Water Company (D-2017-2606106)

The report on the Management Efficiency Investigation (MEI) of the York Water Company (York Water or Company), which was completed by Bureau of Audits’ staff, was publicly released on March 15, 2018. The scope of this investigation was an examination of the progress in implementing 15 of the 16 original recommendations from the Focused Management and Operations Audit released in March 2015.

During the MEI, the auditors found the Company had effectively or substantially implemented 10 of the 15 prior recommendations reviewed and taken some action on the five remaining recommendations. Among the notable improvements achieved by York Water were: implementing an automated customer call answering system; adding accounting safeguards to prevent possible cross-subsidization between the Water Service Line Protection Program and regulated utility service; reduced billing lag; updated its drought contingency plan; completed a customer satisfaction survey in 2015; developed manuals to document damage prevention practices and distribution valve inspections; and, documented meter testing policies and procedures and maintain meter records electronically.

The audit staff concluded that further improvement was warranted and developed eight follow-up recommendations for improvement. In its March 1, 2018 Implementation Plan, the Company indicated acceptance of all eight recommendations. York Water has indicated that it plans to complete most of the follow-up recommendations by October 2018. Some of the notable follow-up recommendations were to:

* Update the Emergency Response Plan and review it annually;
* Add contact information for law enforcement and national security related agencies’ cyber teams to the Cybersecurity Plan;
* Implement physical security and safety improvements at the Company’s facilities;
* Strive to reduce or eliminate manual aspects of the inventory reordering process; and,
* Evaluate and document the cost/benefits of integrating emergency stock within the Inventory Management System.

No projected benefits/savings or incremental costs associated with implementation of the recommendations were specifically identified.

**V. APPENDICES**

**Appendix A – List of Pennsylvania Regulated Utilities Subject to Mandated § 516 Management Audits and Management Efficiency Investigations as of June 30, 2018**

Columbia Gas of Pennsylvania, Inc.

The Columbia Water Company

Duquesne Light Company

National Fuel Gas Distribution Company

The Newtown Artesian Water Company

PECO Energy Company

Pennsylvania-American Water Company

Philadelphia Gas Works

Pittsburgh Water and Sewer Authority

PPL Electric Utilities Corporation

Suez Water Pennsylvania, Inc.

The York Water Company

Aqua Pennsylvania, Inc.

Superior Water Company, Inc.

Citizens’ Electric Company

Wellsboro Electric Company

Valley Energy, Inc.

Metropolitan Edison Company

Pennsylvania Electric Company

Pennsylvania Power Company

West Penn Power Company

Peoples Natural Gas Company LLC\*

Peoples TWP LLC

Pike County Light and Power Company

Leatherstocking Gas Company LLC

UGI Utilities, Inc. (includes both electric and natural gas operations)

UGI Central Penn Gas, Inc.

UGI Penn Natural Gas, Inc.

Note – The utilities listed within the boxes have common ownership and share support functions and therefore the audits are performed concurrently and reported within a combined report.

\* – Equitable Gas Company became an operating division of Peoples Natural Gas Company effective December 13, 2013.

**Appendix B – History of Mandated Management Audits Released**

 Utility Month Released Notes

ALLTEL Pennsylvania, Inc. (Now known as Windstream Pennsylvania, LLC) 8/80, 9/89, 7/97

Apollo Gas Company/Carnegie Natural Gas Company 8/88, 2/98 (2)

Aqua Pennsylvania, Inc. 11/06, 5/13

Bell Atlantic – PA (Now known as Verizon Pennsylvania LLC) 1/87, 6/96

Citizens’ Electric Company of Lewisburg 7/07, 4/14 (3)

Citizens Utilities Water Companies of Pennsylvania 6/94 (4)

Columbia Gas of Pennsylvania, Inc. 8/80, 5/90, 5/98, 8/06, 8/13

Columbia Water Company 7/97, 7/05, 9/11, 5/18

Commonwealth Telephone Company (d/b/a Frontier Communications

 Commonwealth Telephone Company) 3/87, 3/96 (5)

Conestoga Telephone & Telegraph Company 10/86, 6/95 (6)

Consumers Pennsylvania Water Companies 5/99 (7)

Continental Telecom, Inc. (PA Operations) 8/87 (8)

Denver & Ephrata Telephone & Telegraph Company (Now known as

 Windstream D&E, Inc.) 2/92

Duquesne Light Company 9/82, 5/90, 5/98, 5/06, 3/13 (1)

Equitable Gas Company 2/87, 1/95, 2/03, 6/10 (9, 20)

Frontier Communications (PA TELCOS) 8/87, 12/95

GTE North – PA Operations (Now known as Verizon North LLC) 11/85, 7/96

Leatherstocking Gas Company 2/18

Metropolitan Edison Company 11/79, 1/91, 1/99, 3/07, 2/15 (10,11)

National Fuel Gas Distribution Corporation (PA Operations) 2/89, 3/97, 3/05, 5/12, 4/18

Newtown Artesian Water Company, The 8/96, 9/04, 1/11.5/17

North Penn Gas Company & PFG, Inc. (Formerly known as Penn Fuel Gas, Inc.) 7/84, 7/92, 6/02 (12)

North Pittsburgh Telephone Company 6/89, 1/97 (13)

PECO Energy Company 11/79, 9/91, 9/99, 8/07, 10/14

Pennsylvania-American Water Company 8/85, 10/92, 10/00, 11/08, 3/16

Pennsylvania Electric Company 11/79, 1/91, 1/99, 3/07, 2/15 (10,11)

Pennsylvania Gas & Water Company 5/79, 10/93 (14)

Pennsylvania Power Company 6/79, 6/90, 6/98, 3/07, 2/15 (10)

Pennsylvania Suburban Water Company (Formerly Philadelphia Suburban

 Water Company) 4/79, 12/90, 11/98 (15)

Peoples Natural Gas Company LLC (Formerly The Peoples Natural

 Gas Company) 8/87, 1/95, 2/03, 3/10, 12/16

Peoples TWP LLC (Formerly T. W. Phillips Gas and Oil Co.) 10/86, 12/93, 12/01, 4/09, 12/16

PG Energy, Inc. 10/01 (16)

Philadelphia Gas Works 4/01, 2/09, 10/15

Pike County Light & Power Company 1/10, 2/18

PPL Electric Utilities Corporation (formerly Pennsylvania Power & Light) 4/86, 6/94, 6/02, 7/09, 12/16

Roaring Creek Water Company 12/82, 7/92 (17)

Shenango Valley Water Company 11/85, 11/91 (17)

Suez Water Pennsylvania, Inc. (formerly United Water Pennsylvania) 8/88, 5/96, 5/04, 1/11, 3/17

Superior Water Company, Inc. (d/b/a Superior Water Company) 1/07, 12/13 (15)

UGI Utilities, Inc. 1/82, 6/89, 4/97, 4/05, 5/12 (1)

UGI Central Penn Gas, Inc. 5/12

UGI Penn Natural Gas, Inc. 5/12

United Telephone Company of Pennsylvania 9/82, 2/92 (19)

Valley Energy, Inc. – Pennsylvania Division 7/07, 4/14 (3)

Wellsboro Electric Company 7/07, 4/14 (3)

West Penn Power Company 8/83, 6/92, 6/00, 2/08, 2/15 (10)

York Water Company, The 5/82, 6/93, 6/01, 10/08, 5/15

( ) – see Notes on next page

**Notes to History of Mandated Management Audits Released**

(1) Next audit being initiated or in progress.

(2) Now part of Equitable Gas Company.

(3) Subsidiaries of C&T Enterprises, Inc.

(4) Now part of Pennsylvania-American Water Company.

(5) Now part of Frontier Communications.

(6) Became part of D & E Communications d/b/a Conestoga Telephone Company and is now Windstream Conestoga, Inc.

(7) Became part of Philadelphia Suburban Water Company, then part of Pennsylvania Suburban Water Company, and is now a part of Aqua Pennsylvania, Inc. (See note 17).

(8) Became part of GTE North – PA Operations and is now a part of Verizon North LLC

(9) Formerly a Division of Equitable Resources, Inc. and subsidiary of EQT Corporation.

(10) Subsidiary of FirstEnergy Corporation.

(11) The 1/99 audit was released under the name GPU Energy (PA Zones).

(12) Became subsidiaries of PPL Gas Utilities Corporation, a subsidiary of PPL Corporation, and are now a subsidiary of UGI Utilities, Inc. known as UGI Central Penn Gas, Inc.

(13) Now Consolidated Communications of Pennsylvania Company LLC.

(14) Gas operations became known as PG Energy (a division of Southern Union Company) and are now a subsidiary of UGI Utilities, Inc. known as UGI Penn Natural Gas, Inc. Water operations became a part of Pennsylvania-American Water Company.

(15) Now part of Aqua Pennsylvania, Inc. a subsidiary of Aqua, America, Inc.

(16) Now a subsidiary of UGI Utilities, Inc. known as UGI Penn Natural Gas, Inc.

(17) Became part of Consumers Pennsylvania Water Companies, and is now a part of Aqua Pennsylvania, Inc. (See note 7).

(18) The 1/82 audit covered the Electric Division only.

(19) Became United Telephone Company of Pennsylvania LLC d/b/a Embarq and is now The United Telephone Company of Pennsylvania LLC d/b/a CenturyLink.

(20) Became an operating division of Peoples Natural Gas Company effective December 17, 2013 as a result of the acquisition and merger filed on March 19, 2013 in which EGC, Peoples Natural Gas Company LLC (Peoples), and Peoples TWP LLC filed with the Commission a Joint Application at Docket Nos. A-2013-2353647, A-2013-2353649 and A- 2013-2353651 requesting all necessary approvals authorizing: the transfer of 100% of the issued and outstanding limited liability company membership interests in EGC, an indirect subsidiary of EQT Corporation (EQT), to PNG Companies LLC (PNG), an indirect subsidiary of SteelRiver Infrastructure Fund North America LP; and, the merger of EGC with Peoples, a wholly-owned subsidiary of PNG, and the operation of EGC as an operating division of Peoples.