PSEG Long Island Operating Report

Report to the Board of Trustees

November 17, 2021
Agenda

• Operational Update – OSA Scorecard October 2021

• Change Management and Organizational Preparations for New Amended OSA

• Outage Management System (OMS) Update
## OSHA Scorecard Results – October YTD

<table>
<thead>
<tr>
<th>Metric</th>
<th>Base Points</th>
<th>Low/High</th>
<th>OSA YE Target</th>
<th>OSA YTD Target</th>
<th>YTD Result</th>
<th>OSA Forecast</th>
<th>OSA Month Target</th>
<th>Month Result</th>
<th>Month Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSHA Recordable Incidence Rate</td>
<td>5</td>
<td>L</td>
<td>1.27</td>
<td>1.27</td>
<td>0.97</td>
<td>↑</td>
<td>1.27</td>
<td>0.50</td>
<td>+</td>
</tr>
<tr>
<td>OSHA Days Away Rate (Severity)</td>
<td>2.5</td>
<td>L</td>
<td>17.00</td>
<td>17.00</td>
<td>9.33</td>
<td>↑</td>
<td>17.00</td>
<td>12.02</td>
<td>+</td>
</tr>
<tr>
<td>Reduce Motor Vehicle Incidents</td>
<td>2.5</td>
<td>L</td>
<td>-5.8%</td>
<td>-5.8%</td>
<td>-34.5%</td>
<td>↓</td>
<td>-5.8%</td>
<td>-42.9%</td>
<td>+</td>
</tr>
<tr>
<td>JD Power Customer Satisfaction Survey (Residential)</td>
<td>5</td>
<td>H</td>
<td>730 or 8th</td>
<td>730 or 8th</td>
<td>681</td>
<td>↓</td>
<td>730 or 8th</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>JD Power Customer Satisfaction Survey (Business)</td>
<td>5</td>
<td>H</td>
<td>789 or 6th</td>
<td>789 or 6th</td>
<td>732</td>
<td>↓</td>
<td>789 or 6th</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>After Call Survey (Residential)</td>
<td>5</td>
<td>H</td>
<td>91.5%</td>
<td>91.5%</td>
<td>95.1%</td>
<td>+</td>
<td>91.5%</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>After Call Survey (Business)</td>
<td>5</td>
<td>H</td>
<td>91.5%</td>
<td>91.5%</td>
<td>96.3%</td>
<td>+</td>
<td>91.5%</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Personal Contact Survey</td>
<td>5</td>
<td>H</td>
<td>92.0%</td>
<td>92.0%</td>
<td>97.6%</td>
<td>+</td>
<td>92.0%</td>
<td>94.6%</td>
<td>+</td>
</tr>
<tr>
<td>Average Speed of Answer</td>
<td>5</td>
<td>L</td>
<td>19</td>
<td>19</td>
<td>10</td>
<td>↑</td>
<td>19</td>
<td>10</td>
<td>+</td>
</tr>
<tr>
<td>Customer Complaint Rate</td>
<td>5</td>
<td>L</td>
<td>6.5</td>
<td>6.5</td>
<td>2.6</td>
<td>+</td>
<td>6.5</td>
<td>2.2</td>
<td>+</td>
</tr>
<tr>
<td>SAIFI (System Average Interruption Frequency Index)</td>
<td>5</td>
<td>L</td>
<td>0.76</td>
<td>0.62</td>
<td>0.61</td>
<td>+</td>
<td>0.06</td>
<td>0.05</td>
<td>+</td>
</tr>
<tr>
<td>CAIDI (Customer Average Interruption Duration Index)</td>
<td>5</td>
<td>L</td>
<td>85</td>
<td>85</td>
<td>80</td>
<td>+</td>
<td>85</td>
<td>86</td>
<td>-</td>
</tr>
<tr>
<td>SAIDI (System Average Interruption Duration Index)</td>
<td>5</td>
<td>L</td>
<td>50.0</td>
<td>49.6</td>
<td>49.1</td>
<td>+</td>
<td>4.1</td>
<td>4.2</td>
<td>-</td>
</tr>
<tr>
<td>MAIFI (Momentary Average Interruption Frequency Index)</td>
<td>5</td>
<td>L</td>
<td>2.56</td>
<td>2.15</td>
<td>1.58</td>
<td>+</td>
<td>0.20</td>
<td>0.14</td>
<td>+</td>
</tr>
<tr>
<td>AMI Installations</td>
<td>5</td>
<td>H</td>
<td>336,000</td>
<td>336,000</td>
<td>3,557,472</td>
<td>+</td>
<td>4,162</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Call Resolution (FCR)</td>
<td>5</td>
<td>H</td>
<td>82.8%</td>
<td>82.8%</td>
<td>83.2%</td>
<td>+</td>
<td>82.8%</td>
<td>84.0%</td>
<td>+</td>
</tr>
<tr>
<td>Double Woods (Focus Areas)</td>
<td>1</td>
<td>L</td>
<td>9,110</td>
<td>9,255</td>
<td>6,738</td>
<td>↓</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

## Economic

<table>
<thead>
<tr>
<th>Metric</th>
<th>Base Points</th>
<th>Low/High</th>
<th>OSA YE Target</th>
<th>OSA YTD Target</th>
<th>YTD Result</th>
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<th>OSA Month Target</th>
<th>Month Result</th>
<th>Month Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget ($M)</td>
<td>N/A</td>
<td>L</td>
<td>562.0</td>
<td>469.9</td>
<td>447.9</td>
<td>↑</td>
<td>46.2</td>
<td>40.1</td>
<td>+</td>
</tr>
<tr>
<td>Capital Budget ($M)</td>
<td>N/A</td>
<td>L</td>
<td>739.9</td>
<td>584.2</td>
<td>536.5</td>
<td>↑</td>
<td>50.2</td>
<td>38.2</td>
<td>+</td>
</tr>
<tr>
<td>Net Write-Offs per $100 Billed Revenue</td>
<td>5</td>
<td>L</td>
<td>0.54</td>
<td>0.54</td>
<td>0.25</td>
<td>↑</td>
<td>0.24</td>
<td>0.24</td>
<td>+</td>
</tr>
<tr>
<td>AR &gt; 90 (No Exclusions)</td>
<td>5</td>
<td>L</td>
<td>31.6%</td>
<td>31.6%</td>
<td>29.1%</td>
<td>+</td>
<td>31.6%</td>
<td>30.9%</td>
<td>+</td>
</tr>
<tr>
<td>Low to Moderate Income Program Participation</td>
<td>1</td>
<td>H</td>
<td>35,000</td>
<td>35,000</td>
<td>44,339</td>
<td>+</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Customer Self-Service</td>
<td>5</td>
<td>H</td>
<td>48.5%</td>
<td>46.1%</td>
<td>60.4%</td>
<td>+</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Energy Efficiency Annualized Energy Savings</td>
<td>5</td>
<td>H</td>
<td>1,099,976</td>
<td>932,838</td>
<td>1,064,903</td>
<td>+</td>
<td>92,274</td>
<td>98,332</td>
<td>+</td>
</tr>
<tr>
<td>Electric Vehicles (Focus Areas)</td>
<td>1</td>
<td>H</td>
<td>1,000</td>
<td>850</td>
<td>2,014</td>
<td>+</td>
<td>75</td>
<td>272</td>
<td>+</td>
</tr>
<tr>
<td>Heat Pumps (Focus Areas)</td>
<td>1</td>
<td>H</td>
<td>4,447</td>
<td>4,190</td>
<td>5,740</td>
<td>+</td>
<td>500</td>
<td>771</td>
<td>+</td>
</tr>
</tbody>
</table>
## 2022 Performance Metrics
Scope Functions, Metric Areas and Incentive Compensation Allocations

<table>
<thead>
<tr>
<th>Electric T&amp;D</th>
<th>Customer Services</th>
<th>Information Technology</th>
<th>Business Services</th>
<th>Power Supply &amp; Clean Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>40% = $8M</td>
<td>20% = $4M</td>
<td>15% = $3M</td>
<td>15% = $3M</td>
<td>10% = $2M</td>
</tr>
<tr>
<td>40 Metrics</td>
<td>19 Metrics</td>
<td>7 Metrics</td>
<td>21 Metrics</td>
<td>9 Metrics</td>
</tr>
</tbody>
</table>

### Electric T&D
- Reliability Metrics
- Asset Management
- Work Management
- Employee Overtime
- Storm Hardening
- Vegetation Management
- Employee, Contractor and Public Safety
- Estimated Time of Restoration (ETR)
- Project Design, Construction and Cost Control

### Customer Services
- Customer Projects
- J.D. Power Survey Performance
- Research New Customer Transactional Performance
- CAS Modernization
- Billing Timeliness and Accuracy
- Collections: Net Write Offs, A/R Aging, DSO and LMI Program
- Contact Center Service Level
- Customer Complaint Rate
- Long Term Estimates and Advanced Consumption

### Information Technology
- Organizational Performance Maturity Level – Doing and Managing
- System Resiliency
- System and Software Lifecycle Management
- System Implementation – Projects and PIPs
- System Segregation

### Business Services
- Risk Management
- Human Resources
- Legal
- Vendor Performance
- Accounting & Budgets
- Rates & Tariffs
- External Affairs & Communications
- Contract Administration Manuals (CAMs)

### Power Supply & Clean Energy
- Long-Range Planning Studies, including IRP and Energy Storage
- Energy Efficiency Savings
- DER Hosting
- Electric Vehicle Make Ready Program
- Beneficial Electrification Programs
- TOU Pricing PILOTS
- Billing System Regulatory Requirements
Change Management

1. DEFINE
   - Align expectations regarding the scope of the change as well as timing and business impact

2. PLAN
   - Understand how the changes will impact the organization and design a strategy to support implementation and adaptation to new operating model

3. IMPLEMENT
   - Engage with leaders and employees to execute the change

4. ADAPT/SUSTAIN
   - Work with leaders and employees to track adoption and pivot where needed and drive lasting change
Organizational Preparations

- Adjusted organizational design in support of contractual obligations, organizational effectiveness and delivery of Scope Function Specific operating standards.
  - New organizational design will strengthen operational decision-making to local management team, increase leadership in critical areas, position organization for continuous improvement and to embrace change and, promote/encourage new ideas.
- Filled VP of Electric Transmission and Distribution and Chief Information Officer roles.
- Developed and actively posting enhanced leadership roles that were identified in the term sheet (Emergency Preparedness, Business Services, Chief Information Security Officer and Human Resources leaders).
- Creating workshops to educate leadership, management and employees on contractual changes and operating changes associated with revised OSA.
- Developing workshops to review Scope Function-specific performance metrics to identify the drivers, dependencies and initiatives around new goals, targets and operating standards.
OMS 6.7.8 Testing Update

**Update:**
- The work to upgrade to the outage management system is largely complete at this time.
- Remaining work is focused on extensive testing to ensure system operations meet all performance standards.
- Considering the remaining testing activities, the lead-time for production deployment and the current time of the year, the deployment to production for the upgraded system is expected to be completed in January 2022.
- There is no risk to operations or customer reliability with this upgrade deployment schedule change.
  - The current outage management systems are operating without issue and have successfully been tested against multiple storm scenarios.

**Next Steps:**
- Over the next two weeks the Test Team will run additional tests and further tune the system to meet performance requirements.
- In December, PSEG Long Island plans to run two formal performance tests (90% of customers out over a 24 hour period and end-to-end 5 hour test based on the Storm Isaias model).
  - Both LIPA and DPS will be monitoring these tests as they did in May.
- PSEG Long Island will run a full resiliency fail over test near the end of December as one of our final tests prior to commissioning the system in January.

**We are committed to providing the customers of Long Island with a working Outage Management System and will not put a system into production unless the system passes all testing criteria.**