



Briefing on Quarterly Report on PSEG Long Island 2022 Performance Metrics

July 27, 2022

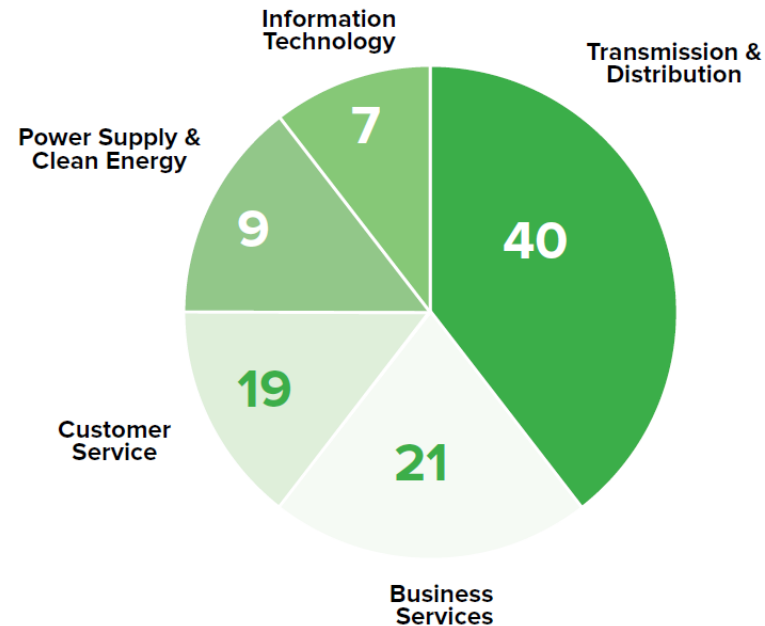
PSEG LONG ISLAND 2022 METRICS

- For 2022, the Board approved **96 PSEG Long Island Performance Metrics**, distributed across all the management services provided by PSEG Long Island to LIPA and its customers
- Metrics are designed to be achievable levels of performance that are objectively verifiable, with budgeted funds to achieve this performance
- \$21 million of Variable Compensation* is at-risk based on these performance standards

**Indexed for the Consumer Price*

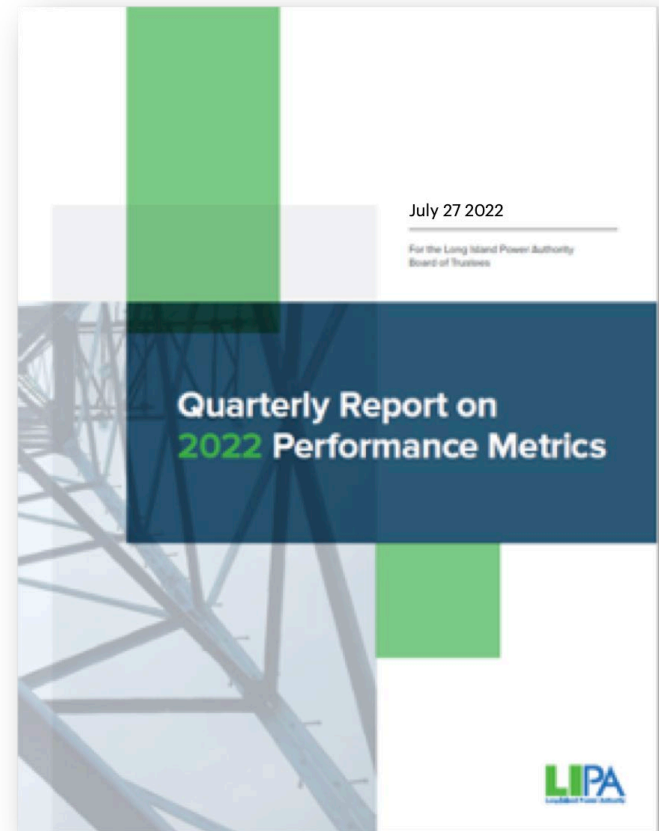
Index, with an adjustment for 2022 of \$1.025 Million

2022 PERFORMANCE METRICS
DISTRIBUTION BY SCOPE



PERFORMANCE METRIC REPORTING

- On an ongoing basis, LIPA **Independently Verifies and Validates** (IV&V) PSEG Long Island's performance against the established standards for each metric
- Quarterly Metrics reports will be provided to the LIPA Board. The July Q2 report is the second such report, and provides an overview of the status of each metric

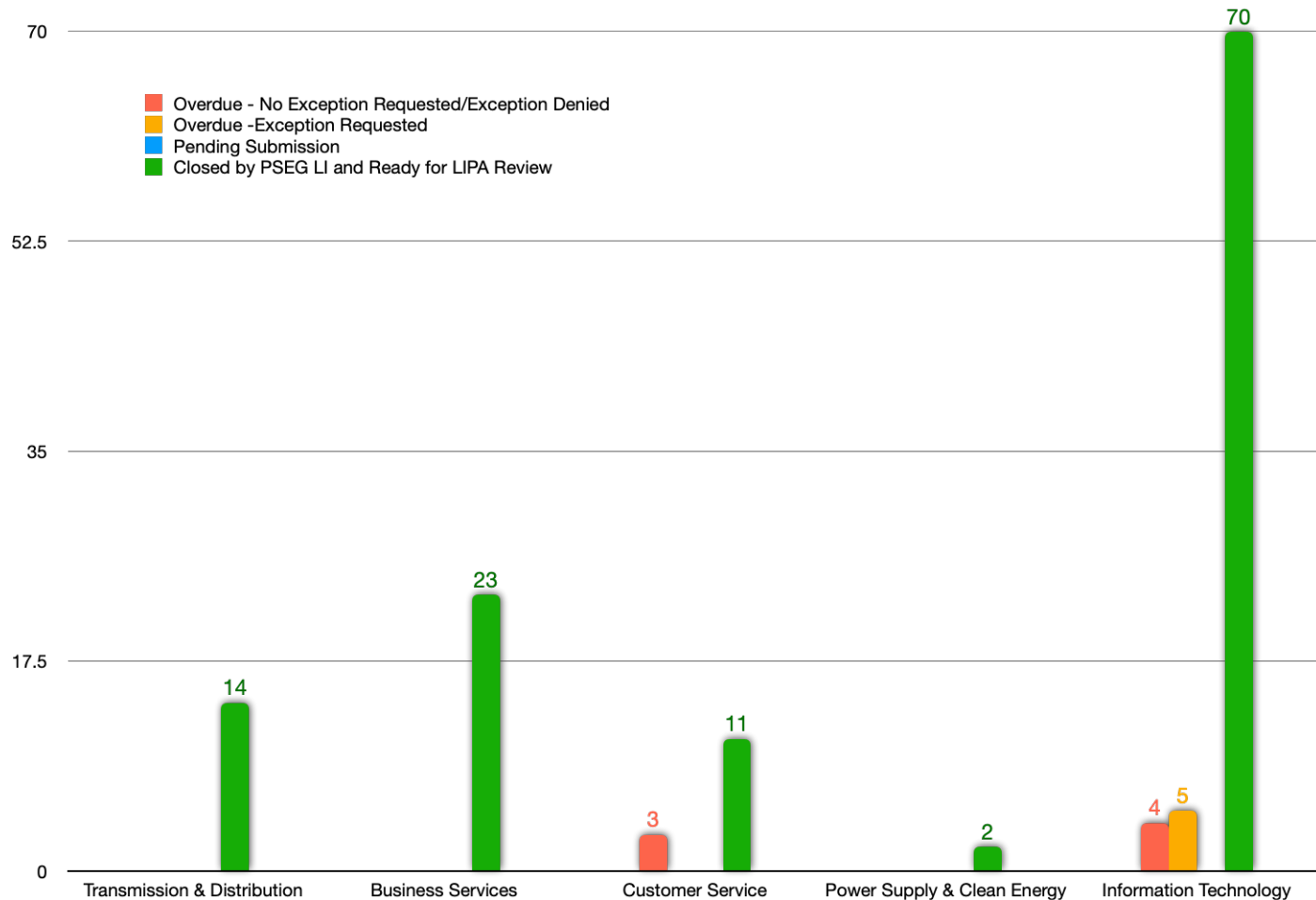


PERFORMANCE METRIC MONITORING

- Each metric is monitored by a LIPA team including an Executive Sponsor from LIPA's senior management, a Project Manager, and Subject Matter Experts
- All metrics fall into one of two categories:
 - **53 Qualitative Metrics that are project-oriented and incorporate one or more required deliverables with defined target dates.** Required deliverables for these metrics are tracked and reviewed on an ongoing basis; at year-end, the performance for deliverables will be assessed against the established standards and requirements for each metric
 - **43 Quantitative Metrics that specify predefined numerical measurements of performance.** Metrics are tracked and measured using scorecards submitted monthly by PSEG Long Island, which are independently validated by LIPA staff and assessed for factors including year-to-date (YTD) performance versus target, trending, and outlook for year-end performance

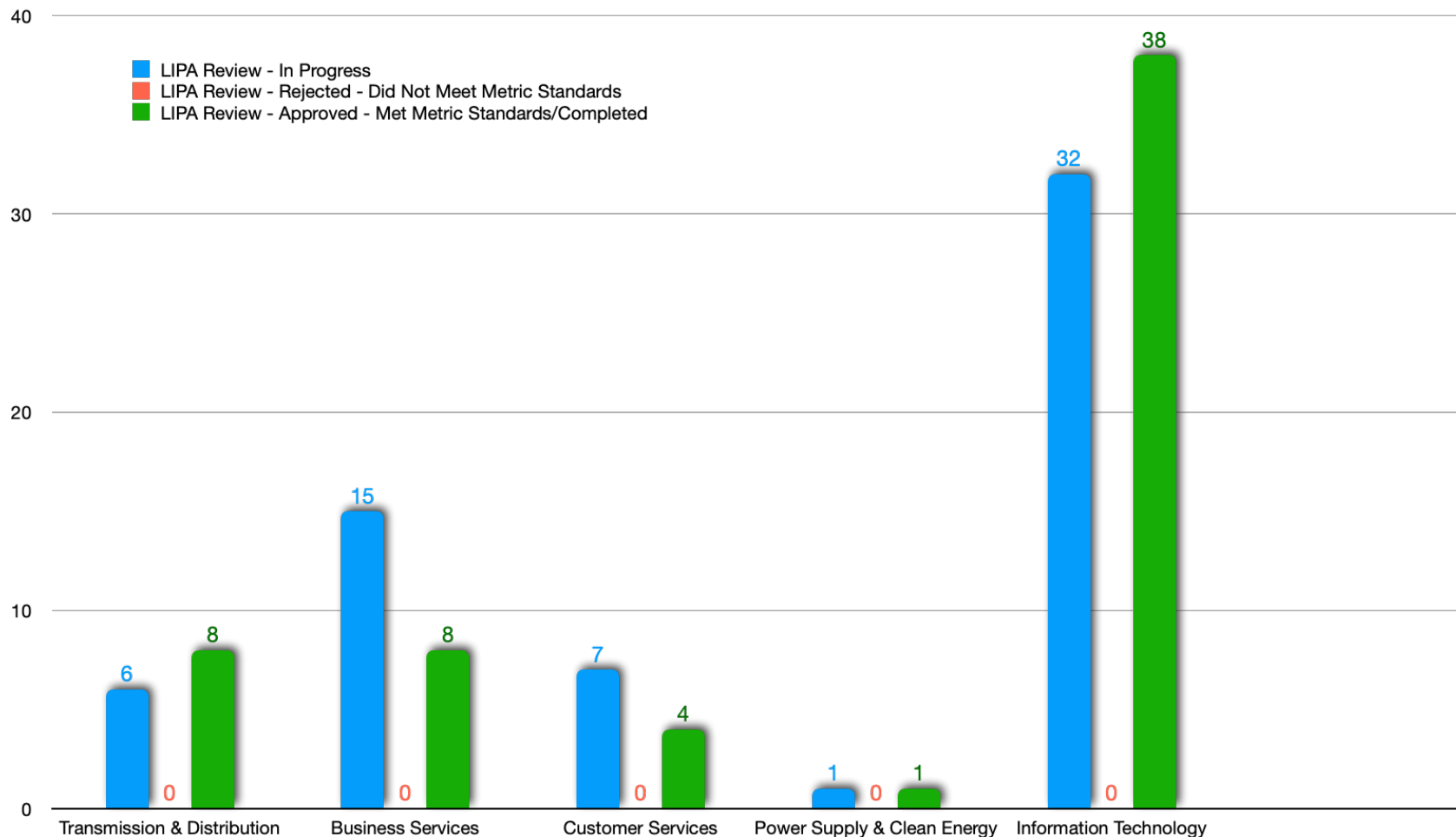
QUALITATIVE METRICS: Q2 PSEGLI SUBMISSIONS

PSEG LI SUBMISSION STATUS BY SCOPE



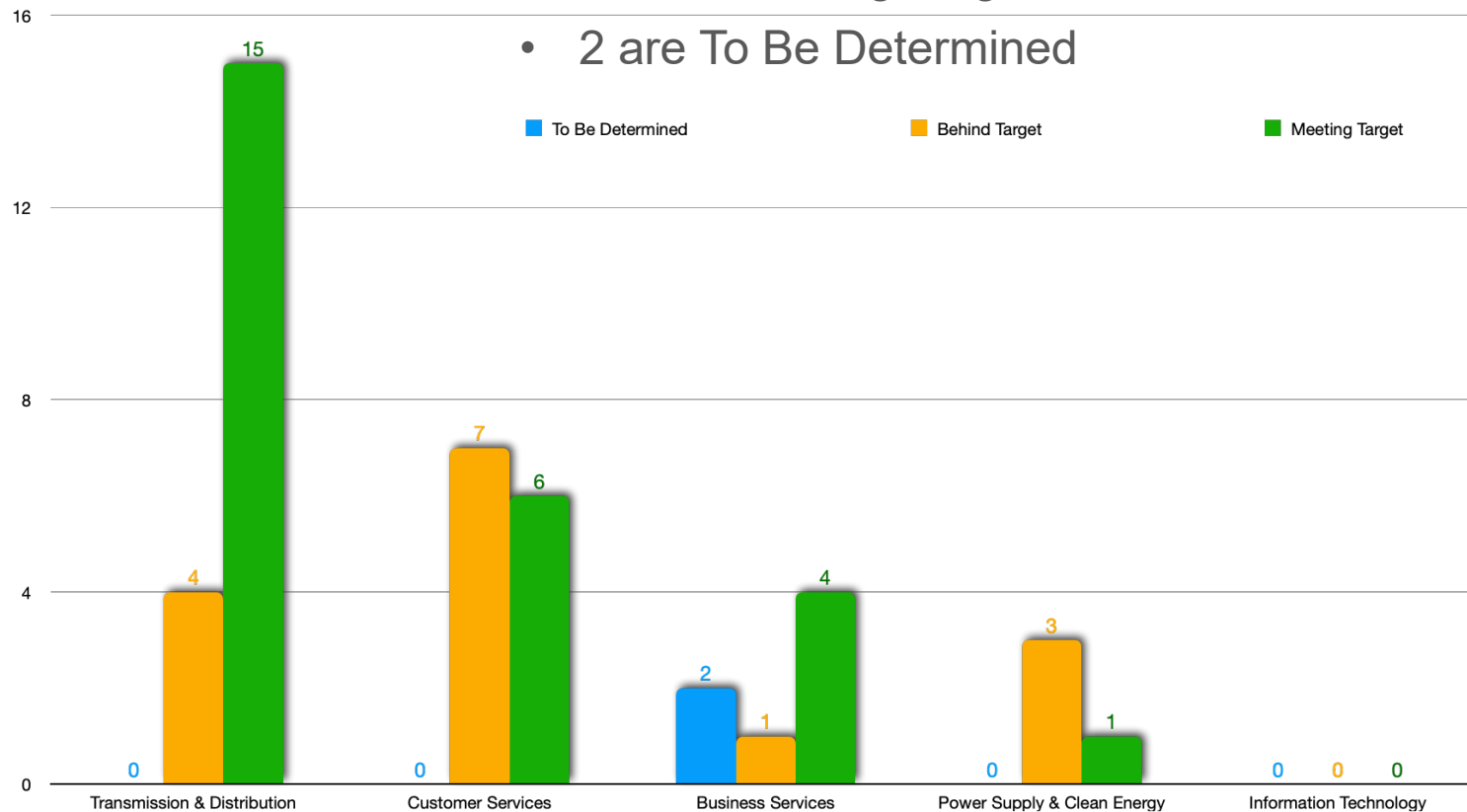
QUALITATIVE METRICS: Q2 LIPA REVIEW

LIPA IV&V APPROVAL STATUS BY SCOPE



QUANTITATIVE METRICS STATUS YTD

- Of the **43 Quantitative Metrics**:
 - 15 are Behind Target
 - 26 are Meeting Target
 - 2 are To Be Determined



OVERALL STATUS

- **With two quarters left in the year, it is too early to assess whether PSEG Long Island will meet each metric**
- **We can say that metrics are proving to be a valuable tool for performance management and oversight**
 - Greater responsiveness and engagement from PSEG Long Island
 - Improved performance and results, potentially even in some cases where the metric will not ultimately be met
 - Much greater visibility for LIPA into the progress of projects and initiatives
 - Metrics process is helping to surface specific areas of weakness, which can inform LIPA and PSEG Long Island's efforts to improve performance in 2023 and beyond

SELECTED METRICS

- Some metrics are already producing strong results. For instance:
 - The **Work Management metrics** (T&D 17-22) have caused significant improvements in the work planning and have also improved the tracking and scheduling ability of the work management teams
 - The five **Customer Service Billing Performance metrics** (CS 6-10) are performing exceptionally well this year in part due to operational improvements from the acceleration of AMI installations
- Several important metrics have experienced challenges. For instance:
 - **JD Power Customer Satisfaction Survey** metrics (CS-2 & CS-3) are at significant risk. LIPA has suggested since February 2022 that PSEG Long Island develop a strategic plan to address customers' negative perceptions. PSEG Long Island feels that achieving the OSA metrics will sufficiently influence improvement in the score
 - The **IT System Resiliency** metric (IT-3), which requires well-designed, robust, and thoroughly exercised Disaster Recovery and Business Continuity Plans for specified critical systems/processes, is at risk

METRIC EXCEPTIONS

- PSEG Long Island requested 29 Exceptions for second quarter deliverables and LIPA approved 20, with one rejected, and eight under review
 - Exception requests seek extensions to due dates, changes to project scopes, requirements, or methodology
 - LIPA often provides PSEG Long Island with opportunities for corrective actions and resubmission of a deliverable
 - **LIPA grants exceptions if in the best interest of achieving the metric objective.** Our primary emphasis is in delivering a favorable result for customers, rather than a strict enforcement of the metric
 - Reported results reflect any Exceptions granted to PSEG Long Island related to a metric

CONTINUING CHALLENGES

- **The project management deficiencies identified by the ITF have emerged as a common weakness across many metrics, particularly in IT-related projects**
 - Poor planning has resulted in late starts and schedule adjustments for many projects
 - Inadequate quality assurance leads to significant rework, repeated reviews of deliverables, and metric exceptions
 - Improving PSEG Long Island's organizational project management capabilities will continue to be a key focus area for LIPA
 - PSEG Long Island is working on filling positions per a LIPA-funded IT re-organization, and appears to be progressing on the two Organizational Maturity Level metrics (IT-1 and IT-2) aimed at improving the IT organizational capability and performance
- **Managing PSEG Long Island re-work and quality assurance is proving to be an ongoing strain on the LIPA staff**



Discussion

Questions?

July 27, 2022

For the Long Island Power Authority
Board of Trustees

Quarterly Report on **2022** Performance Metrics

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EXECUTIVE SUMMARY

The Second Amended and Restated Operations Services Agreement (OSA) between the Long Island Power Authority (LIPA) and PSEG Long Island includes \$21 million¹ of Variable Compensation that is at-risk based on performance standards. The performance standards were negotiated between LIPA and PSEG Long Island for 2022 as part of the reformed OSA. The performance standards will be set by LIPA beginning in 2023, with an independent recommendation to the LIPA Board of Trustees (Board) by the Department of Public Service (DPS), the staff arm of the State's Public Service Commission.

For 2022, LIPA and PSEG Long Island agreed to **96 performance standards** (the [2022 Performance Metrics](#)), distributed across all of the management services provided to LIPA and its customers. Metrics typically address identified gaps between the level of service the Board has established in [Board Policy](#) and the current level of service. These metrics, which will be reset annually by LIPA and DPS, are designed to be achievable levels of performance that are objectively verifiable. The Board budgets the funds to achieve this performance, tying realistic plans and budgets to measurable outcomes each year. **These performance standards ensure that LIPA links PSEG Long Island's compensation to delivering results for Long Island and Rockaways electric customers.**

Under the LIPA Reform Act, LIPA is responsible for independently verifying and validating (IV&V) PSEG Long Island's performance and then providing its evaluation to DPS, who independently reviews LIPA's evaluation before LIPA pays any Variable Compensation to PSEG Long Island.

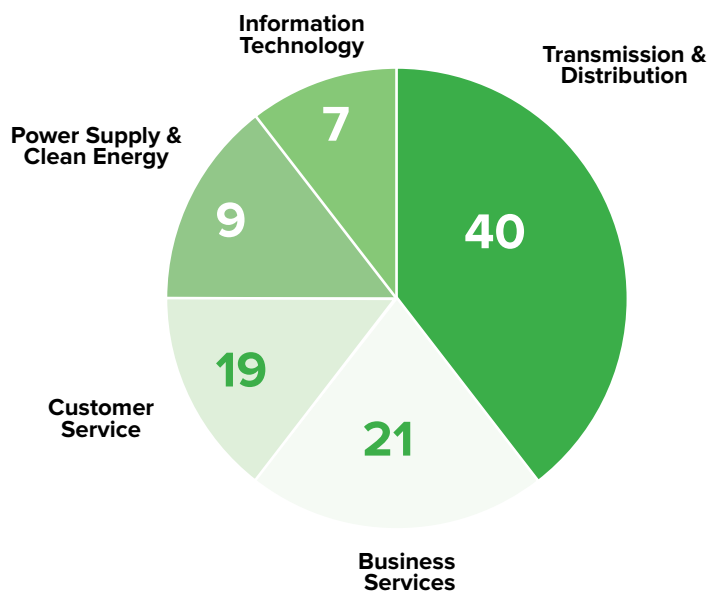
LIPA oversees PSEG Long Island's progress toward achievement of the [2022 Performance Metrics](#) on an ongoing basis, and the Board has directed LIPA staff to provide quarterly IV&V reports on the status of PSEG Long Island's execution of the metrics. This Quarterly Report summarizes the second quarter status of the metrics. Within 90 days of the close of each contract year, PSEG Long Island will submit to LIPA their evaluation of their performance on each metric.

¹ PSEG Long Island's Variable Compensation is \$20 million indexed for the Consumer Price Index, as specified in the OSA, with an adjustment for 2022 of \$1.025 Million.

2022 PERFORMANCE METRICS

The 96 metrics that constitute the 2022 Performance Metrics include numerous improvements to customer service, reliability, resiliency, information technology, clean energy, and other customer improvements, distributed across five (5) major scopes.

FIGURE 1:
2022 PERFORMANCE METRICS DISTRIBUTION BY SCOPE



Appendix A summarizes the individual metrics and the associated Variable Compensation for each contract scope. The details of the 96 metrics are available on [LIPA's website](#).

All metrics fall into one of two categories – Quantitative or Qualitative:

- The 43 **Quantitative Metrics** specify predefined numerical measurements of performance.
- The 53 **Qualitative Metrics** are project-oriented and incorporate one or more required deliverables with defined target dates.²

² Note that some qualitative metrics also contain one or more quantitative elements.

METRIC TRACKING, MEASUREMENT, AND Q2 PERFORMANCE

LIPA staff monitor PSEG Long Island's progress on the metrics on an ongoing basis throughout the year. LIPA has assigned a Project Manager (PM) to lead IV&V for each metric and appropriate Subject Matter Experts (SMEs) to assist with the metric. An Executive Sponsor (ES) from LIPA's senior management oversees the work of the IV&V team.

Qualitative Metrics are monitored and tracked via a process overseen and supported by the LIPA Enterprise Program Management Office (EPMO).

The EPMO has developed an automated tracking system to manage the over 300 deliverables required by the metrics. PSEG Long Island staff upload deliverables directly to the system, which initiates workflows for LIPA review. A LIPA PM and SMEs review each deliverable. The status of each metric is reported to LIPA senior management bi-weekly. The EPMO system provides transparency and traceability, with time-stamped deliverables, activity history and comments, and real-time access for LIPA, PSEG Long Island, and DPS.

Deliverables for Qualitative Metrics go through the following main stages of review:

- **PSEG Long Island Submission:** To meet the metric standards, PSEG Long Island must submit the required deliverables to the tracking system by the target due date, per all requirements specified in the metric. PSEG Long Island has the option of requesting an Exception to any deliverable. LIPA reviews all Exception Requests and grants them if deemed reasonable, justified, and in the best interests of achieving the metric objective. Deliverables in this stage can have the following statuses:
 - Pending Submission
 - Closed by PSEG Long Island and Ready for LIPA Review
 - Overdue – Exception Requested
 - Overdue – No Exception Requested/Exception Denied
- **LIPA Review:** LIPA reviews all submitted deliverables for compliance with metric standards and requirements. Since metrics aim to improve performance, LIPA will return unsatisfactory deliverables to PSEG Long Island for revision and resubmission if deemed in the best interests of achieving the metric objective. Deliverables in this stage can have the following statuses:
 - LIPA Review – In Progress
 - LIPA Review – Approved – Met Metric Standards/Completed³
 - LIPA Review – Rejected – Did Not Meet Metric Standards³

The figures below summarize the status of the 53 Qualitative Metrics, which had 132 deliverables due in the second quarter, as of July 1, 2022. LIPA has provided additional detail on each metric in the Scope sections that follow.

³ This status applies only to the respective deliverable and not to the metric as a whole; the impact on the metric of an individual deliverable meeting or not meeting the metric standards will be as specified in the metric.

The 53 **Qualitative Metrics** had 132 deliverables due in the second quarter of 2022. Their status is summarized in the figures below, and the status of each individual deliverable is detailed in the Scope sections that follow.

FIGURE 2: Q2 QUALITATIVE METRICS DELIVERABLES - PSEG LONG ISLAND SUBMISSION STATUS BY SCOPE

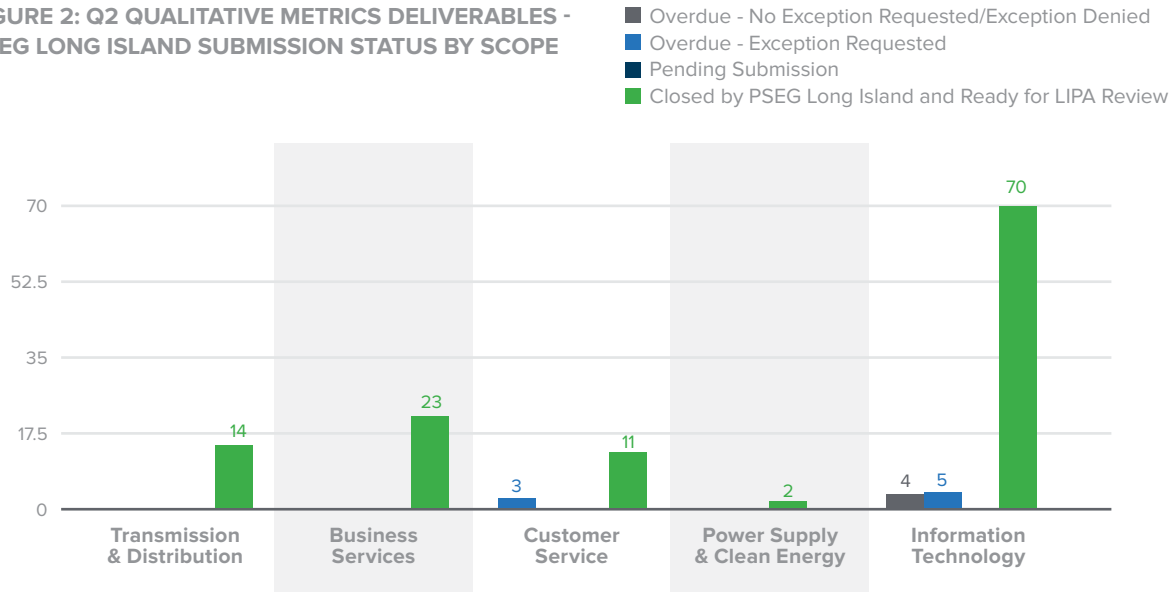
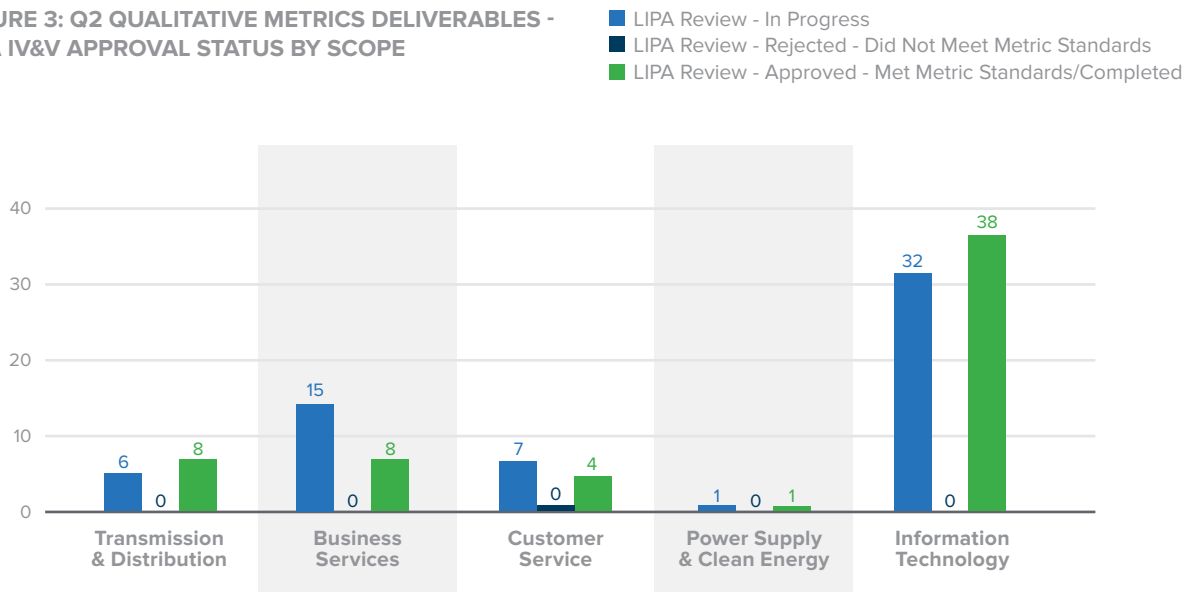


FIGURE 3: Q2 QUALITATIVE METRICS DELIVERABLES - LIPA IV&V APPROVAL STATUS BY SCOPE



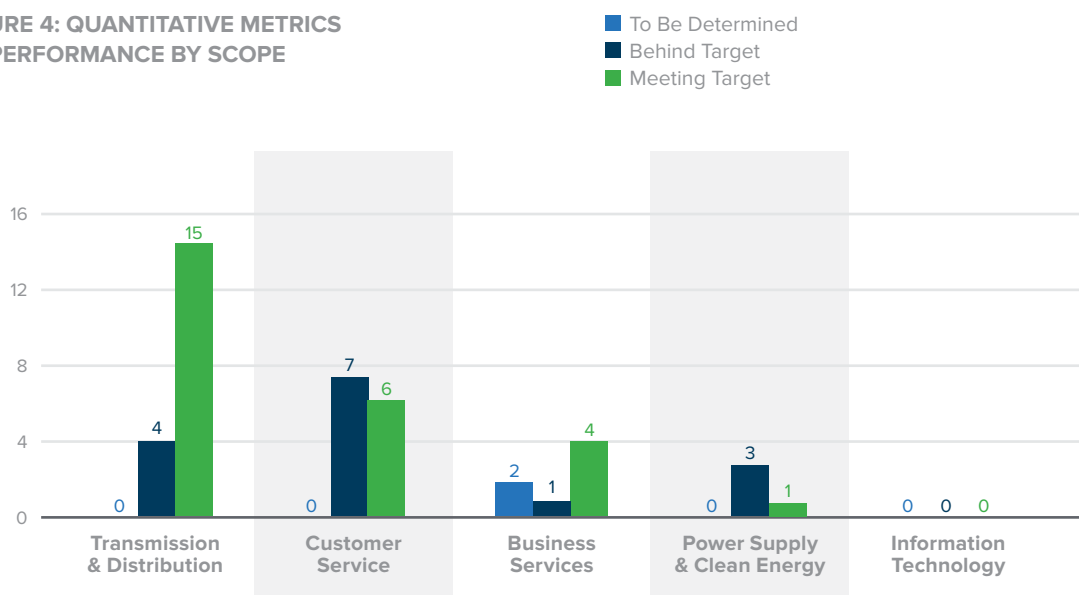
LIPA principally tracks **Quantitative Metrics** using scorecards submitted monthly by PSEG Long Island. LIPA conducts Scorecard Review Meetings at a scope or lower level with PSEG Long Island staff and DPS. PSEG Long Island also provides underlying data files for each Quantitative Metric, which LIPA staff reviews and validates. Quantitative Metrics are reviewed via an IV&V process by the assigned PM and SMEs for year-to-date (YTD) performance versus target, trending, and outlook for year-end performance. Further, LIPA monitors compliance with metric standards, requirements, calculations, and agreed-upon exceptions.

LIPA's IV&V leads to the rendering of one of the following statuses for Quantitative Metrics:

- Meeting Target – YTD performance is at or better than the target
- Behind Target – YTD performance is worse than the target
- Missed Target – YTD performance is such that PSEG Long Island cannot meet the year-end target
- TBD – the basis of the metric measurement has not yet occurred during the year or there is a situation where the metric parameters are being reexamined by LIPA and PSEG Long Island

The figure below summarizes the status of the 43 Quantitative Metrics as of July 1, 2022. LIPA has provided additional detail on each metric in the Scope sections that follow.

**FIGURE 4: QUANTITATIVE METRICS
Q2 PERFORMANCE BY SCOPE**



SUMMARY OBSERVATIONS ON METRIC PERFORMANCE YEAR TO DATE

With two quarters left in the year, it is too early to assess whether PSEG Long Island will meet each metric. Many metrics are on track for success and others are at risk.

Overall, the metrics are proving to be a valuable tool for performance management and oversight.

Generally, we find improvements in responsiveness and engagement from PSEG Long Island, driven by a desire to meet the metrics. Even for initiatives where the outcomes are insufficient to satisfy the metric, there are often beneficial results that PSEG Long Island likely would not have achieved in the absence of the metrics. The metric management process also provides much greater visibility into the progress of projects and initiatives. It is also, importantly, helping to surface specific deficiencies and areas of weakness, which should provide valuable insights to PSEG Long Island management in efforts to improve performance and inform LIPA's focus for oversight efforts in 2023 and beyond.

Not surprisingly, the project management deficiencies identified by the Isaias Task Force (ITF) have emerged as a common weakness, particularly in IT-related projects. Poor planning has hampered many projects, resulting in delayed starts and schedule adjustments. For example, the T&D Enterprise Asset Management System (T&D-3), Customer Service Strategic Customer Experience & Billing Projects (CS-1), CIS Modernization Phase 1 (CS-4), and IT System Implementation - 2022 Budget Projects (IT-5) and Board Recommendations (IT-6) metrics have all experienced challenges due to inadequate project management and planning. **Improving PSEG Long Island's organizational project management capabilities will continue to be a focus area for LIPA. Managing PSEG Long Island re-work and quality assurance is proving to be an ongoing strain on the LIPA staff.**

LIPA has summarized the overall status in each of the five contract scope areas below, which we discuss in more detail in the respective scope sections.

Transmission and Distribution (T&D)

PSEG Long Island is currently meeting or exceeding the year-to-date targets for 36 of the 40 T&D metrics. Overall, the T&D metrics have been effective in driving behavior and results. The Work Management metrics (T&D 17-22) have caused significant improvements in work planning and have improved the tracking and scheduling ability of the work management teams. The OSA reforms and corresponding requirements around Project Justification Documents for capital projects that were included in metrics have led to better visibility and control of active and upcoming projects. The two metrics addressing facilities (T&D-6 and 33) have led to the creation of a Primary Transmission Control Center strategic vision and the siting of a new operations center to improve crew efficiency. However, the Enterprise Asset Management System metric (T&D-3) has encountered challenges and the asset inventory effort (T&D-1) is at risk.

Power Supply and Clean Energy Programs (PS&CE)

The two Power Supply projects (PS-1 and PS-2) are on track to deliver the expected results by year-end, and PSEG Long Island's performance has met expectations. For the Clean Energy metrics (CE-1 to CE-7), LIPA has accepted all Second Quarter Qualitative Metric deliverables. Three of the Clean Energy Quantitative Metrics are currently behind the YTD target, and the remaining one is meeting the YTD target.

Information Technology (IT)

It is too early to assess the likelihood of PSEG Long Island meeting the IT metrics. PSEG Long Island IT management is responsive in addressing LIPA feedback on deliverables and has a strong commitment to building the maturity and capacity of the IT organization.

However, the IT System Resiliency metric (IT-3) is at risk. The metric requires well-designed, robust, and thoroughly exercised Disaster Recovery and Business Continuity Plans (BCPs) for specified critical systems/processes. LIPA's Isaias Task Force identified the lack of adequate BCPs as a critical management failure, and the adequacy of BCPs continues to be a challenge for this metric. The broader ITF Board Recommendation for developing enterprise-wide BCPs also remains open. LIPA has provided feedback to bring the plans to an acceptable state.

Two metrics concern the implementation of 30 specific IT projects (2022 Budget Projects (IT-5) and Board Recommendations (IT-6)). The 30 projects have encountered the same project management weaknesses identified by LIPA in the Isaias Task Force reports, including poor planning and weak project management.

PSEG Long Island appears to be progressing on the two Organizational Maturity Level metrics (IT-1 and IT-2), though it is premature to assess the likelihood of success by year-end. The reformed OSA requires a full complement of IT staffing dedicated to LIPA operations, and LIPA funded a PSEG Long Island IT re-organization in the 2022 Budget to establish several new Director-level management positions. PSEG Long Island is making progress on filling those positions.

The other IT metrics are stable, but it is too early to assess whether PSEG Long Island will meet them.

Customer Service (CS)

Progress on the Customer Service metrics is mixed.

PSEG Long Island has completed six of the seven project plans in the Strategic Customer Experience & Billing Projects metric (CS-1). Still, LIPA identified several project management and implementation deficiencies during the IV&V process that are not captured in the scoring of the metric but are enhancement opportunities for future metrics, as described further in the Customer Service section of the report.

The five billing performance metrics (CS-6 Inactive Accounts Long Term Estimates, CS-7 Active Accounts Long Term Estimates, CS-8 Unauthorized Use / Advanced Consumption Resolution, CS-9 Exception Cycle Time, and CS-10 Cancelled Rebill) are performing exceptionally well this year in part due to operational improvements from the acceleration of AMI installations.

However, the CIS Modernization Phase 1 (CS-4) metric is experiencing challenges. PSEG Long Island did not submit the two deliverables due in the Second Quarter, while LIPA and PSEG Long Island work together to redesign the project approach to ensure a successful CIS implementation.

The JD Power Customer Satisfaction Survey metrics (CS-2 & CS-3) are also at significant risk. LIPA has suggested since February 2022 that PSEG Long Island develop a targeted plan to address customers' negative perceptions. PSEG Long Island feels that achieving the OSA metrics will sufficiently influence improvement in the score. Results year-to-date remain in the fourth quartile, which is insufficient to meet the metrics.

The Call Center Service Level with Live Agents (CS-11) will not meet the metric this year despite lower than

planned call volume due to unfilled vacancies in the Call Center.

Business Services (BS)**Most of the Business Services metrics are currently on track.**

The LIPA ERM Team noted many year-over-year improvements to the ERM Annual Report required by metric BS-1.

The Affiliate Cost Benefit Justification metric (BS-7) is on track. LIPA designed the metric to provide increased transparency on the use of and cost associated with Affiliate Services. The Capital Project Impact Analysis metric (BS-8) is also on track. The metric is intended to promote improved Capital Project planning and to ensure accountability, transparency, and realization of desired project benefits.

By contrast, the Vacancy Rate metric (BS-4) is above the metric targets for the first five months of the year. The satisfaction of this metric is uncertain.

The status of the Project Outreach metric (BS-17) is also in question. LIPA developed this metric to fulfill a requirement of the 2018 DPS Management Audit, where the auditors requested a customer survey to develop recommendations to improve outreach on capital projects. PSEG Long Island has received survey responses from only 17 customers. LIPA recommends PSEG Long Island employ the practices it uses for surveying customers in other lines of business, which have proven effective. LIPA has offered PSEG Long Island an exception to this metric to regroup around a revised plan to engage customers for their feedback and fulfill the metric objectives.

PERFORMANCE METRIC EXCEPTIONS

PSEG Long Island may request an Exception to metric deliverable requirements.

Exception Requests seek extensions to due dates and changes to project scopes, requirements, or methodology. For example, LIPA regularly provides PSEG Long Island with opportunities for corrective actions and resubmission of a deliverable, which can result in Exceptions when that resubmission occurs after a due date. PSEG Long Island has also sought extensions to due dates citing delays due to external dependencies, among other reasons. Exception Requests may also seek an exemption or waiver of a deliverable, making it no longer required. This can occur, for instance, when an extension to a project start is approved, rendering periodic status reporting prior to the new start date unnecessary. Exception Requests have also sought more fundamental changes to scope, requirements, or methodology. These changes are typically the result of further analysis or discovery as an initiative commences.

LIPA reviews all Exception Requests and grants them if deemed reasonable, justified, and in the best interests of achieving the metric objective. LIPA's primary emphasis is in delivering a favorable result for customers, rather than strict enforcement of the metric.

To date, 29 Exceptions have been requested for Second Quarter deliverables. 20 of the requested Exceptions have been approved, one (1) has been rejected, and eight (8) are under LIPA review. To the extent an Exception has been granted, performance is reported relative to the agreed-upon standards of the Performance Metric, as modified by the Exception.

The Transmission & Distribution (T&D) scope has 40 metrics, accounting for \$8,000,000 in compensation at-risk based on performance. Of these 40 metrics, 21 are Qualitative and 19 are Quantitative. Appendix A summarizes the T&D metrics and the associated Variable Compensation. Detailed metric descriptions are available on [LIPA's website](#).

Second Quarter Status Overview

PSEG Long Island is currently meeting or exceeding the year-to-date targets for 36 of the 40 T&D metrics. Overall, the T&D metrics have been effective in driving behavior and results.

The Work Management metrics (T&D 17-22) have caused significant improvements in work planning and have improved the tracking and scheduling ability of the work management teams. The OSA reforms and corresponding requirements around Project Justification Documents for capital projects that were included in metrics have led to better visibility and control of active and upcoming projects. The two metrics addressing facilities (T&D-6 and 33) have led to the creation of a Primary Transmission Control Center (PTCC) strategic plan and the siting of a new operations center to improve crew efficiency. However, the Enterprise Asset Management System metric (T&D-3) has encountered challenges and the asset inventory effort (T&D-1) is at risk.

Safety Metrics (T&D-13-16)

These metrics focus on continuous improvement in safety performance stemming from an increased focus on safety and training, including recognizing, tracking, and managing critical safety leading indicators, resulting in increased employee safety awareness and diligence.

PSEG Long Island is currently meeting all four Safety metrics. Per LIPA's Board Policy on Safety, performance for the OSHA metrics (T&D-14 and T&D-15) continues to be in the top quartile nationally. Motor Vehicle Accidents (T&D-16) are also running well below its three-year average, with performance in the vicinity of the top decile in its peer group. There have been no employee or contractor fatalities and serious injuries year-to-date (T&D-13). LIPA has engaged with an independent consultant to review PSEG Long Island's Safety practices. The consultant will issue a final report by late July 2022.

Reliability Metrics (T&D-7-12)

The objective of these metrics is to realize continuous improvement in industry-standard reliability metrics and associated improvement in customer outage experience, reflecting significant ongoing investments in programs and projects that will improve T&D system performance.

Two of the six reliability metrics (T&D-7-SAIDI and T&D-9-MAIFI) are slightly behind their respective year-to-date targets. The primary cause of the negative results is more challenging than normal weather conditions, especially during January and February. However, weather conditions have moderated over the last few months, and performance is improving. While adverse weather is always a risk, **LIPA is currently projecting a positive year-end result for all six of these metrics.** LIPA expects SAIDI performance to approach the T&D Operations Board Policy standard of top decile, while both sustained (T&D-10) and momentary outages (T&D-11) are on track to experience significant year-over-year improvements.

Asset Management (T&D-1-3)

Implementing the Enterprise Asset Management Program has multiple milestones involving plans, RFPs, vendor selection, and deployment. Through rigorous evaluation, LIPA's DoITT and T&D departments work closely with PSEG Long Island to select vendors with the best qualifications. Technical reviews of criteria for field verification of Outside Plant T&D Assets resulted in an additional requirement to badge utility poles, each with a unique structure number. The Asset Management framework, roadmap, data governance plans, and asset field verification are all on schedule to achieve metric milestones.

Work Management (T&D-17-22)

The work management effort is promising and on track to achieve metric milestones. Developing process enhancements that optimize the staffing levels with the work includes both organizational change and managing the work in one view. PSEG Long Island has met change management milestones for identifying and training employees in work management roles. External hiring for the six new work management positions is in process, with one offer extended and two positions posted. PSEG Long Island is progressing in updating the foundational elements of how work is structured (WBS) and estimated (CUE). The new short-term scheduling tool is in place for new business activity.

Vegetation Management (T&D-24-26)

Vegetation management metrics remain on track. LIPA is reviewing the program by both circuit and circuit mile. This review ensures that contractors trim the entire circuit and not just the easier to get to portions of the circuits.

Early in the year, PSEG Long Island had expressed concerns over pricing estimates and the inability to absorb the inspection and identification of hazardous trees into the unit price. They had expressed a need for budget relief and a modification to the metric in February. LIPA denied the request, and since that time, the costs have leveled and are presently below original estimates. In June, PSEG Long Island added a 6th vegetation contractor to increase the trim, ensuring that all goals for tree trimming are on track to meet year-end projections.

Real Estate Strategy (T&D-33)

This metric required developing a Project Implementation Plan to support a long-term strategy for LIPA's real estate and facility assets per the LIPA Board recommendations adopted in May 2021. LIPA Staff approved the required PIP in April 2022. The PIP aims to achieve two distinct project elements. The first is purchasing and developing a new Operations Center in the Medford area. The second is a bifurcation of operations at National Grid-owned properties. The long-term objective of this metric and associated PIP is to provide LIPA customers with cost savings and certainty through a real property ownership model instead of continuing to lease sites for utility operations.

PSEG Long Island has contracted to purchase 24 acres in the Medford area. Due diligence and External Affairs outreach is ongoing, and PSEG Long Island has met deliverables to date according to the PIP. Concerning discussions with National Grid, while the LIPA, PSEG Long Island, and National Grid project teams remain committed to the negotiations, National Grid has asked for additional time to consider its options. PSEG Long

Island's deliverables associated with that portion of the PIP do not commence until LIPA provides written notice, which is contingent on the discussions with National Grid.

Other T&D Metrics

- **PTCC/ATCC (T&D-6)**

PSEG Long Island is currently on track to meet this goal. LIPA designed this metric to drive the process of developing a strategic plan and initial design criteria for the new PTCC. PSEG Long Island and their vendor have created the strategy document and are now working on the designs.

- **T&D Employee Overtime (T&D-23)**

The objective of this metric is to manage T&D employee overtime hours cost-effectively. The year-to-date results are promising, with two of the three functional areas (Overhead/Underground Lines and Distribution Operations) meeting their targets and the final area (Substation/Relay Maintenance) very close to the target. LIPA notes that the top 15 non-storm overtime earners are down over 1,500 hours year-over-year through May.

- **Estimated Time of Restoration (ETRs) (T&D-32)**

Year-to-date performance exceeds the target by a healthy margin, and LIPA is projecting that PSEG Long Island will meet the year-end target. LIPA notes that approximately two-thirds of the "ETR Failures" per the metric definition are due to restorations occurring too early, typically more than two hours before the restoration time provided to the customer. LIPA and PSEG Long Island are working towards revisions to the ETR process to improve this and other aspects of the customers' ETR experience.

- **Double Woods (T&D-40)**

Year-to-date performance lags the target by approximately four hundred and fifty poles (7%). However, PSEG Long Island is working with Verizon and other stakeholders, including holding bi-monthly meetings to ensure that the pole count status does not deteriorate. LIPA believes this metric is in danger of not being met by year-end and continues to monitor the situation closely.

Second Quarter Status Details

Qualitative Metrics

The 21 T&D Qualitative Metrics had 14 deliverables due in the Second Quarter. LIPA has approved 11 of these deliverables, and three (3) have LIPA Review in Progress.

LIPA has detailed the status of each T&D Qualitative metric deliverable due in the Second Quarter in the following table.

FIGURE 5: TRANSMISSION & DISTRIBUTION QUALITATIVE METRICS Q2 DELIVERABLES STATUS

METRIC #	DELIVERABLE	STATUS
Asset Management Program Implementation – Asset Inventory		
T&D-1.3	Issue and award RFP for field verification of the Outside Plant (OSP) T&D assets (PIP AM-2 Initiative #1) by May 1, 2022.	Approved - Met Metric Standards/Completed
T&D-1.4	Capture the desired asset attributes for each asset class as established in Recommendation No. AM-2. QA/QC the new asset data and timely update validated asset information in EGIS. PSEG LI to provide LIPA with quarterly updates on the data collection effort.	Approved - Met Metric Standards/Completed
T&D-1.5	Field verify and inspect the condition of 97% of the ~15,521 OSP wood transmission poles in the 2022 Program. QA/QC the pole condition data and timely update validated asset information in EGIS. PSEG LI to provide LIPA with quarterly updates on the data collection effort.	Approved - Met Metric Standards/Completed
T&D-1.6	Develop and issue an RFP subject to LIPA approval for field verification and condition assessment of LIPA's steel transmission structures by June 1, 2022, including LIPA's comments.	Approved - Met Metric Standards/Completed
Work Management Enhancements - Improve Planning and Tracking of Work		
T&D-19.1	Assess the existing Work Breakdown Structure (WBS) structure focused on all Capital and O&M work utilized in the divisional area	Approved - Met Metric Standards/Completed
Asset Management Program Implementation – Asset Management Governance		
T&D-2.4	PSEG Long Island to provide LIPA with quarterly reports on work associated with ISO-55000 Implementation Plan	Approved - Met Metric Standards/Completed

Work Management Enhancements - Improve and Standardize Compatible Unit Estimating (CUEs)

T&D-20.1	Establish process/governance for maintaining CUEs by June 30, 2022.	Approved - Met Metric Standards/Completed
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Vegetation Management Work Plan – Hazard Tree Removal

T&D-26.3	PSEG Long Island will provide identified hazard trees by December 1, 2021, for 2022 Q1 and will provide subsequent quarterly updates for planned hazard trees for the following quarter one month before the beginning of that quarter (March 1, June 1, and September 1)	Review in Progress
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Enterprise Asset Management System (EAM) Implementation Plan

T&D-3.1	Comprehensive EAMS Implementation Plan is submitted to LIPA, as specified in the Definition section of the attached "T&D-3 Enterprise Asset Management System (EAM) Implementation Plan" metric document.	Review in Progress
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Real Estate Strategy

T&D-33.10	SOW for Site Development Consultant	Approved - Met Metric Standards/Completed
T&D-33.11	Purchase & Sale Agreement (PSA)	Approved - Met Metric Standards/Completed
T&D-33.8	Due Diligence – Property Appraisal	Approved - Met Metric Standards/Completed
T&D-33.9	SOW for Architectural & Engineering (A&E) firm	Approved - Met Metric Standards/Completed

PTCC/ATCC Replacement

T&D-6.1	Phase 1 Strategic Considerations - June 1, 2022	Review in Progress
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Quantitative Metrics

LIPA has summarized the Second Quarter status of each T&D Quantitative Metric in the following table. Of the 19 metrics, 15 meet the YTD target, and four (4) are behind the YTD target.

FIGURE 6: TRANSMISSION & DISTRIBUTION QUANTITATIVE METRICS Q2 STATUS

METRIC #	METRIC NAME	L/H	YE TARGET	YTD TARGET	YTD RESULT	YTD PERFORMANCE
T&D-4	Transmission & Distribution System Relay Operations - Relay Mis-Operations	L	18	8	2	Meeting Target
T&D-5	Transmission & Distribution Inadvertent Operation Events	L	34	14	11	Meeting Target
T&D-7	System Average Interruption Duration Index (SAIDI) Reliability	L	59.0	17.1	19.9	Behind Target
T&D-8	System Average Interruption Frequency Index (SAIFI) Reliability	L	0.76	0.26	0.26	Meeting Target
T&D-9	Momentary Average Interruption Frequency Index (MAIFI) Reliability	L	1.89	0.62	0.64	Behind Target
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)	L	23,475	23,475	18,214	Meeting Target
T&D-11	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	L	46	19	0	Meeting Target
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)	L	92,500	92,500	73,838	Meeting Target
T&D-13	Safety – Serious Injury Incident Rate (SIIR)	L	0.11	0.11	0.00	Meeting Target
T&D-14	Safety – OSHA Recordable Incidence Rate	L	1.12	1.12	0.57	Meeting Target
T&D-15	Safety – OSHA Days Away Rate	L	12.50	12.50	5.85	Meeting Target
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate	L	9.20	9.20	6.85	Meeting Target

T&D-23	Employee Overtime (Note 2)	H	100.0%	100.0%	50.0%	Behind Target
T&D-32	Estimated Time of Restoration (ETR)	H	65.0%	65.0%	78.2%	Meeting Target
T&D-35	Construction - Project Milestones Achieved	H	85.0%	85.0%	93.4%	Meeting Target
T&D-36	Construction - Cost Estimating Accuracy	H	85.0%	85.0%	98.4%	Meeting Target
T&D-37	Completion of Program Planned Units Per Workplan (Note 3)	H	87.5%	87.5%	100.0%	Meeting Target
T&D-38	Program Unit Cost Variance (Note 3)	L	87.5%	87.5%	100.0%	Meeting Target
T&D-39	Project Completion Consistent with Project Design	H	100.0%	100.0%	100.0%	Meeting Target
T&D-40	Double Wood Poles	L	6,295	6,295	6,743	Behind Target

Table Note 1: “L/H” column refers to “Low/High” – a designation of “H” indicates that the performance objective is to score higher than the target; “L” has a performance objective that is lower than the target.

Table Note 2: T&D-23 – “Employee Overtime” comprises three individual targets: Overhead/Underground lines, Distribution Operations, and Substation/Relay Maintenance. The metric target permits a 50% incentive compensation payout for meeting at least 2 of the 3 individual overtime targets. Through Q2, PSEG Long Island is meeting the targets for the first two individual areas but is behind the target for the Substation/Relay Maintenance area. As such, PSEG Long Island’s Q2 performance is 50%, in agreement with the criteria specified in the overall metric target.

The Information Technology scope has seven (7) metrics, accounting for \$3,000,000 in compensation at-risk based on performance. All seven metrics are Qualitative. Appendix A summarizes the Information Technology metrics and the associated Variable Compensation. Detailed metric descriptions are available on [LIPA's website](#).

Second Quarter Status Overview

In the second quarter, deliverables were due for four (4) of the seven (7) IT metrics – IT-3 (System Resiliency), IT-4 (System and Software Lifecycle Management), IT – 5 (System Implementation - 2022 Budget Projects), and IT-6 (System Implementation – Board Recommendations). **It is too early to assess the likelihood of PSEG Long Island meeting the metrics at year-end.** The following discussion is focused on our overall assessment of performance on the initiatives and does not judge whether the metrics will be satisfied.

System Resiliency (IT-3)

The System Resiliency metric aims to minimize the probability and impacts of system failures through well-designed, robust, and thoroughly exercised Disaster Recovery and BCPs for critical systems and processes. While the second quarter deliverables are currently under review and LIPA is working with PSEG Long Island to endeavor to achieve satisfactory outcomes, **progress on this initiative is a concern.** The metric requires BCPs for specified critical systems/processes, the initial submissions for which were insufficient. LIPA is working with PSEG Long Island to enhance plans to an acceptable level. Still, the broader Isaías Task Force Recommendation for BCPs (discussed in more detail in the Board Recommendations Quarterly report) remains open as PSEG Long Island has not fully addressed LIPA's concerns with the proposed plans. Some Disaster Recovery Plans also remain under review and revision. LIPA is willing to consider adjusting the schedule; however, progress is contingent on PSEG Long Island bringing plans to an acceptable level.

System and Software Lifecycle Management (IT-4)

The System and Software Lifecycle Management metric aims to ensure that all IT and OT assets managed by PSEG Long Island on behalf of LIPA are within their active service life and under general support from the product vendor. While the initial submission of the first deliverable in the first quarter was inadequate, PSEG Long Island has since responded to LIPA's feedback and addressed the deficiencies. Second quarter deliverables are under review, and the initiative is currently stable.

IT Project Metrics (IT-5 and IT-6)

The IT metrics contain two project-based metrics -- System Implementation - 2022 Budget Projects and System Implementation – Board Recommendations. These two metrics encompass execution on 30 projects in all. In addition to achieving the objectives of each incorporated project, the metrics aim to improve organizational IT project management performance.

Not unexpectedly, performance on these metrics to date has illustrated the same project management weaknesses that LIPA identified in the Isaías Task Force reports, including poor planning and weak project management. PSEG Long Island scheduled several projects to start too late in the year to allow completion by the originally targeted due dates. For instance, the CyberArk for CNI project to strengthen cybersecurity controls in PSEG Long Island's Operational Technology

(OT) environments was planned to start in September 2022, a schedule that necessitated an exception to the metric requirements and that does not reflect the focus and urgency that LIPA expects to see for cyber security projects. Two additional projects that require schedule adjustments due to planned start dates well into the year include the Enterprise Time and Attendance System and the Standardized Data Access Platform projects.

The deficiencies in planning include weak capacity and resource planning. As evidenced by these metrics, the 2022 IT Capital Budget request did not adequately account for the ability of the organization to execute multiple projects simultaneously. Additionally, the initial submissions of many of the required PIPs and other project planning deliverables were weak, often requiring multiple review and revision cycles to be brought to an acceptable standard. Deficiencies included a lack of clear definition of planned end state and success criteria, lack of alignment with LIPA's stated objectives or metric requirements, and lack of sufficient detail.

Addressing these project management weaknesses is a key focus area. The reformed OSA requires a full complement of IT staffing dedicated to LIPA operations, and LIPA funded a PSEG Long Island IT re-organization in the 2022 Budget to establish several new Director-level management positions. PSEG Long Island is making progress on filling those positions. PSEG Long Island also appears to be progressing on the two Organizational Maturity Level metrics (IT-1 and IT-2) designed to improve IT capability and performance, though it is premature to assess the likelihood of success by year-end. IT Organizational Maturity will continue to be a focus for 2023.

Conclusion

While it is too early to predict ultimate performance on the metrics, they are proving to be a valuable tool for performance oversight and enhancement. **We find that a desire to meet the metrics is driving greater focus, responsiveness, and engagement with LIPA from PSEG Long Island, and their senior IT management is fully committed to building the maturity and capacity of the organization to improve performance.** The metric management process is helping to surface specific deficiencies and areas of weakness, which should provide valuable insights to PSEG Long Island management in their efforts to improve the organization; and which will inform LIPA's focus and oversight efforts in 2023 and beyond

Second Quarter Status Details

Qualitative Metrics

The seven (7) Information Technology Qualitative Metrics had 79 deliverables due in the Second Quarter. Of these:

- 70 deliverables have been closed by PSEG Long Island, of which LIPA has approved 38, and 32 have LIPA Review In Progress.
- Nine (9) deliverables are Overdue, of which five (5) have exceptions requested and under review, and four (4) have no exceptions requested.

LIPA has summarized the status of each Information Technology Qualitative Metric deliverables due in the Second Quarter in the following table.

FIGURE 7: INFORMATION TECHNOLOGY QUALITATIVE METRICS Q2 DELIVERABLES STATUS

METRIC #	DELIVERABLE	STATUS
System Resiliency		
IT-3.1	100% of Wave 1 critical systems, as specified in the attached "LIPA-PSEG-2022- IT-3 System Resiliency" metric document, have Disaster Recovery Plans that have been reviewed, updated, and LIPA-approved.	Review in Progress
IT-3.2	100% of Wave 1 critical systems/processes, as specified in the attached "LIPA-PSEG-2022- IT-3 System Resiliency" metric document, have Business Continuity Plans that have been reviewed, updated, and LIPA-approved.	Review in Progress
IT-3.3	LIPA-approved Disaster Recovery Plans are successfully exercised for 100% of the critical systems specified in Wave 1 in the "LIPA-PSEG-2022- IT-3 System Resiliency" metric document. (Successful exercise of a Disaster Recovery Plan is defined in "LIPA-PSEG-2022- IT-3 System Resiliency" metric document and entails LIPA-observed real-life testing of the production workload being taken over by failover/recovery systems for a period of time and then subsequently restored to the primary system, in accordance with the Disaster Recovery Plan and LIPA-approved Test Plans.)	Review in Progress
IT-3.4	LIPA-approved Business Continuity Plans are successfully exercised for 100% of the critical systems/processes specified in Wave 1 in the "LIPA-PSEG-2022- IT-3 System Resiliency" metric document. (Successful exercise of a Business Continuity Plan entails LIPA-observed real-life full-scale simulation in accordance with the Business Continuity Plan)	Review in Progress
System and Software Lifecycle Management		
IT-4.2	A plan to replace or upgrade end-of-life assets within two (2) years, as specified in the Definition section of the attached "IT-4 System Lifecycle Management" metric document, is submitted to and approved by LIPA.	Review in Progress

System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)		
IT-5-T1.01.03	GIS - Overall GIS long-term architecture with high availability and failover, submitted to LIPA for approval.	Review in Progress
IT-5-T1.01.04	GIS - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.01.05	GIS - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.01.06	GIS - Monthly Reporting of Project Status and compliance for the month of May 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.02.02	DER - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.02.03	DER - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.02.04	DER - Monthly Reporting of Project Status and compliance for the month of May 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.02.05	DER - Planning and Design Phase completed.	Overdue - Exception Requested
IT-5-T1.03.01	ADMS - Detailed Project Implementation Plan, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, submitted to LIPA for approval.	Review in Progress
IT-5-T1.04.01	MEGA - Detailed Project Implementation Plan, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, submitted to LIPA for approval.	Review in Progress
IT-5-T1.05.02	Regulatory Billing - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.05.03	Regulatory Billing - Functional and Technical Requirements submitted to LIPA for review. LIPA approval is required on regulatory requirements and rate design.	Approved - Met Metric Standards/Completed
IT-5-T1.05.04	Regulatory Billing - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.05.05	Regulatory Billing - Monthly Reporting of Project Status and compliance for the month of May 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.06.03	CCaaS - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed

IT-5-T1.06.04	CCaaS - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.06.05	CCaaS - Monthly Reporting of Project Status and compliance for the month of May 2022.	Review in Progress
IT-5-T1.07.01	Outage and Incident Communications Phase 2 - Detailed Project Implementation Plan, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, with the objective of completing the project by November 2022, submitted to LIPA for approval.	Overdue - Exception Requested
IT-5-T1.09.02	CDG Automated Billing - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.09.03	CDG Automated Billing - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.09.04	CDG Automated Billing - Monthly Reporting of Project Status and compliance for the month of May 2022.	Review in Progress
IT-5-T1.09.05	CDG Automated Billing - Functional and Technical Requirements submitted to LIPA for approval.	Review in Progress
IT-5-T1.10.01	Enterprise Time and Attendance - Current State Analysis, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, submitted to LIPA for approval.	Overdue - Exception Requested
IT-5-T1.10.03	Enterprise Time and Attendance - Preliminary Detailed Project Implementation Plan, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, submitted to LIPA for approval.	Review in Progress
IT-5-T1.10.04	Enterprise Time and Attendance - Monthly Reporting of Project Status and compliance for the month of March 2022.	Review in Progress
IT-5-T1.10.05	Enterprise Time and Attendance - Monthly Reporting of Project Status and compliance for the month of April 2022.	Review In Progress
IT-5-T1.10.06	Enterprise Time and Attendance - Monthly Reporting of Project Status and compliance for the month of May 2022.	Review In Progress
IT-5-T1.11.01	Enterprise Mobile Strategy - Detailed Project Implementation Plan, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, with the objective of completing the project by November 2022, submitted to LIPA for approval.	Review in Progress
IT-5-T1.11.02	Enterprise Mobile Strategy - Monthly Reporting of Project Status and compliance for the month of March 2022.	Review in Progress
IT-5-T1.11.03	Enterprise Mobile Strategy - Monthly Reporting of Project Status and compliance for the month of April 2022.	Review in Progress
IT-5-T1.11.04	Enterprise Mobile Strategy - Monthly Reporting of Project Status and compliance for the month of May 2022.	Review in Progress
IT-5-T2.01.02	CAD and OMS Enhancements - Monthly Reporting of Project Status and compliance for the month of March 2022.	Overdue - No Exception Requested
IT-5-T2.01.03	CAD and OMS Enhancements - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.01.04	CAD and OMS Enhancements - Monthly Reporting of Project Status and compliance for the month of May 2022.	Approved - Met Metric Standards/Completed

IT-5-T2.02.02	CyberArk for CNI - Monthly Reporting of Project Status and compliance for the month of March 2022.	Review in Progress
IT-5-T2.02.03	CyberArk for CNI - Monthly Reporting of Project Status and compliance for the month of April 2022.	Review in Progress
IT-5-T2.02.04	CyberArk for CNI - Monthly Reporting of Project Status and compliance for the month of May 2022.	Review in Progress
IT-5-T2.03.02	Cybersecurity Program - Monthly Reporting of Project Status and compliance for the month of March 2022.	Overdue - No Exception Requested
IT-5-T2.03.03	Cybersecurity Program - Monthly Reporting of Project Status and compliance for the month of April 2022.	Overdue - No Exception Requested
IT-5-T2.03.04	Cybersecurity Program - Monthly Reporting of Project Status and compliance for the month of May 2022.	Overdue - No Exception Requested
IT-5-T2.04.01	Dragos for CNI - Detailed Project Implementation Plan, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, with the objective of completing the project by the end of 2022, submitted to LIPA for approval.	Review in Progress
IT-5-T2.05.02	Industrial Defender for DSCADA - Monthly Reporting of Project Status and compliance for the month of March 2022.	Review in Progress
IT-5-T2.05.03	Industrial Defender for DSCADA - Monthly Reporting of Project Status and compliance for the month of April 2022.	Review in Progress
IT-5-T2.05.04	Industrial Defender for DSCADA - Monthly Reporting of Project Status and compliance for the month of May 2022.	Review in Progress
IT-5-T2.05.05	Industrial Defender for DSCADA - Technical Design and Architecture, submitted to LIPA for approval.	Overdue - Exception Requested
IT-5-T2.06.01	AVLS Integration with Physical ID Badge System - Minimum viable product that meets pre-storm reimbursement requirements deployed, as specified in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, delivered.	Review in Progress
IT-5-T2.06.02	AVLS Integration with Physical ID Badge System - Detailed Project Implementation Plan, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, submitted to LIPA for approval.	Review in Progress
IT-5-T2.07.02	AMI System Enhancements - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.07.03	AMI System Enhancements - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.07.04	AMI System Enhancements - Monthly Reporting of Project Status and compliance for the month of May 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.08.02	Suffolk County Sewage Billing Project - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.08.03	Suffolk County Sewage Billing Project - Monthly Reporting of Project Status and compliance for the month of April 2022.	Review in Progress
IT-5-T2.08.04	Suffolk County Sewage Billing Project - Monthly Reporting of Project Status and compliance for the month of May 2022.	Review in Progress

IT-5-T2.09.01	Rate Change Enhancements - Detailed Project Implementation Plan, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, submitted to LIPA for approval.	Review in Progress
IT-5-T2.10.02	New Business Portal - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.10.03	New Business Portal - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.10.04	New Business Portal - Monthly Reporting of Project Status and compliance for the month of May 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.10.05	New Business Portal - Functional and Technical Requirements (RTM) submitted to LIPA for approval.	Overdue - Exception Requested
System Implementation – Board Project Improvement Plans (PIPs) (Tier 1 and 2)		
IT-6 T1.1.6	3.2.2.3 - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.2.3	4.01 - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.2.4	4.01 - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.2.5	4.01 - Monthly Reporting of Project Status and compliance for the month of May 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.3.2	4.14 - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.3.3	4.14 - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.3.4	4.14 - Monthly Reporting of Project Status and compliance for the month of May 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.4.4	5.4.2b - Implementation of Board adopted recommendation (5.4.2b): All Scope and Deliverables per Board-approved PIP delivered for LIPA approval.	Review in Progress
IT-6 T1.4.5	5.4.2b - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.5.4	DIA-01 - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.5.5	DIA-01 - Monthly Reporting of Project Status and compliance for the month of April 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.5.6	DIA-01 - Monthly Reporting of Project Status and compliance for the month of May 2022.	Approved - Met Metric Standards/Completed
IT-6 T2.1.4	4.13 - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-6 T2.2.4	4.15 - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-6 T2.3.5	4.18 - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed
IT-6 T2.4.5	3.2.2.4 - Monthly Reporting of Project Status and compliance for the month of March 2022.	Approved - Met Metric Standards/Completed

The Power Supply & Clean Energy Programs scope has nine (9) metrics, accounting for \$2,000,000 in compensation at-risk based on performance. Of these nine (9) metrics, five (5) are Qualitative, and four (4) are Quantitative. Appendix A summarizes the Power Supply & Clean Energy Programs metrics and the associated Variable Compensation. Detailed metric descriptions are available on [LIPA's website](#).

Second Quarter Status Overview

As of July 2022, PSEG Long Island Power System Management (PSM) has achieved the applicable metric milestones for PS-1 (Integrated Resource Plan) and PS-2 (Energy Storage RFP). Both projects appear to be on track to deliver the expected results by year-end, and PSEG Long Island's performance has met expectations.

For the Clean Energy metrics (CE-1 to CE-7), LIPA has accepted all Second Quarter Qualitative Metric deliverables. **Three of the Clean Energy Quantitative Metrics are currently behind the YTD target**, and the remaining one is meeting the YTD target.

Second Quarter Status Details

Qualitative Metrics

The five (5) Power Supply & Clean Energy Programs Qualitative Metrics had two (2) deliverables due in the Second Quarter, both of which were approved by LIPA.

The status of each Power Supply & Clean Energy Programs Qualitative Metric deliverable due in the Second Quarter is detailed in the following table.

FIGURE 8: POWER SUPPLY & CLEAN ENERGY PROGRAMS QUALITATIVE METRICS Q2 DELIVERABLES STATUS

METRIC #	DELIVERABLE	STATUS
Distributed Energy Resources (DER) Interconnection Process		
PS&CE-7.3	PSEG Long Island will investigate an option to make interconnection payments by credit card via telephone or other non-complex manner and provide a cost estimate to LIPA by June 1, 2022.	Approved - Met Metric Standards/Completed
Time of Use (TOU) Pricing Options - Space Heating and Large Commercial		
PS&CE-8.5	The SAPA filing must be issued by April 6, 2022	Approved - Met Metric Standards/Completed

Quantitative Metrics

LIPA has summarized the Second Quarter status of each Power Supply & Clean Energy Programs Quantitative Metric in the following table. Of the four metrics, one (1) is meeting the YTD target, and three (3) are behind the YTD target.

FIGURE 9: POWER SUPPLY AND CLEAN ENERGY PROGRAMS QUANTITATIVE METRICS Q2 STATUS

METRIC #	METRIC NAME	L/H	YE TARGET	YTD TARGET	YTD RESULT	YTD PERFORMANCE
PS&CE-3	Energy Efficiency Plan Savings	H	1,147,670	451,059	466,712	Meeting Target
PS&CE-5	Beneficial Electrification – Building Electrification (Note 2)	H	100.0%	100.0%	50.0%	Behind Target
PS&CE-6	Electric Vehicle (EV) Make-Ready (Note 2)	H	100.0%	100.0%	50.0%	Behind Target
PS&CE-9	TOU Pricing Pilot – Year 1 Marketing	H	12,000	3,500	2,962	Behind Target

Table Note 1: “L/H” column refers to “Low/High” – a designation of “H” indicates that the performance objective is to score higher than the target; “L” has a performance objective that is lower than the target.

Table Note 2: PS&CE-5 – “Beneficial Electrification – Building Electrification” and PSE&CE-6 – “Electric Vehicle (EV) Make-Ready” are both comprised of four individual targets. In each case, the overall metric target permits a partial incentive compensation payout (in 25% increments) for meeting each of the four individual metric targets. Through Q2, PSEG Long Island is meeting two of the four targets for each of PS&CE-5 and PS&CE-6. PSEG Long Island’s Q2 performance for these two metrics is 50%, in agreement with the criteria specified in the overall metric targets.

CUSTOMER SERVICE

The Customer Service scope has 19 metrics, accounting for \$4,000,000 in compensation at-risk based on performance. Of these 19 metrics, six (6) are Qualitative, and 13 are Quantitative. Appendix A summarizes the Customer Service metrics and the associated Variable Compensation. Detailed metric descriptions are available on [LIPA's website](#).

Second Quarter Status Overview

The Second Quarter status of the Customer Service metrics is discussed below.

Delivery of Strategic Customer Experience & Billing Projects (CS-1)

PSEG Long Island has completed six (6) of seven (7) projects included in the CS-1 metric and has deployed three of the initiatives (New Bill Print Vendor, AMI Phase 1 Collection Remote Disconnect, and Mobile App Outage Tracker).

While PSEG Long Island completed the projects on time, LIPA identified several deficiencies.

Generally, the PIPs provided by PSEG Long Island needed numerous updates because they inadequately documented operations changes, business processes, or technical processes; did not include clearly defined expected outcomes in the submitted plans; did not have enough detail to determine critical path or dependencies; and were overall not compliant with the expected project and IT standards. The level of detail for testing documentation for completed projects did not allow for successful independent verification and did not include the complete set of testing requirements against business requirements.

PSEG Long Island needs to enhance its skills in developing business requirements to ensure that all scenarios are clear, concise, and testable. In addition, during the LIPA review of two new contracts (Bill Print and Credit Card), LIPA noted missing service level agreements and Key Performance Indicators (KPIs), and contracts did not appropriately include penalties to protect customer interest and hold vendors accountable.

JD Power Customer Satisfaction Survey Metrics (CS-2 and CS-3)

Success in the JD Power metrics (CS-2 & CS-3) is at risk. PSEG Long Island's current residential performance is in the 4th quartile after two Waves. Across the East Large JD Power Residential satisfaction survey, scores decreased by 13 points between Wave 1 and Wave 2, while PSEG Long Island's decreased by 34 points. The small sample size (187 responses) may be impacting the volatility of reported results. PSEG Long Island outperforms the East Large average in nine (9) of the 12 KPIs/diagnostic questions.

The JD Power Business Wave 1 scores also experienced a decrease among overall satisfaction in the East Large segment, falling 36 points from Wave 2 in 2021. PSEG Long Island's score dropped 49 points. Across the industry, 41 of the utilities were excluded from the Business ranking due to small sample size. PSEG Long Island is outperforming the East Large average on only two (2) of the 13 KPIs/diagnostic questions, with the largest gaps in the customers being considered a valued business partner and the ease of doing business with the utility.

PSEG Long Island is not developing specific actions to address JD Powers performance and feels that achieving the OSA metrics will influence improvement in the score. **LIPA believes that PSEG Long Island needs to develop a strategic plan to address customers' negative perceptions.**

Customer Information System (CIS) Modernization Phase 1 (CS-4)

The CIS Modernization Phase 1 (CS-4) metric required PSEG Long Island to deliver a Current Environment Analysis in the First Quarter. The submitted deliverable was incomplete, with missing processes, interfaces, and system statistics, and LIPA rejected it. LIPA also identified gaps in the collection of requirements and clarity around the project's scope and misalignment in expectation of outputs from the deliverables. **LIPA and PSEG Long Island have agreed to form a core work team to ensure that the defined project scope and deliverables will result in a successful CIS implementation.** PSEG Long Island did not submit the two deliverables due in the Second Quarter due to the ongoing effort to redesign the approach and deliverables and the need to consider adjusting the metric to reflect the optimal future path.

Customer Transaction Performance (CS-5)

For CS-5 Customer Transaction Performance, **PSEG Long Island has diligently worked with LIPA to provide the required information around transaction volume and cost, as well as to align on how to assess the results of the customer feedback and methodology.** PSEG Long Island has found the data collection process challenging because the necessary information has not been used in the past and is not available in some cases. Several other challenges have occurred in this space related to losing the phone survey vendor and the identification of gaps in the survey population. LIPA is working with PSEG Long Island to identify how to close the gaps and create an acceptable path forward.

Billing Performance Metrics (CS 6 – 10)

All five billing performance metrics are performing extremely well this year (CS-6 Inactive Accounts Long Term Estimates, CS-7 Active Accounts Long Term Estimates, CS-8 Unauthorized Use / Advanced Consumption Resolution, CS-9 Exception Cycle Time, and CS-10 Cancelled Rebill). The acceleration of AMI installations and performance of AMI metered accounts have proven to generate operational improvements by increasing the number of actual reads and reducing billing exception generation 53% year over year, producing a higher volume of first-time accurate bills. PSEG Long Island utilized the surplus field resources for field visits to provide the appropriate field resolution and data back to the back-office team to address long-term estimates and advance consumption.

Call Center Service Level with Live Agents (CS-11, CS-12)

Despite lower than planned call volume, **Call Center Service Level with Live Agents (CS-11) will not meet the metric this year due to unfilled vacancies in the Call Center.** PSEG Long Island is hiring 40 call center agents, but they will not be ready to assist on the phone until October.

LIPA determined that Customer Email Closure Rate (CS-12) measurement is not consistent with the metric definition and requested PSEG Long Island assess the cost to properly update the reports considering the system is being retired in 2023. Under the current PSEG Long Island measurement, PSEG Long Island is not meeting the target and needs to maintain at least 75% average closure rate for all remaining months to achieve the metric. PSEG Long Island hired a consultant to aid in closing the performance gap but attaining the target by year-end is lofty.

Other Customer Service Metrics (CS 13-19)

Residential collection disconnects for non-payment were initially expected to start in January 2022 but did not begin until July. The 2022 metric targets for numerous metrics assumed a January start date, including CS-13 First Call Resolution (FCR), CS-19 DPS Customer Complaint Rate, CS-14 Net Write-Offs, LMI enrollment, CS-15 Accounts Receivable greater than 90 (AR>90), and CS-16 Days Sales Outstanding (DSO).

FCR, Net Write-Offs, and DPS complaints were affected favorably by the delay and are performing better than target. YTD performance for FCR is slightly below 2021. For complaints, levels are consistent with 2021, and PSEG Long Island remains in the number 1 or 2 spot for performance across the state.

The delay in starting disconnects has caused PSEG Long Island to miss the AR> 90 and DSO targets to date and may result in missing the target at year-end since this is a primary driver of collections. PSEG Long Island will most likely meet net write-offs due to \$11.1 million in planned residential disconnects that did not occur in the first half of the year.

The LMI Program Participation (CS-17) target may be achievable due to progress on the LMI Program Automation (CS-18) project, the forgiveness opportunity being made available to all low-income customers through year-end, and the resumption of disconnects.

Second Quarter Status Details

Qualitative Metrics

The six (6) Customer Service Qualitative Metrics had 14 deliverables due in the Second Quarter. Of these:

- 11 deliverables have been closed by PSEG Long Island, with eight (8) Approved by LIPA and three (3) with LIPA Review In Progress.
- Three (3) deliverables are Overdue with no exception requested.

LIPA has detailed the status of each Customer Service Qualitative Metric deliverable due in the Second Quarter in the following table.

FIGURE 10: CUSTOMER SERVICE QUALITATIVE METRICS Q2 DELIVERABLES STATUS

METRIC #	DELIVERABLE	STATUS
Delivery of Strategic Customer Experience & Billing Projects		
CS-15.1	Credit Card Vendor contract executed	Review in Progress
Low to Moderate Income (LMI) Program Automation		
CS-18.2	Provide a Project Implementation Plan ("PIP") for automated processes for LIPA approval, which shall not be unreasonably withheld, by April 30, 2022.	Approved - Met Metric Standards/Completed
Customer Information System (CIS) Modernization – Phase 1		
CS-4.2	Detailed functional and technical requirements document as specified in the Definition section of the attached "CS-4 Customer Information System (CIS) Modernization – Phase 1 " metric document is submitted and approved by LIPA.	Overdue - No Exception Requested
CS-4.3	RFP for procuring a CIS system/implementer is submitted and approved by LIPA.	Overdue - No Exception Requested

Customer Transactional Performance		
CS-5.4	Provide the 2021: (1) average cost of each transaction by channel; (2) volume of each transaction by channel. The 2021 cost and transaction volume, by channel, will be provided to LIPA by February 28, 2022.	Overdue - No Exception Requested ⁴
CS-5.7.3	Survey data will be shared with LIPA for March 2022 transaction survey results	Approved - Met Metric Standards/Completed
CS-5.7.4	Survey data will be shared with LIPA for April 2022 transaction survey results	Review in Progress
CS-5.7.5	Survey data will be shared with LIPA for May 2022 transaction survey results	Review in Progress
Billing Active & Inactive Accounts Long-Term Estimates (LTEs)		
CS-6.1.3	Master Excel list of existing inactive estimates as of 12/31/21 and any newly created estimates greater than 5 months that includes resolution reason, action taken in the field, action taken in CAS, CAS status update to reflect field condition with additional defined supporting data in the metric for March 2022	Approved - Met Metric Standards/Completed
CS-6.1.4	Master Excel list of existing inactive estimates as of 12/31/21 and any newly created estimates greater than 5 months that includes resolution reason, action taken in the field, action taken in CAS, CAS status update to reflect field condition with additional defined supporting data in the metric for April 2022	Approved - Met Metric Standards/Completed
CS-6.1.5	Master Excel list of existing inactive estimates as of 12/31/21 and any newly created estimates greater than 5 months that includes resolution reason, action taken in the field, action taken in CAS, CAS status update to reflect field condition with additional defined supporting data in the metric for May 2022	Approved - Met Metric Standards/Completed
CS-7.1.3	Master list of existing active estimates as of 12/31/21 and any new estimates greater than 3, including the resolution, reason, action taken in the field, action taken in CAS, with the additional field as defined in the supporting documentation for the previous month	Approved - Met Metric Standards/Completed
CS-7.1.4	Master list of existing active estimates as of 12/31/21 and any new estimates greater than 3, including the resolution, reason, action taken in the field, action taken in CAS, with the additional field as defined in the supporting documentation for the previous month	Approved - Met Metric Standards/Completed
CS-7.1.5	Master list of existing active estimates as of 12/31/21 and any new estimates greater than 3 including the resolution, reason, action taken in the field, action taken in CAS, with the additional field as defined in the supporting documentation for the previous month	Approved - Met Metric Standards/Completed

⁴ The deliverable, which was originally due on February 28, 2022, had an exception approved extending the due date to May 6, 2022. The new due date has not been met, and no additional exception has been requested as of yet.

Quantitative Metrics

The Second Quarter status of each Customer Service Quantitative Metric is detailed in the following table. Of the thirteen metrics, six (6) are meeting the YTD target, and seven (7) are behind the YTD target.

FIGURE 11: CUSTOMER SERVICE QUANTITATIVE METRICS Q2 STATUS

METRIC #	METRIC NAME	L/H	YE TARGET	YTD TARGET	YTD RESULT	YTD PERFORMANCE
CS-2	JD Power Customer Satisfaction Survey (Residential)	H	TBD at YE (3rd Quartile)	698 (3rd Quartile)	685 (4th Quartile)	Behind Target
CS-3	JD Power Customer Satisfaction Survey (Business)	H	TBD at YE (3rd Quartile)	748 at Wave 1 (3rd Quartile)	692– Wave 1 Results in July	Behind Target
CS-6 ⁵	Inactive Accounts Long Term Estimates (LTEs)	L	861	5,378	4,013	Meeting Target
CS-7	Active Accounts Long Term Estimates (LTEs)	L	700	2,115	1,981	Meeting Target
CS-8	Unauthorized Use/Advanced Consumption Resolution	L	400	597	366	Meeting Target
CS-9	Billing Exception Cycle Time	H	95.0%	95.0%	99.3%	Meeting Target
CS-10	Billing – Cancelled Rebill	L	0.50%	0.50%	0.24%	Meeting Target
CS-11	Contact Center Service Level with Live Agent Calls	H	80.0%	80.0%	54.8%	Behind Target
CS-12	Customer Email Closure Rate	H	70.0%	70.0%	61.4%	Behind Target

⁵ CS-6 and CS-7 have quantitative targets as well as qualitative deliverables for process improvements

CS-13	First Call Resolution (FCR)	H	80.0%	80.0%	81.6%	Meeting Target
CS-14	Net Write-Offs (Per \$100 Billed Revenue)	L	0.77	0.77	0.33	Meeting Target
CS-15	Accounts Receivable Aging > 90 Days Past Due (AR>90) (Note 2)	L	28.60%	28.60%	32.17%	Behind Target
CS-16	Days Sales Outstanding (DSO) (Note 2)	L	38.37	38.37	42.30	Behind Target
CS-17	Low-to-Moderate Income (LMI) Program Participation	H	55,000	43,339	39,341	Behind Target
CS-19	DPS Customer Complaint Rate	L	4.2	4.2	2.0	Meeting Target

Table Note 1: “L/H” column refers to “Low/High” – a designation of “H” indicates that the performance objective is to score higher than the target; “L” has a performance objective that is lower than the target.

Table Note 2: Metrics CS-15 and CS-16 incorporate agreed-to target measurement protocols for energy assistance as defined in the metric and will have changing monthly targets based on new state and federal energy assistance.

BUSINESS SERVICES

The Business Services scope has 21 metrics, accounting for \$3,000,000 in compensation at-risk based on performance. Of these 21 metrics, 14 are Qualitative, and 7 Quantitative. Appendix A summarizes the Business Services metrics and the associated Variable Compensation. Detailed metric descriptions are available on [LIPA's website](#).

Second Quarter Status Overview

The Second Quarter status of the Business Services metrics is discussed below.

Enterprise Risk Management (ERM) Report (BS-1)

For this metric, LIPA tasked PSEG Long Island's ERM program to improve the ERM Annual Report delivered in June and to update the report in December. LIPA received the report from PSEG Long Island on the agreed upon date of June 30th. **The LIPA ERM Team noted many year-over-year (YoY) improvements to the report** including key insights on YoY changes, the inclusion of mitigation actions for applicable Tier 1 and 2 risks along with status updates, challenges, and remediation plans, and adding the concept of controllability (e.g., what is within our power to control) for each risk. Additionally, the PSEG Long Island ERM Team developed a high-level process to begin to assess the effectiveness of mitigation actions, which is a concept that will be implemented over 2022 and 2023. With the improvements made to the ERM Annual Report, LIPA is able to gain additional transparency into how the most significant risks to the business are changing and better insight into mitigation actions that are either recently completed or underway to better manage the utility's most significant risks. Currently, LIPA does not foresee issues with PSEG Long Island meeting this metric.

Legal Staffing (BS-14)

This metric requires a plan to implement staffing recommendations in PSEG Long Island's Legal Department that were identified by a consultant retained by LIPA to assess their legal staffing resources. The consultant conducted interviews of lawyers from both companies, reviewed contractual obligations under the new OSA as well as other pertinent documents and evaluated the adequacy of the staffing levels. Deficiencies in staffing and in critical systems were identified, and PSEG Long Island must develop a plan to implement the recommendations from the consultant by August. Currently, LIPA does not foresee issues with PSEG Long Island meeting this metric.

Government & Legislative Affairs (BS-16)

PSEG Long Island has completed all steps required to date for this Legislative Bill Tracking metric, which is designed to provide lines of business with timely information and analysis of legislation that could impact LIPA or PSEG Long Island. From January 1 through June 6, when the State Legislature was in session, PSEG Long Island provided all required bi-weekly updates on relevant bills introduced. Updates included the introduction of new legislation and movement through committees in either house or if passed when bills were delivered to the Governor. Additionally, PSEG Long Island completed all required bill memos, describing bills deemed mutual priorities and providing analysis, as required by the metric. LIPA has noted some opportunities to enhance this metric for 2023.

Project Outreach (BS-17)

The status of the Project Outreach metric (BS-17) is in question. LIPA developed this metric to fulfill a requirement of the 2018 DPS Management Audit, where the auditors requested a customer survey to develop recommendations to improve outreach on capital projects. PSEG Long Island reports having received survey responses from only 17 customers. LIPA recommends PSEG Long Island employ the practices it uses for surveying customers in other lines of business, which have proven effective. LIPA has offered PSEG Long Island an exception to this metric to regroup around a revised plan to engage customers for their feedback and fulfill the metric objectives.

Communications Metrics (BS 18-21)

Overall, the Communications Metrics are showing positive results. For BS-18, Customer Segmentation, PSEG Long Island has three campaigns currently in market to test new customer segmentations. We expect to have measurable data to show the effectiveness of how the campaigns performed by August 1 and will report monthly thereafter to show trends over time.

For BS-19 and BS-20 Reputation Management – Positive Sentiment and Share of Voice, **PSEG Long Island has shown additional proactive communications and outreach on a variety of topics resulting in more favorable coverage by the media.** Both of these metrics involve the most fundamental aspects of communications strategy as it relates to reputation management.

For BS-21, Social Media Engagement and Following, this is the first update as PSEG Long Island needed an extension from the first quarterly report due to the extensive amount of social media response data that needed to be collected and organized. PSEG Long Island worked diligently with their software vendor to comprehensively organize the data for LIPA review. The implementation of artificial intelligence has helped to provide a near-immediate response to customers in need with health and safety incidents.

Affiliate Cost Benefit Justification (BS-7)

PSEG Long Island utilizes another PSE&G corporate subsidiary, the PSEG Services Corporation, to supplement in-house staff in providing support and administrative services pursuant to the OSA. These services are referred to as Affiliate Services.

The metric was designed to provide increased transparency on the use of and cost associated with Affiliate Services. Specifically, the metric required PSEG Long Island to conduct a Cost Benefit and Alternative Analysis to fully document and itemize the full cost for services as well as evaluate the quantifiable cost and benefits of providing the service in-house at PSEG Long Island or with third party contractors.

The 2022 metric focused on the two largest Affiliate Service categories: Information Technology and Human Resources Services. PSEG Long Island successfully completed the two target deliverables through the second quarter of 2022. PSEG Long Island provided LIPA with a scope for the Cost Benefit Analysis by March 31, 2022, as required in the metric, which LIPA approved. Further, PSEG Long Island provided LIPA with a completed Cost Benefit and Alternative Analysis for Human Resource Services on June 30, 2022, in accordance with the Metric. LIPA is still reviewing this submission. The Information Technology Cost Benefit and Alternative Analysis is due at the end of the third quarter.

Capital Project Impact Analysis (BS-8)

PSEG Long Island develops and implements Capital Projects pursuant to the OSA. These projects reflect long-term investments in infrastructure to address load growth, maintain and improve system reliability, and leverage new technology.

Many of these projects reflect investments in normal system cyclical replacements and upgrades. However, each year there are also major investments in new technology, system expansion, and other major improvements. The Capital Project Impact Analysis metric is intended to promote improved Capital Project planning and to ensure accountability, transparency, and realization of desired project benefits with a focus on major new projects being proposed for funding in the 2023 Capital Budget.

PSEG Long Island successfully completed the target deliverable required in the second quarter of 2022. PSEG Long Island provided LIPA with a draft framework outlining the structure and elements of the impact analysis, as required in the metric. LIPA provided PSEG Long Island comments and suggested enhancements. The next target deliverable is for updated PSEG Long Island internal procedures by August 30, 2022. A completed analysis for a minimum of five 2023 proposed Capital Projects is due in September.

Human Resources Metrics (BS 2-4)

The Employee Engagement Participation Rate Metric (BS-2) requires PSEG Long Island to improve the rate of employee participation in the annual Employee Engagement survey so that results are representative of a larger and broader spectrum of employees. Employers with strong engagement scores report higher productivity, greater efficiency, and lower turnover than employers with low engagement scores. Therefore, receiving feedback from a greater percentage of employees provides a more accurate assessment of employee sentiment and satisfaction. PSEG Long Island's engagement surveys launch in September with results finalized by mid-November. While PSEG Long Island achieved increases in 2021 over the 2020 participation rates, it is not possible to know whether PSEG Long Island will satisfy this metric until the next survey is completed.

The Employee Engagement Participation Rate Metric (BS-3) metric endeavors to drive actions and results that demonstrate higher employee engagement scores in selected categories. Irrespective of their job titles or salary, employees who are more satisfied with their job produce more and do it more efficiently. Categories that impact performance and culture are included in the 2022 metric: specifically, Net Promoter Score, Recognition and Reward, Continuous Improvement, Performance Management, and Growth and Development. While it is not possible to know whether PSEG Long Island will satisfy this metric until the next survey is completed, they are taking affirmative actions to increase their scores, including mobilizing organizational groups at the enterprise, leadership, line of business, and grass roots levels to address employee feedback at all levels to improve employee experience and drive greater performance.

The Vacancy Rate metric's (BS-4) objective is for PSEG Long Island to obtain the budgeted full-time headcount identified as necessary to achieve operational objectives within the identified departments and to minimize expenses related to supplemental resources such as temporary employees, consultants, affiliate employees, etc. This metric requires PSEG Long Island to attain an annual vacancy rate of no greater than 5.0% in four identified categories (Overall, Transmission & Distribution, Customer Service including Energy Efficiency, and Business Services including Power Markets) and no greater than 7.0% in Information Technology. Metric performance is calculated at year-end and is a 12-month average. The May 2022 YTD Actual vs. Budget - Metric Summary Report indicates that for the first five months of 2022, **PSEG Long Island's vacancy rates are above the metric targets and successful satisfaction of this metric is uncertain.**

Information Requests Response (IR-13)

This metric requires PSEG Long Island to work with LIPA to develop a policy establishing requirements for timely substantive responses to information requests (IRs). LIPA developed a tracking system to evaluate whether this metric is reached each quarter. PSEG Long Island's percentage of on-time completion of IRs in the 1st quarter was 96.97%. For the 2nd quarter, PSEG Long Island scored 82%, making the average on-time completion rate, as of June 30, 2022, 89.5% which is on the cusp of meeting the metric target. At this time, LIPA cannot predict whether PSEG Long Island will continue to respond to IRs in a manner that will allow them to successfully achieve this metric for the remainder of the year.

Other Business Services Metrics

The following qualitative metrics did not have any deliverables due in the Second Quarter; their status is discussed based on LIPA's understanding of progress to-date.

- **ERM KRIs (BS-2)**

The Key Risk Indicator (KRI) metric requires PSEG Long Island to develop a 'proof-of-value' pilot for the definition, development, and reporting of KRIs. To date, PSEG Long Island has identified which risks the pilot will be focus on: Safety, Major Storm – Customer Expectations, Cyber Attack, Failure of Critical Business System Application, and Loss of Multiple Interconnections. The LIPA ERM Team will work closely with the PSEG Long Island ERM Team to ensure the KRIs are well-developed, robust, and provide meaningful information. At this time, LIPA does not foresee issues with PSEG Long Island achieving this metric.

- **Contractor Performance Evaluation System (BS-15)**

This metric requires PSEG Long Island's Procurement group to procure and implement a system to track Contractor Evaluation Performance Data. PSEG has procured a system, SupplyHive and started implementing it. The first phase is to monitor contracts valued at \$2 million or greater and track vendors' performance against the following benchmarks: Safety and Casualty Rate, Contract Risks, Quality Performance and Values and Cost. The first report from SupplyHive is due to LIPA by September 30, 2022. At this time, LIPA does not anticipate issues with PSEG Long Island meeting this metric.

- **Contract Administration Manual (CAM) Completion (BS-6)**

This metric requires PSEG Long Island to introduce and execute business process improvements to the administration of the CAM. Through the end of the second quarter, fifteen individual CAM processes have been developed, reviewed, and modified by PSEG Long Island and LIPA, with four reaching completion and eleven in progress. The goal is to complete these remaining eleven CAMs by the close of 2022. LIPA's primary focus in reviewing these CAMs is to ensure that the terms of the CAMs do not undermine or renegotiate the terms of the Second A&R OSA. This has been an area of contention on certain CAMs reviewed to date. LIPA and PSEG Long Island need not agree on final terms of the CAMs in order for PSEG Long Island to achieve this metric. The key targets for this metric are provision by PSEG Long Island of initial drafts of seven previously agreed upon CAMs by March 31, 2022 (that target was met) and PSEG Long Island's adherence to a 15-business-day turnaround for each review, edit, and comment iteration. Through the end of the second quarter, PSEG Long Island is performing at 95% against a target of 90% for that measure. At this time, PSEG Long Island is meeting its obligations under this metric, and they are on track to successfully meet their year-end targets.

- **Substation Property Tax Report (BS-9)**

PSEG Long Island manages the payment of LIPA's property tax PILOTs for its properties including its

substations. This metric is for developing a report using plant accounting and related tax module data to monitor the reasonableness of property tax PILOTs. The report provides tax and PILOT information for 120 of LIPA's substation properties. As of the second quarter, PSEG Long Island has worked to develop the appropriate formulas for calculating reproduction cost of new assets less depreciation (RCNLD). They have met with LIPA's tax counsel to ensure RCNLD is appropriate and are testing a sample population against previously calculated amounts developed by LIPA's tax counsel to ensure accuracy. The final report is due to LIPA by December 31, 2022 and PSEG Long Island appears to be on schedule.

- **Substation Property Tax Module Plan (BS-10)**

PSEG Long Island shall provide a Project Implementation Plan ("PIP") to map an additional 45 substations not included in 2022 Tax and PILOT report (BS-9) to substantially complete the annual report. PSEG Long Island reports monthly to LIPA on the mapping process and is on schedule to provide a PIP by December 31, 2022.

Second Quarter Status Details

Qualitative Metrics

The 14 Business Services Qualitative Metrics had 23 deliverables due in the Second Quarter. All 23 deliverables have been closed by PSEG Long Island, with eight (8) Approved by LIPA, and 15 with LIPA Review in Progress.

The status of each Business Services Qualitative Metric deliverable that was due in the Second Quarter is detailed in the following table.

FIGURE 12: BUSINESS SERVICES QUALITATIVE METRICS Q2 DELIVERABLES STATUS

METRIC #	DELIVERABLE	STATUS
Enterprise Risk Management (ERM) Report		
BS-1.2	Deliverable 1: Deliver a comprehensive Annual Enterprise Risk Management Report by June 30, 2022.	Review in Progress
BS-1.3	Deliverable 2: Description of a process that will be used to assess the effectiveness of mitigation activities on a qualitative basis	Review in Progress
Legal Staffing		
BS-14.1	PSEG LI to fully participate in a legal staffing study to be completed in Q1 2022 to be performed at LIPA's direction, to determine any gaps and what is needed to achieve adequate staffing for a fully functional Legal department at PSEG Long Island. The staffing study shall include findings and recommendations, including reasonable timelines for implementation.	Review in Progress
BS-14.2	Consultant to provide LIPA with its draft staffing study by 5/12/2022. The study will include its findings and recommendations with a reasonable timeline for implementation.	Review in Progress
BS-14.3	LIPA to review draft study and provide its edits/comments to consultant by 5/19/22.	Review in Progress
BS-14.4	Consultant will provide final report to LIPA and PSEG LI by May 26, 2022.	Review in Progress

Government & Legislative Affairs		
BS-16.10	Provide LIPA with written notice within three weeks of introduction of Bills in the NYS Legislature that could have a direct impact on LIPA/PSEG Long Island. Quarterly review to include sign off on percentage of bill notifications that were made timely.	Review in Progress
BS-16.11	Provide analysis on “mutual legislative priorities” in an agreed upon format, within 30 days of notification to LIPA of bill introduction. Analysis shall include but is not limited to: a. a summary of proposed legislation b. a summary of potential impacts on LIPA and/or PSEG Long Island operations c. a summary of potential ratepayer impacts Quarterly review to include sign off on percentage of bill notifications that were made timely	Review in Progress
BS-16.12	Provide the bi-weekly update for the March 26, 2022 – April 8, 2022 reporting period, per the requirement to track status of “mutual state legislative priorities.	Approved - Met Metric Standards/ Completed
BS-16.13	Provide the bi-weekly update for the April 9 – April 22, 2022 reporting period, per the requirement to track status of “mutual state legislative priorities.	Approved - Met Metric Standards/ Completed
BS-16.14	Provide the bi-weekly update for the April 23, 2022 – May 6, 2022 reporting period, per the requirement to track status of “mutual state legislative priorities.	Approved - Met Metric Standards/ Completed
BS-16.15	Provide the bi-weekly update for the May 7, 2022 – May 20, 2022 reporting period, per the requirement to track status of “mutual state legislative priorities.	Approved - Met Metric Standards/ Completed
BS-16.16	Provide the bi-weekly update for the May 21, 2022 – June 3, 2022 reporting period, per the requirement to track status of “mutual state legislative priorities.	Approved - Met Metric Standards/ Completed
BS-16.17	Provide the bi-weekly update for the June 4, 2022 – June 17, 2022 reporting period, per the requirement to track status of “mutual state legislative priorities.	Review in Progress
Project Outreach		
BS-17.4	Starting on March 15, 2022, and by the 15th of each month thereafter, provide to LIPA and DPS details of all survey responses received up until the 1st of the month.	Approved - Met Metric Standards/ Completed
BS-17.5	Starting on March 15, 2022, and by the 15th of each month thereafter, provide to LIPA and DPS details of all survey responses received up until the 1st of the month.	Approved - Met Metric Standards/ Completed
BS-17.6	Starting on March 15, 2022, and by the 15th of each month thereafter, provide to LIPA and DPS details of all survey responses received up until the 1st of the month.	Approved - Met Metric Standards/ Completed
Customer Segmentation		
BS-18.3	Launch education, communication, and marketing strategies by June 30, 2022.	Review in Progress

BS-18.4	<p>Measure Key Performance Indicators (KPIs) to understand if segments are performing well including:</p> <ul style="list-style-type: none"> · Effectiveness of marketing strategy · Effectiveness of communication channels · Increases in participation <p>Based on program duration, PSEG Long Island will send monthly reporting of effectiveness.</p>	Review In Progress
BS-18.5	<p>Measure Key Performance Indicators (KPIs) to understand if segments are performing well including:</p> <ul style="list-style-type: none"> · Effectiveness of marketing strategy · Effectiveness of communication channels · Increases in participation <p>Based on program duration, PSEG Long Island will send monthly reporting of effectiveness.</p>	Review In Progress
BS-18.6	<p>Measure Key Performance Indicators (KPIs) to understand if segments are performing well including:</p> <ul style="list-style-type: none"> · Effectiveness of marketing strategy · Effectiveness of communication channels · Increases in participation <p>Based on program duration, PSEG Long Island will send monthly reporting of effectiveness.</p>	Review In Progress
Affiliate Cost Benefit Justification		
BS-7.2	By June 30, 2022, PSEG will complete analysis of Q2 scope as agreed upon in Item #1	Review in Progress
Capital Project Impact Analysis		
BS-8.1	1. Provide LIPA with draft framework for approval, which shall not be unreasonably withheld, by June 30, 2022.	Review in Progress

Quantitative Metrics

The Second Quarter status of each Business Services Quantitative Metric is detailed in the following table. Of the seven (7) metrics, four (4) are meeting the YTD target, one (1) is behind the YTD target and two (2) metrics (BS-3 and BS-4) are categorized as TBD and will have their results post in the Third Quarter.

FIGURE 13: BUSINESS SERVICES QUANTITATIVE METRICS Q2 STATUS

METRIC #	METRIC NAME	L/H	YE TARGET	YTD TARGET	YTD RESULT	YTD PERFORMANCE
BS-3	Employee Engagement – Participation Rate	H	100.0%	100.0%	Q3 Activity	TBD – Q3 Activity
BS-4	Employee Engagement – Score	H	66.7%	66.7%	Q3 Activity	TBD – Q3 Activity
BS-5	Full Time Vacancy Rate (Note 2)	H	100.0%	100.0%	40.0%	Behind Target
BS-13	Information Request (IR) Responses	H	90.0%	90.0%	98.6%	Meeting Target
BS-19	Reputation Management – Positive Media Sentiment	H	28.0%	28.0%	65.8%	Meeting Target
BS-20	Reputation Management – Share of Voice (Note 3)	H	50.0%	50.0%	100.0%	Meeting Target
BS-21	Social Media Engagement and Following	H	100.0%	100.0%	100.0%	Meeting Target

Table Note 1: “L/H” column refers to “Low/High” – a designation of “H” indicates that the performance objective is to score higher than the target; “L” has a performance objective that is lower than the target.

Table Note 2: The objective of BS-5 – “Full Time Vacancy Rate” is to achieve a vacancy rate of no greater than 5.0% for the following four areas: (Overall PSEG LI, Electric T&D, Customer Services (including Energy Efficiency) and Business Services (including Power Systems Management) and a vacancy rate of no greater than 7.0% for Information Technology. Through Q2, PSEG Long Island’s performance level of 40% reflects that it is meeting the vacancy rate target for 2 areas (T&D Electric and Overall PSEG LI), but is behind target for the three remaining areas.

Table Note 3: “Reputation Management – Share of Voice” requires that PSEG Long Island achieves a 50% “Share of Voice” during storm and other crisis events. It is defined as the amount of media stories mentioning PSEG Long Island that quote someone from the organization or cite data it has provided. Through Q2, PSEG Long Island is performing at 100% versus the target of 50% for qualifying events.

APPENDIX A: SUMMARY OF 2022 PERFORMANCE METRICS

FIGURE 14: TRANSMISSION & DISTRIBUTION METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
TRANSMISSION & DISTRIBUTION			
T&D-1	Asset Management Program – Asset Inventory	\$150,000	Requires PSEG Long Island to collect and document all Transmission and Distribution (T&D) assets as part of an Asset Management Program in accordance with the Asset Management Recommendations adopted by the LIPA Board of Trustees.
T&D-2	Asset Management Program – Governance	\$200,000	Requires PSEG Long Island to develop and implement effective governance of an Asset Management Program in accordance with the Asset Management Recommendations adopted by the LIPA Board of Trustees.
T&D-3	Asset Management Program – Enterprise Asset Management System (EAMS)	\$600,000	Requires PSEG Long Island to plan and implement a full-fledged, electronic EAMS to track all asset, work, maintenance, and inventory activities, to be used for an Asset Management Program, including preventative and predictive maintenance of the T&D system, providing improved reliability and reduced cost to customers.
T&D-4	Transmission & Distribution System Mis-Operations	\$100,000	Requires PSEG Long Island reduce the number of relay mis-operations on the T&D System by 5% compared to the 3-year average.
T&D-5	Transmission & Distribution Operating Errors	\$100,000	Requires PSEG Long Island to limit the number of operating errors on the T&D System by 5% compared to the 3-year average.
T&D-6	PTCC Replacement	\$250,000	Requires PSEG Long Island to execute deliverables related to strategic considerations and conceptual facility designs for the construction of a new Primary Transmission Control Center (PTCC) and Alternate Transmission Control Center (ATCC) to replace the facilities that manage the electric flows on the Long Island electric grid.
T&D-7	System Average Interruption Duration Index (SAIDI) Reliability	\$400,000	Requires PSEG Long Island to maintain the outages (>5 minutes in duration) experienced by the average customer at under 1 hour annually, which is within the top 10% of peer utilities.

T&D-8	System Average Interruption Frequency Index (SAIFI) Reliability	\$200,000	Requires PSEG Long Island to maintain the number of outages experienced by the average customer at 1 outage (>5 minutes in duration) every 16 months, which is within the top 10% of peer utilities.
T&D-9	Momentary Average Interruption Frequency Index (MAIFI) Reliability	\$200,000	Requires PSEG Long Island to reduce the number of momentary outages (<5 minutes in duration) by 13% compared to the 3-year average. Performance has steadily improved and is now approaching the median level of peer utilities.
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)	\$150,000	Requires PSEG Long Island to reduce the number of customers with more than 4 outages (>5 minutes in duration) per year by 22% to meet the 3-year average, achieving performance that is within the top 25% of peer utilities.
T&D-11	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	\$200,000	Requires PSEG Long Island to improve circuit conditions for customers that have had more than 4 outages (>5 minutes in duration) per year for three or more consecutive years. PSEG Long Island will remediate circuit conditions accounting for at least 80% of these customers.
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)	\$150,000	Requires PSEG Long Island to reduce the customers with more than six momentary outages (<5 minutes in duration) per year by 20% compared to the 3-year average.
T&D-13	Safety – Serious Injury Incident Rate	\$200,000	Requires PSEG Long Island to safely maintain, construct, and operate the electric T&D system without risk of serious injuries and/or fatalities. The target level of performance is within the top 25% of peer utilities.
T&D-14	Safety – OSHA Recordable Incidence Rate	\$250,000	Requires PSEG Long Island to maintain employee safety as recorded by OSHA incidents at the 3-year average and increase focus on safety training, employee awareness, and diligence.
T&D-15	Safety – OSHA Days Away Rate	\$250,000	Requires PSEG Long Island to improve employee safety as measured by OSHA Days Away. The target level is approximately 22% better than the 3-year average.
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate	\$100,000	Requires PSEG Long Island to reduce the Motor Vehicle Accident (MVA) Rate by 5% compared to the 3-year average.

T&D-17	Work Management – Short-Term Scheduling	\$150,000	Requires PSEG Long Island to improve work management through short term scheduling in ways that optimize staffing levels, productivity, and overtime.
T&D-18	Work Management – Workforce Management Plans	\$250,000	Requires PSEG Long Island to improve work management by creating an annual workplan with monthly visibility of all work to be completed in 2022.
T&D-19	Work Management – Improve Planning and Tracking of Work	\$100,000	Requires PSEG Long Island to improve work management by improving the planning and tracking of work in ways that optimize staffing levels, productivity, and overtime.
T&D-20	Work Management – Improve and Standardize Compatible Unit Estimating (CUEs)	\$100,000	Requires PSEG Long Island to enhance the governance and use of a detailed estimating process to improve cost and scheduling accuracy.
T&D-21	Work Management – KPIs and Dashboards	\$100,000	Requires PSEG Long Island to develop work management metrics and tracking to identify opportunities to improve staffing levels, productivity, and reduce overtime in support of scheduled T&D work.
T&D-22	Work Management – Clarify and Rationalize Work Management Roles	\$50,000	Requires PSEG Long Island to standardize work management roles/positions and implement consistency across yards.
T&D-23	Employee Overtime	\$300,000	Requires PSEG Long Island to achieve a 2 percentage point reduction in overtime hours worked from the 3-year average.
T&D-24	Vegetation Management – Cycle Tree Trim With Vegetation Intelligence	\$200,000	Requires PSEG Long Island to develop and execute vegetation management plans that limit vegetation-caused outages using vegetation intelligence.
T&D-25	Vegetation Management – Trim-To-Sky (TTS) Circuits	\$250,000	Requires PSEG Long Island to execute enhanced TTS vegetation management techniques that limit vegetation-caused outages.
T&D-26	Vegetation Management – Hazard Tree Removal	\$400,000	Requires PSEG Long Island to identify and remove 12,000 "hazard" trees subject to falling and damaging the electric system during a storm, an increase from approximately 3,000 today.
T&D-27	Storm Hardening – Overhead Hardening	\$250,000	Requires PSEG Long Island to develop and execute the milestones of the budgeted Storm Hardening Work Plans, which will strengthen the T&D system and improve its ability to withstand storms.

T&D-28	Storm Hardening – Underground Hardening	\$150,000	Requires PSEG Long Island to develop a pilot program to identify opportunities for rear-yard branch circuits to be converted from overhead to underground lines.
T&D-29	Storm Hardening – Transmission Load Pockets	\$150,000	Requires PSEG Long Island to identify projects that will enhance system resiliency by providing alternate sources of power to transmission load pockets.
T&D-30	Storm Hardening – ACRV Commissioning Program	\$250,000	Requires PSEG Long Island to begin a program to operationalize automatic overhead switches as tripping devices to reduce the amount of customers interrupted during a storm.
T&D-31	Storm Hardening – LT5H (ASUV) Program	\$150,000	Requires PSEG Long Island to install a minimum of 150 automatic overhead switches that will reduce the amount of customers interrupted during a storm.
T&D-32	Estimated Time of Restoration (ETR)	\$200,000	Requires PSEG Long Island to improve by 10% the accuracy of restoration time estimates in blue sky conditions, giving customers the best available information regarding when their power will be restored.
T&D-33	Real Estate Strategy	\$100,000	Requires PSEG Long Island to execute the long-term strategy for LIPA's real estate and facility assets in accordance with the LIPA Board recommendations related to Real Estate Management.
T&D-34	Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)	\$200,000	Requires PSEG Long Island to provide timely and complete project justifications for each capital project and program for LIPA review and approval.
T&D-35	Construction – Project Milestones Achieved	\$200,000	Requires PSEG Long Island to complete a minimum of 85% of capital projects on time in accordance with the project milestone schedule, which is an improvement over the 3-year average performance.
T&D-36	Construction – Cost Estimating Accuracy	\$200,000	Requires PSEG Long Island to complete a minimum of 85% of capital projects at the estimated cost, which is an improvement over the 3-year average performance.
T&D-37	Completion of Program Planned Units Per Workplan	\$400,000	Requires PSEG Long Island to complete all units budgeted in the construction program.

T&D-38	Program Unit Cost Variance	\$200,000	Requires PSEG Long Island to complete all units budgeted in the construction programs within budget.
T&D-39	Project Completion Consistent with Project Design	\$100,000	Requires PSEG Long Island to manage capital projects completions such that they meet the approved design.
T&D-40	Double Wood Pole Reduction	\$50,000	Requires PSEG Long Island to maintain the backlog of double wood poles identified in the National Joint Utilities Notification System (NJUNS) at no higher than the 2021 year-end result.
	Compensation at Risk Based on Performance	\$8,000,000	

FIGURE 15: INFORMATION TECHNOLOGY METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
INFORMATION TECHNOLOGY – ORGANIZATIONAL PERFORMANCE			
IT-1	Organizational Maturity Level – Doing	\$250,000	Requires PSEG Long Island to improve its IT Organizational Maturity to Level 3 in the ‘Doing’ Category of the Capability Maturity Model Integration (CMMI) model within one year. This improves the capabilities of IT staff to implement IT projects.
IT-2	Organizational Maturity Level – Managing	\$500,000	Requires PSEG Long Island to improve its IT Organizational Maturity to Level 3 in the ‘Managing’ Category of the CMMI within one year. This improves the capabilities of IT staff to manage IT projects.
IT-3	System Resiliency	\$400,000	Requires PSEG Long Island to complete a well-designed and robust IT System Resiliency Plan that includes thoroughly exercised Disaster Recovery and Business Continuity Plans for all critical systems/processes.
IT-4	System and Software Lifecycle Management	\$300,000	Requires PSEG Long Island to maintain and upgrade all IT and operational technology assets managed on behalf of LIPA, including computers, communications equipment, networking equipment, hardware, software, and storage systems, to be within their active service life and under general support from the product vendor.

IT-5	System Implementation – 2022 Budget Projects	\$800,000	Requires PSEG Long Island to implement 21 major IT system projects within industry standards for cost and timeliness, including a GIS long-term roadmap, DER Visibility Project, ADMS long-term roadmap, Long Island Choice and other billing system changes, and an enterprise time and attendance system.
IT-6	System Implementation – Board PIPs	\$500,000	Requires PSEG Long Island to implement 9 major IT system projects related to recommendations adopted by the LIPA Board of Trustees within industry standards for cost and timeliness, including the Outage Management System projects, a strategic plan for outage reporting and communications, and developing a data access and analytics platform.
IT-7	System Segregation	\$250,000	Requires PSEG Long Island to plan for and separate LIPA IT systems from PSEG New Jersey systems.
	Compensation at Risk Based on Performance	\$3,000,000	

FIGURE 16: POWER SUPPLY & CLEAN ENERGY PROGRAMS METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
POWER SUPPLY PROGRAMS			
PS-1	Long Range Planning Studies – Integrated Resource Plan (IRP)	\$375,000	Requires PSEG Long Island to complete, per an agreed upon scope and schedule, deliverables associated with the development and issuance of the IRP.
PS-2	Long Range Planning Studies	\$500,000	Requires PSEG Long Island to improve its IT Organizational Maturity to Level 3 in the 'Managing' Category of the CMMI within one year. This improves the capabilities of IT staff to manage IT projects.
CLEAN ENERGY PROGRAMS			
CE-1	Energy Efficiency Plan Savings	\$200,000	Requires PSEG Long Island achieve the Energy Efficiency Plan targets in the Utility 2.0 filing.
CE-2	Utility 2.0 – Distributed Energy Resources (DER) Hosting	\$150,000	Requires PSEG Long Island to complete the hosting capacity study proposed in the Utility 2.0 filing.
CE-3	Beneficial Electrification – Building Electrification	\$200,000	Requires PSEG Long Island to achieve Beneficial Electrification targets in the Utility 2.0 filing, including: Energy Efficient Products, Home Comfort, REAP (Low-Income), and Home Performance.
CE-4	Electric Vehicle (EV) Make-Ready	\$100,000	Requires PSEG Long Island to achieve the EV Make-Ready targets in the Utility 2.0 filing to accelerate development of EV charging stations.
CE-5	Distributed Energy Resources (DER) Interconnection Process	\$200,000	Requires PSEG Long Island to improve the DER interconnection process pursuant to LIPA Board-adopted recommendations.
CE-6	Time-of-Use (TOU) Pricing Pilots – Heating and Large Commercial	\$200,000	Requires PSEG Long Island to complete development of TOU Pricing Options for space heating and large commercial customers.
CE-7	TOU Pricing Pilot – Year 1 Marketing	\$200,000	Requires PSEG Long Island to engage and enroll 12,000 new customers in new TOU optional pricing plans.
	Compensation at Risk Based on Performance	\$2,000,000	

FIGURE 17: CUSTOMER SERVICE METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
CUSTOMER SERVICE			
CS-1	Delivery of Strategic Customer Projects	\$500,000	Requires PSEG Long Island to implement seven strategic customer projects to improve the customer contact and billing experience and drive top 25% utility performance, including implementing smart meter features, upgrading credit card vendors, enhancing the mobile app, and enhancing text messages of outage information.
CS-2	J.D. Power Residential Customer Survey	\$200,000	Requires PSEG Long Island to improve customer satisfaction for residential customers, as measured by the J.D. Power Residential Customer Survey, to 3rd quartile by 2022 year-end.
CS-3	J.D. Power Business Customer Survey	\$200,000	Requires PSEG Long Island to improve customer satisfaction for business customers, as measured by the J.D. Power Business Customer Survey, to 3rd quartile by 2022 year-end.
CS-4	Customer Information System (CIS) Modernization – Phase 1	\$600,000	Requires PSEG Long Island to plan for and deploy a new, flexible, modern CIS capable of effective and efficient customer transactions, billing, and customer services.
CS-5	Customer Transactional Performance	\$400,000	Requires PSEG Long Island to develop new customer transaction surveys to improve the satisfaction and cost of five (5) common customer transactions.
CS-6	Billing – Eliminate Long Term Estimates (LTEs) – Inactive Accounts	\$100,000	Requires PSEG Long Island to reduce the number of inactive accounts receiving estimated bills for more than 5 months by 90% and maintain accurate billing records.
CS-7	Billing – Eliminate LTEs – Active Accounts	\$100,000	Requires PSEG Long Island to reduce the number of active customers receiving estimated bills for more than 3 months by 80%.
CS-8	Unauthorized Use / Advanced Consumption Resolution	\$100,000	Requires PSEG Long Island to reduce by 75% the number of unauthorized use of service cases in a timely manner and in compliance with the rules.
CS-9	Billing Exception Cycle Time	\$200,000	Requires PSEG Long Island to render 95% of customer bills within 3 days of the scheduled date, representing an improvement over the 3-year average of 88%.

CS-10	Billing – Cancelled Rebill	\$200,000	Requires PSEG Long Island to provide an accurate bill to the customer the first time, not requiring a subsequent adjustment, by reducing cancelled rebills by approximately 23%.
CS-11	Contact Center Service Level with Live Agent Calls	\$175,000	Requires PSEG Long Island to answer 80% of calls with a live agent within 30 seconds during blue sky days and within 90 seconds during storms. This is 2% better than the 3-year average performance.
CS-12	Customer Email Closure Rate	\$75,000	Requires PSEG Long Island to answer 70% of emails within 24 hours, an increase from historical average performance of 42%.
CS-13	First Call Resolution (FCR)	\$100,000	Requires PSEG Long Island to resolve at least 80% of calls on the first call, despite higher expected call volume in 2022.
CS-14	Net Write-Offs (Per \$100 Billed Revenue)	\$250,000	Requires PSEG Long Island to maintain the bad debt written off for the year below 0.77%. This metric was impacted by the COVID-19 moratorium in 2020 and 2021.
CS-15	Accounts Receivable Aging > 90 Days Past Due (AR>90)	\$300,000	Requires PSEG to reduce the % of total receivables that are past due more than 90 days below 30.25%. This metric was impacted by the COVID-19 moratorium in 2020 and 2021.
CS-16	Days Sales Outstanding (DSO)	\$200,000	Requires PSEG Long Island to reduce the days of revenue billed but not yet collected to 39.9 days. This metric was impacted by the COVID-19 moratorium in 2020 and 2021.
CS-17	Low to Moderate Income (LMI) Program Participation	\$100,000	Requires PSEG Long Island to increase participation in the low-income rate discount program by 34% over the 3-year average to improve affordability for vulnerable customers.
CS-18	LMI Program Participation – Automation	\$100,000	Requires PSEG Long Island to improve the ease of enrollment in the low-income rate discount program by automatically enrolling categorically eligible customers.
CS-19	DPS Customer Complaint Rate	\$100,000	Requires PSEG Long Island to perform within the top quartile of its peer group for initial complaints made to the DPS to measure whether customer concerns are effectively handled.
	Compensation at Risk Based on Performance	\$4,000,000	

FIGURE 18: BUSINESS SERVICES METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
BUSINESS SERVICES – RISK MANAGEMENT			
ERM-1	Enterprise Risk Management (ERM) Report	\$150,000	Requires PSEG Long Island to develop a comprehensive ERM report that documents the identification and management of the most high-priority risks across the organization that could impede the achievement of business goals and objectives.
ERM-2	ERM Key Risk Indicators (KRIs)	\$150,000	Requires PSEG Long Island to develop a proof-of-value pilot on KRIs for select high-priority risks. This pilot will enable more proactive monitoring of risks and provide early indicators when management action is warranted.
BUSINESS SERVICES – HUMAN RESOURCES			
HR-1	Employee Engagement — Participation Rate	\$100,000	Requires PSEG Long Island to achieve an employee participant rate increase above the 2021 rate by $\geq 15\%$ for Union employees and, maintain a participation rate of 78% or better for MAST employees.
HR-2	Employee Engagement — Score	\$200,000	Requires PSEG Long Island to improve the employee rating scores in six key areas by 4% year-over-year on the annual Employee Engagement Survey. The Engagement Survey results drive initiatives to attract and retain a motivated workforce.
HR-3	Full Time Vacancy Rate	\$200,000	Requires PSEG Long Island to maintain an annual vacancy rate of no greater than 5% overall and no greater than 7% in IT. This metric requires delivering an approximate decrease in vacancy of 3% in Business Services, 34% in Customer Service, and 35% in IT from June 2021 levels.
BUSINESS SERVICES – PERFORMANCE MEASUREMENT & ADMINISTRATION			
PMA-1	Contract Administration Manual (CAM) Completion	\$50,000	Requires PSEG Long Island to complete drafts and expedite reviews of the CAM. Completed CAMs will improve day-to-day coordination and communication between LIPA and PSEG Long Island on operational processes.
BUSINESS SERVICES – BUDGETS			

BGT-1	Affiliate Cost Benefit Justification	\$250,000	Requires PSEG Long Island to justify the use and cost of work done on Long Island by NJ-based PSE&G affiliates. This initiative provides a framework to more closely examine the use of affiliates compared to alternative methods of providing the same service. If an alternative method is determined to be more cost-effective or to provide higher quality, this metric requires the development of an implementation plan resulting in savings or greater value to Long Island customers.
BGT-2	Capital Project Impact Analysis	\$100,000	Requires PSEG Long Island to provide an analysis of the full range of costs and benefits for significant capital projects. LIPA invests over \$700 million on capital projects per year. Many of these projects are large, in excess of \$25 million, and can result in ongoing operating costs and benefits. The objective of this metric is ensure that the promised financial and operational benefits are identified upfront and realized.
BUSINESS SERVICES – ACCOUNTING			
ACC-1	Substation Property Tax Report	\$150,000	Requires PSEG Long Island to develop the first Substation Valuation Report on 120 substations, comparing assessed values to actual values for tax purposes.
ACC-2	Substation Property Tax Module Plan	\$50,000	Requires PSEG Long Island to research and map an additional 45 substations for future annual Substation Valuation Reports.
BUSINESS SERVICES – RATES & TARIFFS			
RT-1	Long Island Choice Reform	\$150,000	Requires PSEG Long Island to implement the reforms of the Long Island Choice program that were recommended by DPS and adopted by the LIPA Board.
RT-2	Advanced Metering Infrastructure (AMI) Fees	\$100,000	Requires PSEG Long Island to implement accurate and timely billing of AMI fees associated with the substantial completion of AMI deployment.
BUSINESS SERVICES – LEGAL SERVICES			
LEG-1	Information Request (IR) Responses	\$150,000	Requires PSEG Long Island to respond to at least 90% of IRs from LIPA and DPS within 10 days.

LEG-2	Legal Staffing	\$150,000	Requires PSEG Long Island to implement the results of a LIPA study of the staffing of its legal department, to ensure adequate staffing of attorneys and paralegals to effectively carry out PSEG Long Island's obligations on behalf of LIPA.
LEG-3	Contractor Performance Evaluation System	\$250,000	Requires PSEG Long Island to implement a contractor evaluation system to ensure LIPA is benefitting from suppliers who have demonstrated experience in cost controls, performance, quality, risk management, and collaborative efforts to promote innovation and transformation.
BUSINESS SERVICES – EXTERNAL AFFAIRS & COMMUNICATIONS			
E&C-1	Government & Legislative Affairs	\$100,000	Requires PSEG Long Island to develop a system to ensure the impact of proposed legislation on customers is effectively monitored.
E&C-2	Capital Project Outreach	\$200,000	Requires PSEG Long Island to deploy a survey to evaluate capital project outreach and implement process improvements.
E&C-3	Customer Segmentation and Consumer Priorities	\$100,000	Requires PSEG Long Island to develop targeted marketing and communications to drive measurable increases in program awareness of the household assistance rate, digital payments, and pay station payments and use customer segmentation to improve future marketing.
E&C-4	Reputation Management – Positive Media Sentiment	\$100,000	Requires PSEG Long Island to achieve at least 28% positive sentiment in media stories as measured by an independent third-party evaluation.
E&C-5	Reputation Management – Share of Voice	\$100,000	Requires PSEG Long Island to achieve at least 50% "share of voice" in media during storms and emergency events.
E&C-6	Social Media Engagement and Response Rate	\$200,000	Requires PSEG Long Island to respond to 90% of social media inquiries related to personal health and safety with a live agent within 2 hours on blue sky days and 80% within 3 hours during major storms. Requires 90% of all other inquiries to be responded to with a live agent within 4 hours on blue sky days and 80% within 5 hours during major storms.
	Compensation at Risk Based on Performance	\$4,000,000	



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