

**LONG ISLAND POWER AUTHORITY**

**MINUTES OF THE OVERSIGHT and CLEAN ENERGY COMMITTEE MEETING**

**HELD ON DECEMBER 15, 2021**

The Oversight and Clean Energy Committee of the Long Island Power Authority (“LIPA”) was convened at 9:47 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on December 10, 2021; and electronic notice posted on LIPA’s website.

*In compliance with New York State Open Meeting Law and in furtherance of COVID-19 public safety, the following guidelines were publicly posted and followed:*

*The Long Island Power Authority is taking steps to minimize the risk of exposure for the public and our employees. As such, LIPA will not be permitting in-person access to its December 15, 2021 Oversight and Clean Energy meeting. Members of the public are encouraged to observe the live stream of the meeting posted at the LIPA website. The meeting will also be recorded and posted to LIPA’s website for later viewing.*

**The following LIPA Trustees were present:**

**Mark Fischl, Committee Chair (in person)**  
**Rev. Alfred Cockfield, Committee Member (via video conferencing)**  
**Nancy Goroff, Committee Member (in person)**  
**Ali Mohammed, Committee Member (in person)**  
**Elkan Abramowitz (via video conferencing)**  
**Valerie Anderson Campbell (via video conferencing)**  
**Drew Biondo (in person)**  
**Sheldon Cohen (in person)**  
**Laureen Harris (in person)**

**Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, Chief Administrative Officer & Board Secretary; Mujib Lodhi, Chief Information Officer and Senior Vice President of Customer Experience; Billy Raley, Senior Vice President of T&D Oversight; Brian Rudowski, and Andrew Berger, Communications Assistant. Participating via video conferencing were Tamela Monroe, Chief Financial Officer; Rick Shansky, Senior Vice President of Power Supply and Wholesale Markets;**

Justin Bell, Vice President of Public Policy and Regulatory Affairs; Kathleen Mitterway, Senior Advisor for Audit; Tom Locascio, Director of External Affairs; and Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.

Representing PSEG Long Island, via video conferencing, was Daniel Eichhorn, President and Chief Operating Officer.

*Chair Fischl welcomed everyone to the Oversight and Clean Energy Committee meeting of the Long Island Power Authority Board of Trustees.*

*Chair Fischl stated the first item on the agenda is the adoption of the minutes from the November 17, 2021 Oversight and Clean Energy Committee meeting.*

*Upon motion duly made and seconded, the minutes of the November 17, 2021 meeting were approved unanimously.*

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*Chair Fischl stated that the next item on the agenda is the Consideration of Recommendation to Approve the Annual Report to the Board Policy on Safety to be presented by Billy Raley.*

*Mr. Raley presented the following action item and took questions from the Trustees:*

#### **Requested Action**

The Oversight and Clean Energy Committee (the “Committee”) of Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending the Board adopt a resolution finding that LIPA has complied with the Board Policy on Safety (the “Policy”) for the period since the last annual review and approving the annual report for the Policy, which resolution is attached hereto as Exhibit “A.”

#### **Background**

By Resolution No. 1379, dated September 27, 2017, the Board adopted the Policy. The Policy sets objectives to ensure a safe environment for the dedicated workforce of its service provider and the public. The Policy also establishes regular performance reporting by LIPA Staff to enable the Board to assess the adequacy of the service provider's policies, procedures, and practices for safety, compliance with applicable health and safety laws and regulations, safety performance, including comparisons to peer electric utilities and initiatives to improve the safety of the service provider's operations. The Policy was last reviewed by the Board in December 2020.

### **Compliance with the Policy**

LIPA Staff recommends that the Board find that LIPA has complied with the objectives of the Policy for the period since the last annual review for the reasons set forth below. The Policy provides the following:

**“Reviewing on a periodic basis no less than every three years the policies, procedures, and practices of the Authority's service provider.”**

- **In 2020, LIPA hired Schumaker & Company (“Schumaker”) to conduct the second triennial Safety Assessment of PSEG Long Island. The 2020 Schumaker report contains five recommendations aimed at enhancing existing practices in such areas as training, safety metrics, work practices, safety oversight, and consolidation of training services and facilities. All recommendations were implemented and verified.**
- **For 2021, in light of the limitations on the scope of the Schumaker review as a result of COVID-19, when such restrictions are lifted, LIPA is scheduled to engage an independent third party to perform onsite field observations of PSEG Long Island's work practices and safety management processes, including a comparison to industry best practices.**

**“Benchmarking against the top quartile in safety performance of the service provider to the top 25 percent of peer utilities, as measured by OSHA Recordable Incidence Rate and OSHA Days Away Rate.”**

- **PSEG Long Island benchmarks its safety performance against a nationwide panel of electric utilities. That benchmarking helps establish programs that improve safety performance at PSEG Long Island. Since 2014 through year-to-date (“YTD”) 2021, there has been a 65% improvement in the OSHA Recordable Incident Rate and a 70% improvement in the OSHA Days Away Rate. PSEG Long Island has now reached top quartile performance for both OSHA measures for the first time, and is moving towards top decile performance compared to industry benchmarked peers. The OSHA Recordable Incident Rate through November 2021 is 0.97 vs. the top quartile benchmark target of 0.97 and the OSHA Days Away Rate through November 2021 is 8.79 vs. the top quartile benchmark target of 11.90. PSEG Long Island is on track to achieving its best safety performance year on record in 2021.**

**“Assessing the operational factors that contribute to injuries, motor vehicle accidents and redlight violations and the efforts to improve performance, where necessary.”**

- **PSEG Long Island has an ongoing process for assessing the factors that drive safety performance. They have built a culture of accountability using Partners in Leadership concepts, effectively changing the way people think and act throughout the organization to achieve desired results. Contractor Safety Programs are stronger through improved vetting, communications, and oversight of contractors responding to storm emergencies. Throughout COVID-19, PSEG Long Island has enhanced employee safety and regulatory training experiences by implementing new online driver, safety leadership, and annual safety training programs. In addition, they have delivered newly created Work Area Protection and Flagging training to enhance safety while working on or alongside roadways and they have enhanced forklift training to include additional practical skills. Moreover, they continue to partner with Briotix Health reducing musculoskeletal injuries through improved work techniques and pre-job stretching (40% over 2020 and 60% since 2014).**
- **Motor vehicle safety continues to be an area of focus in 2021, including a new remedial training program offering insurance discounts and point reductions to employees upon completion. Continued enhancements of automated vehicle location system (“AVLS”) controls and red light ticket analytics is driving culture change in employee driving behaviors and is credited with the continued reduction of both motor vehicle accidents (12% November 2021 YTD year-over-year (“YOY”) and 54% since the inception of AVLS) and red-light violations (33% November 2021 YTD YOY and 59% since the inception of AVLS).**
- **PSEG Long Island continues to conduct executive-level meetings with contractors to review their investigations of injuries and motor vehicle accidents. Additionally, PSEG Long Island introduced improvements to the onboarding of foreign crews during restoration efforts that stemmed from a team of Long Island and New Jersey subject-matter experts tasked with reviewing and recommending changes to the current on boarding and oversight practices of foreign crews during restoration efforts. These include, among other actions, reviewing contractor OSHA and ISNetworld safety ratings prior to arrival; communicating safety information electronically upon call out in addition to providing onsite safety briefings upon arrival; hosting daily safety meetings with all internal and external Safety, Health and Environmental resources throughout storm events; and assigning leads for field surveys of external crews.**

### **Enterprise Risk Management Discussion**

**The Board has adopted a policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. There is one risk related to the Policy; “Employees and contractors not following safety procedures and equipment failures resulting in injury/death to employees, contractors and/or member(s) of the public.”**

**This risk is rated as a medium level risk and is identified as one of PSEG Long Island’s top-tier risks. To mitigate this risk, PSEG Long Island’s Safety Program fosters a high level of safety awareness by its employees and contractors. PSEG Long Island verifies contractor safety records, reviews, authorizes contractor safety plans prior to commencement of work, and conducts required trainings for employees, contractors, and supervisors (e.g., Substation**

Awareness Training). Attendance is tracked and monitored at these training sessions. The Safety Program also includes contractor roundtables with PSEG Long Island staff to ensure adherence to the policies and procedures and identifies additional protocols for integration into these sessions. Equipment has also been installed in company vehicles to record driving data to help reduce motor vehicle incidences.

In addition to PSEG Long Island's oversight of its contractors, LIPA continues its oversight by verifying OSHA-related data as part of the current monthly Scorecard meetings. Increased LIPA oversight of contractors will be achieved with the inclusion of all on-island contractor injuries not previously included in PSEG Long Island's safety statistics and a new safety performance metric – Serious Injury Incidence Rate will capture high hazard related injuries. Given the oversight efforts of both organizations, the programs noted above, and the new metrics we believe the risk is adequately managed.

### Annual Review of the Policy

LIPA Staff recommends no changes to the Policy.

### Recommendation

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

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

### RESOLUTION RECOMMENDING APPROVAL OF THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON SAFETY

WHEREAS, the Board Policy on Safety (the "Policy") was originally approved by the Board of Trustees Resolution No. 1739, dated September 27, 2017; and

WHEREAS, the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Finance and Audit Committee recommends that the Board adopt a resolution finding that LIPA has complied with the Policy for the period since the last annual review and approving the annual report to the Board.

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*Chair Fischl stated that the next item on the agenda is the Consideration of Recommendation to Approve the Annual Report on the Former Board Policy on Information and Physical Security to be presented by Mujib Lodhi.*

*Mr. Lodhi presented the following action item and took questions from the Trustees:*

### **Requested Action**

The Oversight and Clean Energy Committee (the “Committee”) of Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending: (i) approval of the annual report on the former Board Policy on Information and Physical Security (the “Policy”) for the period since the last annual review; and (ii) that LIPA has substantially complied with the Policy, which resolution is attached hereto as Exhibit “A.”

### **Discussion**

By Resolution No. 1500, dated December 18, 2019, the Board adopted the Policy. The Policy delineates the Board’s expectations and direction for information and physical security in accordance with public safety, operational, reputational, and compliance requirements and establishes a reporting requirement to the Board on compliance with the key provisions of the Policy. The Policy was last reviewed and amended by the Board at its meeting in December 2020. The Policy was supplanted by a new Information Technology and Cybersecurity Policy at the Board’s November 17, 2021 meeting; however, Staff is reporting on compliance with the prior Policy for activities through November 2021.

### **Compliance with the Policy**

LIPA Staff recommends that, for the reasons set forth below, the Board find that LIPA has - substantially complied with the Policy. Compliance with each element of the Policy is discussed in detail below.

The Policy provides that “LIPA and its Service Provider will undertake, at a minimum, the following activities each year”:

“Annual reviews of the overall maturity of the cyber and physical security programs of LIPA and its Service Provider, consistent with industry best practices”

- LIPA and its service provider, PSEG Long Island, have adopted the NIST Cybersecurity Framework (CSF) to drive improvements to their cybersecurity programs. The Framework focuses on using business drivers to guide cybersecurity activities and considers cybersecurity risks as part of the risk management processes, including guidance on People, Process, and Technology to implement defense in depth for the enterprise

- **LIPA and its service provider, PSEG Long Island, have adopted NERC's Physical Security Standard (CIP-2 and CIP-14) to protect LIPA's T&D assets. The physical security of each of the T&D assets is derived from a risk assessment of each asset and its impact on the power grid.**

**“The Service Provider will conduct quarterly internal and annual third-party vulnerability assessment and penetration testing of all Information Technology (IT) and Operational Technology (OT) assets and vulnerability assessment of facilities and functions every three years.**

**The Service Provider will confidentially submit the vulnerability assessment and penetration testing reports, management action plans, and monthly progress report on remediation to LIPA's Chief Information Officer”**

- **PSEG Long Island Cybersecurity: PSEG engaged a third-party consultant to perform a vulnerability assessment and penetration test late in 2020. Due to COVID-19 limitations, the assessment was concluded in the first quarter of 2021. PSEG Long Island reported the remediation of all critical, high, and medium risks identified as a result of the assessment. Management Action Plans were not submitted to LIPA. However, PSEG Long Island reports monthly on progress to close the findings. PSEG Long Island also has a program of monthly vulnerability scanning of all assets, which are tracked in a comprehensive database and are addressed throughout the year. The Request for Proposal for the 2022 assessment has been released, and responses are pending.**
- **LIPA Cybersecurity: LIPA engaged a third-party firm to conduct a vulnerability assessment and penetration test and performed focused timeboxed attack and penetration testing of hosts on LIPA's corporate network, including servers, workstations, and other network devices available through the internal environment. Remediation plans were developed and are being implemented. Significant improvements in the LIPA's cybersecurity management practices were made in 2021.**
- **PSEG Long Island Physical Security: FERC reliability standards require transmission owners or operators to perform a risk assessment of their systems to identify “critical facilities,” evaluate the potential threats and vulnerabilities to those identified facilities and develop and implement a security plan designed to protect against physical attacks on those identified critical facilities. PSEG Long Island conducts Security Vulnerability Inspections (SVI) at 53 critical and NERC facilities and Physical Security Inspections (PSI) at all LIPA sites. A computer database is used for tracking inspections and the management of NERC CIP Physical Security requirements. In addition, a “Red Team” penetration test is conducted to assess the Security Command Center response.**
- **In 2021, PSEG Long Island performed annual SVIs for 51 of the 53 identified critical facilities, with the final two facilities scheduled for completion in December 2021. There were no critical physical security deficiencies discovered during these inspections.**

**“The Service Provider will conduct an independent annual NIST Cybersecurity Framework and COBIT 2019 Maturity Level assessment by an assessor approved by LIPA and confidentially targeted COBIT Maturity Level 4 (Quantitatively Managed) along with NIST CSF Tier 3 (Repeatable) by September 2021 and COBIT Maturity Level 5 (Optimizing) along with NIST CSF Tier 4 (Adaptable) by September 2022”**

- **PSEG Long Island will not meet its NIST - CSF/COBIT Maturity target for 2021 established in the Board policy. PSEG Long Island conducted the NIST Cybersecurity Maturity Level assessment and developed the work plan to improve the maturity level. PSEG Long Island report on progress at monthly oversight meetings. However, the evaluation and the work plan have not been submitted to LIPA. PSEG Long Island did not complete the COBIT maturity assessment. The NIST-CSF maturity target has been incorporated into the reformed contract default metrics.**

**“The Service Provider will develop initial 3-Year Cyber and Physical Security Strategic Plans and submit them to LIPA by June 2021; the Service Provider will review and/or update the respective Strategic Plans at least annually to consider the changing threat landscape and/or mitigation opportunities”**

- **To date, PSEG Long Island has not submitted an initial 3-Year Cybersecurity Strategic plan.**
- **In June 2021, PSEG Long Island delivered to LIPA a report outlining their physical security plans and priorities. LIPA reviewed the plan and believes there is room for improvement. In 2022, LIPA will be engaging an outside consultant to review PSEG Long Island’s physical security plans and practices and make recommendations for enhancements to be included in the 2023 budget.**

**“The Service Provider will develop and submit to LIPA an annual work-plan in Q4 of each year for the subsequent year, guided by the Cyber and Physical Security Strategic Plans”**

- **PSEG Long Island has not developed nor submitted the annual Cybersecurity Work Plan for 2022.**
- **Though formal Strategic and Work Plans have not been developed for Physical Security, PSEG Long Island has provided a Project Justification Document (PJD) describing 2022 planned work, which entails security upgrades at two substations. Going forward, LIPA will endeavor to align the Board Policy with the Budget and PJD processes.**

**“The Service Provider shall comply with all applicable standards, directives, and guidance issued by regulatory or industry advisory bodies, including the North American Electric Reliability Corporation, Federal Energy Regulatory Commission, Department of Energy, Department of Homeland Security, and New York State Department of Public Service; This would include Annual self-assessment for compliance with NERC. Quarterly reporting of any incidents of noncompliance with the applicable standards”**



- In 2021 Northeast Power Coordinating Council (NPPC) Inc. conducted a scheduled audit of PSEG Long Island’s NERC compliance. The audit period was from September 28, 2018, to October 30, 2020, for CIP; February 28, 2015, to October 30, 2020 (DP: Distribution Provider, TO: Transmission Owner) and November 30, 2017, to October 30, 2020 (TOP: Transmission Operations, TP: Transmission Planner) for O&P (Operations and Planning); and covered the DP, TOP, TO and TP function(s). The audit process included a review of evidence submitted to demonstrate compliance and SME interviews conducted virtually.

The audit scope included 15 standards and 46 requirements. The audit findings resulted in three potential non-compliance findings, for which remediation has been addressed. None of these findings were related to physical security.

“The Service Provider will confidentially report no less than quarterly to LIPA’s Chief Information Officer: Service Provider’s compliance with industry and regulatory standards and exceptions. The effectiveness of the Security Programs and Policies, as indicated by various security-related Key Performance Indicators (KPIs). Implementation of additional defensive technology initiatives. Security incidents, responses, and their impact.”

- In compliance with this policy requirement, PSEG Long Island staff provided monthly briefings on the state of Cybersecurity, Key Performance Indicators, and ongoing Cyber defensive technology projects.

“The Service Provider will inform the LIPA CIO of any significant breach or other unmitigated vulnerabilities immediately upon discovery.”

- PSEG Long Island informed the LIPA CIO of all cyber incidents during 2021.

“LIPA will provide oversight, including review, Independent Verification, and Validation (IV&V) of the Services Provider’s Cyber and Physical Security Program(s) as necessary.”

- In 2022, LIPA will have a comprehensive vulnerability assessment, penetration testing, and overall cyber program evaluation conducted by an independent consultant. This assessment will include an independent review of PSEG Long Island’s NIST CSF compliance status and will provide recommendations to achieve the target outlined in the reformed PSEG Long Island contract default metrics.
- In 2021, LIPA Staff conducted regularly scheduled meetings with PSEG Long Island’s compliance group to review whether there were any issues requiring the need to self-report on any NERC standards. In 2022, LIPA will have a vulnerability assessment, and overall physical security program evaluation conducted by a third-party consultant/firm of critical infrastructure.

### Annual Review of the Policy

At its meeting on November 17, 2021, the Board adopted a new policy on Information Technology and Cyber Security to replace this Policy. Moving forward, the annual reports

to the Board will review compliance with the Board Policy on Information Technology and Cyber Security.

### **Recommendation**

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

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

### **RESOLUTION RECOMMENDING APPROVAL OF THE ANNUAL REPORT TO THE BOARD OF TRUSTEES ON THE FORMER BOARD POLICY ON INFORMATION AND PHYSICAL SECURITY**

WHEREAS, the Board Policy on Information and Physical Security (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1500, December 18, 2019; and

WHEREAS, the Policy was last reviewed and amended by the Board at its meeting in December 2020; and

WHEREAS, the Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees has conducted the annual review of the Policy and recommends that the Policy has been substantially complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board find that LIPA has substantially complied with the Policy and approve the annual report to the Board.

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*Chair Fischl stated that the last item on the agenda is the PSEG Long Island Presentation and Operating Report to be presented by Daniel Eichhorn.*

*Mr. Eichhorn presented the PSEG Long Island Presentation and Operating Report and took questions from the Trustees.*

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*At approximately 10:21 a.m. Chair Fischl stated that the Committee would adjourn to Executive Session to discuss safety matters. Chair Fischl stated that no votes would be taken and that the Committee would not be returning to public session.*

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