

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 282nd MEETING

HELD ON MAY 22, 2019

The Long Island Power Authority (the “Authority”) was convened for the two-hundred-and-eighty-second time at 11:25 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on May 17, 2019, and electronic notice posted on the Authority’s website.

The following Trustees of the Authority were present:

**Ralph Suozzi, Chair
Elkan Abramowitz
Drew Biondo
Sheldon Cohen
Matthew Cordaro
Mark Fischl
Peter Gollon
Thomas McAteer**

Representing the Authority were Thomas Falcone, Chief Executive Officer; Anna Chacko, General Counsel; Rick Shansky, Vice President of Operations Oversight; Kenneth Kane, Interim Chief Financial Officer, Bobbi O’Connor, Vice President of Policy, Strategy and Administration & Secretary to the Board of Trustees; and Justin Bell, Director of Rates and Regulation.

Representing PSEG Long Island were Daniel Eichhorn, President and COO; Rick Walden, Vice President of Customer Service; Paul Napoli, Vice President of Power Markets; John O’Connell, Vice President of Transmission and Distribution, Peggy Keane, Vice President of Construction and Operations and Andrea Elder-Howell, Managing Director and Vice President of Legal.

Representing Moody's Investor Services were Scott Solomon, Ben Feder and Kevin Rose.

Chairman Suozzi welcomed everyone to the 282nd meeting of the Long Island Power Authority Board of Trustees and led the Pledge of Allegiance.

Chairman Suozzi stated that the first item on the agenda was the Chairman's remarks.

After the Chairman's remarks, Chairman Suozzi stated that the next item on the agenda was the Consideration of the Consent Agenda Items.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolutions were unanimously adopted by the Trustees based on the memoranda summarized below:

1476. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MARCH 20, 2019 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on March 20, 2019 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

Requested Action

The Board of Trustees of the Long Island Power Authority is requested to approve and adopt a resolution authorizing the Chief Executive Officer, or his designee(s), to execute a Second Amended and Restated Operating Agreement with Exelon Generation for Nine Mile Point Unit

Background

The Long Island Lighting Company d/b/a LIPA ("LIPA") holds an 18% undivided interest in Nine Mile Point Unit 2; the other 82% is held by Constellation Energy Nuclear Group (CENG), a joint venture of Exelon Corporation and Electricite de France (EDF). Exelon Generation, a subsidiary of Exelon Corporation, has day to day operational responsibility for the plant. The unit has been operating since 1988 and was originally owned by Niagara Mohawk and four other investor-owned utilities, including the Long Island Lighting

Company. The unit was initially operated by Niagara Mohawk under the terms of an Operating Agreement among the co-owners.

In 2001, all the co-owners except LIPA sold their interests to Constellation Energy, who became the unit's operator. The Operating Agreement was then amended and restated to reflect these changes.

In 2012, Exelon Corporation acquired Constellation Energy, including its interest in Nine Mile Point Unit 2. Constellation continued as the operator until 2014 when operating responsibility was assigned to Exelon Generation ("Exelon"). Since 2014, management of LIPA's interest in Nine Mile Point Unit 2 has been carried out by PSEG Long Island.

Discussion

PSEG Long Island and Exelon have determined that the Operating Agreement should be updated to reflect the current ownership of the unit and to modify or eliminate terms that are superfluous, unnecessarily burdensome, inconsistent with industry practice, or not reflective of current conditions.

Of note, the Second Amended and Restated Operating Agreement would redefine the unit's Management Committee to provide a forum for senior executives of the parties to meet on a quarterly basis for review of business plans and budgets, and for Exelon's reporting to LIPA and PSEG Long Island on the unit's operation and maintenance. The committee is also intended as an avenue for LIPA and PSEG Long Island senior management to meet with their counterparts at Exelon to discuss matters of mutual concern. Consistent with standard practice, it would also change the billing and payment accounting from cash to an accrual basis. None of these changes would materially alter LIPA's rights or financial obligations under the operating agreement for the unit.

As the Second Amended and Restated Operating Agreement would clarify the parties' rights and responsibilities and facilitate more effective management of Nine Mile Point Unit 2, the Trustees are requested to authorize the execution of the Second Amended and Restated Operating Agreement.

Recommendation

Based on the foregoing, I recommend approval of resolution in the form attached hereto as Exhibit "A".

1477. RESOLUTION AUTHORIZING THE EXECUTION OF THE SECOND AMENDED AND RESTATED OPERATING AGREEMENT WITH EXELON GENERATION FOR NINE MILE POINT UNIT 2

WHEREAS, the Long Island Lighting Company d/b/a LIPA ("LIPA") holds an 18% undivided interest in Nine Mile Point Unit 2; and

WHEREAS, the unit has been operating since 1988 and was originally owned by Niagara Mohawk and four other investor-owned utilities, including the Long Island Lighting Company; and

WHEREAS, in 2001, all the co-owners except LIPA sold their interests to Constellation Energy, who became the unit's operator, and the Operating Agreement was then amended and restated; and

WHEREAS, in 2012, Exelon Corporation acquired Constellation Energy, including its interest in Nine Mile Point Unit 2, and in 2014, the operating responsibility was assigned to Exelon Generation ("Exelon"); and

WHEREAS, since 2014, management of LIPA's interest in Nine Mile Point Unit 2 has been carried out by PSEG Long Island; and

WHEREAS, PSEG Long Island and Exelon have determined that the Operating Agreement should be updated to reflect the current ownership of the unit and to modify or eliminate terms that are superfluous, unnecessarily burdensome, inconsistent with industry practice, or not reflective of current conditions.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Long Island Power Authority hereby authorizes the Chief Executive Officer, or his designee(s), to execute the Second Amended and Restated Operating Agreement with Exelon Generation for Nine Mile Point Unit 2.

Chairman Suozzi stated that the next item on the agenda was the Approval of Tariff Changes to Enable Energy Storage Systems to Participate in Dynamic Load Management to be presented by Justin Bell.

After requesting a motion on the matter, which was seconded, Mr. Bell presented the following action item and took questions from the Trustees.

Requested Action

The Trustees are requested to approve changes to the Authority's Tariff for Electric Service ("Tariff") to enable incentives in support of PSEG Long Island's planned behind-the-meter energy storage program, effective June 1, 2019. The incentives will be offered through the Authority's existing dynamic load management tariffs. In connection with this offering, the

proposed changes will also expand eligibility for participation in the dynamic load management tariffs to customers with eligible generating equipment, such as rooftop solar.

Background

Each year, PSEG Long Island submits an annual update to its Utility 2.0 Long Range Plan, in which the utility proposes new initiatives to enhance the customer experience, modernize the Long Island electric grid, and promote New York State’s Reforming the Energy Vision policies.

As part of its 2018 Utility 2.0 annual update, filed on June 29, 2018, PSEG Long Island proposed to introduce an innovative, open solicitation program opportunity for third-party aggregators to install behind-the-meter batteries for PSEG Long Island customers.¹ The goal of the program is to catalyze the local availability of energy storage for the commercial and residential market while providing load relief, especially in those defined areas of the grid where peak demand needs are most critical. On November 1, 2018, the Department of Public Service (“DPS” or “Department”) recommended adoption of PSEG Long Island’s behind-the-meter battery program.² The program is intended to launch in June 2019, in coordination with new incentives for behind-the-meter batteries to be offered by the New York State Energy and Research Development Authority (“NYSERDA”).

The Authority’s existing Dynamic Load Management (“DLM”) programs include a peak load shaving Commercial System Relief Program (the “CSRP”) and a local reliability supporting Distribution Load Relief Program (the “DLRP”). The behind-the-meter battery program would make use of the Authority’s existing CSRP and DLRP tariffs to offer incentives for qualifying battery storage equipment in exchange for enrolling and participating in the programs. This proposal will modify those tariffs consistent with the behind-the-meter battery program, as recommended by the DPS, and will make related tariff improvements.

Proposed Action

The Authority Staff proposes to modify the Tariff for Electric Service to enable incentives in support of the Utility 2.0 behind-the-meter battery storage program to be paid through the Authority’s existing CSRP and DLRP tariffs.

The CSRP and DRLP tariffs offer reservation payments, which are based on the number of summer months the participant is enrolled in the programs and the anticipated kW peak reduction, and performance payments, which are based on the participant’s performance during specific load relief events called by PSEG Long Island. As proposed in the Utility 2.0 plan, third-party aggregators will enroll customers in the behind-the-meter battery storage program, install eligible battery storage systems (either themselves or through qualified installers), and allow PSEG Long Island to remotely dispatch customers’ energy storage systems through the aggregators to reduce load during called events through the existing

¹ Case No. 14-01299, In the Matter of PSEG-LI Utility 2.0 Long Range Plan, Item No. 48.

² Case No. 14-01299, In the Matter of PSEG-LI Utility 2.0 Long Range Plan, Item No. 57.

CSRP and DLRP programs. In exchange, the aggregators will receive reservation and performance payments under the CSRP and DLRP tariffs.³

Under existing rules, reservation and performance payment amounts may be reset as needed by Authority staff. In order to promote market stability and provide additional price certainty needed to spur the upfront investment needed for installation of batteries, a change is proposed to lock in the amount of reservation payments offered to qualifying battery storage equipment under the CSRP and DLRP for a 10-year period.

In summary, the following updates to the CSRP and DLRP tariffs are proposed to accommodate the Utility 2.0 behind-the-meter storage program:

- New qualifying battery storage equipment interconnected with the Authority’s system after March 1, 2019, will be eligible to participate in the CSRP and DLRP programs. Both stand-alone systems and systems paired with an eligible Net Energy Metering Technology will be eligible.**
- New qualifying battery storage projects will be eligible to receive the Reservation Payment in effect at the time of their interconnection for a period of ten years.**
- The CSRP and DLRP will include a new customer baseline methodology called the “10 day weather adjusted CBL”.**
 - A customer baseline methodology is used by the Service Provider to verify the actual load relief provided by the customer during load relief events. The CSRP and DLRP currently include two customer baseline methodology options for participating customers.**
 - The purpose of the new methodology is to improve the accuracy of load relief verification for customers with distributed generation. The new methodology will be used to verify the load relief of participating customers who are enrolled in Net Energy Metering or the Value of Distributed Energy Resources (“VDER”).**
 - The new methodology will be optional for other participating customers, who may select it as an alternative to the existing methodologies.**
- If an aggregator enrolls customers whose reservation or performance payment rates differ (i.e. based on location or enrollment date rate lock-ins), payments will be based on a load relief weighted rate, which will be equivalent to the sum of the payments owed to the aggregator’s enrollees.**

The following improvements to the CSRP and DLRP tariffs are also proposed to enhance the functionality and increase participation in the programs:

- Net Energy Metering and VDER customers will now be allowed to participate in the CSRP and DLRP programs. This change has been requested by stakeholders and was recently enabled by the improvements in load relief verification methodology developed in connection with this proposal. This change will allow customers who pair storage with solar to participate in the newly proposed incentives without foregoing the opportunity to participate in the Authority’s existing Net Energy Metering and VDER programs.**

³ Customers who meet the minimum load requirements of the CSRP and DLRP tariffs may choose to enroll in the programs directly rather than through an aggregator.

- **Planned load relief events are currently called under the CSRП when the Authority’s day ahead forecasted load level exceeds 92 percent of the forecasted summer system-wide peak. Staff proposes to raise this threshold to 94 percent to limit the calling of events that do not contribute to lowering the system-wide peak. This change was also proposed by stakeholders as it limits the burden imposed on participants, increases customer satisfaction with the programs, and reduces participant turnover.**

Financial Impact

The proposed behind the meter battery storage incentives produces a net positive benefit to customers. This includes approximately \$6.5 million net present value in estimated avoided generation, transmission, and distribution capacity costs. Program administration costs to participating customers are estimated to be \$1.2 million net present value. The incentive payments to participating customers are estimated to be \$2.2 million net present value and will be recovered in the Power Supply Charge, consistent with the current recovery of demand response payments.

Department of Public Service Input

On November 1, 2018, as mentioned above, the DPS recommended adoption of PSEG Long Island’s behind-the-meter battery program. During development of the 2018 Utility 2.0 annual update and in its recommendation, the Department provided important feedback that was incorporated into this tariff proposal. The Department’s feedback included a recommendation to allow standalone storage systems (i.e. not paired with solar) to participate in the incentives, a recommendation to expand the eligibility to the entire service territory rather than limit it to load constrained areas, and a recommendation to measure and verify the demand response performance of energy storage systems using a customer baseline methodology, consistent with other participants in the CSRП and DLRP programs. These recommendations were accepted and are included in the final proposed tariff (Exhibit B).

The DPS has provided a letter recommending adoption of these Tariff modifications (Exhibit D).

Public and Stakeholder Input

Public hearings were held on the Tariff proposal on April 29, 2019 in Nassau and Suffolk Counties. Several members of the public attended the hearings, though none of the attendees commented on the tariff proposal.

Written comments were received from two stakeholders, the Advanced Energy Management Alliance (the “AEMA”) and Sunrun Inc. The AEMA is a trade association whose members include national distributed energy resource companies and advanced energy management service and technology providers, including demand response providers. Sunrun is a provider of residential distributed energy resources. Both commenters were supportive of aspects of the proposal, including the expansion of DLM program eligibility to customers

with energy storage and solar systems. AEMA also supports the change in threshold for called events from 92% to 94% of forecasted peak load. Both commenters recommended modifications to the proposal, which are summarized here.

Measurement and verification: Both AEMA and Sunrun recommended that the performance of energy storage systems be measured by direct metering instead of the proposed customer baseline methodology.

Sunrun comments that direct metering is the most efficient and accurate method to perform measurement and verification and that, by isolating performance of the storage system, would provide needed clarity for energy storage developers. Direct metering would also prevent other customer load changes, including through onsite solar generation, from impacting the measurement and verification of the energy storage system.

AEMA comments that directly metering the energy storage system would provide for accuracy and uniform treatment of both behind the meter and front of the meter storage and would minimize the human resources needed to operate the program. AEMA also noted that baselining would create a disincentive for batteries to be discharged outside of CSR and DLRP events because doing so would erode the customer's baseline.

Staff response: During development of the programs, Authority staff and PSEG Long Island considered direct metering. In consultation with the DPS, and in observance of the PSC's December 13, 2018 *Order Establishing Energy Storage Goal and Deployment Policy* in Case 18-E-0130, the Authority staff determined that customer baselining is the preferred approach for measuring participation in demand response because demand response programs are intended to incentivize a change in behavior. If the customer is not changing its net customer load during a demand response event as compared to a baseline, the customer is not providing on-call peak load reduction benefits. In response to Sunrun's comment, staff notes that the newly proposed baseline methodology contains a weather adjustment that adjusts the baseline up or down based on a reference load from the event day. If a customer's solar system is generating more on the baseline days than on the event day, the weather adjustment would adjust the baseline upwards (i.e. to create a baseline with less solar generation). It is the adjusted baseline that is used to measure performance.

Duration of test event: The original tariff proposal published on February 27, 2019 (Exhibit C), included a proposal to increase the duration of test events called under the dynamic load management tariffs from one hour to two hours, with the goal of improving the accuracy of test events in predicting performance during called events. AEMA opposed this change because one hour tests are standard in New York and there is insufficient evidence that two-hour tests are more accurate. Other New York utilities have tested two-hour DLRP test events in 2018, and the results were recently found by the Public Service Commission to be inconclusive and in need of further testing.⁴

⁴ Order Adopting Program Changes with Modifications and Making Other Findings, Case No. 14-E-0423, at 7.

Staff response: This comment has been accepted and the proposed increase in the duration of the test event has been removed from the final tariff proposal.

Lock-in of payment rates: AEMA supports the 10-year lock-in of CSRP and DLRP rates for energy storage systems, and further recommends that this option be extended to other participants in the CSRP and DLRP. AEMA notes that allowing for price certainty will help customers considering other technology types or enhancements to help automate their response to CSRP and DLRP events and provide revenue certainty to help finance these projects, resulting in increased reliability of these programs.

Staff response: The tariff proposal as written allows flexibility for additional technologies to be designated as eligible for payment rate lock-ins in the future. However, the Authority has not identified any additional technologies that would require the certainty of a payment rate lock-in to enable their participation in CSRP and DLRP at this time. In addition, Authority staff has consulted with DPS staff and is guided by the December 13, 2018 *Order Establishing Energy Storage Goal and Deployment Policy* in Case 18-E-0130, which established locked-in payment rates only for energy storage systems. Accordingly, the Authority staff does not recommend adopting this comment.

Recommendation

For the foregoing reasons, I recommend that the Trustees approve the modifications to the Tariff for Electric Service described herein and set forth in the accompanying resolutions.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1478. APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF FOR ELECTRIC SERVICE TO ENABLE ENERGY STORAGE SYSTEMS TO PARTICIPATE IN DYNAMIC LOAD MANAGEMENT

WHEREAS, the Board of Trustees of the Long Island Power Authority (the "Authority") has adopted a Board Policy on Resource Planning, Energy Efficiency and Renewable Energy, which sets forth the Board's commitment to procuring cost-effective distributed energy production and storage technologies (the "Board Policy on Resource Planning"); and

WHEREAS, the proposal is consistent with the Board Policy on Resource Planning and would promote the New York Energy Storage Roadmap, decrease costs for the Authority and its customers, and lower carbon emissions; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on February 27, 2019, two public hearings were held in Nassau and Suffolk counties on April 29, 2019, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to the Authority's Tariff are hereby adopted and approved to be effective June 1, 2019; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

Chairman Suozzi stated that the next item on the agenda was the CEO's Report to be presented by Thomas Falcone.

Mr. Falcone presented the CEO Report and took questions from the Trustees.

Chairman Suozzi stated that the next item on the agenda was a Presentation from Moody's Investor Services to be given by Scott Solomon, Ben Feder and Kevin Rose.

The Representatives from Moody's gave their presentation and and took questions from the Trustees.

Chairman Suozzi stated that the next item on the agenda was the Approval of the Annual Report and Amendments to the Board's Policy on T&D Reliability to be presented by Rick Shansky and John O'Connell.

After requesting a motion on the matter, which was seconded, Mr. Shansky and Mr. O'Connell presented the following action item and took questions from the Trustees.

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Board”) is requested to adopt a resolution: (i) approving the annual report on the Board Policy on Transmission and Distribution (“T&D”) System Reliability (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) approving certain amendments to the Policy; which resolution is attached hereto as Exhibit “A”.

Background

By Resolution No. 1371, dated July 26, 2017, the Board adopted the Policy with the purpose of maintaining a reliable and resilient T&D system at an affordable cost.

The Policy provides that the “Chief Executive Officer will report annually to the Board” on certain elements of the Policy.

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 review of the Policy last year.

Compliance with each element of the Policy is discussed in detail below. As set forth in the Policy, the Authority shall:

“comply with the applicable standards of the North American Electric Reliability Corporation, the Northeast Power Coordinating Council, the New York State Reliability Council, the New York Independent System Operator, and environmental regulations.”

- Successfully completed 2018 NERC Critical Infrastructure Protection (CIP) Audit
- Submitted three NERC Internal Control Evaluations (ICE) to aid in the upcoming 2020 NERC Operational Audit

“fund cost-effective programs to provide a level of reliability, as measured by *system average* outage duration (known as System Average Interruption Duration Index or SAIDI), within the first quartile as compared to peer utilities, excluding major events consistent with Department of Public Service guidelines.”

- For 2018, the System Average Interruption Duration Index (SAIDI) was 65.2 minutes, which continues to rank within the first quartile of peer utilities
- Circuit Improvement Program (CIP) - for customers served by targeted circuits, interruptions have been reduced by approximately 15%, on average, for the first year after completing the program

- **Vegetation Management – completed the first four-year tree trimming cycle for the transmission and distribution systems**

“fund cost-effective programs to provide a level of reliability *for each customer* that is within a reasonable variance from *system average* conditions (excluding major events consistent with the Department of Public Service guidelines) including: programs to track and improve circuit conditions that cause a customer to experience four or more sustained outages (i.e., greater than 5 minutes in duration) in any 12-month period; and establishing comparable processes for momentary outages (i.e., outages less than 5 minutes in duration).”

- **Multiple Sustained Customer Outages – targeted areas with higher level of sustained (i.e. greater than 5 minute) customer outages to address mainline, branches and services. The number of customers with four or more sustained outages in any 12-month period has declined by 14% over the last 12 months**
- **Residential Underground Distribution – a new program has been implemented to replace underground cable for the network system**
- **Multiple Momentary Outages – established a Tier 2 metric with PSEG Long Island to track multiple momentary outages by customers. PSEG Long Island is evaluating several initiatives to cost-effectively reduce such outages**

“fund cost-effective approaches for resiliency, thereby enhancing the safe and timely restoration of electrical service after severe weather or adverse events; and protecting critical assets, systems and processes against physical and cyber-attacks.”

- **Completed storm hardening, funded by FEMA, of approximately 820 miles out of a program total of 1025 mile**
- **Continuing to advance “Storm Impact Analysis” to aid in the development of a dynamic model for the prediction of storm intensity and impact. Model to be used for predicting customer outages, number of crews needed and deployment**
- **Reporting on Physical and Cyber-attacks will be presented with the Board’s new policy on Physical and Cyber Security, as discussed below**

“use smart grid technologies to minimize outages, monitor system conditions, and facilitate the interconnection of renewable and distributed resources.”

- **Installation of automated distribution switches. As part of the FEMA storm-hardening program approximately 850 smart switches have been installed to reduce the number of customers impacted by disruption on a circuit. Switches are also being installed as part of Circuit Improvement Program, and 136 are scheduled be completed in 2019.**
- **Installation of Smart Meters. Approximately 66,500 meters were installed in 2018. For 2019, the goal is to install an additional 250,000 of which 75,500 have been installed in the first quarter. Smart meters will help detect and respond to power outages and monitor power quality**

Annual Review of the Policy

Staff proposes the following revisions to the Policy:

- The reference to the Oversight Committee was changed to the Oversight and REV Committee consistent with the consolidation of the Overnight Committee and REV Committee into a single committee
- To remove the reference to physical and cyber security, as the Board is scheduled to adopt a separate policy on physical and cyber security during 2019
- Amending the annual reporting requirements consistent with the reporting requirements for other Board policies
- Clarifying the basis for excluding outages from reported reliability statistics

The proposed changes are more specifically shown on Exhibit “B”.

Recommendation

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

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1479. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON TRANSMISSION & DISTRIBUTION SYSTEM RELIABILITY

WHEREAS, the Board Policy on Transmission and Distribution System Reliability (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1371, dated July 26, 2017; and

WHEREAS, the Board has received the annual Staff report on compliance with the Policy; and

WHEREAS, the Board has reviewed the Policy and approves the changes to the Policy as recommended by Staff.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that the Authority has complied with the Policy for the period since the last annual review of the Policy, approves the annual report to the Board, and approves updates to the Policy.

Chairman Suozzi stated that the next item on the agenda was the Approval of the Annual Report and Amendments to the Board's Policy on Customer Service to be presented by Rick Shansky and Rick Walden.

After requesting a motion on the matter, which was seconded, Mr. Shansky and Mr. Walden presented the following action item and took questions from the Trustees.

Requested Action

The Board of Trustees of the Long Island Power Authority (the "Board") is requested to adopt a resolution: (i) approving the annual report on the Board Policy on Customer Service (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) approving certain amendments to the Policy, which resolution is attached hereto as Exhibit "A".

Background

By Resolution No. 1370, dated July 26, 2017, the Board adopted the Policy with the purpose of providing a framework to achieve a high level of customer service and satisfaction. The Policy was last amended by the Board by Resolution No. 1430 on September 27, 2018.

The Policy provides that the "Chief Executive Officer will report annually to the Board on compliance with the key provisions of the Customer Service Policy".

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 review of the policy last year.

Compliance with each element of the Policy is discussed in detail below.

"Funding cost-effective initiatives and ongoing operations: (i) to provide customers with a level of service, as measured by industry standard customer service metrics, within the first quartile of peer utilities; and (ii) so that customers report a level of satisfaction, as measured by third-party and internally-generated customer satisfaction surveys, within the first quartile of peer utilities by 2022."

- Since 2014 PSEG Long Island is ranked as the most improved utility by J.D. Power with an increase of 179 points; however, the score remains below average for a Large East Utility

- PSEG Long Island met its customer satisfaction target for 2018, and LIPA and PSEG Long Island have established targets to achieve first quartile by 2022 with annual improvement each year
- PSEG Long Island Residential and Business After-Call and Personal Contact Surveys demonstrate continued improvement, with 94.5%, 94.2% and 95.9% of respondents, respectively, indicating satisfaction with PSEG Long Island service
- First Call Resolution in the call center finished 2018 at 61.1%. First call resolution was added as a Tier 1 metric in 2019 and is targeted for further improvement
- PSEG Long Island achieved their 5-year goal for improving Average Speed of Answer.
- PSEG Long Island improved from a 2013 baseline of 93 seconds to a 2018 result of 15 seconds, which met first quartile performance and far exceeded the 5-year goal of 26 seconds
- Customer complaints improved to 4.6 complaints per 100,000 customers and are within first quartile line performance among New York State utilities

“Supporting programs so that customers have information, education, and tools to manage their energy use according to their needs, including innovative billing options and emerging technologies and communications tools that enable multi-directional customer relationships for distributed resources and electric vehicles.”

- The 2018 Utility 2.0 Plan builds off prior filings with a four-year deployment of smart meters to all customers to provide each customer with real-time information and services.
- Some tools enabled by the 2018 Utility 2.0 plan include:
 - New customer rate options;
 - A rate comparison tool;
 - Real time usage data and alerts; and
 - Faster outage detection and restoration times;
 - Remote connect/disconnect for move in/out
- Expanded incentives for electric vehicles include:
 - Residential charger rebates;
 - Smart charging discount; and
 - Fast charging stations
- A SuperSaver pilot program in North Bellmore has saturated the town with smart meters, and is proactively communicating cost savings using smart meter technology and promoting a new time-of-use rate option
- During 2018, 35,621 customers participated in a home energy efficiency audit on the web. 430,000 customers have received Home Energy Reports which disaggregate the total bill into the individual appliances and major energy using equipment. The reports also compare individual homes to others in the neighborhood to encourage best practices and reduced usage

“Protecting customer information from unauthorized access, use, disclosure, modification or destruction through the adoption of appropriate policies and procedures.”

- Through press releases, television ads and bill inserts, PSEG Long Island provides customers with proactive reminders to be aware of and how to protect themselves from unscrupulous scam calls, scam emails and unannounced visits
- PSEG Long Island has assessed its data privacy framework, practices, and procedures as recommended by the National Institute of Standards (“NIST”) and has put in place:
 - Notifications to customers of data being collected, reasons for collection, and intended use, retention and sharing of data; and
 - Safeguards that protect customer information from unauthorized access or improper use.
- The Meter Data Management System has been implemented using configurations to support industry standard data rules to protect information collected from loss, theft unauthorized access, disclosure, copying, use or modification, and to maintain integrity across the systems and to improve data privacy standards

“Providing utility communications that are: accurate and easily accessible; understandable, including accurate billing that can be easily interpreted and conveniently paid; proactive regarding potential weather-related and/or emergency situations, including information on the restoration of electric outages.”

- Paperless billing increased to 26.4% and has been targeted for further improvement as a Tier 1 metric to 35.0% over the next three years
- Revenue collected via text payments continues to increase as the number of payments received electronically continues to steadily grow reaching 63.3%
- Actual meter read rate improved as smart meters are being deployed
- Rendering of timely and accurate bills improved in 2018 achieving almost 95%
- PSEG Long Island provides proactive, timely and factual information and outreach to customers for storm and weather-related events through press releases, text messages, email and radio

Annual Review of the Policy

As shown on Exhibit “B”, Staff proposes non-substantive revisions to the Policy for clarification.

Recommendation

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

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

**1480. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES
ON THE BOARD POLICY ON CUSTOMER SERVICE**

WHEREAS, the Board Policy on Customer Service (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1370, dated July 26, 2017; and

WHEREAS, the Board has received the annual Staff report on compliance with the Policy; and

WHEREAS, the Board has reviewed the Policy and approves the changes to the Policy as recommended by Staff.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that the Authority has complied with the Policy for the period since the last annual review of the Policy, approves the annual report to the Board, and approves updates to the Policy.

Chairman Suozzi stated that the next item on the agenda was the CFO’s Report to be presented by Kenneth Kane.

Mr. Kane presented the CFO Report and took questions from the Trustees.

Chairman Suozzi stated that the next item on the agenda was the Secretary’s Report on Board Policies and Communication to be presented by Bobbi O’Connor.

Ms. O’Connor presented the Secretary’s Report and then took questions from the Trustees.

Chairman Suozzi stated that the next item on the agenda was the Discussion of Implementation of Recommendations from the Board’s Annual Self-Evaluation to be presented by Bobbi O’Connor.

Ms. O'Connor presented the Discussion of Implementation of Recommendations from the Board's Annual Self-Evaluation, and then took questions from the Trustees.

Chairman Suozzi stated the last item on the agenda was the PSEG Long Island Operating Report, to be presented by Daniel Eichhorn.

Mr. Eichhorn presented the PSEG Long Island Operating Report and took questions from the Trustees.

Chairman Suozzi then allowed public comment to be heard, and then announced that the next Board meeting is scheduled for Wednesday, July 24, 2019 at 11:00 a.m. in Uniondale.

Chairman Suozzi then asked for a motion to adjourn to Executive Session and announced that no votes would be taken and that the Board would not be returning to Open Session. The motion was duly made and seconded, and the following resolution was adopted:

1481. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing personnel and litigation matters.

At approximately 2:12 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session.
