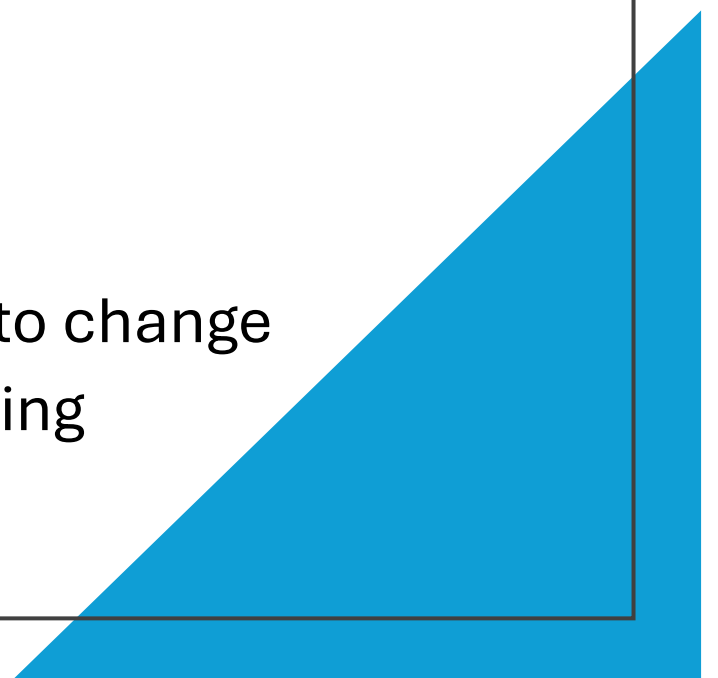


Philadelphia Gas Works FY 2026 Annual Plan

Intent of this Document:

This document outlines PGW's FY 2026 strategic plan, including the company's six Corporate Goals, which represent the company's most important priorities; Annual Objectives, which set specific and measurable targets for the year; and the supporting initiatives for achieving them.

This plan reflect a snapshot in time and are subject to change based on factors such as timeline, budget, and shifting priorities.



CORPORATE STRATEGY



GOAL 1

Drive Operational Excellence



GOAL 3

Make PGW Easy to Do Business With



GOAL 5

Lead Philadelphia's Clean Energy Future



GOAL 2

Grow and Diversify Revenue



GOAL 4

Attract, Develop, and Engage a Diverse, Skilled Workforce



GOAL 6

Generate Inclusive Regional Economic Growth

Mission Statement: Enhance the quality of life for all by delivering safe, reliable, and affordable energy in an environmentally responsible way.



FY 2025 Objectives Overview

GOAL COVERAGE LEGEND
O: Drive Operational Excellence
R: Grow and Diversify Revenue
E: Make PGW Easy to Do Business With
W: Attract, Develop and Engage a Diverse, Skilled Workforce
I: Generate Inclusive Regional Economic Growth
CE: Lead Philadelphia's Clean Energy Future

#	Annual Objectives	Goal Alignment					
1	Achieve targeted corporate Continuous Improvement impact metrics, by enhancing and integrating existing programs for identifying, evaluating, implementing, and managing process optimization projects throughout the company. <ul style="list-style-type: none">Combined savings: \$700,000PGW Continuous Improvement Trainees: 15Project Completed: 15	O		E	W		
2	For at least one business diversification opportunity: finalize project sites, scopes, budgets, business case, and commercial partners to obtain PGW internal approvals to proceed; perform stakeholder engagement; and begin project engineering and design for any physical facilities.		R				CE
3	Achieve new business margins growth target of \$6,930,000 ¹ .		R				
4	Reduce PGW comprehensive annual emissions by 10,000 MT CO ₂ e ² .	O					CE
5	Achieve a 5% increase in customer satisfaction across PGW Digital Channels. Increase the percentage of customers who downloaded PGW's Mobile App from 11% to 18%. ³			E			
6	Develop a standard workforce development program and framework for PGW and Philadelphia training/educational partners. Engage new high school, college, and/or agency and achieve next workforce development metric target. <ul style="list-style-type: none">Increase PGW's participation/presence with current partners. Present to 4 programs/schools (i.e., career talk, PGW tour, employer day, career fair, etc.).Invite, identify and test 35% of an organization's cohort in preparation for an entry level position in FSD, Distribution, or Customer Service.Research and establish relationship with 2nd target CTE (Career Technical Education) program.				W	I	
7	Implement second Diverse Business Supplier Development Program Cohort for participants in areas of professional or non-professional services.					I	
8	Achieve a targeted increase in customer awareness and satisfaction with PGW's efforts to reduce its environmental impact, to be set based on an FY 2024 baseline. <ul style="list-style-type: none">JD Power Index KPI Score Average<ul style="list-style-type: none">Baseline: East Large Average %Target: +5% or above East Large Average			E			CE
9	Successful completion of C2M system testing, system integration testing and automated bill comparison testing.	O			W		

Footnotes:

1. Margin excludes gas revenues. Impacts from rate case revenue increases are excluded.

2. Metric tons (MT) of Carbon Dioxide equivalent (CO₂e).

3. Digital Channels include PGW Website, Mobile App, My Account overall, and Energy and Efficiency rebates and products. Mobile App target based on downloads since App launch (July 2023), as a percentage of all PGW customers.



FY 2026 Objectives Overview

GOAL COVERAGE LEGEND
O: Drive Operational Excellence
R: Grow and Diversify Revenue
E: Make PGW Easy to Do Business With
W: Attract, Develop and Engage a Diverse, Skilled Workforce
I: Generate Inclusive Regional Economic Growth
CE: Lead Philadelphia's Clean Energy Future

#	Annual Objectives ¹	Goal Alignment					
1	Sustain a culture of safety excellence and mitigate risk through a portfolio of corporate metrics and initiative milestones, including Pipeline Safety Management Systems (PSMS) and cybersecurity measures.	O			W		
2	Begin scaling previously developed diversification initiatives beyond initial pilots, setting annual revenue growth targets. Identify and select next set of pilot diversification initiatives.		R				CE
3	Achieve a new business margins growth target, to be defined by FY 2025 year-end ² .		R				
4	Following C2M go-live and stabilization, launch new customer interaction features. Establish and monitor metrics to measure tool usage and effectiveness in FY 2026 and propose FY 2027 improvement targets.			E			
5	Achieve increased employee engagement improvement target, addressing corporate employee engagement survey results ³ and engagement activities ⁴ , to be set based on FY 2025 baselines and a corporate action plan.				W		
6	Launch next cohort of the Diverse Business Development Program to prepare diverse and local businesses for prime contract opportunities with PGW. Achieve an increase in PGW's direct procurement spending with M/W/DSBE suppliers.					I	
7	Achieve annual greenhouse gas (GHG) emissions reduction targets based on PGW's comprehensive emissions reduction planning. Complete and publish next phase of PGW long-term emission planning, incorporating enhanced stakeholder engagement. Select and begin developing new or expanded emission reduction initiatives.			E			CE
8	Achieve a target for PGW's Gas Cost Rate (GCR) to drive PGW's efforts towards the lowest commodity costs possible for PGW retail sales customers.		R	E			

Footnotes:

1. All specific metrics and milestones still to be defined will be provided to the PPMC by FY 2025 year-end.

2. Margins exclude gas revenues. Impacts from rate case revenue increases are also excluded.

3. Example engagement survey questions include: (1) I would recommend this company to a family member or friend as a good place to work, (2) My job and the work I do give me a personal sense of accomplishment, (3) I understand how my work directly contributes to the success of the organization, (4) I am comfortable asking questions and sharing thoughts, concerns, and ideas with management.

4. For example, employee activity/participation counts including: PGW affinity Employee Resource groups membership, volunteering events participation, executive stand-ups with field force and call-center employees, attendance at Breakfast with CEO, acknowledgements and nominations via the recognition program, attendance at health and wellness fairs and other employer sponsored activities.

FY 2025 – FY 2026 Annual Plans: Operational Excellence

Updated FY 2025 Objectives & Supporting Initiatives		FY 2026 Objectives & Preliminary Initiatives Planning	
FY 2025 Objective 1: Achieve targeted corporate Continuous Improvement impact metrics, by enhancing and integrating existing programs for identifying, evaluating, implementing, and managing process optimization projects throughout the company. Targeted Metrics Improvement: <div>1. Combined savings: \$700,000 2. PGW Continuous Improvement Trainees: 15 3. Projects Completed: 15</div>		FY 2026 Objective 1: Sustain a culture of safety excellence and mitigate risk through a portfolio of corporate metrics and initiative milestones, including Pipeline Safety Management Systems (PSMS) and cybersecurity measures.	
1	<u>Project and Portfolio Management</u> : Launch and operationalize PGW’s Portfolio Management System (PPM), along with associated project policies, procedures, and reporting mechanisms to improve PGW portfolio decision-making, and project timeline and budget management.	1	<u>Pipeline Safety Management System (PSMS)</u> : PSMS is a framework designed for pipeline operators to manage and ensure the safety and integrity of their pipeline systems, employees, and customers. This framework encompasses a wide range of processes, practices, and standards, which PGW is actively implementing across the organization. Specific metrics to measure progress and effectiveness will be identified in FY25, and may include: (1) Risk Mitigation Metric: % of Action Items completed, (2) Stakeholder Engagement Metric: # of Leadership Engagements and (3) System Effectiveness Metric: # of safety communications
2	<u>Efficiency Savings Programs</u> : Administer and enhance efficiency programs to drive cost savings and performance enhancements across the organization through both top-down corporate projects and “bottom-up” employee-submissions. Continue building-out programming to foster a culture of innovation and operational excellence across the organization.	2	<u>Cybersecurity</u> : Cybersecurity is critically important due to the increasing reliance on digital technologies for both operations and customer services. PGW continues to proactively protect our network, infrastructure and data, and mitigate all risk. Specific metrics will be identified in FY25, and may include: (1) Employee training & awareness: % of users failed phishing, (2) Critical vulnerability management: vulnerabilities that have not been patched in 7 days, and (3) Number of security incidents.
3	<u>Optimization Projects</u> : Oversee portfolio of projects to digitize and optimize existing PGW business processes to streamline workflows and improve the quality of outputs.	3	<u>Corporate Training Opportunities</u> : PGW has a comprehensive portfolio of established processes and initiatives aimed at ensuring the safety of employees and mitigating potential hazards across all workplace environments and worksites. A core responsibility is to deliver a diverse range of training and awareness programs, including specialized sessions on active shooter response, de-escalation techniques, event learning, and Smith Defensive Driving, to equip employees with the skills and knowledge to address safety challenges effectively.
FY 2025 Objective 9: Successful completion of C2M system testing, system integration testing and automated bill comparison testing.			
1	<u>C2M</u> : Complete all technical code testing and compare bills in both BCCS and C2M for the same time period using the same set of accounts and meter reads.		

FY 2025 – FY 2026 Annual Plans: Grow and Diversity Revenues

Updated FY 2025 Objectives & Supporting Initiatives		FY 2026 Objectives & Preliminary Initiatives Planning	
FY 2025 Objective 2: For at least one business diversification opportunity: finalize project sites, scopes, budgets, business case, and commercial partners to obtain PGW internal approvals to proceed; perform stakeholder engagement; and begin project engineering and design for any physical facilities.		FY 2026 Objective 2: Begin scaling previously developed diversification initiatives beyond initial pilots, setting annual revenue growth targets. Identify and select next set of pilot diversification initiatives.	
1	<u>Renewable Natural Gas (RNG)</u> : In FY 2025, PGW will finalize Phase I agreements and begin generating RNG revenues in partnership with the Philadelphia Water Department (PWD), based on existing PWD operations. Launch Phase II project with City agency partners, upgrading existing and installing new assets to produce and monetize additional RNG. FY 2025 Phase II work will entail completing an RFP process for selecting a guaranteed energy savings contractor. FY 2026 Phase II work will entail securing necessary approvals, completing an investment grade audit, and securing financing to proceed with the project.		
2	<u>Hydrogen (H2)</u> : As a partner in the Mid-Atlantic Hydrogen Hub (MACH2), PGW is exploring opportunities to facilitate local hydrogen production, distribution, and end-use. In FY 2025, PGW will engage support consultants; define commercial structures and engage commercial partner(s), as needed; perform technical, legal and regulatory analyses; define project scopes, sites, budgets, timelines, and approval processes. FY 2025-2026 activities may also include formally engaging commercial partners, obtaining necessary approvals, and proceeding with next stage of engineering and design.		
3	<u>Geothermal</u> : PGW is partnering with the School District of Philadelphia (SDP) in evaluating the feasibility of implementing a geothermal system at one of the SDP school. In FY 2025, PGW will engage a technical evaluation vendor and support the vendor in completing a technical feasibility study. FY 2026 work may entail proceeding with the project, depending on factors from the study and other analyses, including geological conditions, project economics, legal and regulatory considerations, and commercial structuring.		
4	<u>Energy Services</u> : PGW is continuing to develop the project scope, timelines and budgets for potentially developing new residential and commercial customer value-added energy services.		
5	<u>Ongoing programming</u> : PGW is continuing ongoing research, evaluation, and implementation activities driving enterprise-wide business diversification development.		
FY 2025 Objective 3: Achieve new business margins growth target of \$6,930,000 ¹ .		FY 2026 Objective 3: Achieve a new business margins growth target, to be defined by FY 2025 year-end ¹ .	
1	<u>Traditional New Business</u> : Includes new construction activity, increased throughput, supporting additional natural gas equipment, and turn-ons of abandoned services inactive greater than 12 months.		
2	<u>Non-Traditional New Business</u> : Includes LNG sales, Part and Labor Program (PLP), Customer Conversion Program, Area Wide Utility Energy Service Contracts, and projects supporting new natural gas technologies (e.g., CHP and Natural Gas Heat Pumps)		
3	<u>External Grants</u> : Represents the financial award or funding provided by a government agency, foundation, or other entity outside of a recipient's organization or business.		

Footnotes:

1. Margin excludes gas revenues. Impacts from rate case revenue increases to be excluded.

FY 2025-FY2026 Annual Plans: Easy To Do Business

Updated FY 2025 Objectives & Supporting Initiatives		FY 2026 Objectives & Preliminary Initiatives Planning	
FY 2025 Objective 5: Achieve a 5% increase in customer satisfaction across PGW Digital Channels ¹ . Increase the percentage of customers who downloaded PGW’s Mobile App from 11% to 18% ² .		FY 2026 Objective 4: Following C2M go-live and stabilization, launch new customer interaction features. Establish and monitor metrics to measure tool usage and effectiveness in FY 2026 and propose FY 2027 improvement targets.	
1	<u>PGW My Account:</u> <ul style="list-style-type: none">- Existing Functionality: Establish a data connection between PGW’s online and mobile MyAccount platform. Develop metrics to track the impact, usage and effectiveness of current Digital Tools, and regularly review customer ratings and feedback to identify areas of improvement. PGW continues to prioritize assessing and implementing the most effective enhancements for customers, focusing on features such as usage monitoring, CRP enrollment, PLP enrollment, and improved communication.- New Functionality: Subject to timing and cost factors, add new features to improve customer convenience such as online appointment scheduling for services such as meter exchange. Enhancements would aim to streamline the process, providing customers with greater flexibility and control over service appointments.		
2	<u>Third-party Customer Surveys:</u> Continue surveying to assess the impact of PGW’s interaction enhancements on customer satisfaction. Insights gained will be used to identify areas for improvement, ensure customer needs are met, and track the effectiveness of ongoing changes to the customer experience.		
3.	<u>PGW website:</u> Website redesign engagement to commence in FY 2025, with new website, offering improved functionality and user experience, live in FY 2026.		
		FY 2026 Objective 8: Achieve a target for PGW’s Gas Cost Rate (GCR) to drive PGW’s efforts towards the lowest commodity costs possible for PGW retail sales customers.	
		1	<u>PGW GCR strategies:</u> GCR refers to the rate a utility charges its customers for the natural gas they consume. This rate can fluctuate based on external market supply and demand factors but also the utility's acquisition strategies. PGW will ensure all available measures are being utilized to keep rates as low as possible for our customers. PGW will conduct an analysis of our performance compared to other Pennsylvania utilities before establishing in FY 2025 an improvement target for FY 2026.

Footnotes:
1. PGW Website, Mobile App, My Account overall, and Energy and Efficiency rebates and products.
2. Mobile App target based on downloads since App launch (July 2023), as a percentage of all PGW customers.

FY 2025-FY2026 Annual Plans: **Workforce**

Updated FY 2025 Objectives & Supporting Initiatives		FY 2026 Objectives & Preliminary Initiatives Planning	
FY 2025 Objective 6: Develop a standard workforce development program and framework for PGW and Philadelphia training/educational partners. Engage new high school, college, and/or agency and achieve next workforce development metric target. <ul style="list-style-type: none"> • Increase PGW’s participation/presence with current partners. Present to 4 programs/schools (i.e., career talk, PGW tour, employer day, career fair, etc.). • Invite, identify and test 35% of an organization’s cohort in preparation for an entry level position in FSD, Distribution, or Customer Service. • Research and establish relationship with 2nd target CTE (Career Technical Education) program. 		FY 2026 Objective 5: Achieve increased employee engagement improvement target, addressing corporate employee engagement survey results and engagement activities, to be set based on FY 2025 baselines and a corporate action plan.	
1	<u>Existing School and Training Partnerships:</u> Increase engagement and support curricula enhancements with the Philadelphia Junior Achievement program, Mastbaum High School, Energy Coordinating Agency (ECA), Beyond Literacy, and the Philadelphia Opportunities Industrialization Center (OIC).	1	<u>Information Gathering:</u> In FY2025 design and administer a company-wide employee engagement survey. Work with a Third-Party Vendor to anonymously collect and analyze results for common themes. Before the start of FY 2026, set an improvement target which may consider the following: <ul style="list-style-type: none"> • Overall Employee Engagement Score • PGW Tenure Milestone Rate • Volunteerism • PGW Activity/Event Participation • External Recognition and Acknowledgements
2	<u>Philadelphia High School System:</u> Establish new relationship with Mastery High Schools. Elevate awareness of PGW as a potential employment option and foster valuable partnerships within the community.	2	<u>Engagement Activities:</u> Develop a PGW employee engagement strategy that encompasses a range of purposeful activities and initiatives aimed at achieving a desired outcome. Activities will be implemented starting in FY 2025 and will continue through FY 2026, with the intention of evaluating each activity's impact. Depending on the evaluation results, successful initiatives may be considered for permanence, recurring implementation, or expansion into FY 2027. This approach ensures that our engagement efforts are dynamic and adaptive.
4	<u>Ongoing Program Management:</u> Standardize program for existing and future partnerships by expanding the use of existing Human Resources tools (strategic advertising, selective career fair participation, job site visits from school seniors choosing alternative career paths, etc.). Set ongoing biannual scheduling of Job Shadow Days and site visits in our partner programs.		

FY 2025-FY2026 Annual Plans: Diverse Regional Economic Growth

Updated FY 2025 Objectives & Supporting Initiatives		FY 2026 Objectives & Preliminary Initiatives Planning	
FY 2025 Objective 7: Implement second Diverse Business Supplier Development Program (DBDP) Cohort for participants in areas of professional or non-professional services.		FY 2026 Objective 6: Launch next cohort of the Diverse Business Development Program to prepare diverse and local businesses for prime contract opportunities with PGW. Achieve an increase in PGW’s direct procurement spending with M/W/DSBE suppliers.	
1	<u>Current Cohort Programming:</u> The DBDP is a nine-month DBDP educational program to help diverse and local suppliers prepare for and navigate the PGW procurement process and potential contracting opportunities. Monthly learning modules cover key topics such as industry-specific requirements for the natural gas sector, along with valuable development and mentoring opportunities. Participants will also engage with internal client department representatives, internal and external guest speakers, and network with other contractors and suppliers working in the industry. Upon completion, each participant will receive a certificate of completion recognizing their successful participation in the program. In FY 2025, PGW selected General Construction (including specialized trade areas) as its focus area. PGW also continues to monitor progress from the first cohort, which includes a participant who secured a general maintenance service contract and another who attended OQ training to work on live gas, a requirement for PGW’s main replacement projects.		
2	<u>Future Cohort Planning:</u> PGW will conduct a thorough analysis of spend categories to identify the next focus area for the DBDP. The PGW procurement team will incorporate any design and development changes based on lessons learned from the FY 2024 and FY 2025 cohorts. At the close of each fiscal year, the team will begin recruiting and selecting new participants, ultimately launching the following year’s cohort.		
3	<u>Ongoing Procurement Initiatives:</u> Includes Supply Chain’s ongoing vendor outreach and training to diversify PGW's vendor pool. PGW continues to leverage procurement rules and tools to attract new vendors, and monitor performance metrics such as Minority, Women, and/or Disabled Business Enterprise (M/W/DSBE) participation and Local Business Enterprise (LBE) participation.		

FY 2025-FY2026 Annual Plans: Clean Energy Future

Updated FY 2025 Objectives & Supporting Initiatives			FY 2026 Objectives & Preliminary Initiatives Planning
FY 2025 Objective 4: Reduce PGW comprehensive annual emissions by 10,000 MT CO2e ¹ .			FY 2026 Objective 7: Achieve annual greenhouse gas (GHG) emissions reduction targets based on PGW’s comprehensive emissions reduction planning. Complete and publish next phase of PGW long-term emission planning, incorporating enhanced stakeholder engagement. Select and begin developing new or expanded emission reduction initiatives.
1	Emission Reduction Efforts: Ongoing administration of existing PGW programs including pipeline replacement, EnergySense, facility upgrades, recycling and composting. Simultaneously, PGW is continuing to perform ongoing research and evaluation of opportunities to expand existing and develop new emission-reduction programming.		
3	Long Term Planning: PGW is developing the next phase of its comprehensive long-term emission-reduction analyses, through its long-term low-carbon pathways modeling. The project will evaluate various options for reducing greenhouse gas emissions, while maintaining the continued delivery of safe, reliable, and affordable energy to our customers.		
FY 2025 Objective 8: Achieve a targeted increase in customer awareness and satisfaction with PGW’s efforts to reduce its environmental impact, to be set based on an FY 2024 baseline. JD Power Index KPI Score Average: <ul style="list-style-type: none">- Baseline: East Large Average %- Target: +5% or above East Large Average			
1	Customer Surveying: Includes the ongoing review of JD Power quarterly results and potentially employing a customer panel and/or focus group to measure and understand customer awareness and satisfaction in relation to PGW's environmental impact		
2	External Communications: Implement customer communication strategies to effectively convey PGW's environmental initiatives and emissions reductions efforts. This may include website enhancements, customer mailers, reports/publications and stakeholder engagements.		

Footnotes:
1.Metric tons (MT) of Carbon Dioxide equivalent (CO₂e).