

## **FOR CONSIDERATION**

November 17, 2021

**TO:** The Board of Trustees

**FROM:** Thomas Falcone

**SUBJECT:** Consideration of Adoption of Board Policies on LIPA's Purpose and Vision, T&D Operations, Customer Experience, and Information Technology and Cyber Security

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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 approving certain Board policies on LIPA's Purpose and Vision, Transmission and Distribution ("T&D") Operations, Customer Experience, and Information Technology ("IT") and Cyber Security (collectively, the "Policies"), which resolution is attached hereto as **Exhibit "A."**

### **Discussion**

Long-term strategic planning is an essential element of utility governance and management. 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. The Board's policies are key components to the utility governance model. The Policies represent the Board's reflection of who LIPA is as an organization and why LIPA exists as a governmental utility.

The Board hired Leading Resources, Inc. to review the Board's Policies and to facilitate discussion amongst the Trustees on amending each of the Policies. Four separate working groups of Trustees participated in various meetings to develop and draft the proposed Policies. The Purpose and Vision working group consisted of Trustees Fischl, Harris and Biondo. The T&D Operations working group consisted of, at separate times, Trustees Fischl, Cohen, Harris, and Anderson Campbell and, also, former Trustee Gollon. The Customer Experience working group consisted of Trustees Abramowitz, Mohammed and Cockfield. And lastly, the IT and Cyber Security working group consisted of Trustees Mohammed, Cockfield, and Goroff.

The draft Policies were shared and discussed with the full Board at its meeting on September 22, 2021 and with the Governance, Planning and Personnel Committee at its meeting on October 29, 2021. These meetings were used to solicit additional feedback from all Trustees on the various aspects of each policy.

The final version of the Policies, as drafted by the Trustees, are attached hereto as **Exhibits "B"** through **"E"**. The Purpose and Vision statement replaces the current Mission and Vision statement. The T&D Operations Policy replaces the current T&D Reliability Policy. The Customer Experience Policy replaces the existing Customer Service Policy, and the IT and Cyber Security Policy replaces the existing Information and Physical Security Policy.

The Policies provide clear direction to LIPA Staff. LIPA Staff will consider the Policies in its long-term strategic planning efforts, yearly work plans, and day-to-day objectives.

**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”** Purpose and Vision
- Exhibit “C”** T&D Operations
- Exhibit “D”** Customer Experience
- Exhibit “E”** Information Technology and Cyber Security

**RESOLUTION ADOPTING UPDATED BOARD POLICIES ON LIPA’S PURPOSE AND VISION, T&D OPERATIONS, CUSTOMER EXPERIENCE, AND INFORMATION TECHNOLOGY AND CYBER SECURITY**

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**NOW, THEREFORE, BE IT RESOLVED**, for the reasons set forth in the accompanying memorandum, the Board hereby adopts the Policies as set forth in **Exhibits “B”** through **“E”**.

Dated: November 17, 2021

Board Policy: **Purpose and Vision**  
Policy Type: **Strategic Direction**  
Monitored by: **Governance, Planning and Personnel Committee**  
Board Resolution: **#1317, adopted September 21, 2016**  
**#xxxx, amended November 17, 2021**



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## **Board Policy on Purpose and Vision**

### *Purpose Statement*

LIPA's purpose is to serve our customers and community by providing **clean, reliable, and affordable energy** to Long Island and the Rockaways. As a not-for-profit utility, LIPA is a **value-driven** organization that puts our **customers first** in all our actions.

### *Vision*

LIPA's vision is to be our customers' **trusted energy partner**. To achieve our vision, LIPA will:

- actively **engage** with our customers and the communities we serve;
- **respond** to our customers' needs and **exceed their expectations**;
- be a recognized **innovator** in our industry to better serve our customers; and
- be known as a **steward** of our environment and community.

Board Policy: **Transmission & Distribution Operations**

Policy Type: **Operating**

Monitored by: **Oversight and Clean Energy**

Board Resolution: **#1371, approved July 26, 2017**  
**#1479, amended May 22, 2019**  
**#1552, amended July 22, 2020**  
**#xxxx, amended November 17, 2021**



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## **Board Policy on Transmission & Distribution Operations**

LIPA's vision for our transmission and distribution system is to achieve industry leading reliability, improve resiliency by minimizing outages and reducing restoration times after significant system disruptions, and leverage modern system design and technology to provide value to all customers.

To achieve our vision for reliability, LIPA will:

- provide top decile reliability (i.e., top 10% of peer utilities) as measured by system average outage duration, excluding major events<sup>1</sup>;
- improve circuit conditions that cause a customer to experience four or more sustained outages or six or more momentary outages in any 12-month period<sup>2</sup>;
- utilize modern system design and technology to anticipate and minimize outages, monitor system condition, provide for preventative and predictive system maintenance, and facilitate the efficient and timely interconnection of renewable and distributed resources;
- safeguard people and protect facilities and functions that support operations from unauthorized access or disruption through vulnerability assessments and risk mitigation.

To achieve our vision for resiliency, LIPA will:

- mitigate the effects of climate change through multi-year programs that reduce the number and duration of outages after significant system disruptions;
- assure timely and accurate communication to customers about outages and restoration times;
- independently verify that emergency restoration plans are complete and tested.

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<sup>1</sup> NYCRR 97.1 defines a "major" storm as one resulting in at least one customer outage lasting at least 24 hours or outages affecting at least 10% of the customers in a utility division. In applying the 24-hour exclusion, LIPA shall consider whether such outages are consistent with the pattern of restoration or otherwise anomalous in terms of duration or barriers to restoration.

<sup>2</sup> A sustained outage is greater than 5 minutes in duration while a momentary outage is less than five minutes.

The Chief Executive Officer, or his or her designee, will report annually to the Board on the key provisions of this Policy.

Board Policy: **Customer Experience**  
Policy Type: **Operating**  
Monitored by: **Oversight and Clean Energy**  
Board Resolution: **#1370, approved July 26, 2017**  
**#1430, amended September 27, 2018**  
**#1480, amended May 22, 2019**  
**#1576, amended December 16, 2020**  
**#xxxx, amended November 17, 2021**

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### **Board Policy on Customer Experience**

LIPA's vision for our customer experience is to be a recognized innovator in our industry in serving customers by investing in technologies that enhance and simplify the customer experience and by rigorously measuring and improving the quality of our customer interactions.

To achieve our vision, LIPA will:

- Deliver top quartile performance in J.D. Power's utility residential and business customer satisfaction studies and on industry-standard customer service metrics;
- Demonstrate continual improvement in customer satisfaction, ease of interaction, and value as measured by internal, end-to-end customer post-transaction assessments;
- Invest in technologies to enhance the service, flexibility, convenience, and cost-effectiveness of billing, payment, appointments, emergency restoration, and other customer interactions;
- Ensure simple, accurate, and proactive customer communications related to customer billing, energy usage, emergency response, and estimated times of restoration;
- Effectively target communications across customer segments and socioeconomic groups, with particular attention to low income and disadvantaged communities; and
- Evaluate the success of our rate options, clean energy programs, and other offerings by customer adoption and satisfaction and use the information to regularly review and improve our offerings.

The Chief Executive Officer, or his or her designee, will report annually to the Board on compliance with the key provisions of the Customer Experience Policy.

Board Policy: **Information Technology and Cyber Security**

Policy Type: **Operating**

Monitored by: **Oversight and Clean Energy**

Board Resolution: **#1500, approved December 18, 2019**  
**#1578, amended December 16, 2020**  
**#xxxx, amended November 17, 2021**



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### **Board Policy on Information Technology and Cyber Security**

LIPA's vision for information technology and cyber security is to use technology to enhance and simplify the customer experience, improve reliability, and minimize operating costs, while ensuring robust, secure technology platforms that provide operational stability and protect customer, employee, and third-party data from unauthorized access or disruption. LIPA supports data privacy by transparently communicating how customer information is collected, used, and disclosed.

To achieve our vision for information technology, LIPA will:

- Invest in information technology that supports the efficiency of business operations, promotes innovation, and provides long-term customer value;
- Deploy modern grid management technology and data analytics that enhance grid operations, customer service, utility asset management, and demand management, as measured by a [Smart Grid Maturity Model](#) level consistent with industry best practices (i.e., top 25% of utilities);
- Ensure the capacity of the information technology organization to deliver reliable, robust, and resilient systems, as measured by a [Capability Maturity Model Integration](#) level of 3 or higher;
- Regularly upgrade information and operational technology systems to maintain all systems within their active service life and under general support from the product vendor.

To achieve our vision for cyber security and data privacy, LIPA will:

- Conduct quarterly internal vulnerability assessments and annual third-party vulnerability assessments and penetration testing of all information and operational technology systems and promptly mitigate vulnerabilities;
- Maintain a level of 3 or higher on the [NIST Cybersecurity Framework](#), as evaluated annually through an independent assessment;



- Communicate how customer information is collected, used, and disclosed and ensure that, if confidential customer information is shared with a third-party for a business purpose, the third-party has robust information security practices.

The Chief Executive Officer, or his or her designee, will report annually to the Board on compliance with the key provisions of this Policy.