**ANNUAL REPORT**

**66 PA C.S. § 516 AUDITS**

**FOR FISCAL YEAR 2014-2015**

**MANAGEMENT AUDITS**

**&**

**MANAGEMENT EFFICIENCY**

**INVESTIGATIONS**

**Prepared by the**

**Pennsylvania Public Utility Commission**

**Bureau of Audits**

**Issued September 2015**

**Docket No. D-2015-2500634**

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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 26 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 generally 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.

 There are more than a hundred other utilities (with plant-in-service of less than $10 million) subject to management audit procedures on an as needed basis. Bureau staff generally performs such audits as a result of a specific problem or complaint. 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, 2015, 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, 2015, and a list of all Section 516 mandated MAs released to Fiscal Year End 2015 (i.e., June 30, 2015). Complete copies of all audits and investigations have previously been sent to each of the required parties.

 *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 2014-2015 Management Audits**

**Number and Categorization of Recommendations**

 **% Accepted**

 **Partially or Partially**

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

FirstEnergy Pennsylvania

Companies 28 25 1 2 93%

PECO Energy Company 28 28 0 0 100%

The York Water Company 16 15 1 0 100%

**Totals** 72 68 2 2 97%

\* Per implementation plans submitted by the companies.

**TABLE B**

**FY 2014-2015 Management Efficiency Investigations**

**Number and Categorization of Recommendations**

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

 **Partially %**

 **Total Effectively or Not Effectively**

**Company Evaluated Implemented Implemented Implemented**

Columbia Water Company 7 3 4 43%

National Fuel Gas Distribution

Corporation 12 8 4 67%

**Totals** 19 11 8 58%

 **Staff’s Follow-Up Recommendations**

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

Columbia Water Company 5 5 0 0 100%

National Fuel Gas Distribution

Corporation 5 5 0 0 100%

**Totals** 10 10 0 0 100%

\* Per implementation plans submitted by the companies.

**TABLE C**

**FY 2014-2015 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 (0) | $ 0.0 | $ 0.00 |  $ 0.0 |  $ 0.0 |
| Staff MAs & MEIs (6) |  6.6 – 9.4  |  21.4 – 22.3 |  0.0 |  0.0 |
| **Total Benefits** | $ 6.6 – 9.4  |  $ 21.4 – 22.3 | $ 0.0 |  $ 0.0 |
|  |  |  |  |  |

|  |  |
| --- | --- |
| One-Time Consultant Costs for FY 2014-2015 Audits (Millions) |  $ 0.0 |
| Approximate Management Audit Division Costs for FY 2014-2015 (Millions) |  1.4 |
|  Total Estimated Cost of MAs and MEIs (Millions) | $ 1.4 |

\* These quantified benefits are net of projected or realized implementation costs. Note that the projected one-time savings or benefits from implementing management audit recommendations, in 2014-2015 alone, are more than 15 times 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 2014-2015**

Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company, collectively referred to as the FirstEnergy Pennsylvania Companies (FE-PA Companies), at Docket Nos.

 D-2013-2365991;  D-2013-2365992; D-2013-2365993; and D-2013-2365994

The report on the Focused Management and Operations Audit (MA) of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company, collectively referred to as the FirstEnergy Pennsylvania Companies (FE-PA Companies), completed concurrently by staff from the Bureau of Audits, was publicly released on January 16, 2015. The audit report contained 28 recommendations. The FE-PA Companies’ Implementation Plan, dated January 8, 2015, indicated acceptance of 25 recommendations, partial acceptance of one recommendation, and rejection of two recommendations. The FE-PA Companies indicated their plans to complete implementation of all accepted recommendations by the end of 2019.

During the course of the audit, 14 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 Rating** | **Chapter / Functional Area** | **Number of Recommendations** |
|  |  |  |
| Major Improvement Needed (0) | None | None |
| Significant Improvement Needed (2) | VII – Electric OperationsXI – Customer Service |  6 8 |
| Moderate Improvement Needed (5) | III – Executive Management and Organizational StructureV – Affiliated Relationships and Cost AllocationsIX – Materials ManagementXI – Human ResourcesXIV – Fleet Management |  1 2 1 2 4 |
| Minor Improvement Needed (3) | IV – Corporate GovernanceVI – Financial ManagementXIV – Facilities Management |  2 1 1 |
| Meets ExpectedPerformance Level (4) | VIII – Emergency PreparednessXII – Information TechnologyXV – Risk ManagementXVI – Legal and External Relations | None |
| 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:

* Establish target goals for metrics used in the Executive Leadership Team Report and/or Key Performance Indicators that are linked to the FE-PA Companies stated performance objective and/or other regulatory requirements.
* Improve electric reliability performance at Penelec and Penn Power to achieve, at a minimum, both 12 and 36 month reliability standards and strive to achieve benchmark performance; and implement specific measures for West Penn Power to meet the reliability provisions of the 2010 Joint Petition.
* Conduct a staffing study accounting for future retirements to determine the proper staffing levels of craft workers to reduce overtime to the target level of 15% and improve reliability which could result in annual savings of approximately $1,300,000 for the FE-PA Companies.
* Initiate policies to enforce union contract provisions which require a minimum level of craft worker acceptance of emergency call outs.
* Develop and implement remedial actions that effectively correct the deficiencies of circuits found on the worst performing circuits list such that the circuits do not re-appear on the list for several years.
* Establish a documented Damage Prevention Program to track and measure line hit incidents; recover damages for all line hit incidents; and to take proactive measures to mitigate future line hits.
* Establish annual inventory turnover goals to a minimum of 2.0 turns and strive to achieve improved inventory turnover levels. By achieving a turnover level of 2.0, the FE‑PA Companies could realize a combined one-time savings in inventory reduction of approximately $19.2 million and annual savings in carrying costs of approximately $1.9 million.
* Implement measures to improve the Contact Center performance levels including efforts to reduce Customer Service Representative turnover levels. FirstEnergy has estimated the potential annual savings from reducing CSR turnover to the FE-PA Companies to total approximately $245,000 to $307,000.
* Improve meter reading performance levels through increased staffing and/or use of contractors while implementing smart meter technologies.
* Initiate measures to comply with PUC regulations by eliminating and/or substantially reducing the number of meters not read within six and twelve month periods.
* Monitor all new service installation performance to ensure new service installations are being completed within the targeted deadlines.
* Establish and document a dividend policy for each of the FE-PA Companies, and ensure that advanced notice and explanations are submitted to the Commission prior to making future dividend payments in excess of 85% of net income.
* Conduct a safety culture survey in order to identify employee safety related concerns, perceptions, behaviors and implement training, methodologies, equipment, and ergonomic changes which address the primary causes of accidents at the FE-PA Companies in order to improve actual performance and ensure safety goals are aligned with corporate objectives.
* Reduce absenteeism through appropriate enforcement of union contract language regarding provisions for sick leave as well as encouraging employee attendance resulting in annual savings of approximately $255,000.

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) $3,700,000 to $3,800,000

 One-time (non-recurring) $19,200,000

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

PECO Energy Company (D-2013-2370921)

The report on the Focused Management and Operations Audit (MA) of PECO Energy Company (PECO or Company) completed by staff from the Bureau of Audits, was publicly released on October 23, 2014. The audit report contained 28 recommendations. The PECO’s Implementation Plan, dated September 29, 2014, indicated acceptance of 25 recommendations, partial acceptance of one recommendation, and rejection of two recommendations. PECO indicated that it had plans to complete implementation of all accepted recommendations by the end of 2015.

During the course of the audit, 15 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 | None |
| SignificantImprovement Needed (0) | None | None |
| ModerateImprovement Needed (5) | III – Executive Management and Organizational StructureVII – Electric OperationsVIII – Gas OperationsX – Materials ManagementXI – Customer Service | 39213 |
| MinorImprovement Needed (7) | IV – Corporate GovernanceV – Affiliate Interests and Cost AllocationsVI – Financial ManagementIX – Emergency PreparednessXIII – Fleet ManagementXVI – LegalXVII – Human Resources and Diversity  | 1121212 |
| Meets Expected Performance Level (3) | XII – Information TechnologyXIV – Facilities ManagementXV – Risk Management | None |
| 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:

* Reduce overtime levels, specifically non-storm overtime, for Construction and Maintenance and Distribution System Operations. The Audit Staff estimated that PECO could save approximately $2.4 to $5 million annually by reducing overtime levels through additional staffing and/or better management of overtime.
* Reduce gas line hit damages resulting from PECO mapping data errors, by mitigating mapping data errors and implementing an aggressive program to accurately locate facilities with an emphasis on plastic pipe. The Audit Staff estimated that the Company could save approximately $200,000 annually by reducing damages by 25%.
* Accelerate the replacement rate of unprotected bare steel mains through a risk-based/prioritized schedule.
* Improve response rates to emergency orders by tracking the reasons for missing trouble order goals and implementing corrective measures as necessary.
* Perform periodic staffing level and base workload studies.
* Conduct periodic business case studies for contracted services, particularly Contractors of Choice contracts.
* Reduce the number of customers experiencing four or more service interruptions in a year.
* Perform a periodic comprehensive system-wide review of emergency and inactive inventory and eliminate inventory, as appropriate. The Audit Staff contends that PECO should evaluate emergency stock and inactive inventory on a routine and system-wide basis. By analyzing its stock, the Audit Staff estimated that PECO could reduce its inventory realizing a one time savings of approximately $2.22 to $3.11 million and a corresponding annual carry cost savings of $333,000 to $467,000.
* Periodically review costs and quality of services provided by Exelon BSC and compare them to market.
* Improve/expand oversight of contractor performed work.

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) $2,900,000 to $5,670,000

 One-time (non-recurring) $2,200,000 to $3,110,000

Incremental costs of approximately $500,000 to $700,000 are associated with implementation of the recommendations.

The York Water Company (D-2014-2409384)

The report on the Focused Management and Operations Audit (MA) of The York Water Company (York Water or Company) which was completed by staff from the Bureau of Audits and was publicly released April 28, 2015. The audit report contained 16 recommendations. The Company’s Implementation Plan, dated April 21, 2015, indicated acceptance of 15 recommendations and partial acceptance of one recommendation. York Water indicated that it plans to complete implementation of all accepted recommendations by February 1, 2016.

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 | None |
| SignificantImprovement Needed (0) | None | None |
| ModerateImprovement Needed (4) | VII – Water OperationsVIII – Purchasing and Materials ManagementIX – Customer ServiceXI – Human Resources and Diversity | 5333 |
| MinorImprovement Needed (2) | IV – Financial ManagementV – Fleet Management | 11 |
| Meets Expected Performance Level (3) | XII – Executive Management and Organizational StructureXIV – Corporate GovernanceXV – Emergency Preparedness | None |
| Total Number of Recommendations | 16 |

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

* Strive to achieve industry average or better Occupation Safety and Health Administration incidence rates by monitoring and continually modifying safety programs to address the most current safety issues.
* Reduce manual operating aspects of the Human Resource function by fully utilizing the capabilities of the Human Resource Information System.
* Classify designated emergency stock in the Inventory Management System.
* Establish inventory reorder points and formalize the use of minimum/maximum levels in the Inventory Management System.
* Implement a cycle counting procedure and reduce inventory count variances.
* Develop a comprehensive damage prevention program.
* Update the cross connection control program manual and incorporate administrative controls to ensure testing for commercial and industrial customer backflow devices is completed.
* Develop an electronic meter record database and a meter testing policy and/or procedure.
* Implement cross-subsidization safeguards between the Water Service Line Protection Program (WSLPP) and regulated utility service by maintaining separate accounts, allocating all expenses, and including additional language in WSLPP’s disclaimer.
* Perform periodic customer satisfaction surveys.

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 2014-2015**

Columbia Water Company (D-2014-2427061)

The report on the Management Efficiency Investigation (MEI) of Columbia Water Company (CWC or Company), which was completed by Bureau of Audits’ staff, was publicly released on October 23, 2014. The scope of this investigation was an examination of the progress in implementing the seven original recommendations from the Focused Management and Operations Audit released in August 2011.

During the MEI, the audit staff found that CWC had effectively or substantially implemented three of the seven prior recommendations reviewed and taken some action on the four remaining recommendations. While CWC had attained benefits via improved effectiveness and efficiencies, **no realized savings were quantified**. Among the notable improvements achieved by the Company were: revising its Corporate Bylaws to reflect actual practices in appointment of Executive Committee members, updating its Emergency Response Plan and making minor improvements to physical security, and increasing purchases with diverse vendors for the years 2012 and 2013.

The audit staff concluded that further improvement was warranted and developed five recommendations for improvement. In its September 19, 2014 Implementation Plan, CWC indicated acceptance of all recommendations. The Company further stated that it planned to initiate implementation of the follow-up recommendations by the fourth quarter of 2014. The follow-up recommendations were to:

* Ensure the audit partner and audit team for the external auditor is rotated on a periodic basis.
* Add an additional member to the Pension and Property Committee or modify the Charter to reflect current practices.
* Further reduce its billing lag by continuing to implement automated meter reading, especially in the Marietta division.
* Strive to complete the exercise and/or inspection of critical valves at least once every three years.
* Strive to increase utilization of minorities and women in its workforce.

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

National Fuel Gas Distribution Corporation (D-2014-2427061)

The report on the Management Efficiency Investigation (MEI) of National Fuel Gas Distribution Corporation (NFGDC or Company), which was completed by Bureau of Audits’ staff, was publicly released on June 11, 2015. The scope of this investigation was an examination of the progress in implementing the 12 original recommendations from the Focused Management and Operations Audit released in November 2010.

During the MEI, the audit staff found that NFGDC had effectively or substantially implemented eight of the twelve prior recommendations reviewed and taken some action on the four remaining recommendations. While NFGDC had attained benefits via improved effectiveness and efficiencies, **no realized savings were quantified**. Among the notable improvements achieved by the Company were: benchmarking of its external audit fees with peer companies; filing an updated affiliated interest agreement; reducing the amount of labor dollars allocated since 2010 by approximately 27 percent; establishing a formal dividend policy; submitting to the Commission a detailed, written explanation for each dividend payment exceeding 85 percent of net income for Fiscal Years 2006-2011; and updating its Emergency Response Plan.

The audit staff concluded that further improvement was warranted and developed five recommendations for improvement. In its May 18, 2015 Implementation Plan, NFGDC indicated acceptance of all recommendations. The Company further stated that it plans to have one recommendation implemented by September 2015, one recommendation implemented by December 2015, and that implementation of the remaining three recommendations will be ongoing. The follow-up recommendations were to:

* Enhance documentation in support of each reporting relationship with a high or low span of control as part of the annual organizational structure review.
* Complete the process to evaluate periodic rotation of the external audit firm and provide a recommendation to the Audit Committee of the Board of Directors.
* Establish a procedure to periodically assess external audit services fees either through a rebidding process or on the basis of a through benchmarking comparison.
* Periodically re-assess ring-fencing practices and procedures in place, and, as necessary, strengthen its ring-fencing position to insulate it from National Fuel Gas Company and its non-regulated affiliates.
* Continually strive to achieve full utilization of women and minorities in its workforce.

No projected benefits/savings or incremental implementation costs associated with the follow-up 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, 2015**

Aqua Pennsylvania, Inc.

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

Pike County Light & Power Co.

PPL Electric Utilities Corporation

Superior Water Company, Inc.

United Water Pennsylvania, Inc.

The York Water Company

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

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 (1,9, 20)

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

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

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

Newtown Artesian Water Company, The 8/96, 9/04, 1/11

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 (1)

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 (1)

Peoples TWP LLC (Formerly T. W. Phillips Gas and Oil Co.) 10/86, 12/93, 12/01, 4/09 (1)

PG Energy, Inc. 10/01 (16)

Philadelphia Gas Works 4/01, 2/09 (1)

Pike County Light & Power Company 1/10

PPL Electric Utilities Corporation (Formerly Pennsylvania Power & Light Co.) 4/86, 6/94, 6/02, 7/09 (1)

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

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

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

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)

United Water Pennsylvania, Inc. 8/88, 5/96, 5/04, 1/11

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 is now a 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