

**FOR CONSIDERATION**

June 23, 2021

**TO:** The Board of Trustees

**FROM:** Thomas Falcone

**SUBJECT:** Consideration of Adoption of the Isaias Task Force Quarterly Report and Directing PSEG Long Island to Take Actions to Permit the Independent Verification and Validation of End-to-End Tests of the Communications and Outage Management Systems

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**Requested Action**

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to approve a resolution adopting the Isaias Task Force (the “Task Force”) Quarterly Report (the “Quarterly Report”) and directing PSEG Long Island to take actions to permit the independent verification and validation (“IV&V”) of end-to-end tests of the communications and outage management systems (“OMS”) as of May 28, 2021, 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.

The Task Force presented a 30-Day Report to the Board on September 23, 2020 and a 90-Day Report to the Board on November 18, 2020.

As set forth in Appendix 2 and Appendix 3 of the 90-Day Report, the Task Force provided actionable recommendations for the Board’s consideration (the “Task Force Recommendations”).

Between November 2020 and this Board meeting, the Board has adopted various Project Implementation Plans (“PIPs”) for the Task Force Recommendations and has directed the resubmission of other plans for Task Force Review.

Additionally, between December 2020 and this meeting, 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 in the form of Quarterly Reports.

### **The Quarterly Report**

The Quarterly Report, attached hereto as **Exhibit “B”**, summarizes the status of each of the Isaias Task Force PIPs designed to correct the performance shortcomings that turned Tropical Storm Isaias into a hardship for Long Island and Rockaways electricity customers, as well as those PIPs adopted by the Board to correct other management deficiencies unrelated to the storm response.

The Quarterly Report also provides a “big picture” summary of the status of the PSEG Long Island communications and OMS systems, which failed during Isaias, worsening the impact of the tropical storm on customers and the public. As more particularly discussed in the Quarterly Report, a majority of the Isaias Task Force PIPs that were scoped were delayed, deferred, or were not resubmitted for LIPA Board approval and most of the recommendations addressing deficiencies in 11 non-storm operational and management areas are still in the early stages of execution.

### **Independent Verification and Validation of End-to-End Tests**

On May 28, 2021, PSEG Long Island completed its most recent end-to-end system test of the communications and OMS systems, which it reports met its acceptance criteria. This is progress and systems are no doubt in better shape than last year.

Even with this progress, PSEG Long Island is far from completing the remediation of the failed systems. PSEG Long Island was unable to meet its own proposed project deadlines to implement OMS version 6.7 before this year’s storm season and reverted to OMS version 5.5. The end-to-end test is of an out of date, out-of-general-use version of the OMS running on antiquated hardware. PSEG Long Island needs to move to a modern, supported system and test that.

In order to enable LIPA’s IV&V, PSEG Long Island must preserve all of the test reports, test logs, and other test data from the May 28, 2021 end-to-end test of OMS version 5.5 and preserve a copy of the entire test environment as of May 28, 2021. Staff requests that the Board direct PSEG Long Island to take these actions.

### **Recommendation**

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

### **Attachments**

- Exhibit “A”** Resolution
  - Exhibit “B”** Quarterly Report
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**RESOLUTION ADOPTING THE TASK FORCE QUARTERLY REPORT AND DIRECTING PSEG LONG TO TAKE ACTIONS TO PERMIT THE INDEPENDENT VERIFICATION AND VALIDATION OF END-TO-END TESTS OF THE COMMUNICATIONS AND OUTAGE MANAGEMENT SYSTEMS**

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**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**, 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**, the Board has requested 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; and

**WHEREAS**, LIPA Staff has submitted to the Board the first Quarterly Report; and

**WHEREAS**, on May 28, 2021, PSEG Long Island completed an end-to-end system test of the communications and OMS systems; and

**NOW, THEREFORE, BE IT RESOLVED**, that the Board adopts the Task Force Quarterly Report; and

**BE IT FURTHER RESOLVED**, that the Board hereby directs PSEG Long to preserve all of the test reports, test logs, and other test data from the May 28, 2021 end-to-end test of OMS version 5.5 and preserve the entire test environment as of May 28, 2021; and

**BE IT FURTHER RESOLVED**, that the Board hereby directs LIPA Staff to perform independent verification and validation of the May 28, 2021 end-to-end test.

Dated: June 23, 2021