**ANNUAL REPORT**

**66 PA C.S. § 516 AUDITS**

**FOR FISCAL YEAR 2016-2017**

**MANAGEMENT AUDITS**

**&**

**MANAGEMENT EFFICIENCY**

**INVESTIGATIONS**

**Prepared by the**

**Pennsylvania Public Utility Commission**

**Bureau of Audits**

**Issued September 2017**

**Docket No. D-2017-2623947**

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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 approximately 27 large and medium-sized electric, gas, and water companies. While 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 staff. Other special operational and/or financial projects are also performed from time to time by Bureau staff, 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 affected utilities, 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, 2017, 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, 2017, and a list of all Section 516 mandated MAs released to Fiscal Year End 2017 (i.e., June 30, 2017). Complete copies of all audits and investigations have previously been sent to each of the required parties and are available on the PUC’s website.

*Please note that 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 2016-2017 Management Audits**

**Number and Categorization of Recommendations**

**% Accepted**

**Partially or Partially**

**Company Total Accepted\* Accepted\* Rejected\* Accepted**

Newtown Artesian Water

Company 18 17 0 1 94%

Peoples Gas

Peoples Gas – Equitable

Peoples Gas TWP 21 21 0 0 100%

PPL Electric Utilities

Corporation 118 72 40 6 95%

SUEZ Water Pennsylvania,

Inc. 28 26 2 0 100%

**Totals** 185 136 42 7 96%

\* Per implementation plans submitted by the companies.

**TABLE B**

**FY 2016-2017 Management Efficiency Investigations**

**Number and Categorization of Recommendations**

|  |  |
| --- | --- |
|  | Evaluation of Prior Recommendations |

**Partially %**

**Total Effectively or Not Effectively**

**Company Evaluated Implemented Implemented Implemented**

Aqua Pennsylvania, Inc. 22 8 14 36%

Citizens’ Electric Company

Wellsboro Electric Company

Valley Energy, Inc. 18 13 5 72%

Columbia Gas of

Pennsylvania 11 7 5 64%

**Totals** 51 28 24 55%

**Staff’s Follow-Up Recommendations**

**% Accepted Total Partially or Partially Company Developed Accepted\* Accepted\* Rejected\* Accepted**

Aqua Pennsylvania, Inc. 21 20 1 0 100%

Citizens’ Electric Company

Wellsboro Electric Company

Valley Energy, Inc. 5 5 0 0 100%

Columbia Gas of Pennsylvania,

Inc. 4 4 0 0 100%

**Totals** 30 29 1 0 100%

\* Per implementation plans submitted by the companies.

**TABLE C**

**FY 2016-2017 Management Audits (MAs) and**

**Management Efficiency Investigations (MEIs)**

**Benefit/Cost Summary**

**Net Projected Savings or Benefits\* Net Realized Savings or Benefits\***

**Upon Implementation of After Implementation of**

**Current Audit Recommendations Prior Audit Recommendations**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Annual**  **(Millions)** | **One-Time**  **(Millions)** | **Annual**  **(Millions)** | **One-Time**  **(Millions)** |
| Consultant MAs (1) | $ 3.38 | $ 0.0 | $ 0.0 | $ 0.0 |
| Staff MAs & MEIs (5) | 0.95 | 0.27 | .044 | .13 |
| **Total Benefits** | $ 4.33 | $ 0.27 | $ .044 | $ 0.13 |

|  |  |
| --- | --- |
| One-Time Consultant Costs for FY 2016-2017 Audits (Millions) | $ 0.67 |
| Approximate Management Audit Division Costs for FY 2016-2017 (Millions) | 1.66 |
| Total Estimated Cost of MAs and MEIs (Millions) | $ 2.33 |

\* These quantified benefits are net of projected or realized implementation costs. Note that the projected annual savings or benefits from implementing management audit recommendations, in 2016-2017 alone, are approximately twice more than the total cost of the audits and/or investigations.

**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 2015-2016**

Newtown Artesian Water Company (D-2016-2559577)

The report on the Focused Management and Operations Audit (MA) of Newtown Artesian Water Company (Newtown or Company), completed by staff from the Bureau of Audits, was publicly released on May 4, 2017. The audit report contained 18 recommendations. The Company’s Implementation Plan, dated March 24, 2017, indicated acceptance of 17 recommendations and rejection of one recommendation. The Company indicated its plans to complete implementation of most accepted recommendations by the end of 2018.

During the course of the audit, five functional areas or specific issues were examined in-depth. The distribution of the audit staff’s 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 |
| Significant  Improvement Needed (0) | None | 0 |
| Moderate  Improvement Needed (2) | III – Corporate Governance  V – Water Operations | 3  10 |
| Minor  Improvement Needed (3) | IV – Financial Management  VI – Emergency Preparedness  VII – Customer Service | 2  2  1 |
| Meets Expected Performance Level (0) | None | 0 |
| Total Number of Recommendations | | 18 |

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

* Reduce cast iron and asbestos cement mains in a more aggressive time frame;
* Expedite the removal of all lead services in the distribution system;
* Strive to use the Geographic Information System (GIS) mapping system for all distribution system activities and ensure accurate records of all assets;
* Document the Company’s operating policies and procedures and provide access to appropriate employees;
* Test emergency preparedness plans, or portions of it, on an annual basis.
* Conduct a manpower planning study including a process review of prescribed maintenance tasks to assess optimizing internal resources and employing contractors to strategically address workload levels;
* Establish a critical valve list and strive to exercise critical valves on an annual basis.

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

Peoples Natural Gas Company, Peoples Natural Gas Company – Equitable Division, Peoples TWP (D-2015-2485264, D-2015-2485265, D-2015-2485266)

The report on the Focused Management and Operations Audit (MA) of the Peoples Companies (Peoples Natural Gas, Peoples Natural Gas – Equitable Division, and Peoples TWP), completed by staff from the Bureau of Audits, was publicly released on December 8, 2016. The audit report contained 21 recommendations. The Companies’ Implementation Plan, dated November 9, 2016, indicated acceptance of all 21 recommendations. The Company indicated its plans to complete implementation of most accepted recommendations by December 2017.

During the course of the audit, eleven functional areas or specific issues were examined in-depth. The distribution of the audit staff’s 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 |
| Significant  Improvement Needed (2) | V- Affiliated Relationships and Cost Allocations  VII – Gas Operations | 3  5 |
| Moderate  Improvement Needed (3) | IV – Corporate Governance  VIII – Customer Service  XIII – Fleet Management | 2  5  2 |
| Minor  Improvement Needed (3) | VI – Financial Management  X – Human Resources  XI – Purchasing and Materials Management | 1  1  2 |
| Meets Expected Performance Level (3) | III – Executive Management and Organizational Structure  IX – Emergency Preparedness  XII – Information Technology | 0 |
| Total Number of Recommendations | | 21 |

A number of staff’s recommendations, if effectively implemented, could yield quantitative and qualitative benefits. Examples of these recommendations included:

* Expedite the replacement of unprotected bare steel pipe to ensure Long Term Infrastructure Improvement Plan (LTIIP) targets are met for each of the Peoples Companies;
* Develop a staffing plan that accounts for pending retirements while addressing the need for additional qualified personnel to perform all field operations activities and ensure the completion of future LTIIP pipeline replacement projects;
* Develop and implement an Emergency Response Improvement Plan that addresses controllable causes to excessive emergency dispatch and response times to conform to merger commitments;
* Increase third-party line hit damage collection performance by transferring the responsibilities to the General Counsel to actively pursue and litigate damage claims;
* Accelerate efforts to eliminate inside meter sets to comply with PUC regulations; and
* Implement AMR/smart meter technology as planned to minimize meter reading and billing errors.

Presented below is a summary of the estimated benefits or savings that could be quantified with implementation of the management audit recommendations. It should be noted that quantified benefits could not be projected for the majority of the report’s recommendations because either sufficient data was unavailable or because the benefits are more qualitative in nature.

Annual (recurring) $329,000

One-time (non-recurring) $0

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

PPL Electric Utilities Corporation (D-2016-2576052)

The Stratified Management and Operations Audit of PPL Electric Utilities Corporation (PPL EU) completed by a consultant, Vondle & Associates, Inc., was publicly released on December 8, 2016. The audit report contained 118 recommendations. PPL EU’s Implementation Plan, dated November 9, 2016, indicated acceptance of 72 recommendations, partial acceptance of 40 recommendations, and rejection of six recommendations. PPL EU indicated that it had plans to complete implementation of all accepted recommendations by December 2017.

During the course of the audit, 13 functional areas or specific issues were examined in-depth. The distribution of the audit staff’s functional ratings and the number of recommendations by chapter/functional area are as follows:

|  |  |  |
| --- | --- | --- |
| **Functional Ratings** | **Chapter / Functional Area** | **Number of Recommendations** |
|  |  |  |
| Major Improvement Necessary (0) | None | 0 |
| Significant  Improvement Necessary (3) | IV – Affiliate Relationships  X – Customer Assistance Programs  XVI – Merger Synergy Opportunities | 22  15  2 |
| Moderate  Improvement Necessary (4) | VIII (B) – Support Services-Supply Chain  IX – Customer Services  XIV – Diversity & EEO  XV – Staffing Planning Process | 4  16  8  8 |
| Minor  Improvement Necessary (12) | II – Executive Management  V – Finance and Accounting  VI (A) – Transmission and Distribution-  Transmission and Substations  VI (B) – Transmission and Distribution-Distribution Operations  VII (A) – Emergency Response-Protective Services Emergency Management  VII (B) – Emergency Response-PPL EU System Damage and Storm Response  VII (C) – Emergency Response-Cyber Security  VII (D) – Emergency Response-Compliance with Requirements of the Pennsylvania Code  VIII (C) – Support Services-Transportation  XI – Information Technology and Systems  XII – Human Resources  XIII – Executive Compensation | 3  2  3  4  2  3  3  3  1  8  7  2 |

|  |  |  |
| --- | --- | --- |
| Meets Expected Performance (2) | III – Governance  VIII (A) – Support Services-Technical Development and Improvement | 0  2 |
| Total Number of Recommendations | | 118 |

A number of staff’s recommendations, if effectively implemented, could yield significant quantitative and/or qualitative benefits. Examples of these recommendations included:

* Charter a robust merger synergy initiative as constrained by the regulatory merger conditions and follow a well-established process to achieve merger synergies;
* Consider establishing a conventional corporate money pool and cease the CEP Commerce and CEP Lending relationships;
* Re-evaluate the staff resources that are dedicated to and support the OnTrack program;
* Accelerate the evaluation of the system changes and other implementation requirements that are needed to have phone agents enroll customers in OnTrack;
* Improve OnTrack outsourcing processes and decisions;
* Negotiate comprehensive, arms-length service level agreements for each affiliate relationship and submit them for PUC approval;
* Reevaluate prior ring fencing measures and consider enhancing PPL Electric ring fencing;
* Conduct a comprehensive review of emergency stock and spares at least every two years;
* Take actions to reduce the growth in net write-offs; and
* Conduct a staffing study or participate in a benchmarking study that evaluates staffing levels or labor costs at least every three years;

Presented below is a summary of the estimated benefits or savings that could be quantified with implementation of the management audit recommendations. It should be noted that quantified benefits could not be projected for the majority of the report’s recommendations because either sufficient data was unavailable or because the benefits are more qualitative in nature.

Annual (recurring) $ 3,383,500

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

SUEZ Water Pennsylvania, Inc. (D-2016-2528481)

The report on the Focused Management and Operations Audit (MA) of SUEZ Water Pennsylvania, Inc. (SUEZ or Company), completed by staff from the Bureau of Audits, was publicly released on March 16, 2017. The audit report contained 28 recommendations. The Company’s Implementation Plan, dated February 23, 2017, indicated acceptance of 26 recommendations and partial acceptance of two recommendations. The Company indicated its plans to complete implementation of all recommendations by December 2018.

During the course of the audit, nine functional areas or specific issues were examined in-depth. The distribution of the audit staff’s 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 |
| Significant  Improvement Needed (1) | VIII – Emergency Preparedness | 8 |
| Moderate  Improvement Needed (3) | VI – Affiliated Transactions and Cost Allocations  VII – Water Operations  IX – Materials Management | 3  6  5 |
| Minor  Improvement Needed (2) | V – Financial Management  X – Customer Service | 4  2 |
| Meets Expected Performance Level (3) | III – Executive Management and Organizational Structure  IV – Corporate Governance  XI – Human Resources and Diversity | 0 |
| Total Number of Recommendations | | 28 |

A number of staff’s recommendations, if effectively implemented, could yield significant quantitative and/or qualitative benefits. Examples of these recommendations included:

* Strive to meet Non-Revenue Water goals and reduce Unaccounted-for-Water levels below the Commission’s guidelines of 20 percent;
* Establish uniform physical security standards for each type of facility at SUEZ;
* Correct minor physical security deficiencies and perform ongoing physical security reviews of all facilities;
* Identify methods to improve call center performance and strive to meet established goals;
* Accelerate main replacement efforts to achieve main replacement rates of approximately 100 to 120 years;
* Develop a comprehensive damage prevention program;
* Design and implement a policy of layered physical security for Supervisory Control and Data Acquisition (SCADA) equipment, controllers and servers;
* Work with SUEZ Water Management and Services to improve the level of detail provided on intercompany invoices and reports;
* Strive to perform a vulnerability assessment every ten years, and revise physical and cybersecurity plans to address any new threats or vulnerabilities that are identified;
* Develop inventory turnover goals and strive to achieve an inventory turnover of at least 2.0; and
* Utilize existing platforms to proactively engage customers, especially online.

Presented below is a summary of the estimated benefits or savings that could be quantified with implementation of the management audit recommendations. It should be noted that quantified benefits could not be projected for the majority of the report’s recommendations because either sufficient data was unavailable or because the benefits are more qualitative in nature.

Annual (recurring) $148,000 - $161,000

One-time (non-recurring) $277,000

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

**IV. SUMMARY OF MANAGEMENT EFFICIENCY INVESTIGATIONS**

**COMPLETED IN FISCAL YEAR 2015-2016**

Aqua Pennsylvania, Inc. (D-2015-2496112)

The report on the Management Efficiency Investigation (MEI) of Aqua Pennsylvania, Inc. (Aqua Pennsylvania or Company), which was completed by Bureau of Audits’ staff, was publicly released on September 1, 2016. The scope of this investigation was an examination of the progress in implementing the 27 original recommendations from the Focused Management and Operations Audit released in April 2013.

During the MEI, the audit staff found that Aqua Pennsylvania had effectively or substantially implemented eight of the 22 prior recommendations reviewed and taken some action on the remaining 14 recommendations. **As a result of the Company’s implementation efforts, it has realized annual savings of approximately $14,000 and one-time savings of $77,000.** Among the notable improvements achieved by the Company were: improved average inventory turnover rates company-wide, including many smaller satellite warehouse locations; and established emergency stock levels for each warehouse and reduced inactive inventory levels.

The audit staff concluded that further improvement was warranted and developed 21 recommendations for improvement which could result in annual savings of approximately $465,000. In its August 11, 2016 Implementation Plan, Aqua Pennsylvania indicated acceptance of 20 follow-up recommendations and acceptance in part for one recommendation. The Company further stated that it plans to complete a majority of the follow-up recommendations by April 2018. The notable follow-up recommendations were to:

* Take corrective action to reduce non-revenue water levels to at least 25% within the Greater PA region;
* Ensure Emergency Response Plans, Crisis Plans, and Integrated Contingency Plans are annually reviewed and updated;
* Develop and implement a cyber security awareness training program;
* Actively ensure third-party contract compliance with Company security standards; and
* Perform a cost benefit analysis to assess the net benefits of automating the Company’s damage prevention program.

Presented below is a summary of the estimated benefits or savings that could be identified with implementation of the MEI recommendations.

Annual (recurring) $465,000

One-time (non-recurring) none

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

Citizens’ Electric Company, Wellsboro Electric Company, Valley Energy

(D-2016-2537443, D-2016-2537444, D-2016-2537445)

The report on the Management Efficiency Investigation (MEI) of Citizens’ Electric Company, Wellsboro Electric Company, Valley Energy (C&T Companies), which was completed by Bureau of Audits’ staff, was publicly released on January 26, 2017. The scope of this investigation was an examination of the progress in implementing the 18 original recommendations from the Focused Management and Operations Audit released in April 2014.

During the MEI, the audit staff found that C&T Companies had effectively or substantially implemented 13 of the 18 prior recommendations reviewed and taken some action on the five remaining recommendations. **As a result of the Companies implementation efforts, it has realized annual and one-time savings of approximately $18,000 and $56,000, respectively.** Among the notable improvements achieved by the C&T Companies were: management incentive compensation/bonus policies have been developed with emphasis on the achievement of established performance objective or goals, written policies have been developed which require the external audit firm to rotate the managing or engagement partner and lead auditor at least every five years, the C&T Enterprises and Valley Energy allocation factors are now reviewed annually resulting in an appropriate allocation of costs among affiliates, and commercial lease agreements between Wellsboro and C&T Enterprises were updated to accurately reflect operating practices.

The audit staff concluded that further improvement was warranted and developed five follow-up recommendations for improvement. In its January 10, 2017 Implementation Plan, the C&T Companies indicated acceptance of all five recommendations. C&T Companies have fully implemented two of the recommendations as of December 2016 and plan to implement the remaining recommendations by June 2017. Some of the notable follow-up recommendations were to:

* Document the succession plan of Citizens’, Wellsboro and Valley to include key positions, any potential successor(s) within the C&T organization, and developmental opportunities completed or planned.
* Ensure that the Committee Charters have the sufficient details identified in the template provided by the Audit Staff.
* Include the same level of detail in the Audit Committee meeting minutes of Valley that are included in the minutes of Wellsboro and Citizens’.
* Complete the establishment of economic order points and economic order quantities for all materials in stock at Wellsboro in order to adequately analyze and determine a reasonable inventory turnover goal, and fully train the newly created Technical Assistant position.

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

Columbia Gas of Pennsylvania, Inc.

The report on the Management Efficiency Investigation (MEI) of Columbia Gas of Pennsylvania, Inc. (Columbia Gas or Company), which was completed by Bureau of Audits’ staff, was publicly released on May 18, 2017. The scope of this investigation was an examination of the progress in implementing 11 of the 12 original recommendations from the Focused Management and Operations Audit released in April 2013.

During the MEI, the audit staff found that Columbia Gas had effectively or substantially implemented seven of the prior recommendations reviewed and taken some action on the remaining recommendations. **As a result of the Company’s implementation efforts, it has realized annual savings of approximately $12,000.** Among the notable improvements achieved by the Columbia Gas were: achieved priority pipe replacement levels consistent with its Long Term Infrastructure Improvement Plan, significant reduction in the number of meters not read in six and twelve months, and development of a formal dividend policy.

The audit staff concluded that further improvement was warranted and developed four recommendations for improvement. In its May 1, 2017 Implementation Plan, Columbia Gas indicated acceptance of all of the follow-up recommendations. Reportedly, Columbia Gas has fully implemented two of the recommendations as of May 2017 and plans to implement the remaining recommendations by June 2018. The notable follow-up recommendations were to:

* Creation of a policy documenting the operations and maintenance budgeting process.
* Establishment of state specific threshold levels or goals for measuring collection agency performance, based on the gross collections as a percentage of amounts placed for collection in Pennsylvania and, if needed, replacement of any poor performing collection agencies.
* Continuation of monitoring overtime metrics established by NiSource to distribute overtime equitably.
* Continuation of periodic reviews of dispatch time performance to monitor the effectiveness of a new resource management software package, and making modifications as needed to ensure emergency dispatches can be completed within 15 minutes.

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, 2017**

Columbia Gas of Pennsylvania, Inc.

The Columbia Water Company

Duquesne Light Company

Leatherstocking Gas Company LLC

National Fuel Gas Distribution Company

The Newtown Artesian Water Company

PECO Energy Company

Pennsylvania-American Water Company

Philadelphia Gas Works

Pike County Light & Power Co.

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

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 (1)

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

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 (1)

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 (1)

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 (1)

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 (18)

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.