

A photograph of several offshore wind turbines in the ocean. The turbines are white with yellow bases, and the water is a deep blue. The sky is not visible, suggesting a clear day.

2019 WORK PLAN

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

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.¹

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 Plan². 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.

¹A complete list of LIPA's current Board Policies and related annual reports can be found on LIPA's website at www.lipower.org/mission

²For 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:

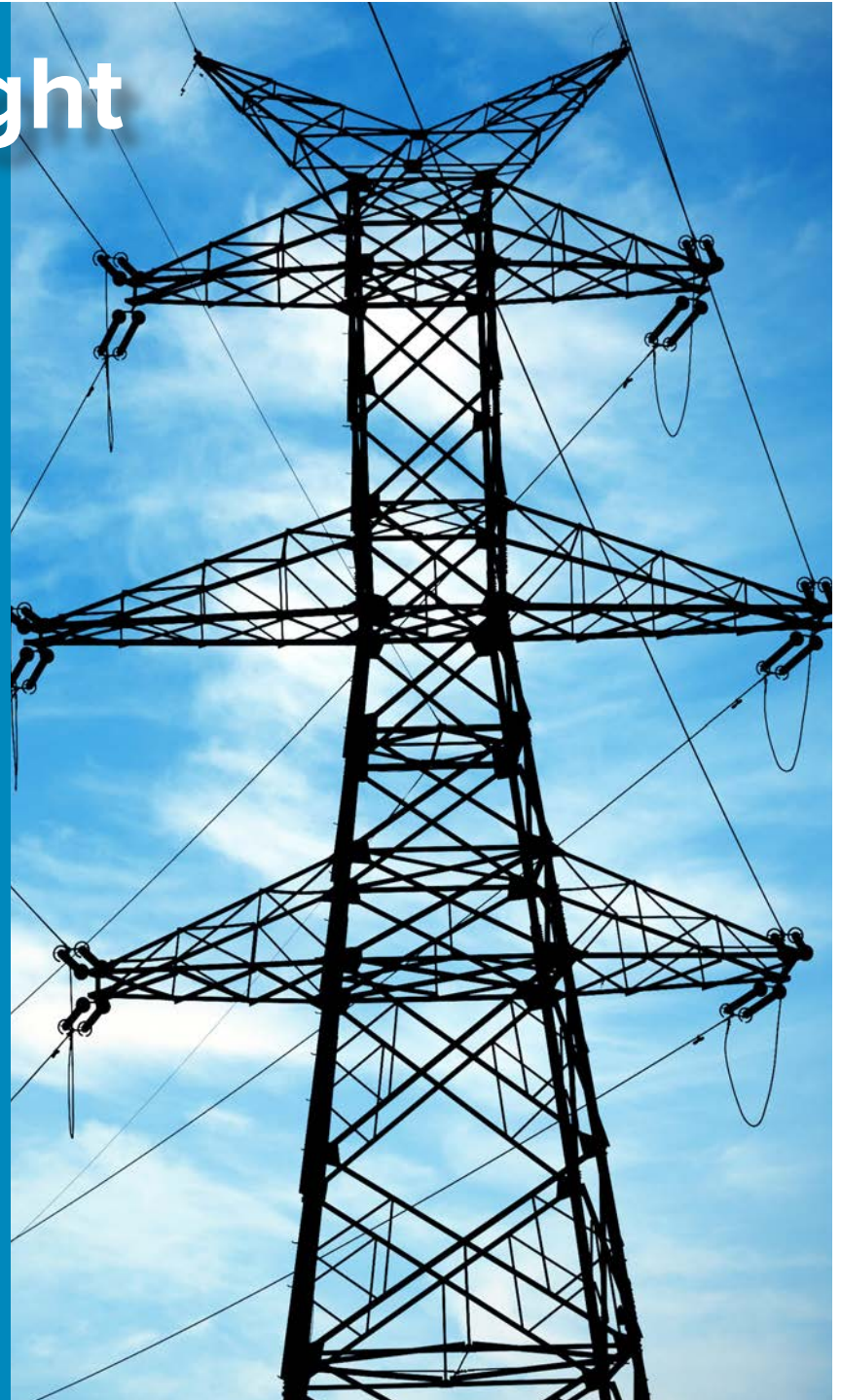
- Define the strategy for the next phase of service reliability improvements for 2020 and beyond
- Oversee PSEG Long Island studies of peaking/flexible resources to accompany increasing penetration of renewables and define strategy for:
 - integration of offshore wind
 - meeting New York's energy storage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

