

## BOARD AGENDA SUMMARY SHEET

<b>Committee or Board:</b> Oversight and REV	<b>Date:</b> January 18, 2019	<b>Board Meeting Date:</b> January 23, 2019
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### For All Board Voting Items:

**Title of Agenda Item:** Recommending Approval of the Annual Report on the Board's Policy on Oversight

**Consent Agenda:** ☒ Yes ☐ No

**Accompanying Presentation:** ☒ Yes ☐ No

**Recommendation from Committee:** ☐ N/A ☐ F&A; ☐ GP&P; ☒ Oversight & REV

**LIPA Presenter:** Bobbi O'Connor and Rick Shansky

**PSEG Long Island Presenter:** N/A

### For Policy Reports Only:

**Type of Policy / Report:** ☒ Operating; ☐ Governance; ☐ Compliance; ☐ Mission

**Date of Last Report:** March 29, 2018 (initial adoption of Policy) **Compliance Since Last Report:** ☒ Yes ☐ No

**Proposed Changes to Policy:** ☒ Yes ☐ No

<b>Requested Action:</b>	The Oversight and REV Committee is requested to adopt a resolution recommending: (i) approval of the annual report for the Board Policy on Oversight; (ii) finding that the Long Island Power Authority and its subsidiary, LIPA, have complied with the Policy; and (iii) approval of certain amendments to the Policy.
<b>Summary: (include proposed amendments to Board Policies, if applicable)</b>	<p>Staff recommends that, for the reasons set forth in the accompanying memorandum, the Committee recommend that the Board find that the Authority has complied with the Policy since the adoption of the policy last year.</p> <p>As part of the Policy report, the 2018 Accomplishments Report provides a summary of LIPA staff's 2018 accomplishments toward meeting the expectations of the LIPA Trustees and serving the needs of LIPA's customer-owners.</p> <p>Additionally, as part of the Policy report, the 2019 Work Plan describes the activities that LIPA Staff intends to undertake to further the Authority's mission and the Board's policies in the areas of Reliability, Customer Service, Oversight, Resource Planning, Energy Efficiency and Renewables, Regionally Comparable Electric Rates, and Taxes.</p> <p>Certain amendments are proposed to the Policy. The amended Policy establishes the expectations of the Board for both the oversight of the Authority's service providers and management of the Authority's affairs and requires regular reporting by Staff to enable the Board to assess the activities called for by the Policy. To reflect these Policy amendments, the Policy is proposed to be renamed the Policy on Oversight and LIPA Operations.</p>



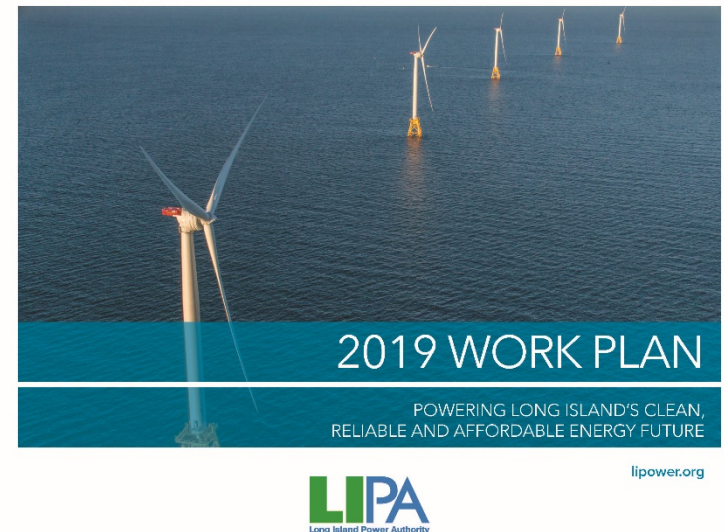
# 2018 Accomplishments & 2019 Work Plan

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January 2019

# WORK PLANS

- A strategic tool to establish priorities and manage resources to further LIPA's mission and the Board's policies
- 2018 Work Plan Recap:
  - 91 objectives to further our mission
  - 58 objectives complete
  - 33 made substantial progress and continuing into 2019



# SELECT 2018 ACCOMPLISHMENTS

- ✓ Upgraded New York's first Offshore Wind Farm with next-generation technology to cost-effectively boost output and to power nearly 70,000 homes
- ✓ Reached a milestone agreement to gradually lower the amount of property taxes LIPA customers pay for the Port Jefferson power plant through their electric bill
- ✓ Reduced the cost of our power supply by \$32 million per year by negotiating new agreements, contracts, and tax benefits
- ✓ Approved four-year Smart Meter deployment to empower customers to manage their energy use and lower energy costs
- ✓ Improved LIPA's financial condition and positioned the Authority for future credit rating upgrades
- ✓ Approved new incentives and programs to encourage electric vehicle adoption
- ✓ Completed the 2018 DPS Management Audit and filed implementation plan
- ✓ Enhanced LIPA's internal performance culture through new training, software, and development initiatives
- ✓ Launched new LIPA website – awarded by the American Public Power Association



# 2019 WORK PLAN

- Work plan separated by key categories:



## Finance and Financial Oversight

**STRATEGIC PROJECTS:**

- Pursue gas and electric prepayments to reduce power supply costs
- Establish a process to routinely evaluate and pursue fairness for all LIPA customers with regards to property tax assessments on transmission and distribution property
- Prepare rate case filing for 2021 and beyond

**SELECTED OPERATIONS OR OVERSIGHT ACTIVITIES:**

- Monitor TEMA program to ensure costs are appropriately managed and any potential overruns are identified timely
- Develop and implement 2020 rate plans, per the 2019 Utility 2.0 filing, and update road modernization roadmap
- Oversee PSEG Long Island's implementation of a pilot program related to heat pumps for electric heat customers
- Review pole attachment fees for wireless communications
- Oversee PSEG Long Island's implementation of Utility 2.0 programs for behind-the-meter energy storage and electric vehicles and evaluate new customer products and services for 2019 Utility 2.0 filing
- Review OFEB Account funding strategy in advance of 2020 budget
- Implement process improvements for reporting funds expended for capital assets financed by tax exempt debt
- Evaluate option to buy certain real property instead of leasing
- Evaluate customer choice and community choice programs

**CARRYOVER ACTIVITIES:**

- Review PSEG Long Island's use of affiliates compared to alternatives
- Review books and records related to substation hardening efforts for FEMA grant compliance
- Review PSEG Long Island's pole attachment inventory processes
- Implement a new debt covenant compliance system

**ACTIVITIES RELATED TO MANAGEMENT AUDIT:**

- Continue development of Enterprise Risk Management program within LIPA and PSEG Long Island
- Complete the Financial Oversight Documentation project

Department

Strategic Projects

Selected Operations and Oversight Activities

Carryover Activities

Activities Related to Management Audit

# SELECT 2019 INITIATIVES

- ✓ Define strategy for next phase of service reliability improvements for 2020 and beyond
- ✓ Oversee PSEG Long Island studies of peaking resources to support new renewable projects and develop LIPA's strategy to integrate more offshore wind, energy storage, and new regulatory requirements for peaking units
- ✓ Establish a process to routinely evaluate and pursue fairness for all LIPA customers with regards to property tax assessments on transmission and distribution property
- ✓ Advocate for fair allocation of costs to Long Island for offshore wind integration
- ✓ Develop a Strategic Communications Plan to promote LIPA's mission among key stakeholders
- ✓ Oversee Utility 2.0 programs for behind-the-meter energy storage and electric vehicles and evaluate new customer products and services for 2019 Utility 2.0 filing
- ✓ Research industry best practices to regularly re-evaluate maturity of LIPA's strategic planning process and identify areas for improvement
- ✓ Develop an information technology asset management program for LIPA systems
- ✓ Conduct a comprehensive audit of the management implementation plans to address the findings of the DPS management and operations audit

## **FOR CONSIDERATION**

January 23, 2019

**TO:** The Oversight and REV Committee of the Board of Trustees

**FROM:** Thomas Falcone

**REQUEST:** Recommending Approval of the Annual Report and Amendments on the Board's Policy on Oversight

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### **Requested Action**

The Oversight and REV Committee (the "Committee") of the Board of Trustees of the Long Island Power Authority (the "Board") is requested to adopt a resolution recommending: (i) approval of the annual report on the Board Policy on Oversight (the "Policy"); (ii) finding that the Long Island Power Authority and its subsidiary, LIPA (collectively the "Authority" or "LIPA") have complied with the Policy; and (iii) approval of certain amendments to the Policy, which resolution is attached hereto as **Exhibit "A"**.

### **Background**

The Authority utilizes contracts with service providers to provide transmission and distribution operations services, fuel and power procurement, and power supply resources. Under the LIPA Reform Act and the Amended and Restated Operations Services Agreement (the "OSA"), the Authority has oversight rights and certain responsibilities with respect to those contracts, the operation and maintenance of the Long Island electric grid, and the generation assets under contract to LIPA.

By Resolution No. 1409, dated March 29, 2018, the Board adopted the Policy with the purpose of establishing the Board's expectations for oversight by the Authority of the "service providers in a systematic manner that meets the needs and protects the interests of the Authority's customers".

### **Compliance with the Policy**

Staff recommends that, for the reasons set forth below, the Board find that the Authority has complied with the Policy since the adoption of the policy last year.

The Policy requires that the Chief Executive Officer annually report to the Board on the Policy, including: (i) work plans for Authority staff for each year; (ii) accomplishments versus the work plan for the prior year; (iii) oversight findings that involve material deviations from contract standards or that represent a significant risk to the Authority or its customers; (iv) activities that foster continuous improvement; and (v) sufficiency of Authority staff and resources to achieve oversight goals.

#### 2018 Work Plan Accomplishments:

- Attached as **Exhibit “C”** is the 2018 Accomplishments Report (the “2018 Accomplishments Report”). The 2018 Accomplishments Report provides a summary of LIPA staff’s 2018 accomplishments toward meeting the expectations of the LIPA Trustees and serving the needs of LIPA’s customer-owners.
- The 2018 Accomplishments Report documents Staff’s progress on the 91 initiatives identified in the 2018 Work Plan as activities that would further the Board’s policies in LIPA’s key performance areas such as customer service, reliability, clean energy and affordability.
- As discussed in more detail in the 2018 Accomplishments Report, Staff completed 57 of the 91 goals and made significant progress on the remaining 34, with additional work to be completed during 2019.

#### 2019 Work Plan:

- Attached as **Exhibit “D”** is the 2019 Work Plan. The 2019 Work Plan describes the activities that LIPA Staff intends to undertake to further the Authority’s mission and the Board’s policies in the areas of Reliability, Customer Service, Oversight, Resource Planning, Energy Efficiency and Renewables, Regionally Comparable Electric Rates, and Taxes, PILOTs and Assessments.
- The 2019 Work Plan describes those activities that LIPA Staff believes are critical to advancing the Board Policies and LIPA’s mission and are achievable based on current staffing levels and budgets.
- The 2019 Work Plan includes activities for which LIPA has direct responsibility, like finance and legal, and oversight activities for functions for which LIPA’s service providers, including PSEG Long Island and National Grid have direct responsibility.

#### Oversight findings that involve material deviations from contract standards or that represent a significant risk to the Authority or its customers:

- Staff has reviewed its oversight observations and audit findings and concludes that none constitute a material deviation or significant risk to the Authority or its customers.

#### Activities that foster continuous improvement:

- As discussed with specificity in the 2018 Work Plan Accomplishments Report, many of the accomplishments Staff achieved during 2018, and the new plans and initiatives Staff will develop in response to its experiences with the 2018 Work Plan, will foster continuous improvement.

- Specifically, Staff (i) worked with the other stakeholders in the State to implement and advance the clean energy and renewables policies that are currently under development; (ii) explored additional avenues for reducing costs through financial tools; (iii) increased communications with customers and other key stakeholders; and (iv) improved its planning methods, tools and management processes. PSEG Long Island also undertook several initiatives, and the Report describes Staff's oversight of those projects.

*Sufficiency of Authority Staff and resources to achieve oversight goals:*

- As shown in the 2018 Accomplishments Report, Staff completed 57 of the 91 goals it set in the 2018 Work Plan and made significant progress on the remaining 34.
- Staff has identified certain gaps in its resources that warrant adding positions or consulting resources in the information technology department. Those positions are expected to be filled in 2019.

**Annual Review of the Policy**

Staff proposes changes to the Policy, as detailed below and more specifically set forth in **Exhibit "B"**.

In addition to its oversight responsibilities, the Authority has certain responsibilities for managing the affairs of the Authority in the interests of its customer-owners. These responsibilities include budgets, electric rates, and tariffs; setting wholesale markets policy; debt management, and funding the capital program, among other areas. While LIPA management has the primary responsibility for formulating and executing the work plans that advance the Board's policies in these areas, certain amendments are proposed to the Policy to ensure periodic reporting to the Board of the plans formulated by management to advance the Board's policies and LIPA's mission and values.

The Policy will thereby establish the expectations of the Board for both the oversight of the Authority's service providers and management of the Authority's affairs and require regular reporting by Staff to enable the Board to assess the activities called for by the Policy. To reflect these Policy amendments, the Policy is proposed to be renamed the Policy on Oversight and LIPA Operations.

Additionally, certain other non-material wording changes are proposed.

**Recommendation**

Based upon the foregoing, I recommend approval of the above requested action by adoption of a resolution in the form attached hereto.

## **Attachments**

<b><u>Exhibit “A”</u></b>	Resolution
<b><u>Exhibit “B”</u></b>	Policy on Oversight and LIPA Operations
<b><u>Exhibit “C”</u></b>	2018 Accomplishments Report
<b><u>Exhibit “D”</u></b>	2019 Work Plan

**RESOLUTION RECOMMENDING APPROVAL OF THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON OVERSIGHT**

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**WHEREAS**, the Board Policy on Oversight (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1409, dated March 29, 2018; and

**WHEREAS**, the Oversight and REV Committee of the Board of Trustees has received the annual Staff report on compliance with the Policy; and

**WHEREAS**, the Oversight and REV Committee of the Board of Trustees has reviewed the Policy and recommends approval of the changes to the Policy as recommended by Staff.

**NOW, THEREFORE, BE IT RESOLVED**, that consistent with the accompanying memorandum, the Oversight and REV Committee of the Board of Trustees hereby recommends that the Board of Trustees find that the Authority has complied with the Policy for the period since the adoption of the Policy, approve the annual report to the Board, and approve updates to the Policy, as recommended herein.

Dated: January 23, 2019

## **Exhibit “B”**



Board Policy:	<b>Oversight and LIPA Operations</b>
Policy Type:	<b>Operating</b>
Monitored by:	<b>Oversight &amp; REV Committee</b>
Board Resolution:	<b>Resolution #1409, approved March 29, 2018, # ____, amended January 23, 2019</b>

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### **Board Policy on Oversight and LIPA Operations**

It is the policy of the Long Island Power Authority to conduct oversight of its service providers and manage its affairs in a systematic manner that meets the needs and protects the interests of the Authority's customer-owners by:

- **Executing a proactive oversight process:**
  - Maintaining multi-year oversight plans that encompass all the principal areas of providing service to customer-owners;
  - Prioritizing oversight activities, including the frequency and degree of oversight, by risk, materiality, and other measures of importance;
  - Reviewing the oversight plans annually to address changing circumstances and redirect resources, as needed;
  - Referring oversight findings, if any, to service providers to promptly resolve issues; and
  - Referring oversight findings to Internal Audit and/or Enterprise Risk Management, if such issues require further attention or monitoring.
- **Delivering value to customer-owners:**
  - Reviewing proposed plans and programs to ensure sufficient benefits for the cost; and
  - Reviewing the practices of the Authority's service providers to foster continuous improvement, innovation, benchmarking, and industry best practice, to minimize cost and improve service quality.
- **Promoting organizational accountability and accomplishment:**
  - Reporting to the Board an annual work plan for the Authority's Staff that advances the Authority's oversight and its mission and values, as defined by the Board's policies;
  - Utilizing the annual work plan to set performance goals for the Authority's Staff, in accordance with the Board's Policy on Staffing and Employment; and
  - Reporting to the Board on the activities accomplished under the work plan each year.
- **Providing sufficient staffing and resources:**
  - Comparing staffing needs to available resources; and



- Identifying gaps and authorizing internal or external resources, as appropriate, to execute the annual work plan.

The Chief Executive Officer will report annually to the Oversight and REV Committee on compliance with the provisions of the Policy.

January 23, 2019

Members of the Board of Trustees  
Long Island Power Authority  
333 Earle Ovington Blvd.  
Uniondale, NY 11553

Dear Trustees:

In January 2018, LIPA staff laid out an ambitious agenda of objectives to further our mission of providing clean, reliable and affordable electric service to our 1.1 million customers. I am pleased to report that 2018 was a tremendous success as LIPA continued to focus on bringing value to our customer-owners through new policies, programs, and savings.

I have enclosed a report summarizing the accomplishments of LIPA's staff towards the objectives presented to the Board in the [2018 Work Plan](#).

The annual Work Plan includes the projects that LIPA's staff undertakes to further the Authority's mission, including (1) those related to the Authority's direct responsibilities, such as financing, wholesale markets policy, or rates and tariffs; and (2) the staff's oversight of the services provided to LIPA contractually by PSEG Long Island, National Grid and other service providers.

The projects in the Work Plan go beyond the day-to-day responsibilities of LIPA's staff. Each project is assigned to a specific individual or team. Each year, the Work Plan for the coming twelve months and the accomplishments of the prior twelve months are reported to the Board at the January meeting. During the year, LIPA's staff also reviews the Work Plan for changing priorities or circumstances, which may result in the addition of new projects or revised deadlines and accountabilities from those initially proposed.

In January 2018, the 2018 Work Plan identified 91 objectives that would further the Authority's mission and Board's policies in such key performance areas as customer service, reliability, clean energy, and affordability. These 91 objectives were determined by staff to be the most important priorities to enhancing the value that we provide to our customer-owners.

Through the end of 2018, staff has completed 58 objectives and made substantial progress on the remaining 33. For initiatives continuing into 2019, these projects are now reflected in the 2019 Work Plan or have been assigned to staff members as 2019 individual goals. The appendix describes the accomplishments and remaining tasks of the 2018 Work Plan in greater detail.

Highlights from the 2018 Work Plan include:

- Upgrading New York's first Offshore Wind Farm with next-generation technology to cost-effectively boost output and power nearly 70,000 homes
- Reaching a milestone agreement to gradually lower the amount of property taxes customers pay for the Port Jefferson power plant—ensuring the host community remains the lowest-taxed community in the surrounding area while simultaneously lowering energy costs for all 1.1 million customers
- Reducing the cost of our power supply by \$32 million per year by negotiating new terms on expiring power purchase agreements, new gas transportation contracts, fair settlements on statewide allocated transmission costs, and securing the benefits of federal tax reform
- Improving LIPA's financial condition and positioning the Authority for future credit rating upgrades by Moody's and Standard and Poor's, each of which have placed LIPA on "Positive Outlook"
- Approving new electric rate incentives and rebate programs to encourage electric vehicle adoption in 2019
- Approving a four-year Smart Meter deployment to empower customers to manage their energy use and reduce cost to customers
- Launching a new LIPA website—selected as a winner in the American Public Power Association's 2018 Excellence in Public Power Communications Awards
- Completing the 2018 Management Audit by the Department of Public Service, including filing action plans to address opportunities for improvement
- Advancing a new Enterprise Risk Management program, based on industry best practices
- Assessing the effectiveness of PSEG Long Island programs and operations related to customer service, reliability, resource planning, FEMA grant compliance, sales forecasting, billing and collections, administration of low-and-moderate income programs, budgeting, accounting, procurement, and other areas
- Working with the Board to enhance the Policy Governance process and Board reporting, to assist the Trustees in fulfilling your fiduciary role
- Initiating training and development initiatives that attract, retain, and engage a qualified workforce.

LIPA's staff shares the view expressed by the Board that the Authority's mission can best be advanced by (i) the Board setting goals and expectations in the form of policy, (ii) management devising plans to meet those goals and expectations, and (iii) timely reporting to the Board of performance against those goals. We welcome your review and feedback on the accomplishments of the 2018 Work Plan.

Together with PSEG Long Island, we continue to advance our mission of providing clean, reliable and affordable service to our customer-owners. Separately, staff has provided to the Trustees a Work Plan for 2019 that builds on 2018's accomplishments.

The commitment of LIPA's staff of dedicated public servants to our mission, our community, and our customer-owners paved the way for a tremendous 2018. I look forward to a great 2019.

With sincere regards,

/s/ Thomas Falcone

Encl. 2018 Work Plan Accomplishments

BSQ	Title	Board Policy	Task Status	Project Accomplishments
4	Participate in the Public Service Commission's offshore wind proceeding, review joint procurement methods with the New York State Energy Research and Development Agency and ensure fair allocations of costs for related transmission and generation needs.	Resource Planning, Energy Efficiency, and Renewable Energy	1-Completed	<ul style="list-style-type: none"> <li>Increased the size of the South Fork offshore wind project by 40 MW.</li> <li>LIPA coordinated with PSEG Long Island, NYSERDA and DPS on offshore wind plans, and has had discussions and has provided comments on many aspects of offshore wind procurement and development with a focus on procurement development and evaluation, and interconnection issues to LIPA system, and minimizing costs to LIPA customers for LIPA's portion of the initial 800 MW.</li> </ul>
6	Advocate for fair allocations of cost for Western New York and AC Transmission public policy transmission projects.	Resource Planning, Energy Efficiency, and Renewable Energy	1-Completed	<ul style="list-style-type: none"> <li>Public policy requirements allocations resulted in fair allocations to LIPA customers while supporting statewide initiatives.</li> <li>Review of required FERC filing will be completed in 2019.</li> </ul>
8	Obtain cost reductions for generation fleet reflecting the effects of tax reform.	Resource Planning, Energy Efficiency, and Renewable Energy	1-Completed	<ul style="list-style-type: none"> <li>Cost reductions for generation fleet reflecting the effects of tax reform were implemented by National Grid, saving customers \$6 million per year.</li> </ul>
10	Oversee implementation of VDER Phase I and development of VDER Phase II.	Resource Planning, Energy Efficiency, and Renewable Energy	1-Completed	<ul style="list-style-type: none"> <li>VDER Phase I tariff changes resulted in more appropriate sharing of benefits between distributed generation customers and all ratepayers, consistent with the PSC policy for the rest of New York State.</li> <li>Reached agreement with solar delegates to: fast-track AMI to affected customers, streamline data sharing, release NYSERDA value stack calculator, hold developer and customer trainings, extend DPS stakeholder working group video link to Long Island.</li> </ul>
11	Assess PSEG Long Island's progress in implementing locational pricing through the dynamic load management and VDER tariffs.	Resource Planning, Energy Efficiency, and Renewable Energy	1-Completed	<ul style="list-style-type: none"> <li>VDER tariff included a locational adder for constrained areas, using the PSC's methodology.</li> <li>Further study of locational values was proposed in the Utility 2.0 Plan and will be conducted in 2019 by PSEG Long Island utilizing the proposed "utility of the future team".</li> </ul>
12	Oversee evaluation of existing initiatives and potential new initiatives in electrification of transportation and heating and cooling.	Resource Planning, Energy Efficiency, and Renewable Energy	1-Completed	<ul style="list-style-type: none"> <li>LIPA coordinated with PSEG Long Island to develop tariff and program policies to support electric vehicle (EV) charging, including a new discount for off-peak EV charging, EV residential charger rebates, and incentives for DC fast charging.</li> <li>LIPA oversaw PSEG Long Island development of 2019 energy efficiency plan, released in Q4 2018, including a new customer heat pump offering for 2019.</li> </ul>
13	Examine gas prepay and seek an IRS private letter ruling, if necessary.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Evaluation of gas prepay transaction was completed and decision was made to proceed.</li> <li>Determination was made that no IRS private letter ruling was needed.</li> <li>Execution of a gas prepay transaction will be a 2019 Project.</li> </ul>
14	Assess accomplishments of \$730 million FEMA storm hardening program and identify objectives for further storm hardening investments.	Transmission and Distribution System Reliability	1- Completed	<ul style="list-style-type: none"> <li>Review of reliability data concluded that the current storm hardening efforts, along with other reliability programs, has improved reliability, but further analysis is required to identify the most cost-effective approach for additional investments.</li> <li>A 2019 project is planned to evaluate the next phase of service reliability improvements after completion of the FEMA project.</li> </ul>
15	Assess effectiveness of PSEG Long Island's tree trim and preventative maintenance programs (CIP and MCO) upon the completion of the first 4-year tree trim cycle, including program prioritization and cost-effectiveness of expenditures in improving reliability.	Transmission and Distribution System Reliability	1- Completed	<ul style="list-style-type: none"> <li>Assessment determined that 4-year tree trim cycle is consistent with other utilities in the Mid-Atlantic and New England regions.</li> <li>Vegetation management program was found to have a positive impact on reliability.</li> </ul>
17	Assess PSEG Long Island's multi-year investment plans for distribution system automation and other smart grid infrastructure.	Transmission and Distribution System Reliability	1- Completed	<ul style="list-style-type: none"> <li>Current status, expected implementation schedule and benefits of five automation projects were reviewed.</li> <li>Implementation will be tracked during 2019.</li> </ul>

BSQ	Title	Board Policy	Task Status	Project Accomplishments
24	Oversee PSEG Long Island's Utility 2.0 plan filing for multiyear programs for smart meters.	Customer Service	1- Completed	<ul style="list-style-type: none"> <li>Utility 2.0 plan filed and recommended 4-year smart meter implementation was included in the approved 2019 budget.</li> </ul>
25	Enhance LIPA's communications with stakeholders, investors, and Trustees by launching a new website and producing more concise and informative Board materials.	Customer Service	1- Completed	<ul style="list-style-type: none"> <li>New LIPA website was launched in June 2018.</li> <li>Format of Board materials has been streamlined.</li> <li>New cover sheeting for Board voting items initiated in 2019.</li> </ul>
26	Phase II Approval of the Low-to-moderate-income (LMI) Customer Program and Oversight of the Implementation.	regionally Comparable Rates	1- Completed	<ul style="list-style-type: none"> <li>Tariff changes to implement LMI program approved at July 2018 Board meeting.</li> <li>Monthly reports on LMI customer discounts and bill formats were reviewed.</li> <li>Recommendations made to PSEG Long Island.</li> </ul>
27	Implement tariff updates including: Supersaver TOU rate pilot and study design; Long-term Time-of-Use (TOU) strategy; Electric Vehicle (EV) rates.	Resource Planning, Energy Efficiency, and Renewable Energy	1- Completed	<ul style="list-style-type: none"> <li>Approved tariff and programmatic changes including Super Saver Time-of-Use Rate Pilot and Electric Vehicle smart charging incentives are promoting greater engagement in REV that will increase revenues and reduce costs in the long term.</li> </ul>
28	Review Utility 2.0 Benefit-Cost Analysis (BCA).	Resource Planning, Energy Efficiency, and Renewable Energy	1-Completed	<ul style="list-style-type: none"> <li>Completion of the Utility 2.0 BCAs ensured that all the recommended programs would provide net benefits to LIPA's customers.</li> </ul>
29	Extend budget forecasting process to 8-year cycle.	Regionally Comparable Rates	1- Completed	<ul style="list-style-type: none"> <li>Management reporting has been extended to the 8-year cycle.</li> </ul>
30	Evaluate objectives of a rate plan filing and make a go/no go decision.	Regionally Comparable Rates	1- Completed	<ul style="list-style-type: none"> <li>Evaluation was completed and decision was made that a 2019 rate case was not needed.</li> </ul>
31	Develop financial strategy and related testimony to be used in next rate plan.	Debt and Credit Markets	1- Completed	<ul style="list-style-type: none"> <li>Decision was made that a 2019 rate case was not needed.</li> </ul>
32	Seek IRS private letter ruling for qualified Nuclear Decommissioning Trust funds to eliminate Federal taxes.	Regionally Comparable Rates	1- Completed	<ul style="list-style-type: none"> <li>IRS private letter ruling received in December 2018.</li> <li>Funds will be transferred in the first quarter of 2019 saving customers \$2 million per year.</li> </ul>
33	Work with Board to develop a policy that reflects LIPA's approach to oversight of PSEG Long Island's operations.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Oversight Policy approved by the Board on March 29, 2018. The policy provides clear direction on how the Authority carries out effective oversight of its service providers.</li> </ul>
34	Review PSEG Long Island's collection processes for electric sales and non-product billing.	Oversight & LIPA Operations	1- Completed	<ul style="list-style-type: none"> <li>Recommended process improvements are being implemented by PSEG Long Island.</li> </ul>
35	Conduct a comprehensive review of the Contract Administration Manual (CAM), including an inventory of existing and potential new CAMs and establish a 4-year schedule of regular review.	Oversight & LIPA Operations	1- Completed	<ul style="list-style-type: none"> <li>The inventory of CAMs was updated and several CAMs were completed or revised in 2018.</li> <li>A schedule of regular updates of remaining CAMs was established for 2019 and beyond.</li> </ul>
36	Review the controls surrounding the release of materials and supplies from warehouses and ensure proper cost accounting.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Review of the controls was completed and findings were presented to PSEG Long Island.</li> <li>PSEG Long Island implemented a management action plan to address findings.</li> <li>No findings were material.</li> </ul>
38	Oversee the use of smart meter data to record booked energy sales.	Resource Planning, Energy Efficiency, and Renewable Energy	1- Completed	<ul style="list-style-type: none"> <li>Smart meter data will be used to record booked energy sales beginning in January 2019.</li> </ul>
39	Implement process for monthly reforecasting of sales, revenue, taxes, O&M, managed costs, and capital spending.	Oversight & LIPA Operations	1- Completed	<ul style="list-style-type: none"> <li>PSEG Long Island implemented reporting for forecasted results and such reporting will be provided to LIPA management beginning Q1 2019.</li> </ul>
40	Review processes for FEMA grant compliance for overhead mitigation.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Management action plans identifying areas for improvement to ensure compliance with FEMA standards.</li> </ul>
42	Review PSEG Long Island's capitalization of work during storm events.	Oversight & LIPA Operations	1- Completed	<ul style="list-style-type: none"> <li>PSEG Long Island completed a workflow to identify capitalizable materials during a major storm event. The 2019 budget has incorporated an estimate for such capital and the operation teams will begin this new process for 2019 major storm events.</li> </ul>



BSQ	Title	Board Policy	Task Status	Project Accomplishments
44	Review policies for capitalization of plant.	Oversight & LIPA Operations	1- Completed	<ul style="list-style-type: none"> <li>PSEG Long Island updated its capitalization threshold and incorporated into the 2019 budget process.</li> </ul>
46	Review economics of owning versus leasing real property.	Oversight & LIPA Operations	1- Completed	<ul style="list-style-type: none"> <li>PSEG Long Island has a process that reasonably evaluates the requirements for buildings space and facilities to meet their anticipated operational needs and the tools to make economic and financial decisions on whether to own or lease that space.</li> </ul>
47	Oversee PSEG Long Island's depreciation study.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Draft study completed.</li> <li>Evaluation by LIPA management and implementation will occur during 2019.</li> </ul>
48	Establish a multi-year schedule for the regular review of PSEG Long Island's accounting policies.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>LIPA has established a process to review five policies a year that will allow for the complete review of PSEG Long Island accounting policies over each five-year period.</li> </ul>
50	Develop oversight protocol to review litigation claims and their causes.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Drafted a CAM for settlement notification containing the framework for oversight protocol.</li> <li>In 2019, will oversee its implementation with PSEG Long Island.</li> </ul>
51	Establish new procedure for oversight of contracts signed by PSEG Long Island, including contract term parameters and timelines for notice of differing contract term.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Review of existing contract oversight complete and report with recommendations issued to LIPA.</li> <li>New procedure established for 2019.</li> </ul>
52	Review PSEG Long Island's administration and disposition of vacant/surplus property.	Oversight & LIPA Operations	1- Completed	<ul style="list-style-type: none"> <li>Developed list of potential vacant and surplus properties and reviewed procedures for evaluating same.</li> </ul>
53	Review PSEG Long Island's policies and procedures related to employee misconduct.	Oversight & LIPA Operations	1- Completed	<ul style="list-style-type: none"> <li>PSEG LI has appropriate policies in place regarding employee misconduct. Management has created a culture of accountability and holds employees to a strict standard of conduct. They have an ethics and whistle blower hotline that is appropriately monitored and complaints investigated thoroughly.</li> </ul>
54	Review PSEG Long Island's procurement procedures.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>PSEG Long Island's extensive written procurement procedures follow legal and ethical standards.</li> </ul>
55	Formalize procedures for access to information.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>A data access contract administration manual has been approved by LIPA and PSEG Long Island management which sets forth a procedure to timely respond to and/or resolve all data requests from LIPA.</li> </ul>
58	Develop a tool to improve monthly forecasted cash receipts and expenditures against actual results.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Improved monthly forecasts enable LIPA to better manage its cash flow and reduce the cost to operate the business.</li> </ul>
61	Advocate for an improvement in LIPA's bond ratings.	Debt and Credit Markets	1-Completed	<ul style="list-style-type: none"> <li>Moody's upgraded LIPA's bond rating outlook from stable to positive in October 2018.</li> </ul>
62	Evaluate interest rate exchange agreements and bank credit facilities for savings.	Debt and Credit Markets	1-Completed	<ul style="list-style-type: none"> <li>LIPA renewed its Letter of Credit to achieve increased savings.</li> <li>No opportunities exist to reduce cost for interest rate exchange agreements.</li> <li>The interest rate exchange agreements are continually reviewed as market conditions change.</li> </ul>
65	Advance power plant tax litigation to obtain fair tax treatment for our customer.	Taxes, PILOTS, and Assessments	1-Completed	<ul style="list-style-type: none"> <li>Port Jefferson case has been settled.</li> <li>Discussions and legal steps necessary to progress other cases made.</li> </ul>
66	Conclude Phase I of T&D property tax assessment study.	Taxes, PILOTS, and Assessments	1-Completed	<ul style="list-style-type: none"> <li>Analyzed numerous substations to determine whether to commence legal challenges to the related tax assessed values.</li> <li>Filed grievances on six individual substations throughout the service territory.</li> <li>Initiated a Phase II project to continue the analysis to all substation.</li> </ul>

BSQ	Title	Board Policy	Task Status	Project Accomplishments
68	Review process for real-time tracking of goals and responsibilities among LIPA staff.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Designed and implemented SharePoint list to track project activities through use of project management format that outlines project objectives, deliverables and milestones.</li> </ul>
70	Implement development plans for LIPA staff.	Staffing & Development	1-Completed	<ul style="list-style-type: none"> <li>Performance enhancement plans established for all officers, directors and managers.</li> </ul>
71	Evaluate LIPA's retention strategies compared to other public power companies.	Staffing & Development	1-Completed	<ul style="list-style-type: none"> <li>Completed research, a survey of public power companies, and provided a report and recommendations for next steps or new initiatives to ensure LIPA's access to qualified and talented managers and staff.</li> </ul>
73	Launch LIPA stakeholder and communications tracker.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Tracker created and launched in SharePoint.</li> </ul>
74	Establish internal LIPA newsletter to enhance employee engagement and communication.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Monthly newsletter launched in July 2018.</li> </ul>
79	Review LIPA's legislative powers and immunities and statutory exemption from municipal zoning requirements and approvals.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Reviewed LIPA's legislative powers and immunities from municipal regulation.</li> </ul>
80	Review procedure for oversight of environmental review and permitting of capital projects, including appropriate outreach to stakeholders.	Oversight & LIPA Operations	1-Completed	<ul style="list-style-type: none"> <li>Reviewed quality of PSEG LI environmental reviews and worked collaboratively on these issues through SharePoint and regular meetings.</li> <li>Developed a CAM to address permitting of capital projects with outreach</li> </ul>
81	Compare the Board's policies and reports to those of peer utilities.	Governance and Agenda Planning	1-Completed	<ul style="list-style-type: none"> <li>Survey of LPPC members confirmed that LIPA has similar Board Policies and governance practices to many of its LPPC peers.</li> <li>Enhancement to Board practices reviewed and approved by Board in October 2018.</li> </ul>
82	Establish a data analytics framework that enhances Internal Audit and Oversight efficiency.	Audit Relationships	1-Completed	<ul style="list-style-type: none"> <li>Developed an inventory of data analytics, based on the 2018 BSQs and Oversight Plans to support LIPA's Oversight role.</li> </ul>
83	Implement Guest Auditor Program to cross-train LIPA staff.	Audit Relationships	1-Completed	<ul style="list-style-type: none"> <li>Internal Audit utilized LIPA staff Guest Auditors on the PSEG Long Island Procurement, Credit and Collections, 2018 Metrics and 2017 Storm Invoicing Audits which provided subject-matter resources in these audit areas.</li> </ul>
84	Implement best practices identified during the 2017 Quality Assurance and Improvement Program (QAIP) Internal Assessment.	Audit Relationships	1-Completed	<ul style="list-style-type: none"> <li>Continuous improvement of internal audit activities accomplished through quality initiatives identified during the quality internal assessment process.</li> </ul>
85	Prepare the QAIP Self-Assessment for 2019.	Audit Relationships	1-Completed	<ul style="list-style-type: none"> <li>Completed an External Readiness Review to evaluate the Internal Audit Department's compliance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing in preparation for the 2019 External QAIP Full Assessment.</li> </ul>
86	Establish the Internal Audit Performance Measurement Metrics for Internal Audit effectiveness and efficiency.	Audit Relationships	1-Completed	<ul style="list-style-type: none"> <li>Established performance measures to determine whether Internal Audit is meeting its goals and objectives for efficiency and effectiveness.</li> </ul>
87	Review findings of the Management Audit and develop process to facilitate Trustees' oversight of the implementation plan.	Audit Relationships	1-Completed	<ul style="list-style-type: none"> <li>Trustees were briefed on the Board's rights and duties regarding review and adoption of the management audit report in March and July 2018.</li> <li>An implementation Plan was presented to the Board on October 24, 2018 in compliance with the Public Authorities Law.</li> <li>The Board's audit relationships policy was amended to require annual progress reporting, or more frequent reporting if necessary, and a tracking platform on all PSEG and LIPA recommendations has been implemented.</li> </ul>



BSQ	Title	Board Policy	Task Status	Project Accomplishments
88	Standardize consulting agreements to facilitate Attorney General and State Comptroller review of procurements.	Procurement	1-Completed	<ul style="list-style-type: none"> <li>Form of consulting agreement was compared with comments received from the Attorney General and Comptroller over the past 12 months.</li> <li>New form of consulting agreement in use.</li> </ul>
89	Implement program to help small enterprises reach Minority and Women-Owned Business Enterprises (MWBE) and Service-Disabled Veteran-Owned Business (SDVOB) certification with PSEG Long Island and Hofstra's Center for Entrepreneurship and Office of General Services.	Procurement	1-Completed	<ul style="list-style-type: none"> <li>LIPA and PSEG Long Island diversity procurement officers obtained a commitment from a prime contractor to conduct an MWBE mentorship program for 2019.</li> <li>LIPA and PSEG Long Island are participating with other stakeholders in Hofstra's Center for Entrepreneurship to develop a community-based mentorship program.</li> </ul>
90	Develop procedure for post-award monitoring of MWBE and SDVOB compliance.	Procurement	1-Completed	<ul style="list-style-type: none"> <li>PSEG Long Island and LIPA jointly developed guidelines and a certification process to ensure contractors continue to obtain commercially useful functions (CUF) from MWBE and SDVOB subcontractors while meeting state goals for each.</li> <li>A pilot CUF certification process was successfully completed in December 2018.</li> </ul>
1	Establish multi-year plans for energy efficiency, the Clean Energy Standard, and energy storage, through at least 2023.	Resource Planning, Energy Efficiency, and Renewable Energy	2-In Progress	<ul style="list-style-type: none"> <li>LIPA, PSEG Long Island, NYSERDA and DPS have collaborated on energy efficiency, clean energy standard and battery storage goals/policies.</li> <li>PSC Order on energy storage issued December 2018; work will continue into 2019.</li> </ul>
2	Oversee PSEG Long Island's study of the peaking fleet and flexible/peaking resources needed to accommodate offshore wind and higher renewable energy on the electric grid.	Resource Planning, Energy Efficiency, and Renewable Energy	2-In Progress	<ul style="list-style-type: none"> <li>Work will continue as part of a 2019 Project to oversee PSEG Long Island and NYISO studies of peaking/flexible resources to accompany penetration of 50% renewables and 2400 MW of offshore wind.</li> </ul>
3	Oversee PSEG Long Island's studies and the New York Independent System Operator's (NYISO) efforts to integrate carbon pricing, offshore wind, and flexible resources into the wholesale markets.	Resource Planning, Energy Efficiency, and Renewable Energy	2-In Progress	<ul style="list-style-type: none"> <li>Work will continue as part of the 2019 Project to oversee PSEG Long Island and NYISO studies of peaking/flexible resources to accompany penetration of 50% renewables and 2400 MW of offshore wind.</li> </ul>
5	Oversee negotiation of power contracts for two utility-scale solar projects selected in the 2015 Renewable RFP.	Resource Planning, Energy Efficiency, and Renewable Energy	2-In Progress	<ul style="list-style-type: none"> <li>Completion of contract negotiation was postponed to 2019, while environmental reviews are continuing.</li> </ul>
7	Negotiate appropriate rate reductions for new gas transportation contracts.	Resource Planning, Energy Efficiency, and Renewable Energy	2-In Progress	<ul style="list-style-type: none"> <li>New contract implemented for 2019, saving customers \$6 million per year.</li> <li>Contracts for additional plants will be finalized once the PSC establishes its new rate structure in 2019.</li> </ul>
9	Develop a common, long-term financial utility planning model to be used for power supply planning and business forecasting.	Resource Planning, Energy Efficiency, and Renewable Energy	2-In Progress	<ul style="list-style-type: none"> <li>PSEG Long Island and LIPA have met to determine what system would best align with its ratemaking process and forecasting needs.</li> <li>Both parties have agreed that a collaborative effort to obtain an automated system with enhanced controls will allow for a more robust forecasting process.</li> </ul>
16	Establish new multi-year performance goals, associated metrics, and budgets to take effect in 2019, based on industry best practices.	Customer Service; Transmission and Distribution System Reliability	2-In Progress	<ul style="list-style-type: none"> <li>The 2019 budget was approved by the Board. Associated performance goals are being finalized and will be in place in early 2019.</li> <li>Includes BSQ#22</li> </ul>
18	Oversee planning for replacement of aging underground transmission cables.	Transmission and Distribution System Reliability	2-In Progress	<ul style="list-style-type: none"> <li>Reviewed data on underground cable failures to identify most common failures.</li> <li>PSEG Long Island is focusing on pipe-type cable splices as a weakness that needs to be addressed.</li> <li>Remediation plan is under development for 2019.</li> </ul>

BSQ	Title	Board Policy	Task Status	Project Accomplishments
19	Review line crew staffing levels, including the cost-effectiveness of in-house labor, contract labor, and mutual assistance for emergency response.	Transmission and Distribution System Reliability	2-In Progress	<ul style="list-style-type: none"> <li>Identified present staffing levels and response levels of various storms or emergency outages compared to 2016 Emergency Restoration Plan.</li> <li>Evaluation will continue as part of 2019 Project related to define a strategy for the next phase of service reliability improvements after completion of the FEMA project.</li> </ul>
20	Oversee Article VII proceeding for Western Nassau Transmission Project.	Transmission and Distribution System Reliability	2-In Progress	<ul style="list-style-type: none"> <li>Application was filed and deemed completed in March 2018</li> <li>Finalization of settlement agreement with intervening parties expected in 2019</li> </ul>
21	Develop an information technology and data portability roadmap that addresses continuous access to data and data portability requirements for LIPA.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>The initiative was put on hold until the arrival of the new CIO. Since October initial planning was completed and the project is well on track to be completed in 2019.</li> <li>Complete Business Requirement Development Phase</li> <li>Develop Portability Framework/Roadmap</li> </ul>
23	Assess results of PSEG Long Island's "moment of truth" surveys for Customer Projects and other data sources of customer satisfaction including the Solar Developer Survey.	Customer Service	2-In Progress	<ul style="list-style-type: none"> <li>Results of the new Business survey indicate improved customer satisfaction stemming from recently revised organization and process.</li> <li>Refinements to the survey are planned for 2019.</li> <li>Insufficient data was available from the solar developer survey to provide meaningful results. Additional data will be collected and reviewed in 2019.</li> </ul>
37	Review PSEG Long Island's use of affiliates compared to alternatives.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>Monitored monthly affiliate spending by service area.</li> <li>Review will continue during 2019.</li> </ul>
41	Review books and records related to substation hardening efforts for FEMA grant compliance.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>PSEG Long Island has not completed its hardening efforts of the substations.</li> <li>The records for the substations that have been completed appear appropriate.</li> <li>Project will be completed in 2019 when the remaining substations are completed.</li> </ul>
43	PSEG Long Island's pole attachment inventory.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>Vendor procurement was completed in 2018.</li> <li>Ten circuits will be selected in 2019 to inventory to analyze the cost-benefit of completing a wide scale audit of Long Island.</li> </ul>
45	Select a new Enterprise Resource Planning (ERP) System that meets LIPA's holding company business needs.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>Business needs for a ERP system have been identified.</li> <li>The project implementer will be selected after the procurement process is completed in January 2019.</li> <li>Going forward, progress on ERP implementation will be tracked as part of the related management action plan; CIO has primary responsibility.</li> </ul>
49	Automate process for reporting funds expended for capital assets financed by tax exempt debt.	Debt and Credit Markets	2-In Progress	<ul style="list-style-type: none"> <li>LIPA will continue to work with PSEG Long Island to explore options for automating more of the workflow related to tax exempt capital spending.</li> </ul>
56	Formalize approval process for PSEG Long Island's use of third-party IT systems.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>The initiative was put on hold until the arrival of the new CIO. Internal planning in progress and the initiative is well on track to be completed in 2019.</li> </ul>
57	Review procedure for reporting IT events impacting PSEG Long Island systems.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>The initiative was put on hold until the arrival of the new CIO. Internal planning in progress and the initiative is well on track to be completed in 2019.</li> </ul>
59	Oversee Meter Data Management system implementation.	Oversight & LIPA Operations	2-In Progress	The initiative was put on hold until the arrival of the new CIO. Internal planning in progress and the initiative is well on track to be completed in 2019.
60	Enhance joint stakeholder outreach and communications between LIPA and PSEG Long Island leadership.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>LIPA and PSEG Long Island conduct monthly meetings to review past month public relations activities and month look-ahead</li> </ul>
63	Implement a new debt covenant compliance system.	Debt and Credit Markets	2-In Progress	<ul style="list-style-type: none"> <li>Project will be completed in 2019 as LIPA Bond Counsel is reviewing requirements.</li> </ul>

BSQ	Title	Board Policy	Task Status	Project Accomplishments
64	Automate the process for tracking and paying debt service, rating agency fees, and bond administrative costs.	Debt and Credit Markets	2-In Progress	<ul style="list-style-type: none"> <li>This effort is combined with the implementation of the new ERP system and requirements will address the need for automation related to debt service.</li> </ul>
67	Enhance joint strategic planning process for LIPA and PSEG Long Island leadership.	Staffing & Employment	2-In Progress	<ul style="list-style-type: none"> <li>Held several meetings with LIPA and PSEG Long Island senior leadership teams to discuss strategic planning issues and overall process.</li> <li>Selection of a third-party strategic planning facilitator approved by the Board in December 2018.</li> <li>These activities will continue as part of a 2019 Project.</li> </ul>
69	Improve team initiatives through training and feedback, identify additional teams as appropriate.	Staffing & Employment	2-In Progress	<ul style="list-style-type: none"> <li>Researched best practices on implementing team approach to projects.</li> <li>Teams formed to work on ERP project, employee engagement and oversight documentation.</li> <li>Projects for 2019 that would benefit from team approach are being identified with establishment of the 2019 Work Plan and individual employee projects.</li> </ul>
72	Formalize process for succession planning to implement industry best practices.	Staffing & Employment	2-In Progress	<ul style="list-style-type: none"> <li>Identified key/critical roles, reviewed with Chief Executive Officer, and circulated to Senior Staff for comment.</li> <li>Potential internal succession candidates identified and discussed with Department Heads, VP of Policy, Strategy and Administration and the Chief Executive Officer. Critical positions with no suggested succession candidate have also been identified.</li> <li>Positions profiles for each critical role drafted.</li> <li>A review and discussion with the Chief Executive Officer and VP of Policy, Strategy and Administration occurred in January 2019 in order to finalize the Succession Mapping document; work will continue in 2019.</li> </ul>
75	Initiate a department level Enterprise Risk Management (ERM) review of the risks within PSEG Long Island, complete risk profiles for three major business units in 2018 and the balance of business units in 2019.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>Risk profiles for three major business units were completed during 2018.</li> <li>Going forward, progress on ERM activities will be tracked as part of the related management action plan.</li> </ul>
76	Review LIPA IT data access controls and policies.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>A number of draft policies were developed in 2018, but the formalization and adoption were put on hold until the arrival of the new CIO. Currently, management review is in progress, and we expect stage 1 policies to be formalized in 2019.</li> </ul>
77	Consider alternate disaster recovery options for LIPA IT servers.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>Options were evaluated and an alternate disaster recovery was selected.</li> <li>Implementer to facilitate relocation retained.</li> <li>Procurement and design phases were completed</li> <li>Implementation of relocation will be completed in 2019.</li> </ul>
78	Conduct IT maturity model review of LIPA IT systems.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>The initiative was put on hold until the arrival of the new CIO. Internal planning in progress and the initiative is well on track to be completed in 2019.</li> </ul>
91	Review LIPA's values and issue an annual Responsibility Report.	Oversight & LIPA Operations	2-In Progress	<ul style="list-style-type: none"> <li>Researched model Responsibility Reports.</li> <li>Decision made to instead develop issue-based fact-sheets in 2019 to offer Trustees, stakeholders, and LIPA staff concise information, data, and talking points on major policy issues such as taxes, renewable energy, and debt.</li> </ul>



A photograph of an offshore wind farm with several white wind turbines on yellow foundations in a deep blue ocean. The sky is a clear, pale blue.

# 2019 WORK PLAN

POWERING LONG ISLAND'S CLEAN,  
RELIABLE, AND AFFORDABLE ENERGY FUTURE

[lipower.org](http://lipower.org)





# 2019 Work Plan

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## LIPA Mission and Values

LIPA is a not-for-profit public utility with a mission to enable clean, reliable, and affordable electric service for our customers on Long Island and the Rockaways.

In achieving our mission, LIPA values:

**Responsiveness:** being attentive to the needs and expectations of our community and stakeholders

**Excellence:** continually innovating and improving upon our performance

**Integrity:** conducting our affairs in an ethical and transparent manner

**Stewardship:** ensuring our assets are utilized efficiently and in accordance with sound fiscal and operating practices

**Sustainability:** minimizing our impact on our natural environment

**Teamwork:** respecting diverse viewpoints and attracting and retaining talented employees



# Overview

The activities in the 2019 Work Plan advance LIPA's mission and the policies of the Board of Trustees in the areas of Reliability, Customer Service, Oversight, Resource Planning, Energy Efficiency, Renewables, Regionally Comparable Electric Rates, and Taxes.<sup>1</sup>

The efforts LIPA staff will undertake include activities for which LIPA has direct responsibility, such as finance, wholesale market policy, tariffs, and legal affairs as well as oversight of activities for which LIPA's service providers, including PSEG Long Island and National Grid, are responsible. The 2019 Work Plan builds upon the accomplishments of the 2018 Work Plan<sup>2</sup>. LIPA's staff believes the activities in the Plan are the highest priorities in advancing the mission of the Authority over the next 12 months and are achievable with current staffing and resources. These activities are in addition to staff's day-to-day responsibilities.

## 2019 WORK PLAN

The 2019 Work Plan is organized around LIPA's functional areas: Operations Oversight, Finance, Financial Oversight, Legal, Internal Audit, Human Resources, External Affairs, Information Technology, and Policy and Strategy. Activities are organized into categories:

- **Strategic Projects** – significant projects that address a specific, strategically important issue and require participation and support from a team of professionals
- **Selected Operations or Oversight Activities** – activities for which LIPA has direct operational responsibility or that are required to meet LIPA's obligations with respect to oversight of its service providers
- **Carryover Activities from 2018** – significant activities identified in the 2018 Work Plan that continue in 2019
- **Activities Related to Management Audit** – areas for improvement identified in the 2018 Audit of LIPA and PSEG Long Island Management and Operations by the Department of Public Service ("DPS")

Progress on these activities will be tracked by staff during 2019, and management expects to make changes to the 2019 Work Plan during the year as circumstances and priorities change. Pursuant to the Board's Policy on Oversight and LIPA Operations, LIPA staff will report accomplishments to the Board relative to the objectives in the 2019 Work Plan in early 2020.

<sup>1</sup>A complete list of LIPA's current Board Policies and related annual reports can be found on LIPA's website at [www.lipower.org/mission](http://www.lipower.org/mission)

<sup>2</sup>For more information on the accomplishments of the 2018 Work Plan, see LIPA's 2018 Accomplishments Report, available on LIPA's website under Contracts and Reports



# Operations Oversight

## **STRATEGIC PROJECTS:**

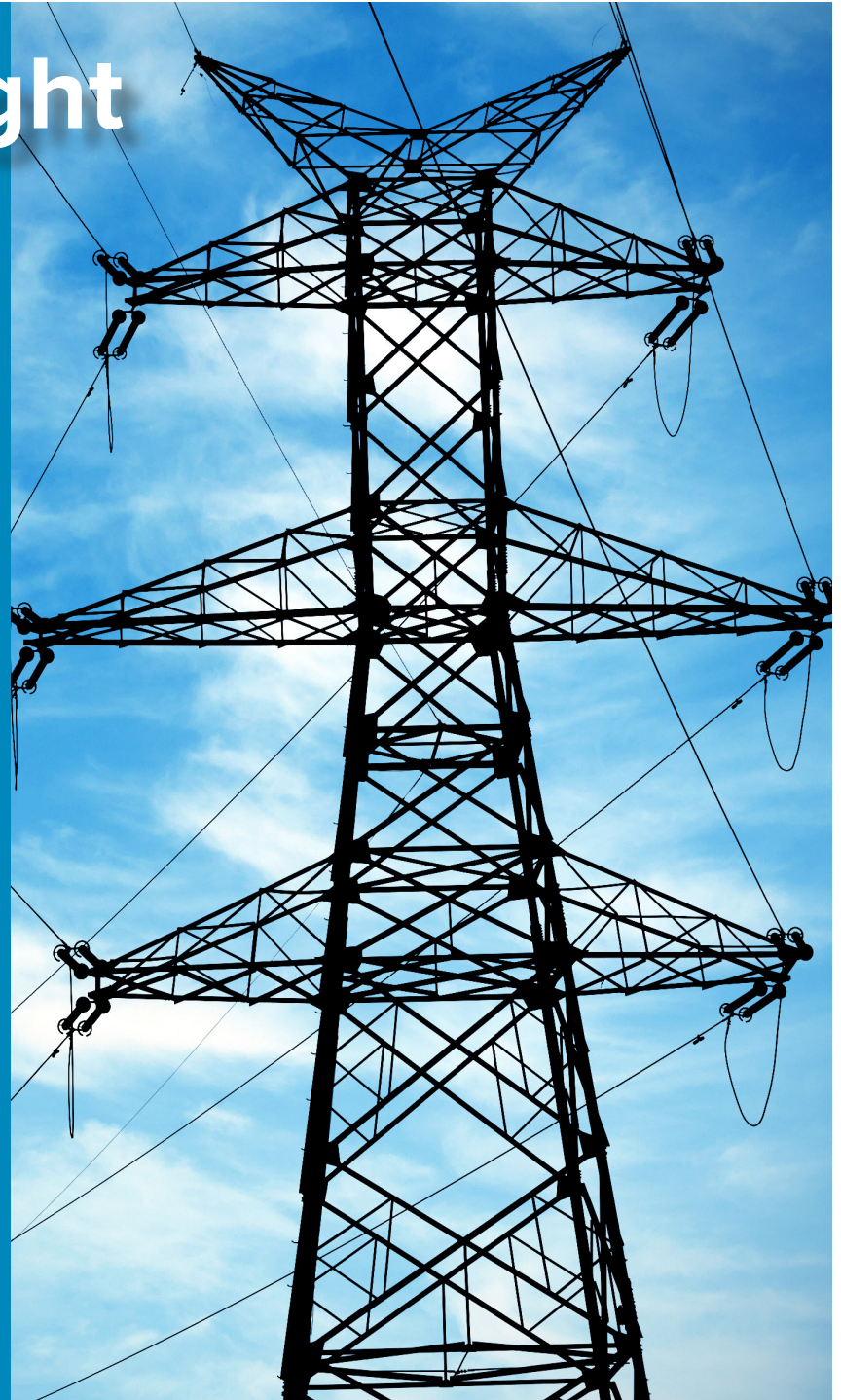
- Define the strategy for the next phase of service reliability improvements for 2020 and beyond
- Oversee PSEG Long Island studies of peaking/flexible resources to accompany increasing penetration of renewables and define strategy for:
  - integration of offshore wind
  - meeting New York's energy storage mandate
  - new regulatory requirements for peaking units

## **SELECTED OPERATIONS OR OVERSIGHT ACTIVITIES:**

- Maintain oversight of transmission and distribution system planning, including completion of projects needed in 2019
- Re-evaluate kerosene supply plans for peaking units considering pending regulatory requirements
- Advocate for fair allocation of costs to Long Island for offshore wind integration (transmission upgrades and flexible resources)
- Review completed billing exceptions and accounts that have not been billed on cycle to evaluate the accuracy and timeliness of the billing process
- Assess customer complaint patterns and responses
- Complete pending power purchase agreements for new utility-scale solar projects

## **ACTIVITIES RELATED TO MANAGEMENT AUDIT:**

- Oversee continued development of the capital program optimization model
- Oversee development of evaluative criteria to assess the effectiveness of the planning process
- Oversee new cost-benefit analyses for all transmission and distribution projects
- Continued monitoring of reliability metrics and targeted programs to address reliability
- Oversee new quality assurance and control procedures for capital projects and programs
- Oversee improvements to project estimating
- Oversee implementation of a work breakdown system
- Oversee new project management performance measures
- Oversee new integrated work management system





# Finance and Financial Oversight

## **STRATEGIC PROJECTS:**

- Pursue gas and electric prepayments to reduce power supply costs
- Establish a process to routinely evaluate and pursue fairness for all LIPA customers with regards to property tax assessments on transmission and distribution property
- Prepare rate case filing for 2021 and beyond, including multi-year priorities

## **SELECTED OPERATIONS OR OVERSIGHT ACTIVITIES:**

- Monitor Federal Emergency Management Agency program to ensure costs are appropriately managed
- Develop and implement 2020 rate pilots, per the 2019 Utility 2.0 filing, and update road modernization roadmap
- Oversee PSEG Long Island's implementation of a pilot program related to heat pumps for electric heat customers
- Review pole attachment fees for wireless communications
- Oversee PSEG Long Island's implementation of 2018 Utility 2.0 programs for behind-the-meter energy storage and electric vehicles and evaluate the 2019 filing, including new customer products and services
- Review post retirement benefit pre-funding strategy in advance of 2020 budget
- Implement process improvements for reporting funds expended for capital assets financed by tax exempt debt
- Evaluate option to buy certain real property instead of leasing
- Evaluate customer choice and community choice programs

## **CARRYOVER ACTIVITIES FROM 2018:**

- Review PSEG Long Island's use of affiliates compared to alternatives
- Review books and records related to substation hardening efforts for Federal Emergency Management Agency grant compliance
- Review PSEG Long Island's pole attachment inventory processes
- Implement a new debt covenant compliance system

## **ACTIVITIES RELATED TO MANAGEMENT AUDIT:**

- Continue development of Enterprise Risk Management program within LIPA and PSEG Long Island
- Complete the Financial Oversight Documentation project





# Communications & External Affairs

## **STRATEGIC PROJECTS:**

- Develop a Strategic Communications Plan to promote LIPA's mission among key stakeholders

## **SELECTED OPERATIONS OR OVERSIGHT ACTIVITIES:**

- Review PSEG Long Island's emergency communications manual
- Coordinate with PSEG Long Island on review of, and responses to, legislative and regulatory proposals

## **ACTIVITIES RELATED TO MANAGEMENT AUDIT:**

- Oversee PSEG Long Island's capital-project outreach, media relations and external affairs programs to ensure effective communication to customers
- Oversee PSEG Long Island's tree-trim notification pilot program
- Oversee the effectiveness of PSEG Long Island's energy efficiency and low-income marketing efforts
- Oversee development of individual outreach plans and budgets for projects identified as likely to garner significant community interest
- Oversee PSEG Long Island's update to the external affairs handbook

# Policy, Strategy & Administration

## **STRATEGIC PROJECTS:**

- Enhance the strategic planning process

## **SELECTED OPERATIONS OR OVERSIGHT ACTIVITIES:**

- Implement new Trustee training opportunities organized by specific subject-matter areas of focus
- Research industry best practices to regularly re-evaluate maturity of LIPA's strategic planning process and identify improvements

# Human Resources

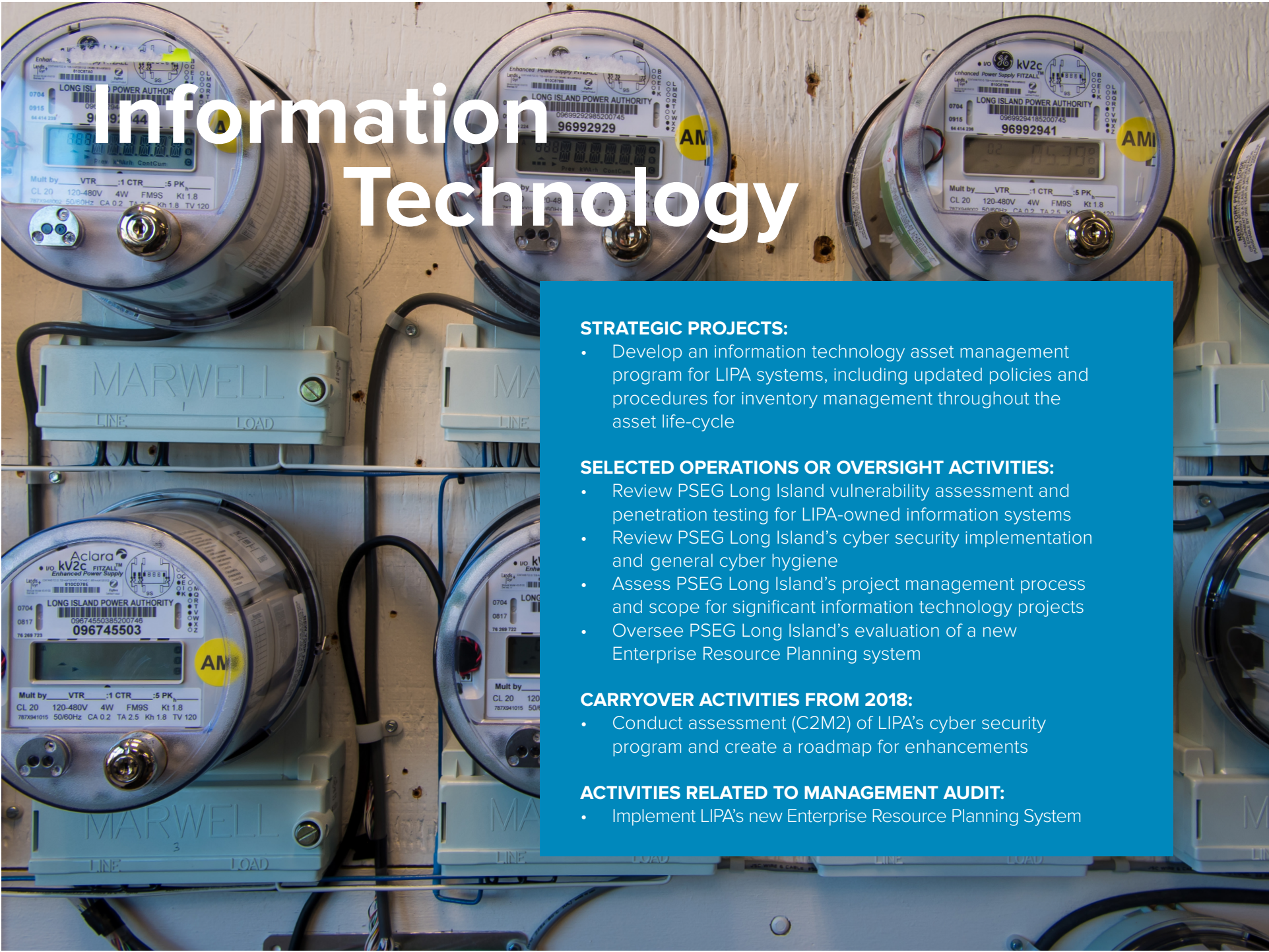
## **SELECTED OPERATIONS OR OVERSIGHT ACTIVITIES:**

- Review management of PSEG Long Island's benefit programs
- Implement recommendations for employee retention strategies
- Implement industry best practices for employee assistance and wellness programs

## **CARRYOVER ACTIVITIES FROM 2018:**

- Complete new process for succession planning to implement industry best practice





# Information Technology

## **STRATEGIC PROJECTS:**

- Develop an information technology asset management program for LIPA systems, including updated policies and procedures for inventory management throughout the asset life-cycle

## **SELECTED OPERATIONS OR OVERSIGHT ACTIVITIES:**

- Review PSEG Long Island vulnerability assessment and penetration testing for LIPA-owned information systems
- Review PSEG Long Island's cyber security implementation and general cyber hygiene
- Assess PSEG Long Island's project management process and scope for significant information technology projects
- Oversee PSEG Long Island's evaluation of a new Enterprise Resource Planning system

## **CARRYOVER ACTIVITIES FROM 2018:**

- Conduct assessment (C2M2) of LIPA's cyber security program and create a roadmap for enhancements

## **ACTIVITIES RELATED TO MANAGEMENT AUDIT:**

- Implement LIPA's new Enterprise Resource Planning System



# Internal Audit

## **STRATEGIC PROJECTS:**

- Comprehensive audit of the areas of improvement identified in the DPS management and operations audit

## **SELECTED OPERATIONS OR OVERSIGHT ACTIVITIES:**

- Review the status of PSEG Long Island's internal control testing and remediation of any identified failures
- Complete a Quality Assurance and Improvement Program external audit for LIPA's audit department
- Assess the Agile Auditing approach and appropriateness for LIPA's audit department

# Legal

## **SELECTED OPERATIONS OR OVERSIGHT ACTIVITIES:**

- Review and update LIPA's record retention policy and review PSEG Long Island's record retention policy
- Review SEQRA documentation and preparation of Article VII and non-Article VII documentation for transmission projects
- Oversee PSEG Long Island's procurement policies and procedures, including oversight of minority, women, and service-disabled veteran-owned vendors
- Oversee PSEG Long Island's implementation of a new minority and women-owned business mentor protégé program
- Develop an automated, comprehensive legal and regulatory compliance tickler and tracking system

