

February 6, 2020

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

Dear Trustees:

I have enclosed a report summarizing the accomplishment of LIPA's staff towards the objectives presented to the Board in the [2019 Work Plan](#).

The annual Work Plan summarizes the projects that LIPA's staff undertakes to further the Authority's mission and Board Policies, 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 Work Plan for the coming twelve months and the accomplishments of the prior twelve months are reported to the Board at the first meeting of the year. The projects in the Work Plan go beyond the day-to-day responsibilities of LIPA's staff. During the year, LIPA's senior staff reviews the Work Plan, and sometimes projects are added, delayed, or cancelled due to changing priorities, and those are reported to the Board in this report.

In January 2019, the 2019 Work Plan identified 49 projects or activities to further the LIPA's mission and the Board's policies in such key areas as customer service, reliability, clean energy, and affordability.

Through the end of 2019, staff has completed 32 of the 49 initiatives. Substantial progress has been made on the remaining 17 initiatives. For initiatives where work remains, these projects have been carried-over and are now reflected in the 2020 Work Plan. The enclosed report describes the objectives and accomplishments of the 2019 Work Plan in greater detail.

Highlights from the 2019 Work Plan include:

- Obtaining ratings upgrades from all three credit rating agencies to achieve the highest credit ratings in LIPA's history
- Negotiating an agreement with Nassau County to resolve tax litigation at the E.F. Barrett and Glenwood Landing power plants, reducing our payments by 50% over a seven-year term
- Commencing studies to identify the least cost approaches to interconnecting up to 9,000 MW of offshore wind to the electric grid in Long Island and New York City

- Maintaining electric rate adjustments below 2.5%, with delivery increases nearly entirely offset with other cost reductions for 2020
- Reviewing and approving Phase II of the storm hardening program, with an additional 240 circuit miles to be hardened over four years
- Establishing a new 30,000 heat pump by 2025 target and associated programs
- Overseeing PSEG Long Island's design and implementation of New York's first behind-the-meter energy storage incentives and the expansion of LIPA's dynamic load management programs to extend eligibility to customers with rooftop solar
- Overseeing and contributing to PSEG Long Island's 2019 Utility 2.0 filing, which includes pilot programs sought by LIPA, such as on-bill financing for energy efficiency and beneficial electrification, prepaid billing options, electric school buses, and fuel-source switching for heat pumps
- Overseeing and contributing to PSEG Long Island's 2019 Energy Efficiency filing, including an \$8 million increase in the annual budget for heat pump incentives
- Collaborating with State agencies and stakeholders on new nitrogen oxide emission limits for combustion turbines that protect the environment, while maintaining system reliability and facilitating compliance at a reasonable cost to customers
- Improving the process for reporting funds expended for capital assets financed by LIPA with tax-exempt debt, thereby improving the pace of the drawdown of funds and reducing cash flow borrowing needs, which minimizes customer rates
- Overseeing PSEG Long Island's receipt of State regulatory approval of the Western Nassau Transmission Project that reflected an agreement with affected communities
- Overseeing PSEG Long Island programs and operations related to FEMA grant compliance, billing and collections, tariffs and rates, employee benefit programs, emergency communication policies and procedures to confirm their effectiveness
- Developing an information technology asset management program to ensure accurate and efficient inventory management of LIPA systems throughout the asset life-cycle. This program aligns with best practices to manage and protect our systems
- Establishing a new multi-year process between LIPA and PSEG Long Island to identify strategic initiatives, like project prioritization and policy advocacy, that will advance the Authority's mission, vision and Board Policies; and
- Implementing improvements to LIPA's employee assistance programs to maintain a healthy and productive workforce.

Staff has provided to the Trustees a Work Plan for 2020 that builds on 2019's accomplishments and advances the Board's vision to be **Clean, Lean, and Customer First**. We welcome your review and feedback on the accomplishments of the 2019 Work Plan.

With sincere regards,

/s/ Thomas Falcone

Encl. 2019 Work Plan Accomplishments