

FOR CONSIDERATION

April 28, 2021

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Consideration of the Adoption of Recommendations Relating to Strategic Planning

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution approving certain recommendations developed by LIPA staff to improve PSEG Long Island’s strategic planning activities and related budget submissions related to their performance of the scope of services under the Amended & Restated Operations Services Agreement (“OSA”) (“Strategic Planning”), which resolution is attached hereto as **Exhibit “A”**.

Background

Long-term strategic planning is an essential element of utility governance and management. Strategic planning provides for proper setting of objectives, prioritization of projects, alignment among stakeholders, and accountability for promised results. Good strategic planning requires long-range plans for each key area of the business, and a process for coordinating long-range plans with shorter-term work plans and associated budgets.

LIPA has tried in the past, most recently in the summer of 2019, to collaborate with PSEG Long Island on strategic planning initiatives, but those efforts were largely unsuccessful. Although PSEG Long Island leaders participated in several meetings with LIPA to discuss strategic planning issues, those meetings were ultimately not as productive as they could have been because of lack of support by PSEG Long Island leadership.

Recommendations

LIPA Staff recommends the following be implemented by PSEG Long Island in 2021:

1. Initiate development of five-year roadmaps for the transmission and distribution (“T&D”), information technology (“IT”), and customer service functions, in a format mutually agreed to by LIPA and PSEG Long Island, to be completed by March 31, 2022 and used as guidance for the 2023 Budget. The five-year roadmaps should evaluate the current state, articulate an end state vision, and identify the projects necessary to close the gap. The end state vision for the functions should take into account industry trends and customer needs and should align with the strategic direction articulated in the policies adopted for the utility by the LIPA Board. The roadmap should also include (i) a cost-benefit analysis for each project; and identify (ii) the schedule for and sequencing of projects; (iii) dependency on or interaction with projects initiated by other departments; and (iv) budget requirements for project implementation and

operations. The roadmap should include Project Implementation Plans (“PIPs”) with greater detail for each of the projects.

- The first step in implementing this recommendation requires development of a PIP (in the form attached as **Exhibit “B”**) describing the process PSEG Long Island will use to develop the roadmaps which will include, among other things, a schedule for meetings between LIPA and PSEG Long Island to mutually agree on format, identification of the team needed to develop each roadmap (both internal and external resources), and a schedule for (i) monthly progress reports to allow LIPA to monitor progress and (ii) presentations to LIPA Staff at key milestones to ensure alignment with the direction proposed by PSEG Long Island.
- Roadmaps will be reviewed with, and approved by, the Board as guidance documents for future budget requests. Projects identified on the roadmaps with budgetary implications will be included in the Budget Plan and Budget Briefing Books.

Further, beginning in April 2022, LIPA Staff recommends PSEG Long Island commence the development of five-year roadmaps for its remaining seven key functions (i.e. power supply, clean energy programs, business services, human resources, procurement, external affairs and communications, and legal) to be completed by March 31, 2023. Thereafter, the five-year departmental roadmaps should be updated on a biennial cycle.

This effort is critical to ensuring that the strategic direction articulated in the LIPA Board’s Policies is being advanced and supported by PSEG Long Island’s activities, that budgets reflect the Board’s priorities, and that management is accountable for delivery of the projects that move the utility forward. As such, PSEG Long Island should prepare a PIP for the recommendation described in paragraph one no later than May 31, 2021. That PIP is expected to be presented to the Board at its June 2021 meeting.

Recommendation

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

Attachments

- Exhibit “A”** Resolution
- Exhibit “B”** Project Implementation Plan Template

RESOLUTION ADOPTING RECOMMENDATIONS RELATING TO STRATEGIC PLANNING FOR THE LONG ISLAND ELECTRIC TRANSMISSION AND DISTRIBUTION SYSTEM

WHEREAS, long term strategic planning is an essential element of utility governance and management; and

WHEREAS, strategic planning provides for proper setting of objectives, prioritization of projects, alignment among stakeholders, and accountability of management for promised results; and

WHEREAS, good strategic planning requires long-range plans for each key area of the business, and a process for coordinating long-range plans with shorter-term work plans and associated budgets; and

WHEREAS, the strategic planning recommendations described in the accompanying memorandum are critical to ensuring that the strategic direction articulated in the LIPA Board of Trustees Policies are being advanced and supported by PSEG Long Island’s activities, that budgets reflect the Board’s priorities, and that management is accountable for the delivery of projects that move the utility forward;

NOW, THEREFORE, BE IT RESOLVED, the Board hereby adopts the strategic planning recommendations described in the accompanying memorandum; and

BE IT FURTHER RESOLVED, that the Board hereby directs LIPA Staff, together with PSEG Long Island, to implement the strategic planning recommendations, including the creation of a Project Implementation Plan describing the process PSEG Long Island will use to develop the roadmaps by May 31, 2021, to be presented to the Board in advance of the Board’s June 2021 meeting; and

BE IT FURTHER RESOLVED, that LIPA Staff and PSEG Long Island will present to the Board five-year roadmaps for the transmission and distribution, information technology, and customer service functions no later than March 31, 2022; and

BE IT FURTHER RESOLVED, that LIPA Staff and PSEG Long Island will present to the Board five-year roadmaps for the power supply, clean energy programs, business services, human resources, procurement, external affairs and communications, and legal functions no later than March 31, 2023; and

BE IT FURTHER RESOLVED, that LIPA Staff and PSEG Long Island will update and present to the Board five-year roadmaps by function on a biennial cycle thereafter.

Dated: April 28, 2021

PSEG Long Island Project Implementation Plan

for

Recommendation Implementations

Recommendation No. <XXXX>

Project Title: <XXXXXXXXXXXXXXXXXX>

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<Note: This template contains primarily guidance text, shown in italics. When creating a project management plan from this template, replace the guidance text with your own specific information for the project and change the Normal style for the document to be normal font, not italic. If a section of this template is not applicable to your project, leave the section heading in the plan and briefly state why it does not apply. If you have any questions, please address them to: oahmad@lipower.org.>

1. Project Definition

<This section provides an overview of the project’s motivation, objectives, success criteria, major deliverables, and constraints. You might include a top-level summary of major milestones, required resources, schedule, and budget. >

1.1. Project Purpose, Objectives, and Success Criteria

***Project Objectives:** <Define the purpose, scope, and objectives of the project and its delivered products. Ensure that this is consistent with project objective/end-state proposed by LIPA.*

***Project End State and Success Criteria:** <Describe the project EndState. Ensure that this is consistent with project objective/end-state proposed by LIPA.*

2. Project Deliverables:

Describe applicable Project Deliverables:

Deliverable	Delivery Date	Comments

2.1. Assumptions, Dependencies, and Constraints

List project assumptions, dependencies, and constraints (if applicable). If there is any reason to doubt the validity of the project assumptions, please state that.

3. Project Structure

3.1. Internal Project Organization

<This section describes (1) identifies internal project organization, (2) interfaces to entities outside of the project, and (3) defines roles and responsibilities for the project.>

3.2. Other Stakeholders

Identify other internal and external project stakeholders who are not specifically members of the project team.

4. Project Plan

4.1. Project Work Plan

<Specify the various work activities required to produce the project's major deliverables, including contents and timing of the activities. Use a work breakdown structure or a table to depict the work activities, corresponding deliverables, and the relationships among the activities. Decompose tasks to a degree that will accurately reveal risks and complexity. Identify major progress milestones at sufficient granularity that tracking against these milestones will indicate whether significant deviations are taking place from the planned objectives. Early milestones provide visibility to see if the project is straying off course.>

4.2. Risk Management Plan

<Identify project risks, if any, and mitigations>

4.3. Issue Resolution Plan

<Describe how problems, issues, and action items that arise on the project will be documented, resolved, and tracked to closure.>

4.4. LIPA Reporting Plan

<describe who and how frequently LIPA Smartsheets will be updated>

5. Technical Execution Plan

5.1. Technical Approach

<This section describes the technical approaches to be used on the project.>

5.2. Quality Assurance Plan

<This section could contain the quality assurance plan for this project. The QA plan should describe the activities and methods used to build a high-quality product by the sensible application of an appropriate process. Identify the quality-related tasks to be performed, who is responsible for each, and the target date for completion.>

5.3. Documentation Plan

<Describe the plans for creating system documentation deliverables and configuration items, This will include implementation plans, project schedule documents, configuration documents, requirements traceability matrices (RTM), test documentation (test plans, test items, test results), project close-out documents (e.g. business and LIPA sign-offs).>

Document	Created By	Reviewed By	Target Date	Distribution

Revision History

Name	Date	Reason for Changes	Version
<author>		initial draft	1.0 draft 1