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**Elisa C. Labriola**  
Managing Director and Chief Compliance Officer

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September 1, 2020

**ELECTRONIC FILING**

Rosemary Chiavetta  
Secretary's Bureau  
Pennsylvania Public Utility Commission  
400 North Street  
Harrisburg, PA 17120  
[rchiavetta@pa.gov](mailto:rchiavetta@pa.gov)

**Re: Management and Operations Audit of Duquesne Light Company  
(D-2018-3000838)**

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Dear Ms. Chiavetta:

Enclosed for filing on behalf of Duquesne Light Company, please find the first annual Implementation Plan Progress Report required by the Pennsylvania Public Commission's Secretarial Letter issued August 8, 2019 related to the Bureau of Audit's Management and Operations Audit.

If you have any questions regarding the enclosed Progress Report, or if I may be of further assistance, please contact me directly at (412) 393-6439 or [labriola@duqlight.com](mailto:labriola@duqlight.com)

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Elisa C. Labriola', is written above the typed name.

Elisa C. Labriola  
Managing Director and Chief Compliance Officer

Enclosure

cc: George Dorow, Bureau of Audits ([gdorow@pa.gov](mailto:gdorow@pa.gov))



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# Implementation Plan Progress Report

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Prepared in Response to the July 2019  
Management and Operations Audit Report of  
Duquesne Light Company  
Issued by the Pennsylvania Public Utility Commission  
Docket Number D-2018-3000838



## EXECUTIVE SUMMARY

Duquesne Light Company (“DLC”) accepted each of the 18 recommendations set forth in the July 2019 Management and Operations Audit Report (“Audit Report”) issued by the Pennsylvania Public Utility Commission (the “Commission”), and on July 22, 2019, submitted an Implementation Plan to address each recommendation. The Commission accepted the Audit Report and Implementation Plan by Secretarial Letter issued August 8, 2019. Contained herein is the first of three annual progress reports as required by the Commission’s August 8, 2019 Secretarial Letter.

A status of Duquesne Light Company’s implementation steps for each of the Commission’s recommendations are shown in detail below.

Rec ID	Implementation Steps	Anticipated Date of Completion	Status
III-1	Establish and implement a process for conducting self-evaluations on an annual basis of members of each management committee in order to evaluate the performance and effectiveness of each committee.	Q1 2020	Completed
III-2	Following the completion of the Company's current reorganization, the Company will perform an analysis of the overall management structure of DLC to review overall spans of control. The Company will identify spans of control outside the range of 1:4 to 1:9 and will evaluate and document the rationale for each such span to exist.	Q4 2021	Ongoing
III-3	Communicate the recommendation to the Compensation Committee of the DLC Board of Directors to enable the Committee to consider the recommendation that the CEO goals and objectives be specific, measurable, attainable, relevant, and time-based in the Committee's preparation and recommendation to the Board of Directors of the CEO's goals for 2020.	Q4 2019	Completed
IV-1	Communicate the recommendation to the Governance Committee of the DLC Board of Directors for consideration by the Board to include among the criteria for consideration that a candidate may qualify as an SEC-defined AC financial expert in the event a search is conducted for a second independent director, or if a search for a second independent director is not conducted, for similar consideration when the Governance Committee and Board conduct a search for a successor to the current independent director.	Q4 2019	Completed
IV-2	Draft a policies and procedures document (Manual) that aligns with the guidance provided by the IIA Standard 2040 and obtain approval of such Manual by the Company's Senior Management. Included in the Manual will be a section detailing a quality assurance and	Q1 2020	Completed



	improvement program (Program) to be established by the IAD. The Program will satisfy the guidance provided by IIA Standard 1300.		
IV-2	Conduct a documented Program assessment after the Manual has been in place for at least 12 months.	Q4 2021	Ongoing
VI-1	Review and revise the Finance Policy and Procedures Manual to specify responsible parties and scope of each policy as part of the next annual update.	Q1 2020	Completed
VI-2	Create a formal variance policy to be included within the Finance Policy and Procedures Manual as part of the next annual update. The policy will provide in part that variances greater than an established dollar amount or percentage by VP/ functional area will be formally documented and centrally located to ensure documentation is maintained for future use.	Q4 2019	Completed
VII-1	Establish overtime level goals for each functional group with a goal not to exceed 20% in the aggregate.	Q4 2019	Completed
VII-1	Continue the Senior Operator Apprentice Program, comprising a multi-year training regime, to create a pipeline of qualified Troubleshooters.	Ongoing	Ongoing
VII-1	Increase utilization of skilled and qualified Journey Lineworker personnel as Troubleshooters, until there is increased availability of otherwise-qualified Troubleshooters.	Q4 2020	Completed
VII-1	With respect to the Overhead and Underground job classification, continue to hold the Company's Electrical Distribution Technology program, in partnership with CCAC, for a period of three years.	Q4 2022	Ongoing
VII-2	Implement improved overtime exception reporting to actively review employees incurring excessive amounts of overtime.	Q4 2020	Ongoing
VII-3	Include additional descriptors to outage causes and report tree-related causes as being either Vegetation Inside ROW or Vegetation Outside ROW for a more effective analysis of possible remedial actions to outage causes for the Annual and Quarterly Electric Reliability Reports to the PUC.	Q4 2019	Completed
VII-4	Create a summary report for all inspection and maintenance programs, including annual transmission and distribution line repairs, to trend inspection and maintenance activities.	Q3 2020	Ongoing
VIII-1	Execute an extensive testing phase for July 2019 through May 2020 with a tiered checkpoint structure intended to examine the integrity of all processes that will be affected by the update.	Q2 2020	Ongoing
VIII-1	Execute an extensive training phase for July 2019 through July 2020 including both online and instructor led training activities.	Q3 2020	Ongoing
VIII-2	Evaluate available third-party collection agency data and establish measureable key performance indicators for third-party collection agencies.	Q4 2019	Completed



VIII-2	Develop reports for monthly monitoring of key performance indicators.	Q1 2020	Completed
VIII-2	Evaluate direct relationships with current third-party collections agencies and consider streamlining collections with a single managed collection agency to allow a more focused debt collection strategy.	Q3 2020	Completed
IX-1	Implement Maximo to replace the current enterprise application used as the system of record for purchasing and materials management functions.	Q3 2019	Completed
IX-1	Implement routine monthly reporting on inventory values and turns for each warehouse.	Q3 2020	Ongoing
IX-1	Establish 3-year inventory value and inventory turn goals for each warehouse.	Q4 2020	Ongoing
XI-1	Revise terms and conditions governing contractors to state that contractors are required to comply with OSHA standards and remove language that requires contractors to comply with undefined safety directors of DLC representatives.	Q1 2020	Completed
XII-1	Create an action plan to identify and resolve root causes of erroneous data to ensure fleet utilization reports are accurate. The Company anticipates that the action plan will include working with IT and appropriate third-party application vendors to evaluate root causes of erroneous data in Q1 2020 and implementing corrections in relevant applications beginning Q2 2020.	Q2 2020	Completed
XII-2	Review and update DLC's Transportation and Vehicle Use Procedure to formalize processes for disposal, retirement, and transfer of DLC fleet vehicles.	Q1 2020	Completed
XIII-1	Continue to progress DLC's IT Capability Maturity level with a projected overall increase of 10%.	Q4 2020	Ongoing
XIII-1	Develop a plan for periodic internal review and evaluation of DLC's IT Capability Maturity level.	Q1 2021	Ongoing



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation III-1:** Establish an annual management committee self-evaluation and/or survey to assess the efficiency and effectiveness of each management committee.

**Audit Report Reference:** Chapter III, Page 23

**Company Response:** Accepted.

**Responsible Individual(s):** Elisa Labriola  
Managing Director and Chief Compliance Officer  
Office of General Counsel

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Establish and implement a process for conducting self-evaluations on an annual basis of members of each management committee in order to evaluate the performance and effectiveness of each committee.

Anticipated Date of Completion: Q1 2020

#### **2020 Implementation Status Update: Completed**

A formalized self-evaluation process has been developed and implemented to solicit feedback from members of the following management committees/teams in order to assess the efficiency and effectiveness of such committees and teams:

Corporate Policy Committee  
Conflict of Interest Committee



Executive Reliability Steering Committee  
Threat Assessment Team  
Charitable and Community Giving Committee

The self-evaluations were distributed to the chair of each committee/team on March 10, 2020 to be administered to their respective members. However, the actual administration of the evaluations among committee/team members was delayed due to COVID-19 impacts. Self-evaluations were sent to members of the Corporate Policy Committee and Conflict of Interest Committee on June 22, 2020. Self-evaluations were sent to members of the Executive Reliability Steering Committee on June 29, 2020 and to members of the Threat Assessment Team on August 13, 2020.

Effective April 1, 2020, a Vice President of External Affairs was named with oversight of the Charitable and Community Giving Committee. The purpose and structure of the Charitable and Community Giving Committee are currently under review and consideration. As a result, self-evaluations have not been administered to members of the Charitable and Community Giving Committee at this time.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation III-2:** Perform a follow-up to the Span of Control Assessment after completing the current reorganization.

**Audit Report Reference:** Chapter III, Page 23

**Company Response:** Accepted.

**Responsible Individual(s):** Amy Long  
Director, Total Rewards & Talent Development  
Human Resources

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Following completion of the Company's current reorganization, the Company will perform an analysis of the overall management structure of Duquesne Light Company to review overall spans of control. The Company will identify spans of control outside the range of 1:4 to 1:9, and will evaluate and document the rationale for each such span to exist.

Anticipated Date of Completion: Q4 2021

#### **2020 Implementation Status Update: Ongoing**

DLC expects that the current reorganization will be completed by Q1 2021. A Span of Control analysis will thereafter be conducted to identify and evaluate spans of control outside of the range of 1:4 to 1:9, with such spans to be evaluated and documented by December 31, 2021.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation III-3:** Establish individual goals for the CEO that are specific, measurable, attainable, relevant and time-based, and linked specifically to corporate goals and objectives similar to what existed in 2014.

**Audit Report Reference:** Chapter III, Page 23

**Company Response:** Accepted.

**Responsible Individual(s):** David Fisfis  
General Counsel, Vice President and Corporate Secretary  
Office of General Counsel

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Communicate the recommendation to the Compensation Committee of the DLC Board of Directors to enable the Committee to consider the recommendation that the CEO goals and objectives be specific, measurable, attainable, relevant and time-based in the Committee's preparation and recommendation to the Board of Directors of the CEO's goals for 2020.

Anticipated Date of Completion: Q4 2019

#### **2020 Implementation Status Update: Completed**

Pursuant to the PUC recommendation, proposed 2020 CEO "SMART" goals were presented and discussed at the Compensation Committee meeting on December 12, 2019. Additionally, the Compensation Committee discussed 2020 officer goals, including CEO



goals, at its meeting on March 4, 2020 with an emphasis on ensuring 2020 goals meet SMART goal criteria.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation IV-1:** Include within the profile currently being developed to hire an independent director the consideration criterion that a candidate may qualify as an SEC-defined AC financial expert.

**Audit Report Reference:** Chapter IV, Page 28

**Company Response:** Accepted.

**Responsible Individual(s):** David Fisfis  
General Counsel, Vice President and Corporate Secretary  
Office of General Counsel

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Communicate the recommendation to the Governance Committee of the DLC Board of Directors for consideration by the Board to include among the criteria for consideration that a candidate may qualify as an SEC-defined AC financial expert in the event a search is conducted for a second independent director, or if a search for a second independent director is not conducted, for similar consideration when the Governance Committee and Board conduct a search for a successor to the current independent director.

Anticipated Date of Completion: Q4 2019

#### **2020 Implementation Status Update: Completed**

The PUC recommendation was communicated to the Governance & Regulatory/Public Affairs Committee at its Q3 quarterly meeting on August 14, 2019.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Management and Operations Audit

July 2019

**Recommendation IV-2:** Implement a quality assurance and improvement program that meets IIA Standard 1300 and its subcategories as well as prepare written policies and procedures for the Internal Audit Department (IAD) that provide guidance on internal audit activity that meets IIA Standard 2040.

**Audit Report Reference:** Chapter IV, Page 28

**Company Response:** Accepted.

**Responsible Individual(s):** Christian Wilson  
Senior Manager, Internal Audit  
Office of General Counsel

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Draft a policies and procedures document (Manual) that aligns with the guidance provided by the Institute of Internal Auditors (IIA) Standard 2040 and obtain approval of such Manual by the Company's Senior Management. Included in the Manual will be a section detailing a quality assurance and improvement program (Program) to be established by the IAD. The Program will satisfy the guidance provided by IIA Standard 1300.

Anticipated Date of Completion: Q1 2020

#### **2020 Implementation Status Update: Completed**

A policies and procedures document (Manual) was drafted that aligns with the guidance provided by the Institute of Internal Auditors (IIA) Standard 2040. The Manual includes a section detailing a quality assurance and improvement program (Program) to be



established by Internal Audit that satisfies the guidance provided by IIA Standard 1300. Due to COVID-19 impacts, senior management approval was delayed until May 18, 2020.

2. Conduct a documented Program assessment after the Manual has been in place for at least 12 months.

Anticipated Date of Completion: Q4 2021

**2020 Implementation Status Update: Ongoing**

The Program assessment will be completed during 2021 after the Manual has been in place for at least 12 months and in compliance with the Manual's guidelines.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation VI-1:** Conduct a review of all finance and accounting policies and procedures to ensure administrative controls are standardized and applied uniformly.

**Audit Report Reference:** Chapter VI, Page 47

**Company Response:** Accepted.

**Responsible Individual(s):** Jaime Bachota  
Assistant Controller  
Finance

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Review and revise the Finance Policy and Procedures Manual to specify responsible parties and scope of each policy as part of the next annual update.

Anticipated Date of Completion: Q1 2020

#### **2020 Implementation Status Update: Completed**

As part of the annual update, the Finance Policy and Procedures Manual was reviewed and revised to specify responsible parties and scope of each policy. The updated Manual was effective December 31, 2019.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation VI-2:** Create a formal variance policy that includes a threshold (percentage and/or amount) for variances to be tracked and explained through documentation.

**Audit Report Reference:** Chapter VI, Page 47

**Company Response:** Accepted.

**Responsible Individual(s):** Jaime Bachota  
Assistant Controller  
Finance

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Create a formal variance policy to be included within the Finance Policy and Procedures Manual as part of the next annual update. The policy will provide in part that variances greater than an established dollar amount or percentage by VP / functional area will be formally documented and centrally located to ensure documentation is maintained for future use.

Anticipated Date of Completion: Q4 2019

#### **2020 Implementation Status Update: Completed**

As part of the annual update process for the Finance Policy and Procedures Manual, a formal variance policy was developed and included, effective December 31, 2019. The policy provides that variances greater than a specific dollar amount and percentage will be documented and maintained in a central repository for future reference.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation VII-1:** Establish overtime level goals for each functional group with a goal not to exceed 20% and develop craftworker staffing levels and contractor resources to address the future workload, including work related to the Long-Term Infrastructure Improvement Plan.

**Audit Report Reference:** Chapter VII, Page 58

**Company Response:** Accepted.

**Responsible Individual(s):** Kevin Walker  
Chief Operating Officer  
  
Todd Faulk  
Vice President  
Human Resources

#### Description of Implementation Steps/Anticipated Date of Completion:

The Company acknowledges its field operations departments incur high levels of overtime and will continue to take action within its control in order to reduce aggregate overtime levels for its craftworkers toward the goal of 20%. The Company notes, however, that its ability to control overtime levels is significantly limited by several factors, including provisions of its current labor agreement, restoration efforts, and labor availability.

1. Establish overtime level goals for each functional group with a goal not to exceed 20% in the aggregate.

Anticipated Date of Completion: Q4 2019



### **2020 Implementation Status Update: Completed**

Overtime level goals not exceeding 20% in the aggregate were established for the craftworker functional groups and reflected in the 2020 performance goals for the Chief Operating Officer.

2. Continue the Senior Operator Apprenticeship Program, comprising a multi-year training regime, to create a pipeline of qualified Troubleshooters.

Anticipated Date of Completion: Ongoing

### **2020 Implementation Status Update: Ongoing**

DLC is continuing the Senior Operator Apprenticeship Program. DLC anticipates 18 Senior Operating Apprentices to graduate from the 2019-2020 class.

3. Increase utilization of skilled and qualified Journey Lineworker personnel as Troubleshooters, until there is increased availability of otherwise-qualified Troubleshooters (e.g., as a result of the Senior Operator Apprenticeship Program and/or changes in the labor market).

Anticipated Date of Completion: Q4 2020

### **2020 Implementation Status Update: Completed and Ongoing**

As of June 12, 2020, DLC and the IBEW entered into a Memorandum of Understanding (“MOU”) that provides for changes to the existing wage structure for the Senior Operator and Trouble Shooter positions and financial retention incentives for employees currently in those positions, employees who bid into those positions and employees newly hired into those positions. In addition, the terms of the MOU provide for 58 additional personnel hired into Senior Operator Apprenticeship, Underground Splicer Apprenticeship or Lineworker Apprenticeship job classifications during the course of the agreement. Such changes will increase DLC’s internal troubleshooter capacity.

4. With respect to the Overhead and Underground job classification, continue to hold the Company’s Electrical Distribution Technology (“EDT”) program, in partnership with the Community College of Allegheny County (“CCAC”), for a period of three years.

Anticipated Date of Completion: Q4 2022

### **2020 Implementation Status Update: Ongoing**



DLC is continuing the Electricity Distribution Technology (“EDT”) program in partnership with the Community College of Allegheny County. The 2019-2020 class graduated in August 2020 and the 2020-2021 class will commence in September 2020.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation VII-2:** Monitor and control individual employee overtime levels by using overtime exception reports to actively review employees incurring excessive amounts of overtime.

**Audit Report Reference:** Chapter VII, Page 58

**Company Response:** Accepted.

**Responsible Individual(s):** Kevin Walker  
Chief Operating Officer

Todd Faulk  
Vice President  
Human Resources

#### Description of Implementation Steps/Anticipated Date of Completion:

The Company accepts this recommendation with the understanding that individual employee overtime levels may not be entirely within the Company's control. Factors outside the Company's exclusive control that affect individual employee overtime include provisions of the Company's current labor agreement, restoration efforts, and labor availability.

1. Implement improved overtime exception reporting to actively review employees incurring excessive amounts of overtime.

Anticipated Date of Completion: Q4 2020

**2020 Implementation Status Update: Ongoing**



DLC is in the process of developing improved overtime exception reporting to actively review employees incurring excessive amounts of overtime. DLC anticipates implementing such reporting by December 31, 2020.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation VII-3:** Include additional descriptors to outage causes and report tree-related causes as being either Vegetation Inside ROW or Vegetation Outside ROW for a more effective analysis of possible remedial actions to outage causes in future Annual and Quarterly Electric Reliability Reports to the PUC.

**Audit Report Reference:** Chapter VII, Page 58

**Company Response:** Accepted.

**Responsible Individual(s):** Matthew Bucek  
General Manager, Asset Management  
Operations

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Include additional descriptors to outage causes and report tree-related causes as being either Vegetation Inside ROW or Vegetation Outside ROW for a more effective analysis of possible remedial actions to outage causes for the Annual and Quarterly Electric Reliability Reports to the PUC.

Anticipated Date of Completion: Q4 2019

#### **2020 Implementation Status Update: Completed**

Beginning with its Q4 2019 Quarterly Electric Reliability Report, DLC's reported categories of outage causes were expanded to provide more useful information to the Commission and interested parties. The expanded list of categories reflected additional



categories for Inside ROW and Outside ROW with respect to tree-related outages. DLC's Annual Electric Reliability Report also included the additional outage categories.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation VII-4:** Create a summary report of annual transmission and distribution line repairs to trend inspection and maintenance activities.

**Audit Report Reference:** Chapter VII, Page 58

**Company Response:** Accepted.

**Responsible Individual(s):** Matthew Bucek  
General Manager, Asset Management  
Operations

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Create a summary report for all inspection and maintenance programs, including annual transmission and distribution line repairs, to trend inspection and maintenance activities.

Anticipated Date of Completion: Q3 2020

#### **2020 Implementation Status Update: Ongoing**

DLC is creating a summary report for all inspection and maintenance programs, including annual transmission and distribution line repairs, to trend inspection and maintenance activities. DLC anticipates completing the summary report by September 30, 2020.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation VIII-1:** Implement the extensive testing phase and training phase currently planned to prepare for the December 2019 customer care system update.

**Audit Report Reference:** Chapter VIII, Page 65

**Company Response:** Accepted.

**Responsible Individual(s):** Brian Guzek  
Managing Director  
Affordability and Innovation Management

#### Description of Implementation Steps/Anticipated Date of Completion:

The Company accepts this recommendation but notes that the December 2019 implementation date for the customer care system update has been moved to allow for an extensive testing and training program. The Company is now preparing for a customer care system upgrade with an expected July 2020 implementation.

1. Execute an extensive testing phase for July 2019 through May 2020 with a tiered checkpoint structure intended to examine the integrity of all processes that will be affected by the update.

Anticipated Date of Completion: Q2 2020

#### **2020 Implementation Status Update: Ongoing**

Due to COVID-19 impacts, the testing phase of the customer care system update, which includes a tiered checkpoint structure, has been extended through October 2020 in anticipation of a November 2020 upgrade implementation.



2. Execute an extensive training phase for July 2019 through July 2020 including both online and instructor-led training activities.

Anticipated Date of Completion: Q3 2020

**2020 Implementation Status Update: Ongoing**

Due to COVID-19 impacts, the training phase of the customer care system update has been extended through November 2020 in anticipation of a November 2020 upgrade implementation.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation VIII-2:** Establish, implement, and monitor key performance indicators of third-party collection agency net recovery performance goals.

**Audit Report Reference:** Chapter VIII, Page 65

**Company Response:** Accepted.

**Responsible Individual(s):** EJ Schuck  
Director, Revenue Management  
Customer Service

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Evaluate available third-party collection agency data and establish measureable key performance indicators for third-party collection agencies.

Anticipated Date of Completion: Q4 2019

#### **2020 Implementation Status Update: Completed**

Third-party collection agency data was reviewed and DLC has established the following key performance indicators for third-party collection agencies:

1. Gross recovery rate (by agency)
2. Referral and recovery amounts (by original month of placement and agency)



2. Develop reports for monthly monitoring of key performance indicators.

Anticipated Date of Completion: Q1 2020

**2020 Implementation Status Update: Completed**

DLC implemented the following monthly reports beginning February 2019:

1. Gross Recoveries By Year
  2. Gross Recoveries Historical Trends
  3. Referral and Recovery Trend by Initial Placement
  4. Detail
  5. Recovery Buckets
  6. Recovery Buckets Detail
3. Evaluate direct relationships with current third-party collections agencies and consider streamlining collections with a single managed collection agency to allow a more focused debt collection strategy.

Anticipated Date of Completion: Q3 2020

**2020 Implementation Status Update: Completed and Ongoing**

DLC evaluated its direct relationships with third-party collections agencies and made a decision to move to a consolidated agency. The transition will be completed as part of the customer care system update, with a target date for completion of Q4 2020.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation IX-1:** Implement Maximo for enhanced inventory tracking and reporting, and establish inventory turnover goals based on optimal usage patterns.

**Audit Report Reference:** Chapter IX-1, Page 68

**Company Response:** Accepted.

**Responsible Individual(s):** Shon Yates  
Chief Procurement Officer  
Supply Chain

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Implement Maximo to replace the current enterprise application used as the system of record for purchasing and materials management functions.

Anticipated Date of Completion: Q3 2019

#### **2020 Implementation Status Update: Completed**

Maximo was implemented on September 5, 2019.

2. Implement routine monthly reporting on inventory values and turns for each warehouse.

Anticipate Date of Completion: Q3 2020

#### **2020 Implementation Status Update: Completed**



DLC implemented monthly reporting on inventory values and turns for each warehouse beginning January 2020. Such reporting includes the following data points:

- Inventory by storeroom
- Inventory by commodity group
- Monthly comparison
- Monthly receipts
- Monthly issues
- Monthly issues and turns
- Inventory adjustments

3. Establish 3-year inventory value and inventory turn goals for each warehouse.

Anticipated Date of Completion: Q4 2020

**2020 Implementation Status Update: Ongoing**

DLC is currently analyzing and evaluating data in order to establish appropriate 3-year inventory value and inventory turn goals for each warehouse. DLC anticipates finalizing the goals by December 31, 2020.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

<b>Recommendation XI-1:</b>	Revise written documents used to engage contractors to include consistent language requiring contractors to comply with all OSHA standards and to remove any language directing contractors to comply with undefined safety directives of representatives of DLC.
<b>Audit Report Reference:</b>	Chapter XI-1, Page 77
<b>Company Response:</b>	Accepted.
<b>Responsible Individual(s):</b>	Sharon Tanner Senior Manager, Safety, Health & Environmental Operations

### Description of Implementation Steps/Anticipated Date of Completion:

1. Revise terms and conditions governing contractors to state that contractors are required to comply with OSHA standards and remove language that requires contractors to comply with undefined safety directives of DLC representatives.

Anticipated Date of Completion: Q1 2020

### **2020 Implementation Status Update:** Completed

DLC revised its written documents used to engage contractors to consistently define contractor safety requirements. Specifically, DLC revised its Supplier Code of Conduct to require contractors to comply with all applicable occupational health and safety laws, regulations, standards, policies, procedures and rules. Due to COVID-19 impacts, the effective date of the updated Supplier Code of Conduct was delayed until June 30, 2020.



DLC also revised its contractor agreements and terms and conditions to require DLC contractors to comply with applicable federal, state and local laws, statutes, ordinances, codes, rules and regulations relating to the performance of their work.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation XII-1:** Create an action plan to identify and resolve root causes of erroneous data to ensure fleet utilization reports are accurate.

**Audit Report Reference:** Chapter XII, Page 81

**Company Response:** Accepted.

**Responsible Individual(s):** Charles O'Neill  
Manager, Transportation  
Operations

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Create an action plan to identify and resolve root causes of erroneous data to ensure fleet utilization reports are accurate. The Company anticipates that the action plan will include working with Information Technology and appropriate third-party application vendors to evaluate root causes of erroneous data in Q1 2020 and implementing corrections in relevant applications beginning in Q2 2020.

Anticipated Date of Completion: Q2 2020

#### **2020 Implementation Status Update: Completed**

DLC developed an action plan, which included working with Information Technology and appropriate third-party application vendors, to identify and resolve root causes of erroneous data to ensure fleet utilization reports are accurate. DLC began implementing



corrections in 2019, including conducting periodic meetings with vendor support teams and modifying data contained in its vehicle maintenance management system.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation XII-2:** Establish a formal procedure for the disposal, retirement and transfer of Duquesne Light Company fleet vehicles.

**Audit Report Reference:** Chapter XII, Page 81

**Company Response:** Accepted.

**Responsible Individual(s):** Charles O'Neill  
Manager, Transportation  
Operations

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Review and update DLC's Transportation and Vehicle Use Procedure to formalize processes for disposal, retirement, and transfer of DLC fleet vehicles.

Anticipated Date of Completion: Q1 2020

#### **2020 Implementation Status Update: Completed**

DLC's Transportation and Vehicle Use Procedure was updated to include revisions to reflect a formalized process for disposal, retirement, and transfer of DLC fleet vehicles. Due to COVID-19 impacts, final approval of the revised Procedure was delayed. The Procedure became effective July 31, 2020.



## IMPLEMENTATION PLAN

### Duquesne Light Company Response to Focused Management and Operations Audit

July 2019

**Recommendation XIII-1:** Continue to improve the information technology score via enhanced information technology capabilities, internal controls and governance, and coordination with internal business partners; furthermore, periodically reevaluate the information technology maturity rating.

**Audit Report Reference:** Chapter XII, Page 84

**Company Response:** Accepted.

**Responsible Individual(s):** Mark Miko  
Vice President and Chief Information Officer  
Information Technology

#### Description of Implementation Steps/Anticipated Date of Completion:

1. Continue to progress DLC's IT Capability Maturity level with a projected overall increase of 10% (as defined by the current IT Capability Maturity Model).

Anticipated Date of Completion: Q4 2020

#### **2020 Implementation Status Update: Ongoing**

DLC has developed an IT Capability Maturity Dashboard and Progress Tracker to monitor and measure its IT Capability Maturity level in alignment with the current IT Capability Maturity Model and has established specific goals in order to progress its IT Capability Maturity level. DLC has continued to progress its IT Capability Maturity level and expects to achieve an overall increase of at least 10% by December 31, 2020.



2. Develop a plan for periodic internal review and evaluation of DLC's IT Capability Maturity level.

Anticipated Date of Completion: Q1 2021

**2020 Implementation Status Update: Ongoing**

DLC is in the process of finalizing its plan for periodic internal review and evaluation of its IT Capability Maturity level. The plan for periodic internal review will be finalized by March 31, 2021.