

LONG ISLAND POWER AUTHORITY

MINUTES OF THE OVERSIGHT and CLEAN ENERGY COMMITTEE MEETING

HELD ON DECEMBER 16, 2020

The Oversight and Clean Energy Committee of the Long Island Power Authority (“LIPA”) was convened at 11:38 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on December 11, 2020; and electronic notice posted on 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 December 16, 2020 Oversight and Clean Energy meeting. Members of the public are encouraged to observe the live stream of the 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:

Mark Fischl, Committee Chair (in person)
Sheldon Cohen (via video conferencing)
Matthew Cordaro, Committee Member (in person)
Peter Gollon, Committee Member (via video conferencing)
Elkan Abramowitz (via video conferencing)
Laureen Harris (via video conferencing)
Ali Mohammed, Committee Member (via video conferencing)

Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, Chief Administrative Officer & Board Secretary; and Jennifer Hayen, Director of Communications.

Participating via video conferencing were Anna Chacko, General Counsel; Rick Shansky, Senior Vice President of Operations Oversight; Michael Deering, Vice President of External Affairs; Mujib Lodhi, Chief Information Officer; and Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.

Representing PSEG Long Island via video conference were Paul Napoli, Vice President of Power Markets; Rick Walden, Vice President of Customer Service; and Greg Player, Director of Transmission and Distribution Services.

Chair Fischl welcomed everyone to the Oversight and Clean Energy Committee meeting of the Long Island Power Authority Board of Trustees and stated that the first item on the agenda was the adoption of the minutes from the September 23, 2020 meeting.

Upon motion duly made and seconded, the minutes of the September 23, 2020 meeting were approved unanimously.

Chair Fischl stated that the next item on the agenda was a Briefing on 20 MW FIT V Solar Communities Program to be presented by Rick Shansky and Paul Napoli.

Mr. Shansky and Mr. Napoli presented the Briefing on 20 MW FIT V Solar Communities Program and took questions from the Trustees.

Chair Fischl stated that the next item on the agenda is the Recommendation to Approve the Annual Report and Amendments to the Board Policy on Customer Service to be presented by Rick Shansky and Rick Walden.

Mr. Shansky presented the following action item and took questions from the Trustees:

Requested Action

The Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending: (i) approval of the annual report on the Board Policy on Customer Service (the “Policy”); (ii) that LIPA has complied with the Policy; and (iii) approval of 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. 1480, dated May 22, 2019.

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

Performance for 2020 has been overshadowed by poor storm performance by our service provider. This performance was compounded by the failure of telephone access to report outages and the failure of the outage management system used to identify and report on outages. These matters are more fully discussed in LIPA’s 30 and 90-Day reports on Tropical Storm Isaias.

Nevertheless, consistent with the Policy, PSEG Long Island’s customer service performance in the aggregate has continued to improve. This Report covers customer service activities since the Board’s May 2019 review to the present. 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. Compliance with each element of the Policy is discussed in detail below, including areas designated for improvement.

“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, where applicable, the first quartile of peer utilities by 2022.”

- Since 2014 PSEG Long Island is ranked as the most improved utility nationally by J.D. Power with an increase of 216 points; however, the score remains below average for a Large East Utility.
- PSEG Long Island met its customer satisfaction target for 2019, and LIPA and PSEG Long Island have established targets to achieve first quartile by 2022 with improvement each year.
- PSEG Long Island Residential and Business After-Call and Personal Contact survey demonstrate continued improvement, with 94.8%, 96.0% and 96.6% of respondents, respectively, indicating satisfaction with PSEG Long Island service through September 2020.
- First Call Resolution in the call center for 2020 YTD is 83.2%. First call resolution was added as a Tier 1 metric in 2019 and is targeted for further improvement.
- PSEG Long Island improved its Average Speed of Answer from a 2013 baseline of 93 seconds to 15 seconds in 2019. However, poor storm performance caused the 2020 YTD result to increase to 29 seconds. Over a million calls and texts were lost or

unanswered due to communication systems failure and lack of contingency planning, which does not meet expectations for 2020. Remedial actions to address these failures remain in progress.

- Customer complaints increased from 2019 for 4.0 complaints to 11.5 for 2020 per 100,000 customers. This increase is the result of poor storm performance and high bill complaints following a hot summer.

“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.”

PSEG Long Island continued to advance multiple Utility 2.0 priorities:

- Began implementing a new rate modernization system, which will result in five new time based rate options to be available to customers beginning in February 2021.
- Built a new locational value tool, which will enable the utility to precisely target non-wires alternatives and price signals encouraging the development of distributed energy resources, potentially deferring or avoiding costly infrastructure upgrades.
- Began implementation of an online interconnection application portal.
- Completed a volt-var optimization study, exploring new technology to improve grid efficiency.
- Accepted applications for over 150 new behind-the-meter storage systems.
- Enrolled over 400 customers in the Super Savers peak load reduction program and dynamic load management incentives, reaching a total of 1.65 megawatts of peak load reduction in the North Bellmore pilot area.
- Incentivized 624 residential smart chargers and 31 DC fast chargers.
- During 2019, 5,755 customers participated in a home energy efficiency assessment.

Despite being hampered by COVID-19, PSEG Long Island performed 2,007 assessments for 2020.

“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 outage.”

- During 2020, 278,250 smart meters were installed, exceeding the goal of 250,000 meters. As of September 2020, a total of 712,254 meters have been installed. This has improved the meter reading rate and timely and accurate billing.
- Revenue collected via text payments continues to increase as the number of payments received electronically continues to steadily grow reaching 70.7% up from 63.3%.
- Estimated time of restoration (ETR) remains an area that needs improvement. PSEG Long Island has been investigating improvements to its methodology for calculating ETRs, though its performance during Tropical Storm Isaias served to highlight the problem.

Annual Review of the Policy

As shown in Exhibit “B”, LIPA Staff proposes one change to the Policy, to delete the section on protecting customer information, which is now covered by the Board’s Policy on Physical and Cyber Security.

Recommendation

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

A motion was made and seconded, and the Trustees unanimously adopted the following resolution:

RESOLUTION RECOMMENDING APPROVAL OF 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 Policy was last amended by the Board pursuant to by Resolution No. 1480, dated May 22, 2019; and

WHEREAS, the Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees affirms that the Policy has been complied with and the changes to the Policy recommended herein are due and proper.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board find that LIPA has complied with the Policy for the period since the last annual review and approve the annual report; and

BE IT FURTHER RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board adopt the changes to the Policy that are reflected in attachment Exhibit “B” are hereby approved.

Chair Fischl stated that the next item on the agenda is the Recommendation to Approve the Annual Report to the Board Policy on Safety to be presented by Rick Shansky and Greg Player.

Mr. Shansky presented the following action item and took questions from the Trustees:

Requested Action

The Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending that the Board find that LIPA has complied with the Board Policy on Safety (the “Policy”) for the period since the last annual review, and approve the annual report for the Policy, which resolution is attached hereto as Exhibit “A.”

Background

By Resolution No. 1379, dated September 27, 2017, the Board adopted the Policy. The Policy sets objectives to ensure a safe environment for the dedicated workforce of its service provider and the public. The Policy also establishes regular performance reporting by Staff to enable the Board to assess the adequacy of the service provider’s policies, procedures, and practices for safety; compliance with applicable health and safety laws and regulations;

safety performance, including comparisons to peer electric utilities; and initiatives to improve the safety of the service provider's operations. The Policy was last reviewed by the Board in December 2019.

Compliance with the Policy

LIPA Staff recommends that the Board find that LIPA has complied with the objectives of the Policy for the period since the last annual review for the reasons set forth below.

The Policy provides the following:

“Reviewing on a periodic basis no less than every three years the policies, procedures, and practices of the Authority’s service provider.”

- **In 2020, LIPA hired Schumaker & Company (“Schumaker”) to conduct the second triennial Safety Assessment of PSEG Long Island. Schumaker observed that PSEG Long Island implemented the recommendations from the 2017 report, with one follow-up recommendation required.**
- **The 2020 Schumaker report contains five recommendations aimed at enhancing existing practices in such areas as training, safety metrics, work practices, safety oversight, and consolidation of training services and facilities. The 2020 Schumaker report is attached hereto as Exhibit “B”.**
- **Schumaker noted that continued emphasis on safety training programs and practices can be credited with much of the improvements in safety performance.**
- **In light of the limitations on the scope of this review as a result of COVID-19, when such restrictions are lifted, LIPA intends to engage an independent third party to perform onsite field observations of PSEG Long Island’s work practices and safety management processes, including a comparison to industry best practices.**

“Benchmarking against the top quartile in safety performance of the service provider to the top 25 percent of peer utilities, as measured by OSHA Recordable Incidence Rate and OSHA Days Away Rate.”

- **PSEG Long Island benchmarks its safety performance against a nationwide panel of electric utilities. That benchmarking helps establish programs that improve safety performance at PSEG Long Island. Since 2015 through YE 2019, there has been a 41.5% improvement in the OSHA Recordable Incident Rate and a similar 51.1% improvement in the OSHA Days Away Rate. Despite these improvements, which have resulted in median performance, continued improvement is needed to achieve first quartile performance.**

“Assessing the operational factors that contribute to injuries, motor vehicle accidents and red light violations and the efforts to improve performance, where necessary.”

- **PSEG Long Island has an ongoing process for assessing the factors that drive safety performance. PSEG Long Island has identified and implemented 135 safety and health improvements from 2017 to the present. These areas included partnering with Briotix Health to develop and communicate COVID-19 Job Hazard Assessments (JHA) for Utility Operations, delayed start time due to hazardous weather conditions, removal of work hazards, and reducing musculoskeletal injuries through improved work techniques and pre-job stretching.**
- **Motor vehicle safety continues to be an area of focus in 2020 with remedial training in Alert Driving and with Smith System trainers. The addition of the automated vehicle location system and red light ticket analytics has been credited with culture change and has been credited with the continued reduction of both motor vehicle accidents and red light violations.**
- **PSEG Long Island conducted executive-level meetings with mutual aid contractors to review their investigations of the injuries and motor vehicle accidents that took place during Tropical Storm Isaias. Additionally, PSEG Long Island has established a team of Long Island and New Jersey subject-matter experts tasked with reviewing and recommending changes to the current on-boarding and oversight practices of foreign crews during restoration efforts. LIPA will monitor the progress of the year's efforts and assess the resulting recommendations and the schedule for implementation.**

Enterprise Risk Management Discussion

The Board has adopted a policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. There is one risk related to the Policy. That risk is: “Employees and/or contractors don't follow safety processes and results in a serious injury/fatality, including members of the public and negative public perception.”

This risk is rated as a medium level risk. To mitigate this risk, PSEG Long Island’s Safety Program fosters a high level of safety awareness by PSEG Long Island employees and contractors. PSEG Long Island verifies contractor safety records, reviews and authorizes contractor detailed safety plans prior to commencement of work, and conducts various required trainings for employees, contractors, and supervisors (e.g., Substation Awareness Training).

Attendance is tracked and monitored at these trainings. Safety programs also include contractor roundtables with PSEG Long Island staff to ensure adherence to policies and procedures and identify additional protocols for integration into these programs. In addition, the equipment has been installed in company vehicles to record driving data to reduce vehicle incidences.

In light of the safety incidents that occurred during Tropical Storm Isaias, LIPA anticipates that pending improvements to PSEG Long Island’s oversight of its contractors will be an important element in managing safety risk, along with the other programs already in place.

Annual Review of the Policy

LIPA Staff recommends no changes to the Policy.

Recommendation

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

A motion was made and seconded, and the Trustees unanimously adopted the following resolution:

RESOLUTION RECOMMENDING APPROVAL OF THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON SAFETY

WHEREAS, the Board Policy on Safety (the “Policy”) was originally approved by the Board of Trustees Resolution No. 1739, dated September 27, 2017;

WHEREAS, the Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees and affirms that the Policy has been complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee recommends that the Board find that LIPA has complied with the Policy for the period since the last annual review and approve the annual report to the Board.

Chair Fischl stated that the last item on the agenda is the Recommendation to Approve the Annual Report and Amendments to the Board Policy on Information and Physical Security, be presented by Mujib Lodhi.

Mr. Lodhi presented the following action item and took questions from the Trustees:

Requested Action

The Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending: (i) approval of the annual report on the Board Policy on Information and Physical Security (the “Policy”) (ii) that LIPA has complied with the Policy; and (iii) approval of certain amendments to the Policy, which resolution is attached hereto as Exhibit “A”.

Discussion

By Resolution No. 1500, dated December 18, 2019, the Board adopted the Policy. The Policy provides the Board's expectations and direction for information and physical security in accordance with public safety, operational, reputational, and compliance requirements and establishes a reporting requirement to the Board on compliance with the key provisions of the Policy.

Compliance with the Policy

Staff recommends that, for the reasons set forth below, the Board find that LIPA has complied with the Policy. Compliance with each element of the Policy is discussed in detail below.

The Policy provides that "LIPA and its Service Provider will undertake, at a minimum, the following activities each year":

"Annual reviews of the maturity of the information and physical security programs of LIPA and its Service Provider, consistent with industry best practices."

- LIPA and its service providers, PSEG Long Island, have adopted the NIST Cybersecurity Framework (CSF) as part of their cybersecurity program. The Framework focuses on using business drivers to guide cybersecurity activities and considers cybersecurity risks as part of the risk management processes, including guidance on People, Process, and Technology to implement defense in depth for the enterprise.
- PSEG Long Island -- Cybersecurity: PSEG engaged an outside consultant to perform an independent assessment of its enterprise Cybersecurity program and identified remediation plans to be implemented over the next three years.
- PSEG Long Island -- Physical Security: FERC reliability standards require transmission owners or operators to perform a risk assessment of their systems to identify "critical facilities," evaluate the potential threats and vulnerabilities to those identified facilities and develop and implement a security plan designed to protect against physical attacks on those identified critical facilities.

PSEG Long Island conducts Security Vulnerability Inspections (SVI) at 53 critical and NERC facilities and Physical Security Inspections (PSI) at all LIPA sites. A computer database is used for tracking inspections and the management of NERC CIP Physical Security requirements. A "Red Team" penetration test is conducted to assess the Security Command Center response.

- LIPA -- Cybersecurity: LIPA conducted a comprehensive third-party review of its cybersecurity program, including vulnerability assessment and penetration testing. Remediation plans were developed and are being implemented. Significant improvements in the LIPA's Cybersecurity management practices were made in 2020. However, we recognized the need to examine information security issues from

a strategic perspective and address them in an organized manner; thus, an Information Security Strategic Plan will be developed to guide the protection of LIPA's information assets.

- **Risk Management**: The Board has adopted a policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. There are several risks identified related to Cyber and Physical security:
 - Cyber Event - “Unauthorized access to IT and/or T&D systems could result in decreased operational abilities”.
 - Breach of Personal Identifiable Information (“PII”) - “Internal or 3rd party mass-breach of PII could result in loss of sensitive data and potential fraud”.
 - Physical Security Attack – “Substation security and the control centers are compromised and could result in reduced reliability”.

The Cybersecurity, PII, and physical security risks were all rated as medium level risks. Mitigation actions were identified to reduce business risks and negative impact on LIPA’s assets.

“Compliance with all applicable standards, directives, and guidance issued by regulatory or industry advisory bodies, including the North American Electric Reliability Corporation, Federal Energy Regulatory Commission, Department of Energy, Department of Homeland Security, and New York State Department of Public Service.”

- North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP) is a set of requirements designed to secure the assets required for operating North America's bulk electric system. Every three years, the Northeast Power Coordinating Council (NPPC) perform an audit for compliance. The last audit was conducted in 2018, and no issues were identified. The next compliance audit is scheduled for the first quarter of 2021. Recognizing the critical role of people to cybersecurity PSEG Long Island has undertaken various training and awareness initiatives in its efforts to stay compliant:
 - Annual Cybersecurity training
 - Cybersecurity awareness messages throughout the year
 - Quarterly NERC CIP Awareness messages
 - Quarterly Entitlement Reviews

“The Service Provider will immediately notify LIPA’s Chief Information Officer of security breaches or attempted breaches and will confidentially report no less than quarterly to LIPA’s Chief Information Officer on compliance with industry and regulatory standards and implementation of innovative defensive technology initiatives.”

- In compliance with this policy requirement, PSEG Long Island staff provided periodic briefings on the state of Cybersecurity. Historically LIPA relied on PSEG Long Island representation. In 2021, LIPA plans to conduct a comprehensive review of the PSEG Long Island’s cybersecurity program and its effectiveness.

Annual Review of the Policy

As shown in Exhibit “B”, LIPA Staff proposes to establish requirements for the Service Provider to:

- Conduct vulnerability assessments and penetration testing and submit management action plans to LIPA;
- Conduct an annual Cyber Security Maturity Assessment and self-assessment for NERC compliance and submit a management action plan to LIPA;
- Develop 3-Year Cybers and Physical security Strategic Plan and submit detailed annual Work Plan to LIPA.

These requirements will enhance LIPA’s oversight of the requirements of this Policy.

Recommendation

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

A motion was made and seconded, and the Trustees unanimously adopted the following resolution:

RESOLUTION RECOMMENDING APPROVAL OF THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON INFORMATION AND PHYSICAL SECURITY

WHEREAS, the Board Policy on Information and Physical Security (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1500, December 18, 2019; and

WHEREAS, the Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees affirms that the Policy has been complied with and that the changes to the Policy recommended herein are due and proper.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board find that LIPA has complied with the Policy and approve the annual report to the Board; and

BE IT FURTHER RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends the changes to the Policy that are reflected in attachment Exhibit “B” are hereby approved.

Chair Fischl then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 12:34 p.m.
