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 Review. 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
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
Section 4

4.1.2 Complete the integration of the Mobile and OMS to report the meters’ power restoration events.

2. Meters select the up-to-date current information about status of all the AMIs deployed in the field.

4.1.2.1 Revised CATRR formally released. A policy/procedure 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 - Resubmit in May

Accept

No Revised PIP

Submitted - Rejected - Resubmit in May

Section 5

5.01 Review of the storm-oriented customer journey maps

3.1.3.5, 3.1.3.6, 3.1.3.7, 3.1.3.8 and 3.1.4.1 to encompass structured and documented monitoring of all mission critical systems.

No Revised PIP

Submitted - Rejected - Resubmit in May

Please resubmit the revised PIP.

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix 3 List Of 30-Day Report Recommendations

Section 6

6.1.1 Update the storm-oriented customer journey maps implemented in the mobile and web apps so that the information is updated in real-time for the externally flooded infrastructure rapidly.

3. Review of the storm-oriented customer journey maps implemented in the mobile and web apps so that the information is updated in real-time for the externally flooded infrastructure rapidly.

6.1.2.1 Revised APAC Technical and Training Strategy. The strategy can be used to train the support personnel on how to interpret and respond to various MDMS events as shown by the OMS.

6.1.2.2 A training manual which can be used to train personnel on how to interpret and respond to various MDMS events as shown by the OMS.

No Revised PIP

Submitted - Rejected - Resubmit in May

Please resubmit the revised PIP.

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 7

7.1.1 Ensure that the Isaias Task Force's 90-day = Emergency Response Planning and Preparation

PSEG should review the Isaias Task Force's 90-day = Emergency Response Planning and Preparation

No Revised PIP

Submitted - Rejected - Resubmit in May

Accept

No Revised PIP

Submitted - Rejected - Resubmit in May

Section 8

8.01 Review the Isaias Task Force's Monthly Report and issue a CATRR (Causal Analysis Team 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. Revised CATRR formally released. A policy/procedure 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 - Resubmit in May

Accept

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 9

9.01 Test results for a sample event showing OMS updates as and when a meter's power is restored. Reports documenting the testing plan are being tracked in OMS and its comparison with forecasts provided by the BCP.

1. Testing results for a sample event showing OMS updates as and when a meter's power is restored. Reports documenting the testing plan are being tracked in OMS and its comparison with forecasts provided by the BCP.

No Revised PIP

Submitted - Rejected - Resubmit in May

Please resubmit the revised PIP.

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 10

10.01 Ensure that the OMS is updated with the latest operational and maintenance data so that the information is updated in real-time for the externally flooded infrastructure rapidly.

2. OMS Long Island has fully integrated all operational and maintenance data and the OMS is updated with the latest operational and maintenance data so that the information is updated in real-time for the externally flooded infrastructure rapidly.

No Revised PIP

Submitted - Rejected - Resubmit in May

Accept

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 11

11.01 Systems and process documentation for deployed standing hardware resources. All configuration items in CMDB.

No Revised PIP

Submitted - Rejected - Resubmit in May

Please resubmit the revised PIP.

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 12

12.01 Service level agreement for automatic application level monitoring with the OMS. Customers and operations should have automated access to the OMS.

No Revised PIP

Submitted - Rejected - Resubmit in May

Accept

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 13

13.01 Implement an improved emergency management training and support for PSEG Long Island employees to ensure that they leverage modern field management technology (e.g. mobility app).

1. The OMS and the 9G-Generation resources trained at PSEG Long Island damage assessment processes, procedures, and protocols (including periodic testing).

No Revised PIP

Submitted - Rejected - Resubmit in May

Please resubmit the revised PIP.

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 14

14.01 Update the storm-oriented customer journey maps implemented in the mobile and web apps so that the information is updated in real-time for the externally flooded infrastructure rapidly.

3. Updates to relevant sections of the ERP have been made, and tested. Configuration changes have been made, and tested.

No Revised PIP

Submitted - Rejected - Resubmit in May

Accept

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 15

15.01 The OMS is deployed to production scale events. Train and exercise for tiered restoration operations. The system is deployed to production scale events. Train and exercise for tiered restoration operations.

1. The OMS is deployed to production scale events. Train and exercise for tiered restoration operations.

No Revised PIP

Submitted - Rejected - Resubmit in May

Accept

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 16

16.01 Systems and process documentation for deployed standing hardware resources. All configuration items in CMDB.

No Revised PIP

Submitted - Rejected - Resubmit in May

Please resubmit the revised PIP.

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 17

17.01 Review the storm-oriented customer journey maps implemented in the mobile and web apps so that the information is updated in real-time for the externally flooded infrastructure rapidly.

3. Review of the storm-oriented customer journey maps implemented in the mobile and web apps so that the information is updated in real-time for the externally flooded infrastructure rapidly.

No Revised PIP

Submitted - Rejected - Resubmit in May

Please resubmit the revised PIP.

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 18

18.01 Test results for a sample event showing OMS updates as and when a meter's power is restored. Reports documenting the testing plan are being tracked in OMS and its comparison with forecasts provided by the BCP.

1. Test results for a sample event showing OMS updates as and when a meter's power is restored. Reports documenting the testing plan are being tracked in OMS and its comparison with forecasts provided by the BCP.

No Revised PIP

Submitted - Rejected - Resubmit in May

Please resubmit the revised PIP.

No Revised PIP

Submitted - Resubmit in May

Appendix

Section 19

19.01 Deployed automated application level monitoring of the OMS. Customers and operations should have automated access to the OMS.

No Revised PIP

Submitted - Rejected - Resubmit in May

Accept

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 20

20.01 Service level agreement for automatic application level monitoring with the OMS. Customers and operations should have automated access to the OMS.

No Revised PIP

Submitted - Rejected - Resubmit in May

Accept

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix

Section 21

21.01 Service level agreement for automatic application level monitoring with the OMS. Customers and operations should have automated access to the OMS.

No Revised PIP

Submitted - Rejected - Resubmit in May

Accept

No Revised PIP

Submitted - Rejected - Resubmit in May

Appendix