

**LONG ISLAND POWER AUTHORITY**

**MINUTES OF THE 295th MEETING**

**HELD ON JANUARY 27, 2021**

*The Long Island Power Authority (“LIPA”) was convened for the two-hundred-and-ninety-fifth time at 11:34 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on January 22, 2021, and electronic notice posted on the LIPA’s website.*

*In compliance with Governor Andrew M. Cuomo’s Executive Order No. 202.1 on COVID-19 safety, the following guidelines were publicly posted and followed:*

*The Long Island Power Authority is taking steps to minimize the risk of exposure for the public and our employees. As such, LIPA will not be permitting in-person access to its January 27, 2021 Board meeting. Members of the public are encouraged to observe the live stream of the Board meeting posted at the LIPA website. The meeting will also be recorded and posted to LIPA’s website for later viewing*

*The following LIPA Trustees were present:*

**Ralph Suozzi, Chairman (via video conferencing)**  
**Mark Fischl, Acting Chair (in person)**  
**Elkan Abramowitz (via video conferencing)**  
**Drew Biondo (via video conferencing)**  
**Sheldon Cohen (via video conferencing)**  
**Matthew Cordaro (in person)**  
**Peter Gollon (via video conferencing)**  
**Laureen Harris (via video conferencing)**  
**Ali Mohammed (via video conferencing)**

**Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, Chief Administrative Officer & Board Secretary; and Jen Hayen, Director of Communications. Participating via video conferencing were Anna Chacko, General Counsel; Mujib Lodhi, Chief Information Officer; Tamela Monroe, Chief Financial Officer;**

**Kenneth Kane, Senior Advisor to Operations Oversight; Rick Shansky, Senior Vice President of Operations Oversight; Thomas Locascio, Director of External Affairs; Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board; Jessica Avenia, Communications Specialist; and Osman Ahmad, IT-Consultant.**

*Acting Chair Fischl welcomed everyone to the 295th meeting of the Long Island Power Authority Board of Trustees.*

*Acting Chair Fischl stated that the first 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:*

**1593. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 16, 2020 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY**

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**RESOLVED, that the Minutes of the meeting of the Authority held on December 16, 2020 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.**

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*Acting Chair Fischl stated that the next item on the agenda was the Approval of the Annual Report on the Board's Policy on Strategic Planning and Oversight, including discussion of 2020 Accomplishments and 2021 Work Plan to be presented by Bobbi O'Connor and Kenneth Kane.*

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

## **Requested Action**

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution: (i) approving the annual report on the Board Policy on Strategic Planning and Oversight (the “Policy”); and (ii) finding that LIPA has complied with the Policy, which resolution is attached hereto as Exhibit “A”.

## **Background**

Under the LIPA Reform Act and the Amended and Restated Operations Services Agreement (the “OSA”), LIPA has oversight rights and certain responsibilities with respect to its service providers, the operation and maintenance of the Long Island electric grid, and the generation assets under contract to LIPA. It is LIPA’s policy to conduct its affairs and oversee its Service Providers in a manner that meets the needs and protects the interests of LIPA’s customer owners.

LIPA’s business model involves significant outsourcing to Service Providers, which places heightened importance on LIPA’s oversight in the achievement of its Mission and Vision and the Board’s Policies.

By Resolution No. 1409, dated March 29, 2018, the Board initially adopted the Policy, and by Resolution No. 1547, dated July 22, 2020, the Board last approved amendments to the Policy related to LIPA’s strategic planning efforts to clarify certain aspects of LIPA’s oversight responsibilities. The Policy requires that the LIPA CEO or his or her designee report annually to the Board of Trustees on compliance with the key provisions of the Policy.

## **Compliance with the Policy**

Oversight priorities for 2020 were shifted in the second half of the year as a result of poor storm performance by LIPA’s service provider. These matters are more fully discussed in LIPA’s 30 and 90-Day reports on Tropical Storm Isaias. Nevertheless, while PSEG Long Island’s performance with respect to matters identified by the Isaias Task Force remains unacceptable, LIPA staff recommends that, for the reasons set forth below, the Board find that LIPA has substantially complied with the Policy since the last annual review, including, as discussed below, by commencing implementation of changes in the way that LIPA conducts oversight of its service providers.

### ***Annual Work Plan Report:***

- Attached as Exhibit “C” is LIPA’s Annual Work Plan Report, including a section entitled, “*2020 Work Plan Accomplishments*,” which provides a summary of LIPA Staff’s 2020 accomplishments toward meeting the expectations of the LIPA Trustees and serving the needs of LIPA’s customer-owners. The Report also include a section entitled “*2021 Work Plan Projects*,” which describes the activities that LIPA Staff intends to undertake to further LIPA’s Mission and the Board’s policies in the areas

of Reliability, Customer Service, Oversight, Resource Planning, Energy Efficiency and Renewables, Regionally Comparable Electric Rates, and Taxes, PILOTs and Assessments.

- The Annual Work Plan Report describes those activities that LIPA Staff believes are critical to advancing the Board Policies and LIPA's Mission and are achievable based on current staffing levels and budgets.
- The discussion of the 2020 accomplishments and 2021 Work Plan projects includes activities for which LIPA has direct responsibility, like finance and legal, and oversight activities for functions for which LIPA's service providers, including PSEG Long Island and National Grid share responsibility.
- The 2020 accomplishments discussion documents Staff's progress on 72 projects monitored during the course of 2020, 37 of which were identified in the 2020 Work Plan as activities that would further the Board's policies in LIPA's key performance areas such as customer service, reliability, clean energy and affordability.
- As discussed in more detail in the Strategic Planning Report, Staff completed 47 of the 72 projects, including 24 of the 37 goals identified in the 2020 Work Plan, and made significant progress on the remaining projects, with additional work to be completed during 2021.

#### *Staffing and Resource Constraints:*

The Policy requires that Staff report on any current or projected staffing and resource constraints that may limit LIPA's ability to achieve the Mission, Vision, and Board Policies adopted by the Board. Staff is considering these issues as it continues to evaluate the Options Analysis prepared at the Board's request in response to PSEG Long Island's response to Tropical Storm Isaias. To the extent that LIPA's business model or contract with PSEG Long Island change significantly, additional staffing resources will likely be required.

#### *Oversight Framework*

The Policy requires LIPA's CEO to achieve the Board's Oversight Objectives by creating an Oversight Framework that:

- Prioritizes Oversight Activities, including the frequency and appropriate level of Oversight, by risk, materiality, and other measures of importance;
- Maintains appropriate documentation of Oversight Activities;
- Incorporates insights from LIPA's Oversight Activities into annual budgets, projects, performance metrics, audits, and enterprise risk management activities;
- Balances the benefits and costs of proposed plans and programs;
- Fosters continuous improvement, innovation, benchmarking, and industry best practice, with a view to minimize cost and improve service quality; and
- Refers Oversight observations to Service Providers for resolution.

LIPA has created the Oversight Framework to ensure that our customers are receiving value for their dollar. The Oversight Framework maximizes LIPA's ability to effectively and efficiently identify areas for improvement across the organization by streamlining oversight

activities and ensuring coordination across departments. Implementation of the Oversight Framework is the responsibility of the Oversight & Metrics Committee, which is constituted from among LIPA management and staff.

*2020 Oversight Accomplishments:*

As set forth in the Policy, the objectives of LIPA's Oversight are to ensure that:

- The Board's Policies and LIPA's Strategy are implemented as intended, in accordance with the terms of LIPA's contractual relationships, and that LIPA and its Service Providers advance the Mission and Vision adopted by the Board of Trustees.
- LIPA's Service Providers achieve reasonable results in accordance with expectations in exchange for the management fees and consideration paid for their services.
- LIPA's budgets, including those of the Service Providers, provide value to our customer owners for the money they pay.
- The business processes and systems outsourced or provided to Service Providers operate to industry standards and best practices.
- Service Providers implement continuous improvement initiatives.
- Enterprise risks, including those managed by Service Providers, are identified, monitored, managed, and mitigated.
- Service Providers comply with applicable policies, laws, regulations, contract standards, and ethical standards.

Highlights of LIPA's 2020 oversight activities include:

- Investigating PSEG Long Island's response to Tropical Storm Isaias in August 2020 and making nearly 100 recommendations to improve PSEG Long Island's management, emergency management, and information technology to address management failures during the storm;
- Making recommendations to improve the functioning and efficiency of PSEG Long Island's budget development and monitoring practices and Enterprise Risk Management practices;
- Benchmarking PSEG Long Island's asset management practices to the International Organization for Standardization (ISO) 55001 international standard and making recommendations for improvements;
- Making recommendations to improve PSEG Long Island's management of LIPA's real property and related records;
- Reviewing and making recommendations to PSEG Long Island to manage staffing and overtime for planned and unplanned work more effectively;
- Reviewing the appropriateness and effectiveness of PSEG Long Island's safety initiatives and making recommendations for improvements.

Each of these activities have been separately reported on and discussed with the Board, and certain recommendations have been adopted by the Board with ongoing reporting requirements.

## *2021 Oversight Activities:*

LIPA's 2021 Work Plan includes oversight of the following significant activities:

- **Conducting a new Integrated Resource Plan to determine the least-cost mix of generation and transmission to ensure continued system reliability while planning for an orderly transition away from fossil fuels;**
- **Issuing a request for proposals for 175 to 200 MW of utility-scale energy storage to help address offshore wind intermittency and ensure that LIPA meets its share of New York's storage goals;**
- **Overseeing PSEG Long Island's implementation of nearly 100 reforms ordered by the LIPA Board to enhance management, emergency management, and information technology at our service provider;**
- **Completing a final report by the Isaias Task Force to make additional recommendations and inform the Board and public about the progress in addressing the PSEG Long Island management failures during the storm;**
- **Reforming the budget development process with PSEG Long Island to ensure alignment between budgets and work plans and enhanced accountability and transparency, including more robust variance monitoring;**
- **Completing studies of generation retirements and retiring 400 to 600 MW of excess Long Island fossil-fuel generation over the next several years;**
- **Preparing and filing the \$225 million Tropical Storm Isaias claim with the Federal Emergency Management Agency with appropriate support, reducing the storm costs for our customers;**
- **Enhancing the PSEG Long Island Enterprise Risk Management program to achieve greater transparency, better risk analysis, and improved monitoring of risk mitigation plans;**
- **Conducting an independent review of the PSEG Long Island cybersecurity program and information and operational technology and communication infrastructure to ensure robustness in serving our customers; and**
- **Developing new metrics for analysis of emergency response effectiveness and implement oversight process improvements, including analytical assessments.**

## Annual Review of the Policy

Staff has reviewed the Policy and does not propose any changes at this time.

## 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 comment, upon a motion duly made and seconded, the following resolution was approved by the Trustees*

**1594. BOARD POLICY ON STRATEGIC PLANNING AND OVERSIGHT**

**WHEREAS, the Board Policy on Strategic Planning and Oversight (the “Policy”) was originally approved by the Board by Resolution No. 1409, dated March 29, 2018; and**

**WHEREAS, the Policy was last reviewed and amended by the Board pursuant to Resolution No. 1547, dated July 22, 2020; and**

**WHEREAS, the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with.**

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

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*Acting Chair Fischl 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 on Board Policies and Communication and took questions from the Trustees.*

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*Acting Chair Fischl then stated that the final agenda item, PSEG Long Island Operating Report, would be in written submission only, and available at the Long Island Power Authority website for viewing.*

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*Acting Chair Fischl then announced that the next Board meeting is scheduled for Wednesday, February 24, 2021 at 11:00 a.m. in Uniondale.*

*Acting Chair Fischl then asked for a motion to adjourn to Executive Session to discuss litigation matters 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:*

**1595. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW**

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**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 litigation matters.**

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*At approximately 12:06 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session.*

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