



PHILADELPHIA GAS WORKS

800 West Montgomery Avenue • Philadelphia, PA 19122

June 8, 2026

Gemela N. McClendon, Esquire
Executive Director
Philadelphia Gas Commission
One Parkway Building
1515 Arch Street, 9th Floor
Philadelphia, PA 19102

RE: Responses to Data Requests

Dear Ms. McClendon:

Attached are the responses to PA-OB-1, PA-OB-4, PA-OB-5, PA-OB-6, PA-OB-7-a-b-c, PA-OB-8, PA-OB-9, PA-OB-10, PA-OB-11, PA-OB-15, PA-OB-16-a-b-c-d-e-f, PA-OB-17-a-b-c-d-e, PA-OB-18-b, PA-OB-20-b, PA-OB-21, PA-OB-22-a-b-c-d-e-f-g-h-i-j-k-l, PA-OB-23-a-b-c-d, PA-OB-25, PA-OB-26, PA-OB-27-a-b-c-d-e-f, OB-HE-5, OB-HE-7-a-b-c, OB-HE-11-a-b, OB-HE-15-a-b, OB-ID-1.

Sincerely,

A handwritten signature in blue ink, appearing to read 'William J. Gallagher', is written over a large, faint, light-blue graphic of a flame or gas burner.

William J. Gallagher
VP Budget and Strategic Development

WJG/mlo'b
Attachments
cc: Service List

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-1: Please provide the monthly actual number of employees as of the beginning of FY 2025 through the most recent month available in a format similar to page 16 of the Proposed FY 2027 Operating Budget Supplemental Filing (excluding the payroll dollars). Please provide this information in Excel format.

Response provided by: Stephen Schummer, Manager Budget & Reporting

Response: Please see the attached spreadsheet with the requested data.

**PGW
PERSONNEL SUMMARY - FULL TIME EMPLOYEES
FY 2025 ACTUALS**

DEPARTMENTS	ACTUAL												
	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	AVG
President & Chief Executive Officer	2	2	2	2	2	2	2	2	2	2	2	2	2
Human Resources	11	11	11	11	11	12	11	11	11	12	12	11	11
Organizational Development	12	12	12	12	12	12	12	13	13	13	13	14	13
Security	2	2	2	2	2	2	2	2	2	2	2	2	2
Labor Relations	3	3	3	3	3	3	3	3	3	3	3	3	3
Total	28	28	28	28	28	29	28	29	29	30	30	30	29
VP Marketing	2	2	2	2	2	2	2	2	2	2	2	2	2
Marketing	23	22	22	22	22	22	21	21	21	21	20	20	21
Corp Comm & External Affairs	16	17	17	18	18	18	17	17	17	17	17	18	17
Total	41	41	41	42	42	42	40	40	40	40	39	40	41
SVP - Gas Management	6	6	6	5	5	5	5	5	5	5	5	5	5
Gas Processing	122	123	123	121	114	113	113	113	113	119	119	119	118
Gas Control & Acquisition	29	29	29	28	28	28	28	28	28	28	28	28	28
Facilities Management	20	19	19	19	16	17	19	20	20	20	22	22	19
Engineering	10	10	10	10	10	10	10	10	9	9	9	9	10
Total	187	187	187	183	173	173	175	176	175	181	183	183	180
Legal	15	15	14	14	14	14	15	17	17	17	17	17	16
Risk Management	17	17	17	17	17	17	17	17	17	17	17	17	17
Safety and Business Continuity	4	4	4	4	3	3	3	3	3	4	4	4	4
Chem Lab	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	4	4	4	4	3	3	3	3	3	4	4	4	4
Chief Financial Officer	1	1	1	1	1	1	1	1	1	1	1	1	1
VP Budget & Strategic Development	8	8	8	8	8	8	8	8	8	8	8	8	8
Accounting & Reporting	14	14	15	15	15	15	15	15	15	15	15	16	15
Treasury	12	12	12	13	10	10	10	10	10	11	11	12	11
Gas Planning & Rates	6	6	6	6	6	6	6	6	6	6	6	6	6
Total	40	40	41	42	39	39	39	39	39	40	40	42	40
Internal Auditing	1	1	1	1	1	1	1	1	1	1	1	1	1
Chief Operating Officer	0	0	0	0	0	0	0	0	0	0	0	0	0
CIS Replacement Project	16	16	16	16	15	15	15	15	15	15	15	15	15
Corporate Planning	8	10	10	10	10	10	10	10	10	10	9	9	10
Data & Analytics	0	0	0	0	0	0	0	0	0	0	0	0	0
CIO & Information Services	65	64	64	64	61	63	64	65	67	68	67	66	65
Total	73	74	74	74	71	73	74	75	77	78	76	75	75
SVP Operations & Supply Chain	2	2	2	2	2	2	2	2	2	2	2	2	2
Field Services	349	345	351	346	338	342	342	339	350	353	350	354	347
Distribution	497	494	497	498	489	496	495	490	496	489	488	492	493
Resource Management & Technology	9	9	10	10	10	10	10	10	10	10	10	10	10
VP Supply Chain	1	1	1	1	1	1	1	1	1	1	1	1	1
Supply Chain	67	68	68	68	67	66	67	67	68	67	67	69	67
Fleet Operations	33	33	33	33	32	32	33	33	33	33	33	34	33
Total	958	952	962	958	939	949	950	942	960	955	951	962	953
VP Regulatory Comp. & Cust. Programs	43	43	43	43	43	43	43	43	43	44	44	45	43
Customer Review Unit	9	9	9	9	9	9	9	9	9	8	8	8	9
Customer Programs	8	7	7	7	7	7	7	7	7	7	7	7	7
Total	60	59	59	59	59	59	59	59	59	59	59	60	59
VP Customer Service & Collections	1	1	1	1	1	1	1	1	1	1	1	1	1
Collection	26	26	26	26	26	26	26	26	26	26	28	28	26
Account Management	27	27	26	26	24	23	24	24	24	24	28	28	25
Customer Service	133	127	122	118	117	115	114	114	109	106	97	106	115
Commercial Resource Center	10	10	10	10	10	10	9	9	9	9	10	10	10
Total	197	191	185	181	178	175	174	174	169	166	164	173	177
GRAND TOTAL	1,640	1,628	1,632	1,622	1,582	1,592	1,593	1,590	1,604	1,606	1,599	1,622	1,609
Gas Commission	6	6	6	6	6	6	6	6	6	6	6	6	6
Total	1,646	1,634	1,638	1,628	1,588	1,598	1,599	1,596	1,610	1,612	1,605	1,628	1,615

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-4: Please provide the relevant page from the Union Contract that shows the wage increase that is to be in effect for FY 2027.

Response provided by: Stephen Schummer, Manager Budget & Reporting

Response: Please see the attached file with the requested data.

MEMORANDUM OF AGREEMENT

The parties, **GAS WORKS EMPLOYEES UNION LOCAL 686, UTILITY WORKERS UNION OF AMERICA, AFL-CIO** (hereinafter "Local 686" or "the Union") and the **PHILADELPHIA GAS WORKS** (hereinafter "PGW" or "the Company"), agree to extend the current Collective Bargaining Agreement effective May 16, 2022 and expiring May 15, 2026, for a three (3) year period such that the Agreement shall expire on May 15, 2029. All terms and conditions in the 2022 to 2026 Collective Bargaining Agreement shall remain in full force and effect for the extended term, except as modified herein.

1). **Preamble**. The Preamble shall be modified to reflect an effective date of May 16, 2022 and an expiration date of **May 15, 2029**.

2). **Article II ("Wages"), Section 1**. This Section shall be amended to add the following to the existing terms:

1. The Union and the Company agree,

a) Effective **May 16, 2026**, all employees covered by this Agreement shall receive a **4%** increase in their base rate.

b) Effective **May 15, 2027**, all employees covered by this Agreement shall receive a **2%** increase in their base rate.

c) Effective **November 13, 2027**, all employees covered by this Agreement shall receive a **2%** increase in their base rate.

d) Effective **May 13, 2028**, all employees covered by this Agreement shall receive a **2%** increase in their base rate.

e) Effective **November 11, 2028**, all employees covered by this Agreement shall receive a **2%** increase in their base rate.

f) Effective **May 16, 2026** progression schedules in the Salary and Wage Handbook shall be increased by **4%**. Effective **May 8, 2027**, starting and progression schedules in the Salary and Wage Handbook shall be increased by **2%**. Effective **November 13, 2027**, starting and progression schedules in the Salary and Wage Handbook shall be increased by **2%**. Effective **May 13, 2028**, starting and progression schedules in the Salary and Wage Handbook shall be increased by **2%**. Effective **November 11, 2028**, starting and progression schedules in the Salary and Wage Handbook shall be increased by **2%**.

3). **Article XIX ("Period of Agreement")**. This Article shall be modified as follows:

This Agreement shall be effective from the 16th day of May, **2022**, terminating on the 15th day of May, **2029**, and shall continue thereafter from year to year upon the same terms and conditions as herein contained, unless notice to the contrary, in writing, shall

be given by either party to the other at least sixty (60) days, but not more than seventy (70) days, before the expiration of the original or any renewal term thereof.

Within ten (10) days after the receipt of such notice, both parties to this Agreement, through their proper representatives, agree to commence negotiations for the adjustment of proposed changes.

It is agreed by the Union and the Company that all provisions of this Agreement shall be effective unless and until expressly prohibited by any regulatory body which has or may acquire jurisdiction over the Company.

4). **Consolidated Agreement** – The parties agree to incorporate this Memorandum and the 2022 Collectively Bargaining Agreement into a consolidated Agreement.

5) This Agreement is subject to ratification by the PFMC Board of Directors and the UWUA Local 686 membership.

IN WITNESS WHEREOF, the parties hereby affix their signatures below.

PHILADELPHIA GAS WORKS

BY: [Signature]

BY: Vanessa McDonald

BY: Michael [Signature]

GAS WORKS EMPLOYEES UNION
LOCAL 686, UWUA, AFL-CIO

BY: Keith Holmes

BY: Michael McDonough

BY: Joseph [Signature]

BY: [Signature]

BY: [Signature]

DATED: 10/4/24

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET PROCEEDING**

PA-OB-5: In the FY 2026 Operating Budget Proceeding, PGW explained that 4% and 2% were used for union wages because of a 2-step Union wage increase that was agreed upon. Please explain why PGW is using the 4% and 2% wage increases in the FY 2027 Operating Budget projections.

Response provided by: Stephen Schummer, Manager Budget & Reporting

Response: On page 4 of the supplemental filing the second bullet is incorrect. The sentence should read: "General wage increases of 4.0% and 2.0% were utilized in the FY 2026 Estimate and 2.0% was used in the 2027 Budget period for union employees. 5.25% was utilized for both fiscal years for non-union employees."

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-6: Refer to page 5 of the Proposed FY 2027 Operating Budget Supplemental Filing. Please provide the supporting documentation for the 7.0% Health Insurance increase

Response provided by: Stephen Schummer, Manager Budget & Reporting

Response: Please see page 20 of the supplemental filing. All health insurance costs are based on the report prepared by PGW's health insurance consultant (Brown & Brown). The average increase through the budget and forecast period is 7.1%

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-7: Refer to page 4 of the Proposed FY 2027 Operating Budget Supplemental Filing (Summary of Administrative & General Expenses).

- a. Please explain the 20% increase in the Customer Review Unit FY 2027 operating budget over the Act/Est FY 2026.
- c. Please explain the \$ 2,373,000 increase in the VP Reg Compliance & Customer Programs FY 2027 operating budget over the Act/Est FY 2026.

Departments	Act/Est FY 2026			Budgeted FY 2027			Difference		
	Labor	Other	Total	Labor	Other	Total	Labor	Other	Total
VP Reg. Compliance & Customer Programs	4,506,000	5,202,000	9,708,000	5,479,000	6,602,000	12,081,000	973,000	1,400,000	2,373,000

Responses provided by: Denise Adamucci
SVP, Customer & Regulatory Affairs

Response:

- a. The 20% increase in the Customer Review Unit for FY27 is a result of achieving full staffing capacity.
- c.
 - Labor includes Base Wages and Overtime. Base Wages increased \$628,000. Please see response to PA-OB-3.
 - Overtime increased \$345,000. Please see response to PA-OB-27.
 - Expense Category increased a total of \$72,000. Please see response to PA-OB-27.
 - General Materials increased a total of \$23,000. Please see response to PA-OB-27.
 - Postage increased a total of \$41,000. Please see response to PA-OB-27.
 - Purchased Services Increased a total of \$690,000. Additionally, the increase in cost includes Administration of Hardship Funds and Miscellaneous. See response to PA-OB-27.
 - Facilities increased \$9,000, the budgeting department calculates these figures as a percentage from all other departments.
 - Information Services increased \$563,000, the budgeting department calculates these figures as a percentage from all other departments.
 - Fleet Operations increased \$2,000, the budgeting department calculates these figures as a percentage from all other departments.

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-7: Refer to page 4 of the Proposed FY 2027 Operating Budget Supplemental Filing (Summary of Administrative & General Expenses).

- b. Please explain the \$2,787,000 increase in the Risk Management FY 2027 operating budget over the Act/Est FY 2026.

Response provided by: Jane Lamb - Vice President - Risk Management and Environmental Services

Response:

Three components led to the bulk of the projected increases:

- Insurance: \$1 million is due to general projected increases in the cost of renewing PGW's standard insurance portfolio to protect its physical and financial assets. PGW is not anticipating increasing any coverage but needs to budget conservatively to ensure that there are sufficient funds. Additionally, PGW will be obtaining a property appraisal of its physical assets for purposes of procuring property insurance coverage. Pricing of that coverage is based on valuation of the assets, so an increase in the new valuation of the assets would mean an accompanying increase in premium.
- Purchased Services: The bulk of the projected increase in this area (\$1 million) is attributable to the timing of planned environmental remediation work.
- Appropriation to Reserve: \$700,000 of the increase relates to the Appropriation to Reserve category covering costs related to liability and Workers' Compensation claims.

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-8: Please provide the actual overtime hours for FY 2025 in a format similar to page 17 of the Proposed FY 2027 Operating Budget Supplemental Filing.

Response provided by: Doug Balmer – Budget Analyst

Response: Please see the below.

PHILADELPHIA GAS WORKS
2024-25 ACTUAL OVERTIME

	Administrative		Union		Total	
	Hours	Dollars	Hours	Dollars	Hours	Dollars
Account Management	71	5,176	661	41,957	731	47,133
Accounting & Reporting	9	477	18	1,090	27	1,567
Collections	624	46,867	778	49,068	1,401	95,936
Corporate Communications	106	6,190			106	6,190
Comm Resource Center	210	14,846	112	7,010	322	21,856
Cust Program	5	368	-	-	5	368
Cust Review Unit	14	740	-	-	14	740
Customer Service	716	47,729	4,182	177,242	4,898	224,972
Distribution	7,524	541,225	116,823	6,170,746	124,346	6,711,972
Facilities Mgmt	721	54,190	1,013	64,338	1,734	118,529
Fleet Operations	1,273	89,630	8,104	492,958	9,378	582,588
FSD	4,065	294,076	46,741	2,418,968	50,806	2,713,044
Gas Control & Acquisition	3,274	230,848	479	29,294	3,753	260,142
Gas Processing	5,096	398,331	24,680	1,613,634	29,776	2,011,965
HR	31	1,677	67	4,713	98	6,390
IS	26	1,561	1	38	26	1,599
Labor Relations	5	219	-	-	5	219
Legal	57	3,311	-	-	57	3,311
Marketing	37	2,282	9	552	46	2,834
OD	6	277	-	-	6	277
Risk Management	13	908	4	261	17	1,169
Security	49	2,375	-	-	49	2,375
Supply Chain	714	50,700	11,786	712,384	12,500	763,085
SVP Operations & Supply Chain	1	64	-	-	1	64
Treasury	44	2,582	9	541	54	3,123
VP Marketing	1	63	-	-	1	63
VP Reg. Comp. & Cust. Programs	388	26,839	560	33,895	948	60,733
VP Budget & Strategic Development	2	96	-	-	2	96
Total	25,082	1,823,648	216,025	11,818,691	241,106	13,642,338

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-9: Refer to Account Management on page 88 of the Proposed FY 2027 Operating Budget Supplemental Filing & Five-Year Forecast. Please explain the cause of the 191% increase in Overtime expense.

Responses provided by: Bernard Cummings
VP, Customer Service & Collections

Response: The 191% increase in overtime for FY27 is a result of the resources that will be needed to support the implementation of the CIS project.

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-10: Refer to the Collection Department on page 96 of the Proposed FY 2027 Operating Budget Supplemental Filing & Five-Year Forecast. Please explain the cause of the 143% increase in Overtime expense.

Responses provided by: Bernard Cummings
VP, Customer Service & Collections

Response: The 143% percent increase in overtime for FY27 is a result of the resources that will be needed to support the implementation of the CIS project.

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-11: Refer to the Commercial Resource Center on page 98 of the Proposed FY 2027 Operating Budget Supplemental Filing & Five-Year Forecast. Please explain the cause of the 216% increase in Overtime expense.

Responses provided by: Bernard Cummings
VP, Customer Service & Collections

Response: The 216% increase in overtime for FY27 is a result of the resources that will be needed to support the implementation of the CIS project.

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-15: Refer to the Customer Programs Department on page 105 of the Proposed FY 2027 Operating Budget Supplemental Filing. Please explain the cause of the increase in Expense of Employees and Postage for FY 2027.

Response provided by: Denise Adamucci
SVP, Customer & Regulatory Affairs

Response:

Expense of employees increased from FY26 estimated spend of \$13,000 to FY27 \$40,000 and is related to training for a new hire and staff. Additionally, FY27 postage costs rose due to the increase cost related to the mailing of Home Comfort weatherization letters.

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-16: Refer to Customer Service on page 109 of the Proposed FY 2027 Operating Budget Supplemental Filing.

- a. Please explain the cause of the 74% increase in Overtime.
- b. Please explain the increase in consultant expenses for FY 2027 and provide support for the costs.
- c. Please explain the nature and cause of the increase in consultant expenses for FY 2027 and provide support for the costs.
- d. Please provide the actual Consultant expenses for Customer Expenses for FY 2023 – 2025.
- e. Please explain the increase in Research America expenses for FY 2027 and provide support for the costs.
- f. Please provide the actual Research America expenses for Customer Expenses for FY 2023 – 2025.

Responses provided by: Bernard Cummings
VP, Customer Service & Collections

Response: a. The 74% increase in overtime for FY27 is a result of the resources that will be needed to support the implementation of the CIS project.

b. The increase is due to utilizing a higher number of third- party customer service representatives due to CIS implementation. Please see below-

Month	# of Agents (Increase)	Estimated Budget
September	85	\$477,087
October	85	\$499,520
November	85	\$409,788
December	85	\$478,557
January	85	\$432,221
February	85	\$432,221
March	85	\$499,520
April	85	\$499,520
May	85	\$454,654
June	85	\$499,520
July	85	\$477,087
August	85	\$499,520
Training	85	\$25,000
Overtime		\$698,249
Bull pen usage		\$380,534
Total		\$6,763,000

c. Please see answer to b.

d. Please see attached.

e. Customer Affairs may switch to another vendor. The increase in expenses for FY2027 is in anticipation of increased costs for a different vendor

f. The chart below shows actual expenses incurred during FY 23, 24 and 25.

Research America					
Month	Actual Expense FY23	Month	Actual Expense FY24	Month	Actual Expense FY25
9/1/2022	\$ 6,157.00	9/1/2023	\$ -	9/1/2024	\$ -
10/1/2022	\$ 12,464.50	10/1/2023	\$ -	10/1/2024	\$ 22,825.00
11/1/2022	\$ 8,870.50	11/1/2023	\$ 11,412.50	11/1/2024	\$ 34,237.50
12/1/2022	\$ -	12/1/2023	\$ 36,300.00	12/1/2024	\$ -
1/1/2023	\$ 10,450.00	1/1/2024	\$ -	1/1/2025	\$ -
2/1/2023	\$ 13,400.00	2/1/2024	\$ 11,412.50	2/1/2025	\$ 31,412.50
3/1/2023	\$ 14,400.00	3/1/2024	\$ -	3/1/2025	\$ 16,750.00
4/1/2023	\$ 10,900.00	4/1/2024	\$ 38,012.50	4/1/2025	\$ -
5/1/2023	\$ -	5/1/2024	\$ 11,412.50	5/1/2025	\$ -
6/1/2023	\$ 21,350.00	6/1/2024	\$ -	6/1/2025	\$ 70,250.00
7/1/2023	\$ 10,900.00	7/1/2024	\$ 11,412.50	7/1/2025	\$ -
8/1/2023	\$ 9,675.00	8/1/2024	\$ 13,962.50	8/1/2025	\$ 50,250.00
TOTAL	\$ 118,567.00		\$ 133,925.00		\$ 225,725.00

Radius Global Solutions			
Month	Actual Expense E123	Actual Expense E124	Actual Expense E125
8/1/2022	\$ 71,436.97		\$ 90,126.30
10/1/2022	\$ 68,831.78	\$ 290,022.07	\$ -
11/1/2022	\$ 88,378.83	\$ 117,184.85	\$ -
12/1/2022	\$ 195,752.96	\$ -	\$ 78,647.00
1/1/2023	\$ 185,752.96	\$ -	\$ 153,387.74
2/1/2023	\$ 157,204.87	\$ 226,291.30	\$ 63,522.21
3/1/2023	\$ 157,204.87	\$ 78,102.50	\$ 58,919.32
4/1/2023	\$ 235,062.94	\$ 81,053.80	\$ 114,262.88
5/1/2023	\$ 162,028.06	\$ 88,252.19	\$ 227,133.43
6/1/2023	\$ 288,847.34	\$ -	\$ 96,788.48
7/1/2023	\$ -	\$ -	\$ 77,491.00
8/1/2023	\$ -	\$ -	\$ -
TOTAL	\$ 1,288,644.76	\$ 1,109,987.84	\$ 864,278.56

Nerdent			
Month	Actual Expense E123	Actual Expense E124	Actual Expense E125
8/1/2022	\$ -	\$ 116,073.11	\$ 91/2024
10/1/2022	\$ -	\$ 69,088.62	10/1/2024
11/1/2022	\$ 75,235.26	\$ -	11/1/2024
12/1/2022	\$ 69,043.97	\$ -	12/1/2024
1/1/2023	\$ 131,469.89	\$ -	1/1/2025
2/1/2023	\$ 64,164.25	\$ -	2/1/2025
3/1/2023	\$ 61,848.45	\$ -	3/1/2025
4/1/2023	\$ -	\$ -	4/1/2025
5/1/2023	\$ 335,159.96	\$ -	5/1/2025
6/1/2023	\$ 215,179.10	\$ -	6/1/2025
7/1/2023	\$ 104,218.06	\$ -	7/1/2025
8/1/2023	\$ -	\$ -	8/1/2025
TOTAL	\$ 1,089,114.84	\$ 211,859.73	\$ -

International Customer Care Service			
Month	Actual Expense E123	Actual Expense E124	Actual Expense E125
8/1/2022	\$ -	\$ -	\$ 114,128.62
10/1/2022	\$ -	\$ 180,797.84	\$ 124,198.14
11/1/2022	\$ -	\$ 99,387.75	\$ 132,352.14
12/1/2022	\$ 119,259.88	\$ -	\$ 87,858.68
1/1/2023	\$ 128,102.26	\$ 84,082.59	\$ 96,275.58
2/1/2023	\$ 145,321.19	\$ 187,618.95	\$ -
3/1/2023	\$ -	\$ 108,693.44	\$ 132,269.71
4/1/2023	\$ 96,660.78	\$ -	\$ 132,667.20
5/1/2023	\$ 99,880.78	\$ 217,692.88	\$ -
6/1/2023	\$ 162,353.11	\$ 125,693.40	\$ 446,543.74
7/1/2023	\$ -	\$ -	\$ 147,023.90
8/1/2023	\$ 84,259.60	\$ 202,885.17	\$ 330,235.28
TOTAL	\$ 817,837.87	\$ 1,204,711.02	\$ 1,745,874.18

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

- PA-OB-17. Refer to the Distribution Department on page 111 of the Proposed FY 2027 Operating Budget Supplemental Filing.
- a. Please explain the cause of the 8% increase in Overtime.
 - b. Please explain the nature of General Material of \$6,211,000 and provide supporting documentation.
 - c. Please explain the cause of the 10% increase in General Material and provide supporting documentation.
 - d. Please explain the nature of the Towing Services of \$100,000 and provide supporting documentation.
 - e. Please explain the nature of the Corrosion Services of \$1,223,000 and provide supporting documentation.

Response provided by: Shawn Murray - Director, Resource Management and Technology

Response:

- a. The Distribution Department did not increase the number of budgeted overtime hours for FY 27. PGW budgeted 126,415 overtime hours in both FY 26 and FY 27. The 8% increase can be attributed to the following factors:
 - Standard projected wage increases for both union and non-union staff.
 - Non-Union Increase: 5.25% (January 2027)
 - Union Increase: 2.00% (May 2027)
 - PGW projected a surplus of 5,388 overtime hours in FY 26 at the time of budget development which equates to a reduction in projected overtime spending of \$179,537.63 for FY 26. The overtime projection for FY 26 was developed using actuals through January. PGW experienced very challenging winter operating conditions in February which eliminated the projected surplus. The reduction in projected overtime spending in conjunction with the standard wage increases is the cause for the 8% increase.

The Distribution Department continues to budget for the same amount of overtime hours to account for adverse winter operating conditions. This past winter was a prime example of why the Distribution Department does not decrease the overtime budget year over year. PGW continues to be prudent with the use of overtime to meet annual main replacement goals while also providing the safe delivery of natural gas to PGW's customers during adverse winter operating conditions.

- b. The Distribution General Materials budget is used for leak repairs and emergency leak response. These materials are critical for the continued safe operation of PGW's facilities and delivery of natural gas to PGW's customers.

The Distribution General Materials budget was developed using a three-year average of actuals for FY 24 and FY 25 and a combination of actuals/projections for FY 26. This approach was used to give PGW the most accurate budget estimate for FY 27.

PGW has averaged \$3,071,698.40 for the final 6 months of the FY (March – August) over the past three FYs (FY 23 - 25). To develop the FY 26 estimated amount, PGW used the actuals through February (\$2,575,431.18) and the three-year average spending for the final 6 months of the FY (March – August, \$3,071,698.40) for a total of \$5,647,129.58. At the time of budget development, PGW only had access to actual spending through February.

The General Materials three-year average of FY 24-26 was then escalated using 2.3% which is the standard escalation factor PGW is using for FY 27 budget development.

FY 24 General Materials Actual: \$6,812,640.07

FY 25 General Materials Actual: \$5,752,972.49

FY 26 General Materials Total Projection: \$5,647,129.58

- FY 26 Actual Through February: \$2,575,431.18
- FY 26 Projection March – August: \$3,071,698.40

FY 27 General Materials Budgeted Raw Amount: $(\$6,812,640.07 + \$5,752,972.49 + \$5,647,129.58) / 3 = \$6,070,914.05$

FY 27 General Materials Budgeted Escalated Cost:
 $\$6,070,914.05 * 1.023 = \$6,210,545.07$

FY 27 General Materials Budgeted Escalated Rounded Cost:
\$6,211,000.00

- c. The 10% increase shown in the budget filing is based on the projected FY 26 spending which is explained above. Since the budget is developed using a three-year average, this increase is misleading. PGW actually reduced the FY 27 General Materials budget by \$429,000 when compared to the FY 26 budget. PGW has historically, and continues, to use a three-year average when developing the Operating budget.
- d. Towing Services have always been included in the Distribution Operating budget under the Training line item. PGW utilizes Towing Services to move vehicles impeding PGW from completing emergency leak investigations and repairs. PGW decided to separate out Towing Services from the Training line item for better visibility into PGW's Purchase Services category.

The FY 27 Training line item has been reduced by \$203,000 from the FY 26 budgeted amount. Furthermore, PGW has reduced the overall FY 27 Purchased Services category by \$98,000 from the FY 26 budgeted amount.

Similar to how the FY 27 General Materials budget was developed, PGW used the actuals from FY 24 and FY 25 and the actual/projection for FY 26 to develop the Towing budget. At the time of budget development, PGW only had access to actual spending through February.

FY 24 Towing Actual: \$101,682.36

FY 25 Towing Actual: \$106,892.75

FY 26 Towing Total Projection: \$95,326.75

- FY 26 Actual Through February: \$43,885.00
- FY 26 Projection March – August: \$51,441.75

FY 27 Towing Budgeted Raw Amount: $(\$101,682.36 + \$106,892.75 + \$95,326.75) / 3 = \$101,300.62$

FY 27 Towing Budgeted Rounded Amount: \$100,000.00

- e. Corrosion Services included in the Distribution Operating budget are for contracted compliance inspection/survey work and the required repairs as a result of these inspections/surveys. These inspections are mandated by the Department of Transportation (DOT) and include:
- Bi-monthly rectifier inspections
 - Bi-monthly drain inspections

- Annual magnesium anode and impressed current surveys
- Periodic "short system" (piping 100 linear feet or fewer) surveys
- Periodic protected service inspections

PGW utilized a similar methodology to develop the Corrosion Services budget as previously explained for both the General Materials and Towing line items with the inclusion of an additional \$200,000.00. The additional funds are for supplemental contractor hours to assist with diagnosing and troubleshooting the system deficiencies and testing repairs that PGW is currently working on. PGW does not have the resources to complete this work internally. PGW is expecting the work to take approximately 1,600 hours. The current contract for this work assumes an hourly rate of \$125.

FY 24 Corrosion Services Actual: \$1,250,756.08

FY 25 Corrosion Services Actual: \$882,276.72

FY 26 Corrosion Services Total Projection: \$866,942.23

- FY 26 Actual Through February: \$346,929.26
- FY 26 Projection March – August: \$520,012.97

FY 27 Corrosion Services Budgeted Raw Amount:

$(\$1,205,756.08 + \$882,276.72 + \$866,942.23) / 3 = \$999,991.68$

FY 27 Corrosion Services Budgeted Escalated Cost: \$999,991.68

* 1.023 = \$1,022,991.49

FY 27 Corrosion Services Contractor FTE Cost: \$200,000.00

FY 27 Corrosion Services Budgeted Escalated Rounded Cost:

\$1,223,000.00

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET PROCEEDING**

PA-OB-18:

Refer to the Facilities Management Department on page 114 of the Proposed FY 2027 Operating Budget Supplemental Filing.

- b. Please provide the supporting documentation for the \$1,000,000 expense.

Response provided by: Arthur S. Hall – Director Facilities and Special Projects

Response:

- b. The \$1,000,000 expense is based on estimated usage in FY2027 with the opening of the South Operation Center.

FY 2027 Estimated Electrical Usage		
Accounts	Usage (kWh)	Cost
Non-North Operations Center	5,191,667	\$ 623,000
North Operations Center	2,708,333	\$ 325,000
South Operation Center	433,334	\$ 52,000
Total	8,333,334	\$ 1,000,000

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET PROCEEDING**

PA-OB-20b: Refer to the Gas Processing Department on page 123 of the proposed FY 2027 Operating Budget Supplemental Filing. (D. Cassidy)

b. Please provide support for the LNG Tank Painting of \$2,100,000.

Response provided by: Daniel J. Cassidy, P.E. – Vice President-Technical Services

Response: The \$2,100,000 estimate is made up of three parts:

- 1) PGW requested a quote for hydro-blasting and painting the Passyunk LNG Tank from the painting company that recently painted the LNG Tank roofs at Richmond Plant. There was no specification written for this, so it can be considered “budgetary” only. This estimate was \$1,250,000 million.**
- 2) The existing paint on the Passyunk LNG Tank contains lead. PGW had a conversation with an environmental consultant regarding the disposal cost of this paint. The consultant estimated that this could cost about \$500,000.**
- 3) 20% contingency was added to \$1,750,000 to get to the total of \$2,100,000. This will cover unknown costs that could arise from a more-detailed specification or, for example, scaffolding costs that could arise for this work.**

Note that PGW will only spend what is required to complete this work should the total cost be less than \$2,100,000.

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-21: Refer to the Human Resources Department on page 125 of the Proposed FY 2027 Operating Budget Supplemental Filing. Please provide support for the \$2,247,000 increase in Insurance.

Response provided by: Stephen Schummer, Manager Budget & Reporting

Response: See response to PA-OB-6.

RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET

PA-OB-22: Refer to Information Service Department on page 127 of the Proposed FY 2027 Operating Budget Supplemental Filing. (F. Weigert)

- a. Please explain the increase of \$2,000,000 from FY 2026 to FY 2027 for Network & System Engineering under General Material.
- b. Please provide support for the \$2,400,000 for Network & System Engineering under General Material and explain the nature of the expenditure.
- c. Please explain the increase of \$870,000 from FY 2026 to FY 2027 for Network & System Engineering under Purchased Services.
- d. Please provide support for the \$870,000 for Network & System Engineering under Purchased Services and explain the nature of the expenditure.
- e. Please explain the increase of \$1,019,000 from FY 2026 to FY 2027 for Non-IS Dept. Technology Expenses under Purchased Services.
- f. Please provide support for the \$1,019,000 for Non-IS Dept. Technology Expenses under Purchased Services and explain the nature of the expenditure.
- g. Please explain the increase of \$2,146,000 from FY 2026 to FY 2027 for Network & System Engineering under Software Subscriptions.
- h. Please provide support for the \$3,061,000 for Network & System Engineering under Software Subscriptions and explain the nature of the expenditure.
- i. Please explain the increase of \$248,000 from FY 2026 to FY 2027 for Security Control under Software Subscriptions.
- j. Please provide support for the \$928,000 for Security Control under Software Subscriptions and explain the nature of the expenditure.
- k. Please explain the increase of \$1,722,000 from FY 2026 to FY 2027 for Non-IS Dept. Technology Expenses under Software Subscriptions.
- l. Please provide support for the \$3,427,000 Non-IS Dept. Technology Expenses under Software Subscriptions and explain the nature of the expenditure.

Response provided by: Shane Mayo, Director IT Finance & Service Management

Response:

- a. Please explain the increase of \$2,000,000 from FY2026 to FY2027 for Network & System Engineering under General Material.
 - i. The increase is primarily due to the planned purchase of an estimated \$2,000,000 for the field laptops refresh which will replace 400 Panasonic Toughbooks, docking stations and related peripherals planned for FY2027.
- b. Please provide support for the \$2,400,000 for Network & System Engineering under General Material and explain the nature of the expenditure.
 - i. The \$2,400,000 total consists of the following:
 - i. \$2,000,000 for field laptops
 - ii. \$200,000 for desktop, laptop, Nano (small form-factor PC's) and media content player refreshes in FY2027
 - iii. \$200,000 miscellaneous equipment, peripherals and general material purchases
- c. Please explain the increase of \$870,000 from FY2026 to FY2027 for Network & System Engineering under Purchased Services.
 - i. We plan to hire one additional System Engineer and one additional Network Engineer consultant in FY2027
 - ii. A new 4-year contract renewal for Advanced Identity Manager Software support services is projected to increase
 - iii. Gartner Advisory Services costs have increased due to additional subscription licenses
 - iv. Website support costs were previously budgeted under Enterprise Strategic Services
 - v. Rackspace hosting support costs were previously budgeted under Enterprise Strategic Services
 - vi. A new reoccurring charge for an additional Palo Alto firewall for Azure will be added in FY2027
- d. Please provide support for the \$870,000 for Network & System Engineering under Purchased Services and explain the nature of the expenditure.
 - i. One additional System Engineer: \$250,000
 - ii. One additional Network Engineer Consultant: \$190,000
 - iii. Advanced Identity Manager Software support services is projected to increase by \$150,000
 - iv. Gartner Advisory Services increase: \$100,000
 - v. Website standard support, post-go-live support, maintenance and updates: \$80,000, previously budgeted under Enterprise Strategic Services

- vi. Rackspace website hosting services: \$60,000, previously budgeted under Enterprise Strategic Services
- vii. New Palo Alto Firewall for Azure: \$30,000
- e. Please explain the increase of \$1,019,000 from FY2026 to FY2027 for Non-IS Department Technology Expenses under Purchased Services.
 - i. The majority of the increase is due to new Purchased Services lines added to the Non-IS budget, including Oracle Professional Services Consulting and Globo Translation Services, which were previously budgeted under Voice and Data. In addition, the ADP hosted payroll and HR platform budget was increased to reflect actual FY2025 expenses.
- f. Please provide support for the \$1,019,000 for Non-IS Department Technology Expenses under Purchased Services and explain the nature of the expenditure.
 - i. ADP hosted payroll and HR platforms increased by \$295,000, this was previously underbudgeted
 - ii. New contractor invoice portal for Operations: \$80,000
 - iii. Oracle Financials Professional Services Consulting requested by the Accounting Department: \$200,000
 - iv. Oracle Rate Consultant requested by VP Regulatory Affairs Department: \$75,000
 - v. \$400,000 for Translation Services was moved under VP Regulatory Affairs Department and was previously budgeted under Voice and Data.
- g. Please explain the increase of \$2,146,000 from FY 2026 to FY 2027 for Network & System Engineering under Software Subscriptions.
 - i. Increase due to increase in Microsoft EA agreement, rising licensing cost, and increasing spend for security, cloud and infrastructure related needs.
 - ii. The Microsoft EA agreement at 1,574,000.00 saw an increase of \$274,000 and also was budgeted under Maintenance of Software for 2026 and reclassified to Software Subscriptions for FY27.
 - iii. VMWare software maintenance which supports infrastructure, data and storage systems increased by \$240,000 from 2026 to 2027
 - iv. The Island enterprise browser adds \$270,000 to the FY 2027 budget.
 - v. Other software subscription increases include document creation management, virtual desktop management, administrative account protection, workplace management, and active directory management for a combined total of \$174,000
- h. Please provide support for the \$3,061,000 for Network & System Engineering under Software Subscriptions and explain the nature of the expenditure.
 - i. The \$3,061,000 budgeted amount for FY 2027 for Network & System Engineering under Software Subscription supports technology and infrastructure needs and updates. These costs encompass software

licensing, cloud services, cybersecurity, system management, virtual machines and collaboration platforms.

- ii. Microsoft EA/SA \$1,574,000.00 – provides enterprise-wide Microsoft licensing
 - iii. VMWare Enterprise Foundation \$574,000.00 supports infrastructure, data management and storage
 - iv. Omnissa Horizon Annual Subscription Renewal \$170,000 used to build and manage Virtual Desktops
 - v. ActivTrak (BIRCH GROVE SOFTWARE INC) \$220,000 for workforce analytics
 - vi. Island Enterprise Web Browser \$270,000
 - vii. Other Software Subscription costs totaling \$253,000 combine productivity/collaboration software, identity and access management, system administration, workplace management and cloud and support items.
- i. Please explain the increase of \$248,000 from FY 2026 to FY 2027 for Security Control under Software Subscriptions.
 - i. The increase for Security Control under Software Subscriptions is primarily due to an increase of cybersecurity protections, new security technology and initiatives and an increase in data security.
 - ii. Varonis Data Security SaaS Solution increase of \$200,000 for data security, monitoring, governance and threat detections
 - iii. Additional increase of \$48,000 for endpoint activity, multifactor authentication, enhanced security measures and firewall protection
 - j. Please provide support for the \$928,000 for Security Control under Software Subscriptions and explain the nature of the expenditure.
 - i. The \$928,000 budgeted amount for Security Control under Software Subscriptions supports infrastructure and protection for systems, networks applications and internal data. This spend provides monitoring, protection, and management to maintain secure environments.
 - ii. Email Spam Filtering (Abnormal) \$72,000 for enhanced email threat detection & prevention
 - iii. Palo Alto Subscription \$300,000 for network firewalls
 - iv. Extrahop for Network Security Monitoring \$160,000
 - v. Varonis Data Security SaaS (Software as a Service) Solution at \$200,000 for data security, monitoring, governance and threat detections
 - vi. Additional combined \$196,000 increase for cybersecurity training and awareness, support and maintenance, multifactor authentication services, endpoint activity support, antivirus and response, network security, web penetration testing and improved firewall protections

- k. Please explain the increase of \$1,722,000 from FY 2026 to FY 2027 for Non-IS Dept. Technology Expenses under Software Subscriptions.
- i. The increase for Non-IS Dept Technology Expenses under Software Subscriptions is mostly from new implementations of software, rising subscription/licensing costs, enhanced operational needs, and daily operational support
 - ii. Autodesk/AutoCAD total increase of \$54,000 due to it being previously a prepaid over 3 years and now being billed annually, this is allocated between Fleet Operations (\$2,000), Field Services (\$2,000), Gas Control & Acquisitions (\$1,000), Gas Processing (\$8,000), Distribution (\$28,000), Engineering (\$8,000), Facilities (\$1,000), and Information Services (\$4,000)
 - iii. Accounting & Reporting total increase of \$75,000
 - i. Software product to Automate Financial Statement Close Process at \$25,000 and Lease Accounting Software Systems at \$50,000, both are new for FY2027
 - iv. Budget & Reporting increase of \$20,000 for Case Work SaaS Data Management software for data requests and Financial Data Request Management software to handle complex energy regulatory data requests.
 - i. Corporate Communications increase of \$54,000 for Fourwinds, and LiHeap
 - ii. Fourwinds was initially budgeted under Information Services but is being reallocated to Corporate Communications for FY2027 at \$50,000
 - iii. LIHEAP text messaging campaigns increased by \$4,000
 - v. Distribution increased by \$37,000 for 3 items:
 - i. New DNV Synergi Gas Model Builder software at \$12,000 (software model that connects hydraulic modeling with utility mapping)
 - ii. Synergi Gas Steady State (works with DNV Synergi Gas Model Builder as the core engineering simulation tool), was initially under Maintenance of Software for 2026 is being reallocated under Software Subscription expenses at \$22,000
 - iii. Techstreet (manages technical codes, industry standards and compliance documents) is \$3,000
 - vi. Field Services increased by \$6,000 for Software Renewals
 - i. Sensit Data Management Software (automatically download, track and manage safety compliance records from gas detectors) at \$1,000
 - ii. WinDot (Viadata) at \$5,000 (regulatory intelligence database for gas operators)

- vii. Fleet Operations increased by \$82,000 for Fuel Service Software Assetworks (fuel management system for large vehicle fleets), previously budgeted under Maintenance of Software.
- viii. Human Resources increase of \$150,000
 - i. \$10,000 increase for ICIMS (candidate relationship management software for job candidates)
 - ii. \$60,000 increase for IVR-CRM (connects automated telephone menus to database), this was added to revised 2026 budget
 - iii. \$60,000 for Talent Management Software
 - iv. \$20,000 increase for Workforce TLM (time and labor management)
- ix. Risk Management increased by \$13,000
 - i. \$10,000 for Assure Insight (analytics for insurance and litigation)
 - ii. \$3,000 increase for Risk Master Subscription Fee (tracks and manages insurance claims)
- x. Supply Chain increase of \$6,000 for new Contract Goal Setting software module for \$5,000 and a \$1,000 increase in the cost of the Electronic Contract Bidding Software.
- xi. Chemical Lab Services increased by \$7,000 with \$6,000 for CenterPoint Tank Services (underground and above ground storage tank installs, maintenance, and inspections) and \$1,000 for Safety Data Sheet Management
- xii. Treasury expenses increase by \$307,000
 - i. Expense of Employee System (\$75,000)
 - ii. OnBase invoice management systems moves from Maintenance of Software to Software Subscriptions due to a new simplified subscription model (\$162,000)
 - iii. A new W9 Document Management system subscription (\$50,000)
 - iv. Workforce TLM Software (\$20,000)
- xiii. VP Regulatory Compliance increase of \$1,465,000.00.
 - i. \$1,400,00.00 for SEW My Account Software Regulatory Intelligence; this was initially underbudgeted in FY 2026 and corrected in the revised FY 2026 budget. Smart Energy Water provides mobile apps and portals for utility customers for bill payment, meter tracking and outage notifications.
 - ii. \$65,000 increase for Regulatory Intelligence Subscription Hdata. HData is used for energy regulation and utility compliance
- l. Please provide support for the \$3,427,000 for Non-IS Dept. Technology Expenses under Software Subscriptions and explain the nature of the expenditure.
 - i. The FY2027 budget includes \$2,139,000 in new software subscription and technology-related line items to support operational, customer service,

regulatory, financial, engineering, and workforce management functions across departments. New FY2027 expenditures include:

- ii. \$68,000 for DLT Autodesk software to support engineering and design operations.
- iii. \$20,000 for DNV Synergi Gas Model Builder used for gas system modeling and analysis.
- iv. \$75,000 for Employee System Expense related to workforce administration tools.
- v. \$82,000 for Fuel Service Software (AssetWorks) to support fleet and fuel management operations.
- vi. \$50,000 for a new Lease Accounting System software to support accounting compliance and lease management requirements.
- vii. \$25,000 to automate the financial statement close process and improve accounting efficiencies.
- viii. \$60,000 for an integrated IVR-CRM (Interactive Voice Response and Customer Relationship Management) software to support customer relationship management functions.
- ix. \$162,000 for OnBase Simplified Subscription to support enterprise document management and workflow processing.
- x. \$1,400,000 for SmartCX Subscription to support customer experience and customer service platform enhancements.
- xi. \$22,000 for Synergi Gas Steady State software used for gas distribution system analysis.
- xii. \$60,000 for Talent Management Software to support employee development and workforce management.
- xiii. \$50,000 for W9 Document Management System to improve vendor and tax document processing.
- xiv. \$65,000 for Regulatory Intelligence Subscription (HData) to support regulatory monitoring and compliance activities.
- xv. In addition, the FY2027 budget includes annual recurring software and subscription expenses carried forward based on FY2026 expenditure levels, including:
 - i. \$250,000 for Workforce TLM Signature Software Support Renewal.
 - ii. \$175,000 for SEW My Account Software fees supporting customer self-service functions.
 - iii. \$91,000 for CloudSuite Facilities Management Software.
 - iv. \$80,000 for ICIMS Human Resources recruiting and applicant tracking software.
 - v. \$40,000 for iSpring Suite licenses supporting training and educational content development.
 - vi. \$24,000 for Neos Legal Software Assembly Software.

- vii. \$42,000 for PolicyTech compliance and policy management software.
- viii. \$20,000 for PGW website enhancements and profile management support.
- ix. \$68,000 for Risk Master Subscription fees with Computer Sciences Corporation.
- x. \$60,000 for Wellness Portal services supporting employee wellness initiatives.
- xi. \$40,000 for WinDot software support.
- xii. \$20,000 for Board Software Maintenance.
- xiii. \$44,000 for Electronic Bidding Software to support procurement activities.
- xiv. \$60,000 for Case Work SaaS Data Management software supporting data request management and workflow processing.

xvi. These software subscriptions and support services are necessary to maintain business operations, improve operational efficiency, support regulatory compliance, enhance customer service capabilities, and provide ongoing system support across non-IS departments.

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-23: Refer to Organization Development Department on page 138 of the Proposed FY 2027 Operating Budget Supplemental Filing.

- a. Please explain the 17% increase in base wages.
- b. Please provide a narrative explaining the Employee Referral Program and provide support for the \$50,000 budget.
- c. Please provide a narrative explaining the Recognition (include RISE) program and provide support for the \$100,000 budget.
- d. Please provide a narrative explaining the Wellness Incentive Program and provide support for the \$35,000 budget.

Response provided by: Anthony D. Dinkins
VP of Human Resources

Response:

- a. The increase from the FY 2026 estimate to the FY 2027 Organizational Development (OD) budget reflects an average increase of 2 FTEs, from 17 to 19 positions. This represents an 11.8% budget increase, driven primarily by the transfer of multiple FTEs from Human Resources to Organizational Development during FY 2026. The remaining increase is largely attributable to the budgeted 5.25% salary adjustment for non-union employees in FY 2027.
- b. In 2023, the internal Recruitment and Retention Advisory Committee recommended the implementation of an Employee Referral Program. Referral bonus payments began in November 2025.

For FY27, the program budget included an estimated \$50,000 for referral incentive payouts. Based on current projections, 54 employees are expected to qualify for referral awards during FY27, resulting in an estimated total program cost of approximately \$36,000. This projected cost is \$14,000 below the budgeted amount.

- c. RISE Awards is PGW's employee recognition and appreciation program. The program recognizes both individual and team contributions and replaced the former Employee Recognition and Awards Program (ERAP).
- d. PGW's Wellness Incentives Policy (004-5) permits wellness incentive payments to be made to PGW employees that participate in wellness activities. PGW's Corporate Objective #5 is to increase employee engagement and wellness-focused opportunities. The Wellness Incentive Program budget will support wellness opportunities and encourage increased participation in PGW's wellness activities.

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

PA-OB-25: Refer to Risk Management on page 147 of the Proposed FY2027 Operating Budget Supplemental Filing.

- b. Please explain the \$236,000 increase in Excess Liability insurance and provide support for the \$5,281,000 budget request.

Response provided by: Jane Lamb - Vice President - Risk Management and Environmental Services

Response: The additional funds are to cover a general projected increase in the cost of renewing Excess Liability insurance to protect PGW's assets. The support will not be available until the coverage is renewed at which point we will have policies in place.

RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS
REGARDING FISCAL YEAR 2027 OPERATING BUDGET

PA-OB-26: Refer to Risk Management on page 153 of the Proposed FY 2027 Operating Budget Supplemental Filing. Please explain the nature of the Consulting Services - Small and Local Program Development expenditure and provide support for the \$20,000 budget request.

RESPONSE PROVIDED

BY:

Anthony P. Mauro, Vice President, Supply Chain
John L. Byars, Director of Procurement and Economic Outreach

RESPONSE: The decision to retain a qualified consultant to assist with the development of PGW's **Small and Local Business Development Program** is necessary to ensure the program is legally compliant, operationally effective and economically impactful to the Philadelphia business community.

The requested consulting services are specialized in nature and require expertise not currently available within existing staff resources. Specifically, the consultant will provide the below-identified technical and strategic support services in each of the following critical areas:

- 1. Curriculum Development for 9-Month Training Program**
 - **12 Ps Capacity Building Curriculum**—a nationally recognized framework for developing business infrastructure, operational discipline, and long-term sustainability.
- 2. Speaker Facilitation Guide & Timeline**
 - Coordinate monthly training dates in alignment with PGW's internal schedules and external availability of speakers
 - Confirm training locations for all in-person workshops
- 3. Learning Module Facilitation**
 - Comprehensive facilitation guide for monthly modules
 - Recommended session flow, timing, participant instructions, discussion prompts, and activities
 - Customized script for PGW-specific messaging, procurement terminology, and speaker transitions
- 4. Live Facilitation of Monthly Training Workshops**
 - Attend and facilitate each monthly training day (8:30a - 4:30p)
 - Manage group dynamics and guide participants through exercises.
 - Provide continuity between modules and ensure consistent delivery of key learning objectives
- 5. Presenter Coordination & Monthly Rundown**
 - Recommend and coordinate external guest presenters or PGW staff for relevant segments

- Develop monthly agendas for each session to all presenters and support staff
- Ensure smooth handoffs, Q&A sessions, and alignment with each module's learning goals.

6. Policy and Procedure Development and Benchmarking

- Assist in the development of program policies, procedures, eligibility criteria, certification standards, outreach strategies, and reporting mechanisms
- Benchmarking comparable municipal, state, and/or federal programs to identify best practices, compliance standards, and proven implementation models

Key Program Deliverables

- 9-month program calendar with session objectives and timing
- 9 facilitation guides (one per module)
- PGW-branded training day agendas and presenter briefing packets
- Attendance and facilitation at all in-person training days
- Coordination memos for guest presenters

The engagement of a consultant is also justified due to the temporary and project-specific nature of the work. Establishing this program requires concentrated expertise during the planning and development phase, but does not warrant the creation of a full-time permanent position. Therefore, utilizing a consultant for these services allows PGW to access highly specialized expertise in a cost-effective and time-limited manner without incurring long-term personnel obligations.

The consultant's independent perspective is valuable in ensuring objective assessment, stakeholder credibility, and incorporation of nationally recognized best practices. The consultant's experience with similar programs in other corporate and governmental jurisdictions will help accelerate development timelines, avoid common implementation deficiencies, and strengthen the overall integrity and defensibility of the program.

**RESPONSE TO PUBLIC ADVOCATE'S DATA REQUESTS REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

- PA-OB-27: Refer to VP Regulatory Compliance & Customer Programs on page 160 of the Proposed FY 2027 Operating Budget Supplemental Filing.
- a. Please explain the cause of the 166% increase in overtime.
 - b. Please explain the cause of the 89% increase in Expense of Employees.
 - c. Please explain the cause of the 66% increase in General Material.
 - d. Please explain the cause of the 41% increase in Postage.
 - e. Please explain the cause of the increase in "Miscellaneous - VPO + Tech Compl" from \$44,000 for FY 2026 to \$109,000 for FY 2027.
 - f. Please explain the cause of the increase in Administration of Hardship Funds from \$0 for FY 2026 to \$300,000 for FY 2027. In your response, describe mechanics of Administering the Hardship Funds and explain the nature of the \$300,000 proposed expenditure.

Response provided by: Denise Adamucci
SVP, Customer & Regulatory Affairs

Response:

- a. The 166% increase in overtime for FY27 is a result of the resources that will be needed to support the implementation of the CIS project.
- b. Expense of Employees cost increased 89% from FY26, estimated spend of \$81,000 to FY27 for \$153,000 for training for the returning CIS staff. Additionally, cost increased due to reallocating work clothes from General Materials, as well as rising uniform prices.
- c. General Materials cost increased 66% from FY26, estimated spend of \$35,000 to FY27 for \$58,000 for the returning CIS staff.
- d. Postage cost increased 41% from the FY26 estimated spend of \$100,000 to \$141,000 for FY27. This increase is necessary to accommodate the communications that will be mailed out for C2M go live.
- e. Miscellaneous cost increased from FY26 budget of \$44,000 to \$109,000 FY27 for the returning CIS staff. Additionally, some costs were reallocated from Dues & Subscriptions.
- f. Administration of hardship funds transferred from the CEO office to VPRCCP. Administration includes intake for grants, processing of grants and payments of grants.

RESPONSE TO THE HEARING EXAMINER'S DATA REQUEST
FISCAL YEAR 2027 OPERATING BUDGET

OB-HE-5: Refer to SDR 3: Please provide details on the new allocation model referenced.

RESPONSE PROVIDED BY: Stephen Schummer, Manager Budget & Reporting

RESPONSE: IS changed its allocation model to better reflect IT costs across departments. The main change is IS now provides a tiered cost of IT devices used across departments for the default allocation amounts. Previous allocations used a flat cost for all devices, the new model divides the IS budget more equitably across device types so that a cell phone is not the same allocated device cost as a PC or laptop.

**RESPONSE TO THE HEARING EXAMINER'S DATA REQUEST REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

OB-HE-7: Refer to the budget exam for Corporate Planning: Please provide descriptions for the types of work covered under the following Purchased Services categories:

- a. Strategic Opportunities R&D
- b. Sustainability (MJ Bradley/DSI)
- c. Sustainability Vendor.

RESPONSE PROVIDED BY: Elliott Gold, VP, Corporate Planning

RESPONSE:

- a. **Strategic Opportunities R&D:** funds the identification, evaluation, and preliminary development of potential new business diversification opportunities aligned with PGW's strategic direction. Examples could include PGW's work in evaluating hydrogen and renewable natural gas (RNG) opportunities. This line-item is also intended to support our external Research & Development collaboration programming.
- b. **Sustainability (MJ Bradley/DSI):** funds PGW's participation in the Downstream Initiative (DSI), previously managed and facilitated by MJ Bradley & Associates, now by Environmental Resources Management, Inc. The DSI is a group of leading natural gas utilities collaborating to address the role of natural gas local distribution companies (LDCs) in leading to a clean energy future through an array of emission-reduction strategies and initiatives.
- c. **Sustainability Vendor:** utilized to provide external subject matter expertise for PGW's analyses and development of its GHG emission reduction plans. This line-item may also be used to support the implementation of specifically selected emission-reduction initiatives. Examples include the production of PGW's greenhouse gas inventories and its current low carbon pathways study.

**RESPONSE TO THE HEARING EXAMINER'S DATA REQUEST REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

OB-HE-11. Regarding customer service and the consulting purchased services for the overflow call center:

- a. Provide the anticipated duration of the overflow call center support, including whether these costs are expected to continue beyond FY 2027 or are considered one-time implementation expenses.
- b. Explain how the estimated \$6.7 million cost was developed, including any assumptions regarding call volume, staffing levels, service hours, contractual rates, or implementation risks.

Responses provided by: Bernard Cummings
VP, Customer Service & Collections

Response:

- The overflow support will continue beyond 2027.
- Please refer to PA-OB-16 b. and c.

**RESPONSE TO THE HEARING EXAMINER'S DATA REQUEST REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

OB-HE-15: Refer to Prepared Direct Testimony, Pg. 36 of the Proposed Operating Budget, which references approximately \$115.3 million in internally generated funds, and the response to question #10 of the OB standard data request which reflects approximately \$92.480 million:

- a. Please clarify the reason for the variance between these two figures. The table included in the standard questions (#10) was based on outdated numbers and should have been identical to the response contained in the testimony.
- b. Identify what amounts or funding categories account for the difference.

RESPONSE PROVIDED BY: Stephen Schummer, Manager Budget & Reporting

RESPONSE: The table included with the standard question included outdated information, please see the table below for the correct up to date data:

	<u>Actual</u> <u>FY2025</u>	<u>Estimate</u> <u>FY2026</u>	<u>Budget</u> <u>FY2027</u>
Net Capital Spending	\$166,563	\$185,000	\$258,000
Less: Temporary Financing	0	0	0
Less: DSIC Revenue	38,617	44,282	42,820
Less: Capital Fund Drawdown	80,000	92,500	142,700
Less: Outstanding Commercial Paper - Capital	0	0	0
	<hr/>		
Internally Generated Funds	\$47,946	\$48,218	\$72,480

Note to derive the \$115.3M referenced in the testimony please add the internally generated funds line (\$72.480M) to the DSIC revenue line (\$42.820M).

**RESPONSE TO THE INFORMAL DISCOVERY DATA REQUEST REGARDING
FISCAL YEAR 2027 OPERATING BUDGET**

OB-ID-1: Please update the Administrative Services budget to include \$1 million for an environmental study, as directed by the Commissioners at their May 12 Public Hearing

RESPONSE PROVIDED BY: William J. Gallagher, Vice President – Budget and Strategic Development

RESPONSE: See attached schedule.

PHILADELPHIA GAS WORKS
ADMINISTRATIVE CONSULTING & COMPANY DUES
FY 2026 ESTIMATE & FY 2027 BUDGET

	Budget	Estimate	Budget
	<u>FY 2026</u>	<u>FY 2026</u>	<u>FY 2027</u>
<u>Administrative Consulting</u>			
AON - Pension Consulting Report	42,000	65,000	68,000
Lien Counsel	-	-	-
Digital Assurance Fin'l - Bond	2,000	2,000	2,000
Disclosure Counsel	14,000	45,000	47,000
Financial Management Advisory Services	41,000	38,000	40,000
Fitch Ratings Bond - Annual Surveillance Fee	14,000	14,000	15,000
KPMG (Audit)	665,000	653,000	686,000
Environmental Studies	-	-	1,000,000
Moody's Investor Services - TXCP & Bond Fees	95,000	63,000	66,000
Standard & Poor's - Analytical Services	14,000	11,000	12,000
Swap Advisory Services	-	-	-
TXCP & LOC Counsel	-	-	-
US Bank Fiscal Agent Bonds	3,000	3,000	3,000
Total	<u>\$ 890,000</u>	<u>\$ 894,000</u>	<u>\$ 1,939,000</u>