

FOR CONSIDERATION

April 28, 2021

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Consideration of the Adoption of Certain Implementation Plans Relating to Inventory Management

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution, attached hereto as **Exhibit “A,”** approving certain Implementation Plans to improve PSEG Long Island’s inventory management practices (the “Inventory Management Recommendations”), which recommendations that were adopted by the Board on February 24, 2021.

Background

PSEG Long Island is responsible for “Inventory Control” including (a) maintaining an inventory of equipment, spare parts, materials, and supplies and maintaining and documenting an inventory control program; (b) complying with the inventory policy provided in the Operations Manual; (c) purchasing, maintaining and storing inventory in a manner consistent with the System Policies and Procedures; and (d) completing, on an agreed-upon cycle count basis, a physical inventory of the equipment, spare parts, materials and supplies and reconciling the same with the inventory assets carried on the balance sheet and providing the information to LIPA.

In December 2017, LIPA engaged Ernst & Young, LLP (“EY”) to perform a review of inventory controls during storm events. The review included:

- Evaluation of existing policies, procedures, and guidelines in place for the request and issuance of materials/equipment from storerooms under conditions of high activity (e.g., storms).
- Understanding the systems or tools utilized in the process, including tracking, approving and/or reporting mechanisms used for materials/equipment distribution.
- Assessing the return of materials/equipment to storerooms after the storm event including, but not limited to: monitoring processes over the expected return of materials and KPI’s in place, effectiveness of policies and procedures, and cost recording/record-keeping implications if unused materials/equipment are not returned, but then used in a non-storm event.

EY presented 11 findings with 14 recommendations. PSEG Long Island addressed each of the recommendations through policy and procedure changes.

In 2020, LIPA engaged PA Consulting to confirm that the EY recommendations had been implemented and to conduct a broader assessment of PSEG Long Island’s inventory management practices. The PA Consulting assessment included a review of the efficiency and effectiveness of warehouse and inventory management practices, how the practices benchmark against industry standards, and where there are opportunities to improve performance. The assessment was conducted

from November 2020 through January 2021, and included evaluating current inventory operations and processes, identifying current state gaps, assessing readiness of storm response, and developing recommendations for the next steps. During the course of the assessment, PA Consulting interviewed 27 PSEG Long Island personnel and observed activities and reviewed documents at two locations.

PA Consulting confirmed that the EY recommendations had all been implemented but reported 25 additional findings (collectively, the Inventory Management Recommendations) among the areas of general management, information technology, warehouse management, inventory management, and procurement practices. Based on these findings, PA Consulting promulgated over 50 remediations.

On February 24, 2021, the Board adopted the Inventory Management Recommendations and requested that PSEG Long Island prepare Implementation Plans for each of the 25 Inventory Management Recommendations no later than April 9, 2021.

On April 9, 2021, PSEG Long Island submitted to LIPA Staff 23 proposed Implementation Plans addressing the Inventory Management Recommendations. In addition, LIPA was informed that PSEG Long Island will not be submitting PIP for one recommendation.

A summary of the Implementation Plans is provided as **Exhibit “B.”** LIPA Staff recommends the Board adopt 15 of the 23 Implementation Plans as attached hereto as **Exhibit “C”** and that the Board direct PSEG Long Island to resubmit the eight (8) revised Implementation Plans at the Board’s May meeting with the comments in **Exhibit “B”** addressed.

The remaining nine (9) Implementation Plans shall be submitted by PSEG Long Island for LIPA Staff review no later than May 10, 2021, for consideration at the Board’s May meeting. Thereafter, LIPA Staff shall submit a Status Report to the Board no less than quarterly that summarizes the Implementation Plans' status for each Inventory Management Recommendation.

Recommendation

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

Attachments

<u>Exhibit “A”</u>	Resolution
<u>Exhibit “B”</u>	Summary of Implementation Plans
<u>Exhibit “C”</u>	Implementation Plans

RESOLUTION ADOPTING CERTAIN IMPLEMENTATION PLANS RELATING TO INVENTORY MANAGEMENT

WHEREAS, pursuant to Section 4.4(16) of the Amended and Restated Operations Services Agreement (“OSA”), LIPA has the right to “make recommendations to the Service Provider, in each case as may be reasonably necessary or appropriate to perform LIPA’s oversight responsibilities and obligations with respect to the provision of Operations Services under this Agreement and as may otherwise be necessary or appropriate to comply with LIPA’s legal, contractual and fiduciary obligations. . .”; and

WHEREAS, additionally, the OSA provides that PSEG Long Island is responsible for “Inventory Control” and shall maintain an inventory of equipment, spare parts, materials, and supplies and shall maintain and document an inventory control program; (b) comply with the inventory policy provided in the Operations Manual; (c) purchase, maintain and store inventory in a manner also consistent with the System Policies and Procedures; and (d) complete, on an agreed-upon cycle count basis, a physical inventory of the equipment, spare parts, materials and supplies and reconcile the same with the inventory assets carried on the balance sheet and provide the information to LIPA; and

WHEREAS, each of the Inventory Management Recommendations will address deficiencies in inventory management practices and material stocking levels that will ensure appropriate levels of inventory to respond to routine workloads and adequate material inventory during emergency response restoration efforts, while providing the highest value to our customers; and

WHEREAS, on February 24, 2021, the Board adopted the Inventory Management Recommendations; and

WHEREAS, on April 9, 2021, PSEG Long Island submitted to LIPA Staff the proposed Implementation Plans relating to the Inventory Management Recommendations; and

NOW, THEREFORE, BE IT RESOLVED, the Board hereby adopts 15 Implementation Plans relating to the Inventory Management Recommendations, which Implementation Plans are attached hereto as **Exhibit “B”**; and

BE IT FURTHER RESOLVED, BE IT FURTHER RESOLVED, the Board hereby directs PSEG Long Island to amend the remaining Implementation Plans to address the comments provided by LIPA Staff and resubmit such plans for review at the Board’s May 2021 meeting; and

BE IT FURTHER RESOLVED, that the Board directs LIPA Staff, together with PSEG Long Island, to report to the Board on the completion of the Inventory Management Implementation Plans no less than a quarterly until they are completed.

Dated: April 28, 2021

Exhibit “B” SUMMARY OF IMPLEMENTATION PLANS-INVENTORY MANAGEMENT						
Date Issued	No.	Recommendation	Date Draft Plan Received	Individual PIP Received	Accept or Reject	Comments
2/24/2021						
	GMIT1	GMIT1-SAP system is not innovating with the business-Plan Draft--	4/9/21	GMIT1-SAP system is not innovating with the business-Plan Draft--	Resubmit in May	<p>Request resubmission of separate PIP om WM-1 demonstrating a concrete commitment to utilizing a barcoding (or equal) system to enhance inventory management. The barcoding system implementation can be initiated separately as it can be implemented in the context of the existing technology and does not require any major system upgrades.</p> <p>GMIT1 – Explain PSEGLI's approach to SAP upgrade. Will this effort be conducted as part of a more comprehensive SAP upgrade project? Since this is likely to be a PSEG corporate-wide project, please include a summary of existing corporate roadmaps and how PSEG-LI IM requirements will be integrated into that roadmap. Please also confirm specific steps where PSEG-LI outline the plan, budget, and associated risks for SAP R3 becoming unsupported and must transition to SAP S4, etc.</p> <p>Include the following in the LIPA Reporting Plan:</p> <p>(a) Monthly status meeting/reports with LIPA.</p> <p>(b) All project deliverables subject to LIPA review and approval</p>
	GMIT2	GMIT2-Lack of Visibility and Formalized Communication-GSP edits--	4/9/21	GMIT2-Lack of Visibility and Formalized Communication-GSP edits--	Accept with Comments	<p>Please add the following to the list of deliverables from this PIP:</p> <p>1) List of current and Planned Reports-please deliver this to LIPA no later than 5/7/21</p> <p>2) Document reflecting joint LIPA and PSEG-LI understanding of form, content, and frequency of new oversight reports, including required KPIs-please deliver this to LIPA no later than 6/15/21</p> <p>(3) Include the following in the LIPA Reporting Plan:</p> <p>(a) Monthly status meeting/reports with LIPA.</p> <p>(b) All project deliverables subject to LIPA review and approval</p>
	GMIT3	GMIT3-Lack of standard reporting functionality-GSP 4-7-21 Meena V4	4/9/21	GMIT3-Lack of standard reporting functionality-GSP 4-7-21 Meena V4	Resubmit in May	<p>The PA Consultants review emphasized the following: Construct a list of existing reports/metrics versus needed reports/metrics. Prioritize and create reports as needed via IT support in SAP ERP or end-user self-service creation through SAP BW. PSEG-LI's PIP needs to focus on developing a set of system-generated reports using existing tools and ensuring that those reports are reliable and serve a current business need. The current set of Excel reports requiring various levels of modifications and massaging should be replaced by a consistent set of production reports that are periodically instantiated. A 2-year project with an estimated \$300K for just developing requirements is not what was called for. We estimate that the whole effort should not exceed \$100K. Note that LIPA is not asking for a new business capability – merely asking that PSEG perform inventory management at a basic level, protect LIPA's working capital by not having inventory languishing, and perform what they are already contractually committed to executing. Without this information LIPA is unable to provide holistic oversight of the function.</p> <p>Include the following in the LIPA Reporting Plan:</p> <p>(a) Monthly status meeting/reports with LIPA.</p> <p>(b) All project deliverables subject to LIPA review and approval</p>
	GMIT4	GMIT4-Opportunities to Improve and Formalize Training-GSP Edit-V2--	4/9/21	GMIT4-Opportunities to Improve and Formalize Training-GSP Edit-V2--	Accept with Comments	<p>Please include the following additional deliverable (Section 2: Project Deliverables):</p> <p>1) Vendor report on training gaps and needs - share with LIPA for review and comment.</p> <p>2) Please compress the performance period on this project and aim to complete the training plan no later than 8/31/2021.</p> <p>3) Please include specific training emphasis within Inventory control function (forecasting, max/min/safety stock settings, determining false demand), returns.</p>
	GMIT5	Perform performance testing to validate the ability of the SAP system to support high volume transactions during a storm.		No PIP Submitted	Submit PIP in May	<p>LIPA was informed that PSEG LI will not be submitting PIP for this recommendation. The reason they provided that they do not regularly do complete performance testing of the SAP system and there are no plans to do any performance testing in the near term. PSEG LI further added, "PSEG constantly monitors transaction response times, batch processing times, dialogue response times, etc. Any drift in those is an indicator of potential performance issues and will be addressed." LIPA is rejecting this response as unacceptable and requesting PSEG-LI to resubmit in May. Monitoring system health parameters is not a substitute for stress testing because a system under stress will often behave differently from its behavior under 'normal' operation. If PSEG-LI does not stress-test the system, they may be unnecessarily exposing themselves to the risk of logistic systems failing under the stress of excessive transactional demand during a bad storm.</p>
	GMIT6	GMIT6-Confirm detailed business continuity plan and fail-over preparations-03-31-21-V2 (003)	4/9/21	GMIT6-Confirm detailed business continuity plan and fail-over preparations-03-31-21-V2 (003)	Resubmit in May	<p>PIP is too narrowly focused and does not fully resolve or address the recommendation. Loss of electricity is only one possible issue among many that can contribute to the loss of a store room facility.</p>
	IM01	IM1-Formalize and communicate Storm Inventory Strategy -Plan Draft--GSP Review_04-02-2021_V3	4/9/21	IM1-Formalize and communicate Storm Inventory Strategy -Plan Draft--GSP Review_04-02-2021_V3	Accept	<p>Changes in the 4/6/21 revision cover recommendation requirements.</p>
	IM02	IM2-Accountable executives do not meet in a formal and routine manner-Plan04-06-2021_V2	4/9/21	IM2-Accountable executives do not meet in a formal and routine manner-Plan04-06-2021_V2	Accept	
	IM03	IM3-fundemental Inventory Metrics 4-7-21 Meena V4	4/9/21	IM3-fundemental Inventory Metrics 4-7-21 Meena V4	Resubmit in May	<p>The most recent submission is very general, with most dates TBD. The project is proposed to take in excess of 14 months with possible extensions. Need to identify potential impact to 2022 and 2023 budgets. See LIPA comments on GMIT-3</p>
	IM04	IM4-Workorder Demand Requisition -4-7-2021_V2	4/9/21	IM4-Workorder Demand Requisition -4-7-2021_V2	Accept	
	IM05	IM5-Demand Forecast is not consolidated and reviewable in a drill down manner-Plan Draft--	4/9/21	IM5-Demand Forecast is not consolidated and reviewable in a drill down manner-Plan Draft--	Accept with Comments	<p>The forecast report should be part of the GMIT2 meetings.</p>
	IM06	IM6-Inventory policies , do not formally incorporate the concept of safety stock -Plan Draft--	4/9/21	IM6-Inventory policies , do not formally incorporate the concept of safety stock -Plan Draft--	Accept	
	IM07	IM7-Minimum-Maximum stocking levels are formulated based on experiential knowledge -Plan Draft--	4/9/21	IM7-Minimum-Maximum stocking levels are formulated based on experiential knowledge -Plan Draft--	Accept	
	IM08	IM8-Inventory Policies do not Incorporate Storm Clauses within Supplier Contracts-Plan Draft-GSP Edits-04-02-2021-V3	4/9/21	IM8-Inventory Policies do not Incorporate Storm Clauses within Supplier Contracts-Plan Draft-GSP Edits-04-02-2021-V3	Resubmit in May	<p>This PIP will should be combined with SP1 as both deal with storm clauses. Additionally, PSEGLI mentions understanding clause in IM8 but makes no mention in SP1.</p>
	IM09	IM9-Inventory policies are reviewed and potentially changed 1xper year-Plan4-6-2021_V2	4/9/21	IM9-Inventory policies are reviewed and potentially changed 1xper year-Plan4-6-2021_V2	Accept with Comments	<p>Proposal indicates a review with LIPA of the Inventory Policy. It should also be reviewed annually at a GMIT2 meeting.</p> <p>Include the following in the LIPA Reporting Plan:</p> <p>(a) Monthly status meeting/reports with LIPA.</p> <p>(b) All project deliverables subject to LIPA review and approval</p>
	IM10	IM10-Limited stock rotation regime-Plan Draft-GSP Edits-04-01-2021_V3	4/9/21	IM10-Limited stock rotation regime-Plan Draft-GSP Edits-04-01-2021_V3	Accept with Comments	<p>Progress/activity reports show be part of the schedule LIPA/PSEGLI meetings identified in GMIT2.</p>
	IM11	IM11-Limited ability to track PPE, consumables, and tools spend-Plan Draft--	4/9/21	IM11-Limited ability to track PPE, consumables, and tools spend-Plan Draft--	Accept	
	SP01	SP1-Nearly no usage of storm clauses in vendor contracts-Plan Draft 2021-4-2_v3	4/9/21	SP1-Nearly no usage of storm clauses in vendor contracts-Plan Draft 2021-4-2_v3.0--	Resubmit in May	<p>Should be combined with IM8 into one document. This document makes no mention of understanding clauses as was identified in IM8.</p> <p>(5) Include the following in the LIPA Reporting Plan:</p> <p>(a) Monthly status meeting/reports with LIPA.</p> <p>(b) All project deliverables subject to LIPA review and approval</p>
	SP02	SP2-No EDI-VMI-Plan 2021-4-2 v3	4/9/21	SP2-No EDI-VMI-Plan 2021-4-2 v3.0--	Resubmit in May	<p>1) The proposal must include a schedule for the implementation of the approved EDI or Alternative (2) “EDI, if implemented, will enable reports on Purchase Order (PO) cycle times (from PR release to vendor acknowledgment).” - this is an incorrect statement, measurement of PO cycle times is not dependent on implementing EDI. PSEGLI should measure PO cycle time regardless. (3) Please modify the PIP to focus on utilizing the EDI messages already set up in other areas of the primary PSEG business. Why can't LIPA benefit and leverage these existing EDI messages/message design. (4) Please include the following risk: EDI implementation can become expensive. PSEGLI should focus on hooking up to the largest 2-3 suppliers into EDI, but perhaps letting the others remain manual (email, phone, fax, etc.). (5) Include the following in the LIPA Reporting Plan: (a) Monthly status meeting/reports with LIPA. (b) All project deliverables subject to LIPA review and approval.</p>
	WM02	WM2-Exception Reporting-Plan 4-7-21 Meena V4	4/9/21	WM2-Exception Reporting-Plan 4-7-21 Meena V4	Resubmit in May	<p>Very similar to GMIT3 and IM4. Two years for a solution or action is unacceptable. No mention of modifying existing system to address recommendation.</p>
	WM03	WM3-Lack of formal location signage at service centers-GSP Edits- 3-31-2021_v2	4/9/21	WM3-Lack of formal location signage at service centers-GSP Edits- 3-31-2021_v2	Accept with comments	<p>PIP should note that the following requirements:</p> <p>(a) signage will last long-term i.e. not just paper to satisfy the request – needs to be metal or composite</p> <p>(b) the signs are bar code enabled</p> <p>(c) Include an action step to have a physical site walk through with LIPA oversight to receive approval of signage plan.</p> <p>(5) Include the following in the LIPA Reporting Plan:</p> <p>(a) Monthly status meeting/reports with LIPA.</p> <p>(b) All project deliverables subject to LIPA review and approval</p>
	WM04	WM4-Formalize quality hold and returns locations are present-GSP Edit-03-30-2021_PK	4/9/21	WM4-Formalize quality hold and returns locations are present-GSP Edit-03-30-2021_PK	Accept with comments	<p>PIP should note that the following requirements:</p> <p>(a) signage will last long-term i.e. not just paper to satisfy the request – needs to be metal or composite</p> <p>(b) the signs are bar code enabled</p> <p>(c) Include an action step to have a physical site walk through with LIPA oversight to receive approval of signage plan.</p> <p>Include the following in the LIPA Reporting Plan:</p> <p>(a) Monthly status meeting/reports with LIPA.</p> <p>(b) All project deliverables subject to LIPA review and approval</p>
	WM05	WM5-Create Bin location in SAP is not restricted-Plan Draft_GSPEdit_04-05-2021_V2	4/9/21	WM5-Create Bin location in SAP is not restricted-Plan Draft_GSPEdit_04-05-2021_V2	Accept	<p>Present submission is showing this task as complete. LIPA to verify completion.</p>
	WM06	WM6-Risk of crew-based pilferage misuse mis-picked inventory in a self-serve environment-Plan Draft-GSP Edit_04-05-2021_V3	4/9/21	WM6-Risk of crew-based pilferage misuse mis-picked inventory in a self-serve environment-Plan Draft-GSP Edit_04-05-2021_V3	Accept	

PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

Project Title: GMIT2 - Lack of Visibility & Formalized Communication

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
GMIT2	Inventory Management Recommendation	Lack of Visibility & Formalized Communication

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1. Project Definition

Provide LIPA visibility and understanding into PSEG Long Island Materials and Logistics operational performance. Host meetings with LIPA at a mutually agreed upon interval to review progress to quantified goals, key performance indicators, and availability of operating reports.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Aid LIPA oversight of PSEG Long Island materials and logistics operation by providing transparency to operating reports and key metric results.

Project End State and Success Criteria: Creation of a standard materials and logistics report published and reviewed monthly at a joint PSEGLI/LIPA meeting that tracks progress toward quantified goals.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
List of current and Planned Reports	5/7/21	Please deliver this to LIPA no later than 5/7/21
Document reflecting joint LIPA and PSEG-LI understanding of form, content, and frequency of new oversight reports, including required KPIs	6/15/21	Please deliver this to LIPA no later than 6/15/21
A standard materials and logistics summary of progress toward quantified goals	6/30/2021	To be developed with input from LIPA.
Joint PSEGLI/LIPA bimonthly materials and logistics inventory management meetings.	6/30/2021 8/25/2021 10/27/2021 12/22/2021	Additional meetings may be scheduled upon request as needed.

2.1. Assumptions, Dependencies, and Constraints

Assumptions – Joint PSEGLI/LIPA bimonthly inventory management meetings will be held virtually.

Dependencies – Completion of actions identified in Performance Improvement Plans GMIT3 – Lack of Standard Reporting Functionality and WM2 – Exception Reporting.

Constraints – SAP reporting functionality referenced in the above dependency. Critical staffing vacancies foreseeably extending through Q2, 2021 (M&L Analyst and Mgr. – Materials and Logistics).

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Executive Sponsor Margaret Keane	<ul style="list-style-type: none"> • Provide strategic direction and input on governance
Project Owner Gregory Player	<ul style="list-style-type: none"> • Manage issues and decision making • Remove obstacles that impede the success of the overall project • Provide strategic guidance • Approve procurement of external parties (as needed) • Establish guiding principles for the project • Provide guidance and input on key project decisions • Monitor completion of activities • Challenge the project team where appropriate • Approve major changes to the project's scope, objectives, timelines, costs, etc. • Act as the decision maker for issues requiring escalation • Remove institutional barriers if and when they arise by serving as a project advocate • Align with LIPA staff on the key deliverables
Project Lead Meredith Lewis	<ul style="list-style-type: none"> • Manage project schedule and deliverables. • Publish meeting schedules, agendas and reports. • Host bi-monthly joint PSEGLI/LIPA inventory management meetings

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board adopted recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Create a list of currently available and future planned SAP reports.	Landrieu	In Process	4/5/2021
PSEG LI and LIPA reach consensus on required oversight reports and their run frequency.	Player	Pending	5/7/2021
Develop Material and Logistics summary report of progress toward quantitative goals.	Lewis	Pending	4/30/2021
Share draft summary report with LIPA staff for feedback	Lewis	Pending	5/21/2021
Complete final summary report draft	Lewis	Pending	6/18/2021
Host initial bimonthly joint PSEGLI/LIPA inventory management meeting.	Player	Pending	6/30/2021
Host subsequent bimonthly joint PSEGLI/LIPA inventory management meetings.	Player	Pending	8/25/2021 10/27/2021 12/22/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation
Data	LIPA requested information may not be available in the current system or planned upgrade	Develop a plan to add data source to the existing improvement plan. Reply to LIPA with expected delivery date for data.

4.3. Issue Resolution Plan

Issues will be tracked by the Project Lead and assigned actions, owners, and due dates for completion. Overdue actions will be escalated to the Director – T&D Services to ensure resolutions.

4.4. LIPA Reporting Plan

Frequency, data, and agenda to be agreed upon with LIPA

5. Technical Execution Plan

5.1. Technical Approach

PSEG Long Island will produce source data and reports from SAP and/or the cloud based solution outlined in Performance Improvement Plan WM2 – Exception Reporting.

5.2. Quality Assurance Plan

Internal control activities conducted in accordance with sound fiscal policy, regulatory requirements, generally accepted accounting practices, and industry standards and guidelines assures the integrity of material and logistics data.

Materials and Logistics management establishes and performs regular control activities, modifies controls as processes change, perform annual revalidation and self-assessments of internal controls, and self-reports to Internal Auditing any identified internal control failures.

Internal Audit tests internal controls every year to evaluate if controls mitigate the associated risk and if controls are adequately performing as designed.

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
List of available and future planned reports	4/05/2021	5/07/2021	6/18/2021	6/30/2021
Material & Logistics summary report of progress toward quantitative goals.	4/30/2021	5/21/2021	6/18/2021	6/30/2021

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/17/2021	initial draft	1.0 draft 1
Greg Player	3/29/2021	Project Owner Review	2.0 draft 1

DRAFT

PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

Project Title: GMIT4 - Opportunities to Improve and Formalize Training

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
GMIT4	Inventory Management Recommendation	Opportunities to improve and formalize training

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1. Project Definition

Develop a comprehensive training plan including course syllabus, training content, and frequency of training by employee type (stock handler, clerk, and inventory analyst). Training will be concentrated in job specific areas of safety, standard operating procedures, and information systems/technology related to materials and logistics processes. The PSEG Long Island Learning Management System (LMS) will be used to schedule training and for employee training records retention.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Provide job related knowledge, impart skills, bring about change in employee attitudes, improve productivity, prevent accidents, and sustain internal control compliance.

Project End State and Success Criteria: Creation of a detailed materials and logistics employee-training plan that addresses all material and logistics functions and job responsibilities.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
Vendor identification for professional course development and training plan materials	5/28/2021	Procurement to issue a RFP based on project scope.
Vendor report on training gaps and needs	??	Share with LIPA for review and comment
A comprehensive executable training plan	11/19/2021	

2.1. Assumptions, Dependencies, and Constraints

Assumptions

- The project team will have access to all the resources needed to complete the project, Vendor both human and material.
- The overall cost of day-to-day operations will not increase.
- The scope of the project will not change throughout the life cycle.
- Vendor's ability to meet this plans delivery dates.
- Implementation of the training plan does not require union negotiations or agreements outside of the collective bargaining agreement between PSEG Long Island and IBEW L1049.

Dependencies

- Completion of actions identified in Performance Improvement Plan WM1- Barcoding Technology as it pertains to training employees on the use of this technology.
- Acceptance of professional training vendor recommendations including training materials and methods.

Constraints

- COVID-19 affecting ability to perform in person training. Increased need for virtual training.

- Storm events affecting project resources and schedule.
- Critical SME staffing vacancy foreseeably through Q2, 2021 (Mgr. – Materials and Logistics).

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Executive Sponsor Margaret Keane	<ul style="list-style-type: none"> • Provide strategic direction and input on governance
Project Owner Greg Player	<ul style="list-style-type: none"> • Manage issues and decision making • Remove obstacles that impede the success of the overall project • Provide strategic guidance • Approve procurement of external parties (as needed) • Establish guiding principles for the project • Provide guidance and input on key project decisions • Monitor completion of activities • Challenge the project team where appropriate • Approve major changes to the project's scope, objectives, timelines, costs, etc. • Act as the decision maker for issues requiring escalation • Remove institutional barriers if and when they arise by serving as a project advocate
Project Lead Tom Stagnitta	<ul style="list-style-type: none"> • Manage project schedule and deliverables. • Identify training execution plan for Warehouse Operations.
Project SME Bill Kane	<ul style="list-style-type: none"> • Identify training execution plan for Inventory Control, grief report execution, and super user activities.
Project SME Meredith Lewis	<ul style="list-style-type: none"> • Identify training execution plan for the Clerical staff.
Procurement Joe Lamotta	<ul style="list-style-type: none"> • Source a professional training developer vendor.
Training Administrator Lynn Minutaglio	<ul style="list-style-type: none"> • Set up LMS (Learning Management System) to schedule and record training.

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees

- Materials and Logistics employees

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board adopted recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Develop Scope of Work for vendor RFP.	Stagnitta	In Progress	4/09/2021
Source Training Consultant/Course Developer	Lamotta	Pending	5/14/2021
Conduct a complete training needs assessment	Stagnitta	Pending	7/23/2021
Determine warehouse and logistics training methodologies	Stagnitta	Pending	8/20/2021
Run pilot programs or courses with employees	Stagnitta	Pending	10/22/2021
Check for learning application and effectiveness	Stagnitta	Pending	11/05/2021
Load training in LMS (Learning Management System) for scheduling and tracking.	Minutaglio	Pending	11/19/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation
Storm	Impact on availability of employee resources needed to meet project schedule.	<ul style="list-style-type: none"> • Communicate project impacts to LIPA and seek opportunities to accelerate downstream activities. • Retain post storm event contractor resources to free up internal employees to work on training project full time.

4.3. Issue Resolution Plan

Issues will be captured by the Project Lead and assigned actions, owners, & due dates for completion. Review of results will be complete and documented weekly if issues are found.

4.4. LIPA Reporting Plan

Training plans and results will be shared in regular LIPA meetings as outlined in GMIT2.

5. Technical Execution Plan

5.1. Technical Approach

Distance training will be administered and tracked via Learning Management System (LMS). Onsite training will be captured on a sign in sheet and tracked in LMS.

5.2. Quality Assurance Plan

Task	Owner	Target Date
Conduct a complete training needs assessment	Vendor	7/23/2021
Determine warehouse and logistics training methodologies	Vendor	8/20/2021
Run pilot programs or courses with employees	Vendor	10/22/2021
Check for learning application and effectiveness	Vendor	11/05/2021

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Catalog of training courses including course description, targeted audience(s), number of days, frequency and schedule.	8/27/2021	9/17/2021	10/02/2021	11/19/2021
Training materials	9/24/2021	10/08/2021	10/15/2021	10/22/2021
Training Tracking report	10/22/2021	10/29/2021	11/12/2021	11/19/2021

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/22/2021	initial draft	1.0 draft 1
Greg Player	3/30/2021	Project Owner Review	2.0

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

Project Title: IM1 - Formalize and Communicate Storm Inventory Strategy

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
IM1	Inventory Management Recommendation	Formalize and communicate Storm Inventory Strategy

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1. Project Definition

Detail, for LIPA, the methodology and process for creating emergency stocking targets. Include a perspective on technology, wire miles, storm hardening efforts, and assessments of potential impacts of major storms on the existing infrastructure.

Inputs to setting storm levels will include historical analysis, distribution engineering intelligence, operational overhead & underground restoration expertise, and emergency preparedness forecasts.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Document and communicate the methodology for setting and approving Emergency/Storm based stocking levels including any stock held by vendors through "storm clauses".

Project End State and Success Criteria: Provide visibility of the 'Storm Target Material Listing' during the D&OP meeting and decisions on the associated supply risk versus inventory working capital expense associated with storm targets.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
Recommended Storm Inventory Requirements with details of methodology, historical storm activity, engineering considerations (incl. storm hardening), operational storm restoration considerations, inventory replenishment considerations, and working capital cost considerations.	6/30/2021	Relevant PSEGLI departments will collaborate to develop recommended storm inventory levels. The recommended levels will be shared with LIPA at the first bi-monthly PSEGLI/LIPA inventory management meeting.
Cost benefit analysis of the trade-off between vendors' held storm inventory and PSEGLI or 3 rd party distributor held inventory.	7/31/2021	PIP SP1 Deliverable included for reference.
Execution of a material supplier "storm clause" strategy	9/30/2021	PIP IM8 Deliverable included for reference.

2.1. Assumptions, Dependencies, and Constraints

Assumptions

- Each storm is unique; storm type, severity, and location will change.
- Historical activity is reliable to estimate future requirements.
- Storm hardening activities will reduce storm inventory requirements
- Quantitative storm clauses are cost beneficial to LIPA and materials would be readily available during storm

Dependencies

- Reliable analytics and experiential knowledge to forecast material requirements.
- Quantity of vendor managed inventory.
- Project Implementation Plans SP1 and IM8.

Constraints

- Historical SAP material usage data is limited to 2015 – 2020.
- Some existing material vendors may refuse to keep “storm” inventories

3. Project Structure

3.1. Internal Project Organization

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Role	Responsibilities
Executive Sponsor Margaret Keane	<ul style="list-style-type: none"> Provide strategic direction and input on governance
Project Sponsor Greg Player	<ul style="list-style-type: none"> Manage issues and decision making Remove obstacles that impede the success of the overall project Provide strategic guidance Approve procurement of external parties (as needed) Establish guiding principles for the project Provide guidance and input on key project decisions Monitor completion of activities Challenge the project team where appropriate Approve major changes to the project's scope, objectives, timelines, costs, etc. Act as the decision maker for issues requiring escalation Remove institutional barriers if and when they arise by serving as a project advocate Gather Director level support Review with LIPA
Project Lead Meredith Lewis	<ul style="list-style-type: none"> Ensure completion and adequacy of the storm material review Overall project implementation responsibility
Project Expert William Kane	<ul style="list-style-type: none"> Provide data analytics spreadsheet that looks at representative storms since 2015 in relation to current storm levels. Capture technical storm considerations and considerations on the spreadsheet to explain how the storm numbers are derived. Implement storm inventory targets into inventory Min stratification.
Project Expert Jim Thanasoulis	<ul style="list-style-type: none"> Provide technical distribution engineering expertise
Project Expert Pat Noonan	<ul style="list-style-type: none"> Provide technical transmission engineering expertise
Project Expert Anthony Gorgone	<ul style="list-style-type: none"> Provide technical protection engineering expertise
Project Expert Franco DiDomizio	<ul style="list-style-type: none"> Provide technical substation engineering expertise
Project Expert Brian Fitzgerald	<ul style="list-style-type: none"> Provide operational storm expertise
Project Expert Larry Torres	<ul style="list-style-type: none"> Provide storm restoration expertise
Project Expert Premal Patel	<ul style="list-style-type: none"> Provide working capital analysis

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees

- DPS
- PSEGLI/LIPA Customers

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board adopted recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Review existing storm materials list with Distribution Engineering	Lewis Thanasoulis	Pending	5/7/2021
Produce data analytics for storm material list	Kane	Pending	5/15/2021
Hold review meeting with the D&OP Group to review the analytics and engineering considerations	Lewis	Pending	6/18/2021
Review the recommended storm inventory with LIPA at first bi-monthly PSEGLI/LIPA inventory management meeting.	Player	Pending	6/30/2021
Implement approved storm inventory levels into inventory min stratification (ref.: PIPs IM6 & IM7)	Kane	Pending	7/16/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation
Cashflow	Working Capital available is not sufficient to support technical identified levels of material.	Review with LIPA, to determine the right balance between inventory reductions and an increase in working capital.

4.3. Issue Resolution Plan

Issues will be captured by the Project Lead and assigned actions, owners, & due dates for completion. Overdue actions will be escalated to the Director – T&D Services to ensure resolution.

4.4. LIPA Reporting Plan

Reviews will be conducted every year going forward with delivery by April 1st to allow inventory adjustment prior to storm season.

5. Technical Execution Plan

5.1. Technical Approach

Collect and analyze data from SAP material usage history combined with input from engineering technical support and other subject matter experts to quantify forecasted storm level demand.

5.2. Quality Assurance Plan

- Key subject matter experts will be involved in developing the plan. Data will be used as a sanity check to support decision-making.
- Director level support will ensure proper engagement and support to produce a quality assurance plan.

5.3 Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Recommended Storm Material List including methodology for setting and approving Emergency/Storm based stocking levels.	5/14/2021	5/28/2021	6/11/2021	6/30/2021 at first bi-monthly PSEGLI/LIPA inventory management meeting.

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/10/2021	initial draft	1.0 draft 1
Greg Player	4/6/2021	Process Owner Review	2.0

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

Project Title: IM2 - Accountable Parties at an Executive Level do not Meet in a Formal and Routine Manner

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
IM2	Inventory Management Recommendation	Accountable parties at an executive level do not meet in a formal and routine manner

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1. Project Definition

Establish a D&OP executive review meeting comprised of engineering, finance, projects and construction, electric operations, and inventory management, to align on inventory demand and supply. Monitor inventory peak/trough planning for storm season, supply risk, working capital, and demand signals.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Formalize inventory forecast with sign off by accountable executives.

Project End State and Success Criteria: A quarterly meeting run based on data and hosted by inventory management that is forward-looking of demand at a minimum of N+2 to 12 months. The output of the meeting will be an agreed upon forecast that matches inventory demand with supply. Forecast accuracy for previous quarter and YTD will be reviewed as well as other available inventory management metrics. The output of the meeting will be an agreed upon forecast.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
Quarterly D&OP inventory forecast meetings producing an N+2 to 12 month forecast.	6/30/2021	Dependent on deliverables from PIPs IM1, IM3, IM5, and IM9.

2.1. Assumptions, Dependencies, and Constraints

Assumptions

- The SAP system data is not reliable enough to provide the direct information on planned consumption (ref.: GMIT1 and GMIT3).

Dependencies

- Reliable SAP system demand information.
- Unplanned major storm events.
- Deliverables from PIPs IM1, IM3, IM5, and IM9.

Constraints

- SAP system information to provide proper data signals to input in to the forecast plan.
- Changes in project plan priorities and schedules.

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Executive Sponsor Margaret Keane	<ul style="list-style-type: none"> Provide strategic direction and input on governance
Project Sponsor Greg Player	<ul style="list-style-type: none"> Manage issues and decision making Remove obstacles that impede the success of the overall project Provide strategic guidance Approve procurement of external parties (as needed) Establish guiding principles for the project Provide guidance and input on key project decisions Monitor completion of activities Challenge the project team where appropriate Approve major changes to the project's scope, objectives, timelines, costs, etc. Act as the decision maker for issues requiring escalation Remove institutional barriers if and when they arise by serving as a project advocate Garner the necessary support from key executives in the company.
Project Lead Bill Kane	<ul style="list-style-type: none"> Complete the operational inventory plan (IM5). Ensure D&OP output is incorporated into the overall forecast plan. Provide data for review.
Project Support Tom Beisner	<ul style="list-style-type: none"> Provide a P&C project material plan for N+2 to 12 months for each meeting.
Project Support Pat Hession	<ul style="list-style-type: none"> Provide an OH/UG Construction (East) project material plan for N+2 to 12 for each meeting.
Project Support Mike Sullivan	<ul style="list-style-type: none"> Provide an OH/UG Construction (West) project material plan for N+2 to 12 for each meeting.

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
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Ensure commitment of the necessary executives and determine the timing of the D&OP meetings.	Player	Pending	5/31/2021
Prepare the forecast spreadsheet (IM5), agenda, and review documents.	Lewis	Pending	5/31/2021
Hold first D&OP meeting	Player	Pending	6/30/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation
System	Lack of standard SAP reporting functionality	PIP GMIT3 Deliverables.

4.3. Issue Resolution Plan

Issues will be tracked by the Project Lead and assigned actions, owners, & due dates for completion. Overdue actions will be escalated to the Director T&D Services to ensure resolution.

4.4. LIPA Reporting Plan

Forecast results will be shared with LIPA at the monthly inventory management meeting (ref.: GMIT2 PIP).

5. Technical Execution Plan

5.1. Technical Approach

A spreadsheet will be maintained to track the forecast and results.

5.2. Quality Assurance Plan

Document	Created By	Reviewed By	Target Date	Distribution
Quarterly N+2 to 12 month	6/30/2021	7/10/2021	7/15/2021	7/23/2021

5.3. Documentation Plan

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/20/2021	initial draft	1.0 draft 1
Greg Player	4/06/2021	Process Owner Review	2.0

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

**Project Title: IM4 - Workorder Demand,
Requisitions and Maintenance BOMs for Material
Order is Considered to be Inaccurate**

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
IM4	Inventory Management Recommendation	Workorder Demand, Requisitions and Maintenance BOMs for material order is considered to be inaccurate

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1. Project Definition

Charter a project to identify and resolve the root and causal factors creating false demand for materials in SAP so planned work orders move through the system automatically. Include a plan to review maintenance of Compatible Unit Equipment (CUE) Bill of Materials (BOMs) by engineering. Confirm engineering cannot create a purchase requisition without an associated work order.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Identify and remove drivers of false reorder demand, more fully automate the replenishment process, and reduce unnecessary activity and demand by improving the Compatible Unit Equipment (CUE) BOMs.

Project End State and Success Criteria: Identification of false demand drivers with controls in place that will enable the business to achieve a near term target of ~20% of planned orders moving through the system automatically.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
An initial near term goal of 5% of ordered material move through the system automatically.	5/28/2021	This goal will ramp up to 20% as SAP functionality is improved (GMIT1).
Six Sigma team findings, recommendations, and management action plans to address the drivers of false demand.	12/17/2021	A cross-functional team facilitated by a certified six-sigma black belt facilitator.
A schedule from engineering to review and improve the quality of CUE's in the system.	6/30/2021	Driven by Engineering
Provide confirmation that Purchase Requisitions cannot be generated for inventory without an associated work order	3/31/2021	Completed - Confirmed.

2.1. Assumptions, Dependencies, and Constraints

Assumptions

- There are sources of false demand that cannot be eliminated by changing work processes. They are driven by the SAP system functionality. For example, demand that remains in the system when a work order is “technically closed”.

Dependencies

- Resolution of SAP system anomalies (GMIT1 and GMIT3).

Constraints

- Visibility of the all open demand, a system report does not currently exist.
- Knowledge and understanding of system functionality.

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Executive Sponsor Margaret Keane	<ul style="list-style-type: none"> • Provide strategic direction and input on governance
Project Sponsor Greg Player	<ul style="list-style-type: none"> • Manage issues and decision making • Remove obstacles that impede the success of the overall project • Provide strategic guidance • Approve procurement of external parties (as needed) • Establish guiding principles for the project • Provide guidance and input on key project decisions • Monitor completion of activities • Challenge the project team where appropriate • Approve major changes to the project's scope, objectives, timelines, costs, etc. • Act as the decision maker for issues requiring escalation • Remove institutional barriers if and when they arise by serving as a project advocate • Engage Director level support for implementation
Project Lead (Mgr. - Materials & Logistics)	<ul style="list-style-type: none"> • Ensure the project results are tracked and reported. • Communicate ongoing progress and investigate gaps to results. • Provide Materials & Logistics support to identification of the problems. • Respond with explanation of question around purchase requisition generation without work order. • Define the reliability metric for false demand for auto purchase status (IM4) and reliance for forecasting.
Six Sigma Black Belt TBD	<ul style="list-style-type: none"> • Facilitate a cross-functional team through six-sigma methodology to improve the business processes by controlling variation and understanding the intricacies within them. <ul style="list-style-type: none"> ○ Define the problem and the project goals ○ Measure in detail the various aspects of the current process ○ Analyze data to, among other things, find the root defects in a process ○ Improve the process • Control how the process is done in the future
Project Support William Kane	<ul style="list-style-type: none"> • Assemble false demand information and work with the six-sigma team identify the causes, solutions and controls. • Measure demand numbers and estimated percentage of false demand. • As issues causing false demand are corrected, set material to automatically reorder through Material Resources Planning (MRP)
Project CUE Lead TBD System Engineering	<ul style="list-style-type: none"> • Provide a review schedule for validation and cleanup of existing CUE's. • Ensure review and cleanup is completed per schedule.

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA

- LIPA Board of Trustees
- Engineering

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Confirm engineering cannot create a purchase requisition without an associated work order.	Landrieu	Completed	3/13/2021
Test if Tool & PPE materials can be set to automate reordering without creating false demand. If they can, make the change permanently in SAP.	Kane	In Process	5/28/2021
Create a cross-functional six-sigma team to identify measure, analyze, improve and control sources of false demand.	Player	Pending	6/30/2021
Develop a timeline of CUE review/update	Engineering	Pending	6/30/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation
SAP System	It may not be feasible to effectively mitigate all false demand due to current system configuration.	Project Implementation Plans GMIT1 and GMIT3 Ability to automate reorder on some materials may have to wait until an ERP solution is implemented (GMIT1).
Process	CUE's not updated or reviewed by work planners prior to release will result in a continuation of false demand.	Engineering reviews can target cleanup of data at the work order creation phase. Adding a review by the Planning Coordinators after the work order is generated and the CUE is imported will further reduce the potential for false demand.

4.3. Issue Resolution Plan

Issues will be tracked by the Project Lead and assigned actions, owners, & due dates for completion. Overdue actions will be escalated to the Director – T&D Services to ensure resolution.

4.4. LIPA Reporting Plan

Updates will be provided to LIPA at bimonthly review meetings (GMIT2).

5. Technical Execution Plan

5.1. Technical Approach

SAP Data will be used to identify false demand. A report will be created to list all false demand materials (GMIT3).

5.2. Quality Assurance Plan

QA Task	Owner	Target Date
Verify the existing demand for PPE and Tools is accurate prior to setting the material to automatically bypass the planned order generation.	Kane	4/30/2021
Utilize Six Sigma methodology to reduce false demand.	Project Lead	12/17/2021
Verify auto requisition generated material is not producing false demand.	Kane	10/30/2021

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Six Sigma Team Final Report	11/30/2021	12/10/2021	12/17/2021	12/23/2021
CUE Review Action Report	6/2/2021	6/9/2021	6/23/2021	6/30/2021

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/13/2021	initial draft	1.0 draft 1
Greg Player	4/7/2021	Project Sponsor Review	2.0

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

Project Title: IM5 - Demand Forecast is not Consolidated and Reviewable in a Drill Down Manner

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
IM5	Inventory Management Recommendation	Demand Forecast is not consolidated and reviewable in a drill down manner

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1. Project Definition

Create a Demand Forecast process utilizing historical information and input of the high level business plans from IM2. The forecast will be utilized to provide both visibility in reordering material and supply balancing as well as working capital planning. Forecasting can range from a full S&OP (Sales & Operation Plan) Supply Chain statistical detail to a breakdown of average usage projection. The former level takes a significant investment in statistical computer software and a full forecasting organization focusing on detailed accuracy variances. We are unaware of any utility industry company employing a full S&OP forecast, it is typical of large manufacturing and sophisticated distribution supply chains for the likes of Walmart and Amazon.

For a utility industry application, a combination of approaches are applicable for different types of activities.

- Project material can be determined off the project plan as known demand, accuracy subject to many factors including permitting, storms, and resource constraints.
- Consumables such as freebin hardware components, PPE (Personal Protective Equipment), and tools can be factored with simple statistical forecasting, some with seasonal demand (winter, summer).
- Operational material with actual demand determined less than 24 hours from use is relatively statistic based with some minor fluctuation dependent on the month. Examples of this type of material would be pole top transformers (more likely in summer) or distribution poles (more likely in winter).
- Rarely used material have one off, infrequent demand. Overall impacts of these types of inventory are typically not significant to the forecast unless they represent are failure of a fairly large transformer or transmission pole.
- Storm material is almost year round possible. June to November is considered hurricane season in Long Island. November to March is considered winter storm season. Predictions are nearly impossible as size, location, impact (flood, storm surge, wind, ice, lightning, ground soak, combinations of impacts), severity, and tide level can all impact the types and quantity of material required to restore service. Storm inventory levels are managed as a separate component based upon macro risk mitigation.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Develop a forecast plan that is useful yet simple. Combining the known and statistical demand into a useful estimation of future demand and supply. The overall forecast will be approved monthly by the D&OP meetings and utilized by the Inventory Control Analysts in determining material ordering plans.

Project End State and Success Criteria: The forecast will be maintained in a sharepoint Excel file with read/write access restricted to the Inventory Control team responsible for maintaining the forecast. Planning organizations from Overhead/Underground construction and Projects & Construction will have read access of the file.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
Historical forecast spreadsheet which will maintain the statistical demand, the planned demand, the open and anticipated vendor deliveries, the actual results from the previous month, and measurement of the monthly and YTD MAPE (Mean Absolute Percentage Error) metric for accuracy.	7/16/2021	MAPE will measure accuracy for the statistical forecast, the planned forecast, storm impacts, and overall accuracy.

2.1. Assumptions, Dependencies, and Constraints

Assumptions

- Daily operational requirements do not have significant swings in demand.
- Project material requirements and storms cause the largest swings in demand.

Dependencies – Forecast accuracy needs to incorporate planning information, which is somewhat historically predictable.

Constraints – Budget, resources.

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Key Executive Support Margaret Keane	<ul style="list-style-type: none"> Provide strategic direction and input on governance
Project Sponsor Gregory Player	<ul style="list-style-type: none"> Manage issues and decision making Remove obstacles that impede the success of the overall project Provide strategic guidance Approve procurement of external parties (as needed) Establish guiding principles for the project Provide guidance and input on key project decisions Monitor completion of activities Challenge the project team where appropriate Approve major changes to the project's scope, objectives, timelines, costs, etc. Act as the decision maker for issues requiring escalation Remove institutional barriers if and when they arise by serving as a project advocate Engage Director level support for Forecast demand.
Project Lead Scott Landrieu / Mgr. – Materials and Logistics	<ul style="list-style-type: none"> Implement project Integrate a forecast accuracy measurement method.
Project Execution Bill Kane	<ul style="list-style-type: none"> Create the historical forecast spreadsheet. Integrate IM2 results of planning plans. Review historical data for outliers and smooth forecast.

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees
- Electric T&D Operations

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Create the historical forecast spreadsheet with 3 years data and	Kane	Pending	6/4/2021

project plan input method.			
Incorporate accuracy measurement analytics in the spreadsheet	Mgr. M&L	Pending	6/4/2021
Incorporate Project data to the forecast spreadsheet (IM2)	Kane	Pending	6/30/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation

4.3. Issue Resolution Plan

Issues will be managed by the Project Lead and assigned actions, owners, & due dates for completion. Overdue actions will be escalated to the Director T&D Services to ensure resolution.

4.4. LIPA Reporting Plan

None

5. Technical Execution Plan

5.1. Technical Approach

A spreadsheet will be maintained on Sharepoint and viewable by project planners.

5.2. Quality Assurance Plan

Plan	Owner	Target Date
Historical smoothing will be reviewed by the Manager to ensure the forecast is not improperly impacted by anomalies.	Mgr – M&L	7/15/2021

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Forecast Spreadsheet	6/30/2021	7/9/2021	7/16/2021	7/30/2021

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/20/2021	initial draft	1.0 draft 1

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

**Project Title: IM6 - Inventory Policies, do not
Formally Incorporate the Concept of Safety
Stock**

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
IM6	Inventory Management Recommendation	Inventory policies, do not formally incorporate the concept of safety stock

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1. Project Definition

Safety stock is operational inventory that is used to plan for unexpected spikes of demand and late deliveries of material beyond normal lead-time. It is typically applied to materials with high levels of movement or high impact on restoration, safety, and environmental response.

Safety stock is calculated as a percentage of operational inventory. Factors such as working capital, stockout percentage, and known supply chain delays are also taken into consideration.

Safety stock when added to operational stock and storm stock collectively make up the min reordering level.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Make safety stock a defined formulaic process in the inventory min calculation.

Project End State and Success Criteria: A clearly defined safety stock equation that is utilized to formulate/recommend future safety stock levels. The equation will be verified by cross-checking the number of times safety stock was utilized. This level will be reviewed yearly and adjusted as necessary. The result will be a clearly calculated inventory level that represents the safety stock.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
Define the calculation and scope of safety stock and what it represents. This will be defined in our inventory control procedure and presented at the D&OP meetings (IM2 PIP).	6/15/2021	Safety stock will not be applicable to all inventory, the scope will be defined. This will be a component in the overall min calculation (IM7).
The safety stock inventory level will be communicated to LIPA (GMIT2).	6/30/2021	An explanation of the considerations for the proposed safety stock levels will be shared.
Develop a metric around <u>Safety Stock Usage</u> .	6/30/2021	The metric will be a point in time calculation until SAP functionality is provided to perform the calculation on demand.

2.1. Assumptions, Dependencies, and Constraints

Assumptions

- An automated solution for managing safety stock will be at least a year or more away.
- Storm levels will already include their own safety factors. Safety stock will be based upon non-storm fluctuation of demand or replenishment lead-time.

Dependencies

- Working capital, stock out rates, and supply chain health.
- Project Implementation Plans GMIT1, IM2, IM7, IM8, IM9.

Constraints

- Current SAP configuration does not provide the ability to effectively manage safety stock as a separate system number. The SAP configuration in Long Island locks material in the SAP safety stock field. This effectively blocks anyone from issuing that stock.

3. Project Structure**3.1. Internal Project Organization**

Role	Responsibilities
Executive Sponsor Margaret Keane	<ul style="list-style-type: none"> • Provide strategic direction and input on governance
Project Sponsor Greg Player	<ul style="list-style-type: none"> • Manage issues and decision making • Remove obstacles that impede the success of the overall project • Provide strategic guidance • Approve procurement of external parties (as needed) • Establish guiding principles for the project • Provide guidance and input on key project decisions • Monitor completion of activities • Challenge the project team where appropriate • Approve major changes to the project's scope, objectives, timelines, costs, etc. • Act as the decision maker for issues requiring escalation • Remove institutional barriers if and when they arise by serving as a project advocate
Project Lead Scott Landrieu / Mgr. – Materials and Logistics	<ul style="list-style-type: none"> • Ensure completion of the project. • Report on <u>Safety Stock Utilization</u> • Determine the safety stock percentages
Project Execution William Kane	<ul style="list-style-type: none"> • Update the Inventory Control desk guide with the safety stock calculation process. • Define key materials within scope based on usage and criticality. • Calculate safety stock on in scope materials and update stratified Min accordingly. • Measure <u>Safety Stock Utilization</u>.

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Determine the Safety Stock calculation scope and methodology (IM9)	Landrieu	In Progress	5/14/2021
Add the plan to the inventory control reorder desk guide LI-DG-REORDER	Kane	Pending	5/14/2021
Review with LIPA	Landrieu	Pending	6/30/2021
Incorporate into the stock Min calculation spreadsheet in conjunction with IM7 & IM8.	Kane	Pending	7/15/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation
Inventory	Increased inventory.	Monitor impact on working capital.
Inventory	Lower material turnover.	Monitor turnover. Look for opportunities to adjust the scope of safety stock material or levels.

4.3. Issue Resolution Plan

Issues will be captured by the Project Lead and assigned actions, owners, & due dates for completion. Overdue actions will be escalated to the Director T&D Services to ensure resolution.

4.4. LIPA Reporting Plan

Initial LIPA review and annually thereafter.

5. Technical Execution Plan

5.1. Technical Approach

Initially, the calculation and tracking will need to utilize spreadsheets or cloud based reporting tool to track and calculate this component of a stratified Min (along with storm and working stock). Eventually the safety stock will be tracked in SAP (GMIT 1).

5.2. Quality Assurance Plan

Action	Owner	Due Date
Review impacts as part of the overall working capital analysis for reorder point changes.	Landrieu	4/30/2021

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Desk Guide LI-DG-REORDER updated	5/14/2021	5/21/2021	5/28/2021	6/7/2021
Min Calculation Spreadsheet	5/14/2021	5/21/2021	5/28/2021	6/7/2021

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/11/2021	initial draft	1.0 draft 1

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

**Project Title: IM7 - Minimum/ Maximum Stocking
Levels are Formulated based on Experiential
Knowledge**

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
IM7	Inventory Management Recommendation	Minimum/ Maximum stocking levels are formulated based on experiential knowledge

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1. Project Definition

The inventory Min is stratified into 3 components: 1) the operational min for demand where the lead time from identification to use is less than the replenishment lead time of the material, 2) safety stock (IM6) which is stock to ensure key, high-use material has a buffer to account for either higher than expected demand or longer replenishment time than usual, 3) storm stock (IM1) which is in place to support storm needs.

Both Safety Stock and storm stock determination are explained in detail in IM6 and IM1 respectively.

Operational stock is the material requests not planned within the lead time of the material. Project material typically is not accounted for in the operational inventory min as its demand is driven from work plans.

Operational stock should be calculation driven by historical demand to produce a level of confidence. This level of confidence can be adjusted to account for working capital, stockout rate, or other considerations. These confidences can be stratified based upon their ABC inventory importance. For example, A items (top 80% of the consumption, approx. 20% of the inventory) may apply a 98% percentile confidence, where a B item (next 10-15% consumption representing 40-50% of the inventory) may have a 95% percentile confidence, and C Items (remaining 10-15% consumption and 30% 40% of inventory) would have a 90% percentile confidence.

Some inventory is classified as Order No More (ONM) which is no longer purchasable or has been replaced by another material but can be used until fully consumed. This material is coasting to zero on hand balance with no reorder points applied to the inventory. Other material is classified as order on demand which only has plannable demand and does not require operational inventory levels. This material is set to Material Type ND (No Demand) in SAP and does not utilize the reorder strategy for replenishment, it only generates orders for replenishment if requested on a work order.

Max stock level is based upon usage to regulate the number of orders generated per year. A determination regarding the number of purchase orders that should generate in the coming year. A good level is typically 3 or 4 times a year. The max level is then set to the $[\text{Min}] + [\text{Average Yearly Usage}] / 3$ (for 3 times a year). This represents an average 4 months of inventory usage before an order will need to be generated. The cost of additional work to procure and receive material should be the consideration for max stock levels.

Minimum order quantities and standard package quantities can influence the max where vendors will only sell a minimum amount or in a set bundled quantity.

Min and Max calculations should be reviewed yearly if a suitable tool is available to automate the percentile calculations necessary. Additionally, stockouts of material or dips into storm stock to satisfy material should prompt a reorder strategy review.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Select a minimum/ maximum stocking level equation and utilize it to formulate/ recommend future minimum/ maximum stocking levels. Create crosscheck methodology for materials that stock out or cannot be supplied as requested (dependent on IM3)

Project End State and Success Criteria: A spreadsheet tool for operational min calculation based upon the Percentile Confidence level and Max differential receipts per year. This will work in concert with IM9 which will define the overall inventory policy. The overall min and max will be modeled against previous year levels to provide visibility to the prospective change to stock levels. This information will be reviewed with LIPA yearly prior to making adjustments to the reorder points in SAP.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
Methodology for Min and Max creation as well as validation process added to desk guide LI-DG-REORDER	5/14/2021	Will be part of PIP IM9 Overarching Inventory Policy
A database for capturing the components of Min and Max stock changes	5/14/2021	Excel based until IT develops a database solution.

2.1. Assumptions, Dependencies, and Constraints

Assumptions

- Risk of obsolescence (a traditional Max consideration) is negligible over the 3-4 month period.
- Cost of Storage (a traditional Max consideration) is not considered because there is negligible marginal cost per item.

Dependencies

- Storm component of Min will be determined through the activities of PIP IM1 activity.
- Project Implementation Plans GMIT1, GMIT2, IM1, IM6, IM9.

Constraints

- Current system functionality. It will be impossible to review the ~5,000 inventory items each year until a reliable tool is developed to provide statistical support.

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Executive Sponsor Margaret Keane	<ul style="list-style-type: none"> • Provide strategic direction and input on governance
Project Sponsor Greg Player	<ul style="list-style-type: none"> • Manage issues and decision making • Remove obstacles that impede the success of the overall project • Provide strategic guidance • Approve procurement of external parties (as needed) • Establish guiding principles for the project • Provide guidance and input on key project decisions • Monitor completion of activities • Challenge the project team where appropriate • Approve major changes to the project's scope, objectives, timelines, costs, etc. • Act as the decision maker for issues requiring escalation • Remove institutional barriers if and when they arise by serving as a project advocate
Project Lead Scott Landrieu / Mgr. – Materials & Logistics	<ul style="list-style-type: none"> • Track and ensure completion of the activities • Review and approve changes • Ensure continued execution of the project • Set the Inventory Policy in action IM9 which will guide the application of creating the Min's & Max's.
Project Execution William Kane	<ul style="list-style-type: none"> • Create the methodology of calculating Min's & Max's. • Create and maintain tracking spreadsheet for Min & Max. • Institute review process for Min's when stockouts or fill rates are negatively impacted.

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Create Min and Max calculation methodology	Kane	In Progress	5/14/2021
Update Desk Guide LI-DG-REORDER	Kane	Pending	5/14/2021
Review with Inventory Analysts	Kane	Pending	6/7/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation
Inventory	Increased inventory.	Monitor impact on working capital.
Inventory	Lower material turnover.	Monitor turnover. Look for opportunities to adjust the scope of safety stock material or levels.

4.3. Issue Resolution Plan

Issues will be captured by the Project Lead and assigned actions, owners, & due dates for completion. Overdue actions will be escalated to the Director – T&D Services to ensure resolution.

4.4. LIPA Reporting Plan

Inventory reorder strategies and impacts will be reviewed with LIPA yearly as part of the regular update inventory management meetings (GMIT2).

5. Technical Execution Plan

5.1. Technical Approach

This approach will utilize Excel or cloud based reporting technology to manage tracking and calculating the Min's & Max's. When a new ERP solution (GMIT 1) is implemented, it will automate the process.

5.2. Quality Assurance Plan

Action	Owner	Due Date
Review impacts as part of the overall working capital analysis for reorder point changes.	Kane	5/14/2021

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Desk Guide LI-DG-REORDER updated	5/14/2021	5/21/2021	5/28/2021	6/7/2021
Min Calculation Spreadsheet	5/14/2021	5/21/2021	5/28/2021	6/7/2021

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Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/11/2021	initial draft	1.0 draft 1

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

Project Title: IM9 - Inventory Policies are Reviewed and Potentially Changed 1 x Per Year

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
IM9	Inventory Management Recommendation	Inventory policies are reviewed and potentially changed 1 x per year

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1. Project Definition

Provide an overarching framework for inventory stock levels based on agreed upon supply risk and inventory working capital exposure tolerances.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Provide a historical inventory policy report to review historical changes to inventory policies and that account for storm versus non-storm season risk levels.

Project End State and Success Criteria: An inventory policy with defined seasonal, storm, operational, and safety stocks. In addition, how each are derived, when adjusted, and what they represent. Working capital, forecast, and risk tolerance will be included in the considerations.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
An overarching inventory policy.	5/31/2021	Integrate storm, non-storm, Vendor managed inventory, seasonal, operational and safety stock plans with storm stock reviews, D&OP Forecasting, backlog processing, and working capital.

2.1. Assumptions, Dependencies, and Constraints

Assumptions – The number of months represented by the winter and summer storm season account for the majority of the calendar year allowing for little opportunity to make meaningful seasonal inventory adjustments.

Dependencies – Interdependent Project Improvement Plan deliverables (IM1-approved storm level, IM5 – forecast, IM6 - safety stock, IM7 - operational stock, IM8 - vendor managed stock).

Constraints – Available working capital to cover inventory stock.

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Executive Sponsor Margaret Keane	<ul style="list-style-type: none"> Provide strategic direction and input on governance
Project Sponsor Greg Player	<ul style="list-style-type: none"> Manage issues and decision making Remove obstacles that impede the success of the overall project Provide strategic guidance Approve procurement of external parties (as needed) Establish guiding principles for the project Provide guidance and input on key project decisions Monitor completion of activities Challenge the project team where appropriate Approve major changes to the project's scope, objectives, timelines, costs, etc. Act as the decision maker for issues requiring escalation Remove institutional barriers if and when they arise by serving as a project advocate
Project Lead Scott Landrieu (Mgr. – Materials & Logistics)	<ul style="list-style-type: none"> Develop and maintain inventory policy.
Project Support William Kane	<ul style="list-style-type: none"> Implement the inventory policy, Provide input to the policy.

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Develop the Inventory Policy	Landrieu	In Progress	4/12/2021
Review Inventory Policy with LIPA	Player	Pending	5/21/2021
Align the review of stocking strategies to the policy in SAP	Kane	Pending	6/30/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation
Budget	Working Capital budget is insufficient to cover storm or operation requirements	Investigate additional vendor managed inventory.

4.3. Issue Resolution Plan

No issues are anticipated.

4.4. LIPA Reporting Plan

None.

5. Technical Execution Plan

5.1. Technical Approach

No technical approaches required.

5.2. Quality Assurance Plan

The Inventory Policy and any changes thereto will undergo executive review and approval at the D&OP meeting (IM2).

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Inventory Policy	5/7/2021	5/21/2021	6/11/2021	6/30/2021

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu		initial draft	1.0 draft 1
Greg Player		Process Sponsor Review	2.0

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

Project Title: IM10 - Limited Stock Rotation Regimen

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board adopted recommendation to improve inventory management directly addressed in this plan
IM10	Inventory Management Recommendation	Limited stock rotation regimen

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1. Project Definition

During lulls in operational tempo, rotate agreed upon stock to reduce losses from deterioration and obsolescence using First-in, First-Out (FIFO) or First-Expired, First-Out (for materials with specific expiry dates) stock rotation methods.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Prevent stockpiling older supplies that may deteriorate or exceed their expiry.

Project End State and Success Criteria: Increased productivity and efficiency, a more organized warehouse, and improved inventory accuracy.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
Rotated Stock Plan	6/04/2021	

2.1. Assumptions, Dependencies, and Constraints

Assumption - Available human and budget resources

Dependency - LIPA approval of project plan.

Constraint - Physical space

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Project Sponsor Tom Stagnitta	<ul style="list-style-type: none"> • Manage issues and decision making • Remove obstacles that impede the success of the overall project • Approve procurement of external parties (as needed) • Establish guiding principles for the project • Provide guidance and input on key project decisions • Monitor completion of activities • Act as the decision maker for issues requiring escalation • Remove institutional barriers if and when they arise
Project Support Supervisors	<ul style="list-style-type: none"> • Manage stock rotation regimen

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees
- Operating Departments
- Materials and Logistics Employees
- Facilities Management
- Material Suppliers

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board adopted recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Prioritize identified material to be rotated	Stagnitta	In Process	5/07/2021
Determine method of rotation by material type (FIFO or FEFO)	Stagnitta	In Process	6/04/2021
Rotate material during lulls in operational tempo	Supervisors	Not Started	Ongoing

4.2. Risk Management Plan

Category	Project Risk	Mitigation
Safety	Increased exposure to material handling hazards that could result in employee injuries and/or material handling equipment accidents/damage.	Increased focus on situational awareness, use of 2-minute drills, tailboards, and supervisor oversight

4.3. Issue Resolution Plan

Issues that cannot be resolved by Supervisors and the Manager – Materials & Logistics will be escalated to the Director – T&D Services for resolution.

4.4. LIPA Reporting Plan

Progress/activity reports will be provide upon request.

5. Technical Execution Plan

5.1. Technical Approach

Set expectations to ensure all material is dated as part of the put away process. Newly delivered items based on M&S number and delivery date are placed at the rear of the bin or storage location. Older items of the same M&S number are moved to the front.

5.2. Quality Assurance Plan

Incorporate inventory rotation QA/QC as part of the cycle count process.

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Stock Rotation Plan	5/07/2021	5/14/2021	5/21/2021	6/04/2021

Revision History

Name	Date	Reason for Changes	Version
Tom Stagnitta	3/24/2021	initial draft	1.0 draft 1
Greg Player	4/01/2021	Project Owner Review and edits	2.0

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

Project Title: IM11 - Limited ability to Track PPE, Consumables, and Tools Spend

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
IM11	Inventory Management Recommendation	Limited ability to track PPE, consumables, and tools spend

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1. Project Definition

Establish a process to regularly track total spend of over-the-counter PPE, consumables, and tool issuances to identify any outliers.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Prevent abuse of the PPE, consumables and tools over-the-counter issuance process.

Project End State and Success Criteria: Identification of process outliers and corrective actions communicated to LIPA.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
A monthly PPE, consumables and tool issuance report	4/1/2021	Complete. The source document of the data collected in the report is the Over-the-counter issuances recorded in SAP.

2.1. Assumptions, Dependencies, and Constraints

Assumptions – Employees can abuse the PPE, consumables and tools over-the-counter process if left unchecked.

Dependencies – SAP reporting functionality.

Constraints – Material ordered for regional picks cannot identify the recipient.

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Project Lead Meredith Lewis	<ul style="list-style-type: none"> • Ensure completion of the project. • Send reports to PSEGLI Management & LIPA monthly
Project Execution Bill Kane	<ul style="list-style-type: none"> • Generate the Tool & PPE Report monthly • Generate Freebin report monthly
Project Execution Department Mangers	<ul style="list-style-type: none"> • Receive and review reports monthly for actions that were not desired. • Complete the report review sheets and send back to the Project Lead. • Take any actions necessary to address activity that was not desired.

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees
- LOB Department Managers
- Employees

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board adopted recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Generate the PPE, consumables and tool issuance report	Kane	Complete	4/1/2021
Issue Monthly Report	Lewis	In Process	5/1/2021
Review with LIPA at bimonthly PSEGLI/LIPA inventory management meetings.	Player	Pending	6/30/2021 and ongoing

4.2. Risk Management Plan

Category	Project Risk	Mitigation
Support	LOB managers are delinquent in review of report and/or follow up actions.	The Manager Materials & Logistics will track and escalate to respective manager's Director

4.3. Issue Resolution Plan

Issues will be tracked by the Project Lead and assigned actions, owners, and due dates for completion. Overdue actions will be escalated to the Mgr-Materials and Logistics for resolution.

4.4. LIPA Reporting Plan

The PPE, consumables, tool issuance report shared monthly with LIPA and reviewed at the monthly PSEGLI/LIPA inventory management meeting (ref.: GMIT2 PIP).

5. Technical Execution Plan

5.1. Technical Approach

The data will be generated using transaction MB51 in SAP. Distribution of reports and responses will be made by e-mail.

5.2. Quality Assurance Plan

Action	Owner	Target Date
Ensure LOB management reviews of the monthly report are completed within a target of 2 weeks after distribution	Lewis	Monday of the 3 rd week of each month
Review summary of results at bi-monthly PSEGLI/LIPA inventory management meetings.	Lewis	6/30/2021 and ongoing

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
PPE, consumables and tool issuance report	4/1/2021	4/15/2021	5/1/2021	5/1/2021
Project Closeout Report	6/15/2021	6/22/2021	6/30/2021	6/30/2021

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/14/2021	initial draft	1.0 draft 1

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**PSEG Long Island
Project Implementation Plan**

for

**LIPA Board Adopted Recommendations to
Improve Inventory Management**

**Project Title: WM3 - Lack of Formal Location
Signage at Service Centers**

The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:

LIPA ID	Report	Task Force recommendations directly addressed in this plan
WM3	Inventory Management Recommendation	Lack of formal location signage at service centers

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1. Project Definition

Design and post warehouse and yard signage reinforcing the process for inventory returns to ensure material is stored in its designated area.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Establish clear expectations and direction to employees returning material back into inventory. Develop and deploy indoor and outdoor signage at warehouse facilities that directs employees to warehouse personnel assigned to receive returned materials and follow the existing return procedure for placing material in its designated inventory bin location.

Project End State and Success Criteria: Material return procedural adherence and compliance as measured by physical count accuracy.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
Design and purchase signage	4/30/2021	
Install indoor and outdoor signage at all yards	8/27/2021	

2.1. Assumptions, Dependencies, and Constraints

Assumption

Manufacturer/supplier can meet installation target date.

Dependency

National Grid (Landlord) acceptance of signage locations.

Project Implementation Plan WM1 – Barcoding technology is not utilized in material handling.

Constraints

Potential unforeseen COVID restrictions on outside vendors working on property.

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Project Lead Tom Stagnitta	<ul style="list-style-type: none"> • Provide input on requirements / design • Coordinate Business Resources to support the project • Key Point of contact to for questions from the vendor and all stakeholders. • Provide sign off for deliverables that require business input/acceptance • Deliver the project on time and on budget
Facilities Management Pasquale DiSilvestro	<ul style="list-style-type: none"> • Coordinate with National Grid (Landlord) the installation of all signage

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- PSEG Long Island Operating Departments
- Materials and Logistics Employees
- Facilities Management
- National Grid (Facility Landlords)

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Design, purchase and designate location of signage.	Stagnitta	In progress	4/30/2021
Signage installation and communication	Stagnitta	Pending	8/27/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation
Fabrication	Manufacturer/supplier delays	Award contract to multiple suppliers.
Installation	Contractor availability	Award contract to multiple contractors.

4.3. Issue Resolution Plan

The Project Lead will assign issue resolution actions, owners, and due dates for completion. Overdue issue resolution actions will be escalated to the Director – T&D Services.

4.4. LIPA Reporting Plan

PSEG Long Island will report inventory physical count accuracy performance at the bimonthly joint PSEGLI/LIPA materials management meeting referenced in Project Implementation Plan GMIT2 – Lack of Visibility and Formalized Communication.

5. Technical Execution Plan

5.1. Technical Approach

Not Applicable.

5.2. Quality Assurance Plan

- Periodic inspection of physical signage.
- Measure physical count accuracy

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Materials & Logistics summary of progress toward quantified goals	4/30/2021	5/21/2021	6/18/2021	6/30/2021

Revision History

Name	Date	Reason for Changes	Version
Tom Stagnitta	3/17/2021	initial draft	1.0 draft 1
Greg Player	3/31/2021	Project Owner Review and edits	2.0

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

Project Title: WM4 - Formalize Quality Hold and Returns Locations are Present

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board adopted recommendation to improve inventory management directly addressed in this plan
WM4	Inventory Management Recommendation	Formalize quality hold and returns locations are present

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1. Project Definition

Maintain end-to-end visibility of inventory, physically and within SAP, from receipt to issuance, inclusive of supplier returns and quality holds.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Improve the process of supplier return and quality hold materials by posting signage to identify the material, allocating physical space for the material, and creating material Bin locations within SAP.

Project End State and Success Criteria: A disciplined supplier return and quality hold process with clearly defined physical and SAP Bin locations.

2. Project Deliverables:

Deliverable	Delivery Date	Comments
Formalize and communicate a return material process	4/15/2021	Meeting held on 3/10/2021 to discuss changes to process.
Develop Signage to reinforce the process.	4/15/2021	Meeting held on 3/11/2021 to discuss signage.
Dedicate and mark a quality hold area within the receiving space.	4/15/2021	Meeting held on 3/11/2021 to discuss dedicating and marking quality hold space.
Create a bin within SAP to track quality hold and return material.	4/15/2021	Meeting held on 3/10/2021 to discuss creation of SAP Bin.

2.1. Assumptions, Dependencies, and Constraints

Assumptions

- The current PSEG Long Island SAP system has the functionality to execute this plan.
- Sufficient human and budget resources to execute this plan.

Dependencies

- PSEG Long Island process of testing new transformers prior to placing in inventory.
- Accurate inspection of receipted materials by materials and logistics personnel.
- Receiving a supplier return authorization

Constraints

- Limited space available for supplier returns and quality holds.

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Project Sponsor Greg Player	<ul style="list-style-type: none"> • Provide strategic direction and input on governance
Project Lead Tom Stagnitta	<ul style="list-style-type: none"> • Manage issues and decision making • Remove obstacles that impede the success of the overall project • Provide strategic guidance • Approve procurement of external parties (as needed) • Establish guiding principles for the project • Provide guidance and input on key project decisions • Monitor completion of activities • Challenge the project team where appropriate • Approve major changes to the project's scope, objectives, timelines, costs, etc. • Act as the decision maker for issues requiring escalation • Remove institutional barriers if and when they arise by serving as a project advocate
Receiving Supervisor Steve Fitzgerald	<ul style="list-style-type: none"> • Adherence to the quality hold and return procedure • Managing the physical hold area within the warehouse
Inventory Control Supervisor Bill Kane	<ul style="list-style-type: none"> • Supplier interface and return authorizations

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- Transformer testing shop.
- Third Party logistics providers
- Suppliers
- Internal operating groups
- Material and Logistics Employees

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the Task Force recommendations.

Plan Milestones

Task	Owner	Current Status	Target End Date
Formalize and communicate a return material procedure.	Stagnitta	In process.	5/17/2021
Develop and deploy signage to reinforce process.	Stagnitta	In process.	5/17/2021
Dedicate and mark a quality hold area within the receiving space.	Stagnitta	In process.	5/17/2021
Create a bin within SAP to track quality hold and return material.	Stagnitta	In process.	5/17/2021
Create a Material Supplier Return/Quality Hold Report	Kane	Pending	5/17/2021

4.2. Risk Management Plan

Category	Project Risk	Mitigation
Quality Control	Discrepancies between material in physical and SAP bin locations.	Periodic review/reconciliation of physical and SAP material bins via a system generated report and walk down of the physical area.

4.3. Issue Resolution Plan

Weekly coordination and review by the Receiving Supervisor and Inventory Control Supervisor of the supplier return/quality hold report to identify anomalies including assigning corrective actions, owners and due dates for resolution. Escalation of overdue actions to the Mgr.-Materials and Logistics.

4.4. LIPA Reporting Plan

PSEG Long Island will provide on demand reports of the status of material in supplier return/quality hold status.

5. Technical Execution Plan

5.1. Technical Approach

5.2. Quality Assurance Plan

Document review and self-assessments of physical to SAP bin locations accuracy by warehouse supervision.

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Material Quality Hold Report (On Demand)	4/30/2021	5/07/2021	5/21/2021	6/01/2021

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Revision History

Name	Date	Reason for Changes	Version
Thomas Stagnitta	3/10/2021	initial draft	1.0 draft 1
Greg Player	3/31/2021	Project Owner Review and edits	2.0

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

**Project Title: WM5 - Create Bin Location in SAP
is not Restricted**

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
WM5	Inventory Management Recommendation	Create Bin location in SAP is not restricted

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1. Project Definition

This project will address access to change/create/delete warehouse inventory bins in the Warehouse Module of SAP.

The Hicksville warehouse uses the SAP Warehouse Management module and, more specifically, transactions LS01, LS01N, and LS02 to manage bin creation and deletion. These transactions, maintained in role ZMMLI110A, are linked via a “job key” which is currently assigned to all materials and logistics employees. Creation of a new SAP role (ZMMLI110B) for materials and logistics employees will limit access to LS01, LS01N, and LS02 to materials and logistics supervisors only.

Regional storerooms use the SAP Materials Management module. This module is only changeable by IT due to the sensitivity of the transaction used to manage it. There have been no changes to any regional bins since the implementation of SAP in 2015.

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives: Limit SAP material bin creation/deletion functionality to material and logistics supervisors only.

Project End State and Success Criteria: At the end of the project, only the six (6) warehouse supervisors will have access to change/create/delete warehouse bin locations in SAP. This access will be checked quarterly as part of the Key Internal Control MM281LI.

2. Project Deliverables:

Project Deliverables are as follows:

Deliverable	Delivery Date	Comments
Bin Access is restricted to the six (6) warehouse Supervisors.	3/20/2021	Completed: IT Request Ticket INC0001097779 was opened on January 13, 2021. All actions to implement the SAP required changes were tested and implemented by March 20, 2021.

2.1. Assumptions, Dependencies, and Constraints

- Assumption – None.
- Dependency - The ability to store material in a SAP bin location requires that the bin first be created and active in the system.
- Constraints – None.

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Project Lead Scott Landrieu	<ul style="list-style-type: none">• Create IT Ticket and approve change.• Ensure completion of the project.
Project QA Chris Waldenberger	<ul style="list-style-type: none">• Test the change in the test environment and respond to IT Security with the results.• Check the access set up through the ZBCSECURITY or SUIM transactions in SAP after completion of the transport and job key changes.
Project Execution Leslie Tighe	<ul style="list-style-type: none">• IT Security will create the new activity group.• Make the changes to who has access to the old and new activity groups.• Create the Change Ticket.

3.2. Other Stakeholders

- LIPA
- LIPA Board of Trustees

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Create an IT Request Ticket to change SAP bin location access. (INC0001097779)	Landrieu	Complete	1/13/2021
Review plan with IT Security Manager. Determine the impact, plan, and actions to perform the change	Landrieu, Tighe	Complete	1/13/2021
Create an IT Change Ticket (CHG0000144417).	Tighe	Complete	2/26/2021
IT Security create a new activity group (ZMMLI110B) in the test environment for the employees moved out of the old activity group (ZMMLI110A). Assign the new activity to the Test ID.	Tighe	Complete	3/1/2021
Test the Test ID to ensure it cannot perform LS01 or LS02 transactions in the test environment and send a response to IT confirming the results of the test.	Waldenberger	Complete	3/2/2021
IT Security transport the change to the Production Environment in SAP during the next transport window.	Tighe	Complete	3/12/2021
IT Security remove warehouse employees from the old activity (ZMMLI110A) and add them to the new one (ZMMLI110B).	Tighe	Complete	3/18/2021
Check the ZBCSECURITY or SUIM transactions in SAP to ensure the ZMMLI110A has only the warehouse supervisors assigned to it.	Waldenberger	Complete	3/20/2021
Check the ZBCSECURITY or SUIM transactions in SAP to check that ZMMLI110B only has the warehouse union employees assigned to it.	Waldenberger	Complete	3/20/2021
Check the SUIM or ZBCSECURITY transaction in SAP to ensure ZMMLI110B does not include LS01, LS01N, or LS02 transactions assigned to it in production.	Waldenberger	Complete	3/20/2021
Have one of the storeroom union employees test access LS01, LS01N, and LS02 transactions in production.	Waldenberger	Complete	3/20/2021

4.2. Risk Management Plan

There is almost no risk to the plan.

Category	Project Risk	Mitigation
QA	Changes to the access do not correct the issue because other changes were made during implementation.	Review other sources of access and remove them.

4.3. Issue Resolution Plan

The Project Lead is responsible for tracking and assigned actions, owners, and due dates for completion. Overdue actions are escalated to the Director – T&D Services to ensure resolution.

4.4. LIPA Reporting Plan

Project is completed. There are plans for additional reporting.

5. Technical Execution Plan

5.1. Technical Approach

Tested changes in SAP test and production environments.

5.2. Quality Assurance Plan

- The Materials and Logistics Supervisor checks the change in the test environment to ensure the desired change happened. (Completed on 3/2/2021).
- The Materials and Logistics Supervisor checks the change post transport and implementation to ensure that SAP properly reflects the correct access. (Completed by 3/20/2021).
- The Materials and Logistics Supervisor checks the change post transport and implementation to ensure employees are unable to perform the transactions in the SAP Production Environment. (Complete by 3/20/2021).
- Review SAP bin location accesses twice a year as part of the PSEGLI SAP Entitlement Review (internal control MM281LI). (Typically completed in June and December of each year).

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
IT Request & Change Document	3/10/2021	3/24/2021	3/31/2021	4/9/2021
Script Document	3/10/2021	3/24/2021	3/31/2021	4/9/2021

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/10/2021	initial draft	1.0 draft 1

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PSEG Long Island Project Implementation Plan

for

LIPA Board Adopted Recommendations to Improve Inventory Management

Project Title: WM6 - Risk of Crew-based Pilferage, Misuse, Mis-picked Inventory in a Self- serve Environment

**The following LIPA Board Adopted Recommendation to Improve Inventory Management
is directly addressed as part of this plan:**

LIPA ID	Report	LIPA Board Adopted Recommendation to Improve Inventory Management directly addressed in this plan
WM6	Inventory Management Recommendation	Risk of crew-based pilferage, misuse, mis-picked inventory in a self-serve environment

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1. Project Definition

Provide LIPA with visibility into inventory adjustments and write-offs. Adjustments created by physical inventory reconciliation of book quantities to physical quantities. Inventory write-offs due to obsolescence, damage, expired shelf life, or significant surplus stock (low usage).

1.1. Project Purpose, Objectives, and Success Criteria

Project Objectives:

- Continue to provide information regarding write downs at a summary level as well as for specific service centers or part numbers that are underperforming at a detailed drill down level on a quarterly basis for LIPA oversight.
- Supply specific details of inventory written off in 2019 and the associated reasoning.
- For service centers with low IRA% and/or high write downs, inform union personnel of performance, and conduct remedial training for crews based out of associated service centers.

Project End State and Success Criteria: Write down dollars will be shared with LIPA at bi-monthly PSEGLI/LIPA inventory management meetings (ref.: PIP GMIT2). The 2019 Record of Disposal was sent to PA consultants on February 5, 2021 and will be resubmitted with this project. Employee remedial training as required.

2. Project Deliverables:

Project Deliverables are as follows:

Deliverable	Delivery Date	Comments
Results of the Annual Material Inactive Review will be shared with LIPA at bi-monthly inventory management meetings.	Review at PSEGLI/LIPA bi-monthly inventory management meetings per PIP GMIT2. First meeting scheduled for 6/30/2021.	Report is ongoing throughout the year.
2019 Recommendation of Disposal		Completed
Regional IRA% report by storeroom.		This will be shared with LIPA at the GMIT2 bi-monthly PSEGLI/LIPA inventory management meetings.

2.1. Assumptions, Dependencies, and Constraints

Assumptions

- There are no assumptions involved in write-offs and adjustments.

Dependencies

- Write-offs are dependent on Engineers and other Subject Matter Experts performing a review for determination of obsolescence.
- Physical Inventory adjustments are dependent on resources to perform them.
- Inventory accuracy is dependent on many factors including accuracy of the counts, accuracy of activity (receipts, issues, and transfers), access to the material, and computer system accuracy.

Constraints

- Surplus material write-off is dependent on available budget to charge.

3. Project Structure

3.1. Internal Project Organization

Role	Responsibilities
Executive Sponsor Margaret Keane	<ul style="list-style-type: none"> • Provide strategic direction and input on governance
Project Sponsor Gregory Player	<ul style="list-style-type: none"> • Manage issues and decision making • Remove obstacles that impede the success of the overall project • Provide strategic guidance • Approve procurement of external parties (as needed) • Establish guiding principles for the project • Provide guidance and input on key project decisions • Monitor completion of activities • Challenge the project team where appropriate • Approve major changes to the project's scope, objectives, timelines, costs, etc. • Act as the decision maker for issues requiring escalation • Remove institutional barriers if and when they arise by serving as a project advocate
Project Owner Meredith Lewis	<ul style="list-style-type: none"> • Ensure execution of the project. • Responsible for the write-off process and the physical Inventory metrics. • The assembly of information for LIPA.
Project Execution Tom Stagnitta	<ul style="list-style-type: none"> • Addressing performance gaps in count activity. • Physical disposal of material written off.
Project Execution William Kane	<ul style="list-style-type: none"> • Generate metric reports.
Project Execution Chris Waldenberger	<ul style="list-style-type: none"> • Prepare the Recommendation for Disposal records. • Ensure procedural compliance for write-offs. • Track and report the Inactive Review progress.

3.2. Other Stakeholders

The other key stakeholders involved in the execution of this plan are:

- LIPA
- LIPA Board of Trustees
- Finance and Accounting

4. Project Plan

4.1. Project Work Plan

The following outlines the timeline for completion of the key milestones. Senior Leadership is committed to achieving these milestones in order to build an effective operating model and address the LIPA Board recommendations to improve inventory management.

Plan Milestones

Task	Owner	Current Status	Target End Date
Report on 2021 Inactive Review	Waldenberger	In Progress	Review at PSEGLI/LIPA bi-monthly inventory management meetings per PIP GMIT2. First meeting scheduled for 6/30/2021.
Supply the 2019 Recommendation for Disposal report	Landrieu	In Progress	
Identify the full scope of 2019 write off including Penta poles, surplus, obsolete, and physical inventory.	Waldenberger	In Progress	
Supply the 2021 YTD IRA% results	Kane	In Progress	

4.2. Risk Management Plan

Category	Project Risk	Mitigation
N/A	N/A	No Risks.

4.3. Issue Resolution Plan

Where inventory accuracy falls below expectation, the inventory control group will perform an analytic review to identify causal factors. The Mgr. – Materials and Logistics together with warehouse supervision will develop and implement corrective actions.

4.4. LIPA Reporting Plan

Bi-monthly PSEGLI/LIPA inventory management meetings (ref.: PIP GMIT2).

5. Technical Execution Plan**5.1. Technical Approach**

Inventory accuracy metrics are generated from downloads of SAP information.

5.2. Quality Assurance Plan

Task	Owner	Target Execution Date
Write-off activity is a key performance indicator	Waldenberger	Ongoing, Monthly
Inactive Review results is a key performance indicator	Waldenberger	Ongoing, Monthly
Documentation is maintained from the person providing the review by the Warehouse Supervisor for compliance.	Waldenberger	Ongoing

All cycle counts in the warehouse are “blind counts” to ensure the counter does not have a preconceived idea of what quantity he/she is counting.	Giurlanda, Longo	Ongoing
Physical Inventory adjustments in Hicksville go through a 9 step review process. This is done to ensure the adjustment is proper and to reduce human error. This occurs as variances are found.	Giurlanda	Ongoing
All physical Inventory adjustments greater than \$1,000 are recounted. In Hicksville this is performed by a different person than the previous person who counted.	Giurlanda, Longo	Ongoing
All physical inventory adjustments greater than \$10,000 have apparent cause forms completed prior to Manager or Director approval to the transaction.	Giurlanda, Longo	Ongoing

5.3. Documentation Plan

Document	Created By	Reviewed By	Target Date	Distribution
Inactive Review	3/10/2021	3/24/2021	4/9/2021	6/30/2021
Record of Disposal 2019	10/13/2020	3/24/2021	4/9/2021	6/30/2021
Breakdown of 2019 write offs.	3/31/2021	3/31/2021	4/9/2021	6/30/2021
IRA%	3/10/2021	3/24/2021	4/9/2021	6/30/2021
2020 YE Physical Inventory Analysis	12/15/2020	3/24/2021	4/9/2021	6/30/2021

Revision History

Name	Date	Reason for Changes	Version
Scott Landrieu	3/10/2021	initial draft	1.0 draft 1
Greg Player	4/5/2021	Project Sponsor Review	2.0

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