

UGI UTILITIES, INC.
MANAGEMENT
EFFICIENCY INVESTIGATION
Docket No.-2022-3032778

UGI UTILITIES, INC.

IMPLEMENTATION PLAN

FOR

PENNSYLVANIA PUBLIC UTILITY COMMISSION

MANAGEMENT EFFICIENCY INVESTIGATION
A FOLLOW-UP REVIEW OF THE 2019 FOCUSED MANAGEMENT AND
OPERATIONS AUDIT REPORT

Docket No. D-2022-3032778

April 24, 2023

UGI UTILITIES, INC.
MANAGEMENT
EFFICIENCY INVESTIGATION
Docket No.-2022-3032778

INTRODUCTION

UGI Utilities, Inc. (“UGI” or “the Company”) hereby submits the following Implementation Plan (“Plan”) in response to the Pennsylvania Public Utility Commission Bureau of Audit’s draft 2023 Management Efficiency Investigation report (“Report”) recommendations.

The Plan is organized to address each recommendation contained in each of the functional areas as presented in the Bureau of Audit’s Report. For each recommendation, the Plan states the response of the appropriate company(s), the action to be taken, the individual responsible, and the expected completion date.

Acceptance of recommendations does not mean that the company(s) is accepting all of the assertions or conclusions in the Management Efficiency Investigation (“MEI”) completed in 2022.

UGI UTILITIES, INC.
MANAGEMENT
EFFICIENCY INVESTIGATION
Docket No-2022-3032778

TABLE OF CONTENTS

| Chapter | | Audit Recommendation Number | Page |
|----------------|--|--|-------------|
| III | Executive Management and Organizational Structure | 2 | 1 |
| IV | Affiliated Interest and Cost Allocations | 1 | 2 |
| | | 2 | 2 |
| | | 3 | 3 |
| V | Gas Operations | 2 | 4 |
| | | 5 | 4 |
| VI | Emergency Preparedness | 1 | 5 |
| VIII | Customer Service | 1 | 6 |
| | | 2 | 6 |
| | | 3 | 7 |

UGI UTILITIES, INC.
MANAGEMENT
EFFICIENCY INVESTIGATION
Docket No-2022-3032778

**III. EXECUTIVE MANAGEMENT AND ORGANIZATIONAL
STRUCTURE**

**EXECUTIVE MANAGEMENT AND ORGANIZATIONAL STRUCTURE
RECOMMENDATION NO. 2**

Develop a written policy or procedure detailing a formal span of control analysis.

Response: The Company agrees with this recommendation.

Action: UGI will create a Human Resources policy memorializing its span of control analysis process currently in place.

Individual Responsible: Sr. Manager, Human Resources

Expected Completion Date: December 31,2023

UGI UTILITIES, INC.
MANAGEMENT
EFFICIENCY INVESTIGATION
Docket No-2022-3032778

IV. AFFILIATED INTERESTS AND COST ALLOCATIONS

**AFFILIATED INTERESTS AND COST ALLOCATIONS RECOMMENDATION
NO. 1**

Develop and implement routine processes following the NARUC Guidelines for Cost Allocations, when applicable, to determine HCOM for shared services provided to non-regulated affiliates and LCOM for shared services provided to the regulated utility.

Response: The Company agrees with this recommendation.

Action: : UGI will evaluate the significant internal services between the Company and its affiliates and where appropriate, determine those for which a reasonable market benchmark can be performed. This initial review will be completed by June 2024 and will be completed every 5 years thereafter.

Individual Responsible: Controller

Expected Completion Date: June 2024

**AFFILIATED INTERESTS AND COST ALLOCATIONS RECOMMENDATION
NO. 2**

Prepare an AIA that adequately describes the affiliated transactions between UGI Corp. and its subsidiaries, including UGI Utilities, and then, submit it to the Commission for approval.

Response: The Company agrees with this recommendation.

Action: The Company will prepare and file with the Commission a new affiliated interest agreement which describes routine services provided between UGI Utilities, Inc. and its affiliates.

Individual Responsible: Vice President, Finance & CFO

Expected Completion Date: December 31, 2023

UGI UTILITIES, INC.
MANAGEMENT
EFFICIENCY INVESTIGATION
Docket No-2022-3032778

**AFFILIATED INTERESTS AND COST ALLOCATIONS RECOMMENDATION
NO. 3**

Update UGI Corp.'s and UGI Utilities' CAMs to reflect the affiliate transactions and cost allocation methodologies used based on the updated organizational structure and updated AIAs.

Response: The Company agrees with this recommendation.

Action: The Company will annually review and update, as appropriate, the UGI Utilities CAM and work with UGI Corporation to complete a similar update to UGI Corporations CAM following any significant changes affecting the cost allocation processes, including organizational structure changes.

Individual Responsible: Controller

Expected Completion Date: December 31,2023.

UGI UTILITIES, INC.
MANAGEMENT
EFFICIENCY INVESTIGATION
Docket No-2022-3032778

V. GAS OPERATIONS

GAS OPERATIONS RECOMMENDATION NO. 2

Attribute damage collections to the year of the damage incident on periodic reporting.

Response: The Company agrees with the recommendation.

Action: UGI will begin reporting damage collections to include attributing the damage collections to the year of the damage incident.

Individual Responsible: Sr. Supervisor, Claims

Expected Completion Date: December 31, 2023

GAS OPERATIONS RECOMMENDATION NO. 5

Modify safety reporting to utilize causal analyses for safety incidents.

Response: The Company agrees with this recommendation.

Action: The incident reporting system that is utilized as part of the incident investigation process will be modified to allow for reports to be generated by causal factor.

Individual Responsible: Sr. Manager Environmental Health & Safety

Expected Completion Date: May 1, 2023

UGI UTILITIES, INC.
MANAGEMENT
EFFICIENCY INVESTIGATION
Docket No-2022-3032778

VI. EMERGENCY PREPAREDNESS

EMERGENCY PREPAREDNESS RECOMMENDATION NO. 1

Install sprinkler systems in accordance with the prioritized inventory of company buildings to ensure safety for employees and company property.

Response: The Company agrees with this recommendation.

Action: The Company will continue to maintain and update the prioritized inventory of company buildings and implement the installation of sprinkler systems in accordance with the prioritized ranking and general timeframe.

Individual Responsible: Director, Security & Facilities, Building & Grounds

Expected Completion Date: On-going.

UGI UTILITIES, INC.
MANAGEMENT
EFFICIENCY INVESTIGATION
Docket No-2022-3032778

VIII. CUSTOMER SERVICE

CUSTOMER SERVICE RECOMMENDATION NO. 1

Enhance termination/collection efforts where appropriate and decrease non-access accounts.

Response: The Company agrees with this recommendation.

Action: The Company will continue to maximize collection efforts through (1) review of existing system processes, and potential third party software/systems to assist with effectiveness; (2) Company to have regulatory involvement on PA Chapter 14 reauthorization; and (3) review and enhance credit to operation communication and deployment of field resources to reduce non-access accounts.

Individual Responsible: Manager, Credit & Claims

Expected Completion Date: Ongoing.

CUSTOMER SERVICE RECOMMENDATION NO. 2

Increase Customer Care Representative (CCR) staffing levels and reduce turnover to improve the ability to handle the increased call volume and call center performance.

Response: The Company agrees with this recommendation.

Action: The Company will focus on hiring and retaining Customer Care Representatives within the Customer Information Center.

Individual Responsible: Sr. Director, Customer Success & Community Relations

Expected Completion Date: December 31, 2024

UGI UTILITIES, INC.
MANAGEMENT
EFFICIENCY INVESTIGATION
Docket No-2022-3032778

CUSTOMER SERVICE RECOMMENDATION NO. 3

Perform an annual market study to assess competitive compensation for CCRs and implement pay increases where appropriate to aid in retention.

Response: The Company agrees with this recommendation.

Action: The Company agrees to perform a market study to assess and increase where appropriate, CCR compensation, on an annual basis.

Individual Responsible: Sr. Manager, Customer Communication Center

Expected Completion Date: December 31, 2023