

FOR CONSIDERATION

July 27, 2022

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Consideration of Adoption of a Project Implementation Plan for Recommendations to Improve Work Management

Requested Action

The Board of Trustees (the “Board”) is requested to adopt a resolution approving a Project Implementation Plan (“PIP”) for recommendations regarding improvements to the work management practices of PSEG Long Island, which resolution is attached hereto as **Exhibit “A”**.

Background

In June 2021, the Board approved eight recommendations designed to improve work management practices at PSEG Long Island. Subsequently, LIPA met with PSEG Long Island to further understand its workforce management with respect to overtime practices. LIPA hired a third-party consultant to review PSEG Long Island’s time management and related timekeeping processes.

LIPA recognizes that supplemental overtime pay related to incremental scheduling beyond the normal work schedule is beneficial to provide staffing flexibility. For example, there are periods when non-recurring projects, unplanned work, or storm restoration can use supplemental time effectively in lieu of hiring additional staff. However, such scheduling needs to be managed properly to ensure the incremental work time is necessary and fiscally responsible.

Recommendations

LIPA Staff reviewed the consultant’s report and compared the recommendations and findings contained in the report to efforts underway in accordance with June 2021 Board approved Recommendations and associated PIPs. Based on this review, on March 30, 2022, the Board adopted the following four additional Work Management Recommendations:

1. Improved coding and description enhancements: Expand the review of Work Breakdown Structure and work order coding for all projects (including operating funded activities). Ensure coding is useful for straight time and overtime analysis purposes, including an annual review of its “short text” activity codes to ensure usefulness and ability to enhance decision-making.
2. Enhanced management review: Establish policies and procedures to enhance the internal PSEG Long Island management review of workforce resources and any related overtime, including comparing actuals to target and analyzing in greater detail areas and specific jobs that exceeded established thresholds.

3. Training: Develop training materials for supervisors making staffing and overtime decisions to guide decision-making in a consistent manner. Formalize the scheduling of initial training for new supervisors and refresher training for existing supervisors.
4. Multi-year overtime target planning: Utilize workforce planning models and techniques to establish long-range (out-year) overtime targets by craft as a guide to ensuring effective and efficient use of overtime utilization.

On June 10, 2022, PSEG Long Island submitted to LIPA Staff a PIP for the recommendations described above. After review and discussion among PSEG Long Island and LIPA Staff, LIPA Staff recommends the adoption of the PIP as set forth in **Exhibit “B”**.

Recommendation

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

Attachments

- Exhibit “A”** Resolution
- Exhibit “B”** Project Implementation Plan

**RESOLUTION ADOPTING A PROJECT IMPLEMENTATION PLAN (“PIP”) FOR THE
ADDITIONAL RECOMMENDATIONS TO IMPROVE WORK MANAGEMENT**

WHEREAS, the workforce time management and timekeeping process recommendations described in the accompanying memorandum are critical to ensuring efficient processes to maximize the value provided to our customers; and

WHEREAS, on March 30, 2022, the Board adopted the four additional work management Recommendations; and

WHEREAS, on June 10, 2022, PSEG Long Island submitted to LIPA Staff a Project Implementation Plan (“PIP”) for the recommendations described in the accompanying memorandum, and after review and discussion among PSEG Long Island and LIPA Staff, LIPA Staff recommends adoption of the PIP as set forth in **Exhibit “B”**.

NOW, THEREFORE, BE IT RESOLVED, the Board hereby adopts the PIP for the additional work management policies and procedure recommendations described in the accompanying memorandum, as set forth in **Exhibit “B”**; and

Dated: July 27, 2022

PSEG Long Island

Project Implementation Plan

for

**LIPA Board Adopted
Recommendations**

**Project Title: Overtime
Approval and Timekeeping
Process**

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1. Program and Project Definition

1.1 Project Purpose, Objectives, and Success Criteria

Project Purpose:

Project Objectives: The purpose of this project is to address the key recommendations stemming from the assessment that was performed by PA Consulting (final report January 24, 2022) of PSEG LI's overtime approval process and timekeeping. There are four key recommendations that will be addressed within this project as listed below:

Recommendation #1: Improved coding and description enhancements: Expand the review of Work Breakdown Structure and work order coding for all projects (including operating funded activities). Ensure coding is useful for straight time and overtime analysis purposes, including an annual review of its "short text" activity codes to ensure usefulness and ability to enhance decision-making.

Recommendation #2: Establish policies and procedures to enhance the internal PSEG Long Island management review of workforce resources and any related overtime including comparing actuals to target and analyzing in greater detail areas and specific jobs that exceeded established thresholds.

Recommendation #3: Training: Develop training materials for supervisors making staffing and overtime decisions to guide decision-making in a consistent manner. Formalize the scheduling of initial training for new supervisors and refresher training for existing supervisors.

Recommendation #4: Multi-year overtime target planning: Utilize workforce planning models and techniques to establish long-range (out-year) overtime targets by craft as a guide to ensuring effective and efficient use of overtime utilization

Project Expectations:

Project End State and Success Criteria: At the conclusion of this effort PSEG LI will have performed the following to address the 4 recommendations:

1. Reviewed the existing coding and descriptions, which categorize the various motivators (e.g. reason and type of overtime) for working overtime and straight time by performing an assessment of all accounting structures that capture cost for both expense and capital work types. This assessment will engage the key stakeholders within T&D and Projects and Construction that execute expense and capital work to determine if sufficient categorization and granularity is being obtained in cost reports and dashboards that can be utilized for operational decision making and post-decision review and analysis. The review will identify any areas where improvement opportunities can be realized by modifying the existing structure and thereby gaining clarity on cost drivers and mechanisms to improve efficiency of the operations. Inclusive within this effort will be the development of an overarching process document that will provide governance that

assures all costs are captured properly along with regularly performed audits to ensure prudence of operations. Specifically, regarding overtime costs, PSEG LI will establish a policy to perform an annual review of existing “short text” data with the goal of identifying and implementing enhancements that will improve reporting and decision-making capability. This effort is presently ongoing within PSEG LI and is directly associated with an existing T&D performance metric (TD #19 - Improve Planning and Tracking of Work).

2. Develop a policy document that will memorialize the present practices already implemented by PSEG LI and establish a periodic review of this policy document to capture improvements and enhancements year on year, whereby internal stakeholders (operations management and IDA) are reviewing actual overtime cost data, comparing that data to established spend targets and percentages and identifying outliers and areas/strategies for improvements. A distinct distribution of reports will be defined within the policy document along with how the output for these interactions/ meetings/ reports will be published and distributed internally as well as to LIPA T&D and Finance personnel.
3. PSEG LI will develop training, and submit to LIPA for review and approval, in order to provide formal training and guidance to supervisors, **and all individuals subject to serving in a supervisory role**, that will create consistency in the application and use of overtime and will schedule these training sessions for supervisors, **and all individuals subject to serving in a supervisory role**, that oversee the workforce. The training will be provided during the onboarding process for new supervisors, and annually as a refresher training for all Supervisors.

A *preliminary draft* training outline will cover the following topics (not an exhaustive outline):

- Appropriate reasons for using overtime
 - 24/7 coverage
 - Workload fluctuations
 - Staff variations
 - Labor market considerations
 - Job efficiency
- Understanding the problems with excessive overtime
 - An overtime-dependent workforce
 - Safety and quality issues
 - Absenteeism
 - Lower productivity
- Use of corrective measures
 - Tracking of individuals with excessive overtime rates
 - Assessing workload and staffing levels – use of contractors
 - Analyze existing shifts and timing of overtime – determine if creation of new shifts can mitigate overtime use. (i.e. Tuesday – Saturday schedule)
 - Examine the use of cross-training to leverage the collective workforce to mitigate overtime spending
 - Establish CUEs that tie into time required to complete a task
- Review of Work Methods and Minimum Staffing levels for specific work types

- Track use of proper staffing that aligns with work methods
 - Review of Overtime targets and performance reporting against targets
 - Explore the use of Reward and Recognition programs to incentivize proper behaviors
4. PSEG Long Island will establish a team to define out-year capital and O&M work demand at the craft level, and include the demand in Primavera P6, in alignment with the annual capital plan (next year plus 7 years thereafter).

The out-year work plan will establish a baseline demand for the identified crafts using a combination of known work demand and trended demand, which is based on historical demand.

The out-year work plan development team will include members from:

- Overhead / Underground
- Distribution Design
- Projects and Construction
- Substation Protection and Telecom
- Substation Technical
- Distribution Operations (New Craft to be included in Primavera P6 – high level only based on historical)

For each craft, out-year demand will be analyzed, and a workforce model will be developed that balances:

- In-house workforce size
- Overtime Levels
- Contractor Workforce size
- Storm/emergency coverage
- And likely other factors

These are the identified crafts that will have annual OT targets developed:

- Underground Lines
- Overhead Lines
- Substation Maintenance
- Relay
- Substation Civil
- Distribution Design Planners
- Distribution Operations

Once complete - out-year workforce planning and OT target review and development for the identified crafts will be included in the annual budgeting and work planning process.

Proposed Schedule:

Begin after 2023 workplan deliverable 8-1-22

Establish team – 9-1-22

Finalize out-year demand projection thru 2030 4-1-23

Complete workforce analysis and develop OT targets by craft thru 2030 7-1-23

2. Project Deliverables:

| Deliverable Title | Associated Recommendation | Planned Deliverable Date | Description | Author / Approver |
|--|---------------------------|----------------------------------|--|-------------------|
| Complete review of existing WBS for both capital and expense work | 1 | June 30 th 2022 | Internal PSEG LI team will perform an assessment of existing WBS elements and identify any areas for improved structure | |
| Identify any required modifications to WBS | 1 | June 30 th 2022 | Create a list of modifications to existing WBS for implementation into 2023 plan | |
| Create a process document that provides governance over the WBS creation and management | 1 | December 31 st 2022 | Create process document that will capture the overall process for creating and maintaining WBS elements including any key controls needed | |
| Establish policy for performing annual review of OT short text | 1 | December 31 st , 2022 | Process document will highlight the new practice of reviewing annually the short text coding with appropriate approval by supervisory approval. Such review will be submitted to LIPA for review annually. | |
| Develop policy and practices document capturing the review and reporting of overtime performance against established targets | 2 | August 15 th , 2022 | Policy and practices document will describe the meetings and reviews of overtime costs that are conducted and published that demonstrate PSEG LI's commitment to cost controls and efficient operations. This document will address any improvements made in data analytics and decision-making year on year | |
| Establish/develop training program for supervisors and all individuals subject to supervise the workforce | 3 | August 1 st , 2022 | Develop the training materials needed to provide supervisors with tools to better manage overtime costs | |
| Complete training of all Workforce Supervisors and all individuals subject to supervise the workforce | 3 | December 31 st , 2022 | Roll out training to all Supervisors in the targeted T&D organizations | |
| Create an internal team that will be tasked with | 4 | September 1 st , 2022 | Select key personnel from T&D to participate and work to | |

| | | | | |
|---|---|----------------------------------|--|--|
| establishing long term OT targets for specific work crafts | | | develop long term overtime targets | |
| Create long term overtime targets for specific crafts in T&D operations | 4 | December 31 st , 2022 | Establish optimal targets for overtime spend for each of the crafts identified that are tied to the work plan and give appreciation for the use of contractors and expected staffing levels. Provide LIPA with analysis that derived the established targets | |
| Complete workforce analysis and develop OT targets by craft thru 2030 | 4 | July 1 st , 2023 | Establish long term targets for overtime for each craft extending out to 2030 | |

2.1. Assumptions, Dependencies, and Constraints

Assumptions: Deliverables will not require any additional resources for PSEG LI to execute the work described in this project or any consultant services to assist on the project. Long term capital and expense budgets will not significantly change from historical levels. Employee attrition rates will not change significantly from historical levels

Dependencies:

- LIPA approval of project implementation plan.

Constraints:

3. Project Structure

3.1. Internal Project Organization

| Role | Responsibilities |
|---|---|
| Executive Business Sponsor Michael Sullivan VP of T&D Operations | <ul style="list-style-type: none"> • Provide strategic direction and governance |
| Business Sponsor Joe Cicalo Manager, Investment Delivery Assurance | <ul style="list-style-type: none"> • Establish guiding principles for the project • Provide guidance and input on key project decisions • Monitor completion of activities • Challenge the project team where appropriate • Approve major changes to the project's scope, objectives, timelines, costs, etc. • Act as the decision maker for issues requiring escalation • Remove institutional barriers if and when they arise by serving as a project advocate |
| Business Lead Robert Bradley Manager, New Business Work Management | <ul style="list-style-type: none"> • Business process development, requirements definition • Reporting requirements, guidance and validation • Testing Execution |
| Participating T&D Organizations: Operating Divisions Training Support and Contractor Services Investment Delivery Assurance | <ul style="list-style-type: none"> • Actively engage on the team and provide expertise and knowledge to the group |
| Finance Organization | <ul style="list-style-type: none"> • Provide team with requested financial data and support team with guidance on prudent financial practices |

3.2. Other Stakeholders

| Title | Name | email |
|--------------|----------------------------------|-------|
| LIPA T&D | Pete Mladinich and Donald Schaaf | |
| LIPA Finance | Gerry Ring and Jenn Udell | |

3.3. Governance Model

A Core LIPA/PSEG LI working group will be established that will meet at a minimum monthly and more frequently as needed to review deliverable status and resolve and identified issues.

Steering committee will be established as:
T&D Executive: Michael Sullivan
LIPA Executive: Billy Raley

LIPA will be provided any prescribed deliverables in advance of milestone dates for comment and feedback to assure alignment for each of the four recommendations.

3.4. Risk Management Plan

N/A

3.5. LIPA Reporting Plan

This PSEG Long Island project team will report on the project's status quarterly to the Steering Committee, as outlined in Section 3.3 Governance Model, and monthly to other LIPA stakeholders.

All deliverables will be made available to the LIPA team.

The LIPA team will be provided the opportunity to provide input during any Design & Discovery sessions.

4. Technical Execution Plan

4.1. Technical Approach

To address each of the four recommendations above as required smaller working teams have been or will be established to create the needed output and perform the necessary analyses as required

4.2. Quality Assurance Plan

All changes shall undergo the Change Management process as needed

4.2.2 Process Compliance Reviews

N/A

4.2.3 Peer Reviews

N/A

5.3 Transition plan

N/A

5.4 Document Management Plan

Project documents are to be stored on the Investment Delivery Assurance Shared File PSEG LI server

Revision History

| Name | Date | Reason for Changes | Version |
|-------------|-------------|---------------------------|----------------|
| | | | |
| | | | |

External Documents Referenced

PA Consulting Final Report January 24, 2022