SUMMARY OF 2019 FIRST QUARTER TRUSTEE WORKSHOPS

March 20, 2019
WHAT IS GOOD GOVERNANCE?
Fuel Management Contract

- Purchase of:
  - Seasonal and daily oil needs
  - Monthly and daily natural gas needs
- Coordination and communication with plant personnel
  - Natural gas deliveries (Interstate and NGRID-Gas)
  - Fuel oil deliveries (truck and barges)
- Negotiation of commodity contracts on LIPA’s behalf
- Negotiation of oil service, delivery and logistics contracts
- Validation of counterparty bills
- Communication with LIPA staff, Fuel Suppliers, NGRID-Gas, NY DPS

<table>
<thead>
<tr>
<th></th>
<th>Winter</th>
<th>Summer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temperature</td>
<td>~4 degrees below</td>
<td>~5 degrees above</td>
</tr>
<tr>
<td>#6 Oil Pur (bbls)</td>
<td>1,050,000</td>
<td>430,000</td>
</tr>
<tr>
<td>#2 Oil Pur (gal / trucks)</td>
<td>8,350,000 / 800</td>
<td>2,300,000 / 220</td>
</tr>
<tr>
<td>Nat Gas Pur (BCF)</td>
<td>27.3</td>
<td>20.3</td>
</tr>
<tr>
<td>Load (GWH)</td>
<td>7,500</td>
<td>7,000</td>
</tr>
</tbody>
</table>

*Winter = Nov thru Mar; Summer = Apr thru Oct
* 2018 Summer thru 9/30/2018
LIPA has access to generators on LI fueled by natural gas and oil, plus electric imports from upstate NY as well as PJM and ISO-NE.
A **budget** is a comprehensive financial plan for achieving the financial and operational goals of an organization.

- Monthly budget monitoring reported to the Board ensuring meeting intended goals and objectives.
- LIPA consolidated budget prepared in compliance with generally accepted accounting principals but adjusted to determine necessary cash requirements (revenue requirements).
- LIPA consolidated budget includes operating and capital costs and calculates debt financing requirements while ensuring meeting the Board’s financial policy metrics – **Debt and Access to Capital**.
- LIPA publishes a 2 year budget which support and is the basis for long term financial and strategic planning.
- Final rate-setting and budget approval by LIPA Board with Department of Public Service (DPS) review and recommendation.
J.D. Power

J.D. Power, a global leader in consumer insights, data and analytics, routinely surveys Long Island business and residential customers to identify their top priorities

PSEG Long Island and LIPA leverage data from the J.D. Power survey, as well as perform quantitative and qualitative research, to drive customer satisfaction
J.D. Power surveys identified the top customer satisfaction priorities:

**KEY INDEX FACTORS**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>POWER QUALITY AND RELIABILITY</td>
<td>28%</td>
</tr>
<tr>
<td>BILLING AND PAYMENT</td>
<td>19%</td>
</tr>
<tr>
<td>PRICE</td>
<td>19%</td>
</tr>
<tr>
<td>CORPORATE CITIZENSHIP</td>
<td>16%</td>
</tr>
<tr>
<td>COMMUNICATIONS</td>
<td>14%</td>
</tr>
<tr>
<td>CUSTOMER SERVICE</td>
<td>5%</td>
</tr>
</tbody>
</table>

PSEG Long Island sample size:
553 Total Completes
PSEG Long Island continues to climb in customer satisfaction rankings on the key categories that customers identified:
PSEG Long Island identifies tactics to target the six key index factors outlined by J.D. Power surveys

Samples of data & response:

- Data: In the **power quality and reliability** ranking, PSEG Long Island achieved second quartile ranking, immediately behind Con Edison, with more than half of customers in 2019 stating they are “highly satisfied with their power quality”. *Response:* Continued island-wide investment on reliability, including new technology and innovation, will continue to drive power quality rankings

- Data: In the **price** ranking, customer perception of high utility rates are reflected in the survey, placing PSEG Long Island in the 4th quartile. *Response:* Additional promotion of opportunities to save on electric bills through energy efficiency programs can increase customer familiarity with utility price saving efforts and help increase ranking

*For more information on the six key factors, refer to PSEG Long Island’s presentation entitled “Leveraging Data to Drive Customer Satisfaction”*
Key Takeaways

01 J.D. Power is a customer perception survey. Customers perception of Long Island’s electric utility dramatically improved, placing PSEG Long Island as the most improved utility in the Nation

02 Based upon J.D. Power survey data, PSEG Long Island utilizes additional quantitative and qualitative surveys to develop business and communications plans to drive customer satisfaction