



**Report to the Board of Trustees
December 2011 Operations**

January 26, 2012

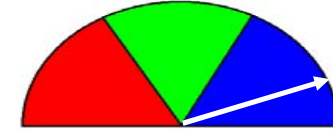
www.lipower.org



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2011 Economic Development Load Growth and Job Impact

Year-to-Date MW Load Growth
-10% to +10% of Goal



50% Below Goal

50% Above Goal

December 2011

Added Load					
Year-to-Date			Year-End		
Actual # Projects	Actual MW's	Goal MW's	Projected # Projects	Projected MW's	Goal MW's
34	10.25	7.50	34	10.25	7.50

Jobs Impact to Date

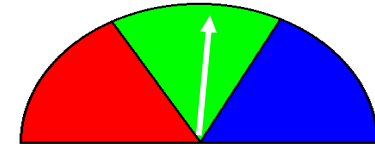
Projects Completed		Jobs Retained		Jobs Attracted		Expansion Jobs		Total Jobs	
Month	YTD	Month	YTD	Month	YTD	Month	YTD	Month	YTD
2	35	285	1678	0	290	10	584	297	2554



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2011 Major Accounts Load Growth

Year-to-Date MW Load Growth
-10% to +10% of Goal



50% Below Goal

50% Above Goal

December 2011

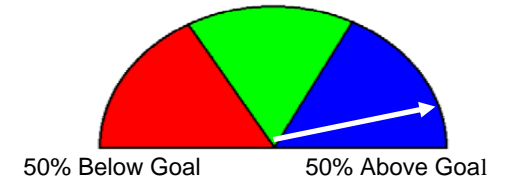
Added Load					
Year-to-Date			Year End		
Actual # Projects	Actual MW's	Goal MW's	Projected # Projects	Projected MW's	Goal MW's
133	35.04	35.00	133	35.04	35.00



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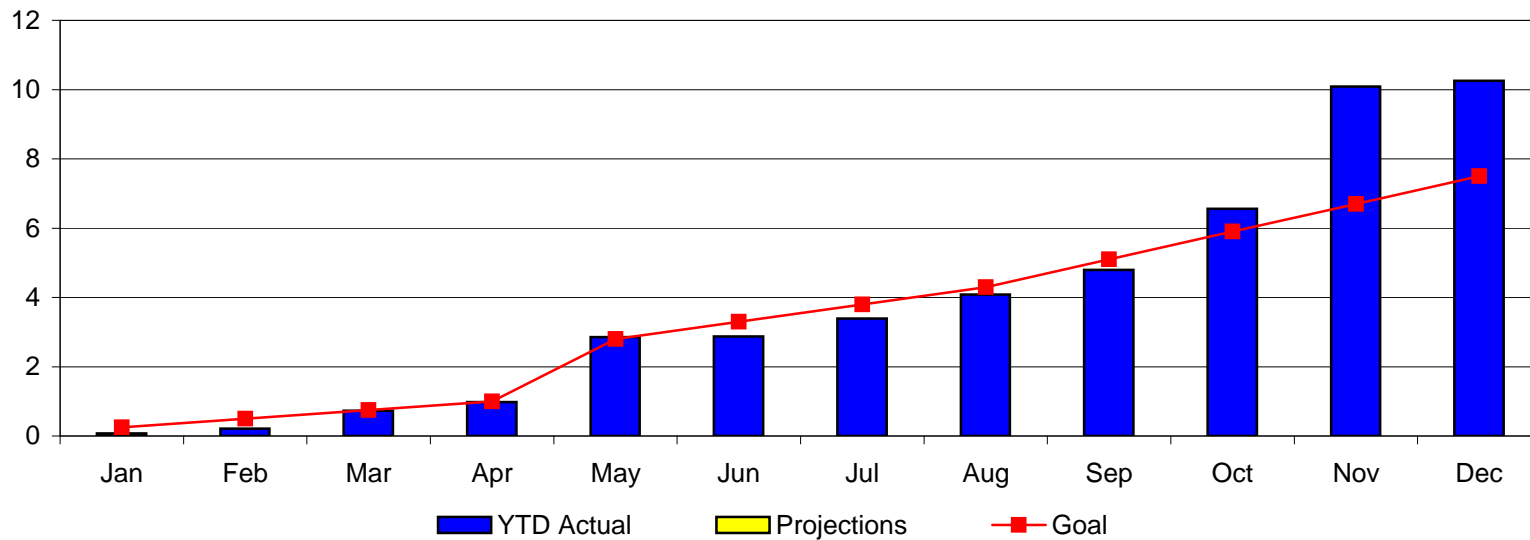
Energy Solutions Services 2011 Economic Development December 2011

Projected-Year-End MW Load Growth
-10% to +10% of Goal



DEFINITION/GOAL	ANALYSIS
<p><u>What is being measured:</u> Added load associated with Economic Development projects.</p> <p><u>Why is it Important:</u> Measurement of the success of LIPA's Economic Development efforts.</p> <p><u>What is the goal:</u> This goal is 7.5 MW of added load.</p> <p><u>Time period:</u> Y-T-D and P-Y-E status by month.</p>	<p>Year-end projects total 34 at a total load of 10.25 MW.</p>

Added Load in MWs



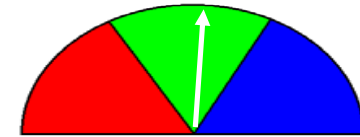


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Energy Solutions Services Major Accounts December 2011

Projected-Year-End MW Load Growth

-10% to +10% of Goal



50 % Below Goal

50% Above Goal

DEFINITION/GOAL

What is being measured: Added load associated with Major Accounts projects.

Why is it Important: Measurement of the expansion activity associated with LIPA's largest customers.

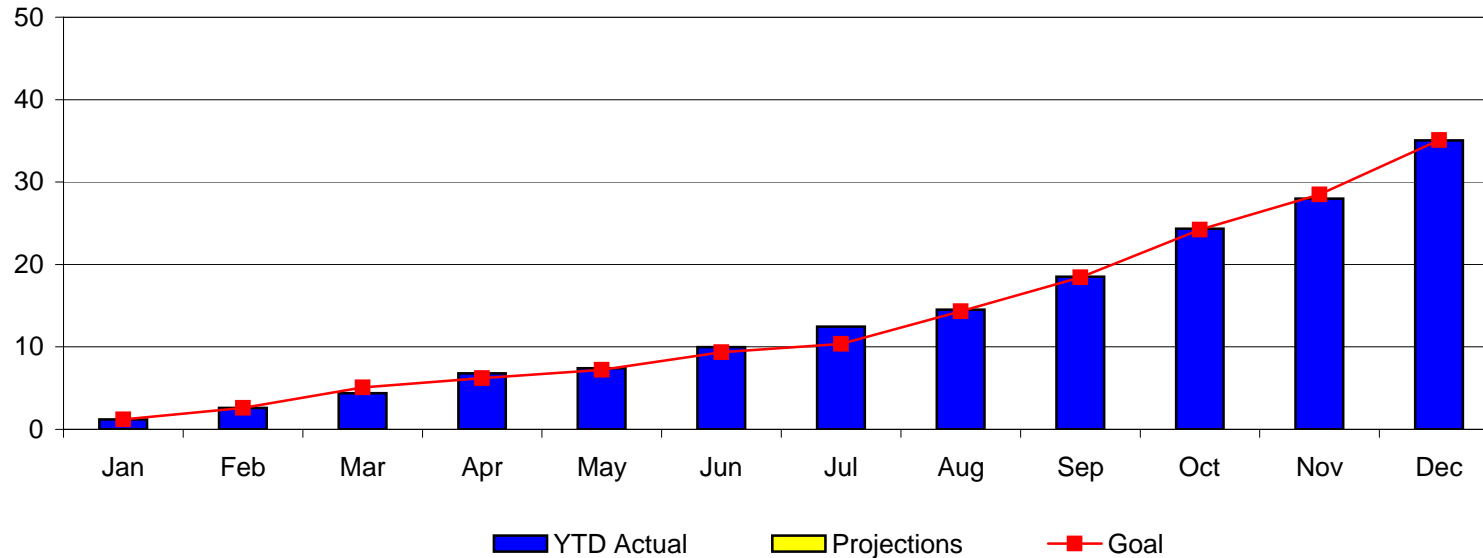
What is the goal: This goal is 35 MW of added load.

Time period: Y-T-D and P-Y-E status by month.

ANALYSIS

Year end projects total 133 at a total load of 35.04 MW.

Added Load in MWs



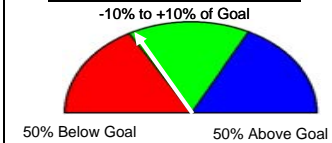


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Efficiency Long Island (ELI) & Renewables 2011

December 2011

Year-to-Date MWh Energy Savings



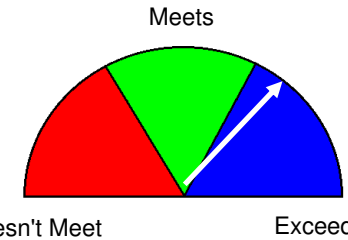
DEFINITION/GOAL			ANALYSIS			
<p><u>What is being measured:</u> MW demand reductions and MWh energy savings associated with LIPA's Efficiency Long Island (ELI) and Renewables Programs.</p> <p><u>Why it is important:</u> Transform the market to adopt the use of energy efficient technologies which in turn defers generation additions.</p> <p><u>What is the goal:</u> The goal is 50.46 MW demand reduction and 231,120 MWh energy savings.</p> <p><u>Time period:</u> YTD status by month.</p>			<p>Energy Efficiency - Long Island (EE-LI) ended 2011 at 90% of the of year-end performance goals for LIPA's Efficiency Long Island (ELI) Program. Residential fell short due to Opower, which was included in the goal, but was never implemented, bid not approved by the LIPA board. REAP program transitioned a new contractor beginning in July, slow start up, not fully on board until 4th quarter of 2011. Cool Homes fell short of the goal due to the product mix, needed 60% Early Retirement installations, achieved 28%. The SBDI contract with LIME was not approved until October 1st. As a result, the program achieved only 6% of it's annual goal.</p>			
Energy Efficiency Program	Coincident Peak Reduction (MW) ¹			Annualized Energy Savings (MWh) ²		
	YTD Actual	YTD Goal	Year-End Goal	YTD Actual	YTD Goal	Year-End Goal
Residential						
Energy Efficient Products	11.6730	11.8810	11.8810	99,706	105,363	105,363
Cool Homes	6.0100	7.4201	7.4201	5,862	6,941	6,941
Resi Energy Affordability Partnership (REAP)	0.5153	0.6320	0.6320	3,902	6,270	6,270
Home Perf with Energy Star (HPwES)	0.2521	0.7496	0.7496	1,615	1,046	1,046
Home Performance Direct (HPD)	0.5255	1.0410	1.0410	2,445	3,679	3,679
Residential New Construction	1.1879	0.5400	0.5400	2,309	1,043	1,043
Residential Total:	20.1638	22.2637	22.2637	115,839	124,342	124,342
Commercial						
Commercial Efficiency Program (CEP)	3.3865	5.9600	5.9600	12,880	26,655	26,655
Solutions Provider	13.3025	9.4700	9.4700	62,265	41,796	41,796
Direct Install	0.3216	5.5600	5.5600	946	23,717	23,717
Commercial Total:	17.0106	20.9900	20.9900	76,109	92,168	92,168
ELI Total:	37.1744	43.2537	43.2537	191,948	216,510	216,510
Renewables						
Solar	7.5964	6.7620	6.7620	15,583	13,346	13,346
Wind	0.0173	0.0420	0.0420	218	341	341
Solar Thermal	0.0037	0.4040	0.4040	10	923	923
Renewable Total:	7.6174	7.2080	7.2080	15,811	14,610	14,610
TOTAL:	44.7918	50.4617	50.4617	207,759	231,120	231,120
<p>¹ Summer MW saved, net of free riders at the generator.</p> <p>² Annual MWh saved, net of free riders at the generator.</p>						



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Solar Pioneer/Entrepreneur Program Rebate Processing Times

December 2011



DEFINITION/GOAL

What is being measured: Number of days to process rebate applications for LIPA's Solar Pioneer/Entrepreneur program.

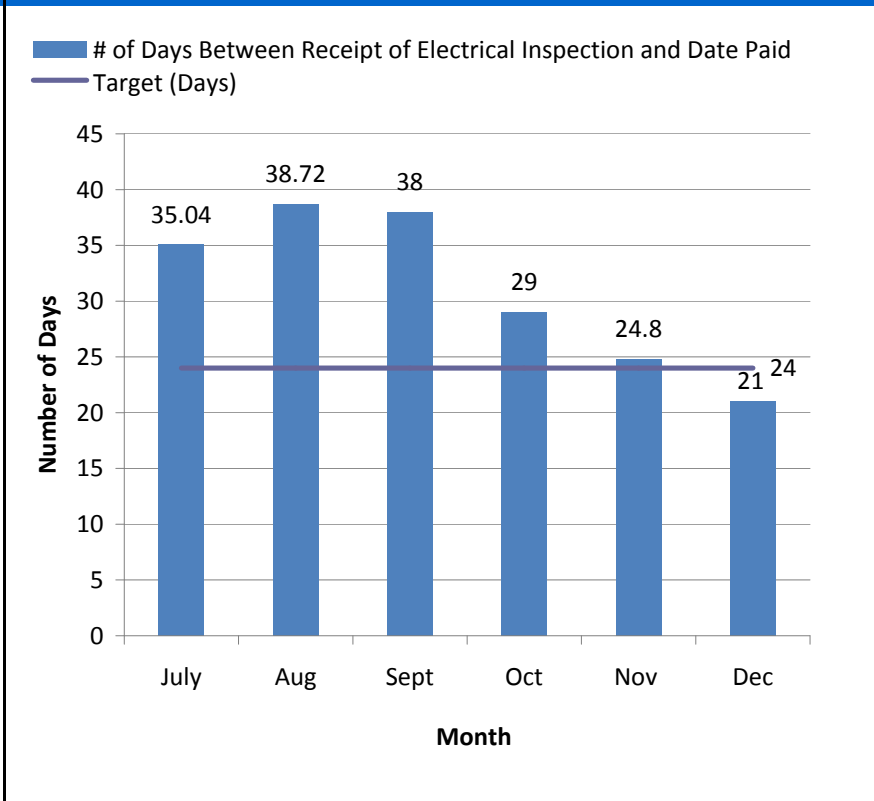
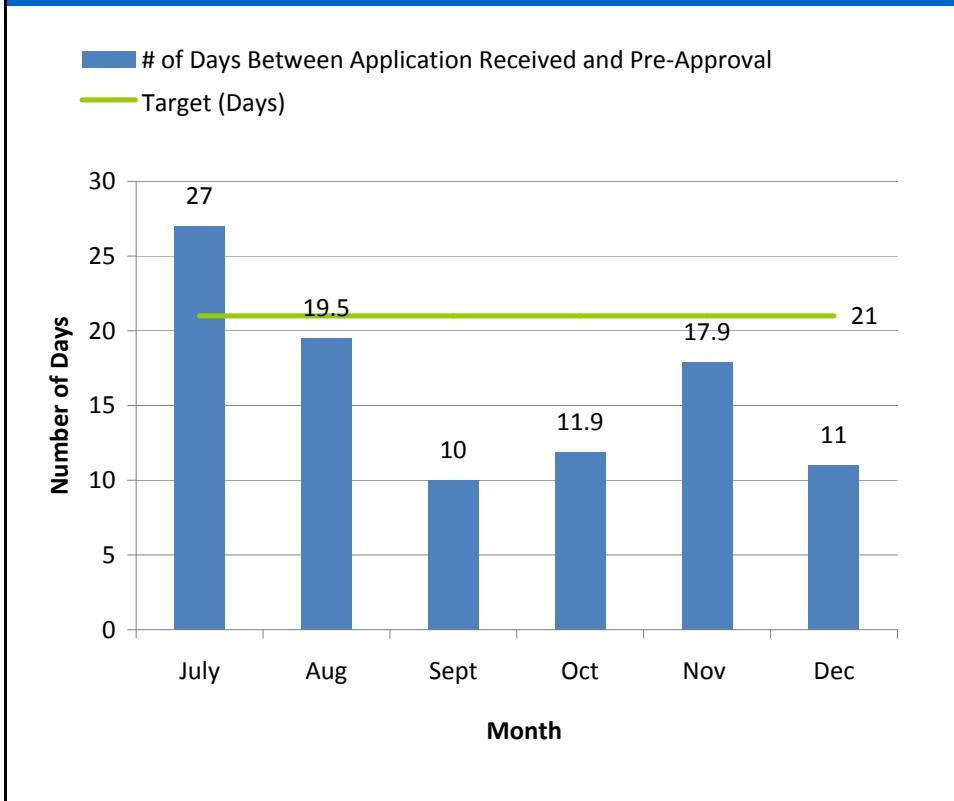
Why is it Important: Customer/Contractor Satisfaction

What is the goal: See below graphs

Time period: Measured monthly

ANALYSIS

Rebate Processing is currently exceeding established targets for the numbers of days between application received and pre-approval. Rebate Processing is also currently exceeding the established target for the number of days between receipt of Electrical Inspection Certificate and date paid. (Analysis is based on random sample of complete rebate applications).





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Market Planning & Implementation 2011 Customer Care Programs

December 2011

Customer Care Enabling Programs	2010 Year-End Enrollment	2011 Current Enrollment		2011 Year-End Enrollment
	Actual	Actual	Goal	Goal
LIPA "Manage My Account" (Cumulative Website Registrations)	317,810	376,235	355,947	355,947
Online Energy Analysis (Cumulative Users)				
Residential	204,825	239,583	241,694	241,694
Commercial	<u>9,750</u>	<u>11,439</u>	<u>11,213</u>	<u>11,213</u>
	214,575	251,022	252,907	252,907
Balanced Billing Accounts (Cumulative Enrollments)				
Residential	466,812	474,020	482,367	482,367
Commercial	<u>6,897</u>	<u>7,635</u>	<u>7,587</u>	<u>7,587</u>
	473,709	481,655	489,954	489,954
e-News Subscribers (Cumulative Enrollments)	271,484	290,947	325,781	325,781
Customer Care Transaction Programs	2010 Year-End Enrollment	2011 Current Enrollment		2011 Year-End Enrollment
	Actual	Actual	Goal	Goal
e-LERT (Cumulative Enrollments) (non paper bill program)	65,442	79,401	72,736	72,736
Direct Pay (Cumulative Enrollments)	81,075	90,931	89,993	89,993
Electronic Bill Payments (Total payments made during the period) (Payments include Web, LIPA Online and Bank Online payments.)	2010 Full-Year Activity	2011 Year-to-Date Activity		2011 Year-End
	Actual	Actual	Goal	Goal
	3,237,833	3,539,638	3,392,721	3,392,721

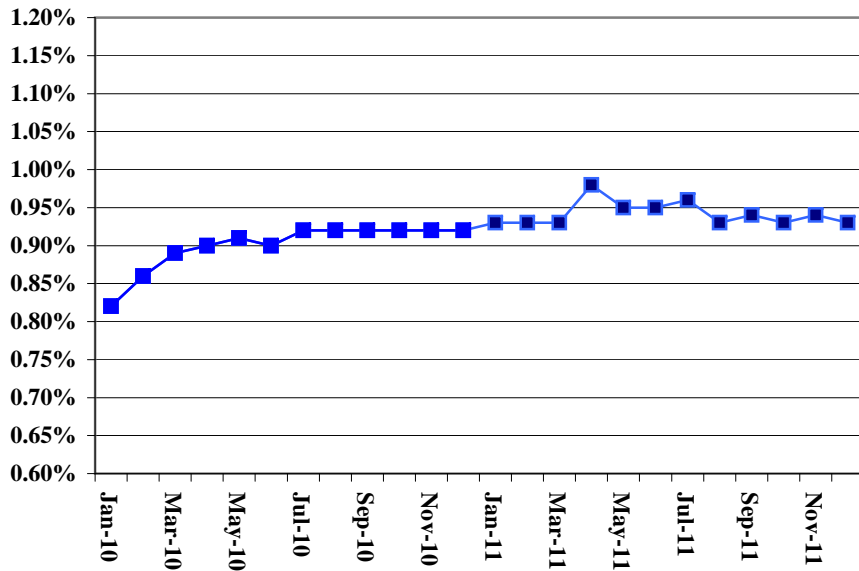


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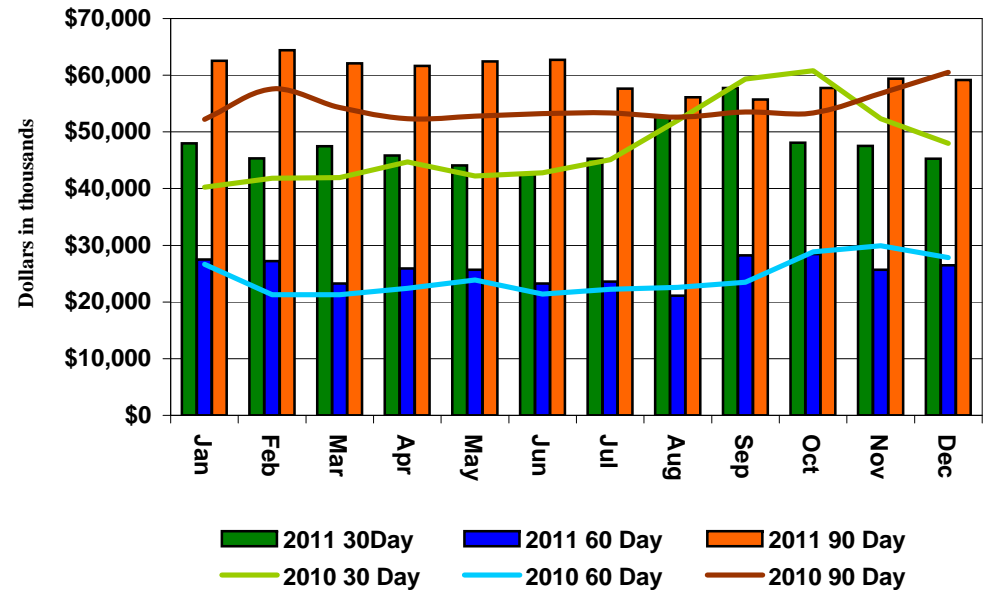
Revenue Collections December 2011

DEFINITION	ANALYSIS
<p><u>What is being measured:</u> Total Arrears Outstanding.</p> <p><u>Why is it Important:</u> It is a measure of the aging of A/R.</p> <p><u>Time period:</u> January 2010 to the current month.</p>	<p>Arrears totaled \$130,958,834* at the end of December 2011. Arrears were distributed over 169,616 residential accounts and 18,462 commercial accounts.</p> <p>At the end of December 2011 arrears: 30 Day - Residential \$29,682,011; Commercial \$15,602,836 60 Day - Residential \$18,859,722; Commercial \$7,633,610 90 Day - Residential \$54,450,561; Commercial \$4,730,093</p> <p>*These amounts exclude disputed LIRR contract charges.</p>

LIPA Arrears > 180 Days as a Percent of 12 Month Revolving Revenue (6 Months Lagged)



Aging of Arrears





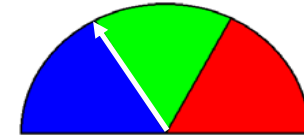
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System Average Interruption Duration Index (SAIDI)

December 2011

Current Month vs. 5-yr Monthly Average

-10% or +10% of Measurement



50% Below 5-yr Avg.

50% Above 5-yr Avg.

DEFINITION/GOAL

What is being measured: The current rolling 12 month total annual power outage time that the average customer experiences in a year. It is calculated by multiplying SAIFI x CAIDI. Interruptions of less than 5 minutes and those due to major storms are excluded from the calculation. (Lower is better.)

Why is it Important: To assess System performance and reliability.

What is the goal: To monitor and improve System performance and reliability as appropriate.

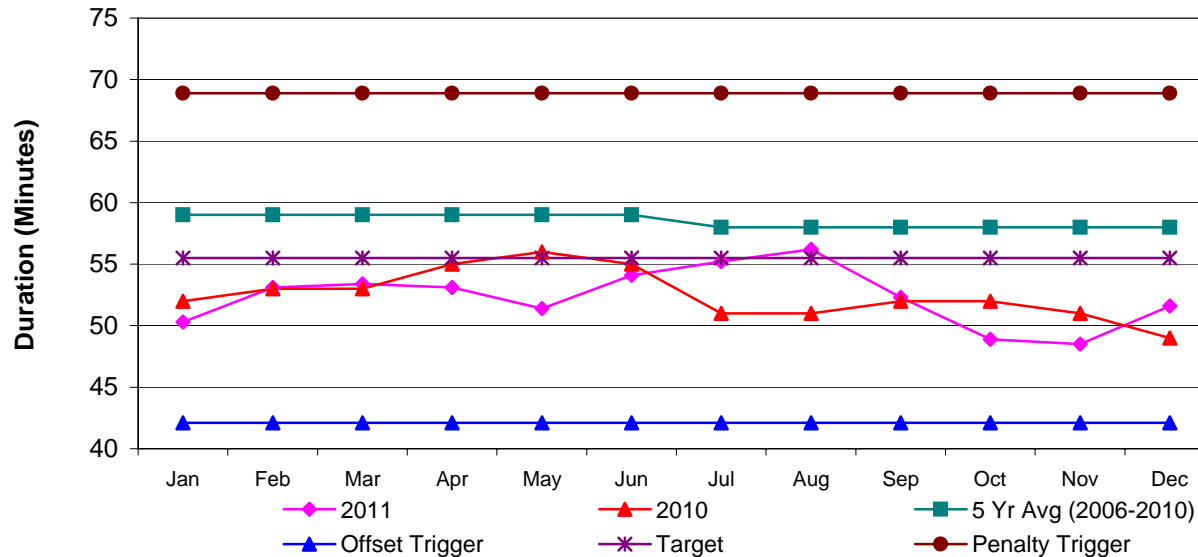
Time period: Rolling 12 month average.

ANALYSIS

The System Average Interruption Duration Index (SAIDI) for period ending December 31, 2011 was **51.6** minutes, 5.3 % higher than in December 2010 and 11 % lower than the previous 5-year average for December.

SAIDI values are 12 month rolling averages.

System Average Interruption Duration Index (SAIDI)





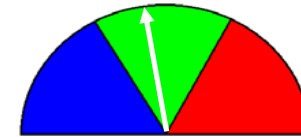
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System Average Interruption Frequency Index (SAIFI)

December 2011

Current Month vs. 5-yr Monthly Average

-10% or +10% of Measurement



50% Below 5-yr Avg,

50% Above 5-yr Avg.

DEFINITION/GOAL

What is being measured: The current rolling 12 month average number of times a customer was interrupted compared to the monthly 5 year average. It is computed by dividing the total number of customers interrupted in a year by the number of customers served. Interruptions of less than 5 minutes and those due to major storms are excluded from the calculation. (Lower is better).

Why is it Important: To assess System performance and reliability.

What is the goal: To monitor and improve System performance and reliability as appropriate.

Time period: Rolling 12 month average.

ANALYSIS

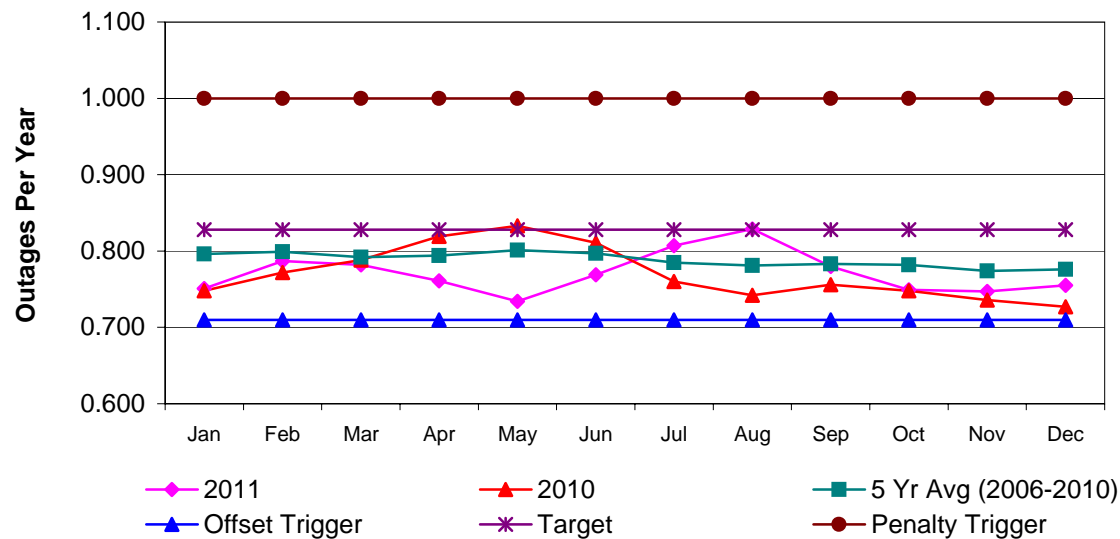
The System Average Interruption Frequency Index (SAIFI) for 12 month rolling period ending December 31, 2011 was **0.755**, 3.9 % higher than in December 2010 and 2.7 % lower than the previous 5-year average for December.

T&S customer interruptions decreased by 2,435 for the 12 month period ending December 31, 2011 when compared to December 31, 2010.

December 2011 customer interruptions (81,271) were 12 % higher than in December 2010 (72,530) and 6.8 % higher than the previous 5 year average for December of 76,088, primarily due to the impact of Storm # 24 (12/27/11-12/29/11).

SAIFI values are 12 month rolling averages.

System Average Interruption Frequency Index (SAIFI)





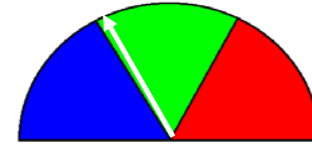
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Customer Average Interruption Duration Index (CAIDI)

December 2011

Current Month vs. Monthly 5-yr Average

-10% or +10% of Measurement



50% Below 5-yr Avg.

50% Above 5-yr Avg.

DEFINITION/GOAL

What is being measured: The current rolling 12 month average service restoration time or the average interruption duration for those customers interrupted during the year compared to the monthly 5 year average. It is computed by dividing the sum of the customer interruption duration by the number of customers who experienced interruptions. Interruptions of less than 5 minutes and those due to major storms are excluded from the calculation. (Lower is better).

Why is it Important: To assess System performance and reliability.

What is the goal: To improve System performance and reliability.

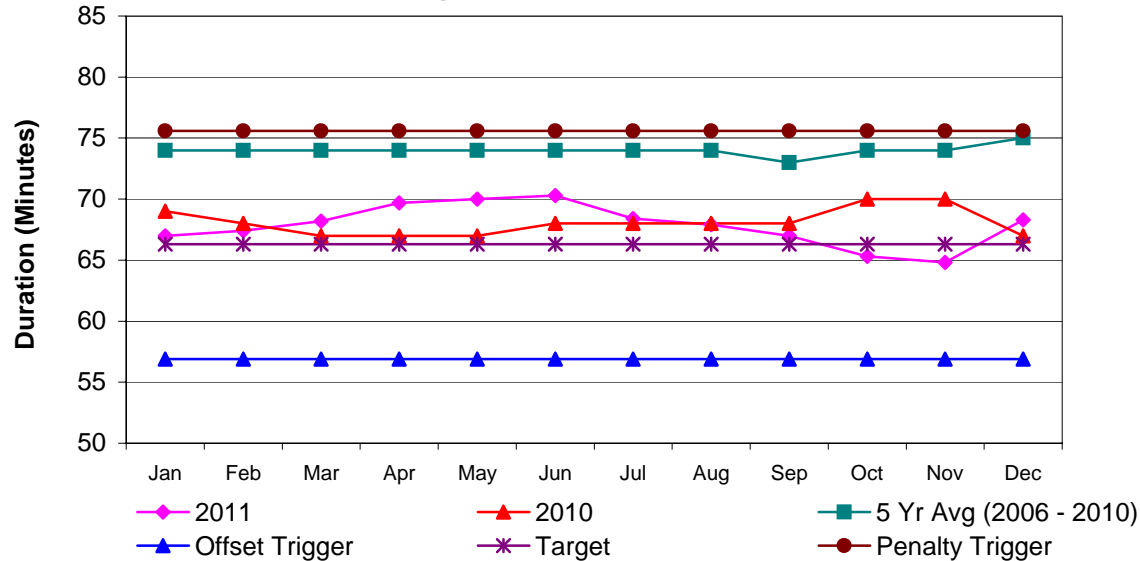
Time period: Rolling 12 month average.

ANALYSIS

The System average outage duration for the 12 month period ending December 31, 2011 was **68.3** minutes, 2 % higher than in December 2010 and 9 % lower than the previous 5-year average for December.

Major causes contributing towards CAIDI for the 12 month period ending December 31, 2011 were: T&S Events (defective substation equipment), overhanging tree limbs falling onto wires, motor vehicle accidents, interruptions of unknown origin, and lightning.

Customer Average Interruption Duration Index (CAIDI)



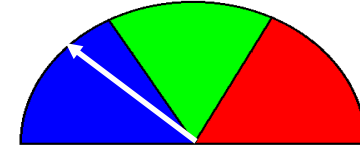


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Momentary Average Interruption Frequency Index (MAIFI) December 2011

Current Month vs. 5-yr Monthly Average

-10% or +10% of Measurement



50% Below 5-yr Avg.

50% Above 5-yr Avg.

DEFINITION/GOAL

What is being measured: The current rolling 12 month average number of times a customer is interrupted momentarily for a duration less than 5 minutes compared to the monthly 5 year average. It is computed by dividing the total number of momentary customer interruptions by the number of customers served during the year. Momentary interruptions during major storms are excluded from this calculation. (Lower is better).

Why is it Important: To assess System performance and reliability.

What is the goal: To improve System performance and reliability.

Time period: Rolling 12 month average.

ANALYSIS

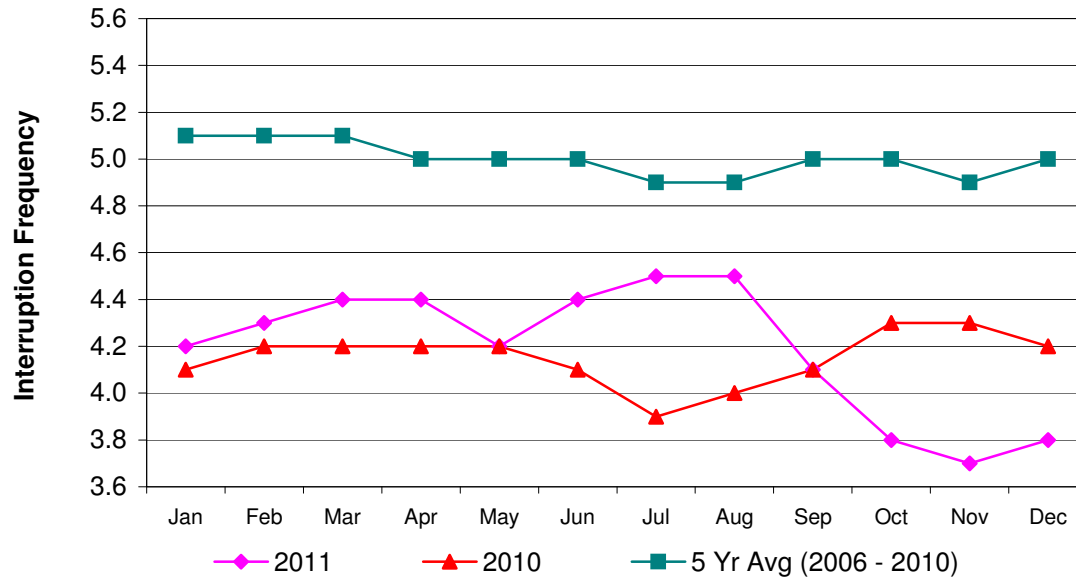
The Momentary Average Interruption Frequency Index (MAIFI) for period ending December 31, 2011 was **3.8**, 9.5 % lower than in December 2010 and 24 % lower than the previous 5-year average for December.

Final year end MAIFI at **3.8** represents the all time year end LIPA System historical low.

In December 2011, there were 393,466 momentary customer interruptions.

Momentary interruptions are those less than five minutes in duration.

Momentary Average Interruption Frequency Index (MAIFI)





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Reliability Comparison to Other NYS Utilities (SAIFI & CAIDI)

December 2011

DEFINITION/GOAL

What is being measured: LIPA's reliability Indices compared to the other five NY State overhead utilities. (CHG&E, NAT GRID, NYSEG, O&R, RG&E)*

Why is it important: To assess LIPA's performance and reliability and to provide benchmarking for comparison to its peers.

What is the goal: To monitor LIPA's position within NY State and effectively manage system performance and reliability.

Time period: Twelve month rolling average as of December 31, 2011.

* Other utilities statistics updated through December 31, 2010.

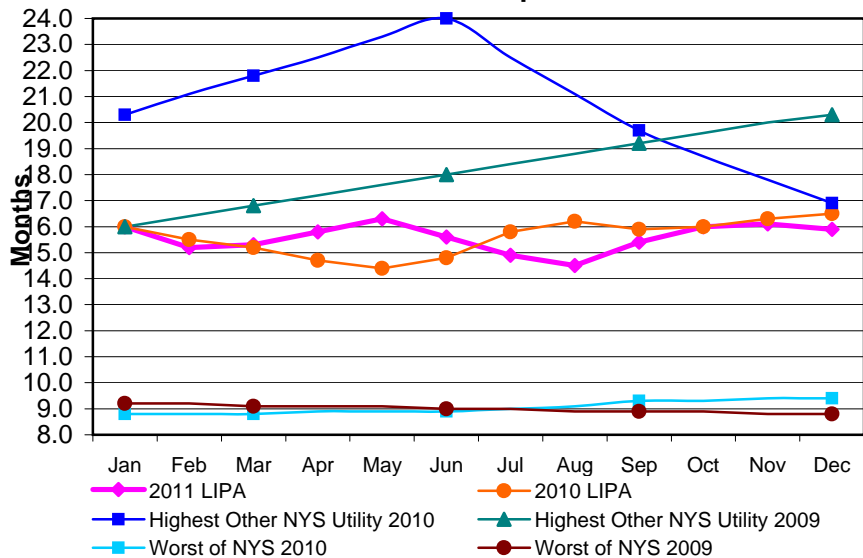
ANALYSIS

As of December 31, 2010, LIPA had the second best SAIFI value for all the overhead NY State utilities. Through December 31, 2011, the average LIPA customer experienced **0.755** outages/year compared to an average of 1.027 outages/year for the other utilities.*

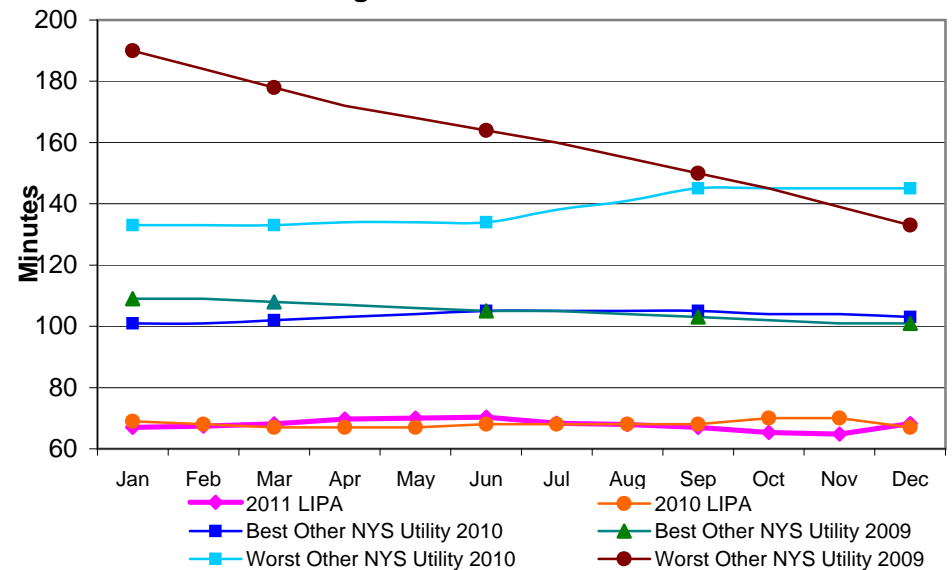
As of December 31, 2010, LIPA had the best CAIDI value for all the overhead NY State utilities. Through December 30, 2011, the average LIPA customer interruption was **68.3** minutes compared to an average of 119 minutes for the other utilities.*

* Other utilities statistics updated through December 31, 2010.

Months Between Interruptions - SAIFI



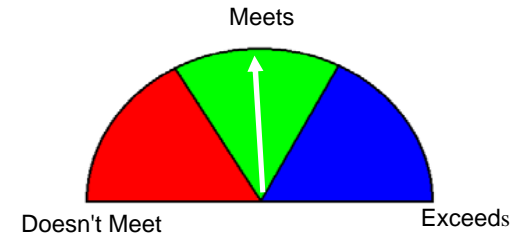
Outage Duration Time - CAIDI





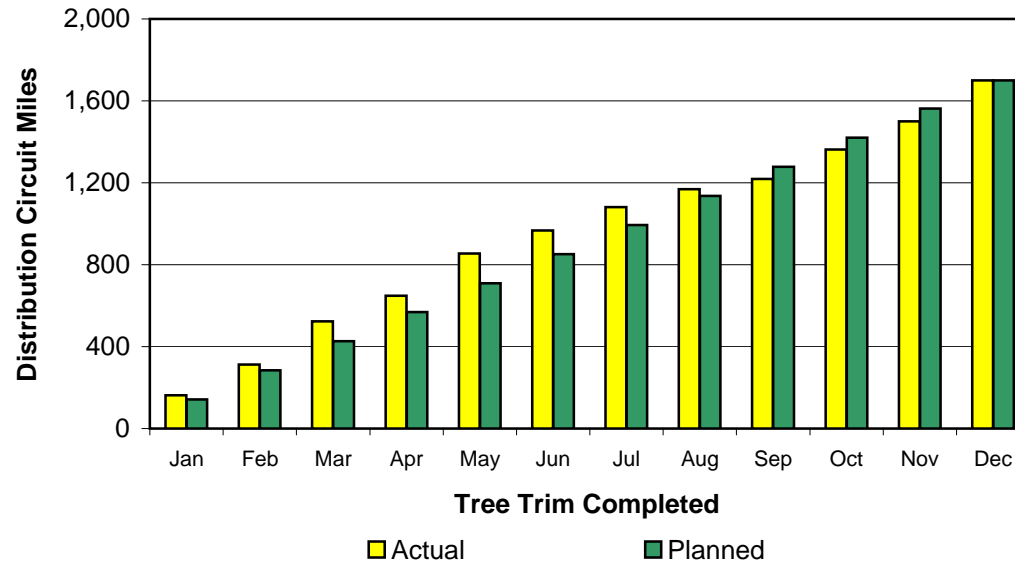
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Tree Trim Program December 2011



DEFINITION/GOAL	ANALYSIS
<p><u>What is being measured:</u> Distribution Tree Trim Circuit Miles</p> <p><u>Why is it Important:</u> System reliability.</p> <p><u>What is the goal:</u> Trim 1,700 miles of distribution circuits.</p> <p><u>Time period:</u> Year-to-date (YTD).</p>	<p>One Hundred (100%) percent of the total mileage in the program is completed.</p>

Year to Date Distribution Tree Trim Miles 2011



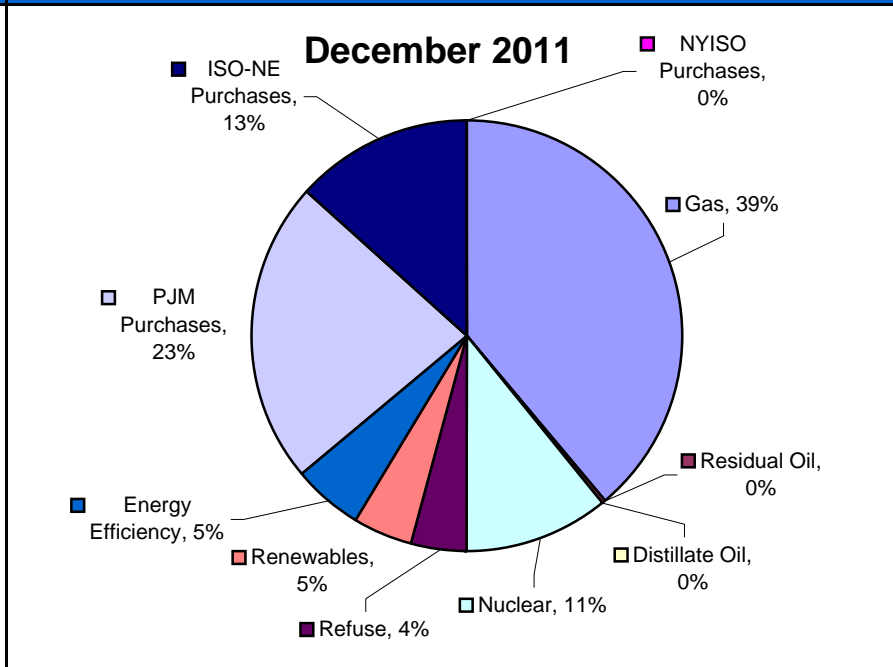
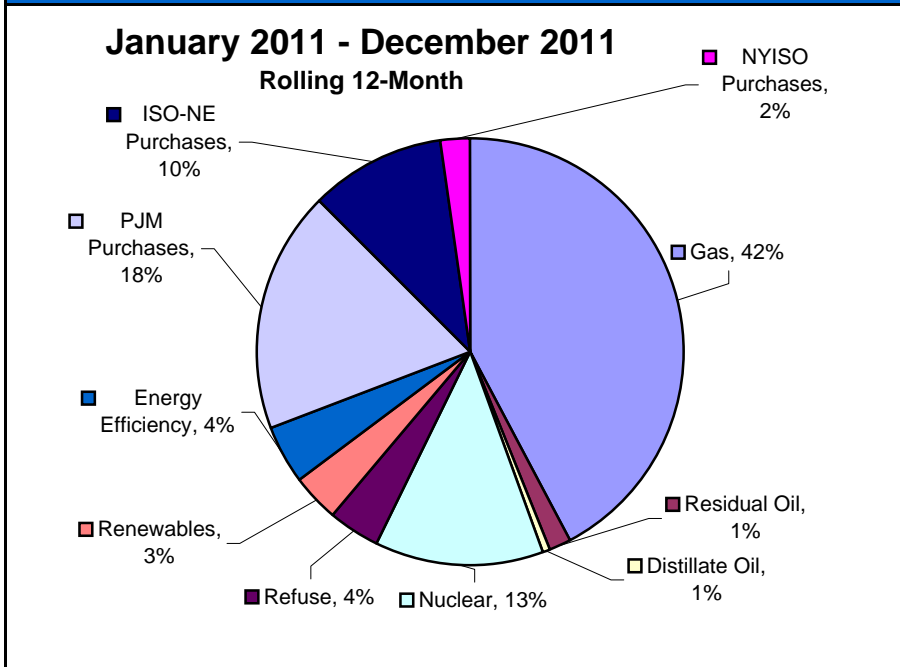


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LIPA Generation by Fuel

December 2011

DEFINITION/GOAL	ANALYSIS
<p><u>What is being measured:</u> Fuel mix for energy produced for LIPA's retail sales and wholesale sales.</p> <p><u>Why is it Important:</u> Indicates fuel sources of LIPA's power</p> <p><u>What is the goal:</u> No specific targets or goals at this time</p> <p><u>Time period:</u> Rolling 12-Months / Current Month</p>	<p>Total retail and wholesale sales for 12 month rolling period and current month (reported in MWh, displayed as % of total sales). Nuclear includes Nine Mile Point 2 and Fitzpatrick contract. Renewables include energy from Bear Swamp and Landfill Gas. Economy purchases exclude any energy deliveries from firm contracts. For December 2011 LIPA was a net economy seller over Y49/Y50 from NYISO.</p>





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LIPA Tie Line Sales

December 2011

DEFINITION/GOAL	ANALYSIS																
<p><u>What is being measured:</u> Exports of power from Long Island (imported power is shown on Chart 31A)</p> <p><u>Why is it Important:</u> Provides an overview of Long Island energy position</p> <p><u>What is the goal:</u> No specific targets or goals at this time</p> <p><u>Time period:</u> Rolling 12-Months / Current Month</p>	<p>Total exported power for 12 month rolling period and current month (reported in MWh, displayed as % of total economy sales).</p> <p>All economy transactions are scheduled by the ISOs.</p> <p>For December 2011 LIPA was a net economy seller over Y49/Y50 from NYISO.</p>																
<p>January 2011 - December 2011 Rolling 12-Month</p> <table border="1"> <caption>Rolling 12-Month Tie Line Sales</caption> <thead> <tr> <th>Tie Line</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>NYISO</td> <td>97%</td> </tr> <tr> <td>Northport - Norwalk Cable (NNC /1385)</td> <td>3%</td> </tr> <tr> <td>Cross Sound Cable (CSC)</td> <td>0%</td> </tr> </tbody> </table>	Tie Line	Percentage	NYISO	97%	Northport - Norwalk Cable (NNC /1385)	3%	Cross Sound Cable (CSC)	0%	<p>December 2011</p> <table border="1"> <caption>December 2011 Tie Line Sales</caption> <thead> <tr> <th>Tie Line</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>NYISO</td> <td>100%</td> </tr> <tr> <td>Northport - Norwalk Cable (NNC /1385)</td> <td>0%</td> </tr> <tr> <td>Cross Sound Cable (CSC)</td> <td>0%</td> </tr> </tbody> </table>	Tie Line	Percentage	NYISO	100%	Northport - Norwalk Cable (NNC /1385)	0%	Cross Sound Cable (CSC)	0%
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LIPA Cost by Fuel

December 2011

DEFINITION/GOAL	ANALYSIS																																												
<p><u>What is being measured:</u> Fuel Costs of various resources</p> <p><u>Why is it Important:</u> Indicates cost of fuel sources of LIPA's power</p> <p><u>What is the goal:</u> No specific targets or goals at this time</p> <p><u>Time period:</u> Rolling 12-Months / Current Month</p>	<p>Renewables include energy from Bear Swamp and Landfill Gas. Nuclear includes Nine Mile Point 2 and Fitzpatrick contract. Economy purchases exclude any energy deliveries from firm contracts. Energy Efficiency costs are calculated based on the cost of energy efficiency programs implemented from 2007 to December 31, 2011 expressed in 2011 dollars.</p>																																												
<p>January 2011 - December 2011</p> <table border="1"> <caption>January 2011 - December 2011 Fuel Costs (\$/MWh)</caption> <thead> <tr> <th>Fuel Source</th> <th>Cost (\$/MWh)</th> </tr> </thead> <tbody> <tr><td>Gas</td><td>\$54.38</td></tr> <tr><td>Residual Oil</td><td>\$118.11</td></tr> <tr><td>Distillate Oil</td><td>\$268.93</td></tr> <tr><td>Nuclear</td><td>\$29.89</td></tr> <tr><td>Refuse</td><td>\$72.78</td></tr> <tr><td>Renewables</td><td>\$86.54</td></tr> <tr><td>Energy Efficiency</td><td>\$25.80</td></tr> <tr><td>PJM Purchases</td><td>\$48.39</td></tr> <tr><td>ISO-NE Purchases</td><td>\$42.97</td></tr> <tr><td>NYISO Purchases</td><td>\$71.38</td></tr> </tbody> </table>	Fuel Source	Cost (\$/MWh)	Gas	\$54.38	Residual Oil	\$118.11	Distillate Oil	\$268.93	Nuclear	\$29.89	Refuse	\$72.78	Renewables	\$86.54	Energy Efficiency	\$25.80	PJM Purchases	\$48.39	ISO-NE Purchases	\$42.97	NYISO Purchases	\$71.38	<p>December 2011</p> <table border="1"> <caption>December 2011 Fuel Costs (\$/MWh)</caption> <thead> <tr> <th>Fuel Source</th> <th>Cost (\$/MWh)</th> </tr> </thead> <tbody> <tr><td>Gas</td><td>\$53.53</td></tr> <tr><td>Residual Oil</td><td>\$131.63</td></tr> <tr><td>Distillate Oil</td><td>\$394.79</td></tr> <tr><td>Nuclear</td><td>\$31.03</td></tr> <tr><td>Refuse</td><td>\$74.37</td></tr> <tr><td>Renewables</td><td>\$86.96</td></tr> <tr><td>Energy Efficiency</td><td>\$30.62</td></tr> <tr><td>PJM Purchases</td><td>\$36.82</td></tr> <tr><td>ISO-NE Purchases</td><td>\$28.89</td></tr> <tr><td>NYISO Purchases</td><td>\$0.00</td></tr> </tbody> </table>	Fuel Source	Cost (\$/MWh)	Gas	\$53.53	Residual Oil	\$131.63	Distillate Oil	\$394.79	Nuclear	\$31.03	Refuse	\$74.37	Renewables	\$86.96	Energy Efficiency	\$30.62	PJM Purchases	\$36.82	ISO-NE Purchases	\$28.89	NYISO Purchases	\$0.00
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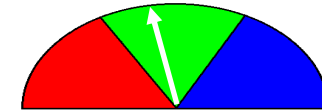


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Customer Satisfaction Current Month vs. Benchmark December 2011

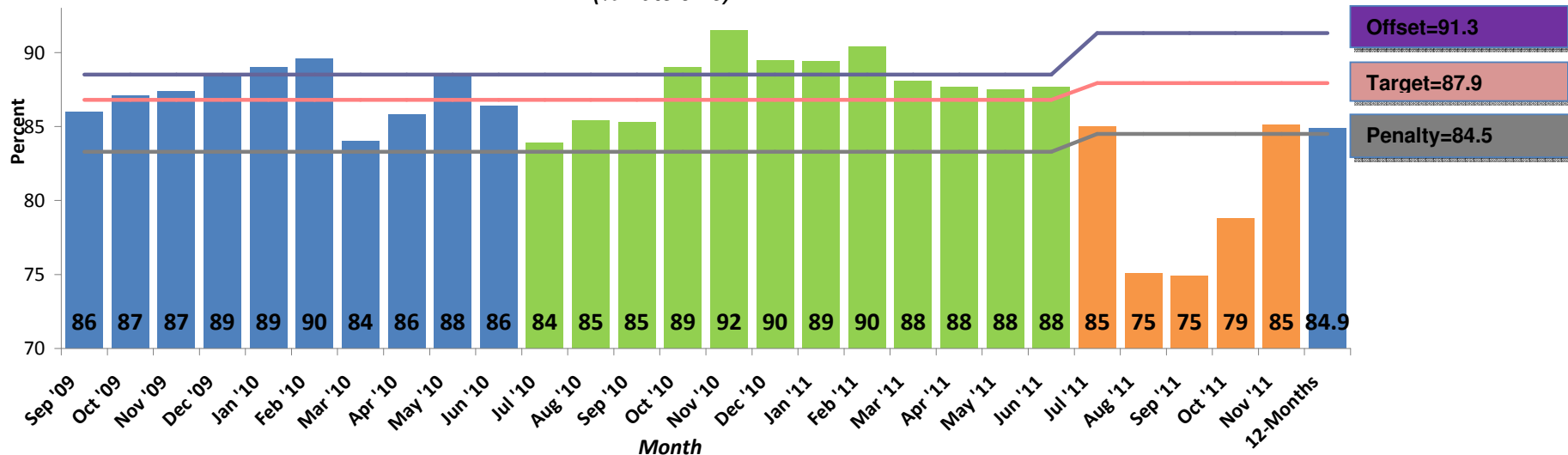
Target is 87.9 for July 2011 - June 2012

-10% or +10% of Measurement



DEFINITION/GOAL	ANALYSIS
<p>What is being measured: Beginning in September 2009, a 12-month LIPA Customer Satisfaction contactor benchmark measurement was conducted by ISA. The 12-month benchmark measure was calculated using the total of 12 unique consecutive monthly customer satisfaction performance measures.</p> <p>Why is it Important: To set the appropriate LIPA Customer Service metric moving forward.</p> <p>What is the goal:</p> <ul style="list-style-type: none"> - 2010 Target will be set at the 2009 Base Survey results, and will be raised by 1.3% each year thereafter to a maximum of 90%. ($86.80 \times 1.013 = 87.9\%$) - Penalty is 4% below target and increases by 1.15% per year. ($83.30 \times 1.015 = 84.5495\%$) - Offset is set at 2% above target line for 2010. Differential between Target and Offset from 2011 to 2013 is equal to that of Target and Penalty. ($87.93-84.55=3.38$, $87.93+3.38=91.31\%$) 	<p>Satisfaction with services provided by LIPA is currently 85% for November 2011 contactors; this translates to a performance of 84.9% over the last 12 months (Dec 2010 through Nov 2011). This month continues the improving trend from the August-September storm period when very low levels were observed. The improvement over last month <u>is</u> statistically significant at 90% confidence. The current month is below November 2010 (92%) which was the highest level observed in the survey period.</p> <p>The current month is above Penalty levels but below the Offset and Target levels.</p> <p>The current month seems to be back on-trend for LIPA following the severe summer storms. The next few months will determine whether the series reattains the high levels observed in early-mid 2010.</p> <p>**The survey data represented is through November 2011.</p>

Satisfaction with Services
-Current Months & Benchmark-
(% Rate 6-10)



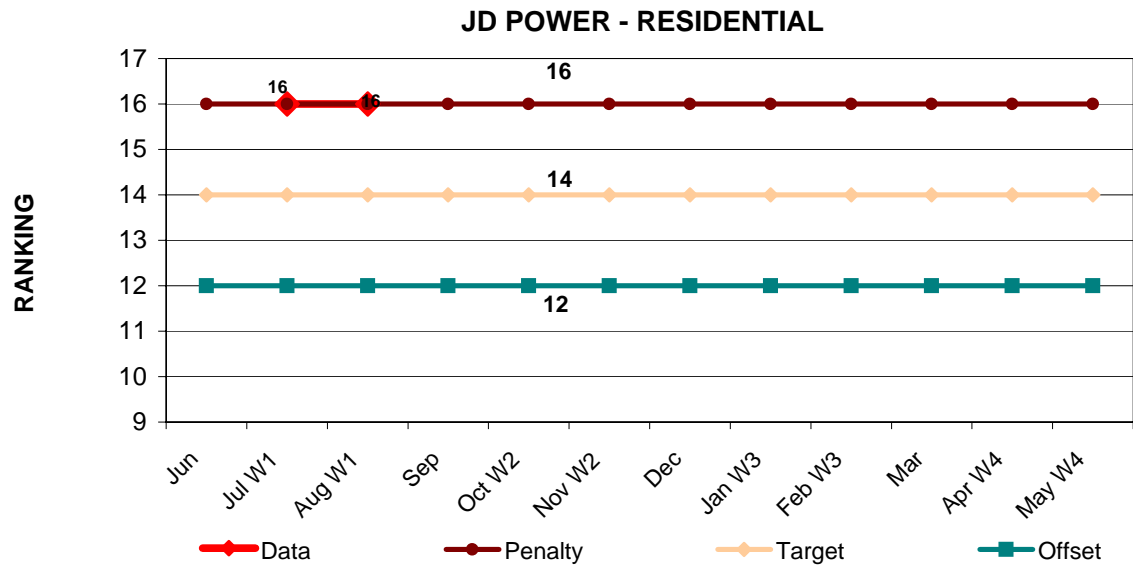
Q26. Overall, on a scale from 1 to 10, where 1 means dissatisfied and 10 means satisfied, how satisfied are you with the services provided by LIPA?



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Customer Satisfaction JD Power Residential December 2011

DEFINITION/GOAL	ANALYSIS
<p><u>What is being measured:</u> LIPA's stacked ranking performance among East Large utilities within the JD Power LIPA alternative model for electric residential.</p> <p><u>Why is it Important:</u> To continuously improve how LIPA performing among its East Large peers.</p> <p><u>What is the goal:</u> Ranking of 14th among the East Large peer utilities</p> <p><u>Time period:</u> JDP's "2012" wave 1 results are in. Wave 2 results will be available in Jan.</p>	<p>LIPA finished in 16th place for the 2012 wave 1 JDP residential East Large ranking using LIPA's alternative model. Power Quality & Reliability is the factor with the highest weight in the LIPA JDP alternative model (38%) and currently represents a primary opportunity. Attributes with the largest impact and performance opportunity include: "supplying electricity during very hot or cold temperatures," "provide quality electric power" (free from spikes, drops, or surges), "provide accurate information about an outage" (increase information points), and "avoiding brief interruptions of 5 minutes." There is also an opportunity "to help reduce customer bills" (communicate EE programs). The LIPA customer satisfaction teams review the data each wave and recommend and implement opportunities for improvements.</p>

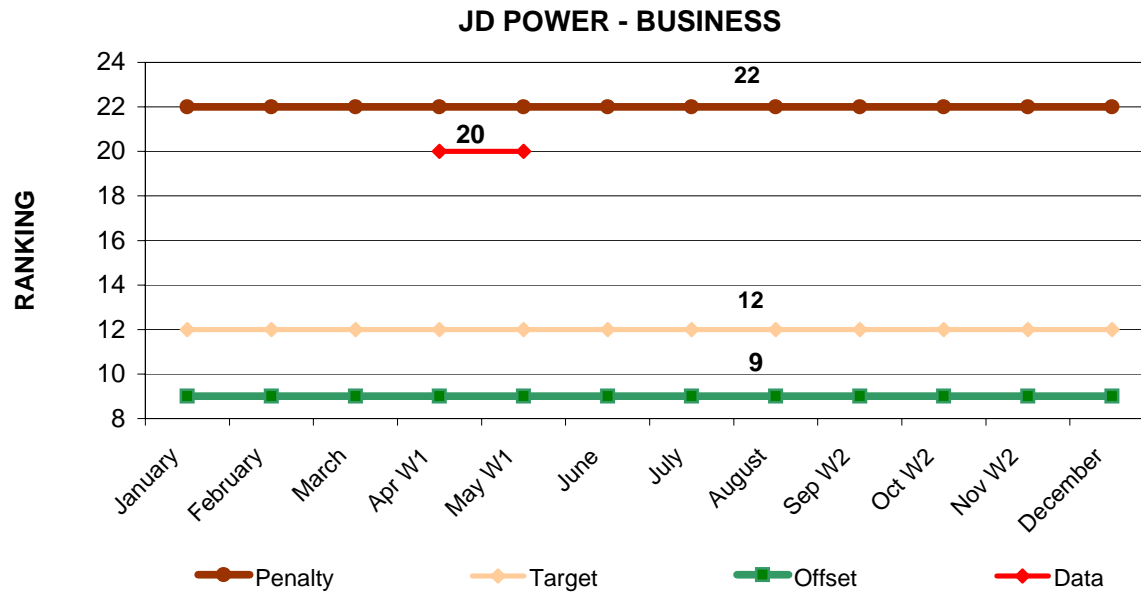




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Customer Satisfaction JD Power Business December 2011

DEFINITION/GOAL	ANALYSIS
<p><u>What is being measured:</u> LIPA's stacked ranking performance among East Mid and Large utilities within the JD Power LIPA alternative model for electric Business.</p> <p><u>Why is it Important:</u> To continuously improve how LIPA performing among its East Mid and Large peers for business customers.</p> <p><u>What is the goal:</u> Ranking of 12th among the East Large & Mid size peer utilities.</p> <p><u>Time period:</u> Wave 1 results for the "2012" JDP business study year are in. JDP's Wave 2 "2012" results will begin to be fielded in September of 2011, and available in February 2012.</p>	<p>LIPA finished 20th among the original 23 peer utilities in the east Mid and Large size companies in the 2012 wave 1 JDP LIPA alternative model; above the penalty level of 22nd place. Wave 1 was interviewed in April and May 2011. Similar to residential, PQR is the most heavily weighted factor (37%) and represents the largest opportunities. The same PQR attribute opportunities listed for "residential" are also applicable to business. The LIPA customer satisfaction teams review the data each wave and recommend and implement opportunities for improvements.</p> <p>**The survey data represented is through May 2011.</p>

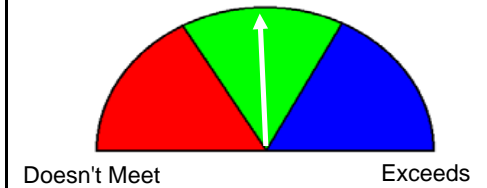




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Billing Accuracy December 2011

Meets MSA Goal



DEFINITION/GOAL

What is being measured: Number of cancel and rebills on accounts.

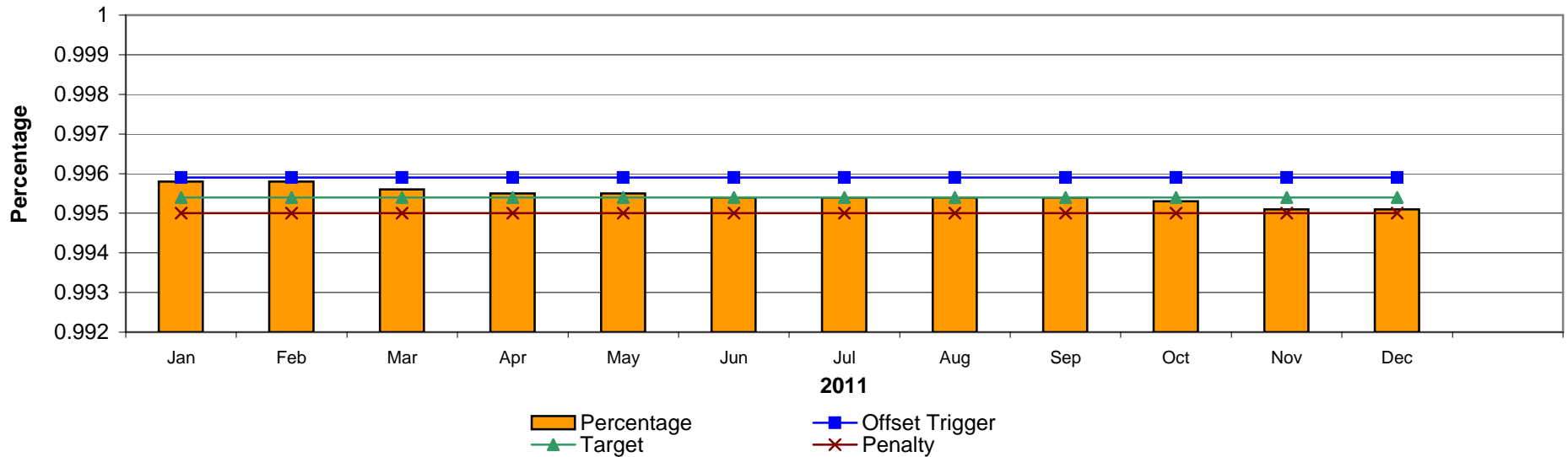
Why is it Important: Comparison of cancel and rebills to the number of bills rendered as a measure of bill quality.

What is the goal: Target 99.54%, Offset 99.59%, Penalty 99.5%

ANALYSIS

Billing accuracy for the 12 month rolling period ending December 2011 is 99.51%

Percentage Cancel & Rebills to Total Bills Rendered



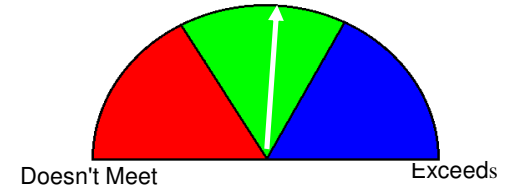


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Meter Reading Performance

December 2011

Meets



DEFINITION/GOAL

What is being measured: Number of meters estimated compared to meters scheduled to be read.

Why is it Important: To obtain actual meter readings for billing.

What is the goal: Actual read rate percentage.

Time period: Monthly

ANALYSIS

Meter reading performance is a measure of electric meters read.

Total Meters Scheduled to be Read: 617,395

Total Meters Estimated: 15,945

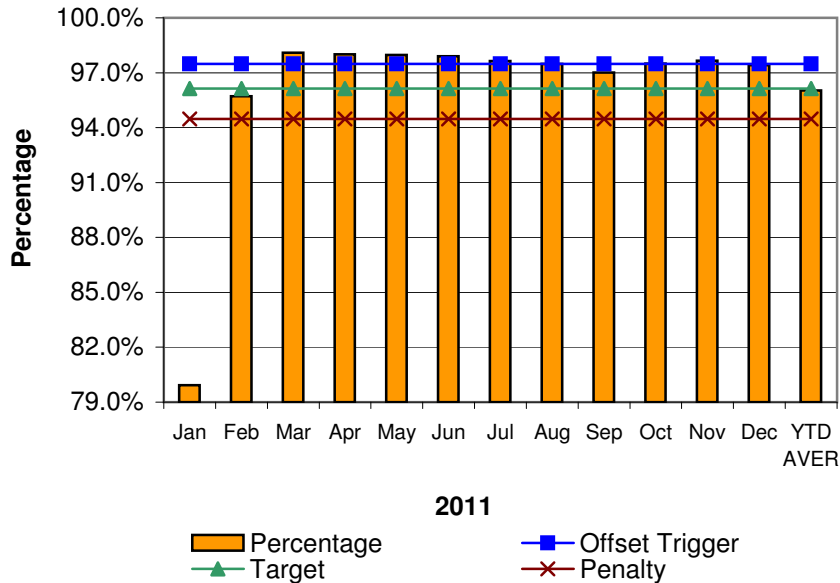
Penalty Level: 94.48%

Target 97.64%

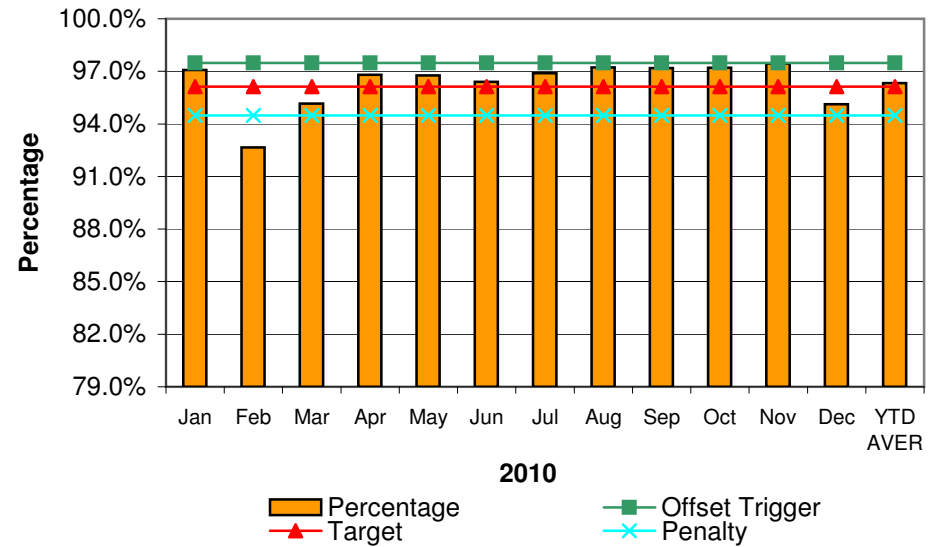
Offset Trigger: 97.48%

Meter reading acquired 7,071,320 actual reads out of the 7,365,632 meters that were scheduled to be read. This equates to a 96% actual read rate against a target goal of 96.13%. Meter Reading missed the 96.13% actual read rate goal by 9,575 actual reads. January and February left behind stagnant snow conditions. In order to compensate for the loss, meter reading delivered an average actual read rate of 97.68% from March-December.

Electric Meter Reading Performance Current Year



Electric Meter Reading Performance Previous Year





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Days Sales Outstanding (DSO) December 2011

DEFINITION

What is being measured: Average Days Sales Outstanding.

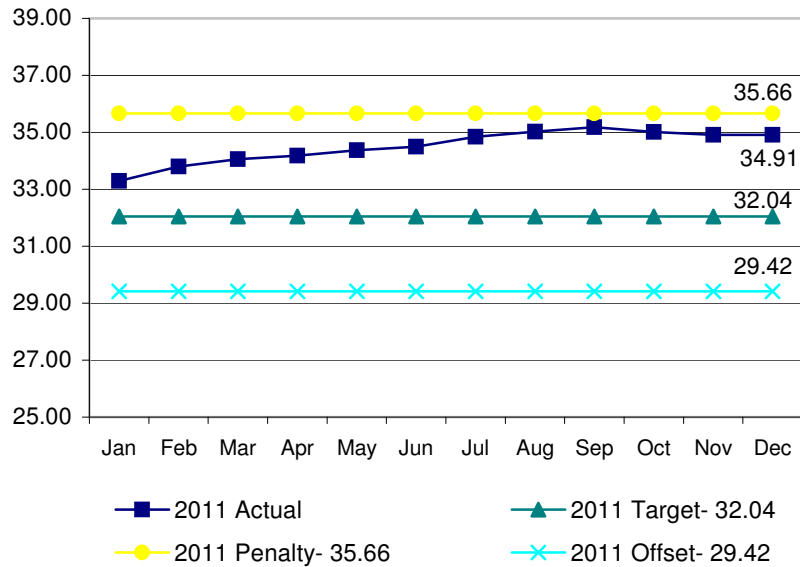
Why is it Important: This is a standard accounting measure.

Time period: DSO Relative to Target- Current year compared to target and penalty.
DSO- 2 Years, plus 5 year average.

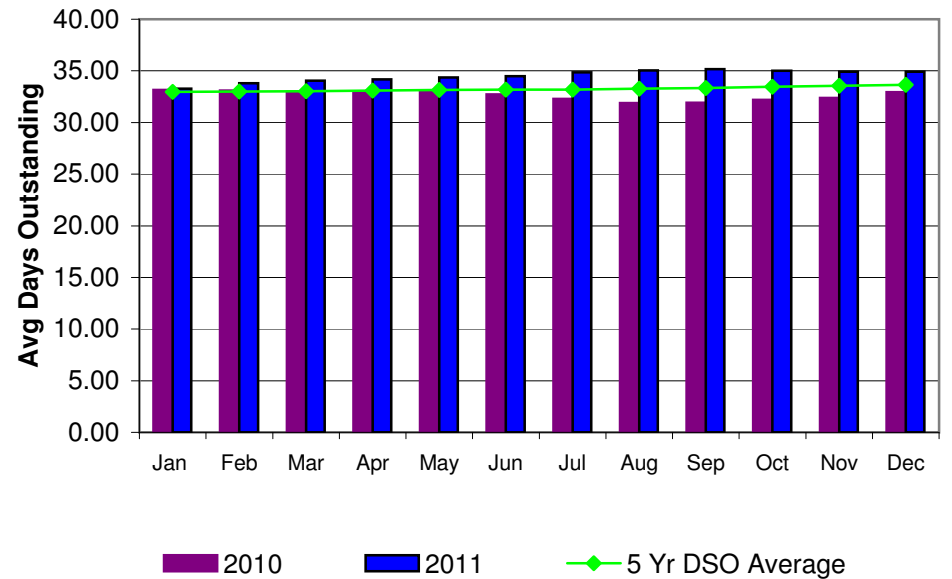
ANALYSIS

The DSO for December 2011 is at 34.91 days vs. 32.92 days in December 2010. The DSO calculation excludes the LIRR arrears in CAS. In early September, our ability was hampered by Hurricane Irene but we are still continuing our efforts to turn this figure around.

DSO Relative to Target



Days Sales Outstanding (DSO)





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Write Off as a Percentage of Revenue December 2011

DEFINITION

What is being measured: Write Off less Bankruptcies > 250K and Total Write Off as a percent of revenue (6 month lagged).

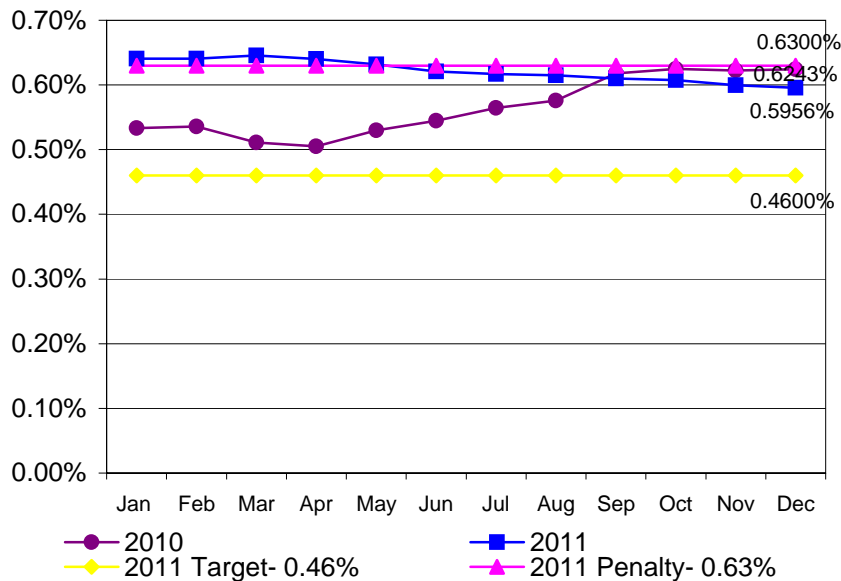
Why is it Important: This is a measure of losses as a percentage of revenue.

Time period: Year-to-date (YTD)
Percentage Less Bankruptcies- 2009 and 2010 compared to 2010 target and penalty.

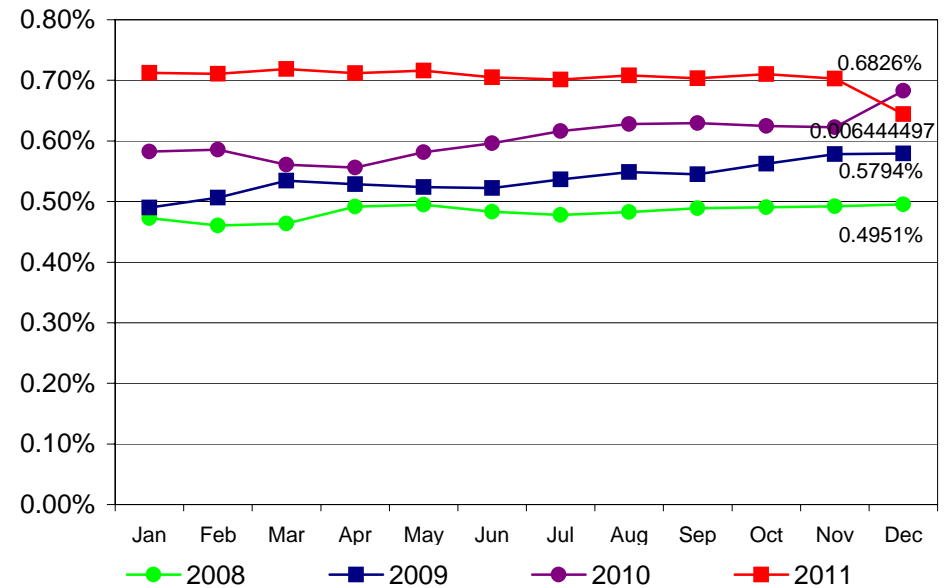
ANALYSIS

In December 2011, the net write-off was 0.6444% of revenue (6 months lagged) vs. December 2010 when this figure was 0.6826% of revenue (6 months lagged). December 2011 shows net write-off less bankruptcies > \$250K at 0.5956% of revenue (6 months lagged) vs. December 2010 when it was 0.6243% of revenue (6 months lagged). A comprehensive recovery plan has been established, reviewed and is being implemented. The plan includes driving improvement in recoveries by increasing focus on our collection agency results as well as increasing recoveries through the increased transfer of past balances to a customer's new accounts. These efforts will increase recoveries and reduce net uncollectible amounts. This effort began in June.

12 Month Revolving Write Off as a Percentage of Revenue Less Bankruptcies > 250K



12 Month Revolving Write Off as a Percentage of Revenue Actual





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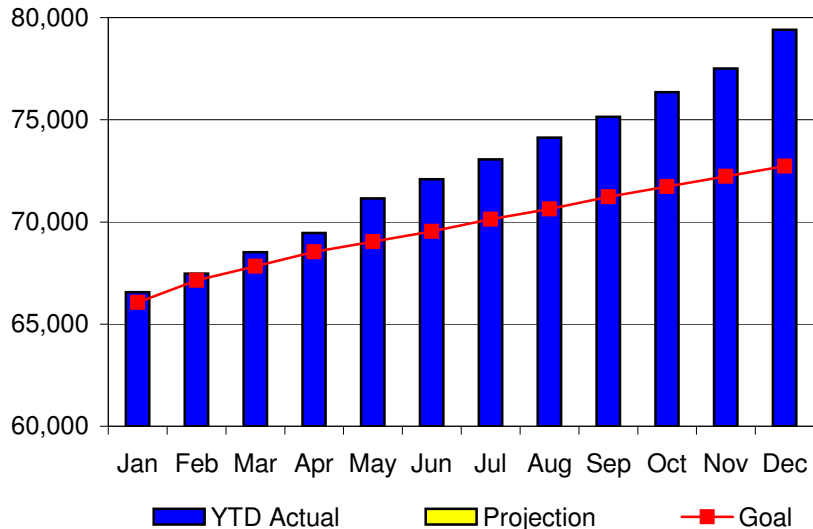
2011 LIPA Customer Care Transaction Programs

December 2011

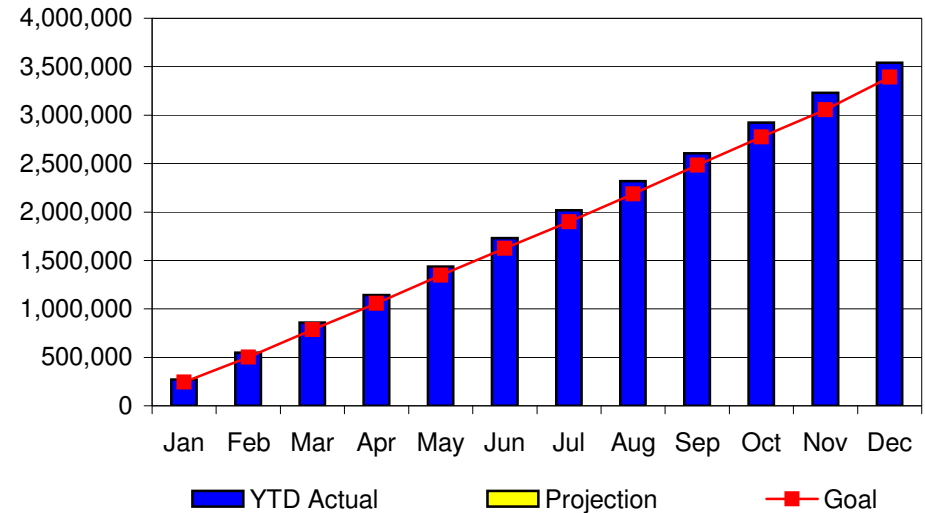
DEFINITION/GOAL	ANALYSIS
<p><u>What is being measured:</u> Adoption of web-based presentment / payment.</p> <p><u>Why is it Important:</u> Increased customer convenience; Decreased transaction processing and costs.</p> <p><u>What is the goal:</u> Increase customer enrollments.</p> <p><u>Time period:</u> Y-T-D and P-Y-E status by month.</p>	<p>e-LERT (MSA Metric) - A December campaign including direct mail and eblasts generated a solid month of growth resulting in a strong year for enrollments. Further promotion is scheduled the first quarter of 2012.</p> <p>Electronic Bill Payments (MSA Metric) - December electronic bill payments were strong again and we exceeded the 2011 goal.</p>



"e-LERT" Account Enrollments



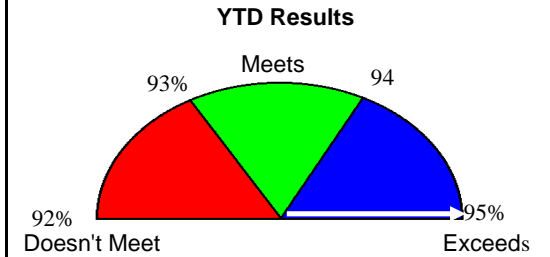
Electronic Bill Payments





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Call Center Answer Rate for Electric YTD Through December 2011



DEFINITION/GOAL

What is being measured: Annual answer rate of all calls offered.

Why is it Important: Customer satisfaction and ability to contact us for information.

What is the goal: Answer 93.5% of calls offered on an annual basis.

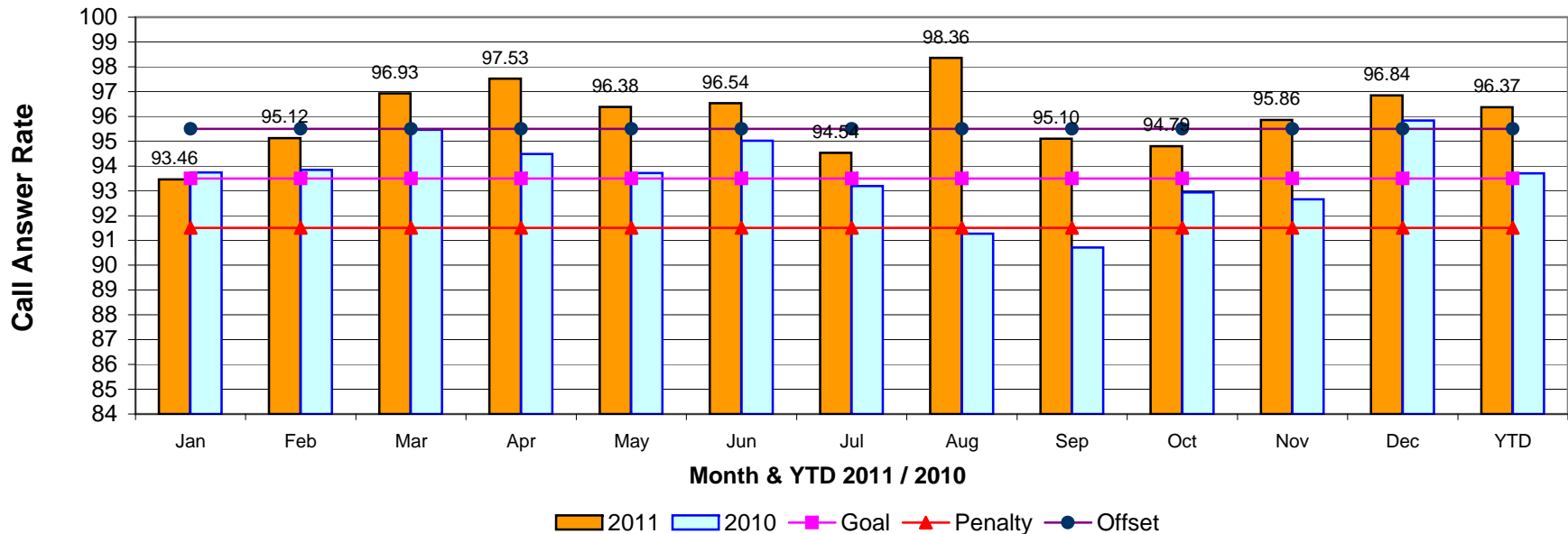
Time period: Monthly reporting with YTD roll up for calendar year goal.

ANALYSIS

The Call Answer Rate (CAR) for December came in at 96.8%, which exceeds the annual goal by 3.3%. The call answer rate for December 2010 was 95.8%. For 2011, the CAR came in at 96.4% or 2.9% better than goal. This compares with the full year 2010 performance of 93.7%. Total volume for December was 228,638 and rep volume was 127,509. Total 2011 volume was 16.5% higher than last year, driven primarily by Hurricane Irene.

Collections & Billing calls made up 82.4% of the call mix this month (vs. 76.9% last year), with Service related volume coming in at 6.9% (vs. 8.8% last year). Order related volume (Customer connects and disconnects) was at 8.3% versus 6.8% last year.

Call Center Monthly Call Answer Rate



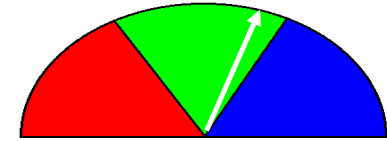


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Average Speed of Answer (ASA) - YTD December 2011

YTD Results

Goal = 168.9 sec



Penalty = 213.9 sec

Offset = 123.9 sec

DEFINITION/GOAL

What is being measured: Annual average speed of call answer rate of all calls answered.

Why is it important: Customer satisfaction and ability to contact us for information.

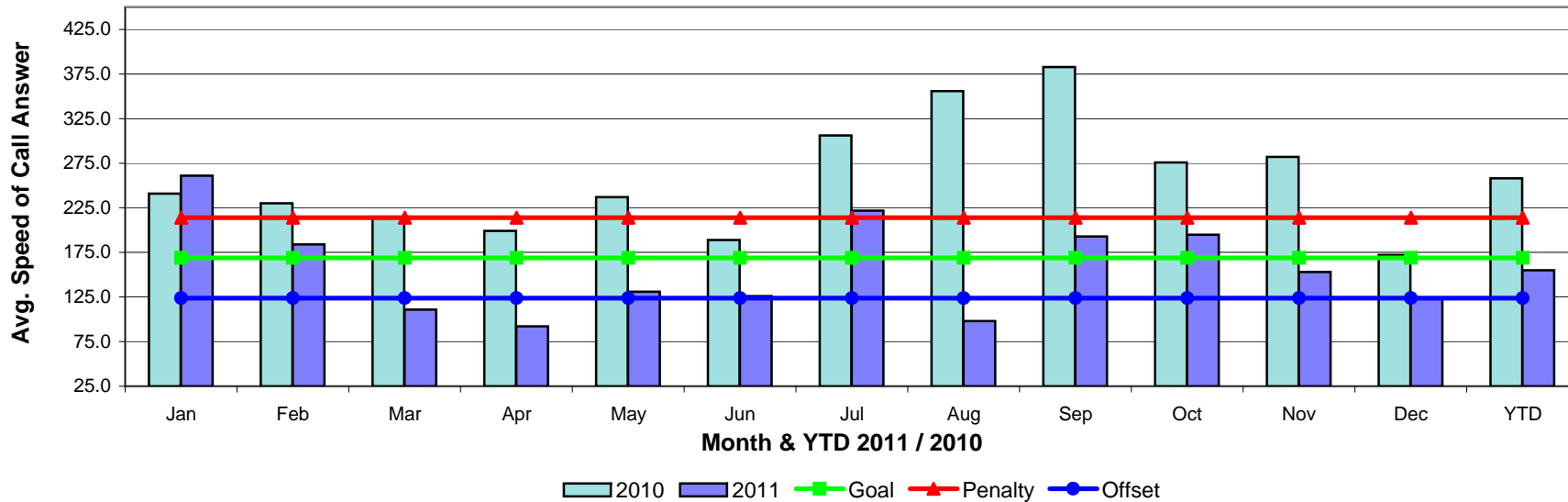
What is the goal: 168.9 seconds (penalty = 213.9 sec, offset = 123.9 sec)

Time period: Monthly reporting with YTD roll up for calendar year goal.

ANALYSIS

The Average Speed of Call Answer (ASA) for December came in at 124.0 seconds, which is 44.9 seconds better than the annual target of 168.9 seconds and a 48.0 second improvement versus December 2010 (172.0 seconds). The 2011 full year performance of 155.0 seconds is 13.9 seconds better than the annual target and it represents a 103.0 second improvement versus 2010 (258.0 seconds). Total Rep volume for December was 127,509 with Collection and Billing calls making up 82.4% of the volume (vs. 76.9% last year). Order related calls (customer connects and disconnects) came in at 8.3% of the mix (vs. 6.8% last year), with Service calls at 6.9% (vs. 8.8% last year). Total 2011 call volume was 16.5% higher than last year, driven by Hurricane Irene.

Average Speed of Call Answer (ASA)



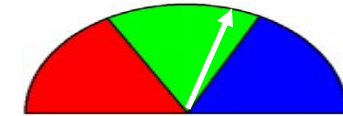


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First Call Resolution Current Month vs. YTD Average December 2011

Target remains unchanged from original 2006 contract

-10% or +10% of Measurement



50% Below Goal

50% Above Goal

DEFINITION/GOAL

What is being measured: First Call Resolution ("FCR"): measured by a statistically valid telephone survey of LIPA customers that have contacted a customer service representative during the Contract Year. The 12-month measure will be calculated using the average of 12 unique consecutive monthly customer satisfaction performance measures.

The latest amendment says that FCR will be measured based on a 12 month total, measured through the last month of the contract year. FCR will always be measured Jan-Dec of each contract year.

Why is it Important: Improve customer satisfaction.

What is the goal: Target goal is 70%

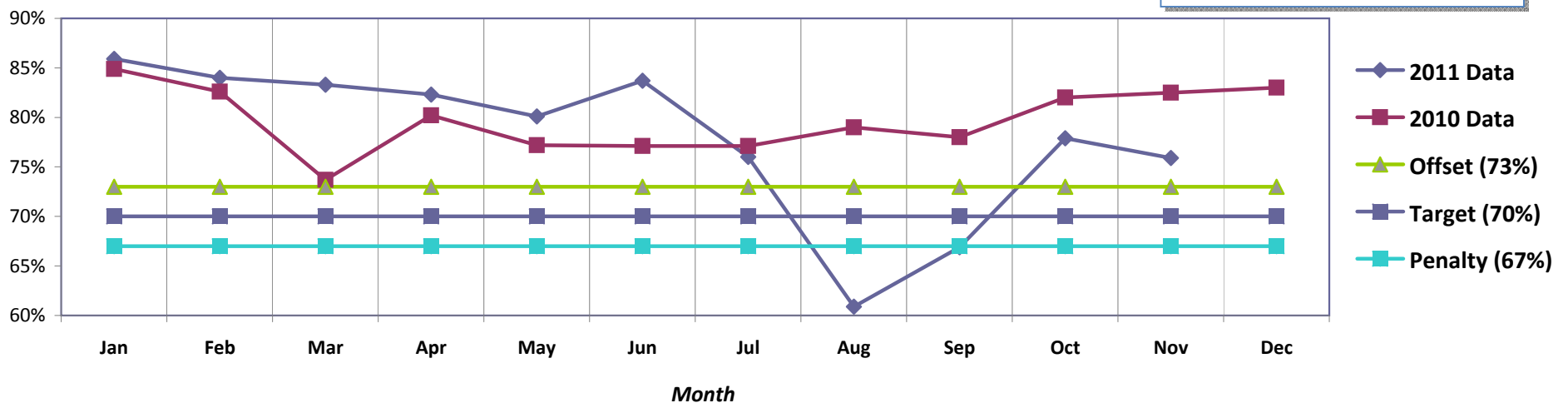
Time period: Monthly reporting with YTD roll up for calendar year.

ANALYSIS

A customer receiving FCR is determined by the percentage of customers answering "Yes" among total answering (excluding "Don't Know" and refused responses). The 12-month measure will be calculated using the average of 12 unique consecutive monthly customer satisfaction performance measures. The current calendar YTD performance is at 77.9%.

First call resolution is at 76% this month (November 2011 contactors), remaining higher than the below-average performance observed in August and September. This is a slight decline (not statistically significant) compared to last month and the current monthly figure remains above Offset, Target and Penalty levels. However, this month is 7 points lower than last year (November 2010 - 83%).

**The survey data represented is through November 2011.



Q5a. Again, thinking about your most recent telephone contact with LIPA, was your request settled or question answered during your first call?



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**Figure 9: O&M Workplan
DECEMBER 2011**

		Planned units for 2011	Actual units YTD	
ESO				
PM Bulk Electric System (BES)		702	702	
PM ESD Substation Emergency Restoration Radios		253	253	
Inspection - Under Frequency Load Rejection Relays		75	76	
SSM				
Transf/phase shifter				
Reactor & Regs IST				
In service test		480	480	
Out of service test		33	33	
Tap Changer Overhaul		24	27	
Transmission OCB				
Overhaul and Test		21	19	
Transmission Gas Circuit Brkr				
Gas Circuit Breaker Test		69	55	
Switchgear/Indoor Breakers				
ACB Overhaul		104	99	
OCB Overhaul		13	13	
VCB Overhaul		100	100	
GCB Overhaul		10	10	
Swgr Inspection	Several PM Activities were delayed due to hurricane Irene. These were identified to LIPA and will be completed in 2012.	29	19	
Batteries				
First Half		208	208	
Second Half	208	208		
Pump houses				
ATO		164	164	
ATO				
Oil test OCB's*		396	396	
Thermovision				
All Substations		132	128	
Network Protectors				
		147	115	
Totals		2323	2259	
Electric Service				
ATO's		50	50	
ACR's		20	20	
Capacitors		1558	1558	
Thermography - QN/ES, System Transmission		1950	1950	
Tree Trim				
Transmission Miles		200	200	
Distribution Miles		1718	1718	
2011 LIPA initiatives	NG Lead	2011 Milestones	2011 Status	

Workplan Completion Index: Measured as the completion of the following three components in their entirety (subject to accidental, incidental and minor omissions): O&M Workplan, Capital Workplan and Corporate Initiatives. Prior to the beginning of each Contract Year, the parties will agree as to the O&M Workplan, the Capital Workplan and the Corporate Initiatives for such Contract Year.

O&M Workplan: the entire T&D maintenance annual plan, established each Contract Year. During the Contract Year, LIPA or the Manager, subject to LIPA's approval, may exclude certain planned maintenance activities in any particular Contract Year. However, any excluded maintenance activities will be added to the subsequent Contract Year's O&M Workplan.

Capital Workplan: the total of all scheduled capital projects and programs, established based on each Contract Year's approved budget, as adjusted from time to time by LIPA or the Manager, subject to LIPA's approval, throughout each Contract Year.

Corporate Initiatives: the completion of all corporate initiatives that are identified by the parties on an annual basis. LIPA or the Manager, subject to LIPA's approval, may exclude certain planned corporate initiative activities in any particular Contract Year. However, any excluded activities will be added to the subsequent Contract Year's Corporate Initiatives.

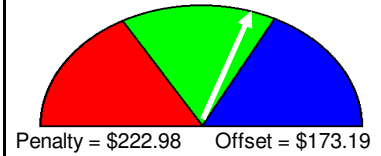


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Capital Cost Per Customer

YTD Results

Target = \$216.49



December 2011

DEFINITION/GOAL

What is being measured: The total Major Capital Dollar spent per LIPA customer in a given year (excluding GT and Interconnect dollars spent)

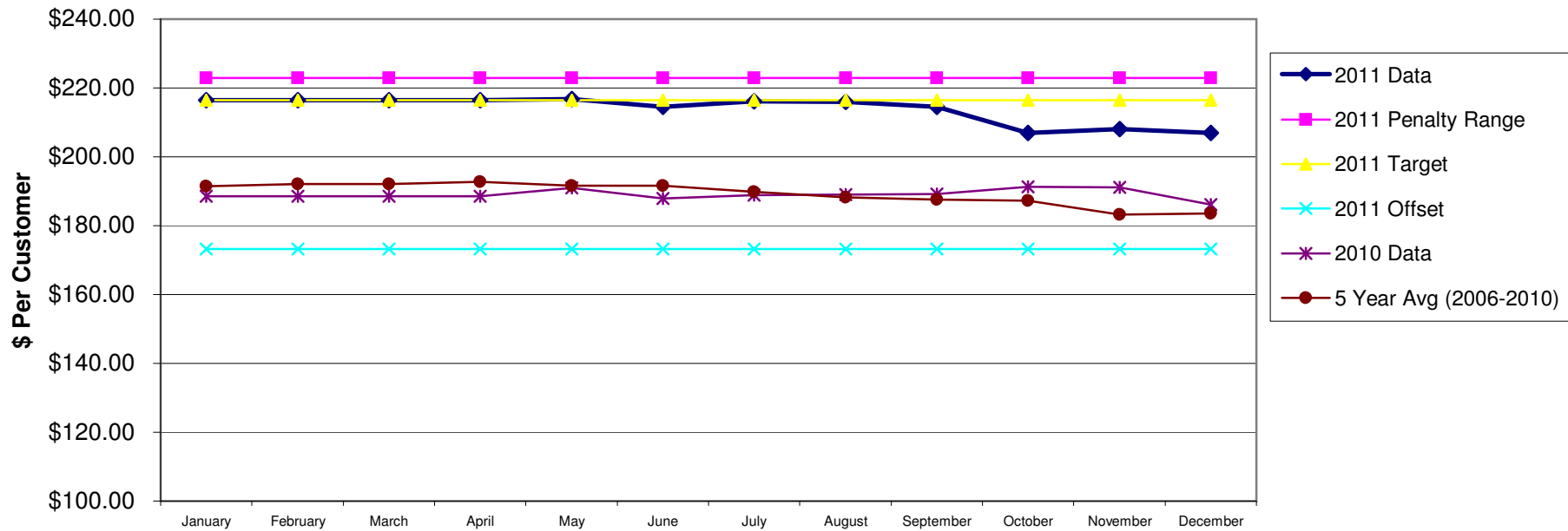
Why is it Important: Adherence to financial commitment

What is the goal: The target Capital Cost per customer is \$216.49.

Time period: Monthly reporting with YTD roll up for calendar year goal.

ANALYSIS

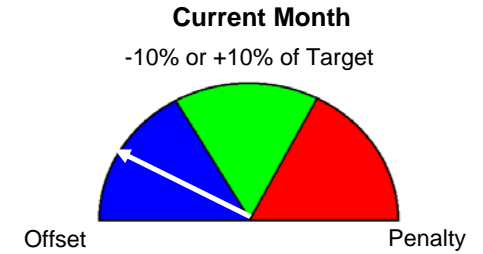
At the end of December, the capital cost per customer is \$207.00. The decrease (in October) was due to \$8.6M in budget moved to 2012 for E.Garden City land.





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MCO - Rolling 12 months
Number of customers with greater than three Interruptions
(PSC storms excluded)
December 2011



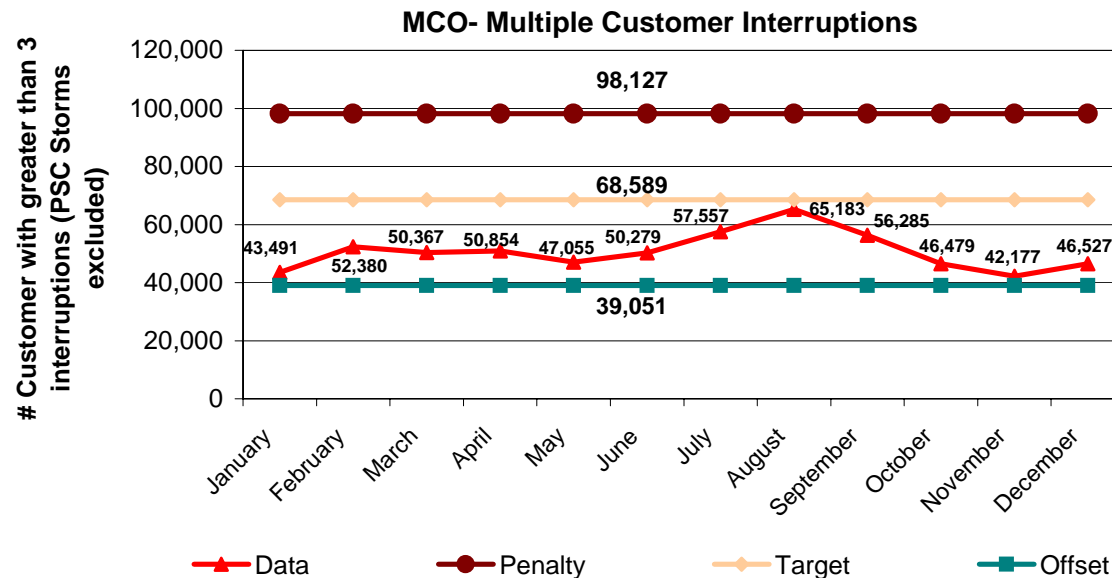
DEFINITION/GOAL

What is being measured: The number of customers experiencing more than three non-storm outages during a 12-month period. Performance is assessed on the last day of each Contract Year. (Lower is better.)
Why is it Important: To assess System performance and reliability for those customers who experienced the multiple outages during the rolling 12 month period.
What is the goal: To improve System performance and reliability. The metric was established in 2007, targeting 3% improvement per year beginning in 2008.
Time period: Rolling 12 month period ending December 31, 2011.

ANALYSIS

The multiple customer outages for rolling 12 month period ending December 31, 2011 was **46,527** customer interruptions, 32.2 % lower than the target of 68,589.

There was one major storm and one minor storm in December 2011.





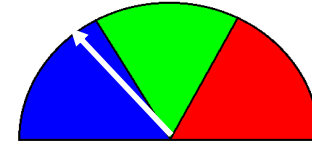
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Storm CAIDI - Year To Date Customer Average Interruption Duration Index

December 2011

Current Month vs. Monthly 5-yr Average

-10% or +10% of Measurement



50% Below 5-yr Avg.

50% Above 5-yr Avg.

DEFINITION/GOAL

What is being measured: The current year to date average service restoration time or the average interruption duration for those customers interrupted during storm periods compared to the cumulative monthly 5 year average. It is computed by dividing the sum of the customer interruption duration by the number of customers who experienced interruptions. Interruptions of less than 5 minutes are excluded. (Lower is better.)

Why is it Important: To assess System performance and reliability during storm periods.

What is the goal: To improve System performance and reliability.

Time period: Year To Date through December 2011.

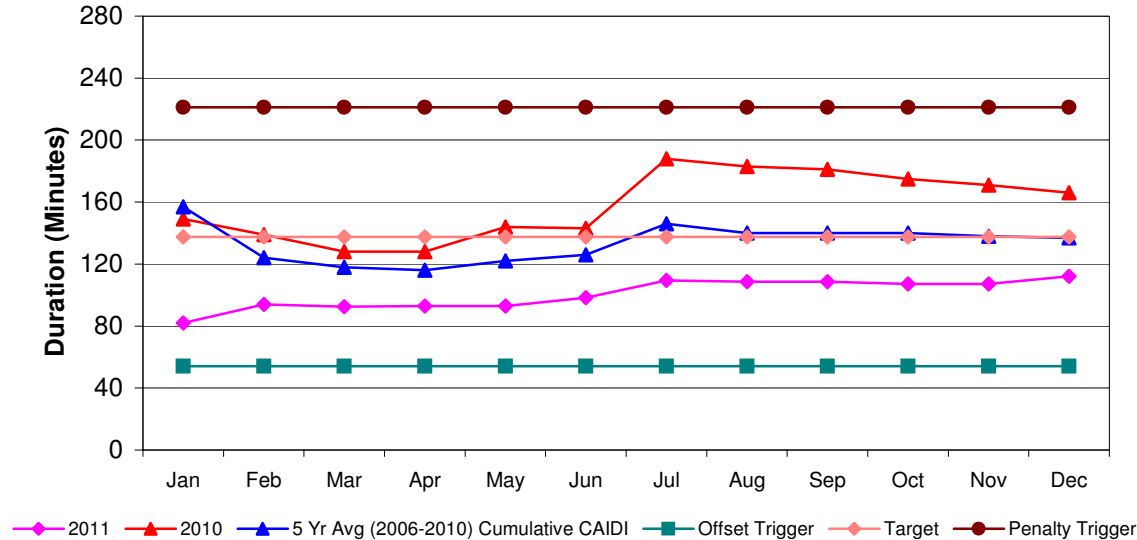
ANALYSIS

The System average outage duration during all storm periods year to date through December was **112 minutes***, 18 % lower than the previous cumulative 5 year average through December of **137 minutes**.

There was one major storm and one minor storm in December 2011.

* Twenty-four storm periods through December 2011 (including 1 catastrophic event (Hurricane Irene) not included in the Storm CAIDI calculation).

Storm CAIDI - Customer Average Interruption Duration Index





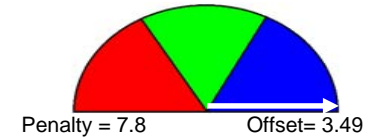
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Worker Safety

December 2011

Current Month

Goal = 5.65 Accidents



DEFINITION/GOAL

What is being measured: LIPA Chargeable Accidents as defined by the Existing MSA.

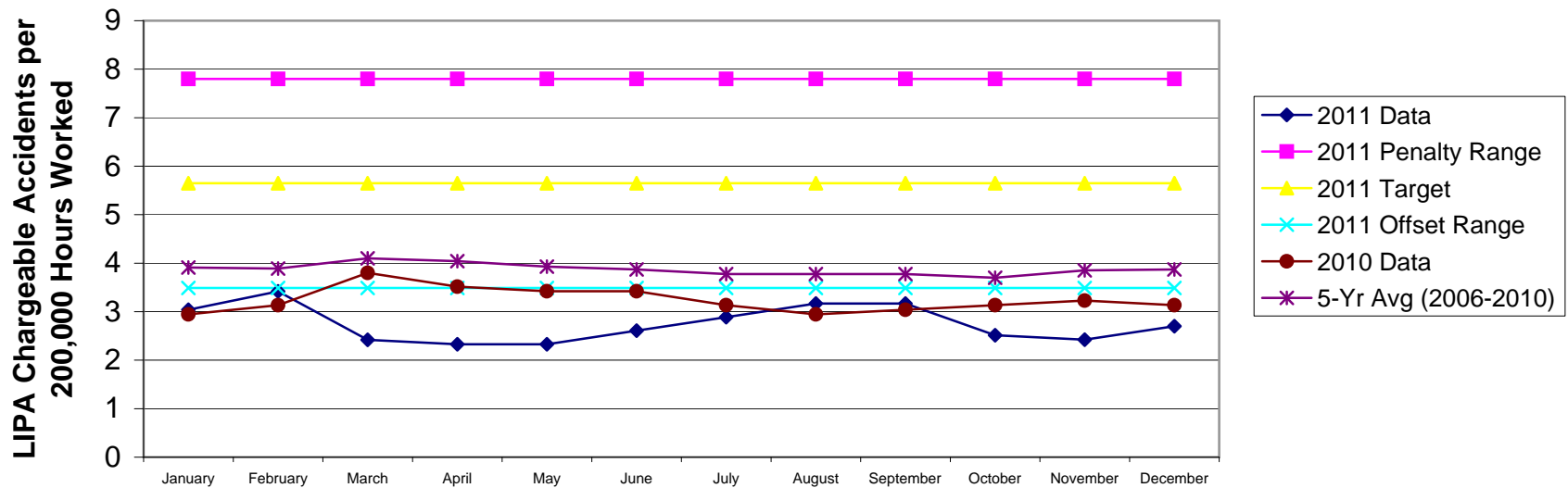
Why is it Important: To ensure works are safe and to reduce worker's compensation costs.

What is the goal: To reduce employees accidents/injuries.

Time period: Monthly and Year-to-Date (Y-T-D)

ANALYSIS

As of December, the LIPA chargeable accident rate is 2.7 accidents per 200,000 hours worked, which is below offset.





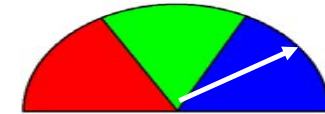
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Substation Maintenance Backlog

December 2011

YTD Results

Goal = 34 Jobs



Penalty = 83 Jobs

Offset = 0

DEFINITION/GOAL

What is being measured: The number of substation demand maintenance jobs not completed (backlogged). In priorities 1 and 2, and is measured as the number of jobs in the substation maintenance backlog at the end of each contract year.

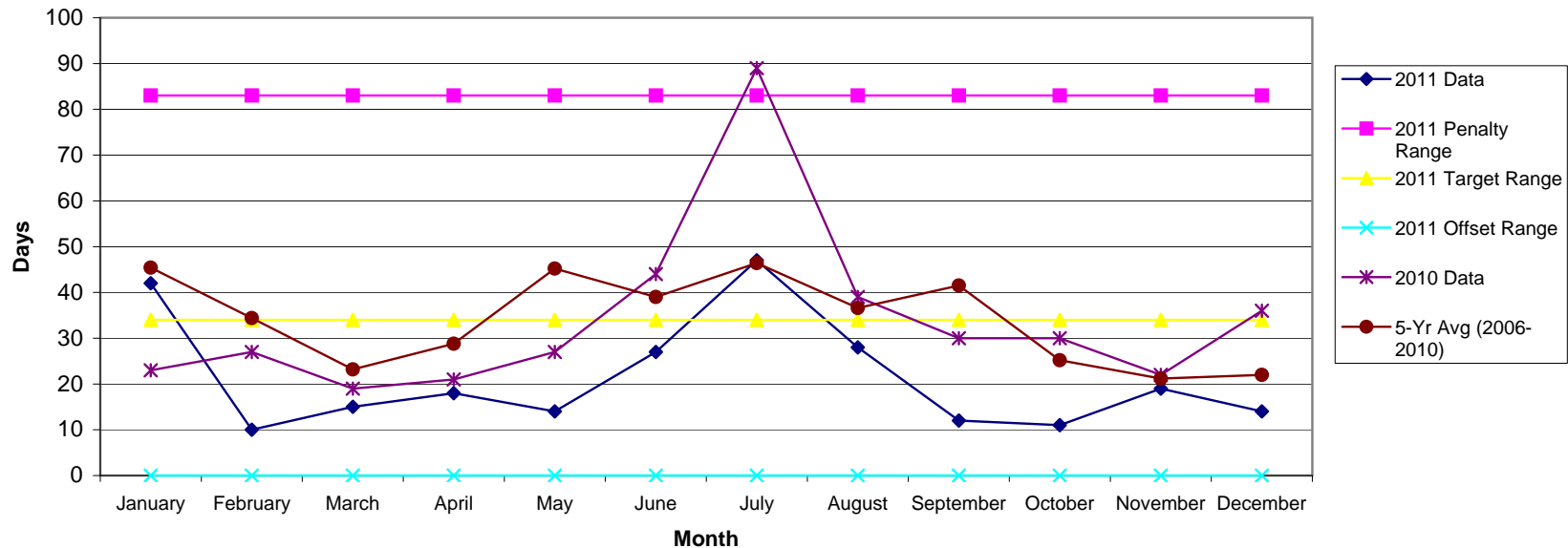
Why is it Important: Ensures damaged equipment is repaired in a timely manner.

What is the goal: Target goal is 34 jobs at year end.

Time period: Monthly reporting. Goal measured at end of calendar year goal

ANALYSIS

As the end of December, there are 14 DM priority 1 & 2 jobs in backlog.



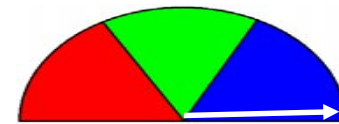


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Primary Cable Faults

December 2011

YTD Results
Goal = 12.24 Days



Penalty = 14.69 Days

Offset = 9.79 Days

DEFINITION/GOAL

What is being measured: The average number of days required to return a faulted primary cable to normal service. Primary cable faults will include substation exit cables, three phase main lines and main line dips and all three phase CIPUD cables.

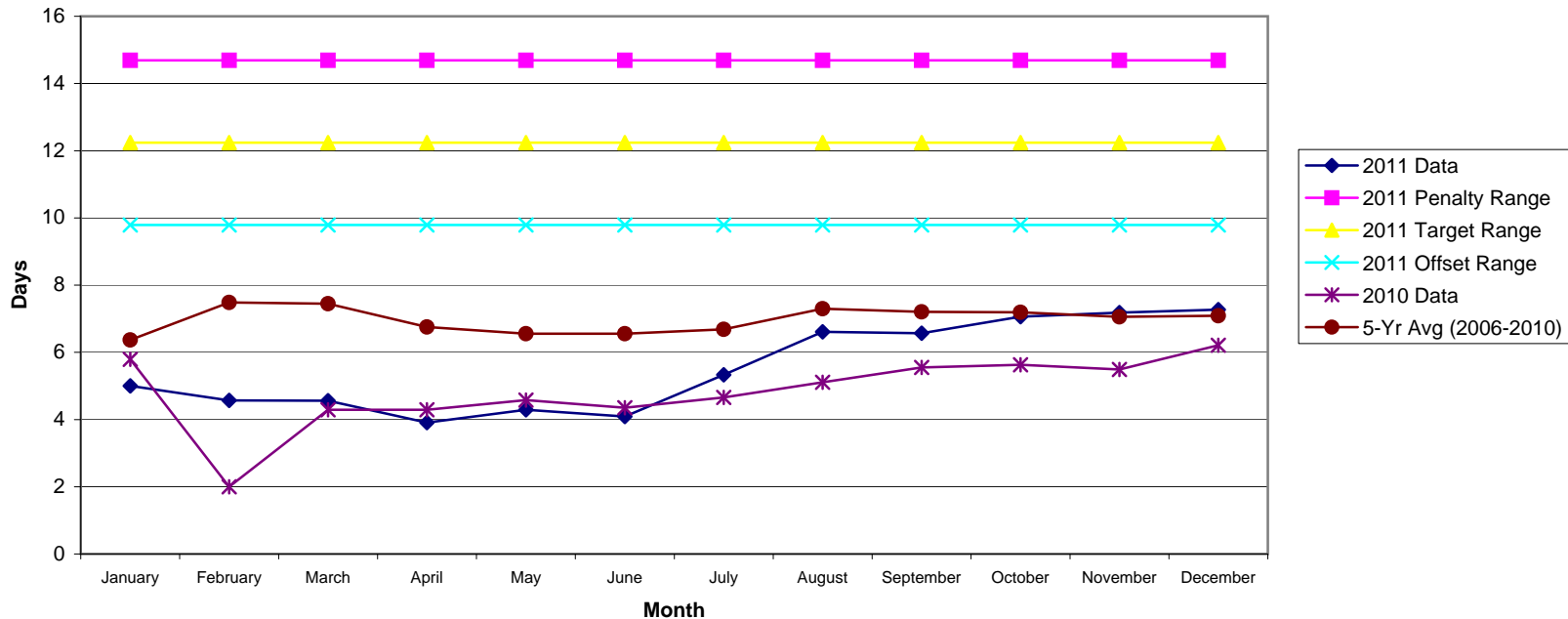
Why is it Important: To ensure the LIPA Service is returned to optimal configuration as soon as possible.

What is the goal: Target of 12.24 Days to return a Primary cable to normal.

Time period: Monthly reporting with YTD rollup for calendar year goal

ANALYSIS

As the end of December, the average number of days required to return a faulted primary cable to normal service is 7.27 days.





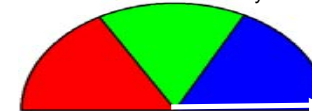
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RUD Cable Faults

December 2011

YTD Results

Goal = 24.61 Days



Penalty = 28.55 Days Offset = 20.67 Days

DEFINITION/GOAL

What is being measured: The average number of days required to return a faulted RUD cable to normal service. This includes all primary loops, both single and multiple phase Residential Underground Cable Faults.

Why is it Important: To ensure the LIPA Service is returned to optimal configuration as soon as possible.

What is the goal: Target of 24.61 Days to return a RUD cable to normal.

Time period: Monthly reporting with Y-T-D rollup for calendar year goal

ANALYSIS

As the end of December, the average number of days required to return a faulted RUD cable to normal service is 11.93 days.

