

FOR CONSIDERATION

May 19, 2021

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Consideration of Replacing the Isaias Task Force Final Report with a Quarterly Reporting Requirement

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to approve a resolution replacing the Isaias Task Force’s (the “Task Force”) Final Report (the “Final Report”) with a quarterly reporting requirement, which resolution is attached hereto as **Exhibit “A.”**

Background

On Tuesday, August 4, 2020, Tropical Storm Isaias landed on Long Island with rain and wind gusts of up to 70 miles per hour. The resulting damage to the electrical system caused approximately 646,000 customer outages.

On August 5, LIPA’s Chief Executive Officer initiated an independent investigation of the circumstances and root causes that led to well-documented lapses in PSEG Long Island’s storm response. The Task Force was charged with providing actionable recommendations and overseeing PSEG Long Island’s remediation activities. LIPA committed to reporting the Task Force’s findings and recommendations to the Board and the public in a 30-Day Preliminary Report, a 90-Day Interim Report, and a Final Report.

The Task Force presented the 30-Day Report to the Board at the September 23, 2020 Board Meeting and released it to the public. Because of the urgency of the immediate threat of another major storm, the 30-Day Report focused on the failures of PSEG Long Island’s information technology and communication systems and their proximate causes.

On November 13, the Department of Public Service (“DPS”) provided a recommendation (the “DPS Recommendation”) to the Board as a result of its ongoing investigation of PSEG Long Island’s storm response. DPS Staff identified more than 70 potential violations of PSEG Long Island’s ERP. The DPS recommended, among other things, that LIPA:

- evaluate options to terminate PSEG Long Island as LIPA’s Service Provider;

- declare PSEG Long Island’s poor performance during Isaias as a first failure of the Major Storm Performance Metric as defined in the Amended and Restated Operations Services Agreement (“OSA”); and
- seek to either terminate or renegotiate the OSA to enable greater oversight by LIPA and DPS.

The Task Force presented the 90-Day Report to the Board at the November 18, 2020 Board Meeting. The 90-Day Report expanded on the findings of the 30-Day Report and addressed broader questions on the effectiveness of PSEG Long Island’s management of utility operations.

As set forth in Appendix 2 and Appendix 3 of the 90-Day Report, the Task Force provided nearly 100 recommendations for the Board’s consideration (the “Task Force Recommendations”). The Task Force Recommendations were designed to, among other things, (i) change management incentives and accountabilities; (ii) reform information technology and emergency management; and (iii) strengthen LIPA’s oversight.

Between November 2020 and this Board meeting, the Board has adopted various Implementation Plans for the Task Force Recommendations and has directed the resubmission of other plans for the Task Force Review¹. A summary of the status of the Implementation Plans is attached hereto as **Exhibit “B”**.

Replacing the Task Force Final Report with Quarterly Reporting

As previously discussed, LIPA committed in August 2020 to reporting the Task Force’s findings and recommendations to the LIPA Board of Trustees and the public in a 30-Day Preliminary Report, a 90-Day Interim Report, and a Final Report. Both the 30-Day Preliminary Report and the 90-Day Interim Report have been submitted to the Board. On January 27, 2021, the Board adopted a resolution setting the deadline for the Final Report as May 2021.

The vast majority of Task Force’s recommendations were made in the 90-Day Report. PSEG Long Island’s progress in resolving the management, information technology, and communication issues has been slower than expected at the time the Task Force’s investigation began. PSEG Long Island’s progress in submitting Implementation Plans for the Task Force recommendations has also been slower and has required more revisions than anticipated.

Additionally, between December 2020 and April 2021, the Board adopted additional recommendations covering operational areas, including risk management, budgeting and reporting, real estate, asset management, inventory management, collections, affiliate services, strategic planning, and information technology modernization. In total, the Board has adopted over 140 recommendations, which are in various stages of implementation by PSEG Long Island. The Board has required quarterly status updates on the implementation of each of these recommendations.

¹ See Board Resolutions # 1568; 1570; 1590; 1601; 1615; 1623

Additionally, the Board adopted both the Phase 1 and Phase 2 Options Analyses in December 2020 and April 2021, respectively, and LIPA Staff, in connection with the Board’s direction, is holding public comment sessions in May 2021.

As such, LIPA Staff is requesting that in place of a Final Report, the Task Force instead provide a series of written quarterly reports with additional findings, if any, and a comprehensive summary of the status of the implementation of all of the Board-adopted recommendations until all such recommendations have been completed. The first such quarterly report shall be provided at the Board’s June 2021 meeting.

Recommendation

The issues identified by the Task Force’s investigation, as well as the DPS’ separate investigation, remain urgent. Based upon the foregoing, I recommend approval of the above requested action by adoption of a resolution in the form attached hereto.

Attachments

- Exhibit “A”** Resolution
 - Exhibit “B”** Summary of Implementation Plans
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RESOLUTION REPLACING THE ISAIAS TASK FORCE 270-DAY REPORT WITH A QUARTERLY REPORTING REQUIREMENT

WHEREAS, on Tuesday, August 4, 2020, Tropical Storm Isaias landed on Long Island with rain and wind gusts of up to 70 miles per hour, resulting in damage to the electrical system and causing approximately 646,000 customer outages; and

WHEREAS, pursuant to Section 1020-f(y) of the Public Authorities Law, General Powers of the Authority, LIPA, in part, may “make any inquiry, investigation, survey or study which the authority may deem necessary to enable it effectively to carry out the provisions of this title. . .”; and

WHEREAS, pursuant to Section 4.4(16), Rights and Responsibilities of LIPA, of the Amended and Restated Operations Services Agreement (“OSA”), LIPA, in part, 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, on August 5, 2020, LIPA’s Chief Executive Officer initiated an independent review of the circumstances and root causes that led to the lapses in PSEG Long Island’s Tropical Storm Isaias storm restoration; and

WHEREAS, LIPA’s Chief Executive Officer appointed an Isaias Task Force that was charged with both providing actionable recommendations and overseeing PSEG Long Island’s remediation activities; and

WHEREAS, LIPA committed to reporting the Isaias Task Force’s findings, observations, and recommendations to the LIPA Board of Trustees (the “Board”) and public in a 30-Day Report, a 90-Day Report, and a Final Report; and

WHEREAS, the Task Force presented the 30-Day Report to the Board at the September 23, 2020 Board Meeting and released it to the public; and

WHEREAS, on November 18, 2020, the Task Force presented the 90-Day Report, which provided recommendations to, among other things, (i) Change Management Incentives and Accountabilities; (ii) Reform Information Technology and Emergency Management; and (iii) Strengthen LIPA’s Oversight (together with the 30-Day Report recommendations, the “Task Force Recommendations”); and

WHEREAS, between November 2020 and this Board meeting, the Board has adopted various Implementation Plans pursuant to the Task Force’s Recommendations and has directed the resubmission of other plans for the Task Force Review; and

WHEREAS, pursuant to the Board’s direction, LIPA’s CEO and Staff developed the Phase I and Phase II Options Analysis, which detail options to improve the management of LIPA’s assets; and

WHEREAS, LIPA Staff is requesting to replace the Task Force Final Report with Quarterly Reports on the status of implementation of all of the Board’s recommendations, with the first such report due at the Board’s June meeting; and

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby replaces the requirement for the Task Force 270-Day Final Report with a series of quarterly written reports on the status of implementation of the Board-adopted recommendations until all such recommendations have been completed, with the first such report due to the Board on or before its June 2021 meeting.

Dated: May 19, 2021

Summary of Implementation Plans: ITF Tier1, Tier2 and Tier3 May Review

Date Issued	No.	Recommendation	Tier	End State	Deliverable	Date Draft Plan Received	Individual PIP Received	Accept or Reject	Comments
Appendix 2 List Of 90-Day Report Recommendations									
Section 4 Customer Communications and Outage Management Systems									
11/18/20	4.10	Implement a solution that allows the OMS to decouple customer reporting from field management activities.	3				No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
11/18/20	4.12	Systematically test the OMS system to ensure that concrete root causes are identified and remedied. If the errors are due to system defects, then demand accountability from the system vendor for timely fixes. Ensure that root causes, not just symptoms, are addressed.	1	Root causes for failures in the OMS (and feeder systems) have been identified and fixed. OMS functional and technical performance criteria (acceptance criteria) have been established and agreed upon by LIPA and the OMS system passes tests based upon such criteria. This includes and enhances 3.2.2.3, emphasizing systematic root cause identification and validation. Systems deployed to production	Deployed remediated and tested OMS, acceptance test package. Final OMS Configuration Document. All configuration items in CMDB. Business and technical sign-off.		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
11/18/20	4.16	Install standby hardware resources for use during peak	1	Standby resources acquired and deployment tested/exercised. Procedures developed.	System and process documentation for deployed standby hardware resources. All configuration items in CMDB.		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
11/18/20	4.18	Monitor application performance and error logs of all mission critical application systems, such as OMS, CAD, SCADA, ESB, etc.	1	All mission critical application performance data and logs and error logs are monitored 24x7 in NOC. Processes and procedures including thresholds and corrective or preventative actions are established, documented, tested and trained for. This expands on the specific monitoring recommendations in the 30 Day Report (3.2.2.4, 3.2.2.5, 3.2.2.6, 3.2.2.7, 3.2.2.8 and 3.2.4.2) to encompass structured and documented monitoring of all mission critical systems.	System and process documentation for monitored application systems, including telecom systems. Application monitoring part of NOC operations documentation.		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
11/18/20	4.21	Complete the integration of the MDMS and OMS to report the meters' power restoration events.	2	OMS reflects the up to date current information about status of all the AMI meters deployed in the field.	1. Report showing status of all the AMI meters being tracked in OMS and its comparison with status of all the meters tracked in MDMS. 2. Testing report for a sample event showing OMS updates as and when a meter's power is interrupted and restored. 3. A training manual which can be used to train support personnel on how to interpret and respond to various MDMS events as shown by the OMS.	4/9/21	No PIP Submitted	Submit in May	Please submit PIP.
Section 5 Emergency Response Planning and Preparation									
11/18/20	5.01	Improve Emergency Planning governance so that utility-wide Emergency Training is under a single Emergency Planning Team and not dispersed among various departments.	3	"1. Restructured Emergency Planning organization and governance (under a new VP Emergency Management) with appropriate staff and roles and responsibilities. 2. Relevant PSEG Long Island staff has adequate awareness and clarity on the structure and governance of Emergency Planning operation. 3. Updates to relevant sections of the ERP have been made."	1. Organizational and governance plan for the restructured Emergency Planning operation. 2. Implementation of this plan.		5.01_PIP Emerg. Training Governance 4.8.21	Accept	Improve Emergency Planning governance so that utility-wide Emergency Training is under a single Emergency Planning Team and not dispersed among various departments. PSEG-LI should try to accelerate the implementation plan. PSEG-LI should outline their detail plans at the next bi-weekly update.
11/18/20	5.08	Institute a program to train National Grid Gas and Generation resources to support damage assessment and materials handling work during major storms.	3	"1. NG Gas and NG Generation resources trained on PSEG Long Island damage assessment processes, procedures, and protocols (including periodic retraining). 2. Overall plan/processes are in place for management, training, retraining, retention/replacement of NG Gas and NG Generation employees for damage assessment and materials handling roles."	"1. Training plan 2. Management plan"		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
11/18/20	5.10	Undertake a thorough review of damage assessment crew management processes and especially performance shortcomings during Isaias. Ensure that the damage assessment protocols are optimized and that they leverage modern field management technology (e.g. mobility app).	3	Undertake a thorough review of damage assessment crew management processes and especially performance shortcomings during Isaias. Ensure that the damage assessment protocols are optimized and that they leverage modern field management technology (e.g. mobility app).	1. Report showing results of the review of damage assessment processes, findings and recommendations. 2. Implementation plan for recommendations arising from (1), including use of mobility app by all damage assessors.		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
11/18/20	5.14	Develop a backup plan for tiered restoration in large-scale events. Train and exercise for tiered restoration operations.	3	A tiered restoration plan has been developed and documented (in the ERP) for backup conditions. Personnel have been trained and have exercised the activation of the tiered restoration plan as dictated by the BCP.	1. Backup plan - Tiered Restoration 2. Training on tiered restoration.	4/9/21	5.14_PIP Tiered Restoration_3_10_Rev2 4.8.21 (002)	Accept	Develop a backup plan for tiered restoration in large-scale events. Train and exercise for tiered restoration operations. Please submit the updated Training Plan(s) as soon as possible. Training plans should include MSLs for tiered restoration during future exercises.
Section 6 PSEG Lacks Transparency									
11/18/20	6.01	PSEG should review the Isaias Task Force's 90-day Report and Issue a CATRR (Causal Analysis Team Review Report) that fully addresses the root causes of its failed storm response, including management shortcomings documented in this Report. PSEG should implement an improved after action analysis process for future storms that has greater rigor.	1	1. Revised CATRR formally released. 2.A policy/process document for the development of After Action Reports which includes requirement for LIPA review and approval to ensure quality and independence.			No Revised PIP Submitted - Rejected - Feb.	Resubmit in May	Please resubmit the revised PIP.
Section 7 Leadership and Management									
11/18/20	7.04	Initiate programs to develop stronger project management capability in PSEG Long Island's IT practice areas.	3	1. PSEG Long Island has strong project and program management capabilities internal to the organization.	1. Project Plan for strengthening the IT project management capability in Long Island. The project plan should identify specific goals, management, recruiting, and retention strategy and overall fit of the PM team with the rest of the IT organization.		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
Appendix 3 List Of 30-Day Report Recommendations									
Section 3 Customer Communications and Outage Management Systems									
09/23/20	3.2.1.1	PSEG Long Island should complete implementing the planned telecommunication design changes and conduct additional capacity testing as soon as possible.	1	Blue Sky and Storm Days Telephone System tested and deployed. Detail design, specifications, configuration of the system is documented (as deployed). Periodic testing plan is documented and activated.	Detailed design, specifications, configuration and test documentation for a tested and deployed Blue Sky and Storm Days Telephone System with a periodic testing plan. All configuration items in CMDB.		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
09/23/20	3.2.1.5	PSEG Long Island should develop appropriate capacity monitoring and management processes to support evidence-based demand forecasting and capacity planning.	1	PSEG Long Island has capacity analysis and planning processes in place.	Process and results documentation		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
09/23/20	3.2.2.4	Automate monitoring of OMS and CAD performance at the application level to detect application failures and give administrators an opportunity to adjust the configuration settings that affect performance.	1	Deployed automated application level monitoring of OMS and CAD performance allowing administrators to make adjustments in case of application failures	System and process documentation for tested and deployed automated monitoring		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
09/23/20	3.2.4.1	Review the storm-oriented customer journey maps implemented within the mobile and web-apps so that customer transactions are directed to the externally hosted infrastructure rapidly.	3	Review of the storm-oriented customer journey maps implemented within the mobile and web apps have been completed, opportunities for streamlining have been identified, appropriate programming/configuration changes have been made, and tested. Outcome: smoother and faster operation of the apps for storm-related use cases.	1. Review report (findings and recommendations) 2. Implementation plan for revisions identified in (1). 3. Implementation of (2).		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
09/23/20	3.2.4.4	Model storm scenarios and conduct thorough stress testing on the website for all customer journeys and ensure that the infrastructure has sufficient capacity for high activity periods.	3	1. Storm scenarios have been meticulously modeled, stress testing has been conducted on the website for all customer priority customer journeys, infrastructure capacity and resiliency has been quantified/characterized and determined to meet at least Isaias level high-activity scenarios.	1. Customer journey model 2. Test Plan 3. Test results 4. Remediation implementation plan (if applicable) 5. Implementation of (4) and retest.		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.
09/23/20	3.2.5.1	Review ETR strategy and revise it to allow for suspending ETRs while damage is being assessed and relevant information to estimate an ETR is still being gathered.	1	Revised ETR Operational Strategy.	Revised ETR Operational Strategy documentation, deployment, incorporation of strategy in drills.		No Revised PIP Submitted - Rejected - December.	Resubmit in May	Please resubmit the revised PIP.
09/23/20	5.4.2	Accelerating the deployment of smart meters and the full integration of smart meters with OMS so that outage reports will be available to OMS more rapidly and embedded outages (i.e., small-scale outages downstream of larger-scale outages) will be more readily identified, thus enhancing the efficiency of job dispatch. (PIP was split)		AMI/OMS integration complete and tested.	Revised Project Plans.		No Revised PIP Submitted - Rejected - March.	Resubmit in May	Please resubmit the revised PIP.