



**COMMONWEALTH OF PENNSYLVANIA**  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
COMMONWEALTH KEYSTONE BUILDING  
400 NORTH STREET  
HARRISBURG, PENNSYLVANIA 17120  
March 2, 2023

**MR. WILLIAM GALLAGHER  
PHILADELPHIA GAS WORKS  
800 W. MONTGOMERY AVENUE  
PHILADELPHIA PA 19122**

**RE: Management and Operations Audit of Philadelphia Gas Works  
Docket No. D-2022-3030321**

Dear Mr. Gallagher:

The Commission appreciates the cooperation extended by the officers and employees of the Philadelphia Gas Works (Company) to our Bureau of Audits' staff during the recent Management and Operations Audit. We seek the Company's further cooperation in implementing the recommendations cited in the audit report.

As you know, the staff analyzed and evaluated management performance in ten functional areas at the Company during the audit. Staff identified one area as needing significant improvement (see Chapter VII – Emergency Preparedness), three areas as needing moderate improvement (see Chapters: III – Corporate Governance, VI – Gas Operations, and IX – Customer Service) and six areas needing minor improvement (see Chapters: IV – Executive Management and Organizational Structure, V – Financial Management, VIII – Materials Management, X – Information Technology, XI – Fleet Management, and XII – Human Resources and Diversity). These areas offer the potential for increased effectiveness and/or reduced costs and should be the focus of the Company's implementation efforts.

At its Public Meeting of March 2, 2023, the Commission acknowledged receipt of Philadelphia Gas Work's February 15, 2023 Implementation Plan and released it, along with the audit report, to the public. The Commission notes that the Company's Implementation Plan indicates acceptance of 26, partial acceptance of three, and rejection on three recommendations. Receipt of this Implementation Plan does not constitute acceptance by the Commission of the actions already taken, those actions to be taken, or any explanations and cost/benefit analyses provided. The Company's implementation actions, together with the explanations and analyses, will be reviewed by the Commission at a later date.

Accordingly, the Commission directs Philadelphia Gas Works to:

- Proceed with the February 15, 2023 Implementation Plan, and
- Submit implementation progress reports annually, by April 1<sup>st</sup>, for the next three years.

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The Commission's direction to proceed with the Implementation Plan should not be construed as approval of the plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is fluid and cursive, with a large initial "R" and "C".

Rosemary Chiavetta  
Secretary

Contact Person: John Clista  
(717) 772-0317