

FOR CONSIDERATION

May 18, 2022

TO: The Board of Trustees

FROM: Thomas Falcone

REQUEST: Approval of the Annual Report on the Board’s Policy on Transmission and Distribution Operations

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution: (i) approving the annual report on the Board Policy on Transmission and Distribution (“T&D”) Operations (the “Policy”); and (ii) finding that LIPA has complied with the Policy, which resolution is attached hereto as **Exhibit “A.”**

Background

By Resolution No. 1371, dated July 26, 2017, the Board originally adopted the Policy. The last annual review of the Policy was completed in May 2021, and the Board last amended the Policy in November 2021. The amendments to the Policy in November 2021 changed the name of the Policy from T&D System Reliability to T&D Operations.

The Policy now provides that: “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. The Policy also provides for an annual reporting requirement that “[t]he Chief Executive Officer, or his or her designee, will report annually to the Board on the key provisions of this Policy.”

Compliance with the Policy

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

As set forth in the Policy, “[t]o 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.”

- Through the reduction of outages, and outage duration, by utilizing enhanced vegetation management, comprehensive circuit inspections, and the addition of circuit protection devices, LIPA has taken steps to improve reliability with the vision of achieving top decile

reliability (i.e., top 10% of peer utilities) as measured by system average outage duration.

- The LIPA Board approved a vegetation management budget for 2022 that is approximately 41% above prior-year levels, reflecting three new vegetation management performance metrics for 2022. The 2022 PSEG Long Island performance metrics also include six reliability metrics.
- PSEG Long Island's 2019 actual performance versus the top decile in minutes was 51.4/51.4. For 2020, that same comparison was 66.0/54.3, which was outside of the top decile. PSEG Long Island's actual performance for 2021 was 54.7 minutes, however, the 2021 benchmarks are not yet available for comparison purposes.
- 2022 PSEG Long Island performance metrics, which were negotiated with PSEG Long Island, set a system average outage duration target of 59.0 minutes, which is approximately eight percent above the most recent top decile benchmarks currently available.

“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.”

- The 2022 PSEG Long Island performance metrics include metrics for sustained multiple customer outages, repeat multiple customer outages, and multiple momentary customer outages. In particular, the metric for repeat multiple customer outages targets reducing the number of customers with 4 or more sustained interruptions over a multi-year period by 80%.
- Annual reliability programs are designed to improve circuit performance, including the Circuit Improvement Program (“CIP”), the Multiple Customer Outage Program (“MCO”), and the Multiple Device Operation Program (“MDO”).
- 421 miles of branch lines were addressed on 28 circuits through the CIP program in 2021, and 155 capital system improvement jobs and improvement of 544 branch tap lines were completed in 2021 to address MCO and MDO programs.

“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.”

- LIPA has required the development of a roadmap for an Enterprise Asset Management System (“EAMS”) to reduce failure rates through better maintenance practices. This effort includes a complete inventory of Transmission and Distribution assets beginning in June 2022. These initiatives are incorporated into three 2022 PSEG Long Island performance metrics.
- The 2022 PSEG Long Island performance metrics also include a metric to position Automated Switching Units (“ASUs”) on circuits to ensure no more than 500 customers between devices. This will help with system configuration options and help minimize the number of affected customers during outages. 154 ASUs were added in 2021.
- The 2022 PSEG Long Island performance metrics also include a metric to operationalize reclosers to function as tripping devices to reduce the number of customers affected and the duration during Blue Sky and adverse weather events.

“safeguard people and protect facilities and functions that support operations from unauthorized

access or disruption through vulnerability assessments and risk mitigation”

- The 2022 PSEG Long Island performance metrics include four metrics related to safety.
- A Safety assessment of PSEG Long Island is in progress and will identify areas for improvement. The assessment and recommendations will be finalized in June 2022. LIPA will address the recommendations with PSEG Long Island.
- LIPA is performing a security evaluation of physical assets to identify vulnerabilities and determine risk via a third party assessment to begin June 2022.

The Policy further provides that “[t]o 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”

- The 2022 PSEG Long Island performance metrics include five metrics related to storm hardening. The storm hardening metrics continue development and execution of robust storm overhead and underground hardening plans designed to improve the mainline and branch line performance during increasingly more severe storm patterns. More than 111 miles of primary mainline were assessed and improved in 2021.
- Three new 2022 performance metrics target improved vegetation management, including improved cycle trim with vegetation intelligence to identify fast-growing species, utilizing an improved trimming technique of “circuit trim to sky,” and pre-emptive hazardous tree identification and removal of 12,000 hazard trees in 2022. LIPA approved supplemental funds to remove more than 7,100 hazard trees in 2021.
- LIPA filed applications for additional federal grants for storm hardening in 2021, which are likely to be awarded in 2022. This could allow LIPA to accelerate several hundred million dollars of storm hardening investment at low cost to customers and is a benefit of LIPA’s public power status.

“assure timely and accurate communication to customers about outages and restoration times”

- LIPA is developing strategies to enhance the outage tracker mobile application to provide greater detail about the outage journey, and to enhance the Estimated Time of Restoration (“ETR”) process to provide more accuracy giving customers the ability to plan for the outage duration. Two 2022 performance metrics target improvements in this area.

“independently verify that emergency restoration plans are complete and tested.”

- As provided for in the Second Amended and Restated Operations Services Agreement, LIPA will annually review and approve PSEG Long Island’s Business Continuity Plans (“BCPs”), workaround plans, Emergency Response Implementation Plan (“ERIP”), and the Emergency Response Plan (“ERP”).
- LIPA will observe and evaluate the effectiveness and completeness of all PSEG Long Island training exercises and drills.

Annual Review of the Policy

The Policy was last updated in November 2021, where a working group of Trustees together with its consultant Leading Resources, Inc. provided substantial edits to the Policy to more fully reflect the Board's strategic direction in this area. LIPA Staff has reviewed the Policy and proposes no changes at this time.

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

RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON TRANSMISSION & DISTRIBUTION OPERATIONS

WHEREAS, the Board Policy on Transmission and Distribution (“T&D”) System Reliability was originally approved by the Board of Trustees by Resolution No. 1371, dated July 26, 2017; and

WHEREAS, the last annual review of the Policy was completed in May 2021 and the Board last amended the Policy in November 2021; and

WHEREAS, the amendments to the Policy in November 2021 changed the name of the Policy from T&D System Reliability to T&D Operations; 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 Board hereby finds that the LIPA has complied with the T&D Operations Policy for the period since the last annual review and approves the annual report to the Board.

Dated: May 18, 2022