

**National Fuel Gas  
Distribution Corporation**

**Management Audit  
Implementation Plan Update**

**Case 18-G-0394**

**July 31, 2024**

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter III - Corporate Governance

Audit Report Recommendation Number: III-1

Serial Recommendation Number: 1

Audit Report Recommendation Priority: High

Audit Report Recommendation	
Correct the organizational deficiencies identified in the 2013 Management Audit.	

NFGDC Categorization: Accept With Modification (Completed)

Alternative Justification:

The Company is committed to consider and analyze each of the four primary areas of focus identified for this recommendation, as noted below. However, it should be noted that the Company does not agree with NorthStar's characterization of "organizational deficiencies," especially as it relates to the Company's reporting relationships throughout the organization.

Responsible Individual(s): Valerie Hawthorn  
Officer In Charge: Michael Reville and Amy Shiley

Schedule	Implementation Action Steps and Milestones	Status
Note	<ul style="list-style-type: none"> <li>Based on page III-23 of the Final Audit Report, this recommendation is primarily focused on the following four topical areas of content: (1) one-on-one reporting relationships; (2) the organizational structure of the Purchasing / Accounts Payable Department; (3) functional reporting to multiple positions in different organizations (i.e., reporting relationships with two different bosses); and (4) reporting relationships to officers (i.e., officers of NFGDC compared to officers of affiliate organizations)</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>Item #2 from the listing included in the first Note above will be addressed in the Company's response to Serial Recommendation #21, as this item is duplicative of the recommendation made in Serial Recommendation #21.</li> </ul>	n/a
12/31/2020	<ul style="list-style-type: none"> <li>Form a team of subject matter experts for this recommendation, to address Item #1 and Item #3, from the listing included in the first Note above</li> </ul>	Completed 1/11/2021
2/15/2021	<ul style="list-style-type: none"> <li>Initiate an organizational chart review of one-on-one reporting relationships and functional reporting to multiple positions (i.e., reporting relationships to two different bosses)</li> </ul>	Completed 1/11/2021

Schedule	Implementation Action Steps and Milestones	Status
5/31/2021	▫ Complete the organizational chart review of one-on-one reporting relationships and functional reporting to multiple positions (i.e., reporting relationships to two different bosses)	Completed 4/27/2021
6/30/2021	▫ Document the results of the organizational chart review of one-on-one reporting relationships and functional reporting to multiple positions (i.e., reporting relationships to two different bosses)	Completed 7/24/2021
Note	▫ The documentation described above will provide justifications for why identified reporting relationships make business sense, where organizational chart depiction needs to be enhanced (including next steps as necessary), or where a reporting relationship change is warranted (including next steps as necessary)	n/a
Note	▫ Where organizational chart depiction needs to be enhanced or where a reporting change is warranted, Human Resources will communicate expectations that Company departments include such changes on organizational charts submitted as part of the operations and maintenance budget presentation process	n/a
8/31/2021	▫ Identify internal resources or an external qualified consultant to develop documentation in response to Item #4 from the listing included in the first Note above	Completed 9/14/2021
Note	▫ To the extent an external qualified consultant is utilized, the Company will need to enter into a service contract	n/a
10/31/2021	▫ Complete initial set of interviews with Company subject matter experts from the Human Resources Department	Completed 10/25/2021
6/30/2022	▫ Complete final set of interviews with Company subject matter experts from the Human Resources Department	Completed 1/28/2022
9/30/2022	▫ Finalize documentation in response to Item #4 from the listing included in the first Note above	Completed 3/9/2022
Note	▫ The documentation will review officer reporting relationships for each NFGDC department, providing a rationale for the reasonableness of the existing reporting relationship, where potential enhancements are needed (including next steps and/or a consideration of costs/ratepayer value, as necessary)	n/a
Note	▫ It should be noted that the Human Resources Department reviews reporting relationships on an on-going basis and that the business practice of reviewing reporting relationships will continue after this audit recommendation is completed	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide documentation from the organizational chart review, representative samples of communications from Human Resources to other departments to include changes in the operations and maintenance budget presentation process (e.g., email or memo, where applicable) documentation in response to Item #4 from the listing included in the first Note above, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	\$100,000	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: The one-time implementation costs identified above represent an estimate of consulting costs that may occur, to the extent an external qualified consultant is hired to address Item #4 from the listing included in the first Note above.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Not completing a formal organizational review may result in reporting relationships that are not clarified, or otherwise easily discerned on organizational charts.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".
1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".
4/29/2022: NFGDC completed this recommendation and filed workpapers on 4/29/2022 under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.
7/31/2022: On 7/1/2022 NFGDC received informational request MOA-1, recommendation will move to <i>In Progress</i> .
10/31/2022: The Company continues to work on informational request MOA-1.
1/31/2023: The Company continues to work on informational request MOA-1.
4/30/2023: The Company continues to work on informational request MOA-1.

Implementation Plan Update (continued):

7/31/2023: On 7/28/2023, the Company submitted the final quarterly review for informational request MOA-1 and is awaiting Staff's review.

10/31/2023: The Company is awaiting Staff's review.

1/31/2024: The Company is awaiting Staff's review.

4/30/2024: The Company is awaiting Staff's review.

7/31/2024: The Company is awaiting Staff's review.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter III - Corporate Governance

Audit Report Recommendation Number: III-2

Serial Recommendation Number: 2

Audit Report Recommendation Priority: Medium

Audit Report Recommendation	
Perform an assessment of the risks associated with its position within the vertically integrated corporate entity. The NFGDC Departments should also perform a bottom-up identification of risks. These two assessments should be addressed as part of the annual planning process, be used to inform the ERM process, and be used in the determination of the Audit Services annual audit plan.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Ken Webster  
Officer In Charge: Sarah Mugel

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 12/18/2020
2/28/2021	▫ Initiate a process to review historical information, brainstorm specific items that could be implemented in response to this recommendation, and identify potential changes that could be implemented to support a Downstream-specific ERM process	Completed 12/18/2020
1/31/2022	▫ Complete a process to review historical information, brainstorm specific items that could be implemented in response to this recommendation, and identify potential changes that could be implemented to support a Downstream-specific ERM process	Completed 1/15/2021
2/28/2022	▫ Begin the process of implementing changes, and developing documentation to support a Downstream-specific ERM process	Completed 5/14/2021
9/15/2022	▫ Complete the process of implementing changes, and developing documentation to support a Downstream-specific ERM process	Completed 4/6/2022
Note	▫ The documentation will describe how a bottom-up identification of risks will continue to be performed by the Company	n/a
Note	▫ The documentation will describe how the new process will be considered as part of the Company's annual planning processes, how it will be "formalized" as part of the ERM process, and how it will be coordinated with the Audit Services Department's audit plan	n/a

Schedule	Implementation Action Steps and Milestones	Status
Note	<p>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>▫ The Company will provide documentation to support a Downstream-specific (as noted above), and other timing documentation to demonstrate that interim milestone timing is being adhered to</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Considering the development of a Downstream-specific ERM process may help further formalize utility-specific information.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".
1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".
4/29/2022: NFGDC completed this recommendation and filed workpapers on 4/29/2022 under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.
7/31/2022: NFGDC received communication on 7/1/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
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Chapter: Chapter III - Corporate Governance

Audit Report Recommendation Number: III-3

Serial Recommendation Number: 3

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Implement industry-recognized best practice solutions to protect utility ratepayer interests from potential default of other NFG subsidiaries. These solutions include: explicit language in debt instruments, creation of a golden share to be held by a third party trustee, and issuance of separate debt by NFGDC and NFG with non-consolidation provisions.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

National Fuel acknowledges that ring fencing has been a recent point of discussion and agrees to continue its on-going evaluation of the impacts of various potential ring fencing measures. In addition, the Company remains open to continued good-faith discussions on the topic with Staff, and expects to further address this topic as described in the implementation action steps below. Ring fencing is a very complicated topic with complex history and numerous financial consequences. Notably, NorthStar's recommendation on ring fencing (including suggesting three specific measures to be implemented), was made without the benefit of any quantifiable cost benefit analysis. The audit recommendation also provided no support that the measures recommended are "industry-recognized best practice solutions." In addition, the recommendation was not based on a legal analysis of whether or not the measures being proposed are valid. The recommendation was based only on a single data request directly on ring fencing, and one interview with a Company representative, which was focused on understanding the positions of both the Company and Department of Public Service Staff ("Staff"). This recommendation is inconsistent with Staff's recognition in the most recent rate case, that it does not appear that the utility has been harmed by the Company's financial policies. Despite these infirmities, and the audit's lack of focus on the ring fencing topic, the Company will continue its evaluation as identified below.

Responsible Individual(s): Timothy Silverstein  
Officer In Charge: Karen Camiolo

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ As indicated in the recommendation text, the Company understands the scope of this recommendation to be ring fencing measures that "protect utility ratepayer interests from potential default of other NFG subsidiaries"	n/a



Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 1/13/2021
2/28/2021	▫ Begin the process of analyzing each of the three ring fencing measures included in NorthStar's recommendation text (i.e., explicit language in debt instruments [although no explicit language was provided by NorthStar], the creation of a golden share to be held by a third party trustee, and the issuance of separate debt by NFGDC and NFG with non-consolidation provisions)	Completed 2/24/2021
Note	▫ As part of the analysis, the Company may identify additional applicable ring fencing measures to analyze, alongside the three ring fencing measures included in NorthStar's recommendation text	n/a
12/31/2021	▫ While the analysis noted above is meant to be a longer-term analysis of each of the three ring fencing measures included in NorthStar's recommendation text, as an interim step, complete the analytical work associated with the quantitative aspects of the cost of debt, the associated credit ratings, and debt term(s), documenting the results	Completed 7/15/2022
3/31/2022	▫ Meet with Department of Public Service Staff to review the resultant work products from the 12/31/2021 milestone, and discuss next steps for the full analysis to be provided in accordance with the 10/31/2022 milestone	Completed 8/30/2022
10/31/2022	▫ Complete the analysis described in the 2/28/2021 milestone, including the three ring fencing measures included in NorthStar's recommendation text (i.e., explicit language in debt instruments [although no explicit language was provided by NorthStar], the creation of a golden share to be held by a third party trustee, and the issuance of separate debt by NFGDC and NFG with non-consolidation provisions, as well as any other applicable ring fencing measures potentially identified by the Company	Completed 9/30/2022
Note	▫ The potential implementation of ring fencing measures can require significant resources and may be costly; the venue for considering ring fencing measures is often a merger proceeding or a utility rate case (alongside the examination of the utility's financial statements and with the input of intervening parties)	n/a
Note	▫ Due to the foregoing, this is why this recommendation's timing is being associated with the earlier of the Company's 2023 debt maturity or the Company's next rate proceeding; since the timing of the 2023 debt maturity is known, this timing is included below as the latest possible end date for this recommendation	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	□ The Company will provide the resultant work product from the ring fencing analysis (described in greater detail above in the 2/28/2021 and 10/31/2022 milestones), the analytical work associated with the quantitative aspects of cost of debt and associated credit ratings, a copy of the meeting notice from the meeting with Department of Public Service Staff, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: By implementing ring fencing measures without first evaluating their consequences and impacts, or implementing ring fencing measures in the improper venue, it is possible that the Company could potentially expend significant resources and incur significant costs.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".
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1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".
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Implementation Plan Update (continued):

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

10/31/2022: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 9/30/2022, using the New York State Public Service Commission's Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

1/31/2023: The Company is awaiting Staff's review and closure.

4/30/2023: The Company is awaiting Staff's review and closure.

7/31/2023: The Company is awaiting Staff's review and closure.

10/31/2022: NFGDC received communication on 10/5/2023 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter III - Corporate Governance

Audit Report Recommendation Number: III-4

Serial Recommendation Number: 4

Audit Report Recommendation Priority: Medium

Audit Report Recommendation	
Periodically rebid external audit services.	

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company is committed to consider and analyze the external auditor relationship, as part of this recommendation. The analysis that the Company will undertake will consider qualitative and quantitative costs and benefits, and will result in a formalized, recommended course of action with respect to re-bidding. NorthStar's Customer Benefit Analysis notes "forcing companies to periodically change their auditing firms on a predetermined basis can prove counterproductive, because mandatory rotation of auditors can inhibit rather than encourage their skepticism," which is why the Company's proposed analysis is imperative and reasonable.

Responsible Individual(s): Jordin Tracy  
Officer In Charge: Elena Mendel

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 5/18/2021
Note	▫ Among other things, the team will be responsible for continuing to monitor the actions of the Public Company Accounting Oversight Board (PCAOB) on an on-going basis, particularly as it relates to the mandatory rotation of external auditors	n/a
1/31/2021	▫ Ensure that a Ratification of Appointment of Independent Registered Public Accounting Firm is included in the National Fuel Gas Company Notice of Annual Meeting and Proxy Statement, ensuring that shareholder feedback on the Company's external auditor continues to be considered	Completed 1/22/2021
3/31/2021	▫ Initiate a quantitative review of National Fuel Gas Company audit fees, compared to the audit fees experienced by comparable peers	Completed 6/25/2021

Schedule	Implementation Action Steps and Milestones	Status
9/15/2021	<ul style="list-style-type: none"> <li>Complete a quantitative review of National Fuel Gas Company audit fees, compared to the audit fees experienced by comparable peers, ensuring the results are documented</li> </ul>	Completed 9/14/2021
9/30/2021	<ul style="list-style-type: none"> <li>Initiate the process to analyze qualitative and quantitative costs and benefits associated with preparing an RFP, and transition costs that would be incurred should the Company decide to switch firms, comparing this to base audit fees</li> </ul>	Completed 9/7/2021
12/31/2021	<ul style="list-style-type: none"> <li>Complete the process to analyze qualitative and quantitative costs and benefits associated with preparing an RFP, and transition costs that would be incurred should the Company decide to switch firms, comparing this to base audit fees (ensuring the results are documented)</li> </ul>	Completed 12/21/2021
Note	<ul style="list-style-type: none"> <li>As part of the 9/30/2021 and 12/31/2021 implementation action steps, it is important to consider both qualitative and quantitative aspects of this recommendation; this holistic approach will yield the most informed course of action, as opposed to making a decision solely based on financial or non-financial analysis, which could potentially produce a deleterious result</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>The documentation described above will include a summary of monitoring activities for the PCAOB, a summary of results from the Notice of Annual Meeting and Proxy Statement process, a summary of the quantitative benchmarking of audit fees contemplated for this recommendation, a discussion of qualitative and quantitative costs and benefits, and a formalized course of action with respect to re-bidding, among other things</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>It should be noted that the quantitative and qualitative review will provide supplemental information, building upon the review the Company completed in response to the 2012-2013 management audit (aside from the description provided above, representative samples of topical content may include: responsiveness, independence, knowledge of and experience with the Company, comparable fee metrics, etc.)</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>On an on-going basis, the Company reviews its external auditor; this review is not taken lightly, and as the review process continues to evolve, there is not a foregone conclusion that the Company's external auditor will always remain unchanged</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

#### Anticipated Implementation Documentation:

Documents	□ The Company will provide a copy of the Notice of Annual Meeting and Proxy Statement, documentation from the quantitative review of audit fees, documentation from the analysis of qualitative and quantitative costs and benefits (as described above), and other timing documentation to demonstrate that interim milestone timing is being adhered to
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#### NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Continuing to periodically review the Company's external auditor will help ensure continued objectivity and the adoption of best practices.				

#### Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".
1/31/2022: NFGDC completed this recommendation and filed workpapers on 12/27/2021 under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IV - Information Systems

Audit Report Recommendation Number: IV-1

Serial Recommendation Number: 5

Audit Report Recommendation Priority: High

**Audit Report Recommendation**

Develop a long-term Information Systems (IS) plan with a road map for large initiatives.

NFGDC Categorization: Accept With Modification (Closed)

Responsible Individual(s): Kenneth Martin Jr., Annette Michaels, and David Szabad  
Officer In Charge: Martin Krebs

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 10/28/2020
3/31/2021	▫ Complete the development of a criteria for what constitutes "long-term" and what constitutes "large," as it relates to the identification technology initiatives to be included in the universe of road map planning	Completed 10/28/2020
5/15/2021	▫ Once the criteria is established, identify the inventory of technology initiatives (i.e., the universe or population) requiring road map development	Completed 2/10/2021
9/30/2021	▫ Complete the development of the first documented road map, with a focus on a standard, repeatable template of content to be included in future road maps	Completed 2/10/2021
9/30/2022	▫ Complete the development of all documented road maps, for those technology initiatives meeting the criteria described above	Completed 4/27/2021
11/15/2022	▫ Roll up all technology initiative-specific road maps into a consolidated, Company-wide road map document for all Distribution technology initiatives	Completed 6/30/2021
Note	▫ The "consolidated, Company-wide road map document" (noted in the aforementioned Implementation Action Steps and Milestones) is envisioned to satisfy the development of a "long-term Information Systems (IS) plan," as stated above in the text of this recommendation	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide a procedural memorandum to document the criteria established by the team of subject matter experts, an analysis to identify all technology initiatives meeting the criteria, a copy of the first documented road map, the rolled up document with all Company-wide road maps consolidated, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without formally documented road maps, it is possible that unexpected/un-planned-for work associated with the Company's major technology systems could potentially occur.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.
1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.



**National Fuel Gas Distribution Corporation**  
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Chapter: Chapter IV - Information Systems

Audit Report Recommendation Number: IV-2

Serial Recommendation Number: 6

Audit Report Recommendation Priority: High

Audit Report Recommendation	
Implement a more rigorous approach to project justification. Develop a business case justification process for large Information Technology (IT) projects. The project justification document should include: (1) Strategic objective, (2) Background, (3) Scope, schedule and milestones, (4) Budget, (5) Cost assumptions, (6) Financial and non-financial benefits, (7) Economic analysis (i.e., net present value or other comparative analysis of various relevant alternatives), and (8) Issues and risks.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Kenneth Martin Jr., Annette Michaels, and David Szabad  
Officer In Charge: Martin Krebs

Schedule	Implementation Action Steps and Milestones	Status
Note	□ Prior to the NorthStar audit commencing, the Company already had in place a process for project justification, as it relates to significant technology projects; while this process was already in place, it could be further enhanced by formalizing the criteria for "large" or "significant" and by also ensuring projects have a standardized template to use when completing project justifications	n/a
12/31/2020	□ Form a team of subject matter experts for this recommendation	Completed 12/10/2020
3/31/2021	□ Complete the drafting of a procedural memorandum to Information Technology Department personnel, describing the business practice change to a more uniform/ rigorous approach to completing technology project justifications	Completed 3/10/2021
Note	□ The procedural memorandum will identify the criteria for "large" or "significant," as it relates to the business practice of project justifications	n/a
6/30/2021	□ Complete the development a standardized template for Information Technology Department personnel to use, when completing technology project justifications, which is envisioned to accompany the procedural memorandum	Completed 3/10/2021
Note	□ When developing the standardized template, Item #1 through Item #8 from the recommendation text above will be prioritized and considered for potential inclusion	n/a

Schedule	Implementation Action Steps and Milestones	Status
7/15/2021	□ Formally issue the procedural memorandum and standardized template to Information Technology Department personnel	Completed 7/13/2021
Note	□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	□ The Company will provide a copy of the procedural memorandum, a copy of the standardized template, and documentation demonstrating these materials were issued to Information Technology Department personnel
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without a standardized approach to technology project justifications, it is possible that projects could potentially be advanced using differing business practices, which could potentially deteriorate project to project comparability.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IV - Information Systems

Audit Report Recommendation Number: IV-3

Serial Recommendation Number: 7

Audit Report Recommendation Priority: High

**Audit Report Recommendation**

Implement a rigorous project management approach to monitor and control the budget and schedule for large projects in order to reduce the risk of cost and schedule overruns. Large IS projects should have individual budgets which include all costs (capital and O&M/internal and external costs). Actual costs should be reported against budgets, with an explanation of variances. Regarding the Vision projects this information should be reported to the Commission until the projects have been completed.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company's implementation approach for this recommendation is broader than the Vision projects cited by NorthStar, in the recommendation text. The Company intends on addressing this recommendation at a broader level across technology projections Distribution-wide, as described in greater detail below, with a focus on developing work products that could be referenced/utilized on future technology projects that are not yet started. When developing formalized process documentation, the Company will make a concerted effort to utilize representative examples from the new Customer Information System (CIS), the new Timekeeping System, or the Pipeline Facilities Inspection (PFI) Project, to further enhance the quality of documentation (e.g., using examples of reports to accompany narrative text).

Responsible Individual(s): Kenneth Martin Jr., Annette Michaels, and David Szabad  
Officer In Charge: Martin Krebs

Schedule	Implementation Action Steps and Milestones	Status
Note	□ Prior to the NorthStar audit commencing, the Company already had in place a project management approach for monitoring and controlling budgets and schedules, as it relates to significant technology projects; while this approach was already in place, it could be further enhanced by becoming more formalized in business practice (i.e., supported with process documentation), while also ensuring that cost and schedule tracking is included	n/a

Schedule	Implementation Action Steps and Milestones	Status
Note	<ul style="list-style-type: none"> <li>As part of the implementation of Serial Recommendation #43 from the Schumaker &amp; Company Management Audit, the Company developed documentation to support a written Project Management Methodology; while the primary focus of these materials is the Operations Department, the project management concepts contained therein would provide useful information sharing with Information Technology Department personnel, to further advance project management principles within the organization</li> </ul>	n/a
12/31/2020	<ul style="list-style-type: none"> <li>Initiate the process of developing formalized process documentation to support the Company's approach and business practice of monitoring and controlling budgets and schedules, by identifying internal resources or an external qualified consultant</li> </ul>	Completed 12/10/2020
2/28/2021	<ul style="list-style-type: none"> <li>Meet with Operations Department personnel to obtain and better understand the written Project Management Methodology documentation developed as part of the Schumaker &amp; Company Management Audit</li> </ul>	Completed 2/25/2021
Note	<ul style="list-style-type: none"> <li>To the extent an external qualified consultant is utilized, the Company will need to enter into a service contract</li> </ul>	n/a
4/30/2021	<ul style="list-style-type: none"> <li>Complete initial set of interviews with Company subject matter experts from the Information Technology Department</li> </ul>	Completed 4/10/2021
7/31/2021	<ul style="list-style-type: none"> <li>Complete final set of interviews with Company subject matter experts from the Information Technology Department</li> </ul>	Completed 7/20/2021
10/31/2021	<ul style="list-style-type: none"> <li>Complete the process of developing formalized process documentation to support the Company's approach and business practice of monitoring and controlling budgets and schedules (ensuring the results are documented)</li> </ul>	Completed 10/27/2021
11/30/2021	<ul style="list-style-type: none"> <li>Post the newly developed process documentation and the written Project Management Methodology documentation to the InfoNet (i.e., the Company's intranet)</li> </ul>	Completed 12/1/2021
1/15/2022	<ul style="list-style-type: none"> <li>Communicate the availability of the posted documentation to Information Technology Department personnel</li> </ul>	Completed 1/14/2022
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide a copy of the process documentation to support the Company's approach and business practice of monitoring and controlling budgets and schedules, documentation demonstrating the InfoNet posting was completed as well as the internal communication to Information Technology Department personnel, other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	\$100,000	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: The one-time implementation costs identified above represent an estimate of consulting costs that may occur, to the extent an external qualified consultant is hired to develop formalized process documentation.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without developing formalized process documentation and without further disseminating project management information, it is possible that the Company's project management approach will remain less formal, and that newer employees within the Information Technology Department may miss potential training opportunities.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: NFGDC completed this recommendation and filed workpapers on 1/14/2022, under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

4/29/2022: NFGDC received communication on 2/15/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IV - Information Systems

Audit Report Recommendation Number: IV-4

Serial Recommendation Number: 8

Audit Report Recommendation Priority: High

Audit Report Recommendation	
Improve the frequency of system maintenance. Develop roadmaps for the next three to five years for business-critical IT applications and systems such as SAP and PeopleSoft hardware, software and patches, and Windows 10 for the next 3 to 5 years. If patches are regularly applied when released, the application of patches will not result in a big project, and IS will be more available to address on-going business needs.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Kenneth Martin Jr., Annette Michaels, and David Szabad  
Officer In Charge: Martin Krebs

Schedule	Implementation Action Steps and Milestones	Status
Note	□ The Company's approach to this recommendation mirrors the approach to Serial Recommendation #5, since both recommendations are associated with road maps, and consistency will help streamline the implementation of both recommendations	n/a
Note	□ Since this recommendation makes specific references to SAP, PeopleSoft and Windows 10, the Company will make a concerted effort to prioritize these three technology initiatives, while establishing the criteria for "long-term" and "large" as described below	n/a
12/31/2020	□ Form a team of subject matter experts for this recommendation	Completed 10/28/2020
3/31/2021	□ Complete the development of a criteria for what constitutes "long-term" and what constitutes "large," as it relates to the identification technology initiatives to be included in the universe of road map planning	Completed 10/28/2020
5/15/2021	□ Once the criteria is established, identify the inventory of technology initiatives (i.e., the universe or population) requiring road map development	Completed 2/10/2021
9/30/2021	□ Complete the development of the first documented road map, with a focus on a standard, repeatable template of content to be included in future road maps	Completed 2/10/2021

Schedule	Implementation Action Steps and Milestones	Status
9/30/2022	□ Complete the development of all documented road maps, for those technology initiatives meeting the criteria described above	Completed 4/27/2021
11/15/2022	□ Roll up all technology initiative-specific road maps into a consolidated, Company-wide road map document for all Distribution technology initiatives	Completed 6/30/2021
Note	□ On an on-going basis, the Company will continue to identify opportunities to implement more frequent system maintenance batches/updates	n/a
Note	□ The topic of significant system maintenance and/or support will be included in the road maps for technology initiatives, where applicable	n/a
Note	□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	□ The Company will provide a procedural memorandum to document the criteria established by the team of subject matter experts, an analysis to identify all technology initiatives meeting the criteria, a copy of the first documented road map, the rolled up document with all Company-wide road maps consolidated, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without formally documented road maps, it is possible that unexpected/un-planned-for work associated with the Company's major technology systems could potentially occur.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.



**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IV - Information Systems

Audit Report Recommendation Number: IV-5

Serial Recommendation Number: 9

Audit Report Recommendation Priority: High

Audit Report Recommendation	
Establish a project to address the Customer Information System (CIS) application latency issues. Since this performance issue is impacting the call center, the resolution of CIS latency issues should be treated as a project with the necessary resources assigned.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Kenneth Martin Jr., Annette Michaels, and David Szabad  
Officer In Charge: Martin Krebs

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ Work on this initiative was underway during the course of audit field work, beginning with the technical upgrade project for the CIS that occurred during NorthStar audit field work, and continuing thereafter via an established project initiative that was already in the project planning/definition project phase	n/a
2/1/2019	▫ A technical upgrade project commenced, leveraging the assistance of a third party vendor	Completed 1/1/2019
Note	▫ The scope of this upgrade included a technical upgrade of all Customer Information System components	n/a
Note	▫ Extensive User Acceptance Testing was completed, and approved by many business departments of the Company, during the upgrade	n/a
12/31/2019	▫ Completed production implementations for the technical upgrade project	Completed 10/28/2019
3/31/2021	▫ Complete the development of a Scope of Work document that provides users (e.g., Consumer Business Department personnel) with optimized functionality, helping ensure the continuity and speed of CIS system performance, among other things	Completed 2/9/2021
9/30/2021	▫ Based on the Scope of Work document, complete the implementation of the agreed upon scope	Completed 5/31/2021

Schedule	Implementation Action Steps and Milestones	Status
Note	<p>□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>□ The Company will provide information from the initiation and implementation of the technical upgrade project, a copy of the completed Scope of Work (including any applicable specification documents), and documentation demonstrating the agreed upon scope was implemented</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	\$160,000	N/A	N/A
Capital	\$1,692,600	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: The implementation costs identified above represent the actual technical upgrade costs and current project costs (i.e., estimates prior to the completion of the Scope of Work) for the implementation of the agreed upon scope, as described above.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Not pursuing a new technology initiative may result in missed opportunities to enable system functionality.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IV - Information Systems

Audit Report Recommendation Number: IV-6

Serial Recommendation Number: 10

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Initiate a project to define and implement a CIS application archiving and purging approach, so the bill line items, interaction records (IRECs), and dunning data growth can be managed accordingly which will improve the performance of the existing BI/BW system.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company's is committed to reviewing data growth management for bill line items, interaction records (IRECs), and dunning, in response to this recommendation. This review will be led by the Information Technology Department and will be a collaborative effort with personnel from other Company departments (i.e., personnel from the CIS user group). It should be noted that the existing CIS already has the technological capability for archiving and purging functionalities, and as such, a project to implement this technological capability is redundant and not needed.

Responsible Individual(s): Kenneth Martin Jr., Annette Michaels, and David Szabad  
Officer In Charge: Martin Krebs

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	□ Initiate this project initiative by forming a team of subject matter experts for this recommendation	Completed 12/10/2020
3/31/2021	□ Complete a meeting with personnel from the CIS user group, on bill line item archiving and purging, considering business needs and any applicable regulatory / document retention requirements	Completed 1/14/2021

Schedule	Implementation Action Steps and Milestones	Status
4/30/2021	<ul style="list-style-type: none"> <li>Formalize documentation from the meeting on bill line item archiving and purging, which will include: (1) a summary of attendees, (2) minutes from the primary discussion points, (3) a description of archiving and purging, as it relates to this information, and (4) any necessary next steps (for the CIS user group, for the Information Technology Department, or for newly identified technology initiatives, where applicable)</li> </ul>	Completed 4/7/2021
7/31/2021	<ul style="list-style-type: none"> <li>Complete a meeting with personnel from the CIS user group, on interaction records archiving and purging, considering business needs and any applicable regulatory / document retention requirements</li> </ul>	Completed 4/28/2021
8/31/2021	<ul style="list-style-type: none"> <li>Formalize documentation from the meeting on interaction records archiving and purging, which will include: (1) a summary of attendees, (2) minutes from the primary discussion points, (3) a description of archiving and purging, as it relates to this information, and (4) any necessary next steps (for the CIS user group, for the Information Technology Department, or for newly identified technology initiatives, where applicable)</li> </ul>	Completed 4/28/2021
11/30/2021	<ul style="list-style-type: none"> <li>Complete a meeting with personnel from the CIS user group, on dunning archiving and purging, considering business needs and any applicable regulatory / document retention requirements</li> </ul>	Completed 7/19/2021
1/31/2022	<ul style="list-style-type: none"> <li>Formalize documentation from the meeting on dunning archiving and purging, which will include: (1) a summary of attendees, (2) minutes from the primary discussion points, (3) a description of archiving and purging, as it relates to this information, and (4) any necessary next steps (for the CIS user group, for the Information Technology Department, or for newly identified technology initiatives, where applicable)</li> </ul>	Completed 9/24/2021
Note	<ul style="list-style-type: none"> <li>Significant/philosophical changes in the intended use of the Company's system structure (i.e., completing increased purging/archiving off of the transactional system, and in turn, having less information available "on demand") is the type of paradigm shift that would be identified in a technology system road map</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide copies of the formalized documentation developed for the bill line item, interaction records, and dunning topical areas identified above, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without having an archiving and purging approach, and reviewing it from time to time, it is possible that data will continue to be stored in an "on demand" manner indefinitely.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: NFGDC completed this recommendation and filed workpapers on 1/14/2022, under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

4/29/2022: NFGDC received communication on 2/15/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IV - Information Systems

Audit Report Recommendation Number: IV-7

Serial Recommendation Number: 11

Audit Report Recommendation Priority: Medium

<b>Audit Report Recommendation</b>	
Perform a CIS reporting gap analysis to identify additional reporting needs.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Kenneth Martin Jr., Annette Michaels, and David Szabad  
Officer In Charge: Martin Krebs

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ As described in Finding and Conclusion #14 (i.e., page IV-26 of the Final Audit Report), business users extract data manually from the CIS, and some business users build their own Excel add-ins for reporting purposes	n/a
12/31/2020	▫ Form a team of subject matter experts for this recommendation, to help identify reporting gaps associated with the manual extraction and manipulation of data from the CIS	Completed 11/30/2020
Note	▫ The team of subject matter experts will work with the CIS user group to identify gaps and/or new reporting needs, through proactive outreach (e.g., e-mail communication, meetings, the communication and reinforcement of Information Technology Department business processes, or a mix thereof)	n/a
2/28/2021	▫ Complete the first of three proactive outreach initiatives with the CIS user group	Completed 1/19/2021
4/30/2021	▫ Complete the second of three proactive outreach initiatives with the CIS user group	Completed 2/16/2021
6/30/2021	▫ Complete the third of three proactive outreach initiatives with the CIS user group	Completed 3/16/2021
8/31/2021	▫ Based on the proactive outreach completed, as well as the feedback/information received from the CIS user group, develop a listing of new reports to address reporting gaps	Completed 5/13/2021

Schedule	Implementation Action Steps and Milestones	Status
Note	<ul style="list-style-type: none"> <li>It should be noted that the CIS user group will be responsible for submitting new Requests for Information Technology, for the new reports identified in the Company's gap analysis process; these items will be prioritized by the requesting department, alongside the requesting department's other technology projects/needs</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

#### Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide a listing of new reports to address reporting gaps, documentation from the three proactive outreach initiatives, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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#### NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without soliciting feedback from the user group, and performing proactive outreach, it is possible reporting may be accomplished without the use of technology solutions.

#### Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IV - Information Systems

Audit Report Recommendation Number: IV-8

Serial Recommendation Number: 12

Audit Report Recommendation Priority: High

Audit Report Recommendation	
Upon completion of the reorganization determine staffing requirements and resource needs to complete the Vision Project and retire the mainframe. Following that and the development of a long-term IS plan, determine ongoing staffing requirements for all aspects of the IS Department operations.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Kenneth Martin Jr., Annette Michaels, and David Szabad  
Officer In Charge: Martin Krebs

Schedule	Implementation Action Steps and Milestones	Status
11/30/2020	▫ Complete staffing requirement and resource need discussions to complete the remaining increments/phases of the Pipeline Facilities Inspection (PFI) project	Completed 2/19/2020
2/15/2021	▫ Document staffing requirements and resource needs to complete the remaining increments/phases of the Pipeline Facilities Inspection (PFI) project	Completed 2/19/2020
9/15/2021	▫ Complete staffing requirement and resource need discussions for the remaining work tasks that need to be completed in order to retire the mainframe	Completed 3/15/2021
3/31/2022	▫ Document staffing requirements and resource needs for the remaining work tasks that need to be completed in order to retire the mainframe	Completed 4/22/2021
11/15/2022	▫ As described in greater detail in Serial Recommendation #5, complete the development of a consolidated, Company-wide road map document for all Distribution technology initiatives (i.e., the "long-term plan")	Completed 6/30/2021
2/15/2023	▫ Complete staffing requirement and resource need discussions for the Information Technology Department workload, based on the Company-wide road map document for all Distribution technology initiatives, and the department's post-project workload (i.e., post-Pipeline Facilities Inspection (PFI) and post-mainframe retirement)	Completed 1/23/2023
5/31/2023	▫ Document staffing requirements and resource needs for the Information Technology Department workload, based on the Company-wide road map document for all Distribution technology initiatives, and the department's post-project workload (i.e., post-Pipeline Facilities Inspection (PFI) and post-mainframe retirement)	Completed 1/23/2023



Schedule	Implementation Action Steps and Milestones	Status
Note	<p>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>▫ The Company will provide documentation of staffing requirements and resource needs for the three major phases of this recommendation (i.e., Pipeline Facilities Inspection (PFI), retiring the mainframe, and Information Technology Department workload, a copy of the consolidated, Company-wide road map document (described in greater detail in the response to Serial Recommendation #5), and other timing documentation to demonstrate that interim milestone timing is being adhered to</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: By reviewing staffing requirements and resource needs, the Information Technology Department can best deploy available resources to the department's overall workload, or to specific technology projects/initiatives.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

Implementation Plan Update (continued):

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

10/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2023: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/30/2023: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 4/30/2023, using the New York State Public Service Commission's Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

7/31/2023: The Company is awaiting Staff's review and closure.

10/31/2022: NFGDC received communication on 10/5/2023 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter V - Gas Planning

Audit Report Recommendation Number: V-1

Serial Recommendation Number: 13

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Modify the EViews (the economic forecasting model) forecasting platform and input data as follows: (1) Convert billed sales to booked sales. This will aid in reporting variances and better alignment between actual and forecast sales; (2) Include additional economic variables in the forecasting regression equations. Identify additional economic variables by: (a) Identifying the econometric variables used by other NY utilities to develop load forecasts, (b) Assessing the impact of these variables on the NFGDC regression analysis, and (c) including those variables that have a statistically significant impact; and (3) Develop a regression-based methodology for the Market Planning peak day model. Consider using supervisory control and data acquisition (SCADA) data and historic cold weather peak day data.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company is committed to meeting the intent of this recommendation, however, two areas of the recommendation text require clarification. First, the EViews application does not need to be modified in order to accomplish the recommendation. Instead, the existing configuration of the EViews system and its resultant output can be utilized to accomplish the recommendation (i.e., the difference between revenue and calendar month in the Company's terminology). Second, the Company's peak day model has been historically effective in its approach. The Company is open to considering alternatives and/or potential enhancements for its peak day model, but as this is explored, it will be considered alongside the existing peak day method.

Responsible Individual(s): Janine Ward  
Officer In Charge: Brian Welsch

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	□ Form a team of subject matter experts for this recommendation, responsible for a revenue vs. calendar month scenario (i.e., billed vs. booked), the exploration and consideration of new econometric variables for forecasting regression equations, and the consideration of potential enhancements to the peak day model	Completed 9/21/2020

1/31/2021	▫ Utilizing data/information from the fiscal 2021 econometric forecast, initiate the process of developing a calendar month scenario	Completed 9/21/2020
3/31/2021	▫ Complete the development of the calendar month scenario; compare against the existing revenue month scenario, and document the results	Completed 3/30/2021
Note	▫ The documented results will determine if the calendar month scenario could potentially aid in reporting variances, and if the calendar month scenario could potentially provide a better alignment between actual and forecast sales	n/a
Note	▫ Completing this analysis by March 2021 will provide sufficient time for any enhancements to be incorporated into the fiscal 2022 econometric forecast	n/a
9/30/2021	▫ After the fiscal 2022 econometric forecast is completed, initiate the process of exploring new econometric variables for forecasting regression equations	Completed 9/29/2021
Note	▫ This initiative is best timed for when the forecast is completed, to maximize available resources to complete the work, and to ensure the work will be completed in time to inform the fiscal 2023 econometric forecast	n/a
Note	▫ Based on the Company's historical experience exploring new variables for regression equations, it should be noted that new variables may not necessarily improve the statistical results of the equations; as noted in the recommendation text, the key is to identify new variables that produce statistically significant results	n/a
3/31/2022	▫ Complete the exploration and consideration of new econometric variables, documenting: (1) the variables considered, (2) the source of data for each variable, (3) regression scenarios showing each variable being used, (4) an identification of which variables did not produce statistical significant results, and (5) an identification of next steps for variables providing potential forecasting relevance	Completed 4/25/2022
Note	▫ Completing this analysis by March 2022 will provide sufficient time for any enhancements to be incorporated into the fiscal 2023 econometric forecast	n/a
4/30/2022	▫ Once the revenue vs. calendar month scenario and the exploration and consideration of new econometric variables has been addressed, initiate a process to consider a regression-based approach for the peak day model, as part of the econometric forecast development process for fiscal 2023	Completed 4/25/2022
9/30/2022	▫ Document the results of considering a regression-based approach for the peak day model, comparing the approach alongside the existing peak day method, which has been historically effective in its approach	Completed 9/30/2022
Note	▫ The documentation will identify if the new regression-based approach or the existing method produced the most appropriate forecasting results, and which was incorporated into the econometric forecast for fiscal 2023	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"><li>□ The Company will provide documentation from the revenue month scenario and the calendar month scenario, documentation from the exploration and consideration of new econometric variables, documentation from the results of considering a regression-based approach for the peak day model, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li></ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: By exploring new forecasting scenarios and components, the Company may identify potential process enhancements, which otherwise may have been explored less formally.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

Implementation Plan Update (continued):

7/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

10/31/2022: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 9/30/2022, using the New York State Public Service Commission's Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

1/31/2023: The Company is awaiting Staff's review and closure.

4/30/2023: The Company is awaiting Staff's review and closure.

7/31/2023: The Company is awaiting Staff's review and closure.

10/31/2022: NFGDC received communication on 10/5/2023 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter V - Gas Planning

Audit Report Recommendation Number: V-2

Serial Recommendation Number: 14

Audit Report Recommendation Priority: Low

**Audit Report Recommendation**

Modify the monthly forecast variance report to include the following information: (1) Monthly variance of forecast to actual normalized sales for each customer segment, (2) Impacts on revenue due to variances between actual sales and weather-normalized sales, and (3) A comparison of weather-normalized actual peak day throughput to the Market Planning forecast of peak day throughput at 62 HDD. Carry this information forward on each monthly report and add a line annually.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company is committed to reviewing the three categorical types of information identified by NorthStar, as part of the implementation action steps for this recommendation. However, it is important to note that flexibility is maintained for this recommendation. Specifically, the monthly forecast variance report identified by NorthStar may not be the most effective location, to track and report each of the three categorical types of information. As each of the three items are addressed by the Company, the supporting implementation documentation will identify the most effective location for tracking and reporting each category of information, along with a brief rationale description (if different from the monthly forecast variance report).

Responsible Individual(s): Janine Ward  
Officer In Charge: Brian Welsch

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	□ Include the monthly variance of forecast to actual sales, for each customer segment, on the monthly forecast variance report	Completed 1/7/2021
Note	□ While this will be implemented by 12/31/2020, it should be noted that this information will carry forward on each monthly forecast variance report, during fiscal year 2021	n/a

Schedule	Implementation Action Steps and Milestones	Status
2/28/2021	<ul style="list-style-type: none"> <li>Complete a meeting, comprised of members of the Rates and Regulatory Affairs Department and the Gas Supply Administration Department, to discuss where the weather-normalized actual peak day is compared to the Rates and Regulatory Affairs Department peak day in business practice, and the most effective location for tracking and reporting this information prospectively</li> </ul>	Completed 3/11/2021
5/31/2021	<ul style="list-style-type: none"> <li>Based on the discussion described above, make any necessary process changes, and ensure that the comparison of weather-normalized actual peak day to the Rates and Regulatory Affairs Department peak day is tracked and reported prospectively</li> </ul>	Completed 5/26/2021
Note	<ul style="list-style-type: none"> <li>For the 5/31/2021 deliverable, a copy of where the information is tracked and reported will be provided, along with a brief rationale description (if the location is different from the monthly forecast variance report)</li> </ul>	n/a
7/31/2021	<ul style="list-style-type: none"> <li>Form a team of subject matter experts tasked with determining the most effective location and method of tracking/reporting impacts on revenue, due to variances between actual sales and weather-normalized sales</li> </ul>	Completed 7/14/2021
11/30/2021	<ul style="list-style-type: none"> <li>Make any necessary process changes, and ensure impacts on revenue, due to variances between actual sales and weather-normalized sales is tracked and reported prospectively</li> </ul>	Completed 11/29/2021
Note	<ul style="list-style-type: none"> <li>For the 11/30/2021 deliverable, a copy of where the information is tracked and reported will be provided, along with a brief rationale description (if the location is different from the monthly forecast variance report)</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide a copy of the monthly forecast variance report, documentation from the comparison of weather-normalized actual peak day to the Rates and Regulatory Affairs Department peak day, documentation from determining the most effective location and method of tracking/reporting impacts on revenue, due to variances between actual sales and weather-normalized sales, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A



NFGDC Cost, Benefit and Risk Summary (continued):

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without determining the most effective location and method of tracking/reporting information, it is possible that information may be tracked, reported and disseminated less formally throughout the organization.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: NFGDC completed this recommendation and filed workpapers on 11/30/2021 under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter V - Gas Planning

Audit Report Recommendation Number: V-3

Serial Recommendation Number: 15

Audit Report Recommendation Priority: Medium

Audit Report Recommendation
Develop a long-term gas plan for the distribution system (infrastructure).

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company already has in place several long-term gas plans for its distribution system, helping to achieve programmatic objectives, as well as the efficient use of the gas distribution system prospectively in a safe and reliable manner. As such, the development of a new long-term gas plan is not needed, since individual plans already exist in business practice. The Company's proposed implementation action steps (described in greater detail below), will help ensure that the Commission-ordered distribution system plans are public-facing prospectively, and centrally located on the Company's corporate website for customer education/informational purposes.

Responsible Individual(s): Robert Eck and Erik Solomon  
Officer In Charge: John Polka

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	□ Form a team of subject matter experts for this recommendation, responsible for ensuring that the Commission-ordered distribution system plans (e.g., annual reports) are public-facing prospectively, and centrally located on the Company's corporate website for customer education/informational purposes	Completed 12/31/2020
2/28/2021	□ Begin the process of gathering the most recent Commission-ordered distribution system plans (e.g., annual reports), as of the conclusion of calendar year 2020, and uploading content/information to the Company's corporate website	Completed 6/28/2021
Note	□ The following programmatic offerings will be prioritized for the Company's corporate website postings: Area Development Program (ADP), Conservation Incentive Program (CIP), Gas Network Enhancement Program (GNEP), Natural Gas Vehicle (NGV) Program, Partnership to Revitalize the Industrial Manufacturing Economy of Western New York (PRIME-WNY) Pilot Program, and the Research, Development and Demonstration (RD&D) Program)	n/a

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ Corporate website postings will include the most recent Commission-ordered distribution system plans (e.g., annual reports) by directly linking to the Commission's website, and will also include brief summaries of the programmatic initiatives/offerings, as an additional marketing opportunity to customers	n/a
11/15/2021	▫ Complete the process of uploading content/information to the Company's corporate website	Completed 11/4/2021
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide documentation of screen shots and active links to demonstrate that the website postings described above were completed, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without completing website postings in a clear, centralized location on the Company's corporate website, it is possible that the Company may miss opportunities to market programmatic initiatives to customers, and that customers may not know about the Company's existing, robust distribution system plans.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: NFGDC completed this recommendation and filed workpapers on 11/10/2021, under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VI - Gas Safety

Audit Report Recommendation Number: VI-1

Serial Recommendation Number: 16

Audit Report Recommendation Priority: High

**Audit Report Recommendation**

Enhance the operations quality assurance (QA) program to align and to include the areas identified as missing in Conclusion VI-16 and Exhibit VI-11.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company is committed to enhancing its Quality Assurance Manual to address the areas identified as "missing" in Conclusion VI-16 and Exhibit VI-11, as part of the implementation action steps for this recommendation. However, it is imperative that flexibility is provided in the implementation method and approach utilized by the Company, in order to address each of the items identified by NorthStar in the Quality Assurance Manual (e.g., NorthStar identified that "audit samples" should be addressed; the Company may explore a statistical approach to developing audit samples, or instead, may alternatively present more suitable alternatives based on available manpower, quantities of orders workers, other methods/approaches, etc.).

Responsible Individual(s): Thomas Lederman and Robert Plewa Jr.

Officer In Charge: Craig Swiech

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of Quality Assurance subject matter experts for this recommendation	Completed 12/3/2020
2/28/2021	▫ Begin the process of developing the approach for determining a quantity of audit samples, to best inform the process of enhancing/updating the Quality Assurance Manual	Completed 2/26/2021
5/31/2021	▫ While the audit sampling approach is being developed, begin the process of drafting updates to the Quality Assurance Manual	Completed 5/6/2021
9/30/2021	▫ Complete the development of an approach for determining a quantity of audit samples, to best inform the process of enhancing/updating the Quality Assurance Manual, documenting the results	Completed 9/20/2021

Schedule	Implementation Action Steps and Milestones	Status
2/28/2022	▫ Finish drafting all updates to the Quality Assurance Manual, addressing the areas identified as "missing" in Conclusion VI-16 and Exhibit VI-11	Completed 1/25/2022
3/31/2022	▫ Complete an internal review of the Quality Assurance Manual and finalize the final document for use in business practice	Completed 2/21/2022
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide a copy of the enhanced/updated Quality Assurance Manual, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without enhancing the Quality Assurance Manual, it is possible that the contents of the Company's Quality Assurance Manual may not fully align with all aspects of the American Gas Association's Developing and Implementing a Quality Assurance Program for Natural Gas Operations White Paper.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: NFGDC completed this recommendation and filed workpapers on 3/31/2022, under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

7/29/2022: NFGDC is awaiting Staff's review and closure.

10/31/2022: NFGDC is awaiting Staff's review and closure.

1/31/2023: NFGDC received communication on 12/19/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VI - Gas Safety

Audit Report Recommendation Number: VI-2

Serial Recommendation Number: 17

Audit Report Recommendation Priority: High

<b>Audit Report Recommendation</b>	
Improve operations document retrieval capability related to documents such as leak surveys and cathodic protection inspections.	

NFGDC Categorization: Accept With Modification (Closed)

Responsible Individual(s): Dale Halvarson and William Snyder

Officer In Charge: Craig Swiech

<b>Schedule</b>	<b>Implementation Action Steps and Milestones</b>	<b>Status</b>
12/31/2020	▫ Form a team of subject matter experts for this recommendation, predominantly focused on leak surveys and cathodic protection inspections	Completed 12/31/2020
4/30/2021	▫ Draft and issue the first document consistency and document retrieval reminder to Operations Department employees	Completed 4/9/2021
Note	▫ It should be noted that cathodic protection inspection records are currently available electronically, however, during the course of audit field work, data from these records was not transferring from field tablets to the Company's customer information system	n/a
7/31/2021	▫ Regarding longer-term document retrieval capabilities, complete a technology initiative that documents the data transfer process being resolved (i.e., the data transfer process described above) for access and record retention purposes, documenting the results	Completed 2/21/2019
10/31/2021	▫ Draft and issue the second document consistency and document retrieval reminder to Operations Department employees	Completed 10/14/2021
12/31/2021	▫ Regarding longer-term document retrieval capabilities, complete a technology initiative to have leak survey maps scanned into OnBase (remaining available electronically for access and for record retention purposes), documenting the results	Completed 10/14/2021
4/30/2022	▫ Draft and issue the third document consistency and document retrieval reminder to Operations Department employees	Completed 4/11/2022



Schedule	Implementation Action Steps and Milestones	Status
Note	<ul style="list-style-type: none"> <li>Document consistency and document retrieval reminders to Operations Department employees to continue thereafter, in a format and in a frequency to be determined by the Operations Department (based on experience from this recommendation's implementation)</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>While the document consistency and document retrieval reminders are being executed Operations Department management will review the reminder effectiveness during regularly scheduled Operations Management System (OMS) meetings, to ensure they are working and they are helping to make improvements</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide copies of each document consistency and document retrieval reminder issued to Operations Department employees, a copy of a Request for Information Technology form and screen shots for the cathodic protection inspection data transfer process (i.e., the 7/31/2021 milestone), documentation from the leak survey map technology initiative (i.e., the 12/31/2021 milestone), and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without issuing on-going reminders to Operations Department employees, it is possible that leak survey and cathodic protection inspection document retrieval requirements may not be known by newer Operations Department employees, and that document retrieval requirements may not improve amongst existing Operations Department employees.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: NFGDC completed this recommendation and filed workpapers on 4/28/2022 under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

4/29/2022: NFGDC is awaiting Staff's review and closure.

10/31/2022: NFGDC is awaiting Staff's review and closure.

1/31/2023: NFGDC received communication on 12/19/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VII - Budgeting and Finance

Audit Report Recommendation Number: VII-1

Serial Recommendation Number: 18

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

The capital budget should show monthly forecast capital expenditures to allow the identification and analysis of monthly variances.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The modifications noted for the capital budget packet are not needed, since this information is already included in the capital budget packet, and this enhancement was completed during NorthStar's audit field work.

Responsible Individual(s): James Burbige and Mark Schaefer  
Officer In Charge: Michael Barber

Schedule	Implementation Action Steps and Milestones	Status
4/30/2020	▫ Beginning with the April 2020 capital budget packet, the Engineering Services Department added a forecasted spend year to date (by appropriation), along with variance explanations for those variances +/- 10 percent.	Completed 6/3/2020
Note	▫ This variance explanation business practice is consistent with the variance reporting from the Company's most recent rate case (Case 16-G-0257)	n/a
Note	▫ The capital budget packet (including this variance information) is provided to senior management, is reviewed at monthly capital budget meetings, and is also reviewed at capital budget meetings with Superintendents	n/a
11/30/2020	▫ Gather documentation from the April 2020 capital budget packet to demonstrate that this recommendation was already completed in business practice	Completed 6/3/2020

Schedule	Implementation Action Steps and Milestones	Status
Note	<p>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>▫ The Company will provide documentation from the April 2020 capital budget packet to demonstrate that this recommendation was already completed in business practice</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without adding forecasted spend year to date to the capital budget packet, variance reporting would continue to occur in a less formal manner.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VII - Budgeting and Finance

Audit Report Recommendation Number: VII-2

Serial Recommendation Number: 19

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Modify the Capital Budget Update Report to provide variance information. Analyze account and project variances to identify drivers of changes from the forecast.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The modifications to the Capital Budget Update Report are not needed, since this information is already included on the Capital Budget Update Report (a page included in the capital budget packet), and this enhancement was completed during NorthStar's audit field work.

Responsible Individual(s): James Burbige and Mark Schaefer

Officer In Charge: Michael Barber

Schedule	Implementation Action Steps and Milestones	Status
4/30/2020	▫ Beginning with the April 2020 capital budget packet, the Engineering Services Department modified the Capital Budget Update Report (a page included in the capital budget packet), to provide variance information that helps the Company identify drivers of changes from the forecast	Completed 6/3/2020
Note	▫ In addition to the Capital Budget Update Report, the Company made modifications to other capital budget packet pages, to include variance information	n/a
Note	▫ The capital budget packet (including this variance information) is provided to senior management, is reviewed at monthly capital budget meetings, and is also reviewed at capital budget meetings with Superintendents	n/a
11/30/2020	▫ Gather documentation from the April 2020 capital budget packet to demonstrate that this recommendation was already completed in business practice	Completed 6/3/2020

Schedule	Implementation Action Steps and Milestones	Status
Note	<p>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>▫ The Company will provide documentation from the April 2020 capital budget packet to demonstrate that this recommendation was already completed in business practice</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without modifying the Capital Budget Update Report and the capital budget packet, variance reporting would continue to occur in a less formal manner.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.
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1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.
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**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VII - Budgeting and Finance

Audit Report Recommendation Number: VII-3

Serial Recommendation Number: 20

Audit Report Recommendation Priority: Medium

Audit Report Recommendation	
NFGDC should compute and report to the Commission what the expected cost of financing its future debt needs would be if it financed its needs separate from NFG. This analysis should include the effects of using terms longer than the ten years typically used by NFG.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Timothy Silverstein

Officer In Charge: Karen Camiolo

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ This recommendation is being worked on in conjunction with Serial Recommendation 3 (since the topic of Serial Recommendation 20 is inter-related with the topic of Serial Recommendation 3), and the materials that would be prepared in response to the Company's 2023 debt maturity	n/a
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 1/13/2021
4/30/2021	▫ Begin the process of initiating an analysis to determine what the expected cost of financing future debt needs would be, if NFGDC financed its needs separate from NFG	Completed 4/23/2021
Note	▫ It should be noted that the analysis will include the effects of using terms longer than ten years, among others	n/a
3/1/2023	▫ Complete the analysis of determining what the expected cost of financing future debt needs would be, if NFGDC financed its needs separate from NFG	Completed 1/31/2023
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	□ The Company will provide the resultant work product from the cost of financing future debt needs analysis, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without performing the cost of future debt needs analysis, using terms longer than ten years, it is possible that the Company's scenario analysis would continue in a less formal fashion for these term scenarios.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".



Implementation Plan Update (continued):

10/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2023: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 1/31/2023, using the New York State Public Service Commission's Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

4/30/2023: The Company is awaiting Staff's review and closure.

7/31/2023: The Company is awaiting Staff's review and closure.

10/31/2022: NFGDC received communication on 10/5/2023 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VII - Budgeting and Finance

Audit Report Recommendation Number: VII-4

Serial Recommendation Number: 21

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

The Purchasing Department and the Accounts Payable Department should be organizationally separated ultimately reporting to separate officers of the company.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

In reviewing pages VII-28 and VII-29 of NorthStar's Final Audit Report and by way of background, it should be clarified that the Company already has in place a voucher system of control. This system was in effect prior to the commencement of audit field work, and was not examined by NorthStar during audit fieldwork (i.e., the topic was never the subject of data requests). The Company's voucher system of control includes several departments, numerous steps and documentation requirements (i.e., the authorizations and paperwork required in the approval to pay process), and a segregation of duties to reduce the "potential for collusion and fraud" as cited by NorthStar. With respect to segregation of duties, the Company's voucher system of control not only has a segregation of duties between Purchasing and Accounts Payable explicitly, but it also utilizes an embedded matching process which further segregates the functional capabilities of Purchasing personnel and Accounts Payable personnel from other Company departments (from an approval to pay process perspective), and requires other Company departments to be involved in the approval of transactions before payments can be made). Furthermore as it relates to the segregation of duties between Purchasing and Accounts Payable explicitly, aside from the voucher system of control, there are additional, separate Sarbanes Oxley controls, regular testing of those controls, and review by the Audit Services Department and the Company's external auditor (outside of formal, scheduled internal audits). Lastly, the Manager cited by NorthStar on page VII-28 of the Final Audit Report is a Purchasing employee, and only has the system access capability to complete procurements (stated differently, this Manager does not have access to the Accounts Payable roles in the Company's Accounts Payable system, nor can this manager functionally make any payment for the Company regardless of dollar amount). For the foregoing reasons, this is a summary justification of why the Company does not believe a Purchasing and Accounts Payable reorganization or organizational separation (as described in NorthStar's recommendation text) is needed. However, recognizing that this topic was not the subject of data requests during audit field work and also recognizing this topic was noted in this management audit, rather than an organizational separation the Company is committed to enhancing the Procurement Manual in the implementation action steps identified below. Specifically, the Company believes it can make a positive enhancement to its existing procedures manual documentation by adding a new segregation of duties section of text. The focus of this section of text will be the items discussed in this alternative justification, helping to make an enhancement to address the concerns from pages VII-28 and VII-29 of the Final Audit Report, and meet the intent of the recommendation.

Responsible Individual(s):  
Officer In Charge:

Evan Crahen and Catherine Majchrowicz
James Rizzo

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ As described in greater detail in the Alternative Justification above, the implementation action steps outlined below are focused on the work associated with the development of a new segregation of duties section of text for the Company's Procurement Manual	n/a
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 12/20/2020
1/31/2021	▫ Initiate the process of developing and drafting a new segregation of duties section of text for the Company's Procurement Manual	Completed 1/28/2021
Note	▫ The focus of this section of text will be the items discussed in the Alternative Justification above, addressing the concerns from pages VII-28 and VII-29 of the Final Audit Report	n/a
7/15/2021	▫ Complete the review of reporting relationships in both Purchasing and Accounts Payable, memorializing the results of the review in the form of two documented organizational charts that are separate and distinct	Completed 7/6/2021
Note	▫ It should be noted that the two separate and distinct organizational charts will be reviewed with senior management as part of the Company's operations and maintenance budget presentation process	n/a
9/30/2021	▫ Implement reporting relationship changes in Purchasing and Accounts Payable, for the start of fiscal 2022, in conjunction with the approval of Company-wide operations and maintenance budgets	Completed 8/26/2021
11/30/2021	▫ Complete the draft of a new segregation of duties section of text for the Company's Procurement Manual	Completed 11/30/2021
12/31/2021	▫ Complete an internal review of the draft to finalize the newly developed section of text and incorporate the text in an update to and issuance of the Procurement Manual	Completed 12/27/2021
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide a copy of the newly updated and issued Procurement Manual, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without adding a new segregation of duties section of text to the Procurement Manual, the Company may miss an opportunity to further enhance its procedural documentation.				

Implementation Plan Update:

10/31/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: NFGDC completed this recommendation and filed workpapers on 12/28/2021, under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VII - Budgeting and Finance

Audit Report Recommendation Number: VII-5

Serial Recommendation Number: 22

Audit Report Recommendation Priority: Medium

Audit Report Recommendation	
The Purchasing organization should be responsible for and administer the procurement of all goods and services including contracts. Organizations that use materials and services should be called upon to support purchasing and contracting functions, not lead them.	

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

Conceptually, the Company generally agrees with the recommendation text from NorthStar, with the exception of the wording "including contracts." The Company's Legal Department should continue to have the responsibility for the administration of the Company's contracts, as it relates to the contracting needs of the Purchasing Department, which is the current business practice in effect today. This is important, as the Company's legal resources do not reside within the Purchasing Department. When it comes to the procurement function, members of the Purchasing Department should coordinate with members of the Legal Department, as respects the administration of the Company's contracts. The Company is committed to addressing the "concept" included in NorthStar's recommendation text (with the clarification noted above added) with the process outlined for Serial Recommendation #23 (viz., considering the "concept" during the review of the Procurement Manual and the Contractor Administration Manual, by making language changes or enhancements to one or both of the manuals, or otherwise noting the location of where language already exists in one or both of the manuals).
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Responsible Individual(s): Evan Crahen, Paul Roy and Mark Schaefer

Officer In Charge: Michael Barber and James Rizzo

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ As described in the Alternative Justification above, the "concept" included in NorthStar's recommendation text (with the clarification noted above added) will be addressed with the process outlined for Serial Recommendation #23, which is why the implementation action steps below mirror those outlined for Serial Recommendation #23, even though both recommendations contain different topical content	n/a

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation, comprised of members of the Engineering Services and Purchasing Departments	Completed 12/20/2020
2/28/2021	▫ Initiate the process of reviewing each of the items from pages VII-29 and VII-30 of NorthStar's Final Audit Report, to determine how they will each be addressed (e.g., by making language changes or enhancements to one or both of the manuals, noting the location of where language already exists in one or both of the manuals, or describing how an item will be addressed outside of one of both of the manuals)	Completed 2/24/2021
6/30/2021	▫ Complete the process of reviewing each of the items from pages VII-29 and VII-30 of NorthStar's Final Audit Report, documenting how each item from pages VII-29 and VII-30 will be addressed	Completed 6/30/2021
Note	▫ For the purpose of this recommendation, in addition to the items on pages VII-29 and VII-30 of NorthStar's Final Audit Report, the "concept" included in the text of this recommendation will also be reviewed in the 2/28/2021 and 6/30/2021 implementation action steps	n/a
7/31/2021	▫ For the items associated with language changes or enhancements, initiate the process of drafting new text, or drafting changes to existing text	Completed 7/14/2021
12/31/2021	▫ Complete the process of drafting new text, or drafting changes to existing text, incorporating updates to one or both of the manuals (based on what is documented in the 6/30/2021 implementation action step)	Completed 12/29/2021
Note	▫ The goal of this recommendation's implementation is to have one or both of the manuals (based on what is documented in the 6/30/2021 implementation action step) updated in time for the beginning of calendar 2022	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide documentation from the process of reviewing each of the items from pages VII-29 and VII-30 of NorthStar's Final Audit Report (which will include documentation of how each item will be addressed, and for this recommendation, include documentation how the "concept" included in this recommendation's text will be addressed), a copy of one or both of the manuals (based on what is documented in the 6/30/2021 implementation action step) with all new text or changes incorporated, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without considering new text or changes to existing text in the Procurement Manual and Contractor Administration Manual, it is possible that the Company may miss an opportunity to potentially improve/enhance its formal documentation.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: NFGDC completed this recommendation and filed workpapers on 12/29/2021, under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VII - Budgeting and Finance

Audit Report Recommendation Number: VII-6

Serial Recommendation Number: 23

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

The Purchasing Manual and Contract Administration Manual should be updated to reflect stronger procurement and contracting controls.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Procurement Manual and the Contractor Administration Manual are two different manuals within the Company, with different business purposes and different intended audiences. Pages VII-29 and VII-30 of NorthStar's Final Audit Report identify a listing of items that NorthStar thought should be addressed by the Company, by making changes/enhancements in the two manuals. The Company is committed to reviewing the items on NorthStar's listing, as part of the implementation action steps noted below, and addressing/responding to each item. Some of the items may result in language changes or enhancements in the manuals; other items may already exist in the manuals; and some items are best addressed outside of the manual (e.g., establishing reports).

Responsible Individual(s): Evan Crahen, Paul Roy and Mark Schaefer  
Officer In Charge: Michael Barber and James Rizzo

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation, comprised of members of the Engineering Services and Purchasing Departments	Completed 12/20/2020
2/28/2021	▫ Initiate the process of reviewing each of the items from pages VII-29 and VII-30 of NorthStar's Final Audit Report, to determine how they will each be addressed (e.g., by making language changes or enhancements to one or both of the manuals, noting the location of where language already exists in one or both of the manuals, or describing how an item will be addressed outside of one of both of the manuals)	Completed 2/24/2021
6/30/2021	▫ Complete the process of reviewing each of the items from pages VII-29 and VII-30 of NorthStar's Final Audit Report, documenting how each item from pages VII-29 and VII-30 will be addressed	Completed 6/30/2021



Schedule	Implementation Action Steps and Milestones	Status
7/31/2021	▫ For the items associated with language changes or enhancements, initiate the process of drafting new text, or drafting changes to existing text	Completed 7/14/2021
12/31/2021	▫ Complete the process of drafting new text, or drafting changes to existing text, incorporating updates to one or both of the manuals (based on what is documented in the 6/30/2021 implementation action step)	Completed 12/29/2021
Note	▫ The goal of this recommendation's implementation is to have one or both of the manuals (based on what is documented in the 6/30/2021 implementation action step) updated in time for the beginning of calendar 2022	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide documentation from the process of reviewing each of the items from pages VII-29 and VII-30 of NorthStar's Final Audit Report (which will include documentation of how each item will be addressed), a copy of one or both of the manuals (based on what is documented in the 6/30/2021 implementation action step) with all new text or changes incorporated, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without considering new text or changes to existing text in the Procurement Manual and Contractor Administration Manual, it is possible that the Company may miss an opportunity to potentially improve/enhance its formal documentation.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: NFGDC completed this recommendation and filed workpapers on 12/29/2021, under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VII - Budgeting and Finance

Audit Report Recommendation Number: VII-7

Serial Recommendation Number: 24

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Performance reports should be developed to provide metrics and adherence to policies and procedures and achievement of its mission: price, quality and availability (instead of reporting data that is merely available).

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The recommendation text does not contain the Purchasing Department's mission statement ("The Mission of the Purchasing Department is to facilitate best practices and achieve economies of scale in the procurement of goods and services necessary for the effective and efficient operation of those departments that Purchasing serves."), as stated by NorthStar. However, as part of the implementation action steps described below, the Company is committed to reviewing the three broad categories noted by NorthStar (i.e., price, quality and availability) from a reporting perspective (to determine if existing reporting, new reporting or a new business practice addresses each category).

Responsible Individual(s): Jesse Burns and Evan Crahen  
Officer In Charge: James Rizzo

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 12/20/2020
Note	▫ As described above, the Company will review each of the three broad categories noted by NorthStar (i.e., price, quality and availability) from a reporting perspective (to determine if existing reporting, new reporting or a new business practice addresses each category)	n/a
1/31/2021	▫ Initiate the review process for the availability category	Completed 1/24/2021

Schedule	Implementation Action Steps and Milestones	Status
5/31/2021	□ Complete the review process for the availability category, documenting the results (i.e., where in existing reporting the category is already addressed, or copies of newly implemented reports to address the category, or a memorandum providing a rationale for how the category will be addressed through a new business practice with any next steps identified)	Completed 5/10/2021
6/30/2021	□ Initiate the review process for the price category	Completed 6/30/2021
10/31/2021	□ Complete the review process for the price category, documenting the results (i.e., where in existing reporting the category is already addressed, or copies of newly implemented reports to address the category, or a memorandum providing a rationale for how the category will be addressed through a new business practice with any next steps identified)	Completed 10/26/2021
11/30/2021	□ Initiate the review process for the quality category	Completed 11/9/2021
3/31/2022	□ Complete the review process for the quality category, documenting the results (i.e., where in existing reporting the category is already addressed, or copies of newly implemented reports to address the category, or a memorandum providing a rationale for how the category will be addressed through a new business practice with any next steps identified)	Completed 3/31/2022
Note	□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	□ The Company will provide documentation from the completed review process for the availability category, documentation from the completed review process for the price category, documentation from the completed review process for the quality category, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				

NFGDC Cost, Benefit and Risk Summary (continued):

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without reviewing the availability, price and quality categories, from a reporting perspective, it is possible that monitoring of availability, price and quality would continue in business practice, albeit less formally.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: NFGDC completed this recommendation and filed workpapers on 3/31/2022, under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

7/29/2022: NFGDC is awaiting Staff's review and closure.

10/31/2022: NFGDC is awaiting Staff's review and closure.

1/31/2023: NFGDC received communication on 12/19/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VII - Budgeting and Finance

Audit Report Recommendation Number: VII-8

Serial Recommendation Number: 25

Audit Report Recommendation Priority: Medium

Audit Report Recommendation	
Vendor selection decisions that do not comply with stated policy (e.g. competitive placement, should be approved by an officer of the company, and not just the standard designated approval authority level.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Evan Crahen

Officer In Charge: James Rizzo

Schedule	Implementation Action Steps and Milestones	Status
7/9/2020	□ In July 2020, a review and update of the Procurement Manual was completed by the Company	Completed 7/9/2020
Note	□ As part of the update, the "Exceptions to the Competitive Procurement Process" section of the document was reviewed and enhanced	n/a
Note	□ Specifically, the Company's procedures (i.e., pages 8 and 9) require a documented approval from the department head and Officer In Charge of the requesting department (not the standard designated approval authority level), when an exemption from competitive procurement is being pursued (it should be noted that additional approvals may also be necessary, based on the dollar amount of the transaction)	n/a
11/30/2020	□ Gather documentation from the Procurement Manual review and update to demonstrate that this recommendation was already completed in business practice	Completed 9/30/2020
Note	□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

#### Anticipated Implementation Documentation:

Documents	□ The Company will provide the newly updated Procurement Manual, with an effective date of July 9, 2020, to demonstrate that this recommendation was already completed in business practice
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#### NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without addressing exemptions from competitive procurement in the Company's procedures, it is possible that some employees may not have information to reference, when completing necessary documentation and approval requirements.

#### Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VII - Budgeting and Finance

Audit Report Recommendation Number: VII-9

Serial Recommendation Number: 26

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Internal Audit should perform a comprehensive audit of the purchasing and contracting function and adherence to policies and procedures at least every three years.

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Deborah Schmitt

Officer In Charge: Rebecca Hillery (Chief Auditor)

Schedule	Implementation Action Steps and Milestones	Status
2/28/2021	□ Identify an independent NFGDC accountant, engineer or qualified supervisory employee to perform a review of the purchasing and contracting function, with a focus on adherence to policies and procedures	Completed 2/28/2021
9/30/2021	□ As part of the audit plan development process for fiscal year 2022, ensure that the procurement and contracting function audit is included in the Audit Services Department's risk universe for potential audits to conduct	Completed 9/16/2021
9/30/2022	□ During fiscal year 2022, complete the procurement and contracting function review, documenting the results	Completed 9/28/2021
Note	□ In accordance with the recommendation text, after the initial review is completed, on-going audits will continue thereafter (at least once every three years by the Audit Services Department)	n/a
Note	□ It should be noted that while the Company is committed to continued audits of the procurement and contracting function, a different audit will be foregone by pursuing it, which may present more risk to the Company	n/a
Note	□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a



Anticipated Implementation Documentation:

Documents	□ The Company will provide the documented results from the procurement and contracting function review, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: By not completing a procurement and contracting function review, adherence to policies and procedures would continue to occur in a less formal manner.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

10/31/2022: NFGDC completed this recommendation and filed workpapers on 9/30/2022 under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

1/31/2023: NFGDC received communication on 12/19/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VIII - Affiliate Interests and Transactions

Audit Report Recommendation Number: VIII-1

Serial Recommendation Number: 27

Audit Report Recommendation Priority: Medium

Audit Report Recommendation	
Perform an analysis comparing the effects of allocating common cost through current methodology and the CAS 403 (Cost Accounting System) methodology and the Massachusetts Formula.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Michelle Diegelman, William Erdman Jr., and Donna McCabe  
Officer In Charge: Elena Mendel

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 12/31/2020
10/31/2021	▫ After the conclusion of the affiliate transaction/common cost review described in Serial Recommendation #31, begin the process of researching the two new allocation methodologies described in this recommendation, and completing a comparative analysis of these methodologies to the current methodology	Completed 1/12/2022
Note	▫ This recommendation is being timed after Serial Recommendation #31, so that any changes resulting from the affiliate transaction/common cost review would be captured, and included in the analysis for this recommendation	n/a
4/30/2022	▫ Complete the comparative analysis of the CAS 403 (Cost Accounting System) methodology and the Massachusetts Formula, to the current common cost methodology, documenting the results	Completed 3/15/2022
Note	▫ Any next steps from the completed comparative analysis, to potentially effectuate change to the current common cost methodology, will be presented as a new proposal in the Company's next rate case	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	□ The Company will provide a copy of the completed comparative analysis of the CAS 403 (Cost Accounting System) methodology and the Massachusetts Formula, to the current common cost methodology, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: By not completing a comparative analysis of allocation formulae, the Company may miss an opportunity to validate that the current common cost allocation methodology is appropriate, or miss the opportunity to present a new allocation proposal in the next rate case.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: NFGDC completed this recommendation and filed workpapers on 4/28/2022 under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

7/29/2022: NFGDC is awaiting Staff's review and closure.

10/31/2022: NFGDC is awaiting Staff's review and closure.

1/31/2023: NFGDC received communication on 12/19/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VIII - Affiliate Interests and Transactions

Audit Report Recommendation Number: VIII-2

Serial Recommendation Number: 28

Audit Report Recommendation Priority: Low

**Audit Report Recommendation**

Develop documentation for intercompany billing and payment processing procedures.

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Michelle Diegelman, William Erdman Jr., and Donna McCabe  
Officer In Charge: Elena Mendel

Schedule	Implementation Action Steps and Milestones	Schedule
12/31/2020	▫ Identify internal resources tasked with reviewing material from the intercompany billing and payment process, using this material to develop procedural documentation	Completed 12/31/2020
1/31/2021	▫ Initiate the review of material from the intercompany billing and payment process	Completed 1/6/2021
3/31/2021	▫ Complete the review of material from the intercompany billing and payment process	Completed 5/14/2021
6/15/2021	▫ Based on the review of material from the intercompany billing and payment process, complete the development of procedural documentation	Completed 5/14/2021
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide a copy of the newly developed procedural documentation, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without having procedural documentation, business processes may continue to be less formal and documentation would not be centrally kept within the organization.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VIII - Affiliate Interests and Transactions

Audit Report Recommendation Number: VIII-3

Serial Recommendation Number: 29

Audit Report Recommendation Priority: Low

**Audit Report Recommendation**

Perform an independent time allocation study for all executives reporting their time through monthly allocations in conjunction with any efforts to recover executive salary costs through rate base.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company's implementation action steps for this recommendation help to ensure an earlier and more cost effective implementation, compared to having this recommendation associated with the Company's next rate case (the timing of which is yet to be determined) and/or hiring external resources. Separate from this recommendation, to the extent the Company wishes to seek recovery of executive salary costs in a future rate case, the Company will utilize the Commission's existing/established rate case processes.

Responsible Individual(s): Deborah Schmitt

Officer In Charge: Rebecca Hillery (Chief Auditor)

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	□ Identify an independent NFGDC accountant, engineer or qualified supervisory employee to perform a review of executive time reporting, with a focus on monthly time allocations used	Completed 12/31/2020
Note	□ This review will occur as part of the work papers/scope of the affiliate transaction/common cost review, described in greater detail under Serial Recommendation #31, which is why the remaining implementation action steps for this recommendation mirror those from Serial Recommendation #31	n/a
2/28/2021	□ Continue to ensure that the affiliate transaction/common cost audit continues to be included in the Audit Services Department's risk universe for potential audits to conduct (which for the purpose of this recommendation includes the review of executive time reporting)	Completed 2/28/2021

Schedule	Implementation Action Steps and Milestones	
9/30/2021	□ During fiscal year 2021, complete the affiliate transaction/common cost review, documenting the results (which for the purpose of this recommendation includes the review of executive time reporting)	Completed 9/27/2021
Note	□ As part of the work papers/scope of the affiliate transaction/common cost review, the appropriateness of allocation factors and opportunities for the Accounting Department to continue to encourage departments to direct charge (when possible) prospectively, will be reviewed	n/a
Note	□ It should be noted that while the Company is committed to continued audits of affiliate transactions/common cost (which for the purpose of this recommendation includes the review of executive time reporting), a different audit will be foregone by pursuing it, which may present more risk to the Company	n/a
Note	□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	□ The Company will provide the documented results from the affiliate transactions/common cost review (which for the purpose of this recommendation will include any additional information/supporting work papers associated with the review of executive time reporting), and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: By not completing an affiliate transactions/common cost review (which for the purpose of this recommendation includes the review of executive time reporting), adherence to policies and procedures would continue to occur in a less formal manner.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.



**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VIII - Affiliate Interests and Transactions

Audit Report Recommendation Number: VIII-4

Serial Recommendation Number: 30

Audit Report Recommendation Priority: Low

Audit Report Recommendation	
Continue to expand the development and use of direct charges and cost-causative allocation factors. For example: (1) Internal Audit - could allocate based on audit plan, (2) Purchasing - could allocate based on either value or number or both of transactions, (3) Accounting - could allocate based on number of transactions, and (4) Security - could allocate based on square footage.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Michelle Diegelman, William Erdman Jr., and Donna McCabe  
Officer In Charge: Elena Mendel

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Issue a reminder (e.g., memorandum, e-mail, etc.) from the Accounting Department to all NFGDC departments, encouraging departments to continue to direct charge whenever possible	Completed 11/9/2020
Note	▫ With respect to cost-causative allocation factors, the Accounting Department will meet with each of the four departments identified in the recommendation text, to determine if each department's current allocation approach is appropriate, or if a different cost-causative allocation is being implemented	n/a
2/28/2021	▫ Complete the first cost-causative meeting with an identified department	Completed 2/16/2021
4/30/2021	▫ Complete the second cost-causative meeting with an identified department	Completed 4/16/2021
5/31/2021	▫ During the spring 2021 common cost allocation workload verification meetings with NFGDC departments, remind and encourage all departments to continue to direct charge whenever possible	Completed 3/31/2021
6/30/2021	▫ Complete the third cost-causative meeting with an identified department	Completed 6/22/2021
8/31/2021	▫ Complete the fourth cost-causative meeting with an identified department	Completed 8/10/2021

Schedule	Implementation Action Steps and Milestones	Status
9/30/2021	<ul style="list-style-type: none"> <li>Complete the development of documentation, which will determine if each of the four departments' current allocation approach is appropriate, or if a different cost-causative allocation is being implemented, along with information associated with the implementation (i.e., new factors/process/timing)</li> </ul>	Completed 8/30/2021
Note	<ul style="list-style-type: none"> <li>For any departmental cost-causative allocations being implemented, the Accounting Department will endeavor to have such changes in effect for the start of fiscal year 2022, including in the 9/30/2021 documentation any exceptions</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>On an on-going basis, the Accounting Department will continue to encourage departments to direct charge when possible, and will continue to look for opportunities to identify and implement cost-causative allocation methods (where practicable, based on departmental tasks performed)</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide a copy of the reminder from the Accounting Department to all NFGDC departments, encouraging departments to continue to direct charge whenever possible, a copy of completed documentation pertaining to cost-causative allocation approaches, and other timing documentation to demonstrate that interim milestone timing is being adhered to.</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without regularly communicating with departments and providing on-going updates, it is possible that the use of direct charges and cost-causative allocation factors may not expand further in business practice.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VIII - Affiliate Interests and Transactions

Audit Report Recommendation Number: VIII-5

Serial Recommendation Number: 31

Audit Report Recommendation Priority: Medium

<b>Audit Report Recommendation</b>	
Perform internal audits of affiliate transactions with the purpose of determining the appropriateness of the allocations used.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Deborah Schmitt

Officer In Charge: Rebecca Hillery (Chief Auditor)

<b>Schedule</b>	<b>Implementation Action Steps and Milestones</b>	<b>Status</b>
12/31/2020	▫ Identify an independent NFGDC accountant, engineer or qualified supervisory employee to perform a review of affiliate transactions, with a focus on determining the appropriateness of allocations used	Completed 12/31/2020
2/28/2021	▫ Continue to ensure that the affiliate transaction/common cost audit continues to be included in the Audit Services Department's risk universe for potential audits to conduct	Completed 2/28/2021
9/30/2021	▫ During fiscal year 2021, complete the affiliate transaction/common cost review, documenting the results	Completed 9/27/2021
Note	▫ After the initial review is completed, on-going audits will continue thereafter (the frequency of which to be determined by the Audit Services Department's risk universe process)	n/a
Note	▫ It should be noted that while the Company is committed to continued audits of affiliate transactions/common cost, a different audit will be foregone by pursuing it, which may present more risk to the Company	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide the documented results from the affiliate transactions/common cost review, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: By not completing an affiliate transactions/common cost review, adherence to policies and procedures would continue to occur in a less formal manner.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.
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1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.
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**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VIII - Affiliate Interests and Transactions

Audit Report Recommendation Number: VIII-6

Serial Recommendation Number: 32

Audit Report Recommendation Priority: Low

<b>Audit Report Recommendation</b>	
Develop a dividend policy that is approved by the Board that provides guidance to future Boards regarding optimum use of funds and appropriate debt/equity structure.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Timothy Silverstein

Officer In Charge: Karen Camiolo

<b>Schedule</b>	<b>Implementation Action Steps and Milestones</b>	<b>Status</b>
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 12/31/2020
5/31/2021	▫ Complete a review of NFGDC's existing dividend policy, with a continued focus on the optimum use of funds and appropriate debt/equity structure, making updates that are deemed necessary	Completed 6/23/2021
Note	▫ NFGDC's dividend policy will provide guidance to future NFGDC Boards and will be approved by all NFGDC Board members	n/a
6/30/2021	▫ Ensure that the dividend policy resulting from the 5/31/2020 milestone is approved by all NFGDC Board members (i.e., each Board member will sign, to indicate approval of the policy)	Completed 7/16/2021
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide a copy of the dividend policy approved by all NFGDC Board members, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without having the dividend policy approved by all NFGDC Board members, a smaller number of approvers would ensure the policy continues to remain focused on the optimum use of funds and appropriate debt/equity structure.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter VIII - Affiliate Interests and Transactions

Audit Report Recommendation Number: VIII-7

Serial Recommendation Number: 33

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Develop Service Level Agreements (SLAs) between NFGDC and its affiliates. Effective SLAs should address accountability for results, and specified consequences of not providing or overproviding products or services, unacceptable quality, as well as providing baselines for budget review and variance analysis. The SLAs should contain the following key elements: (1) Description of services to be provided to each affiliate, and associated budget for the services; (2) Summaries of cost competitiveness for the services provided; (3) Metrics goals and results related to the provision of service; (4) Agreed-upon service level expectations; (5) A regular review of service level performance in comparison to agreed-upon service levels; and (6) Specified consequences for not meeting service level expectations.

NFGDC Categorization: Accept With Modification (Completed)

Alternative Justification:

The Company is committed to develop a template to collect and analyze the six "key elements" identified by NorthStar, as part of the implementation action steps and milestones identified for this recommendation, addressing and meeting the recommendation's intended purpose. As respects summaries of cost competitiveness, the Company wishes to clarify that this will be pursued, where applicable (i.e., for functions that lend themselves to a quantitative cost competitiveness comparison). The Company believes the approach outlined below would be much more efficient, practical, and lead to the same outcome, rather than administratively developing and administering a series of contractual documents, which would be administratively burdensome inasmuch as it would consume significant legal resources (which would needed to be contracted for, or newly hired) for no quantifiable benefit.

Responsible Individual(s): Timothy Silverstein  
Officer In Charge: Karen Camiolo

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	□ Form a team of subject matter experts for this recommendation	Completed 1/12/2021
1/31/2021	□ Initiate a process of developing a new Service Level Commitment business practice, which is separate from the Operations and Maintenance budgeting process; the Service Level Commitment business practice would include a template/repeatable approach for collecting the six "key elements" identified by NorthStar, in the recommendation text	Completed 2/11/2021



Schedule	Implementation Action Steps and Milestones	Status
Note	<ul style="list-style-type: none"> <li>While the new Service Level Commitment business practice is envisioned to be separate from the Operations and Maintenance budgeting process, it should be noted that information may be utilized by departments, from completed budgets, to fulfill some of the "key elements" (e.g., "associated budget for the services" as described in "key element" #1)</li> </ul>	n/a
8/31/2021	<ul style="list-style-type: none"> <li>Complete the process of developing a new Service Level Commitment business practice, with resultant documentation to include: (1) a template to collect the six "key elements" identified by NorthStar, where applicable, from each NFGDC department, (2) a memorandum to all NFGDC departments, requesting the template be completed, and explaining the new Service Level Commitment business practice</li> </ul>	Completed 4/29/2022
Note	<ul style="list-style-type: none"> <li>For "key element" #3 in the listing above, the Company understands this to be an identification of operational metrics, with which service level expectations will be established for in "key element" #4</li> </ul>	n/a
9/30/2021	<ul style="list-style-type: none"> <li>Issue the Service Level Commitment business practice materials to all NFGDC departments</li> </ul>	Completed 5/5/2022
3/31/2022	<ul style="list-style-type: none"> <li>Collect completed templates/responses from all NFGDC departments</li> </ul>	Completed 6/15/2022
5/31/2022	<ul style="list-style-type: none"> <li>Complete a review of departmental responses with NFGDC senior management; identify NFGDC departments requiring additional Service Level Commitment meetings with Senior Management</li> </ul>	Completed 7/5/2022
6/30/2022	<ul style="list-style-type: none"> <li>Conduct all Service Level Commitment meetings, with identified NFGDC departments and NFGDC senior management</li> </ul>	Completed 7/5/2022
7/31/2022	<ul style="list-style-type: none"> <li>Finalize documentation from the Service Level Commitment business practice, which is anticipated to include: (1) copies of all NFGDC department responses, (2) any additional information requested from NFGDC departments (in addition to the completed department response), (3) an identification of departments requiring additional Service Level Commitment meetings with Senior Management, and (4) a summary of discussion topics from the Service Level Commitment meetings with Senior Management (including any identified, prospective next steps)</li> </ul>	Completed 7/29/2022
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide a copy of the template to collect the six "key elements" identified by NorthStar, a copy of the memorandum to all NFGDC departments, the finalized documentation from the 3/15/2022 implementation action step, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without implementing and proceeding with the Company's proposed Service Level Commitment process business practice, significant legal resources would be consumed (which would needed to be contracted for, or newly hired), for no quantifiable benefit.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 7/29/2022, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

10/31/2022: NFGDC is awaiting Staff's review and closure.

Implementation Plan Update (continued):

1/31/2023: On 11/17/2022, per discussion with Staff, NFGDC moved recommendation to "In Progress" to provide additional support.

4/30/2023: NFGDC provided Staff additional support and is awaiting review.

7/31/2023: NFGDC provided Staff additional support and is awaiting review.

10/31/2023: In conjunction with Staff, NFG is working to provide enhanced documentation. Recommendation has been moved back to "In progress."

1/31/2024: In conjunction with Staff, NFG is working to provide enhanced documentation. Recommendation has been moved back to "In progress."

4/30/2024: NFGDC provided Staff additional support on 1/31/2024 in accordance with the material change form filed November 3, 2023. NFGDC is awaiting Staff review.

7/31/2024: NFGDC is awaiting Staff review.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IX - Program and Project Management

Audit Report Recommendation Number: IX-1

Serial Recommendation Number: 34

Audit Report Recommendation Priority: High

**Audit Report Recommendation**

Develop and implement a risk-based capital optimization process to prioritize projects and programs on an enterprise-wide basis, and optimize expenditure decisions through the use of standardized analytical methods and guidelines.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Engineering Services Department is currently in the process of developing and implementing a probabilistic, risk-based capital model, to help prioritize projects and programs on a distribution system-wide (i.e., enterprise-wide) basis. This model will become part of the Company's state-of-the-art Geographic Information System (GIS) once completed, and will also be integrated with Synergy. Since this project is currently underway, as described in greater detail in the implementation action steps below, there is no need to develop and implement a second/redundant risk-based capital process or model as noted in the recommendation text.

Responsible Individual(s): James Burbige and Mark Thornton

Officer In Charge: Michael Barber

Schedule	Implementation Action Steps and Milestones	Status
12/31/2019	□ Begin the process of developing and implementing a probabilistic, risk-based capital model, to help prioritize projects and programs on a distribution system-wide (i.e., enterprise-wide) basis	Completed 12/19/2019
Note	□ This model will become part of the Company's state-of-the-art Geographic Information System (GIS) once completed, and will also be integrated with Synergy	n/a
1/31/2021	□ Provide a copy of finalized project/system documentation to describe the new probabilistic, risk-based capital model that the Company is pursuing	Completed 6/12/2020
9/30/2021	□ Complete the development and implementation of a probabilistic, risk-based capital model, to help prioritize projects and programs on a distribution system-wide (i.e., enterprise-wide) basis	Completed 6/25/2021
10/31/2021	□ Assemble supporting paperwork to demonstrate that the implementation was completed, and that the new probabilistic, risk-based capital model is installed and functional	Completed 9/28/2021

Schedule	Implementation Action Steps and Milestones	Status
Note	<p>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>▫ The Company will provide supporting documentation to support the start date of development and implementation, a copy of finalized project/system documentation, and supporting paperwork from the completed implementation (demonstrating the new probabilistic, risk-based capital model is installed and functional)</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	\$641,345	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: The implementation costs identified above represent the actual technical upgrade costs and current project cost estimates (i.e., estimates prior to the completion of the Scope of Work) for the implementation of the agreed upon scope, as described above.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: By not developing and implementing a probabilistic, risk-based capital model, the Company may miss an opportunity to continue to embrace state-of-the-art technology, and to continue to refine/enhance existing business practices.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IX - Program and Project Management

Audit Report Recommendation Number: IX-2

Serial Recommendation Number: 35

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Track project variances, contingency items, and change orders for all capital projects with initial ER estimates over \$50,000 for and explain cost variances that exceed 10 percent of schedule or cost per schedule milestone: (1) Modify the Post Investment Analysis (PIA) process to examine total project cost variances for bid projects. Compile the result of variance analyses on an annual basis to identify root causes of variances; (2) Formally explain and report on variances that exceed a set limit (such as 10 percent at the end of a capital project). The report should include actions to improve estimates; and (3) Summarize variances semi-annually and revise estimating data accordingly.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company understands the scope of this recommendation to be making refinements/enhancements to the Company's existing Post Investment Analysis (PIA) process, as referenced in the recommendation text. The Company is committed to establishing a criteria/rationale for identifying a dollar amount and/or percentage approach in order to meet the intent of this recommendation, as described in the implementation action steps below. However, it should be noted that it is premature to assign that dollar amount of percentage (e.g., \$50,000 or 10 percent, as noted in the recommendation text) at this time, without analysis to ensure its reasonableness and effectiveness. Lastly, the recommendation text is contradictory, inasmuch as it discusses annual and semi-annual variance analysis. The Company wishes to clarify that its proposed approach will be performed on a semi-annual basis, in conjunction with regularly scheduled spring and fall meetings with members of the Operations Department.

Responsible Individual(s): James Burbige, Paul Roy and Mark Schaefer  
Officer In Charge: Michael Barber

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 1/26/2021
2/28/2021	▫ Begin the process of developing a criteria/rationale for identifying a dollar and/or percentage approach for variance analysis, as well as when variance reporting due to schedule dates should also apply	Completed 1/26/2021

Schedule	Implementation Action Steps and Milestones	Status
8/31/2021	<ul style="list-style-type: none"> <li>Complete the development of a criteria/rationale for identifying a dollar and/or percentage approach for variance analysis, as well as when variance reporting due to schedule dates should also apply, documenting the results</li> </ul>	In Progress
Note	<ul style="list-style-type: none"> <li>The documentation described above will include reasons why the criteria/rationale is established at the levels chosen</li> </ul>	n/a
11/30/2021	<ul style="list-style-type: none"> <li>Begin the new fiscal year with the new variance analysis and modified Post Investment Analysis (PIA) business practice in effect, communicating the concept and the new business practice during the fall/winter 2021 planning meetings</li> </ul>	Completed 12/6/2021
Note	<ul style="list-style-type: none"> <li>The new business practice will apply to production, transmission and distribution capital projects</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>On an on-going basis using the newly developed business practice, formally explain/report variance that meet the established criteria/rationale, in conjunction with the regularly scheduled spring and fall meetings with members of the Operations Department; this venue will help enable root cause analysis discussions and the identification of potential actions to take to continue to improve estimates</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>From a formal documentation perspective, include the summarized variance reporting information (format to be determined) in the capital budget packet semi-annually (once for the spring meeting results and again for the fall meeting results)</li> </ul>	n/a
5/31/2022	<ul style="list-style-type: none"> <li>Complete the first summary of variance reporting information in a spring 2022 capital budget packet</li> </ul>	Completed 5/16/2022
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide the documented criteria/rationale, copies of meeting notices/schedule information from the fall/winter 2021 planning meetings, a copy of the first summary of variance reporting from a spring 2022 capital budget packet, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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#### NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: By not pursuing a new variance analysis and modified Post Investment Analysis (PIA) business practice, it is possible that the Company may miss out on valuable root cause analysis discussions, which may potentially help improve estimating and the potential adoption of best practices.				

#### Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 5/31/2022, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

10/31/2022: NFGDC is awaiting Staff's review and closure.

1/31/2023: NFGDC received communication on 12/19/2022 that the recommendation was closed by Staff.



**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IX - Program and Project Management

Audit Report Recommendation Number: IX-3

Serial Recommendation Number: 36

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Formalize and adopt project management policies and procedures base on, updating and integrating the elements of The Guide to Creating a Project Plan (NFGDC Information Services Department 10-25-2017): (1) Utilizing a Work Breakdown Structure (WBS), (2) Defining deliverables, (3) Defining task dependencies, (4) Scheduling tasks and activities, (5) Document planning assumptions, (6) The reasons for emphasis on estimation, (7) Creating credible estimates, (8) The Contractor Administration Manual.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

This recommendation references the Information Technology Department's project management materials, for use in the Engineering Services Department. However, as part of the implementation of Serial Recommendation #43 from the Schumaker & Company Management Audit, the Company developed documentation to support a written Project Management Methodology. This recommendation does not include or make reference to these project management materials. While the primary focus of the collective of all of these project management materials is the Information Technology and Operations Departments, the project management concepts contained therein would provide useful information sharing with Engineering Services Department personnel, to further advance project management principles within the organization.

Responsible Individual(s): James Burbige and Mark Schaefer  
Officer In Charge: Michael Barber

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	□ Gather materials from the Information Technology Department (as described in the recommendation text) as well as materials from the Operations Department (as described above in the Alternative Justification)	Completed 9/20/2021
3/31/2021	□ Post the relevant project management materials gathered to the Engineering section of the InfoNet (i.e., the Company's intranet), in a new Project Management area, where employees can perform self-guided training by reviewing the materials or can reference the materials when performing their day-to-day work	Completed 9/21/2021

Schedule	Implementation Action Steps and Milestones	Status
5/31/2021	<ul style="list-style-type: none"> <li>Issue a communication to Engineering Services Department employees, notifying them of the availability of project management materials on the InfoNet, and their intended purpose</li> </ul>	Completed 9/21/2021
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide documentation of screen shots to demonstrate that the InfoNet posting has been completed and the new Project Management area has been established (this will also include copies of the documents posted), and a copy of the communication issued to Engineering Services Department employees</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without further disseminating project management information, it is possible that the Company's project management approach will remain less formal, and that newer employees within the Engineering Services Department may miss potential training opportunities.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IX - Program and Project Management

Audit Report Recommendation Number: IX-4

Serial Recommendation Number: 37

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Formally document and provide a report for all projects that have a revised estimate when it is reauthorized along with an explanation. Provide a summary report to DPS along with existing quarterly and annual reporting requirements. On a semi-annual basis, perform a study examining the reasons for project reauthorizations and determine if there is potential to better control project costs.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company is committed to developing and formally documenting a report, as described in the recommendation's text. However, the Company will provide copies of the completed report as part of the supporting paperwork to demonstrate that the recommendation has been implemented, consistent with the manner utilized for other completed recommendations in regulatory audits. The quarterly and annual reporting requirements referenced by NorthStar were established in the Company's last rate case (Case 16-G-0257), and rate cases continue to remain the proper venue to consider prospective rate case-related reporting requirement changes, while also considering the input of intervening parties.

Responsible Individual(s): Nicole Ganger, McKenzie Mitchinson, Mark Schaefer and Mark Thornton

Officer In Charge: Michael Barber

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 1/26/2021
2/28/2021	▫ Begin the process of developing the form and format of the new report, the mechanics/information flow of how the report will be populated with live data (once available), and the criteria to be used for when an explanation should be provided for a revised estimate (i.e., the level of significance for reporting)	Completed 2/25/2021
12/31/2021	▫ Complete the first report, using data as of September 30, 2021 (i.e., the end of the Company's fiscal year)	Completed 3/30/2022

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ The first report will include a footnote to describe the criteria being used for when an explanation should be provided for a revised estimate	n/a
3/31/2022	▫ Conduct the first semi-annual meeting comprised of Engineering Services Department Management, to review the reasons for revised estimates and to help inform estimating/future project costs, documenting the meeting's minutes	Completed 3/30/2022
Note	▫ Semi-annual reports and meetings of Engineering Services Department to continue prospectively, thereafter	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide a copy of the first completed report using data as of September 30, 2021, a copy of the first semi-annual meeting notice, a copy of the meeting's minutes, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without reviewing and documenting the reasons for revised estimates on projects, the identification of recurring themes/reasons for revisions would continue to occur less formally.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: NFGDC completed this recommendation and filed workpapers on 3/31/2022, under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

7/29/2022: NFGDC is awaiting Staff's review and closure.

10/31/2022: NFGDC is awaiting Staff's review and closure.

1/31/2023: NFGDC received communication on 12/19/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IX - Program and Project Management

Audit Report Recommendation Number: IX-5

Serial Recommendation Number: 38

Audit Report Recommendation Priority: Medium

<b>Audit Report Recommendation</b>	
Establish project schedules and track schedule performance for all capital projects. Establish policies and procedures for a hierarchy of project schedules and corresponding level of detail required based on project dollar estimates.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): James Burbige and Mark Schaefer

Officer In Charge: Michael Barber

<b>Schedule</b>	<b>Implementation Action Steps and Milestones</b>	<b>Status</b>
Note	▫ During the course of audit field work, the Engineering Services Department was in the process of developing/rolling out a Microsoft Project management report, which provides a real-time status summary of projects	n/a
Note	▫ Since the conclusion of audit field work, the Microsoft Project management report has been completed and is fully operational; this report is distributed monthly throughout the organization to provide a project status summary	n/a
Note	▫ In addition to distributing the report monthly, accountability is added to the distribution process, by following up the report distribution with regular meetings with Operations Department Management; any areas of concern are documented and distinguished on the report, utilizing a Gantt chart format	n/a
11/30/2020	▫ Gather documentation from the distribution of the fiscal year end Microsoft Project management report, a representative sample of a follow up meeting with Operations Department Management (for accountability purposes), and a representative sample of how results from the bi-weekly engineering project status meetings translate into a change/update on the Microsoft Project management report (i.e., the bi-weekly engineering project status meetings feed the report)	Completed 11/30/2020
1/31/2021	▫ Begin the process of drafting procedural documentation for how the Microsoft Project management report is utilized, and updated on an on-going basis (with more formal monthly report distributions) to reflect real-time information	Completed 9/16/2021

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ The procedural documentation will also describe the types of project schedules included on the management report, and the level of detail necessary to add an item or update an item on the management report	n/a
9/30/2021	▫ Complete the draft of procedural documentation for how the Microsoft Project management report is utilized, and updated on an on-going basis (with more formal monthly report distributions) to reflect real-time information	Completed 9/30/2021
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide documentation from the distribution of the fiscal year end Microsoft Project management report, a representative sample of a follow up meeting with Operations Department Management (for accountability purposes), a representative sample of how results from the bi-weekly engineering project status meetings translate into a change/update on the Microsoft Project management report, and a copy of the completed procedural documentation
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without the continued distribution and use of the Microsoft Project management report, information flow from the bi-weekly engineering project status meetings to management reporting would be less formal and more verbal in format.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.



**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IX - Program and Project Management

Audit Report Recommendation Number: IX-6

Serial Recommendation Number: 39

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Include a paragraph describing what is included in the project cost data provided in the Annual Capital Project Report to the DPS. (Explain that these costs may be pieces of a project, not necessarily total project costs.)

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): James Burbige and Mark Schaefer  
Officer In Charge: Michael Barber

Schedule	Implementation Action Steps and Milestones	Status
5/14/2020	□ This recommendation was addressed in the Company's May 14, 2020 quarterly report filing to the Commission (i.e., 2020 rate year, quarter 4), under the reporting requirements established in the Company's last rate case (Case 16-G-0257)	Completed 5/14/2020
Note	□ Specifically, sentences were added to the reports (with notes on the pages), to describe what is included in the project cost data provided in the Annual Capital Project Report	n/a
11/30/2020	□ Gather documentation from the Company's May 14, 2020 quarterly report filing to the Commission (i.e., 2020 rate year, quarter 4), to submit as the supporting implementation paperwork for this recommendation	Completed 11/30/2020
Note	□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	□ The Company will provide documentation from the Company's May 14, 2020 quarterly report filing to the Commission (i.e., 2020 rate year, quarter 4), to demonstrate that this recommendation was completed in business practice
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without describing what is included in the project cost data provided in the Annual Capital Project Report, it is possible that parties to Case 16-G-0257 could potentially misinterpret the Company's information on file with the Commission.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IX - Program and Project Management

Audit Report Recommendation Number: IX-7

Serial Recommendation Number: 40

Audit Report Recommendation Priority: Medium

<b>Audit Report Recommendation</b>	
Document the results of engineering project status meetings in a management report which provides a monthly status summary of all projects and identifies areas of concern.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): James Burbige and Mark Schaefer  
Officer In Charge: Michael Barber

<b>Schedule</b>	<b>Implementation Action Steps and Milestones</b>	<b>Status</b>
Note	▫ During the course of audit field work, the Engineering Services Department was in the process of developing/rolling out a Microsoft Project management report, which provides a real-time status summary of projects	n/a
Note	▫ Since the conclusion of audit field work, the Microsoft Project management report has been completed and is fully operational; this report is distributed monthly throughout the organization to provide a project status summary	n/a
Note	▫ In addition to distributing the report monthly, accountability is added to the distribution process, by following up the report distribution with regular meetings with Operations Department Management; any areas of concern are documented and distinguished on the report, utilizing a Gantt chart format	n/a
11/30/2020	▫ Gather documentation from the distribution of the fiscal year end Microsoft Project management report, a representative sample of a follow up meeting with Operations Department Management (for accountability purposes), and a representative sample of how results from the bi-weekly engineering project status meetings translate into a change/update on the Microsoft Project management report (i.e., the bi-weekly engineering project status meetings feed the report)	Completed 11/30/2020

Schedule	Implementation Action Steps and Milestones	Status
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide documentation from the distribution of the fiscal year end Microsoft Project management report, a representative sample of a follow up meeting with Operations Department Management (for accountability purposes), and a representative sample of how results from the bi-weekly engineering project status meetings translate into a change/update on the Microsoft Project management report</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without the continued distribution and use of the Microsoft Project management report, information flow from the bi-weekly engineering project status meetings to management reporting would be less formal and more verbal in format.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter IX - Program and Project Management

Audit Report Recommendation Number: IX-8

Serial Recommendation Number: 41

Audit Report Recommendation Priority: High

**Audit Report Recommendation**

Change the capital project accounting process to eliminate aggregate blanket project charging so that individual project total amounts can be readily obtained.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

A technology capability review is needed, to determine if changes of this type/order of magnitude can be accomplished, given the current technology being utilized as part of the capital project accounting process. The Company's implementation action steps below outline the key milestones associated with the technology capability review.

Responsible Individual(s): Nicole Ganger, McKenzie Mitchinson and Mark Thornton  
Officer In Charge: Matthew Frank

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 1/26/2021
2/28/2021	▫ Commence the development of a business process focused on readily obtaining project dollar amounts in a repeatable and efficient manner	Completed 1/26/2021
12/31/2021	▫ Complete the development of a business process focused on readily obtaining project dollar amounts in a repeatable and efficient manner	Completed 1/31/2022
1/31/2022	▫ Begin documenting the business process, including step by step system navigational instructions, as well as information on technology system capabilities and industry business practices	Completed 1/31/2022
4/30/2022	▫ Complete the documentation of the business process, including step-by-step system navigational instructions, as well as information on technology system capabilities and industry best practices	Completed 1/31/2022

Schedule	Implementation Action Steps and Milestones	Status
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide results memorandum documentation from the technology capability review, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Manually attempting to change the accounting process associated with blanket project charging, without a technology solution, could utilize a significant amount of resources in an inefficient manner.				

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".
1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

Implementation Plan Update (continued):

4/29/2022: NFGDC completed this recommendation and filed workpapers on 4/28/2022 under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

7/29/2022: NFGDC is awaiting Staff's review and closure.

10/31/2022: NFGDC is awaiting Staff's review and closure.

1/31/2023: NFGDC received communication on 12/19/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter X - Work Management

Audit Report Recommendation Number: X-1

Serial Recommendation Number: 42

Audit Report Recommendation Priority: High

**Audit Report Recommendation**

Revise forms and reports to use industrial engineering standard terminology for all work management policies, procedures, forms and reporting as these documents and practices are periodically updated.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

Revising all Operations Department work management materials (especially those programmed into Company technology systems), would be administratively burdensome from a resource perspective and costly from a programming perspective, yielding no benefit. However, the Company is committed to helping its employees/regulator/auditors better understand Operations Department terminology/acronyms, and is committed to developing a new tool to help accomplish this (as described in greater detail in the implementation action steps and milestones below).

Responsible Individual(s): Dale Halvarson and William Snyder  
Officer In Charge: Craig Swiech

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 12/31/2020
2/28/2021	▫ Initiate a process to identify the universe of Operations Department work management policies, procedures, forms and reports to review, in order to develop a new informational tool/glossary, to help define industry terms and acronyms (which will help transfer institutional knowledge to newer employees and add transparency for external parties)	Completed 2/26/2021
9/30/2021	▫ Complete the process of identifying the universe of Operations Department work management policies, procedures, forms and reports to review, in order to develop a new informational tool/glossary, to help define industry terms and acronyms (which will help transfer institutional knowledge to newer employees and add transparency for external parties), documenting the results	Completed 9/30/2021



Schedule	Implementation Action Steps and Milestones	Status
10/31/2021	▫ Begin the process of reviewing information from the universe of Operations Department work management materials, and as materials are reviewed, list out industry terms and acronyms and develop definitions for each item included in the listing	Completed 10/14/2021
Note	▫ As the list of industry terms and acronyms is being developed, the Company will endeavor to utilize industrial engineering terminology, to the fullest extent practicable	n/a
9/30/2022	▫ Complete the process of reviewing information from the universe of Operations Department work management materials, and as materials are reviewed, list out industry terms and acronyms and develop definitions for each item included in the listing	Completed 10/17/2022
Note	▫ The final documented work product will be completed as part of the 9/30/2022 implementation action step	n/a
10/31/2022	▫ Post the new informational tool/glossary to the Operations Department area of the InfoNet (i.e., the Company's intranet), which will help disseminate the information to all employees (including employees of the Operations Department)	Completed 10/26/2022
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide documentation outlining the universe of Operations Department work management materials, a copy of the newly developed informational tool/glossary, documentation to demonstrate that the InfoNet posting was completed, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				

NFGDC Cost, Benefit and Risk Summary (continued):

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without the development of an informational tool/glossary, it is possible that newer Operations Department employees, members of Department of Public Service Staff, and/or regulatory auditors may not understand the Company's acronyms and industry terminology used in business practice.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

10/31/2022: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/31/2022, using the New York State Public Service Commission's Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

1/31/2023: On 1/5/2023, per discussion with Staff, NFGDC moved recommendation to "In Progress" to provide additional support.

4/30/2023: NFGDC continues to work on providing Staff additional documentation.

7/31/2023: NFGDC received communication on 5/11/2023 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter X - Work Management

Audit Report Recommendation Number: X-2

Serial Recommendation Number: 43

Audit Report Recommendation Priority: High

Audit Report Recommendation	
Separately report actual job hours, travel and delay hours for each job performed by field crews.	

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

This is a repeat recommendation from the 2012-2013 Management Audit (Case 11-G-0580), performed by Schumaker & Company. The Company is currently in the process of performing a technology capability review in Case 11-G-0580, to develop documentation with an identification of next steps (e.g., using existing functionality with the necessary capabilities, potentially implementing new functionality into the existing system, or the identification of longer term approaches), which is why the Implementation Action Steps and Milestones for this recommendation mirror those from Serial Recommendation #58. To the extent the reporting can be accomplished via the technology capability review underway in Case 11-G-0580, the Company will denote this recommendation as complete in a future Company filing to the Commission. However, to the extent it is determined that a longer term approach is needed to meet the intent of the recommendation, the Company offers "optional, additional" implementation action steps that would only be pursued if needed.

Responsible Individual(s): Dale Halvarson and William Snyder  
Officer In Charge: Craig Swiech

Schedule	Implementation Action Steps and Milestones	Status
7/22/2020	▫ Initiate a technology capability review, to determine if "jobsite, travel, and delay" hours could be tracked and reported in the Click Workforce Management Software	Completed 7/20/2021
1/31/2021	▫ Complete the technology capability review, to determine if "jobsite, travel, and delay" hours could be tracked and reported in the Click Workforce Management Software	Completed 1/21/2021
3/15/2021	▫ Document the findings from the technology capability review, including an identification of next steps (e.g., using existing functionality with the necessary capabilities, potentially implementing new functionality into the existing system, or the identification of a longer term approach in coordination with Audit Staff and applicable requirements from other regulatory audit proceedings)	Completed 3/2/2021

Schedule	Implementation Action Steps and Milestones	Status
Note	<ul style="list-style-type: none"> <li>▫ To the extent the technology capability review results in the further utilization of an existing system, the resultant documentation of findings will also include procedural steps that outline how the existing system would be used</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>▫ To the extent the reporting can be accomplished via the technology capability review underway in Case 11-G-0580 (i.e., the completion of the 3/15/2021 implementation action step), the Company will denote this recommendation as complete in a future Company filing to the Commission</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>▫ To the extent it is determined that a longer term approach is needed to meet the intent of the recommendation, the Company offers "optional, additional" implementation action steps below, to provide general directional guidance on how the recommendation may proceed (these would only be pursued if needed)</li> </ul>	n/a
6/30/2021	<ul style="list-style-type: none"> <li>▫ Based on the results of the technology capability review, form a team of subject matter experts to begin the process of determining next steps (e.g., explore the functionality of system upgrades, develop a new reporting mechanism, or initiating a new technology project, etc.) <b>[IF NEEDED]</b></li> </ul>	n/a
10/31/2021	<ul style="list-style-type: none"> <li>▫ Determine and document a recommended course of action, which includes an identification of next steps <b>[IF NEEDED]</b></li> </ul>	n/a
4/30/2022	<ul style="list-style-type: none"> <li>▫ Complete a functionality review, to determine if any available system upgrades are feasible, and could provide the functionality of reporting actual job hours, travel and delay hours (documenting the results) <b>[IF NEEDED]</b></li> </ul>	n/a
10/31/2022	<ul style="list-style-type: none"> <li>▫ Complete a user-driven reporting review, to determine if a new report could potentially be developed, which could provide the functionality of reporting actual job hours, travel and delay hours (documenting the results) <b>[IF NEEDED]</b></li> </ul>	n/a
4/30/2023	<ul style="list-style-type: none"> <li>▫ Submit a new Request for Information Technology to initiate a new, long-term technology project to enable the reporting of actual job hours, travel and delay hours; this long-term technology project will be prioritized by the Operations Department, alongside the Operations Department's other technology projects/needs <b>[IF NEEDED]</b></li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>▫ The Company will provide documentation from the technology capability review in Case 11-G-0580, applicable "if needed" documentation from the identification of next steps/functionality review/user-driven reporting review/Request for Information Technology, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Manually attempting to track and report jobsite, travel and delay hours without a systematic process/solution, could utilize a significant amount of resources in an inefficient manner.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter X - Work Management

Audit Report Recommendation Number: X-3

Serial Recommendation Number: 44

Audit Report Recommendation Priority: High

<b>Audit Report Recommendation</b>	
Develop engineered time standards to replace the antiquated "Reasonable Expectations" for all operations, maintenance and construction resources that cover routine operations, repetitive maintenance activities, planned work, support requirements, and provide continuous feedback on workforce effectiveness.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Dale Halvarson and William Snyder

Officer In Charge: Craig Swiech

<b>Schedule</b>	<b>Implementation Action Steps and Milestones</b>	<b>Status</b>
Note	<ul style="list-style-type: none"> <li>□ To meet the intent of this recommendation, and for the purpose of tracking and reporting workforce effectiveness on a continuous basis, the Company is committed to replacing the Reasonable Expectations with a Historical Index of Performance on a prospective basis for field reporting purposes</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>□ A Historical Index of Performance not only would help Operations Department Management provide continuous feedback to employees on a real-time basis, but the data would be granularly tracked/organized by Service Center operating location (which would take into account time variants for completing similar types of work in different locations, such as repairing a leak on a busy street in the City, versus repairing a leak in a rural/unpopulated area in the southern tier)</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>□ From a terminology perspective, the Company considers the Historical Index of Performance to represent "engineered time standards," as noted in the recommendation text</li> </ul>	n/a
12/31/2020	<ul style="list-style-type: none"> <li>□ Form a team of subject matter experts for this recommendation</li> </ul>	Completed 12/31/2020
3/31/2021	<ul style="list-style-type: none"> <li>□ Begin developing a process to have Historical Index of Performance data replace Reasonable Expectation data, for the purposes of measuring workforce effectiveness, and providing on-going feedback to Operations Department employees</li> </ul>	Completed 6/17/2021

Schedule	Implementation Action Steps and Milestones	Status
9/30/2021	<ul style="list-style-type: none"> <li>Ensure that the Historical Index of Performance is included on Daily Schedule Control (DSC) reports, so that the new data can be tracked and utilized in the new business process, and that the legacy data set can be maintained</li> </ul>	Completed 6/17/2021
4/30/2022	<ul style="list-style-type: none"> <li>Complete the development of a process to have Historical Index of Performance data replace Reasonable Expectation data, for the purposes of measuring workforce effectiveness, and providing on-going feedback to Operations Department employees (documenting the results)</li> </ul>	Completed 3/22/2022
Note	<ul style="list-style-type: none"> <li>The documentation noted above will also include a background description of the Historical Index of Performance data set</li> </ul>	n/a
10/31/2022	<ul style="list-style-type: none"> <li>Issue a memorandum to Operations Department employees to explain the new process developed above, identifying a date with which the new process should begin, replacing the use of Reasonable Expectation data</li> </ul>	Completed 3/22/2022
Note	<ul style="list-style-type: none"> <li>The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>The Company will provide representative samples of Daily Schedule Control (DSC) reports that include Historical Index of Performance data, the documentation from the process to have Historical Index of Performance data provide continuous feedback to employees, a copy of the memorandum to Operations Department employees, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				

NFGDC Cost, Benefit and Risk Summary (continued):

Risk: By entirely abandoning the Reasonable Expectation data set, the Company will not be able to continue to meet its internal business needs of performing long-term data analytics, with the use of an apples-to-apples comparison over time (in turn, extremely shortening the data set available for long-term comparability).

Implementation Plan Update:

10/31/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

10/31/2022: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/31/2022, using the New York State Public Service Commission's Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

1/31/2023: NFGDC received communication on 1/5/2023 that the recommendation was closed by Staff.



**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter X - Work Management

Audit Report Recommendation Number: X-4

Serial Recommendation Number: 45

Audit Report Recommendation Priority: High

Audit Report Recommendation	
Using engineered standard times for quantified workload, enhance the resource planning process to include total workload, including expanding measures of contractor workload for hour-based values. Conduct a bottom-up resource requirements analysis as part of its annual planning cycle.	

NFGDC Categorization: Accept With Modification (Closed)

Responsible Individual(s): James Burbige, Dale Halvarson, Mark Schaefer and William Snyder  
Officer In Charge: Michael Barber and Craig Swiech

Schedule	Implementation Action Steps and Milestones	Status
Note	□ The implementation action steps and milestones for this recommendation mirror the implementation actions steps and milestones for Serial Recommendation Number 44, wherein the Operations Department in committed to replacing the Reasonable Expectations with a Historical Index of Performance on a prospective basis for field reporting purposes, and the Company considers the Historical Index of Performance to represent "engineered time standards" (as noted in the text of Serial Recommendation Numbers 44 and 45)	n/a
Note	□ The implementation action steps and milestones carried over from Serial Recommendation Number 44 pertain to the implementation of the Historical Index of Performance; this recommendation then has an additional action step to demonstrate how Historical Index of Performance information is used to develop quantified, total project workloads on the Microsoft Project management report	n/a
12/31/2020	□ Form a team of subject matter experts for this recommendation	Completed 12/31/2020
3/31/2021	□ Begin developing a process to have Historical Index of Performance data replace Reasonable Expectation data, for the purposes of measuring workforce effectiveness, and providing on-going feedback to Operations Department employees	Completed 6/17/2021

Schedule	Implementation Action Steps and Milestones	Status
9/30/2021	□ Ensure that the Historical Index of Performance is included on Daily Schedule Control (DSC) reports, so that the new data can be tracked and utilized in the new business process, and that the legacy data set can be maintained	Completed 6/17/2021
4/30/2022	□ Complete the development of a process to have Historical Index Performance data replace Reasonable Expectation data, for the purposes of measuring workforce effectiveness, and providing on-going feedback to Operations Department employees (documenting the results)	Completed 3/22/2022
Note	□ The documentation noted above will also include a background description of the Historical Index of Performance data set	n/a
10/31/2022	□ Issue a memorandum to Operations Department employees to explain the new process developed above, identifying a date with which the new process should begin, replacing the use of Reasonable Expectation data	Completed 3/22/2022
3/31/2023	□ As part of the annual planning cycle for the calendar 2023 construction season, the Operations Department will utilize Historical Index of Performance data to quantify project workloads, and bring the quantified workloads to Engineering Services to be included and tracked on the Microsoft Project Management report	Completed 3/13/2023
Note	□ The Company has taken proactive steps to enhance its resource planning process for all project work (while tracking the Company's quantified workload), via the Microsoft Project management report and associated process; resource requirements analysis will continue thereafter, as part of the Company's annual planning cycle	n/a
Note	□ The Microsoft Project management report allows the Company to track on an on-going basis project progress, with estimated project start and completion dates based on anticipated workhours for the project (shown in a Gantt chart format), and manage contractor and Company crews to better utilize all available resources	n/a
Note	□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	□ The Company will provide representative samples of Daily Schedule Control (DSC) reports that include Historical Index of Performance data, the documentation from the process to have Historical Index Performance data provide continuous feedback to employees, a copy of the memorandum to Operations Department employees, representative project samples to show Historical Index of Performance data being utilized to quantify workloads and those projects captured and tracked on the Microsoft Project management report, and other timing documentation to demonstrate that interim milestone timing is being adhered to.
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without the continued distribution and use of the Microsoft Project management report, information flow from the bi-weekly engineering project status meetings and the Company's annual planning cycle process to management reporting would be less formal and more verbal in format.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

10/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

Implementation Plan Update (continued):

1/31/2023: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/30/2023: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 3/31/2023, using the New York State Public Service Commission's Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

7/31/2023: NFGDC received communication on 5/11/2023 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter X - Work Management

Audit Report Recommendation Number: X-5

Serial Recommendation Number: 46

Audit Report Recommendation Priority: High

<b>Audit Report Recommendation</b>	
Immediately address those recommendations from NFGDC's the 2013 Management Audit that have not been effectively implemented. These should include: (1) Improvements to estimating accuracy, (2) Improved operations, maintenance and in-house construction work scheduling. All project work should have in-service need dates and work schedules for operations and maintenance activities.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): James Burbige, Nicole Ganger, McKenzie Mitchinson, Mark Schaefer and Mark Thornton

Officer In Charge: Michael Barber

<b>Schedule</b>	<b>Implementation Action Steps and Milestones</b>	<b>Status</b>
Note	▫ The two items included in the listing, from the text of NorthStar's recommendation are being addressed in Serial Recommendation #37 and Serial Recommendation #40 of this audit; it should also be noted that Operations Department operations and maintenance activities are being addressed in Serial Recommendation #46 from the 2012-2013 management audit performed by Schumaker & Company (Case 11-G-0580)	n/a
Note	▫ Given the foregoing, the implementation action steps and milestones for this recommendation represent a blending of the implementation action steps and milestones from the three recommendations noted above	n/a
<b>Schumaker &amp; Company Management Audit - Serial Recommendation #46</b>		<b>Status</b>
1/31/2014	▫ Initiated the technology project, the scope of which included the SAP Work Order Manager and the Click Workforce Management Software	Completed 1/31/2014
Note	▫ This technology project also included the complete replacement of the Customer Information System, Automated Dispatching, and the Field Order System	n/a
Note	▫ Extensive User Acceptance Testing was completed, and approved by many business departments of the Company, during the technology project	n/a

Schedule	Implementation Action Steps and Milestones	Status
5/9/2016	▫ Completed production implementations of the SAP Work Order Manager and the Click Workforce Management Software	Completed 5/9/2016
2/1/2019	▫ A technical upgrade project commenced, leveraging the assistance of a third party vendor	Completed 2/1/2019
Note	▫ The scope of this upgrade included a technical upgrade of all Customer Information System components, including the SAP Work Order Manager and the Click Workforce Management Software	n/a
Note	▫ Extensive User Acceptance Testing was completed, and approved by many business departments of the Company, during the upgrade	n/a
10/31/2019	▫ Completed production implementations of the SAP Work Order Manager (moved from version 6.1 to version 6.5) and the Click Workforce Management Software (moved from version 2.1.10 to version 2.3)	Completed 10/31/2019
7/15/2020	▫ Gather and post relevant documentation from the technology project and the upgrade project described above	Completed 7/15/2020
Note	▫ Since this recommendation stated "evaluate," the documentation will include information about the decision making process for the SAP Work Order Manager and the Click Workforce Management Software	n/a
Note	▫ Based on the Company's collaborative review process with Audit Staff, the term "compatible units" is understood to be a "template" or repeatable approach to work scheduling and job management	n/a
9/15/2020	▫ Develop and post relevant documentation from the preceding two notes	Completed 9/15/2020
Note	▫ Work schedules for operations and maintenance activities reside within the Click Workforce Management Software described above	n/a
<b>NorthStar Management Audit - Serial Recommendation #40</b>		<b>Status</b>
Note	▫ During the course of audit field work, the Engineering Services Department was in the process of developing/rolling out a Microsoft Project management report, which provides a real-time status summary of projects	n/a
Note	▫ Since the conclusion of audit field work, the Microsoft Project management report has been completed and is fully operational; this report is distributed monthly throughout the organization to provide a project status summary	n/a
Note	▫ In addition to distributing the report monthly, accountability is added to the distribution process, by following up the report distribution with regular meetings with Operations Department Management; any areas of concern are documented and distinguished on the report, utilizing a Gantt chart format	n/a
11/30/2020	▫ Gather documentation from the distribution of the fiscal year end Microsoft Project management report, a representative sample of a follow up meeting with Operations Department Management (for accountability purposes), and a representative sample of how results from the bi-weekly engineering project status meetings translate into a change/update on the Microsoft Project management report (i.e., the bi-weekly engineering project status meetings feed the report)	Completed 11/30/2020

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ The Gantt chart format of the Microsoft Project management report captures "in-service need dates" for project work	n/a
<b>NorthStar Management Audit - Serial Recommendation #37</b>		<b>Status</b>
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 1/26/2021
2/28/2021	▫ Begin the process of developing the form and format of the new report, the mechanics/information flow of how the report will be populated with live data (once available), and the criteria to be used for when an explanation should be provided for a revised estimate (i.e., the level of significance for reporting)	Completed 2/25/2021
12/31/2021	▫ Complete the first report, using data as of September 30, 2021 (i.e., the end of the Company's fiscal year)	Completed 3/30/2022
Note	▫ The first report will include a footnote to describe the criteria being used for when an explanation should be provided for a revised estimate	n/a
3/31/2022	▫ Conduct the first semi-annual meeting comprised of Engineering Services Department Management, to review the reasons for revised estimates and to help inform estimating/future project costs, documenting the meeting's minutes	Completed 3/30/2022
Note	▫ Semi-annual reports and meetings of Engineering Services Department to continue prospectively, thereafter	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide a copy of all of the supporting implementation paperwork from Serial Recommendation #37 and Serial Recommendation #40 of this audit, and a copy of all of the supporting implementation paperwork from Serial Recommendation #46 of the Schumaker & Company management audit
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#### NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Evaluating and installing any type of system, without considering technological compatibility, could deleteriously affect corporate performance and stability. Without the continued distribution and use of the Microsoft Project management report, information flow from the bi-weekly engineering project status meetings to management reporting would be less formal and more verbal in format. Without reviewing and documenting the reasons for revised estimates on projects, the identification of recurring themes/reasons for revisions would continue to occur less formally.				

#### Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: NFGDC completed this recommendation and filed workpapers on 3/31/2022 under case 18-M-0394, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

7/29/2022: NFGDC is awaiting Staff's review and closure.

10/31/2022: NFGDC is awaiting Staff's review and closure.

1/31/2023: NFGDC received communication on 12/19/2022 that the recommendation was closed by Staff.



**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter X - Work Management

Audit Report Recommendation Number: X-6

Serial Recommendation Number: 47

Audit Report Recommendation Priority: High

**Audit Report Recommendation**

Develop a Work Management System: (1) Develop a plan for instituting performance measures on a corporate-wide basis; (2) Fill gaps in the current paper-based management information reporting and organizational reporting relationships to support an integrated work management system; (3) Develop formal reports on trends in workload levels, workforce productivity and utilization. Identify areas that are performing well, where improvements are needed, and develop strategies to improve workforce performance; (4) Establish formal processes to use automated work management data for annual resource planning as part of the annual business planning activities of operations and maintenance; (5) Develop formal tools to support the various functional processes. Elements that should be formalized include: (a) Explicit work definition, (b) Resource planning, (c) Work planning and scheduling, (d) Measurement and control, and (e) Methods improvement.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

Each of the five work management-related items/topical areas identified in the recommendation text are already occurring in business practice, and as such, the development or implementation of a work management technology solution to accomplish these five items/topical areas is not needed. Pursuing this in the form of a technology project would result in a significant out-of-pocket implementation cost, and would utilize significant resources (both internal and external) in an inefficient manner, by duplicating work already occurring in practice. However, based on the field work completed in this management audit, the Company understands the genesis of NorthStar's recommendation (inasmuch as these items/topical areas, while occurring in business practice, are not supported with detailed process documentation to describe how each item is occurring and how each item fits in with the Company's overall approach for work management. In the implementation action steps described below, the Company is committed to hiring an external qualified consultant to develop detailed process documentation for: (1) the Company's overall approach for work management, and (2) narrative explanations to document and describe each of the five items/topical areas from the recommendation text.

Responsible Individual(s):

Dale Halvarson and William Snyder

Officer In Charge:

Craig Swiech

Schedule	Implementation Action Steps and Milestones	Status
2/28/2021	<ul style="list-style-type: none"> <li>Identify internal resources and/or an external qualified consultant to develop detailed process documentation for: (1) the Company's overall approach for work management, and (2) narrative explanations to document and describe each of the five items/topical areas from the recommendation text</li> </ul>	Completed 2/28/2021
Note	<ul style="list-style-type: none"> <li>To the extent an external qualified consultant is utilized, the Company will need to enter into a service contract</li> </ul>	n/a
Note	<ul style="list-style-type: none"> <li>The timeline of milestones described below for this recommendation was intended for this project to be completed over a longer-term, recognizing: (1) the final work product would be a comprehensive document, since all of the items/topical areas included are work management-related; and (2) the items/topical areas to be addressed represent sophisticated, in depth business practices, which will take time to document properly</li> </ul>	n/a
5/31/2021	<ul style="list-style-type: none"> <li>Complete initial set of interviews with Company subject matter experts, for the first of the five items/topical areas identified in the recommendation text</li> </ul>	Completed 5/28/2021
8/31/2021	<ul style="list-style-type: none"> <li>Complete initial set of interviews with Company subject matter experts, for the second of the five items/topical areas identified in the recommendation text</li> </ul>	Completed 9/8/2021
11/30/2021	<ul style="list-style-type: none"> <li>Complete initial set of interviews with Company subject matter experts, for the third of the five items/topical areas identified in the recommendation text</li> </ul>	Completed 11/9/2021
2/28/2022	<ul style="list-style-type: none"> <li>Complete initial set of interviews with Company subject matter experts, for the fourth of the five items/topical areas identified in the recommendation text</li> </ul>	Completed 2/23/2022
5/31/2022	<ul style="list-style-type: none"> <li>Complete initial set of interviews with Company subject matter experts, for the fifth of the five items/topical areas identified in the recommendation text</li> </ul>	Completed 5/12/2022
8/31/2022	<ul style="list-style-type: none"> <li>Complete initial set of interviews with Company subject matter experts, on the overall approach for work management</li> </ul>	Completed 5/12/2022
Note	<ul style="list-style-type: none"> <li>The Company anticipates that on-going communication will occur after each set of initial interviews, including but not limited to: additional interview sessions (if needed), informal dialogue (briefer phone calls or e-mail exchanges), and requests for information to inform documentation development</li> </ul>	n/a
9/30/2022	<ul style="list-style-type: none"> <li>After the conclusion of interviews/field work, begin the process of drafting the detailed process documentation described above</li> </ul>	Completed 5/12/2022
3/31/2023	<ul style="list-style-type: none"> <li>Complete an initial draft of the process documentation described above</li> </ul>	Completed 3/24/2023
4/30/2023	<ul style="list-style-type: none"> <li>Complete final set of interviews with Company subject matter experts from the Human Resources Department</li> </ul>	Completed 3/24/2023
5/31/2023	<ul style="list-style-type: none"> <li>Finalize the detailed process documentation, and complete the posting of the resultant work product to the InfoNet (i.e., the Company's intranet), which will help disseminate the information to all employees (including employees of the Operations Department)</li> </ul>	Completed 5/19/2023

Schedule	Implementation Action Steps and Milestones	Status
Note	<ul style="list-style-type: none"> <li>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>▫ The Company will provide a copy of the finalized detailed process documentation, to demonstrate that the InfoNet posting was completed, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	\$200,000	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: The one-time implementation costs identified above represent an estimate of consulting costs that may occur, to the extent an external qualified consultant is hired to develop detailed process documentation.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without the development of detailed process documentation, it is possible that newer Operations Department employees, members of Department of Public Service Staff, and/or regulatory auditors may not understand the Company's overall approach for work management or work management-related business practices.

#### Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

10/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2023: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/30/2023: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/31/2023: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 5/31/2023, using the New York State Public Service Commission's Document and Matter Management (DMM) system. NFGDC is awaiting Staff's review and closure.

10/31/2023: NFGDC is awaiting Staff's review and closure.

1/31/2024: NFGDC received communication on 11/2/2023 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter X - Work Management

Audit Report Recommendation Number: X-7

Serial Recommendation Number: 48

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Conduct an economic analysis of trade-offs to optimize overtime, contractor, and internal staff. Verify that its minimal overtime use does not cause NFGDC to lose opportunities for optimizing resources.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

This is a repeat recommendation from the statewide Operational Audit (Case 13-M-0449), performed by the Liberty Consulting Group. The Company already took implementation action steps to address this recommendation in Case 13-M-0449, under Serial Recommendation Numbers 2 and 8; the materials from this implementation were not reviewed or assessed by NorthStar, during this management audit. This is why the implementation action steps and milestones noted below mirror the implementation action steps and milestones for Serial Recommendation Numbers 2 and 8, from Case 13-M-0449.

Responsible Individual(s): Dale Halvarson and William Snyder  
Officer In Charge: Craig Swiech

Schedule	Implementation Action Steps and Milestones	Status
3/23/2017	▫ The Operational Audit Implementation Plan for Serial Recommendation 2 (Case 13-M-0449) was filed with the New York State Public Service Commission	Completed 3/23/2017
10/13/2017	▫ Complete the development of a project scope of work	Completed 7/24/2017
10/16/2017	▫ Identify a qualified management consultant and enter into a service contract	Completed 10/16/2017
7/24/2018	▫ Complete initial set of interviews with NFGDC subject matter experts from Operations	Completed 7/24/2018
12/31/2018	▫ Complete follow up interviews with NFGDC subject matter experts from Operations, as required	n/a
4/15/2019	▫ Consultant performs data driven analyses of overtime, contractors and internal staffing; producing a final project report	Completed 4/15/2019
11/30/2020	▫ Gather implementation documentation previously submitted in Case 13-M-0449, and resubmit the same paperwork in Case 18-G-0394, to demonstrate that this recommendation was already completed in business practice	Completed 11/24/2020

Schedule	Implementation Action Steps and Milestones	Status
Note	<p>□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>□ The Company will provide implementation documentation from Case 13-M-0449, to demonstrate that this recommendation was already completed in business practice.</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	\$14,850	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
<p>Note: The one-time implementation costs identified above represent the actual, realized implementation costs reported to the Commission in December 2019, in Case 13-M-0449, to implement this recommendation with a qualified management consultant.</p>				
<p>Note: Benefits for this recommendation are anticipated to be qualitative in nature.</p>				
<p>Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.</p>				
<p>Risk: Without significant regulatory audit case history, it is possible that management consultants may not know recommendations from other audits, nor the steps utilities have taken to address those recommendations in other audits.</p>				

Implementation Plan Update:

<p>10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.</p>
<p>1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.</p>

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XI - Performance Management

Audit Report Recommendation Number: XI-1

Serial Recommendation Number: 49

Audit Report Recommendation Priority: Low

**Audit Report Recommendation**

Should NFGDC seek recovery of executive incentive compensation costs, it should use a peer panel, for ratemaking purposes, that is more comparable to a regulated utility.

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Valerie Hawthorn

Officer In Charge: Michael Reville and Amy Shiley

Schedule	Implementation Action Steps and Milestones	Status
Note	□ The venue for seeking such recovery would be the Company's next rate case	n/a
Note	□ Since the timing of the Company's next rate case needs to be determined, that is why "TBD" is being noted in this audit filing, as the schedule due date for this recommendation	n/a
Note	□ Another alternative approach, which the Company supports, would be to "remand" this recommendation to the Company's next rate case in a future Commission Order, eliminating the need for continuing to report on the status of Serial Recommendation 49, in routine Implementation Plan Update filings	n/a
Note	□ It should be noted that remanding recommendations is not a new practice, and that the Commission took this approach in its April 2016 Order in Case 13-M-0314, remanding recommendations to Case 15-M-0566	n/a
TBD	□ Should the Company seek recovery of executive incentive compensation costs, information on a peer panel comparable to a regulated utility, would be submitted as part of the Company's next rate filing	Not Started

Anticipated Implementation Documentation:

Documents	□ To the extent this recommendation is not remanded in a future Commission Order, the Company will provide a copy of the peer panel information submitted in the Company's next rate case, should the Company seek recovery of executive incentive compensation costs
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	\$100,000	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: The one-time implementation costs identified above represent an estimate of compensation consultant costs that may occur, to develop information on a peer panel comparable to a regulated utility, solely for ratemaking purposes.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without clarity on the mechanics of how to apply for recovery of executive incentive compensation costs, the Commission's process may not be fully transparent to New York State utilities.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/29/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

10/31/2022: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".



Implementation Plan Update (continued):

1/31/2023: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

4/30/2023: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

7/31/2023: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

10/31/2023: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2024: NFGDC received communication on 1/2/2024 that the recommendation was closed by Staff. Based on communication with Staff, NFGDC understands that the expectation would be to comply with this recommendation in the future if the company wishes to recover executive incentive compensation.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XI - Performance Management

Audit Report Recommendation Number: XI-2

Serial Recommendation Number: 50

Audit Report Recommendation Priority: Low

Audit Report Recommendation	
Obtain authorization and associated releases from NFG/NFGDC's compensation consultants to allow DPS Staff to view the consultant studies and any underlying information provided to NFG/NFGDC.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Valerie Hawthorn

Officer In Charge: Michael Reville and Amy Shiley

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ The next non-executive compensation consultant study is expected to be completed during spring of 2021	n/a
Note	▫ The Company will allow Department of Public Service Staff to view the compensation consultant's study, and any underlying information provided to the Company, subject to confidentiality and trade secret protection	n/a
6/30/2021	▫ Contact Department of Public Service Audit Staff, to notify Staff that the next compensation consultant study is completed, and that the information noted above has been assembled for viewing purposes	Completed 7/16/2021

Anticipated Implementation Documentation:

Documents	▫ The Company will provide a copy of the notification to Department of Public Service Audit Staff
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without communicating with Department of Public Service Staff, it is possible that members of Department of Public Service Staff may not know the timing associated with the completion of the next compensation consultant study.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-1

Serial Recommendation Number: 51

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

Enhance the budget billing program marketing efforts to include: (1) All customer types, and (2) Marketing of the program with every customer interface such as new services, service transfers, customer call center contact, etc.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company is committed to continuing and enhancing budget billing program marketing efforts. While it makes sense to deploy marketing strategies that will reach all customer types, the Company believes it could be limiting to only market the program at very narrowly-focused customer interaction points. Instead, the Company is proposing marketing enhancements in the implementation action steps below, which will reach all customer types regardless if they had a customer service interaction with the Company or not.

Responsible Individual(s): Karen Merkel  
Officer In Charge: Donna DeCarolis

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	□ Ensure that the budget billing program has a more prominent location on the Company's corporate website	Completed 11/5/2021
3/31/2021	□ Highlight the budget billing program in an upcoming customer newsletter, which is available to customers electronically and is also distributed to customers in a bill insert format	Completed 2/28/2021
6/30/2021	□ Utilize budget billing program messaging on Company bill envelopes	Completed 9/2/2021
9/30/2021	□ Complete budget billing program social media posts on Facebook and Linked In	Completed 9/1/2021
Note	□ The Company typically issues customer newsletters three times per year (i.e., winter, summer, and fall), rotating or changing the topical content included in each newsletter	n/a

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ Corporate Communications would spotlight the budget billing program in one of the customer newsletters each year; it should be noted that payment assistance has been included on the front page of marketing materials and is regularly communicated to customers throughout the year, utilizing a variety of messaging mediums	n/a
Note	▫ On an on-going basis, the Company continues to evaluate social media analytics and search engine optimization reports and marketing opportunities	n/a
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide screen shots of the budget billing program marketing collateral on the Company's corporate website, a copy of the customer newsletter, a copy of budget billing program messaging on Company bill envelopes, and copies of the social media posts completed
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	\$21,650	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: The one-time implementation costs identified above represent the actual costs associated to creative and/or printing costs that occurred, to support the development and completion of a customer newsletter bill insert, and to add additional messaging to Company bill envelopes.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: By not continuing to promote the budget billing program, promotion opportunities may be missed, and customers could potentially be unaware of program options and offerings.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-2

Serial Recommendation Number: 52

Audit Report Recommendation Priority: Medium

Audit Report Recommendation
Following the SAP upgrade, test Statewide Low Income Program (SLIP) coding to ensure compliance with program design and requirements. Develop an exception report of customers listed on an Office of Temporary and Disability Assistance (OTDA) file that cannot be matched to a customer in NFGDC's system.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company accomplished the testing and exception reporting, recommended by NorthStar, as part of the SAP upgrade that was completed during NorthStar's audit field work. As a result, no testing or exception reporting work activities needed to wait, or follow the conclusion of the SAP upgrade project.

Responsible Individual(s): Nathan Barnes and Vicky Hattala  
Officer In Charge: Lee Hartz

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ Testing of the Statewide Low Income Program (SLIP) coding occurred during the SAP upgrade project, and exception reporting of customers continued in business practice after the conclusion of that technology project; the SAP upgrade project was implemented in November 2019, during NorthStar's audit field work	n/a
12/31/2020	▫ Gather documentation from the Statewide Low Income Program (SLIP) testing that was completed, as well as sample exception reporting, to demonstrate that this recommendation was already completed in business practice	Completed 12/31/2020
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	□ The Company will provide documentation from the Statewide Low Income Program (SLIP) testing that was completed, as well as sample exception reporting, to demonstrate that this recommendation was already completed in business practice
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without completing testing and ensuring that exception reporting will continue, it is possible that a technology system upgrade project could inadvertently impact business practices that were already established and coded.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-3

Serial Recommendation Number: 53

Audit Report Recommendation Priority: Medium

Audit Report Recommendation	
Monitor Customer Service Performance Indicator (CSPI) performance levels and provide quarterly variance reports explaining declines in service levels.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Nathan Barnes and Vicky Hattala  
Officer In Charge: Lee Hartz

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ The Company has historically monitored Customer Service Performance Indicator (CSPI) performance levels in business practice; the Company's response/approach for this recommendation is to make this process more formalized and documented	n/a
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 11/11/2020
1/31/2021	▫ Conduct a planning meeting to discuss a more formal approach for monitoring Customer Service Performance Indicator (CSPI) performance levels, and the mechanics of how the new process will work	Completed 1/26/2021
4/30/2021	▫ File the March 2021 monthly Customer Service Performance Indicator (CSPI) Report with the Commission	Completed 4/27/2021
5/31/2021	▫ Compare the results from the March 2021 monthly Customer Service Performance Indicator (CSPI) Report to the results from the December 2020 monthly Customer Service Performance Indicator (CSPI) Report, and begin the process of developing a memorandum to describe the comparison	Completed 5/19/2021
Note	▫ Where applicable, the memorandum will explain declines in service levels, based on the quarterly comparison completed	n/a
6/30/2021	▫ Issue the completed memorandum to the head of the Consumer Business Department, and the officer in charge of the Consumer Business Department	Completed 5/19/2021



Schedule	Implementation Action Steps and Milestones	Status
Note	<p>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>▫ The Company will provide a copy of the March 2021 monthly Customer Service Performance Indicator (CSPI) Report filed with the Commission, a copy of the memorandum completing the quarterly comparison and containing variance explanations (where applicable), and other timing documentation to demonstrate that interim milestone timing is being adhered to</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without formalizing the monitoring process that already occurred in business practice, the Company could potentially miss opportunities to proactively enhance documentation.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-4

Serial Recommendation Number: 54

Audit Report Recommendation Priority: Low

Audit Report Recommendation	
Determine the costs and potential savings of allowing customers to apply for service on-line.	

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

An analysis of costs and potential savings is not needed, since customers can already apply for service online, via the Company's website.
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Responsible Individual(s): Nathan Barnes and Vicky Hattala  
Officer In Charge: Lee Hartz

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ Customers can already apply for service online, via the Company's website; this business practice was already in place during NorthStar's audit field work	n/a
11/30/2020	▫ Gather documentation of screen shots and active links to demonstrate that this recommendation was already completed in business practice	Completed 11/5/2021
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide documentation of screen shots and active links to demonstrate that this recommendation was already completed in business practice
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without having an online application, it is possible that it would take customers a longer period of time to complete the process of applying for natural gas service.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-5

Serial Recommendation Number: 55

Audit Report Recommendation Priority: Low

**Audit Report Recommendation**

Modify www.converttonationalfuelgas.com to minimize potential customer confusion between new service applications and the rebate programs. Include links on the www.converttonationalfuelgas.com and the www.natfuel.com websites to each program to cross promote programs and clearly define the various program options/rebate opportunities.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

Modifications to the www.converttonationalfuelgas.com and the www.natfuel.com websites are no longer needed, since the two websites referenced in the recommendation have been consolidated into one, as part of the Company's recent website redesign project.

Responsible Individual(s): Robert Eck and Erik Solomon  
Officer In Charge: John Polka

Schedule	Implementation Action Steps and Milestones	Schedule
11/2/2020	<div> <div></div> <div>The Company completed its corporate website redesign project and launched its new website at www.nationalfuel.com</div> </div>	Completed 11/2/2020
Note	<div> <div></div> <div>As part of this project, the Company discontinued the www.converttonationalfuelgas.com website; the content that was on this website and the content previously on www.natfuel.com pertaining to gas conversions (as observed during this management audit) has been enhanced, and is now available at a single location at: www.nationalfuel.com/utility/new-customer-conversion-ny-home/</div> </div>	n/a
Note	<div> <div></div> <div>The aforementioned location now includes a conversion video, a step-by-step checklist, information on how to check for natural gas availability in your neighborhood, a new service application, an online application for conversion rebates, and customer testimonials, helping to enhance the Company's messaging to customers and minimize any potential customer confusion</div> </div>	n/a
2/15/2021	<div> <div></div> <div>Gather documentation of screen shots to demonstrate the new website's functionality, and the fact that a customer can now apply for natural gas service and can now apply for a conversion rebate from the same website location</div> </div>	Completed 2/15/2021

Schedule	Implementation Action Steps and Milestones	Schedule
Note	<p>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>▫ The Company will provide a copy of an internal communication to employees regarding the new website going live, and documentation of screen shots and active links to demonstrate the new website's functionality</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: By not including links on Company website pages, cross-promotion opportunities may be missed, and customers could potentially be unaware of program options and offerings.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-6

Serial Recommendation Number: 56

Audit Report Recommendation Priority: Medium

**Audit Report Recommendation**

With the transition of the new service application process from the mainframe, establish controls to ensure "holds" are handled appropriately and NFGDC can demonstrate compliance with the new service installation timeframes established in 16 NYCRR.

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Dale Halvarson and William Snyder

Officer In Charge: Craig Swiech

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ The new services application process has already successfully transitioned off of the mainframe; this occurred during NorthStar's audit field work and was completed prior to the issuance of NorthStar's Draft Audit Report	n/a
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 1/28/2021
1/31/2021	▫ Begin the process of developing a glossary of hold types, to explain documentation-wise, what occurs in the new services application process for each type of hold that exists	Completed 2/4/2021
Note	▫ It should be noted that the glossary of hold types is envisioned to demonstrate compliance with the new service installation timeframes established in 16 NYCRR, while also providing a training/informational tool for Operations Department employees	n/a
4/30/2021	▫ Complete the development of a glossary of hold types, to explain documentation-wise, what occurs in the new services application process for each type of hold that exists	Completed 4/19/2021
6/15/2021	▫ Schedule a meeting with Office of Consumer Services Staff, to discuss the glossary of hold types documentation developed, and the Company's compliance with the timeframes established in 16 NYCRR (as mentioned above)	Completed 6/14/2021

Schedule	Implementation Action Steps and Milestones	Status
Note	<ul style="list-style-type: none"> <li>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>▫ The Company will provide a copy of the glossary of hold types, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without developing a glossary of hold types, it could be more difficult for newer Operations Department employees to understand the various types of holds that exist in the new services application process, and their associated timelines.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-7

Serial Recommendation Number: 57

Audit Report Recommendation Priority: Low

<b>Audit Report Recommendation</b>	
Maintain and new service paper applications for at least one year as required by 16 NYCRR Parts 11 and 13.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Dale Halvarson and William Snyder  
Officer In Charge: Craig Swiech

<b>Schedule</b>	<b>Implementation Action Steps and Milestones</b>	<b>Status</b>
Note	□ In accordance with 16 NYCRR Parts 11 and 13, this is already occurring in business practice; however, documentation of this business practice could be further enhanced	n/a
12/31/2020	□ Form a team of subject matter experts for this recommendation	Completed 12/31/2020
1/31/2021	□ Begin the process of drafting a procedural memorandum to describe how paper Request for Residential Gas Service Line forms are routed internally to the New Services Desk in the Operations Department, when received from customers, as well as the business practice of how these paper forms are retained for at least one year (from a record retention perspective)	Completed 1/31/2021
5/31/2021	□ Complete the draft of a procedural memorandum to describe how paper Request for Residential Gas Service Line forms are routed internally to the New Services Desk in the Operations Department, when received from customers, as well as the business practice of how these paper forms are retained for at least one year (from a record retention perspective)	Completed 4/15/2021
6/30/2021	□ Review the draft procedural memorandum with Operations Department senior management and issue the memorandum to Operations Department personnel,	Completed 4/15/2021



Schedule	Implementation Action Steps and Milestones	Status
Note	<p>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>▫ The Company will provide a copy of the procedural memorandum, and other timing documentation to demonstrate that interim milestone timing is being adhered to</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without formalizing procedural documentation, the Company's existing business practices could potentially miss enhancement opportunities.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-8

Serial Recommendation Number: 58

Audit Report Recommendation Priority: Low

Audit Report Recommendation	
Maintain the "separate file of all customers on life support systems" required by Home Energy Fair Practices Act (HEFPA)	Part 11.5.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company understands that the topic included in NorthStar's recommendation text originated in Case 00-E-0811 (Proceeding on Motion of the Commission to review Electric Utility Procedures for Special Needs and Life Support Equipment Customers During Service Interruptions). Since this proceeding was an electric proceeding, it is not clear which requirements from the proceeding (if any at all), are applicable to the natural gas industry. For this recommendation, the Company is committed to further exploring this topic with Department of Public Service Staff (to better understand Case 00-E-0811 and its requirements), and determine any necessary next steps.
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Responsible Individual(s): Kenneth Gossel  
Officer In Charge: Michael Reville

Schedule	Implementation Action Steps and Milestones	Status
12/31/2020	▫ Form a team of subject matter experts for this recommendation	Completed 1/13/2021
1/31/2021	▫ Schedule a meeting with Office of Consumer Services Staff, to review the requirements of Case 00-E-0811, and the applicability of life support systems to the natural gas industry	Completed 1/13/2021
4/30/2021	▫ Based on the discussion with Office of Consumer Services Staff, document the topic and any Office of Consumer Services Staff-requested next steps from the meeting	Completed 1/25/2021
5/31/2021	▫ Request a written response from Office of Consumer Services Staff, based on the documentation provided in response to the 4/31/2021 implementation action step	Completed 1/26/2021
7/31/2021	▫ Perform outreach to western New York electric utilities (i.e., National Grid and NYSEG/RGE), requesting information on known customers with life support systems, in the event they have natural gas-fired backup electric generation	Completed 8/13/2021

Schedule	Implementation Action Steps and Milestones	Status
10/31/2021	▫ Summarize outreach results and information received from western New York electric utilities, in time for the start of the 2021-2022 winter heating season	Completed 8/30/2021
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide topical documentation from the meeting with Office of Consumer Services Staff, a copy of the request for a written response from Office of Consumer Services Staff, and other timing documentation to demonstrate that interim milestone timing is being adhered to
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A
Note: No implementation costs are anticipated for this recommendation, since the Company is planning to utilize existing resources.				
Note: Benefits for this recommendation are anticipated to be qualitative in nature.				
Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.				
Risk: Without meeting with Department of Public Service Staff, the applicability of Case 00-E-0811 (from two decades ago) to the natural gas industry, is not clear and widely understood.				

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.
1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-9

Serial Recommendation Number: 59

Audit Report Recommendation Priority: Medium

<b>Audit Report Recommendation</b>	
Increase efforts to obtain meter reads and reconcile accounts, particularly for accounts which have received estimated bills for over one year.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Dale Halvarson and William Snyder

Officer In Charge: Craig Swiech

<b>Schedule</b>	<b>Implementation Action Steps and Milestones</b>	<b>Status</b>
Note	□ Obtaining customer meter reads and reconciling customer accounts remains a priority focus area for the Operations Department and the Company	n/a
Note	□ While the Company's efforts in this area have regularly continued, these efforts have been less formal, business process documentation-wise	n/a
12/31/2020	□ Form a team of subject matter experts for this recommendation, tasked with developing documentation to describe the Company's initiatives/efforts to obtain customer meter reads and reconcile accounts	Completed 1/5/2021
1/31/2021	□ Initiate the process of beginning to develop documentation, with a focus in the following operational activity areas: (1) meter relocation program (i.e., proactive steps to relocate inside meters outside of the customer's home), (2) the regular running of NOCO reports, and the business process of reassigning these orders to meter readers, in order gain access, (3) meter reading processes of "going back out" (i.e, when a meter reader cannot get in, and circles back to complete a read at a later time), and (4) verified read orders, to help ensure meter read accuracy	Completed 1/5/2021
Note	□ For each operational activity focus area, the documentation will help formalize and describe Company's initiatives/business practices, and will also provide a narrative context on how these activities will proceed prospectively	n/a

Schedule	Implementation Action Steps and Milestones	Status
3/31/2021	<ul style="list-style-type: none"> <li>□ Meet with members of the Corporate Communications Department, to formulate a general "public service announcement" to customers, encouraging them to continue to provide meter reads to the Company and encouraging them to continue to provide access to Company personnel</li> </ul>	Completed 3/16/2021
7/31/2021	<ul style="list-style-type: none"> <li>□ Implement and execute the general "public service announcement" to customers, encouraging them to continue to provide meter reads to the Company and encouraging them to continue to provide access to Company personnel</li> </ul>	Completed 7/12/2021
Note	<ul style="list-style-type: none"> <li>□ The Corporate Communications Department's expertise will be important for this recommendation, to help determine the most effective medium/channel to utilize, in order to effectively share information with customers</li> </ul>	n/a
9/30/2021	<ul style="list-style-type: none"> <li>□ Complete the process of developing documentation, with a focus in the following operational activity areas: (1) meter relocation program (i.e., proactive steps to relocate inside meters outside of the customer's home), (2) the regular running of NOCO reports, and the business process of reassigning these orders to meter readers, in order gain access, (3) meter reading processes of "going back out" (i.e, when a meter reader cannot get in, and circles back to complete a read at a later time), and (4) verified read orders, to help ensure meter read accuracy</li> </ul>	Completed 12/9/2021
12/31/2021	<ul style="list-style-type: none"> <li>□ Provide additional documentation to Department of Public Service Staff, including: (1) a representative sample of a NOCO report, and (2) information regarding the Company's meter relocation program (i.e., personnel working on the program, timing of the program, and the program budget)</li> </ul>	Completed 12/27/2021
Note	<ul style="list-style-type: none"> <li>□ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</li> </ul>	n/a

Anticipated Implementation Documentation:

Documents	<ul style="list-style-type: none"> <li>□ The Company will provide a copy of the newly developed documentation to describe the Company's initiatives/efforts to obtain meter reads and reconcile accounts, a copy of the material from the general "public service announcement" to customers, and other timing documentation to demonstrate that interim milestone timing is being adhered to</li> </ul>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	\$10,000	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: The one-time implementation costs identified above represent an estimate of costs that may occur, to formulate and implement the general "public service announcement" to customers.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without formalizing documentation and completing customer communications, the Company's efforts to obtain customer meter reads and reconcile customer accounts, would continue to remain a priority focus area but less formal in approach.

Implementation Plan Update:

10/29/2021: This recommendation is in progress and is currently tracking according to the implementation schedule outlined above. NFGDC intends to file documents to demonstrate compliance when the recommendation is marked "Completed".

1/31/2022: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 12/27/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system. NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.

**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-10

Serial Recommendation Number: 60

Audit Report Recommendation Priority: Low

Audit Report Recommendation	
Use the customer offices to educate and inform customers. Add posters and informational brochures addressing such topics as gas safety, energy savings tips, energy efficiency programs, DPS complaint processes, customer assistance programs, damage prevention, and utility programs.	

NFGDC Categorization: Accept (Closed)

Responsible Individual(s): Nathan Barnes and Vicky Hattala

Officer In Charge: Lee Hartz

Schedule	Implementation Action Steps and Milestones	Status
Note	▫ This topic was raised by NorthStar during audit interviews and Consumer Business Department personnel took immediate action to implement this recommendation; specifically, printed copies of bill inserts, posters and brochures have been made available to customers at customer office locations	n/a
Note	▫ Initial topical information included customer newsletter bill inserts, brochures, information pertaining to COVID-19, and other pertinent bill inserts	n/a
Note	▫ On a prospective basis, topical content will include gas safety, energy savings/efficiency, customer rights and responsibilities (which includes complaint processes), customer assistance programs, and Call Before You Dig, among others	n/a
11/30/2020	▫ Gather documentation to demonstrate that materials are being printed and distributed to customer office locations, including: process information, copies of the marketing collateral, and a picture of a stand-up poster at an office location	Completed 11/30/2020
Note	▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission	n/a

Anticipated Implementation Documentation:

Documents	▫ The Company will provide documentation to demonstrate that materials are being printed and distributed to customer office locations, including: process information, copies of the marketing collateral, and a picture of a stand-up poster at an office location
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	N/A	\$14,455	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: The recurring implementation costs identified above are based on the actual amount spent for implementation of the recommendation for printing and distribution costs, which are expected to continue (i.e., \$2,891 each year, over the course of a five year period). Currently the call centers remain closed, however, this calculation assumes the call centers will re-open in spring 2022.

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without providing marketing collateral to customers at customer offices, it is possible that in-person marketing opportunities may be potentially limited in their approach.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.



**National Fuel Gas Distribution Corporation**  
**New York Division**  
**Implementation Plan - July 31, 2024**  
**Comprehensive Management Audit**  
**Case No. 18-G-0394**

Chapter: Chapter XII - Customer Operations

Audit Report Recommendation Number: XII-11

Serial Recommendation Number: 61

Audit Report Recommendation Priority: Low

**Audit Report Recommendation**

On the next bill redesign, add the following: (1) Missing information related to payment offices and authorized payment agencies to residential bills; and (2) Missing information related to abbreviations and description of tariffs to rate schedules SC12 and SC16.

NFGDC Categorization: Accept With Modification (Closed)

Alternative Justification:

The Company believes it can meet the intent of this recommendation by taking implementation action steps that would occur much sooner than a bill redesign, from a timing perspective. In addition, the Company's proposed implementation action steps can be accomplished with existing resources, helping avoid the out-of-pocket implementation costs associated with a bill redesign that is not necessary at this time.

Responsible Individual(s): Nathan Barnes and Vicky Hattala  
Officer In Charge: Lee Hartz

Schedule	Implementation Action Steps and Milestones	Status
10/31/2020	□ Initiate a review of the Company's corporate website content, to make sure the website contains current information on payment methods/locations	Completed 10/31/2020
12/31/2020	□ Add a description of SC16 to the bill of the one customer receiving service under this service classification	Completed 9/15/2020
2/15/2021	□ Generate documentation to demonstrate/verify that no customers are enrolled in SC12, which is why a description of this service classification does not exist on customer bills	Completed 2/15/2021
9/30/2021	□ Ensure that a message is sent to residential customers, in conjunction with their billing materials, to provide an informational update on current payment methods/locations (e.g., on a bill insert, on the bill return envelope, on the bill envelope, etc.)	Completed 8/25/2021

Schedule	Implementation Action Steps and Milestones	Status
Note	<p>▫ The Company's intent is to file documentation collectively, to demonstrate the completion of all of the implementation action steps with dates assigned for this recommendation (through the Commission's Document and Matter Management System and/or through the Commission's Records Access Officer), prior to or at the same time as when a recommendation is marked "Completed" in a future Implementation Plan Update filing to the Commission</p>	n/a

Anticipated Implementation Documentation:

Documents	<p>▫ The Company will provide a current listing of payment methods/locations from the corporate website, a sample bill demonstrating that the description of SC16 has been added, documentation to demonstrate/verify that no customers are enrolled in SC12, and a copy of the message sent to residential customers on current payment methods/locations</p>
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NFGDC Cost, Benefit and Risk Summary:

Category	Imp. Costs		Savings	
	One-Time	Recurring	One-Time	Recurring
Operations and Maintenance (O&M)	\$4,270	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A
Gas Costs	N/A	N/A	N/A	N/A

Note: The one-time implementation costs identified above represents the actual printing costs that occurred, to add the message to the Company's printed collateral to residential customers (e.g., envelopes or bill inserts).

Note: Benefits for this recommendation are anticipated to be qualitative in nature.

Note: The Company will track implementation costs and savings for all of the recommendations in this management audit. To the extent a recommendation has quantifiable implementation costs or quantifiable savings (anticipated or unanticipated), the Company will utilize prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such costs or savings to the Commission. It should be noted that updates to quantifiable implementation costs or quantifiable savings (e.g., replacing an estimate with actual, experienced implementation costs) will also be included in prospective Implementation Plan filings to the Commission, as the methodology/vehicle to track and report such updates to the Commission.

Risk: Without providing a current listing of payment methods/locations to customers and without clarifying service classification abbreviations, it is possible that customers may not have these informational details, as it relates to their gas account.

Implementation Plan Update:

10/29/2021: NFGDC completed this recommendation and filed workpapers under case 18-M-0394, on 10/29/2021, using the New York State Public Service Commission's (Commission) Document and Matter Management (DMM) system or by submitting the information with the Commission's Records Access Officer (where applicable). NFGDC is awaiting Staff's review and closure.

1/31/2022: NFGDC received communication on 1/3/2022 that the recommendation was closed by Staff.