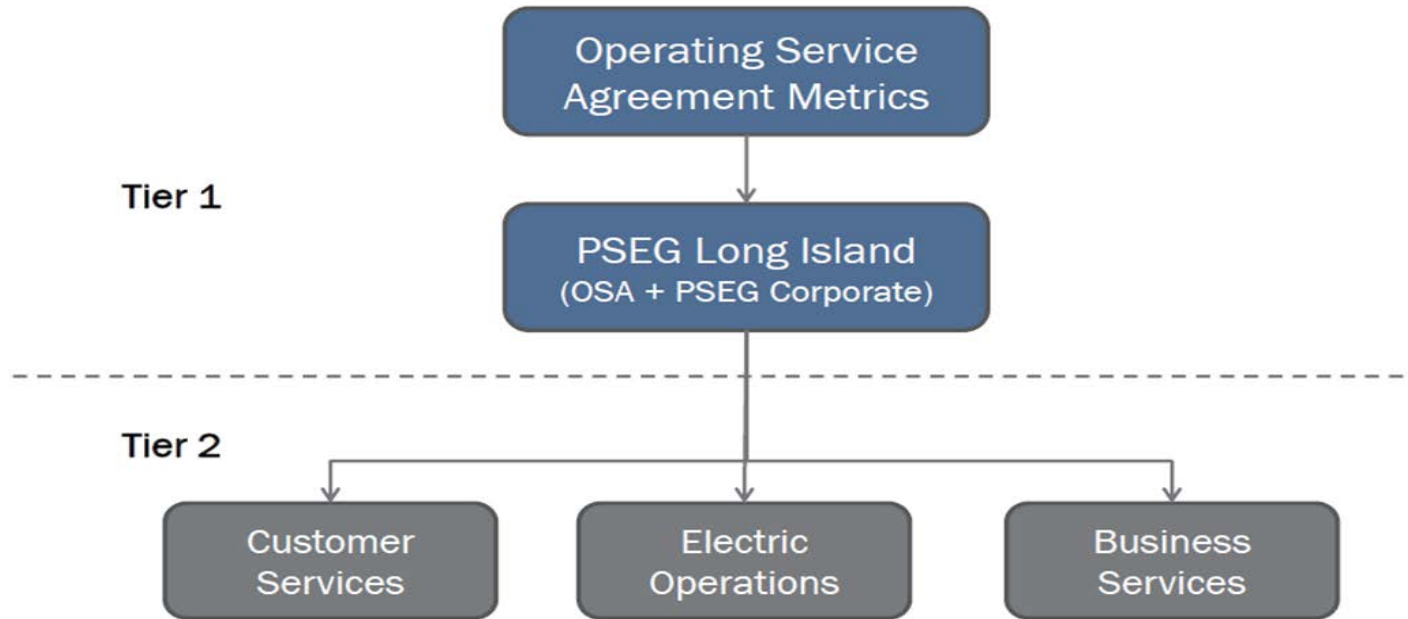


# LIPA Contract Oversight Committee

September 27, 2017

## PSEG Long Island Tier Two Metrics Overview

# PSEG Long Island Scorecards



Tier	Description
1	Tied to Incentive Compensation: Performance Metrics subject to the annual Incentive Compensation provisions of the Agreement.
2	Subject to Active Performance Management: Performance Metrics that are subject to active performance management programs as determined by PSEG Long Island and LIPA, and not included in Tier 1.

# How are Tier 2 Metrics Different?

- Appendix 9 of the OSA describes other metrics and tiers would exist for measurement and reporting. This would mirror the metric structure that PSEG has in place, which will include Cascaded and Shared Metrics from the OSA as well as additional performance metrics that are important to the operational area, but may not rise to the strategic level to be incorporated as an OSA Incentive Compensation Metric.
- Tier 2 Scorecards are used to measure and manage more detailed metrics associated with the three lines of businesses: Customer Services, Electric Operations and Business Services
- And like Tier 1:
  - Metric definitions are determined through best practices and industry standards
  - Targets are set to achieving industry benchmarks or continuous improvement from historical performance

# What Metrics are Included in Tier 2 Scorecards?

Customer Services			Electric Operations			Business Services (includes Power Markets)		
People	OSHA Recordable Incidence Rate*	OSA L	People	OSHA Recordable Incidence Rate*	OSA L	People	OSHA Recordable Incidence Rate*	OSA L
	OSHA Days Away Rate (Severity)*	OSA L		OSHA Days Away Rate (Severity)*	OSA L		OSHA Days Away Rate (Severity)*	OSA L
	Motor Vehicle Accident Rate*	L		Motor Vehicle Accident Rate*	L		Motor Vehicle Accident Rate*	L
	Staffing Levels - Permanent	L		Staffing Levels - Permanent	L		Staffing Levels - Permanent	L
	Availability - Illness	H		Availability - Illness	H		Availability - Illness	H
	Community Partnership Plan	H		Community Partnership Plan	H		Community Partnership Plan	H
Safe, Reliable	JD Power Residential Survey	OSA H	Safe, Reliable	JD Power Residential Survey	OSA H	Safe, Reliable	JD Power Residential Survey	OSA H
	JD Power Business Survey	OSA H		JD Power Business Survey	OSA H		JD Power Business Survey	OSA H
	After Call Survey (Residential)	OSA H		Personal Contact Survey	OSA H		Personal Contact Survey	OSA H
	After Call Survey (Business)	OSA H		SAIFI (excl. sec/singles)	L		SAIFI (excl. sec/singles)	L
	Personal Contact Survey	OSA H		CAIDI (excl. sec/singles)	L		CAIDI (excl. sec/singles)	L
	Average Speed of Answer	OSA L		SAIDI (excl. sec/singles)	L		SAIDI (excl. sec/singles)	L
	Abandonment Rate	OSA L		MAIFI	L		MAIFI	L
	Interconnection Cycle Time	OSA H		Interconnection Cycle Time	OSA H		Interconnection Cycle Time	OSA H
	% AMI-measured Energy	OSA H		Interconnection Cycle Time (>50kW)	H		Interconnection Cycle Time (>50kW)	H
	Long Term Estimates	OSA L		Capital Project Performance (Capital)	H		Capital Project Performance (Capital)	H
	Actual Meter Read Rate	H		Capital Project Performance (FEMA)	H		Capital Project Performance (FEMA)	H
	Billing Exception Cycle Time	H		Forced Automatic Outage Rate (Transmission)	L		Forced Automatic Outage Rate (Transmission)	L
	First Call Resolution	H		Electric Damages per 1,000 Locates	L		Electric Damages per 1,000 Locates	L
	Customer Complaint Rate	OSA L		Regulatory Complaints	L		Regulatory Complaints	L
Customer Service Response Index	H	ETR Accuracy	H	ETR Accuracy	H			
Regulatory Complaints	L	NERC CIP Project Performance	H	NERC CIP Project Performance	H			
Internal Controls Test Failure Rate (%)	L	T&D Preventative Maintenance	H	T&D Preventative Maintenance	H			
Timely Remediation of Internal Controls Test Failures	L	Internal Controls Test Failure Rate (%)	L	Internal Controls Test Failure Rate (%)	L			
Economic	Operating Budget (\$M)	OSA L	Economic	Timely Remediation of Internal Controls Test F..	L	Economic	Timely Remediation of Internal Controls Test Failures	L
	Capital Budget (\$M)	OSA L		New Business Cycle Time	L		New Business Cycle Time	L
	Days Sales Outstanding	OSA L		Restoration Preparedness	H		Restoration Preparedness	H
	Net Write-Offs per \$100 Billed Revenue	OSA L		Sustained MCO (4 or more)	L		Sustained MCO (4 or more)	L
	AR > 90	L		Operating Budget (\$M)	OSA L		Operating Budget (\$M)	OSA L
Green	Customer Self-Service	OSA H	Economic	Capital Budget (\$M)	OSA L	Economic	Capital Budget (\$M)	OSA L
	Energy Efficiency Annualized Energy Savings	OSA H		Construction Work In Progress	L		Construction Work In Progress	L
	Renewable Energy Generated	OSA H		Construction Work In Progress	L		Construction Work In Progress	L
	EE and Renewable Cost / kWh	L		O&M for Outside Services and Materials	L		O&M for Outside Services and Materials	L
Paperless Billing (%)	H							

**Note:** Metrics marked “OSA” are repeated or cascaded down to Tier 2 Scorecards for line of sight.

# Why are Tier 2 Metrics Important and How are they Used?

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## Importance:

- Defines the Line of Business (LOB) performance priorities
  - Core Performance measures to run the business
  - Initiative management
  - Continual Improvement
- Supports a data driven management system
- Gives employees a “line of sight”; clarity on why their work is important
- Connects strategy, Planning and Performance Monitoring within the LOB
- Opportunity to focus performance on other aspects of operations
- Validate levels of performance achieved and interdependencies: timing considerations, capital investments, major system implementations, staffing considerations or other factors

## Use:

- Communicates quantified performance
- Focuses management on the critical few items

# How does Management develop Tier 2 Metrics?

## The Annual Planning Process (In Collaboration with LIPA)

- *Strategy validation*
- *Metric validation*
- *Target setting*
- *Initiative Development*

## Strategy Review Meeting Process

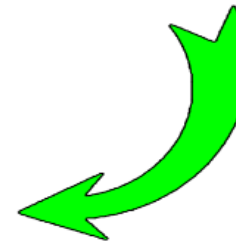
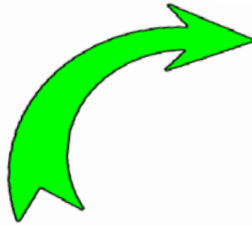
- *Officer meeting*
- *Line of Business Senior Leadership Team (SLT) meetings*
- *Operations meetings*
- *Monthly Review meetings*
- *Collaboration Review meetings*

## The Scorecard Development Process

- *Data/Report identification*
- *Data transformation structure*
- *Data warehouse structure*
- *Create & Rebuild Scorecard , Analytical sheets, etc.*

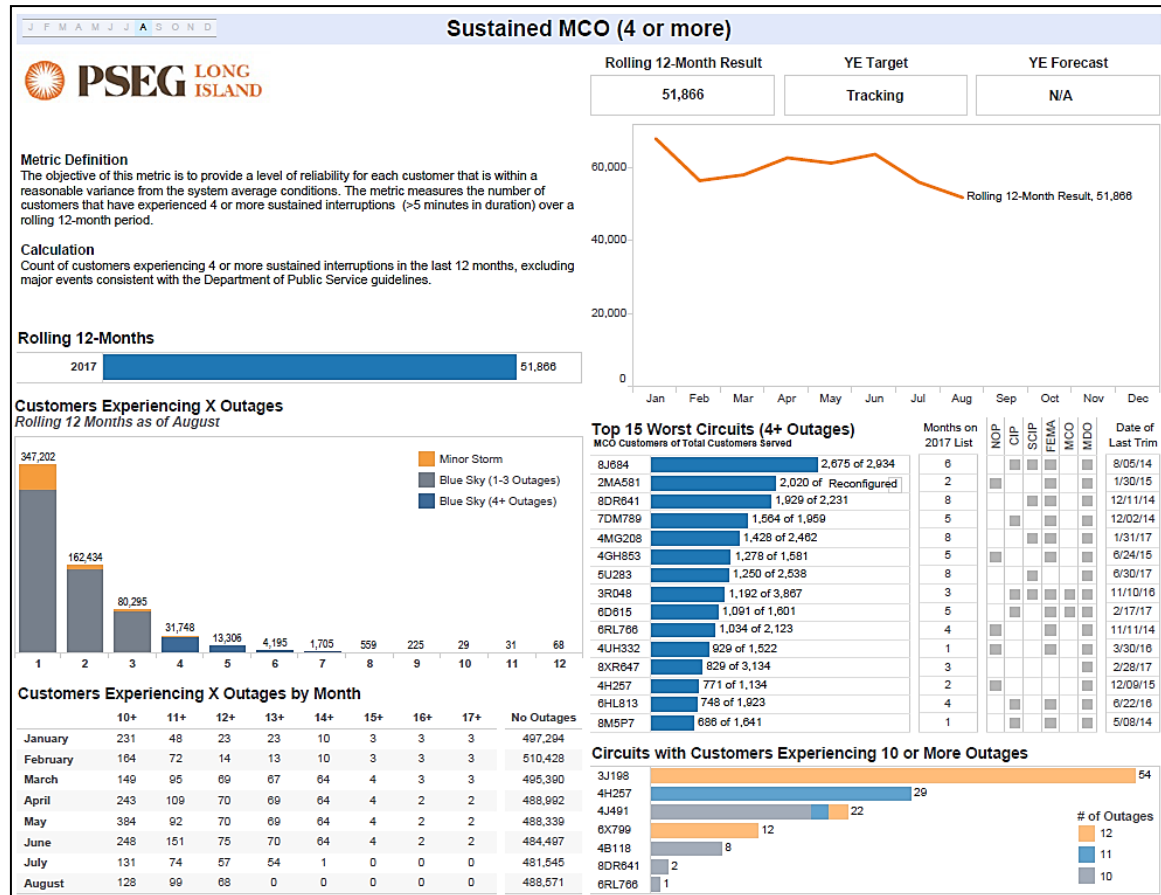
## The Monthly Reporting Process

- *Data gathering*
- *Data transformation*
- *Data warehousing*
- *Strategic analysis / Initiative Updates*
- *Production & Validation*



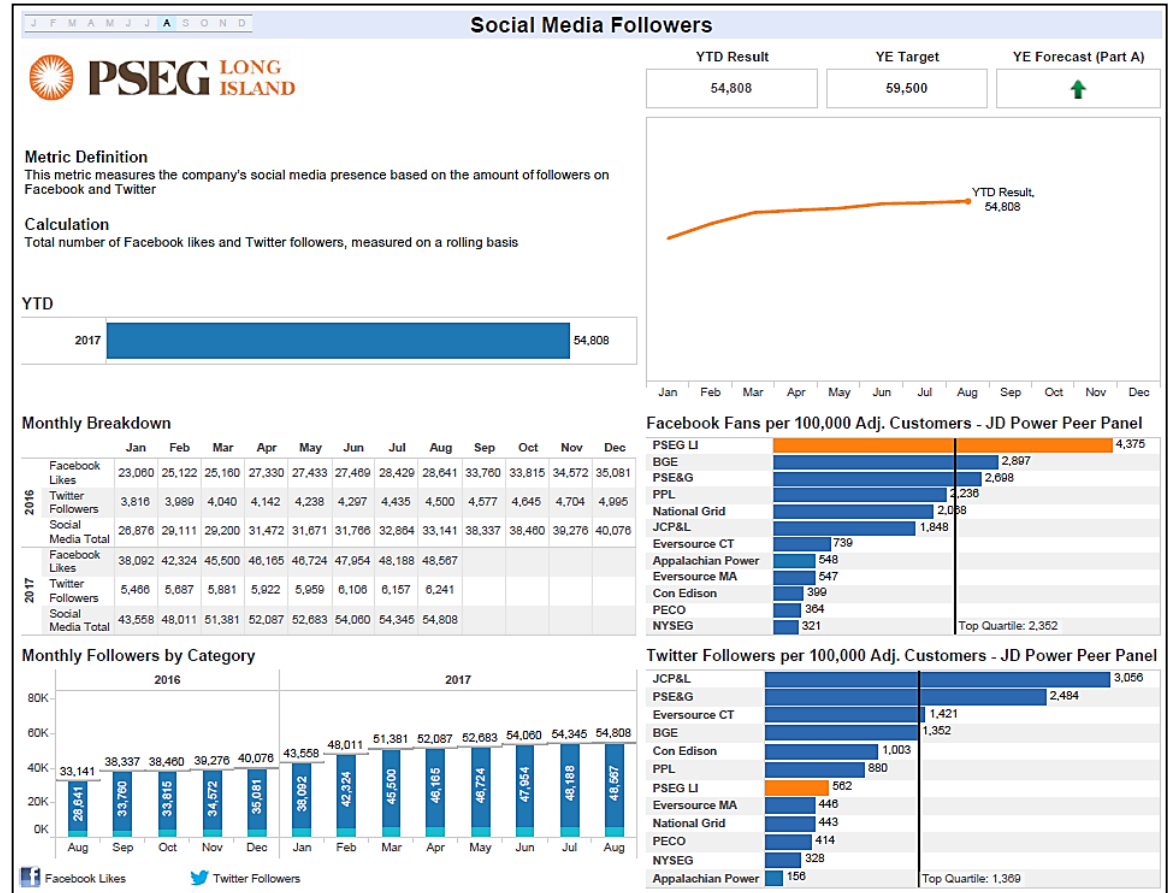
# Focus on an Example: Sustained MCO

- New Tier 2 metric in 2017
- View of electric reliability that drives customer satisfaction
- Analytical Sheet (at right) under continuous development to identify drivers and actions taken toward improvement



# Focus on an Example: Social Media Followers

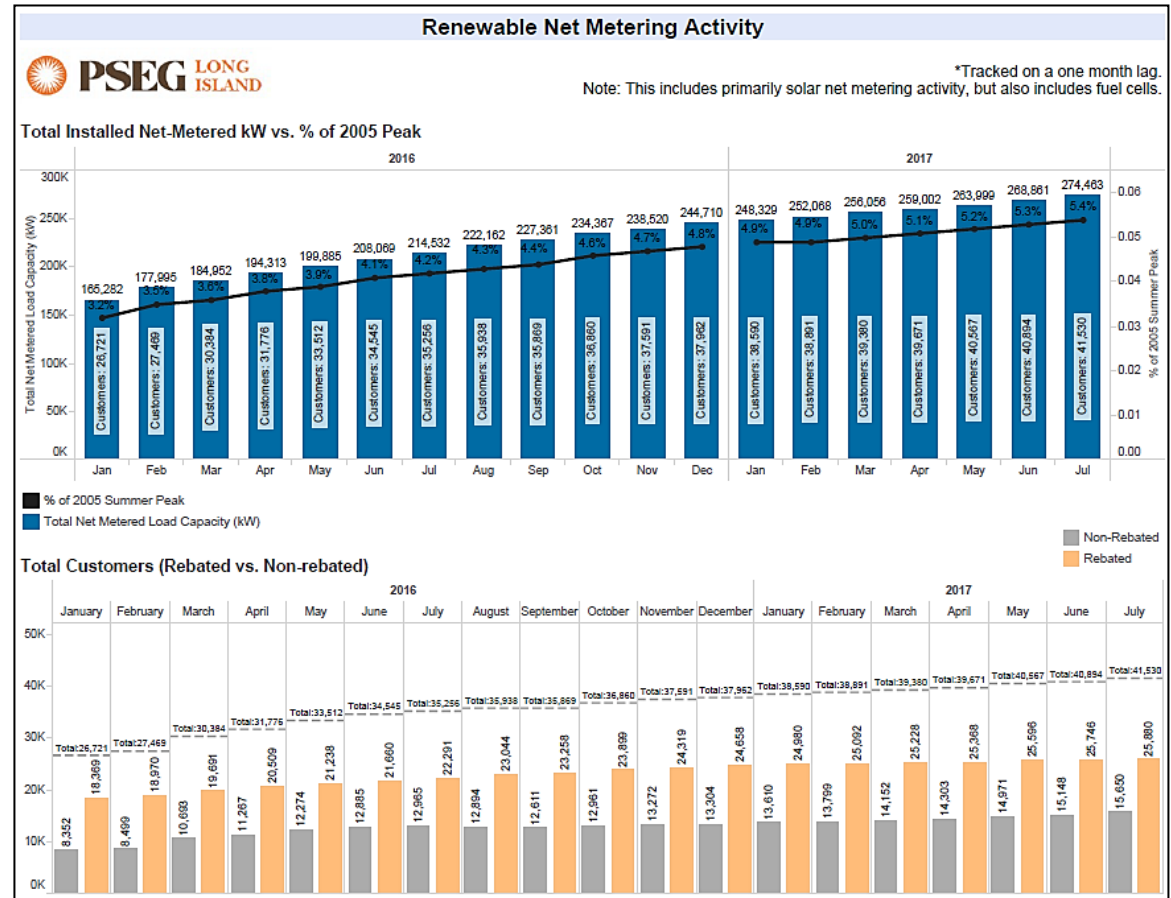
- Driver of customer satisfaction through awareness
- Goal of continuously improving social media presence each year
- Results benchmarked against other utilities in the East Large Segment of the JD Power Surveys





# Focus on an Example: Net Metering

- In addition to Tier 2 metrics, other information is regularly provided in the monthly balanced scorecard package for specific areas of interest
- These “informational items” are not considered metrics, as they will not have targets and are frequently (as here) data sets rather than a single quantifiable measure



# Questions Welcomed

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