



Isaias Task Force 90-Day Report Briefing

November 18, 2020

ISAIAS TASK FORCE

LIPA established Isaias Task Force on August 5, 2020

- **Objectives:** (1) Investigate Root Causes of PSEG Long Island's Failed Response to Tropical Storm Isaias, (2) Provide Recommendations, (3) Oversee Implementation of Corrective Actions
- **Leaders:** Mujib Lodhi, Chief Information Officer & Rick Shansky, Senior VP of Operations Oversight
- **Steering Committee Members:** DPS Office of Investigations and Enforcement & Office of Resilience and Emergency Preparedness
- **Support Team of Independent Consultants:** tieBridge, PA Consultants, EnerNex, and Utiligent
- **Deliverables:** 30-Day Report, 90-Day Report, and Final 180-Day Report

KEY TAKE AWAYS

- Task Force analyzed the system and operational failures during Isaías and determined that the failures were avoidable
- The root cause is not technical but management failures
- Structural remedies are needed to ensure enduring solutions
 - Options are (a) terminate the contract with PSEG Long Island, or (b) renegotiate the OSA
- If OSA changes are pursued, Task Force recommendations include:
 - Reform management and incentive structures at PSEG Long Island
 - Improve PSEG Long Island's IT and Emergency Management organizations; and
 - Strengthen LIPA's oversight of PSEG Long Island

KEY FINDINGS

- **PSEG Long Island's failed Isaias storm response was avoidable**
 - Inadequate preparedness, inadequate planning, inadequate system testing led to failures of telephone and outage management system
 - Lack of solid contingency plans for critical IT systems
- **Management failures are the root cause**
 - Failed leadership from a NJ-based IT management, which has little accountability to Long Island operations
 - Balanced scorecard metrics focus management attention on too few performance objectives; PSEG lacks proactive risk management

KEY FINDINGS

Telephone systems lacked capacity and were not tested; over a million customer calls went unanswered

- PSEG Long Island does not take responsibility for poor system design, integration, and lack of testing

Outage Management System was failing before Isaias hit

- PSEG Long Island upgraded OMS without sufficient testing
- Management was slow to respond to known problems before storm

PSEG failed to disclose to LIPA that OMS was failing

- Before Isaias, PSEG knew OMS was not ready for a major storm but did not inform LIPA; even after storm, PSEG was not forthcoming about OMS issues

KEY FINDINGS

90+ Days After Isaias Many System Defects Remain Uncorrected

Telephone lines for storm reporting continue to fail under high volumes

- PSEG Long Island changed the design and configuration of their high-volume telephone system; the latest test still fails under only moderate loads

OMS is still failing when stress-tested under the “Isaias” scenario

- PSEG Long Island moved to an older version (v 5.5) of the OMS system after the storm. In the meantime it has been testing a newer version. Both systems are failing when subjected to appropriate stress testing

Lack of internal IT technical and management competency is slowing down progress

- Lack of strong internal capability have resulted in several false starts and over-reliance on vendor solutions
- Deficiencies in project management, vendor management, and system validation approach

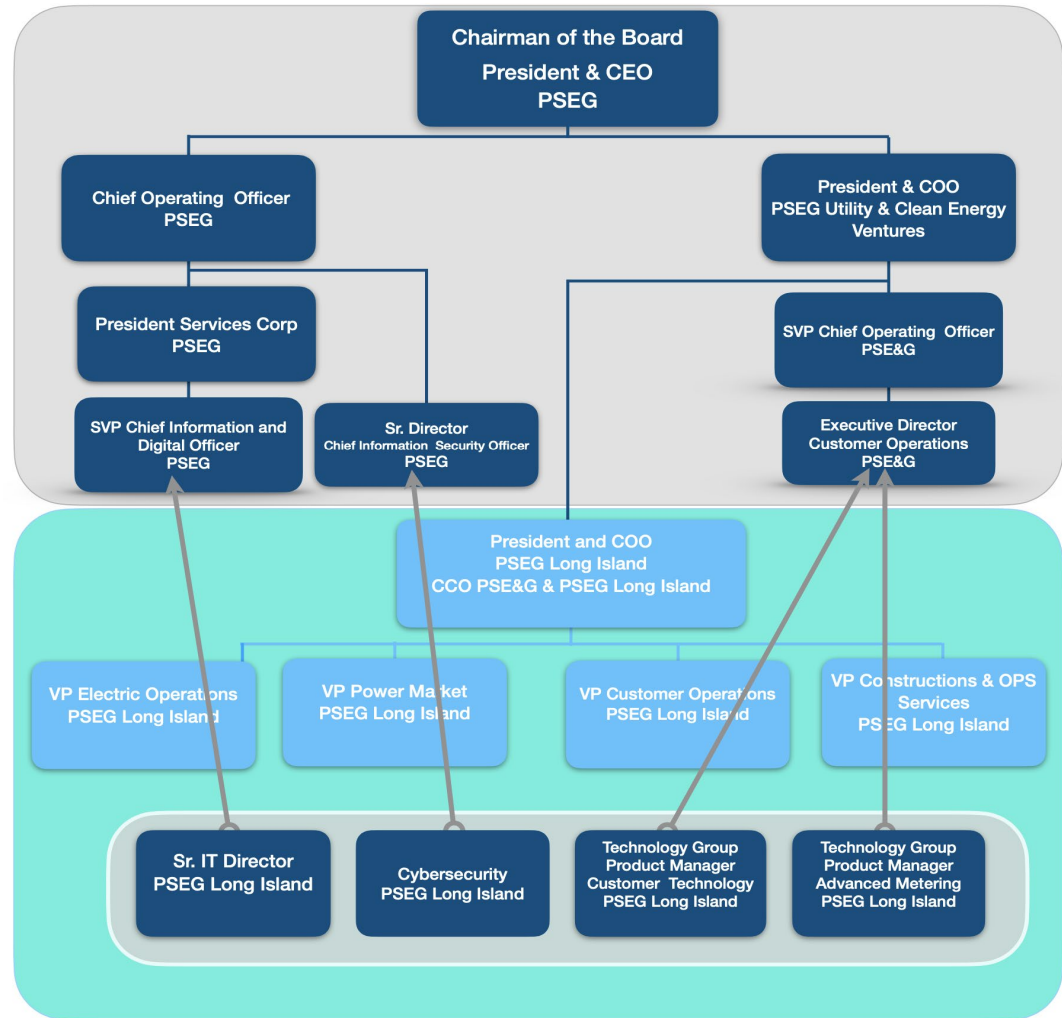
MAJOR RECOMMENDATIONS

Align Management and Incentives to Long Island Interests

- **Provide LIPA stronger say in appointments and transparency into compensation of PSEG Long Island management**
- **Impose stiffer performance penalties for Emergency Restoration Plan (ERP) violations**
- **Adjust the balanced scorecard metrics**
 - PSEG personnel too focused on balanced scorecard at the expense of attention to other important matters
- **Include qualitative factors and feedback loops from LIPA to performance evaluations of PSEG Long Island senior management**

MAJOR RECOMMENDATIONS

- Eliminate “matrix” of Long Island functions to New Jersey
- Current structure lacks accountability and responsiveness to Long Island operations



MAJOR RECOMMENDATIONS

Reform Information Technology and Emergency Management

- **Hire a “turnaround” CIO for Long Island to rebuild IT**
 - CIO should report to COO on Long Island not to New Jersey
 - Give authority, budget control, staff & mandate to reorganize and turnaround Long Island IT
- **Hire a dedicated Chief Information Security Officer responsible for cybersecurity on Long Island**
- **Hire a dedicated Vice President of Emergency Management**
 - Oversees ERP, business continuity plans, storm preparedness, management, training
 - Corrects deficiencies identified in ITF findings
 - Establish a Crisis Action Team on Long Island and train it up

MAJOR RECOMMENDATIONS

Strengthen LIPA's Oversight

- **Stipulate greater accountability from PSEG Long Island to LIPA Board of Trustees**
 - Adherence to LIPA's policy setting, strategic priorities, and risk management
- **Require proactive disclosure from PSEG Long Island**
 - Emerging risks and critical system issues
 - Real time access to data and analytics
 - Facilitate LIPA's independent verification and validation
 - Rework budget approval process by engaging LIPA early in the project development lifecycle to facilitate oversight

DPS RECOMMENDATIONS

The Department of Public Service (DPS) is also investigating the performance of PSEG Long Island. On November 13, citing more than 70 potential violations of the ERP, DPS has made the following recommendations to the LIPA Board:

- Evaluate options to terminate PSEG Long Island as LIPA's Service Provider;
- Declare PSEG Long Island's poor performance during Isaias as a first failure of the Major Storm Performance Metric as defined in the OSA; and
- Seek to either terminate or renegotiate the OSA to enable greater oversight by LIPA and DPS.

NEXT STEPS

**COMPREHENSIVE
REVIEW INITIATED**

September

August

30-DAY REPORT

- Recommended immediate corrective actions to mitigate risk during 2020 storm season

90-DAY REPORT

- Findings and
- Recommendations

November

**MANAGEMENT
ACTION PLANS
& 180-DAY
REPORT**

February

QUESTIONS?