

## **FOR CONSIDERATION**

June 23, 2021

**TO:** The Board of Trustees

**FROM:** Thomas Falcone

**SUBJECT:** Consideration of the Adoption of Recommendations to Improve Work Management

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### **Requested Action**

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution related to certain recommendations to improve the work management policies and practices of PSEG Long Island (the “Work Management Recommendations”), which resolution is attached hereto as **Exhibit “A.”**

### **Background**

PSEG Long Island operates and maintains approximately 15,000 miles of transmission and distribution (“T&D”) assets owned by LIPA. The Department of Public Service (“DPS”) and its consultant, NorthStar Consulting Group (“NorthStar”), submitted management and operations audits of LIPA and PSEG Long Island to the Board in 2013 and 2018 that included recommendations to improve work management. The recommendations were adopted by the Board. In 2020, PSEG Long Island hired a third-party consultant to assess PSEG Long Island’s work management operations and progress toward addressing the findings in the NorthStar reports. Upon extensive review, the third-party consultant recommended ten initiatives to strengthen business capabilities and address the NorthStar recommendations. The ten initiatives were intended to benefit LIPA customers by progressing in seven key outcome areas:

- Productivity improvement in work execution
- More efficient deployment of capital
- Reduced compliance backlog
- Improved safety
- Higher customer satisfaction
- Improved stakeholder management/relations
- Execution of higher priority work

Certain of the third-party consultant recommendations complement recommendations already adopted by the Board.

### **Recommendations**

LIPA Staff recommends the Board adopt the following additional Work Management Recommendations based on the third-party consultant findings and LIPA Staff observations:

1. Develop best practice-based work management processes – On March 29, 2021, the LIPA Board passed a resolution directing PSEG Long Island to develop an integrated enterprise asset management system (“EAMS”), the first phase of which would go live no later than December

- 30, 2022. Concurrent with this implementation, PSEG Long Island should focus on improving business processes and work practices so that all asset-related work is orchestrated, managed, executed, and controlled using the EAMS system. These improved business processes and management controls should be developed such that they can become integrated with and available for use during the first phase of the EAMS deployment no later than December 30, 2022.
2. Develop processes and systems to improve planning and tracking of work – Improve the management and organization of project Work Breakdown Structures (WBS) to the appropriate granularity and ensure that labor and other resources are tracked to the WBS elements for both operating and capital projects. To be completed by June 30, 2022.
  3. Improve and standardize estimating, Compatible Unit Estimates (CUE), and task list management – Improve the accuracy of estimating via a consistent process and use of reusable planning artifacts with standard times (i.e. CUEs and task lists) for all work types. To be completed by June 30, 2022.
  4. Implement Aligned Annual Work Plan and Short-Term Scheduling/Dispatch – Implement annual project/work planning-scheduling and short-term scheduling aligned with the organization’s EAMS solution. Centralize high-level scheduling and yard-level short-term work-week scheduling and dispatch with multi-week scheduling and visibility. To be completed by June 30, 2022.
  5. Enable Mobile and Field Management – Improve the use of mobile devices and ergonomic transaction design to enhance field management of work and data collection and integrate the same to the new EAMS. To be completed by December 30, 2022.
  6. Improve Work Management Metrics – Improve Key Performance Indicator/metric definition and dashboards/reporting for work management visibility and performance improvement. To be completed by January 31, 2022.
  7. Clarify and Rationalize Work Management Roles – Map future state of work management processes to standardize PSEG Long Island work management roles/positions (e.g. planner, scheduler, work coordinator, router) and implement across yards. To be completed by June 30, 2022.
  8. Implement Work Prioritization Principles – Develop key principles for work prioritization and scheduling/rescheduling. Clarify process and decision rights for developing an annual schedule and adjusting the schedule. To be completed by December 31, 2021.

PSEG Long Island should prepare Project Implementation Plans (“PIPs”) for each Work Management Recommendation no later than July 30, 2021. The third-party consultant report contains additional detail regarding certain recommendations that should be incorporated into the PIPs. The PIPs will be presented to the Board for its consideration at its September 2021 meeting.

### **Recommendation**

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

### **Attachments**

**Exhibit “A”** Resolution

**RESOLUTION ADOPTING THE WORK MANAGEMENT RECOMMENDATIONS**

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**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**, the Department of Public Service Management and Operations Audits in 2013 and 2018 found weaknesses in work management that PSEG Long Island was to remedy; and

**WHEREAS**, PSEG Long Island hired a third-party consultant, a firm with international expertise in work management across many sectors, including the utility sector, to evaluate PSEG Long Island’s work management programs and practices and found significant weaknesses in PSEG Long Island’s management of work on LIPA’s assets; and

**WHEREAS**, LIPA Staff developed Work Management Recommendations based on the third-party consultant’s report and its own observations, as described in the accompanying memorandum; and

**WHEREAS**, the Work Management Recommendations complement prior recommendations adopted by the Board related to Asset Management; and

**WHEREAS**, each of the Work Management Recommendations require the development and preparation of a Project Implementation Plan to ensure that the recommendations are acted on in a timely manner.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby adopts the Work Management Recommendations; and

**BE IT FURTHER RESOLVED**, that the Board directs LIPA Staff, together with PSEG Long Island, to implement the Work Management Recommendations, including the creation of Project Implementation Plans for the Board’s consideration at its September 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 Work Management Project Implementation Plans no less than a quarterly until they are completed.

Dated: June 23, 2021