



Implementation of Board Recommendations on Strategic Planning

August 11, 2021

OVERVIEW

- Long-term strategic planning is an essential element of utility governance and management.
- Strategic planning provides for:
 - proper setting of objectives,
 - prioritization of projects,
 - alignment among stakeholders, and
 - accountability for promised results.
- Good strategic planning requires:
 - long-range plans for each key area of the business, and
 - a process for coordinating long-range plans with shorter-term work plans and associated budgets.

PSEG LONG ISLAND STRATEGIC PLANNING PIP

- In April 2021, the LIPA Board adopted recommendations directing PSEG Long Island to develop five-year roadmaps for the transmission and distribution (“T&D”), information technology, and customer service functions.
- The five-year roadmaps are expected to include:
 - Evaluation of the current state;
 - Articulation of an end state vision;
 - Identification of the projects necessary to close the gap;
 - a cost-benefit analysis for each project;
 - the schedule for and sequencing of projects;
 - dependency on or interaction with projects initiated by other departments; and
 - budget requirements for project implementation and operations.

PATH FORWARD – ROLE OF THE BOARD

- The Board's Policies establish high level goals for key areas of the business
- Board Working Groups will review the Mission and Vision and Board Policies in areas where the first set of strategic roadmaps are due in March 2022
 - Mission and Vision
 - Board Policy on T&D
 - Board Policy on Customer Service
- Meetings will have third party facilitators
- LIPA's subject matter experts will provide technical support to the Board Working Groups
- Outcome of the Board Working Groups:
 - Vision of where the Board wants the utility to be in 5 or 10 years
 - Broad goals to be achieved in the areas of T&D and Customer Service

PATH FORWARD – ROLE OF LIPA STAFF

- Develop strategic priorities that support the high-level goals established by the LIPA Board
- Develop a view of where the 5-year roadmaps should take us and the major milestones or projects needed to get there
- Meet with PSEG Long Island to share views on the objectives of the roadmaps and agree on strategic priorities for each
- Monthly meetings with PSEG Long Island to monitor progress on development of the 5-year roadmaps including:
 - projects that support the priorities;
 - cost-benefit justification; and
 - budget feasibility of prioritized projects.

NEXT STEPS

- First and second meetings of each Board Working Group in August and September
- LIPA senior team begins discussions of our strategic priorities for the utility in late August
 - How do we think we can achieve the Board's vision?
 - What do we expect to see in PSEG Long Island's strategic roadmaps?
- Board approval of PSEG Long Island Strategic Planning PIP in September
- Final meetings of each Board Working Group in October
- Kick off meeting with LIPA and PSEG Long Island senior teams to review each side's preliminary findings regarding long-term strategic priorities in October
- Meetings of senior teams continue until March 31, 2022 due date for 5-year roadmaps for T&D, Customer Service, and IT
- 5-Year Roadmaps will be reviewed by LIPA Board and will be the basis for 2023 Budget requests