



2023 Proposed Budget

November 16, 2022

A G E N D A

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BUDGET HIGHLIGHTS

LIPA BOARD'S OBJECTIVES FOR SERVICE TO CUSTOMERS

The budget process starts with the objectives set
by the Board of Trustees as reflected in LIPA's policies

1

Reliability and Resiliency

- Top 10% reliability among peer utilities
- Improve circuit conditions that cause repeated customer outages
- Invest in system resiliency to reduce outages and restoration times from severe weather
- Independently verify and validate PSEG Long Island's emergency restoration planning

2

Customer Experience

- Deliver top 25% customer satisfaction in J.D. Power studies
- Continual improvement in ease of customer interaction, as measured by customer surveys
- Invest in technology to enhance the convenience of billing, payments, appointments, emergency restorations, etc.

3

Information Technology and Cybersecurity

- Deploy modern grid management technology and data analytics benchmarked to the top 25% of utilities
- Protect digital infrastructure and customer data, as measured by an annual independent assessment of cybersecurity practices
- Clearly communicate customer information collection policies

4

Clean Energy

- 70% renewable energy by 2030
- Zero-carbon electric grid by 2040
- Encourage beneficial electrification of transportation and buildings (i.e., electric vehicles and cold climate heat pumps)

5

Customer Affordability

- Maintain regionally competitive electric rates
- Prioritize investments to balance cost and service quality
- Maintain affordable electric bills for low-income customers and disadvantaged communities

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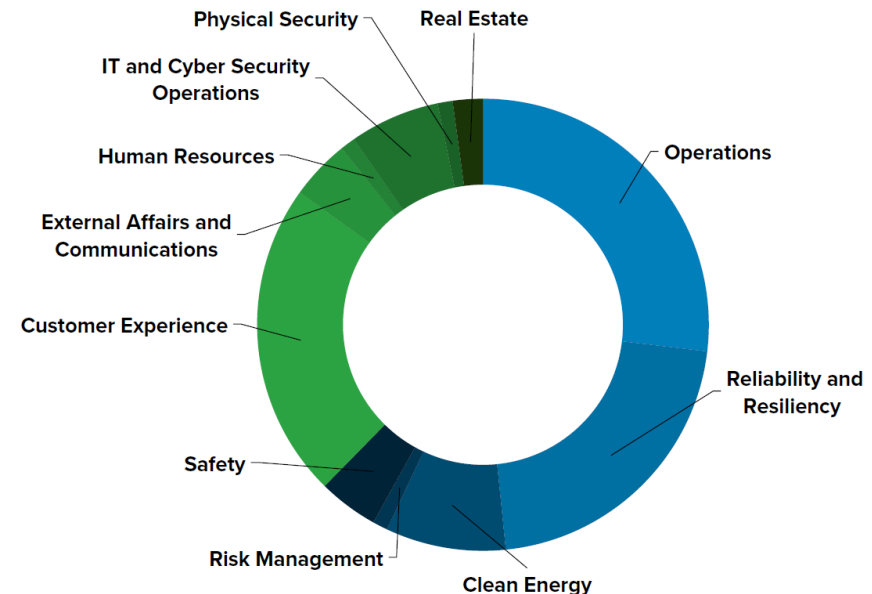
Fiscal Sustainability

- Achieve AA-category credit ratings by reducing LIPA's debt-to-assets ratio from 90%+ to 70% or less by 2030
- Maximize grants and low-cost funding sources
- Develop budgets and financial plans that maximize customer value and aggressively manage costs
- Provide LIPA's customers and investors with timely, transparent, accurate, and useful information to evaluate LIPA's financial performance and plans

ACCOUNTABILITY FOR PERFORMANCE

- For 2023, LIPA has proposed and DPS has recommended **93 Performance Metrics**, distributed across all the management services provided by PSEG Long Island to LIPA and its customers
- The LIPA Board has until December to determine whether to accept the 2023 proposed budget and the 2023 DPS recommended metrics or return certain metrics to DPS for further review, modification, and recommendation
- 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 2023 Performance Metrics

Focus Areas for 2023 Performance Standards



2023 PERFORMANCE METRICS - HIGHLIGHTS

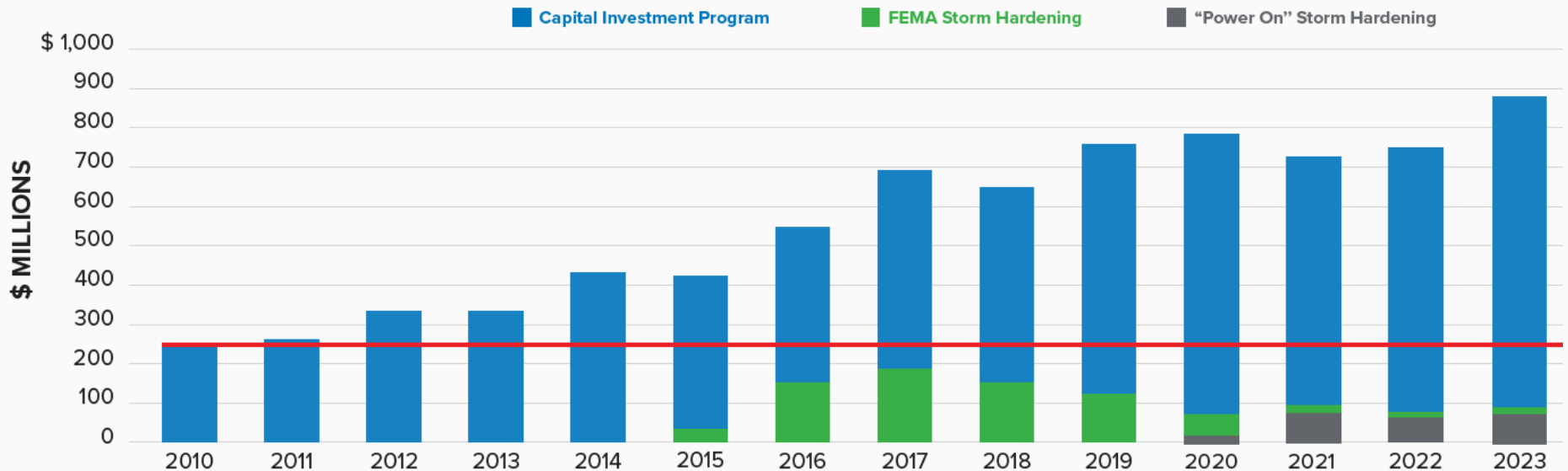
Focus Area	Selected Performance Standards	Customer Benefit
Reliability & Resiliency	Top Decile Reliability: Achieve industry-standard measures of reliability within the top 10% of peer utilities	Industry-leading reliability for customers
	Asset Management: implement a new asset management program that is consistent with ISO-55000 standards and improves the management of assets, data, and work practices	Enhanced reliability and reduced cost for customers
	Storm Hardening and Vegetation Management: continued investment in multi-year resiliency plans	Fewer disruptions and faster restoration during storms
	Complete Engineering for FEMA Grant: complete engineering for 175 circuits for submission to FEMA to support a \$400+ million storm hardening grant	Increased resiliency investment at low cost to customers
Customer Experience	Customer Satisfaction: improve J.D. Power residential customer satisfaction by 50+ points or four rankings	Overall improvements to customer experience as measured by customers
	Deploy Kiosks for Payment: deploy kiosks for greater customer convenience in paying bills	Customer convenience and efficient service delivery
	Reduce Call Center Wait Times: improve customer wait time so that 80% of calls are answered within 30 seconds	Greatly reduced customer wait time when calling
	Plan for a New Customer Information System: replacement of a 1970s mainframe customer system to support a modern customer experience	New IT platform to support modern customer engagement
	Outage Information Satisfaction: survey customers who lost power on their satisfaction with the information received during the outage	Enhanced customer experience when outages occur
	Ease of Payment Satisfaction: survey customers after making a payment about the ease of their transaction	Improved customer payment experience

2023 PERFORMANCE METRICS - HIGHLIGHTS

Focus Area	Selected Performance Standards	Customer Benefit
Clean Energy	Transition to Time-of-Day (TOD) Rates: launch marketing, outreach, IT, and customer tools to educate customers about savings opportunities in the transition to TOD rates	A more dynamic and lower cost electric grid and customer savings opportunities
	Utility Scale Storage: complete procurement of 180+ MW of battery storage to be in service by 2025	Prepare for a large new influx of renewable generation
	Energy Efficiency and Beneficial Electrification: achieve budgeted targets for energy efficiency, EV chargers, and heat pumps	Meet LIPA's share of the state's carbon reduction goals
	Heat Pump Barrier Strategy: new customer and contractor tools, marketing, and an enhanced contractor network to help customers transition to clean heat	Improved customer experience, and reduced carbon footprint and customer energy bills
Information Technology & Cybersecurity	IT Organizational Maturity: improve the management of IT projects per industry standards	Meet customer needs, while managing costs and schedules
	IT System Resiliency: enhance disaster recovery and business continuity plans for all critical systems	More resilient service to customers
	IT Project Performance: deliver 30 budgeted IT projects, including 15 in-flight 2022 Performance Metrics projects and 15 new projects, on time and within budget	Achieve customer benefits of high priority, budgeted IT projects
	Cyber Security Organization: build a Long Island-based cyber security operation under the newly hired Chief Information Security Officer	Strengthen cyber security resources dedicated full-time to Long Island operations
	IT System Segregation: execute the Board-approved plan to separate Long Island IT systems from PSEG affiliates	Strengthen Long Island IT, LIPA's IV&V, and prepare for PSEG Long Island's contract expiration in 2025
Cost Effective Operations	Reduce Employee Overtime: reduce overtime to the levels of industry-leading utilities; better plan and manage work	Reduced cost for customers
	Consolidate Real Estate Footprint: terminate leases for underutilized real estate to reflect a post-COVID environment	Reduced cost for customers
	Review Use of PSEG Affiliate Services: conduct a review of the use of PSEG affiliates to perform services for LIPA in the areas of procurement, payroll, accounts payable, enterprise risk management, treasury, account services, and legal	Ensure costs to LIPA's customers are the minimum necessary and service quality is high

MAKING THE GRID MORE RELIABLE AND RESILIENT

LIPA has invested a record **\$5.7 billion** in infrastructure since 2016 to improve the reliability and resiliency of Long Island's electric grid



MINIMIZING COST TO CUSTOMERS

LIPA's status as a public power utility makes it eligible for federal grants not available to investor-owned utilities and has reduced costs for customers by **\$1.8 billion over the last decade**

Federally Declared Weather and Other Events	LIPA Recovery Cost	Federal Grants
Tropical Storm Irene (2011)	\$170 million	\$154 million
Superstorm Sandy Restoration (2012) Superstorm Sandy Storm Hardening (2016-2020)	\$671 million --	\$660 million \$656 million
Winter Storm Nemo (2013)	\$17 million	\$11 million
Winter Storm Stella (2017)	\$14 million	\$4 million
Tropical Storm Isaias (2020) Tropical Storm Isaias Storm Hardening (2023+)	\$309 million --	\$276 million \$400+ million*
COVID-19 Pandemic (2020-2022)	\$28 million	\$27 million*
Tropical Storm Ida (2021)	\$9 million	\$7 million
TOTAL	\$1.2 BILLION	\$1.8 BILLION*

**Application pending; total excludes grants not yet awarded.*

RELIABILITY INVESTMENTS = REAL RESULTS

Customers with Power Outages



37%

Customers with > 4 Outages Per Year



71%

Customers with “Flicker” Interruptions



58%



National Utilities Ranking for Reliability

TOP 10%

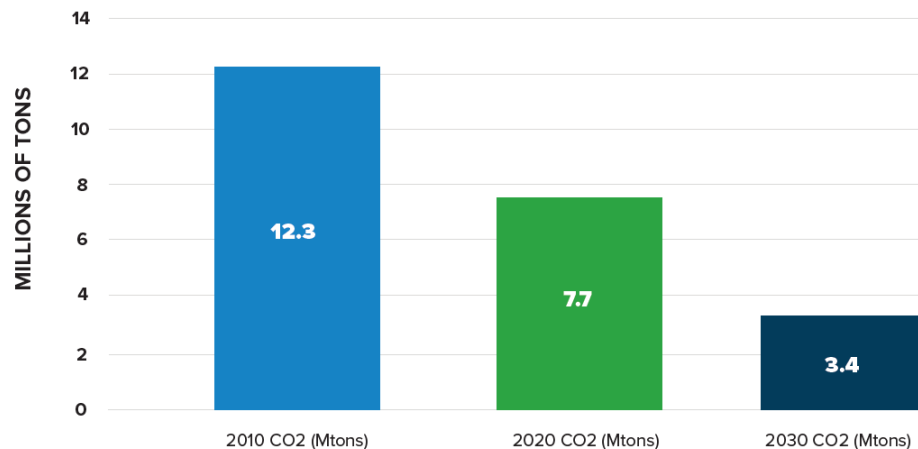
TRANSITIONING TO A ZERO-CARBON GRID

Long Island clean energy projects will **reduce LIPA's carbon footprint over 72% by 2030**

Long Island Clean Energy Projects In Service by 2030

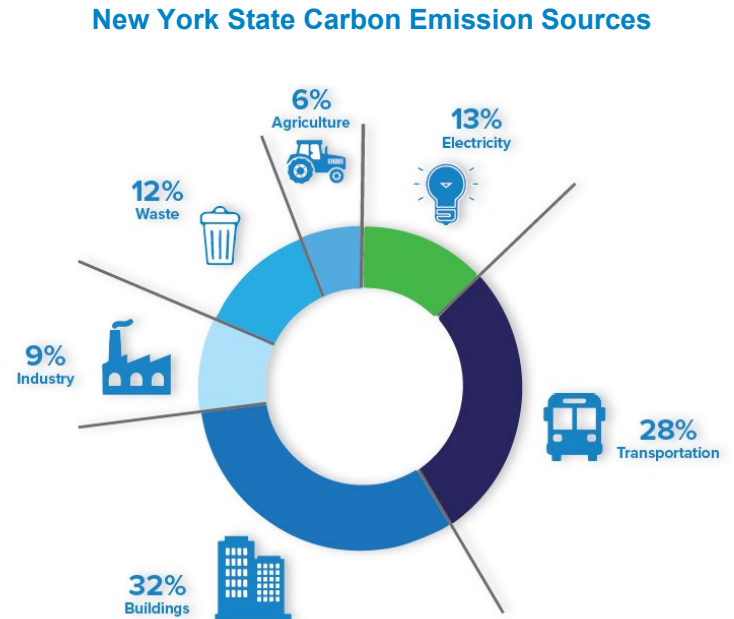
 Solar (914 MW)	Size (MW AC)	In-Service (Est.)
Long Island Solar Farm	32	2011
Eastern Long Island Solar Project	11	2013
Shoreham Solar Commons	25	2018
Riverhead Solar	20	2019
Kings Park Solar 1 and 2	4	2019
Solar Feed-in Tariffs I-III	89	2021-2022
LI Solar Calverton	23	2021
Behind-the-Meter	695+	2030
Solar Communities (FIT V)	15	2022
 Offshore Wind (2,366 MW)	Size (MW AC)	In-Service (Est.)
South Fork Wind Farm	130	2023
Sunrise Wind	880	2025
Empire Wind 2	1,356	2026
 Energy Storage (750 MW)	Size (MW AC)	In-Service (Est.)
East Hampton & Montauk Storage	10	2018 & 2019
2022 RFP Awards	175+	2025
Future Storage Additions	565	2030
TOTAL	4,030 (MW AC)	

Long Island and Rockaways Electric Grid Carbon Emissions 2010-2030



NEW YORK'S CARBON EMISSIONS

- **Buildings and transportation** produce **the majority** of New York's carbon emissions
- LIPA is taking steps to reduce Long Island's carbon footprint, including the electrification of transportation and heat and hot water in buildings and homes

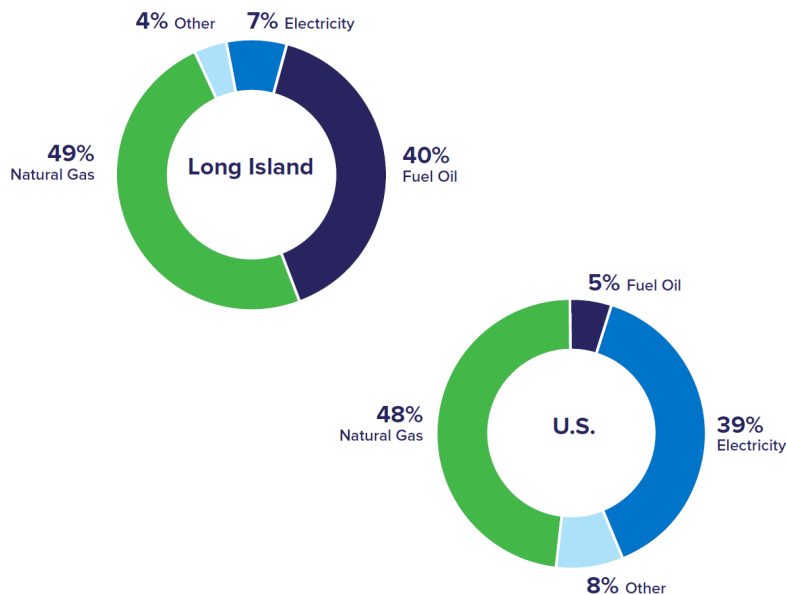


Data from New York State Department of Environmental Conservation 2021 Statewide GHG Emissions Report


BUILDING DECARBONIZATION SAVES MONEY & CARBON FOR LONG ISLAND

- Cold climate heat pumps can help customers **save on both carbon and money**
- LIPA is leveraging our customer insights, relationships, and contractor network to accelerate heat pump adoption

**Long Island Homes Heat with Oil
at Eight Times the National Average**



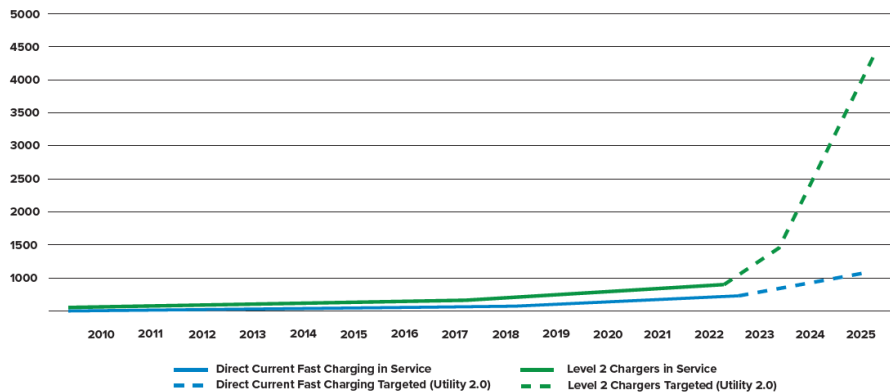
**Long Island Households Could Save Money
and Reduce Their Carbon Footprint with Heat Pumps**

 Existing Building - Oil Boiler	Buying New Central Air Conditioning	Buying New Air-Source Heat Pump
Upfront Cost	\$12,646	\$22,132
LIPA Rebate*	-	-\$4,600
Federal Tax Credit*	-	-\$2,000
Net Cost	\$12,646	\$15,532
Annual Home Heat Bill	\$2,581	\$1,099
Annual Savings	-	\$1,482
Payback Period	-	1.9 years
Carbon Footprint from heating (2022)	-	-46%
Carbon Footprint from heating (2040)	-	-100%

DECARBONIZING TRANSPORTATION

- LIPA has an **\$88 million plan** to build out the infrastructure to support more than **4,700 EV chargers across Long Island and the Rockaways by 2025**
- This infrastructure plan supplements LIPA's other EV initiatives, including home smart charger incentives, public fast charger incentives, and electric rate discounts for charging at off-peak times

Publicly Available Electric Vehicle Chargers in LIPA's Service Territory*



- *In service charging ports include all publicly accessible ports in LIPA's service territory, according to NYSEDA data. Targeted ports are based on PSEG Long Island filed make-ready targets.*



EV charging stations at the Long Island Welcome Center in Dix Hills, New York.

MOVING TO TIME-OF-DAY RATES

- **LIPA will develop and adopt new Time of Day rates for all electric customers in 2024.** Customers will still have an option for a fixed rate. LIPA will deploy programs, services and tools to help customers minimize summer peak usage and bills
- Shifting electric use during a few peak hours to other times of day reduces need to buy energy from sources that are **less environmentally friendly and more expensive** and the need to make **expensive investments in the electric grid** (substations, transformers) to meet peak capacity
- Customers can choose **electric vehicles, heat pumps, and battery storage** and save money by using cheaper off-peak power

December 2021

LIPA, solar industry, and stakeholders agree to plan transition to TOD

2022

Research, planning, and stakeholder engagement

March, 2023

LIPA Board to consider TOD rate design

2023

Operational and IT preparations

2024

Phased transition of customers



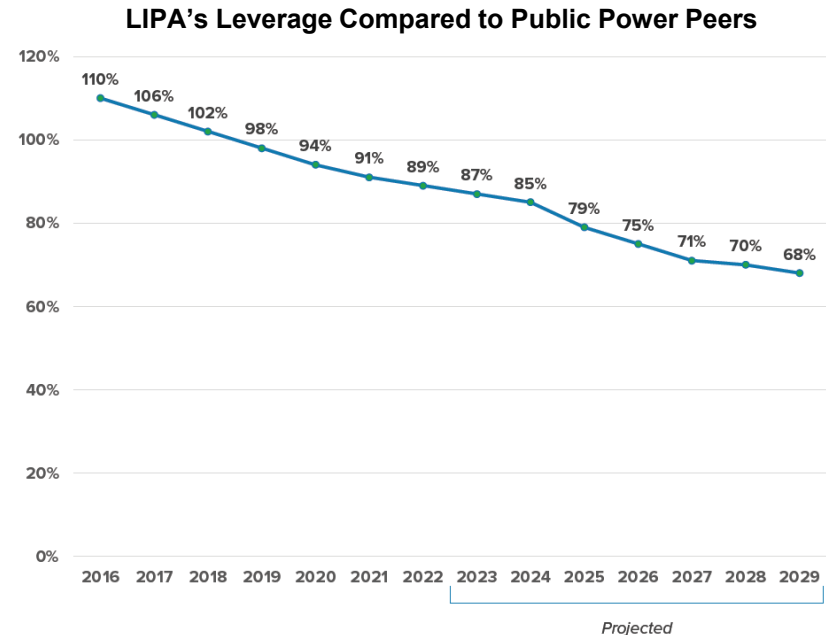
2023 BUDGET MAINTAINS FISCAL SUSTAINABILITY

- LIPA has achieved **four** credit rating upgrades since 2013 and is on positive outlook by Fitch for an upgrade in the next 12-to-24 months
- The Board's plan will continue to **reduce LIPA's debt-to-asset ratio from 110% in 2016 to 70% by 2030**

LIPA Continues to Receive Credit Rating Upgrades



Rating Agency	2013 Ratings (Outlook)	2022 Ratings (Outlook)
Standard and Poor's	A- (Negative)	A (Stable)
Fitch Ratings	A- (Negative)	A (Positive)
Moody's Investors Service	Baa1 (Negative)	A2 (Stable)

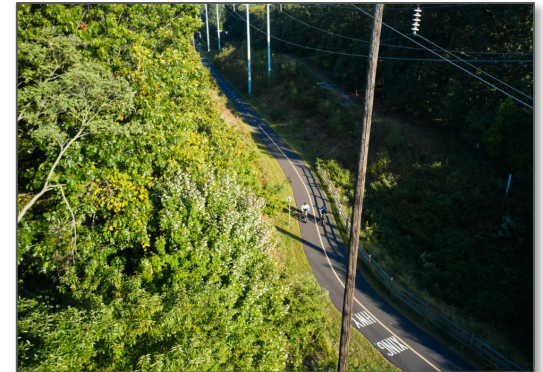


LIPA IN OUR COMMUNITY

As a customer-first utility, LIPA continues to invest in our community by financially supporting community events, educational programs, and selected grants that further our mission.

2022 Highlights

- The North Shore Rail Trail, located on LIPA-owned transmission right-of-way, opened in June 2022
- LIPA awarded a \$200,000 grant to the United Way of Long Island to support transforming United Way's headquarters in Deer Park into a "net zero" building
- LIPA announced a \$30,000 grant to the Shinnecock Nation to assist income-eligible residents in learning about and applying for LIPA's low-and-moderate income assistance programs by December 31, 2022
- More to come in 2023!



LIPA COMMUNITY COLLEGE SCHOLARSHIP

- LIPA has made a commitment over the next five years to provide **50 scholarships*** for students to attend either Nassau Community College or Suffolk County Community College to obtain an associate degree or certificate that will help them pursue a career in the electric utility or clean energy sectors
- The LIPA Scholarship is targeted to historically underrepresented communities
- LIPA's investment in our local workforce will create new talent pipelines to meet the clean energy jobs of the future
- An announcement regarding the program was held at Jones Beach Energy & Nature Center with representatives of both colleges



UPDATE ON NYS LEGISLATIVE COMMISSION ON THE FUTURE OF LIPA

- In October, Rory Lancman was named as the new Executive Director for the Commission
- Fifteen-member Advisory Committee has been formed, consisting of community and government leaders from Suffolk, Nassau, and the Rockaways

Advisory Committee Members

Bob Catell

Chairman, Advanced Energy Research and Technology Center at SUNY Stony Brook

Matthew Cohen

President and CEO, Long Island Association

Leslie Davis

President, Westbury Chapter of the NAACP

Pat Guidice

Business Manager, IBEW Local 1049

Hon. Ralph Kreitzman

Executive Director, Nassau County Village Officials Association

Mike Menser

Assistant Professor, Philosophy and Environmental Studies at Brooklyn College

Farrah Mozawalla

CEO/Founder, Asian American Institute for Research and Engagement

Dolores Orr

Chair, Queens Community Planning Board 14

Mitch Pally

Chief Executive Officer, Long Island Builders Institute

Hon. Edward P. Romaine

Brookhaven Town Supervisor

Kyle Strober

Executive Director, Association for A Better Long Island

Tela Troge

Director of Health and Community Services, Shinnecock Nation

Lisa Tyson

Executive Director, Long Island Progressive Coalition

Bob Vecchio

Executive Director, Nassau-Suffolk School Boards Association

Dr. Edward Williams

Founder and CEO, Regional Ready Rockaway

UPDATE ON NYS LEGISLATIVE COMMISSION ON THE FUTURE OF LIPA

The Commission also announced the schedule for its initial hearings, where the Commission will receive testimony from stakeholders and the public:

Date & Time	Meeting	Location
Thursday, November 17, 2022 1:00 p.m.	Advisory Committee Meeting	Farmingdale State College
Tuesday, November 29, 2022 10:00 a.m.	LIPA Commission Hearing <i>Nassau County</i>	Hofstra University Student Center
Tuesday, November 29, 2022 6:00 p.m.	LIPA Commission Hearing <i>Virtual</i>	https://nylipa.gov/hearings-meetings
Thursday, December 15, 2022 10:00 a.m.	LIPA Commission Hearing <i>The Rockaways</i>	Rockaway YMCA
Friday, December 16, 2022 10:00 a.m.	LIPA Commission Hearing <i>Suffolk County</i>	Suffolk County Legislature

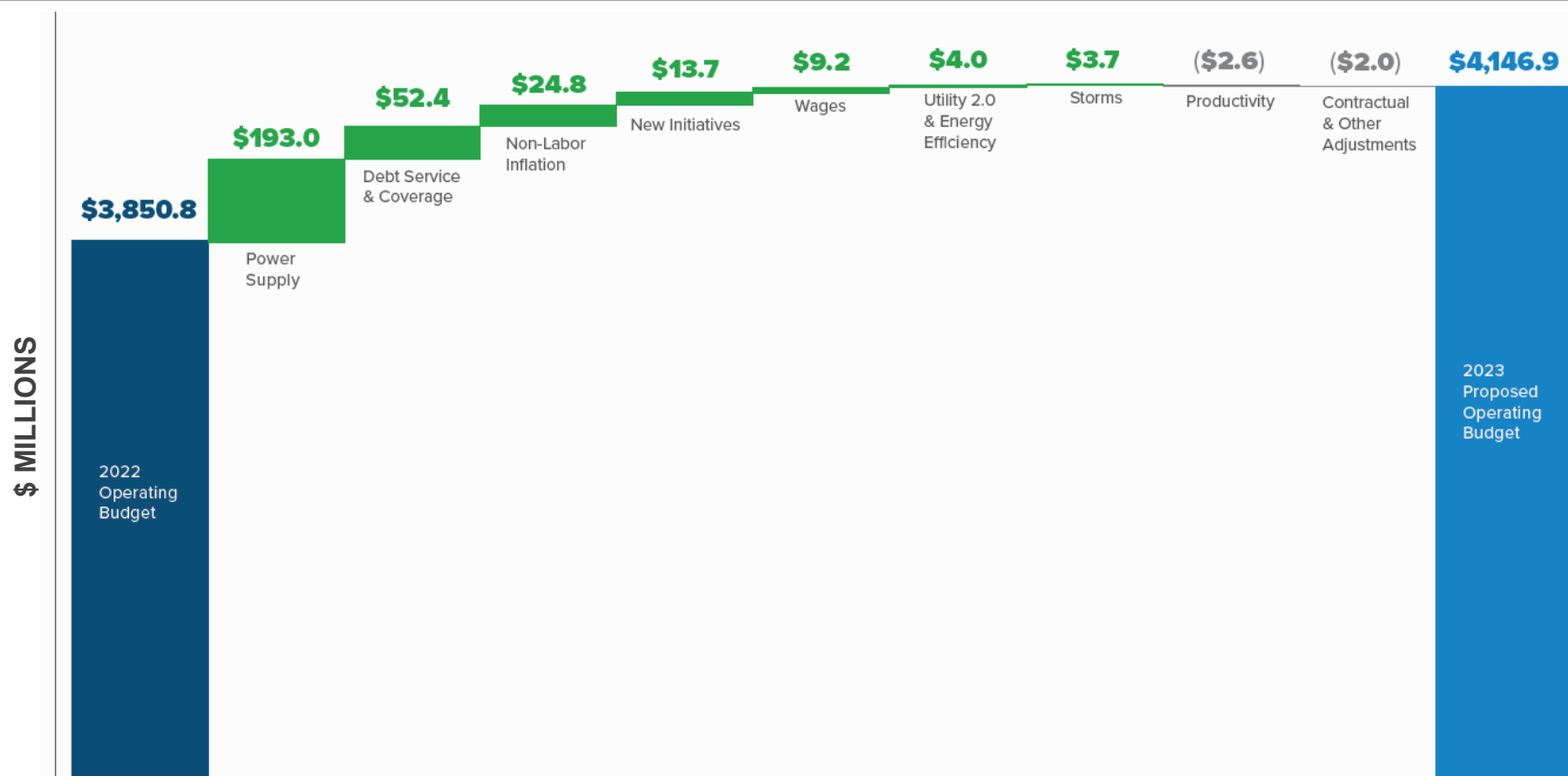
Full details are available at nylipa.gov,
where the public can submit their testimony



BUDGET BY THE NUMBERS

21

2023 OPERATING BUDGET

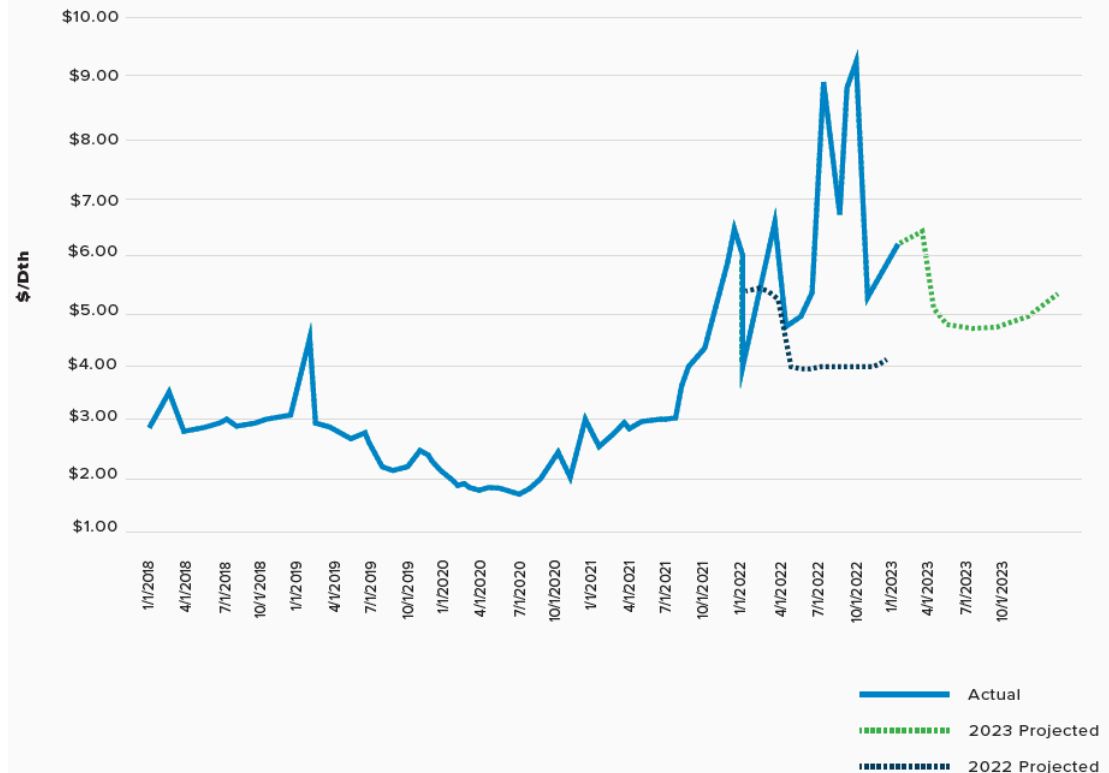


- The 2023 Operating Budget includes Operating Revenues of **\$4.1 billion**, an increase of \$296 million from the 2022 Budget. The largest change is a \$193 million increase in power supply costs

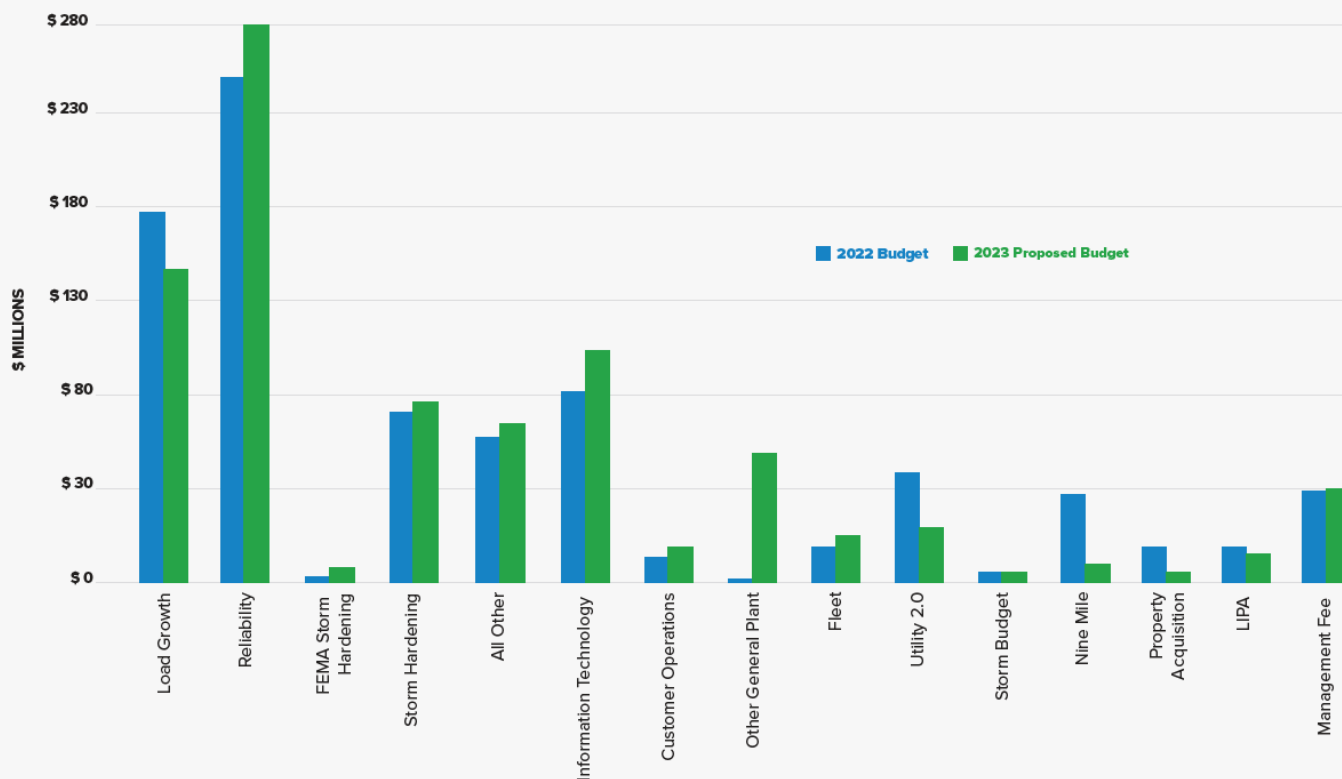
POWER SUPPLY COSTS

- LIPA's power supply costs are expected to be \$193 million higher in 2023 than in the 2022 Budget. This is net of LIPA's commodity hedges, which are projected to offset an additional \$147 million of commodity costs in 2023
- While 2023 power supply costs are projected to be higher than the 2022 Budget, they are lower than 2022 actual costs**, which are projected at \$433 million above the 2022 Budget through year-end
- Among other factors, the war in Ukraine that began in February 2022 caused a sharp escalation in commodity prices after the 2022 Budget was adopted

Henry Hub Natural Gas - Historic and Forward Prices
Forward Prices as of 10/31/2022



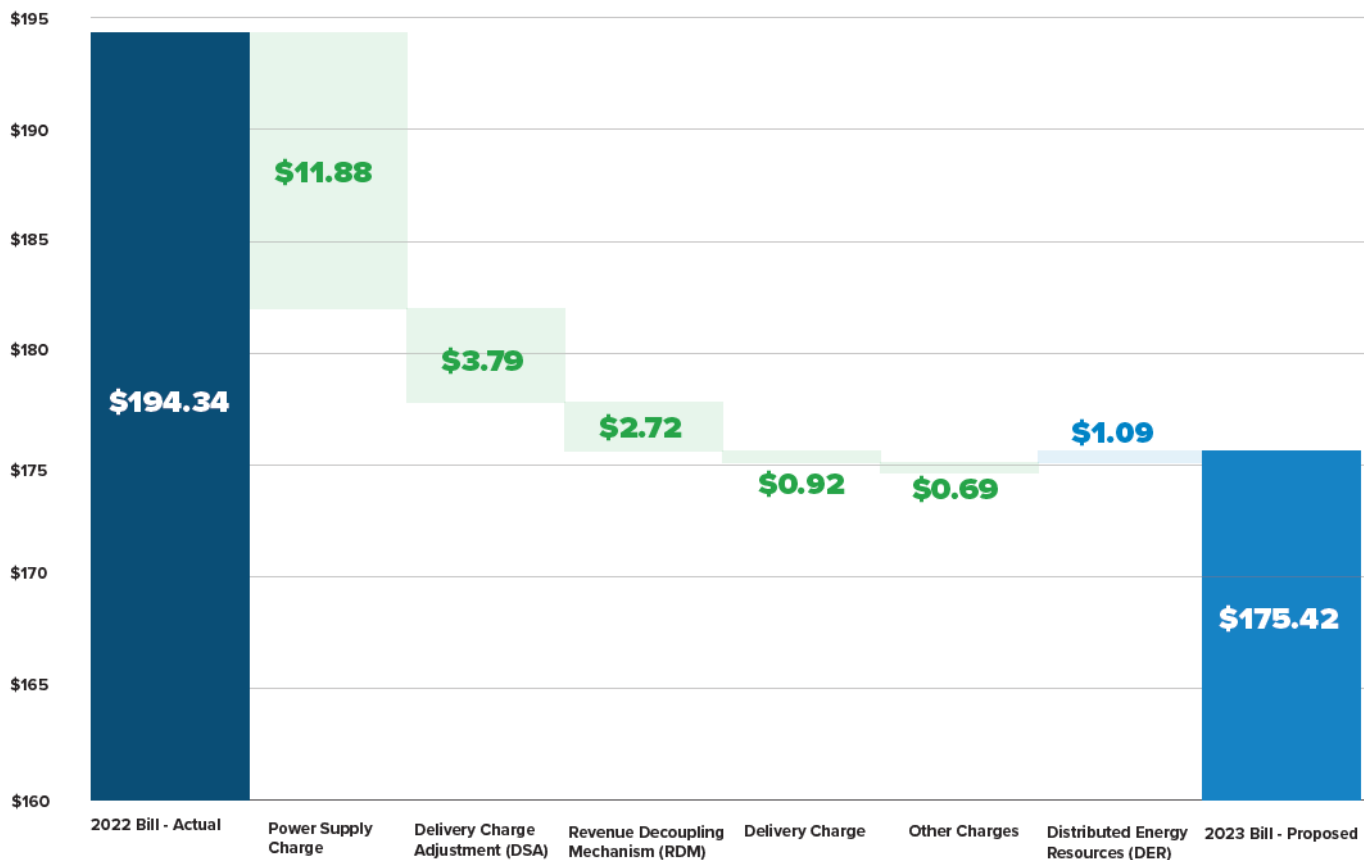
2023 CAPITAL BUDGET



- The proposed 2023 Capital Budget is **\$891 million** – a \$145 million increase from 2022
- The most significant project increases are related to the development of a new operations yard, improvements to the electric grid to enhance reliability and resiliency, and IT initiatives targeting cybersecurity and system separation from PSEG affiliates.

RESIDENTIAL BILLS FOR 2023

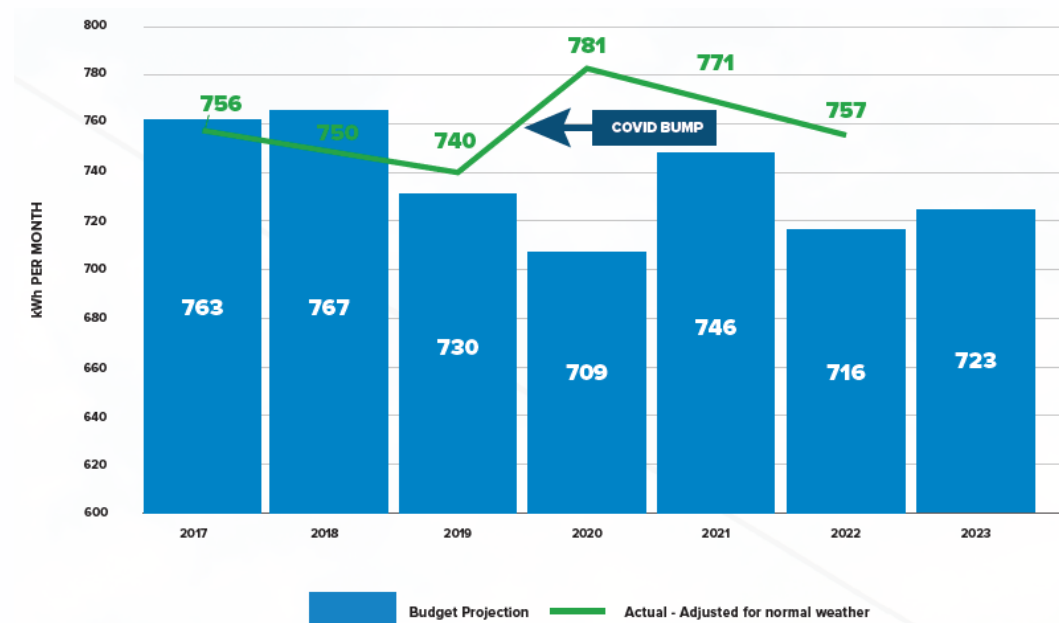
- For 2023, the average residential customer bill is projected to be **\$175.42 per month**, which is \$18.92 or **9.7% below the actual average residential bill in 2022** (\$194.34). This decline is driven primarily by lower projected power supply costs, as well as a forecasted decline in average customer use. Holding use per customer constant, the projected bill would be \$183.99 per month (-5.34%)



REVENUE DECOUPLING MECHANISM & CUSTOMER USAGE

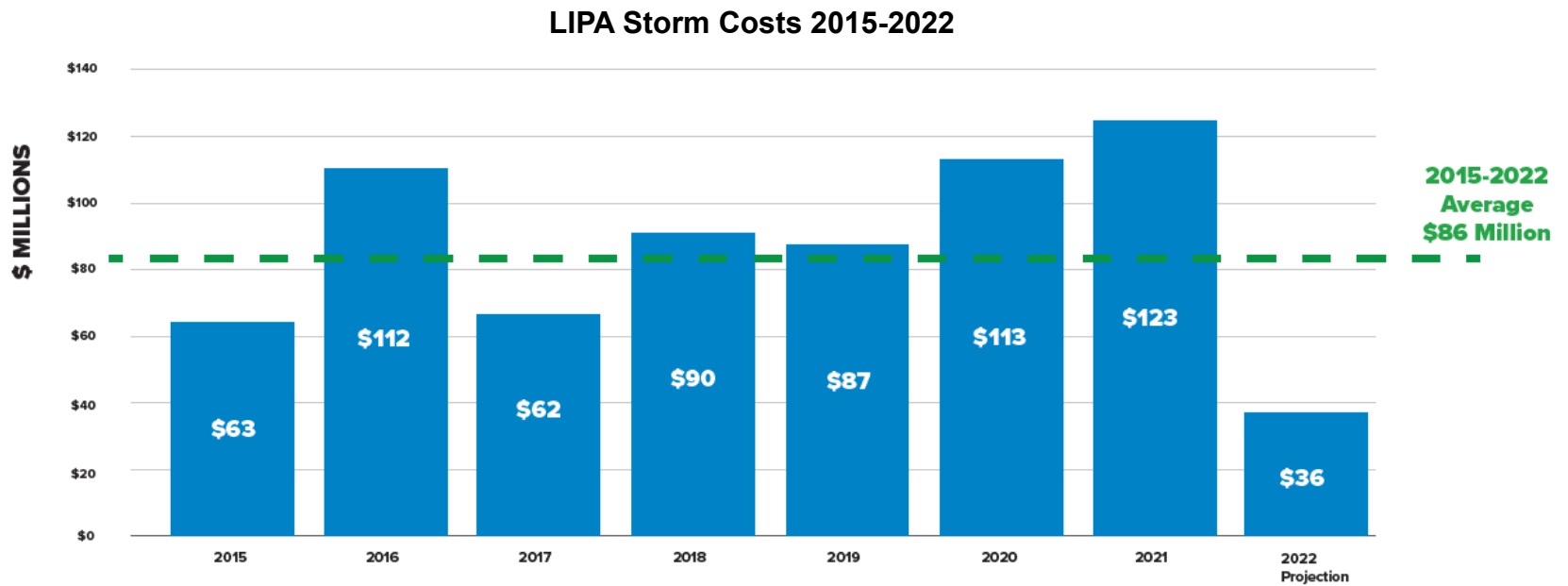
- Higher actual energy usage in 2022 as compared to budgeted sales has produced a **refund to residential customers** in 2023
- The RDM will credit the average residential customer bill by **\$2.72 per month in 2023**
- In 2022, PSEG Long Island projected that more people would return to the workplace, causing residential usage to return to more historic levels; however, actual results indicate that residential use per customer remained higher than expected
- Forecasting customer usage remains challenging** as the lingering effects of the pandemic and changes to workplace norms remain uncertain; however, the Revenue Decoupling Mechanism (RDM) ensures that customers will pay only the actual revenues authorized by the Board each year

Residential Monthly Usage
Was Higher Than Expected in 2022



DELIVERY SERVICE ADJUSTMENT & STORM BUDGET

- Delivery Service Adjustment (DSA) reconciles actual costs to budgeted levels for **storms, debt payments, interest rates, and uncollectible expense**
- In 2023, the **DSA will credit the average residential customer bill by \$3.79 per month** in 2023, primarily due to lower-than-budgeted storm restoration costs in 2022
- The 2023 storm budget of \$80 million reflects an increase of \$4 million over the prior year



MINIMIZING COSTS FOR CUSTOMERS

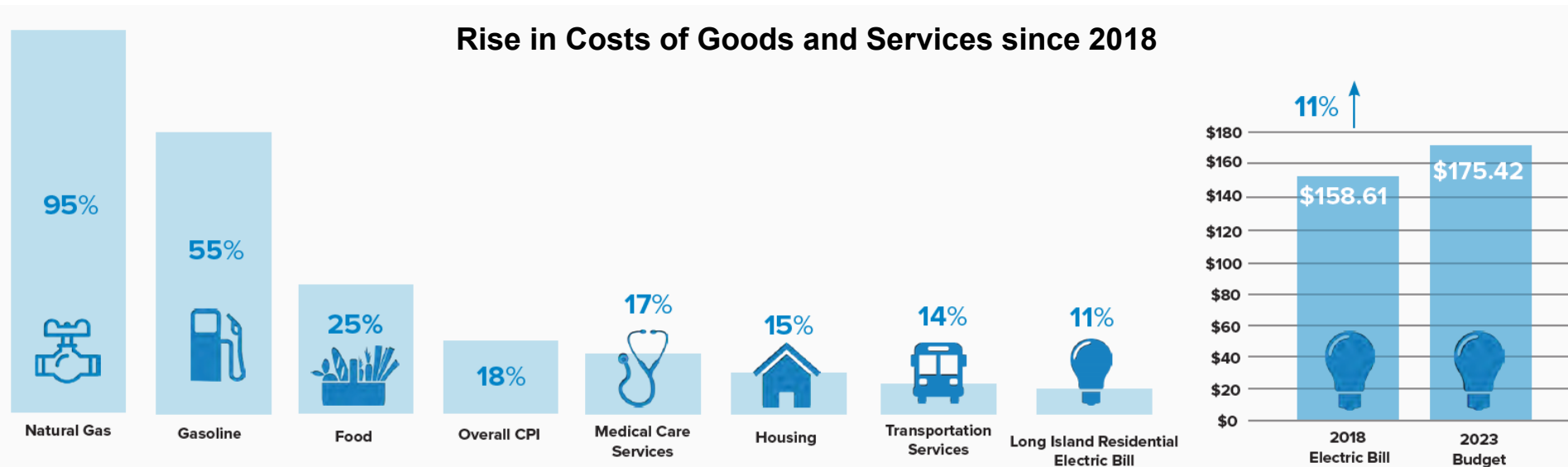
- LIPA aggressively manages costs to minimize the burden on customers
- Nearly **\$1.1 billion** of cost savings in 2023 equals 26 percent of electric bills, or about \$46 per month for a typical residential customers

Operating Lean	\$ Millions
Discontinued investments in combined cycle plants	\$353
LIPA Reform Act 2% Tax Cap	\$340
Commodity Hedging (based on current prices)	\$147
Renegotiating expiring power purchase agreements	\$49
Smart Meter savings	\$45
Power plant property tax savings	\$40
Refinancing existing debt	\$40
Investing in cost-effective energy efficiency	\$22
Reduction to wholesale market and off-island transmission	\$16
Operating savings and improved productivity	\$13
Power supply pension and retirement savings	\$8
TOTAL	\$1,073 MILLION

EFFECTS OF INFLATION

LIPA's ability to minimize customer costs has resulted in electric bills that have increased at **less than the rate of inflation**

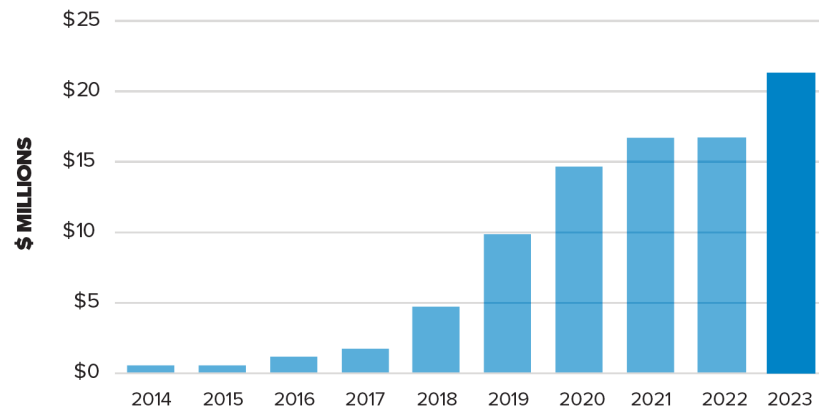
Rise in Costs of Goods and Services since 2018



HELPING LOW-TO-MODERATE-INCOME CUSTOMERS

- LIPA offers electricity bill discounts to low- to moderate-income (LMI) customers with the goal that household energy bills should be **no greater than 6% of household income**
- In July 2022, LIPA increased its base LMI discounts by 33%. **The proposed 2023 Budget includes an additional 6.7% increase to adjust for cost-of-living** increases experienced by our customers

Funding for Low-Income Customer Discounts



ACTIONS TO ASSIST LMI CUSTOMERS

Customer Benefit

Increased Bill Discount



On July 1, we increased the base bill discount by 33%. An additional 6.7% cost of living increase has been proposed.

- Lower electric bills

Continuation of Shut-off Moratorium



Extended pandemic shut-off moratorium for low-income customers.

- Protection from service disconnection

Automation of Enrollment in Low-Income



Designed project and metric that enabled automated enrollment or renewal of 22,700 low-income customers.

- Ease of participation

Customer Outreach For Emergency Assistance



Helping over 15,900 customers enroll and receive aid totaling \$43 million.

- Reduced debt

ACTIONS TO ASSIST LMI CUSTOMERS

Customer Benefit

Arrears Management



LIPA is forgiving all arrears incurred through May 1, 2022 for participating LMI customers, **funded in part by a \$9.8 million State of New York budget appropriation.** To date, over 7,800 LMI customers have benefitted from arrears relief totaling \$20.4 million.

- Elimination of debt incurred up to May 2022

Heat Pump Support



With proposed funding at **\$3.9 million** in 2023, LMI households are eligible to receive up to \$14,400 to replace a gas furnace with a whole-house cold climate heat pump system, up to \$15,200 to replace an oil furnace, and up to \$16,000 to replace an electric resistance heating system.

- Lower future costs of energy

Energy Efficiency



With **\$1.9 million** of proposed funding in 2023, households can receive personalized energy audits and free or discounted energy efficient appliances.

- Lower future costs of energy

Weatherization



\$5.5 million of proposed funding in 2023 to support weatherization (sealing and insulation) projects for LMI households, which will lower heating and cooling bills and provide extra comfort by eliminating leaks and drafts.

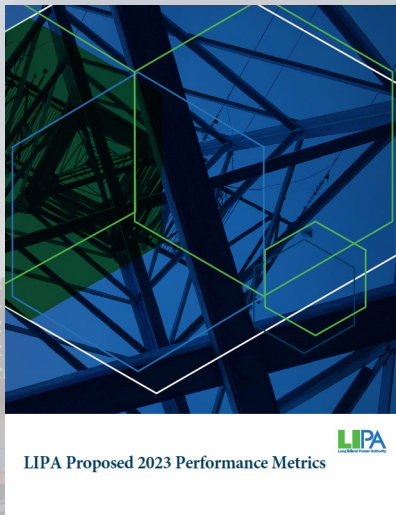
- Lower future costs of energy



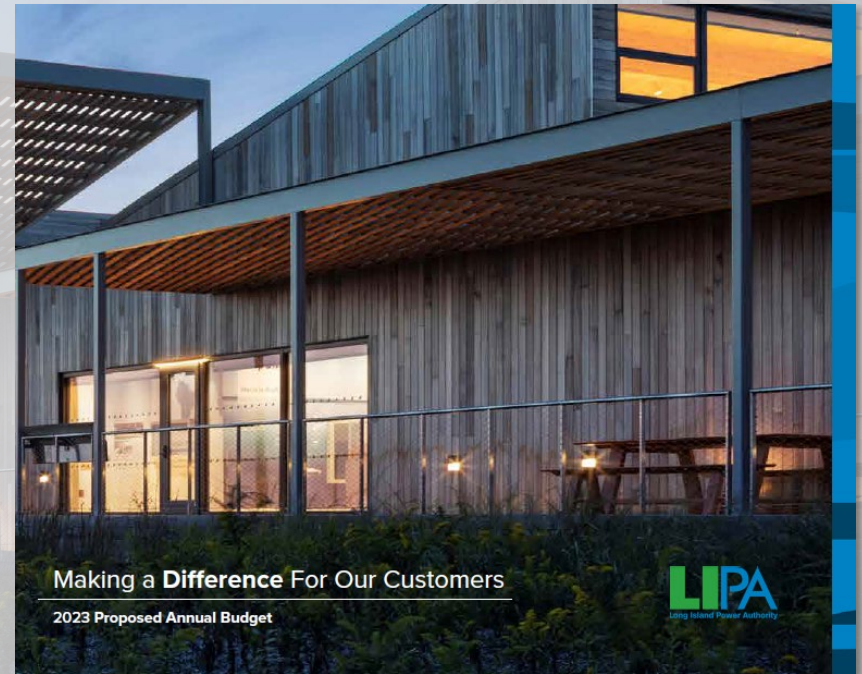
PUBLIC COMMENTS

2023 PROPOSED BUDGET

The 2023 Proposed Budget and Performance Metrics are available for the public to view and download at lipower.org



[2023 Proposed Performance Metrics](#)



2023 Proposed Budget

PUBLIC COMMENT SESSIONS

How can the public participate in the budget process?

- **Sign up to speak** at the above hearings at lipower.org to participate virtually
- Appear **in person** at noted times and locations below
- **Submit written comments** on the proposed budget to tariffchanges@lipower.org by November 28, 2022
- The LIPA Board will be voting on the 2023 Proposed Budget on December 14, 2022

Public Comment Session #1

Wednesday, November 16, 2022

2:00 p.m.

Virtual via Zoom or In Person

333 Earle Ovington Blvd., Uniondale
Fourth Floor

Public Comment Session #2

Thursday, November 17, 2022

10:00 a.m.

In Person ONLY

H. Lee Dennison Building
100 Veterans Memorial Hwy., Hauppauge
ROOM TK

Public Comment Session #3

Thursday, November 17, 2022

6:00 p.m.

Virtual via Zoom ONLY

A photograph of a modern, multi-story building with a blue-tinted overlay. The building features large glass windows and a prominent overhang. The foreground is filled with tall grass.

Discussion

Questions?



Making a Difference For Our Customers

2023 Proposed Annual Budget



Customers

Residential Customers

1,026,143

Commercial Customers

133,597

2022 Peak Demand

5,260
megawatts

Generating Capacity

5,509
megawatts

Energy Requirements

20,104,072
megawatt-hours

Distribution System

9,000
miles overhead

5,000
miles underground

189,000
transformers

Substations

30
transmission

152
distribution

Transmission System

1,400
miles

2023 Proposed Budget

\$4.2 billion
operating

\$891 million
capital

The Long Island Power Authority (LIPA) is the third-largest public power utility in the United States, serving 1.2 million customers on Long Island and the Rockaway Peninsula in Queens.

LIPA's purpose is to serve our customers and community by providing clean, reliable, and affordable energy to Long Island and the Rockaways. As a not-for-profit utility, LIPA is a value-driven organization that puts our customers first in every action and decision.

LIPA is the owner of the electrical transmission and distribution (T&D) system serving our community; however, we contract for most of the management services and power supply used to operate our electric grid. Since 2014, LIPA has contracted with PSEG Long Island for management services, and LIPA provides service to customers under the PSEG Long Island brand name.

The LIPA Board of Trustees contracts with vendors; sets policy, strategy, and performance metrics for PSEG Long Island's service to our customers; finances the infrastructure investments necessary for a reliable electric grid; and leads Long Island's transition to a clean energy future.

Our Vision

LIPA's vision is to be our customers' trusted energy partner.

To achieve our vision, LIPA will:

- Actively **engage** with our customers and the communities we serve.
- Respond to our customers' needs and **exceed** their expectations.
- Be a recognized **innovator** in our industry to better serve our customers.
- Be known as a **steward** of our environment and community.

BOARD OF TRUSTEES



Mark Fischl
Vice Chairman



Elkan Abramowitz
Trustee



Drew Biondo
Trustee



Valerie Anderson Campbell
Trustee



Rev. Alfred L. Cockfield
Trustee



Sheldon L. Cohen
Trustee



Nancy S. Goroff, Ph.D.
Trustee



Laureen Harris
Trustee

Governance Model

LIPA is governed by a local **Board of Trustees** consisting of customers. The Board supervises, regulates, and sets policy for LIPA. The Board consists of nine Trustees, five of whom are appointed by the Governor, two by the Temporary President of the State Senate, and two by the Speaker of the State Assembly.

The Trustees serve for staggered four-year terms. All Trustees reside on Long Island or in the Rockaways and have relevant utility, corporate board, or financial experience. Trustees are not compensated for their service.

Board Policies Establish LIPA's Strategic Direction

The LIPA Board provides strategic direction through a set of governance policies. The Board's policies define LIPA's purpose and vision and set expectations for the strategic outcomes that management will deliver in the areas of reliability, customer experience, information technology, clean energy, affordability, and fiscal sustainability. The Board reviews each of its policies annually, and LIPA management reports on outcomes in reports to the Board for each policy. Figure 1 summarizes the key objectives set by the Board.

For more information about the Board's policies, visit lipower.org/purpose.

STRATEGIC OBJECTIVES

Figure 1: LIPA's Key Policy Objectives

1	Reliability and Resiliency <ul style="list-style-type: none">• Top 10% reliability among peer utilities• Improve circuit conditions that cause repeated customer outages• Invest in system resiliency to reduce outages and restoration times from severe weather• Independently verify and validate PSEG Long Island's emergency restoration planning	4	Clean Energy <ul style="list-style-type: none">• 70% renewable energy by 2030• Zero-carbon electric grid by 2040• Encourage beneficial electrification of transportation and buildings (i.e., electric vehicles and cold climate heat pumps)
2	Customer Experience <ul style="list-style-type: none">• Deliver top 25% customer satisfaction in J.D. Power studies• Continual improvement in ease of customer interaction, as measured by customer surveys• Invest in technology to enhance the convenience of billing, payments, appointments, emergency restorations, etc.	5	Customer Affordability <ul style="list-style-type: none">• Maintain regionally competitive electric rates• Prioritize investments to balance cost and service quality• Maintain affordable electric bills for low-income customers and disadvantaged communities
3	Information Technology and Cybersecurity <ul style="list-style-type: none">• Deploy modern grid management technology and data analytics benchmarked to the top 25% of utilities• Protect digital infrastructure and customer data, as measured by an annual independent assessment of cybersecurity practices• Clearly communicate customer information collection policies	6	Fiscal Sustainability <ul style="list-style-type: none">• Achieve AA-category credit ratings by reducing LIPA's debt-to-assets ratio from 90%+ to 70% or less by 2030• Maximize grants and low-cost funding sources• Develop budgets and financial plans that maximize customer value and aggressively manage costs• Provide LIPA's customers and investors with timely, transparent, accurate, and useful information to evaluate LIPA's financial performance and plans

Social and Environmental Justice

LIPA is committed to advancing social and environmental justice on Long Island and in the Rockaways.

In 2022, LIPA committed to fund a [New York Clean Transportation Prize Award](#) of up to \$10 million for innovative projects that expand access to clean, electric transportation and lower vehicle emissions in historically disadvantaged communities. LIPA also created a community college scholarship program to support education and training in careers related to the electric industry for students from disadvantaged communities (see page 38) and expanded financial assistance to low- and moderate-income customers to maintain bill affordability (see page 55).



Thomas Falcone, Chief Executive Officer of LIPA, speaking at the 2022 Public Power Community Conference in New York City.

Leading with Experience

The LIPA team is proud to serve our customers. Together, our leadership brings extensive utility experience to the organization in all core business functions, including transmission and distribution operations, power supply, customer experience, information technology, finance, legal, strategy, performance management, communications, and external affairs.

Visit lipower.org/leadership for more information on each member of LIPA's management team.



Thomas Falcone
Chief Executive Officer



Mujib Lodhi
Chief Information Officer
and Senior Vice President
of Customer Experience



Bobbi O'Connor
General Counsel and Secretary
to the Board of Trustees



Billy Raley
Senior Vice President,
Transmission and Distribution



Rick Shansky
Senior Vice President, Power
Supply and Wholesale Markets



Justin Bell
Vice President, Public Policy
and Regulatory Affairs



Ricky de Aragon
Vice President of Strategy and
Performance Management



Donna Mongiardo, CPA
Vice President, Controller



Barbara Ann Dillon, Esq., PHR
Director of Human Resources
and Administration



Jennifer Hayen
Director of Communications



Kenneth Kane
Senior Advisor for Oversight



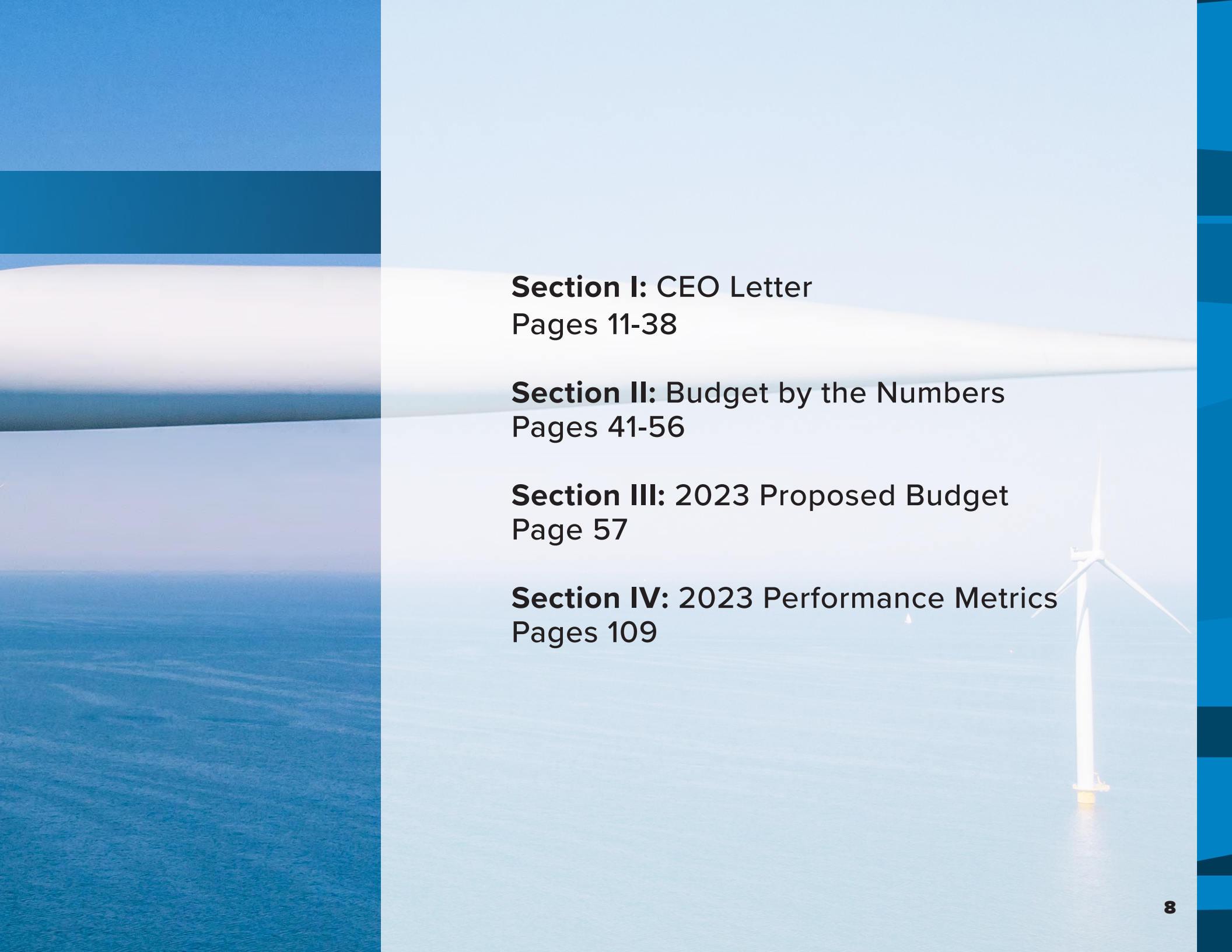
Tom Locascio
Director of External Affairs



Carolyn MacKool
Director of Customer Experience

A close-up, low-angle shot of a white offshore wind turbine. The image shows the intricate details of the nacelle and the base of the blades where they meet the tower. The turbine is set against a clear blue sky. In the background, the deep blue ocean stretches to the horizon, with another wind turbine visible in the distance. A small white boat is also visible on the water to the left.

Table of Contents

The background of the slide features a large, white wind turbine situated in the middle of a vast, blue ocean. The sky is a clear, light blue. The image is partially obscured by a dark blue vertical bar on the left and a blue and white geometric pattern on the right.

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Section I: CEO Letter

 Long Island Solar Farm | Brookhaven National Lab, Upton, New York



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LETTER FROM LIPA'S CHIEF EXECUTIVE OFFICER ---

To our customers and stakeholders,

LIPA's budget provides an opportunity to convey our plans to advance a **customer-first electric utility** for Long Island and the Rockaways. **Our focus is on improving the product we deliver to our customers – clean, reliable, and affordable electric service.**

We measure our performance relative to the specific expectations set in [policy](#) by our Board of Trustees. These policy expectations encompass all the core operational areas of an electric utility, including:

- A **highly reliable and resilient electric grid** among the top 10 percent of peer electric utilities – equivalent to fewer than one power outage a year per customer or 99.99 percent reliability.
- An **aggressive clean energy transition** to a carbon-free electric grid by 2040, while supporting customers' transition to more efficient forms of transportation and heating, such as electric vehicles and heat pumps.
- An **outstanding customer experience** among the top 25 percent of electric utilities.
- **Electric service at the lowest possible cost**, through efficient operations and plans that maximize customer value.

This year's budget message includes information on each of these topics. Additionally, as the performance of our vendors is particularly central to delivering on the Board's vision, our annual budget message focuses on progress under our newly reformed management services contract with PSEG Long Island.

Performance Management



Belmont Substation | Elmont, New York

Performance Under the Reformed PSEG Long Island Contract

LIPA is the owner of the electrical transmission and distribution (T&D) system serving our community; however, we contract for most of the management services and power supply used to operate the electric grid, putting a particular emphasis on the performance of our vendors in delivering on the Board’s objectives.

In April 2022, LIPA and PSEG Long Island began operating under a new, reformed contract. The contract reforms include each of the areas highlighted in Figure 2.

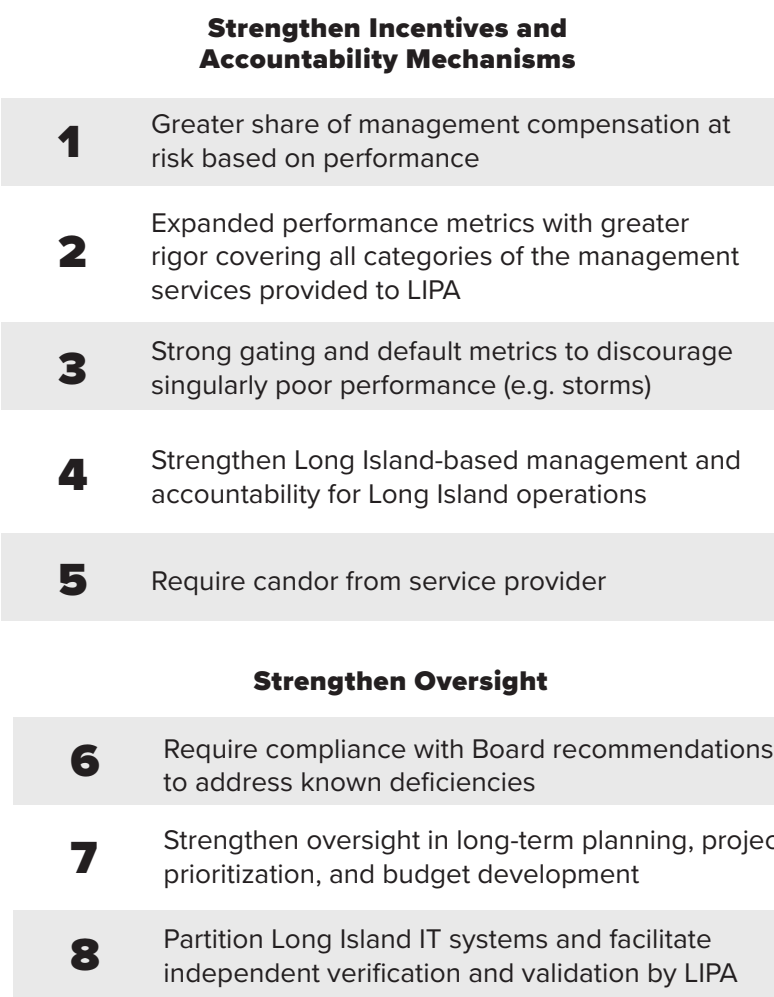
Under that new contract, LIPA and PSEG Long Island agreed to **96 performance standards** (the **2022 Performance Metrics**) for 2022, distributed across all of the management services provided by PSEG Long Island to LIPA and its customers. These performance standards typically either target maintaining the level of service the Board has established in **Board Policy** or addressing identified gaps between the Board’s targeted level of service and the current service.

These annual standards 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 PSEG Long Island’s compensation is tied to delivering meaningful results for LIPA’s electric customers.**

LIPA oversees PSEG Long Island’s progress toward achievement of the performance standards on an ongoing basis, and the Board has directed LIPA staff to provide quarterly independent verification and validation (IV&V) reports on the status of PSEG Long Island’s execution of the metrics, such as the **report** summarizing performance through the third quarter issued in November 2022.

With one quarter left in the year, it is too soon to determine PSEG Long Island’s performance for 2022. Many metrics are on track for success, while others are at risk. **However, it is not too soon to conclude that the reformed contract is proving to be a valuable tool for performance management.**

Figure 2: **Eight Core Reforms of the New Contract with PSEG Long Island**



PERFORMANCE MANAGEMENT

In general, we find improvements in responsiveness and engagement from PSEG Long Island, driven by a desire to meet the performance standards. Even for initiatives where the outcomes have been insufficient to satisfy a metric deliverable, there are often beneficial results that likely would not have been achieved in the absence of the metrics. The metric management process also provides much greater visibility to LIPA into the progress of projects and initiatives and helps to surface specific areas of weakness, which provide valuable insights to both LIPA and PSEG Long Island management in efforts to improve performance in 2023 and beyond.

To highlight some takeaways from the first seven months of operations under the reformed contract:

- T&D operations metrics have maintained **strong results in reliability** and resulted in **significant improvements in work planning, tracking, and scheduling**, which is important for both reliability and cost management. The contract reforms around budget development for capital projects have led to **better visibility and cost control** of active and upcoming projects. Metrics around deploying the new Enterprise Asset Management System encountered challenges but now appear to be on track.
- Power supply metrics around planning to achieve a **zero-carbon electric grid by 2040** and deploying significant amounts of **utility-scale battery storage** are on track, while three clean energy metrics are currently behind the year-to-date target.
- **Progress on customer service metrics is mixed. Billing is performing exceptionally well this year**, in part due to operational improvements from smart meters. However, **J.D. Power Customer Satisfaction metrics are at risk**, with PSEG Long Island ranked in the fourth quartile of peer utilities year-to-date. **Call center performance has also sharply deteriorated** throughout the year due primarily to staffing vacancies.
- For Information Technology (IT), the project management deficiencies identified in LIPA's **90-Day Report** by the Isaías Task Force (ITF) have emerged as a continuing weakness. **Improving PSEG Long Island's organizational project management capabilities both within IT and other operational areas will continue to be a focus area for LIPA.** However, the new PSEG Long Island IT management put in place under the reformed contract is responsive and has a strong commitment to building the maturity and capability of the IT organization.

For a more complete description of PSEG Long Island's performance so far in 2022, see [LIPA's Quarterly Report](#) on 2022 Performance Metrics and Board Recommendations for the third quarter released in November 2022.



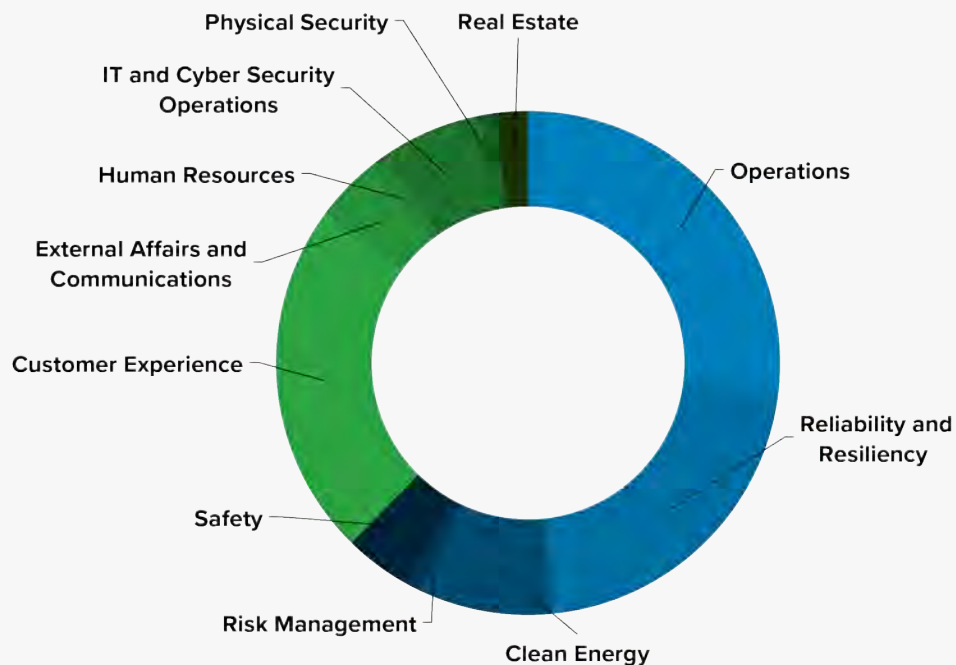
PSEG Long Island workers installing underground cables.

Proposed 2023 Performance Standards

The performance standards for 2022 were negotiated between LIPA and PSEG Long Island as part of the reformed contract. For 2023, the performance standards will be set solely by LIPA for the first time, with an independent recommendation to the LIPA Board by the Department of Public Service (DPS). As budgets and performance standards are inherently tied together, concurrent with the proposed 2023 budget, the LIPA Board is also being presented with a proposed set of 2023 performance standards.

For 2023, LIPA has proposed and DPS has recommended 93 performance standards distributed across all the management services provided to LIPA and its customers, as shown in Figure 3.

Figure 3: **Focus Areas for 2023 Performance Standards**



Selected highlights of the 93 proposed performance standards for 2023 are shown below. For a more detailed summary of the proposed performance standards, see Section IV. The complete details of the proposed 2023 performance standards are available on lipower.org.

Focus Area	Selected Performance Standards	Customer Benefit
Reliability & Resiliency	Top Decile Reliability: Achieve industry-standard measures of reliability within the top 10% of peer utilities	Industry-leading reliability for customers
	Asset Management: implement a new asset management program that is consistent with ISO-55000 standards and improves the management of assets, data, and work practices	Enhanced reliability and reduced cost for customers
	Storm Hardening and Vegetation Management: continued investment in multi-year resiliency plans	Fewer disruptions and faster restoration during storms
	Complete Engineering for FEMA Grant: complete engineering for 175 circuits for submission to FEMA to support a \$400+ million storm hardening grant	Increased resiliency investment at low cost to customers
Customer Experience	Customer Satisfaction: improve J.D. Power residential customer satisfaction by 50+ points or four rankings	Overall improvements to customer experience as measured by customers
	Deploy Kiosks for Payment: deploy kiosks for greater customer convenience in paying bills	Customer convenience and efficient service delivery
	Reduce Call Center Wait Times: improve customer wait time so that 80% of calls are answered within 30 seconds	Greatly reduced customer wait time when calling
	Plan for a New Customer Information System: replacement of a 1970s mainframe customer system to support a modern customer experience	New IT platform to support modern customer engagement
	Outage Information Satisfaction: survey customers who lost power on their satisfaction with the information received during the outage	Enhanced customer experience when outages occur
	Ease of Payment Satisfaction: survey customers after making a payment about the ease of their transaction	Improved customer payment experience

Focus Area	Selected Performance Standards	Customer Benefit
Clean Energy	Transition to Time-of-Day (TOD) Rates: launch marketing, outreach, IT, and customer tools to educate customers about savings opportunities in the transition to TOD rates	A more dynamic and lower cost electric grid and customer savings opportunities
	Utility Scale Storage: complete procurement of 180+ MW of battery storage to be in service by 2025	Prepare for a large new influx of renewable generation
	Energy Efficiency and Beneficial Electrification: achieve budgeted targets for energy efficiency, EV chargers, and heat pumps	Meet LIPA's share of the state's carbon reduction goals
	Heat Pump Barrier Strategy: new customer and contractor tools, marketing, and an enhanced contractor network to help customers transition to clean heat	Improved customer experience, and reduced carbon footprint and customer energy bills
Information Technology & Cybersecurity	IT Organizational Maturity: improve the management of IT projects per industry standards	Meet customer needs, while managing costs and schedules
	IT System Resiliency: enhance disaster recovery and business continuity plans for all critical systems	More resilient service to customers
	IT Project Performance: deliver 30 budgeted IT projects, including 15 in-flight 2022 Performance Metrics projects and 15 new projects, on time and within budget	Achieve customer benefits of high priority, budgeted IT projects
	Cyber Security Organization: build a Long Island-based cyber security operation under the newly hired Chief Information Security Officer	Strengthen cyber security resources dedicated full-time to Long Island operations
	IT System Segregation: execute the Board-approved plan to separate Long Island IT systems from PSEG affiliates	Strengthen Long Island IT, LIPA's IV&V, and prepare for PSEG Long Island's contract expiration in 2025
Cost Effective Operations	Reduce Employee Overtime: reduce overtime to the levels of industry-leading utilities; better plan and manage work	Reduced cost for customers
	Consolidate Real Estate Footprint: terminate leases for underutilized real estate to reflect a post-COVID environment	Reduced cost for customers
	Review Use of PSEG Affiliate Services: conduct a review of the use of PSEG affiliates to perform services for LIPA in the areas of procurement, payroll, accounts payable, enterprise risk management, treasury, account services, and legal	Ensure costs to LIPA's customers are the minimum necessary and service quality is high

Legislative Commission on the Future of LIPA

The 2022 New York State Budget enacted a *Legislative Commission on the Future of LIPA* to investigate and report to the State Legislature on establishing a public power model for the management and operations of LIPA. This report is being undertaken in advance of the expiration of LIPA's contract with PSEG Long Island on December 31, 2025.

LIPA has outsourced the day-to-day management of the electric grid to neighboring utilities since its purchase of the transmission and distribution (T&D) system from the Long Island Lighting Company in 1998. From 1998 to 2013, LIPA was the customer-facing brand, but KeySpan and later National Grid were the management service providers. Since 2014, PSEG Long Island has served as both the service provider and customer-facing brand of the utility.

The Commission's report is expected to describe matters relevant to the feasibility of establishing a public power management model for LIPA. The Commission is expected to hold public hearings and issue a draft report to members of the State Legislature. The New York State Comptroller will have the discretion to review the draft report and issue any recommendations by February 2023, with a final report expected to be published by April 2023.





Investing in a Reliable and Resilient Electric Grid

📍 Raised Substation | Long Beach, New York

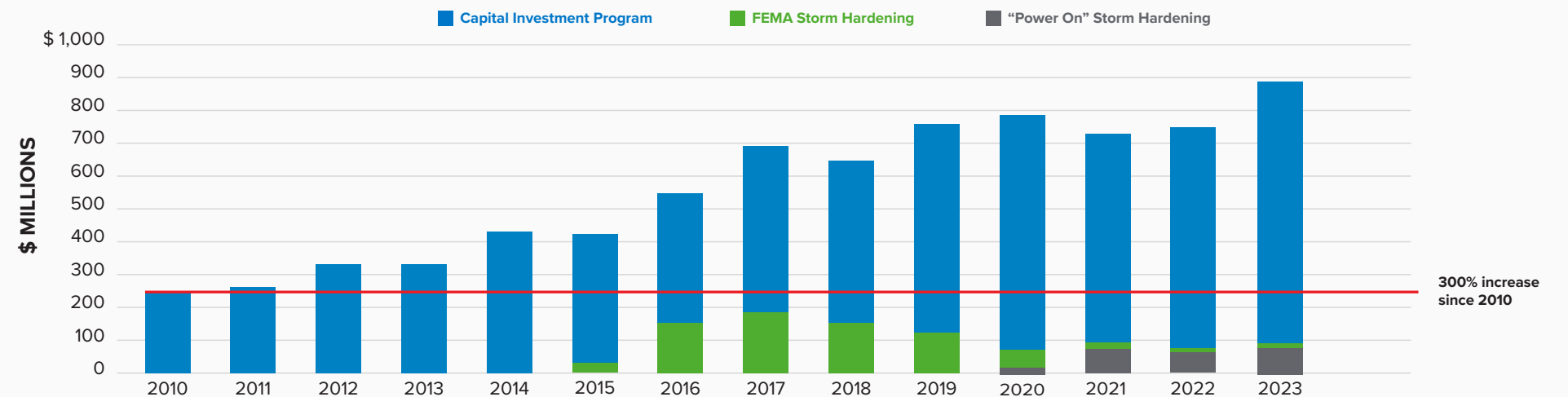
INVESTING IN A RELIABLE AND RESILIENT ELECTRIC GRID

Above anything else, customers want reliable electric service. The **LIPA Board has set objectives for electric grid reliability and resiliency based on this customer feedback**, including:

- **Reliability: maintain top 10% reliability among peer utilities**, while improving circuit conditions that cause any customers to experience significantly worse reliability than the average customer; and
- **Resiliency:** mitigate the effects of climate change through multi-year programs that **reduce the number and duration of outages after significant storms**.

To achieve these objectives, **LIPA has invested a record \$5.7 billion in infrastructure since 2016** – over three times the level of investment of a decade ago, as shown in Figure 4.

Figure 4: Capital Investments in the Long Island Electric Grid are up 300%



INVESTING IN A RELIABLE AND RESILIENT ELECTRIC GRID

LIPA has made these reliability and resiliency investments while minimizing costs to our customers through a variety of methods, including taking advantage of our public power governance structure. **Being publicly owned means LIPA is eligible for federal grants from the Federal Emergency Management Agency (FEMA) and other federal agencies that are not available to investor-owned utilities.** In fact, since Tropical Storm Irene in 2011, **LIPA has spent \$1.2 billion in restoring electric service after federally declared weather and other events, while recovering \$1.8 billion**, including a grant to fund 90% of a federally funded storm hardening program after Superstorm Sandy in 2012, as shown in Figure 5. **LIPA has recently applied for \$400+ million of new storm hardening grants**, and we expect to hear back on those grant applications in 2023.

Figure 5: Federal Grants Reduce Financial Impact of Storms to Customers

Federally Declared Weather and Other Events	LIPA Recovery Cost	Federal Grants
Tropical Storm Irene (2011)	\$170 million	\$154 million
Superstorm Sandy Restoration (2012) Superstorm Sandy Storm Hardening (2016-2020)	\$671 million --	\$660 million \$656 million
Winter Storm Nemo (2013)	\$17 million	\$11 million
Winter Storm Stella (2017)	\$14 million	\$4 million
Tropical Storm Isaias (2020) Tropical Storm Isaias Storm Hardening (2023+)	\$309 million --	\$276 million \$400+ million*
COVID-19 Pandemic (2020-2022)	\$28 million	\$27 million*
Tropical Storm Ida (2021)	\$9 million	\$7 million
TOTAL	\$1.2 BILLION	\$1.8 BILLION*

*Application pending; total excludes grants not yet awarded.



This investment in reliability and resiliency has led to significantly improved outcomes, including a 37% reduction in customers experiencing power outages, as shown in Figure 6.

Figure 6: Results of Reliability Investments

Reliability Investments = Real Results

Customers with Power Outages

37% ↓

Customers with <4 Outages Per Year

71% ↓

Customers with “Flicker” Interruptions

58% ↓

National Utilities Ranking for Reliability

TOP 10%

The 2023 Budget continues to fund initiatives to improve electric grid reliability and resiliency, including:

- Hardening the worst-performing distribution circuits.
- Hardening transmission supply to every substation in a load pocket.
- Reducing the number of customers behind each smart switch to less than 500.
- Increasing hazard tree removal and deploying data analytics to the tree trim cycle.
- Beginning a pilot program for selective undergrounding of hard-to-access rear-lot distribution service.
- Increasing the use of technology to improve the protection of our electrical circuits.

Advancing Long Island's Clean Energy Transition



📍 Shoreham Solar Commons | Shoreham, New York

Clean Energy Progress

LIPA is leading our region's transition to clean energy and towards the goals of New York State's Climate Leadership and Community Protection Act (Climate Act).¹

The Climate Act requires an entirely carbon-free electric grid by 2040, among other goals shown in Figure 7. Transitioning to a carbon-free electric grid involves both adding new clean energy sources and retiring older, fossil-fueled power plants.

Figure 7:



Renewables
70% by 2030

Electric Sector
GHG Reduction
100% by 2040



Battery Storage
**6,000 MW
by 2030**



Offshore Wind
**9,000 MW
by 2035**



Energy Efficiency
**185 trillion BTU
reduction by 2025**



Solar Energy
**6,000 MW
by 2025**

**10,000 MW
by 2030**



Electric Vehicles
**100% zero-emission
vehicles by 2035**

¹ For more information, visit climate.ny.gov/

Figure 9 shows the committed clean energy projects that will be added to the Long Island and Rockaways electric grid by 2030, including 914 megawatts (MW AC) of solar, 2,366 megawatts of offshore wind, and 750 megawatts of storage. **These actions will add 4,030 MW of clean energy to the Long Island electric grid, which had a 2022 peak demand of 5,260 MW. This clean energy is sufficient to reduce LIPA’s carbon footprint by over 72% by 2030**, as shown in Figure 8.

Figure 8: Long Island and Rockaways Electric Grid Carbon Emissions to Decrease by 72% by 2030

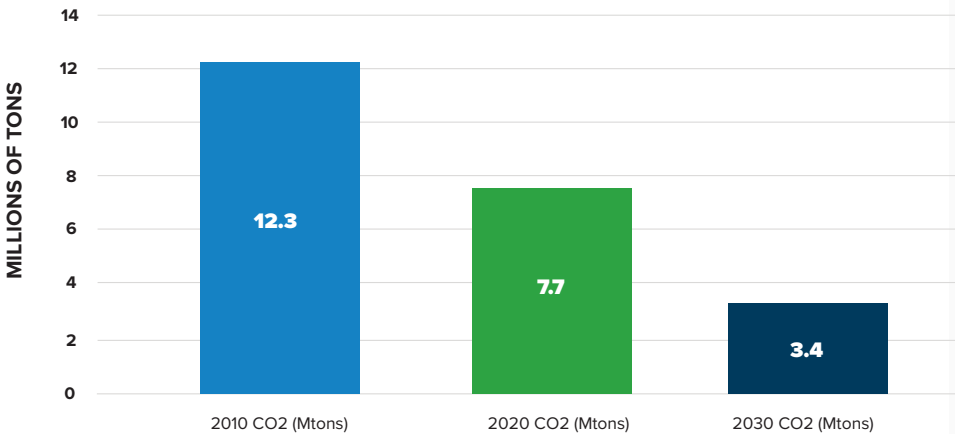





Figure 9: Long Island Clean Energy Projects In Service by 2030

 Solar (914 MW)	Size (MW AC)	In-Service (Est.)
Long Island Solar Farm	32	2011
Eastern Long Island Solar Project	11	2013
Shoreham Solar Commons	25	2018
Riverhead Solar	20	2019
Kings Park Solar 1 and 2	4	2019
Solar Feed-in Tariffs I-III	89	2021-2022
LI Solar Calverton	23	2021
Behind-the-Meter	695+	2030
Solar Communities (FIT V)	15	2022

 Offshore Wind (2,366 MW)	Size (MW AC)	In-Service (Est.)
South Fork Wind Farm	130	2023
Sunrise Wind	880	2025
Empire Wind 2	1,356	2026

 Energy Storage (750 MW)	Size (MW AC)	In-Service (Est.)
East Hampton & Montauk Storage	10	2018 & 2019
2022 RFP Awards	175+	2025
Future Storage Additions	565	2030

TOTAL	4,030 (MW AC)	
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Integrated Resource Plan

LIPA and PSEG Long Island launched an Integrated Resource Plan (IRP) in June 2021 to study future supply- and demand-side resources for electric power needed for Long Island and the Rockaways.

The IRP will chart the path towards a zero-carbon electric grid by 2040 while meeting electric customer needs reliably and affordably. **The IRP will result in an action plan of key activities and investments for LIPA to make over the next eight years.**

Key objectives for LIPA's IRP include:

- Supporting and meeting New York's Climate Act goals.
- Planning for the expiration of major power purchase contracts and the retirement of fossil-fueled generation.
- Integrating substantial amounts of renewable energy.
- Identifying the impacts of and supporting the beneficial electrification of heating and transportation.
- Increasing the availability of clean energy technologies in disadvantaged communities.

LIPA held an initial public hearing in September 2021 and will provide additional opportunities for public comment as study results are available. Preliminary results are expected to be available in the first quarter of 2023.

Figure 10 shows LIPA's progress toward its share of certain statewide clean energy goals.

Figure 10: Update on LIPA's Clean Energy Goals



*Includes 175 MW of pending utility-scale battery contract awards

New York's First Offshore Wind Farm

In January 2022, the U.S. Department of the Interior's Bureau of Ocean Energy Management (BOEM) granted the final approvals necessary for New York's first offshore wind farm – South Fork Wind.

The South Fork Wind project is the result of a LIPA-led initiative to meet the growing energy demands of Long Island's South Fork. South Fork Wind was one of 21 projects proposed in response to a 2015 LIPA Request for Proposals (RFP) to meet the increased demand for power on the South Fork of Long Island. In January 2017, the LIPA Board of Trustees approved a contract to buy energy from what was at the time the first offshore wind farm to be contracted to be built in federal waters.

With 12 turbines, the 130-megawatt South Fork Wind Farm will add enough renewable electricity to the Long Island grid to power 70,000 homes and offset 300,000 tons of carbon emissions annually. Located 35 miles east of Montauk Point, the wind farm will be out of sight from Long Island beaches. South Fork Wind is expected to begin delivering energy to Long Island in 2023.²

² The South Fork Wind Farm is being developed by Ørsted and Eversource. For more information, visit southforkwind.com.



New York State Governor Kathy Hochul speaks at the South Fork Wind groundbreaking event on February 11, 2022.

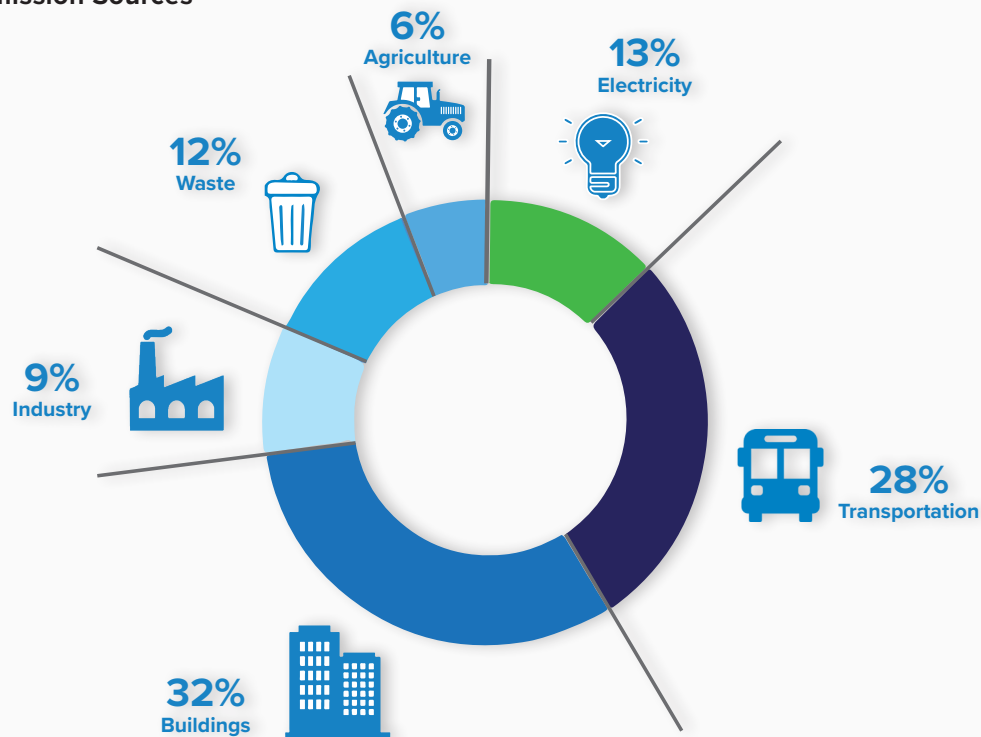
The Electric Grid Will Power New York's Low-Carbon Energy Future

The electric grid is at the center of achieving New York's goal to reduce economy-wide carbon emissions 85% by 2050. As shown in Figure 11, **most of New York's carbon emissions come from transportation and the heating of residential and commercial buildings.** In fact, only 13% of New York State's emissions come from the electric grid.

New York aims to achieve a zero-carbon electric grid and then use that grid as the fuel of the future for transportation and heating. In fact, the energy distributed through the electric grid is projected to roughly double by 2050.

To support the state's climate goals, LIPA is aggressively focusing on transitioning its power supply portfolio to cleaner sources while also promoting beneficial electrification of heating and transportation.

Figure 11: New York State Carbon Emission Sources



Building Decarbonization and Electric Heat Pumps

To meet New York's climate goals, studies show that one to two million New York homes will need to be electrified with heat pumps by 2030, including all new single-family and low-rise residential buildings and 10-20% of commercial space heating. Currently, less than 5% of Long Island households heat with electricity. Fortunately, heat pump technology is cost-effective to install and can save customers money.

LIPA estimates that between 400,000 and 500,000 Long Island and Rockaways households could save money today by installing a cold climate heat pump. This presents an extraordinary opportunity to both help customers save money and accelerate New York's building decarbonization.

Figure 12 shows the economics and carbon impact for a typical Long Island single-family home that heats with fuel oil and needs to replace an aging central air conditioning unit. **A cold climate heat pump could reduce heating costs for a home heated with oil heat by \$1,500 per year and reduce carbon emissions by 46%.** The additional cost of the heat pump would pay for itself in less than two years. As the carbon intensity of the electric grid declines over the next twenty years, the carbon reduction from using a heat pump will approach 100%.


In new construction, heat pumps pay for themselves immediately because builders avoid the upfront cost of installing fossil fuel equipment and separate air conditioners (since heat pumps also function as air conditioners). The second example shows the savings from installing a heat pump instead of a gas furnace in a newly constructed home. With LIPA rebates and federal tax credits, the upfront savings from the heat pump are \$7,000 and the annual savings are \$260 per year.


The examples shown in Figure 12 are typical, however, every home is different, and LIPA recommends getting quotes from several contractors to estimate how much you might save from installing a heat pump.

LIPA already offers substantial rebates to customers to assist in the transition from fossil fuels to heat pump technology, as shown in Figure 12, as well as an approximately 15% discount on electricity used for home heating.

In 2023, LIPA is focused on further removing barriers to customer adoption of heat pumps by making new estimating tools available to customers and contractors, enhancing our contractor referral program, and enhancing our customer education programs.

Figure 12: Long Island Households Could Save Money and Reduce Their Carbon Footprint with Heat Pumps ³

 Existing Building - Oil Boiler	Buying New Central Air Conditioning	Buying New Air-Source Heat Pump
Upfront Cost	\$12,646	\$22,132
LIPA Rebate*	-	-\$4,600
Federal Tax Credit*	-	-\$2,000
Net Cost	\$12,646	\$15,532
Annual Home Heat Bill	\$2,581	\$1,099
Annual Savings	-	\$1,482
Payback Period	-	1.9 years
Carbon Footprint from heating (2022)	-	-46%
Carbon Footprint from heating (2040)	-	-100%

 New Construction - Gas Furnace	Buying New Central Air Conditioning + Gas Furnace	Buying New Air-Source Heat Pump
Upfront Cost	\$21,646	\$22,132
LIPA Rebate*	-	-\$4,600
Federal Tax Credit	-	-\$2,000
Net Cost	\$21,646	\$15,532
Annual Home Heat Bill	\$1,243	\$983
Annual Savings	-	\$260
Payback Period	-	Immediate
Carbon Footprint from heating (2022)	-	-25%
Carbon Footprint from heating (2040)	-	-100%

³ These examples use a 3-ton central air conditioner and a 4-ton heat pump. Fuel price assumptions include a retail gas price of \$12.02/MMBtu and a retail fuel oil price of \$3.14/gallon, which are 2023 projections sourced from the U.S. Energy Information Association and NYSERDA.

* Low- to moderate-income households are eligible for rebates that cover 70% or more of the cost of installing a heat pump as well as federal tax credits of up to \$8,000.

Decarbonizing Transportation through Electric Vehicles

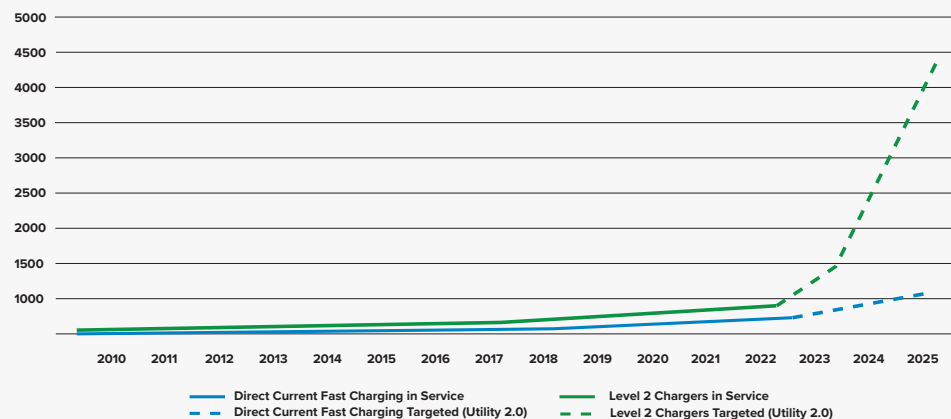
Electric vehicles (EVs) are extremely efficient compared to their internal combustion engine counterparts, propelling a mid-size car for 250 or more miles on a battery storing the equivalent of two to three gallons of gasoline. Studies indicate that an EV in New York has the same carbon footprint as a car that gets 125 miles per gallon, even accounting for the electric grid emissions.

With almost no maintenance and low fuel costs, lifetime ownership costs of EVs are already on par with internal combustion engine vehicles. The cost of batteries, a major component of EVs, will continue to decline with improving technology. Consumers are now also eligible for new federal tax credits for the purchase of a new or used EV to help defray the upfront cost.

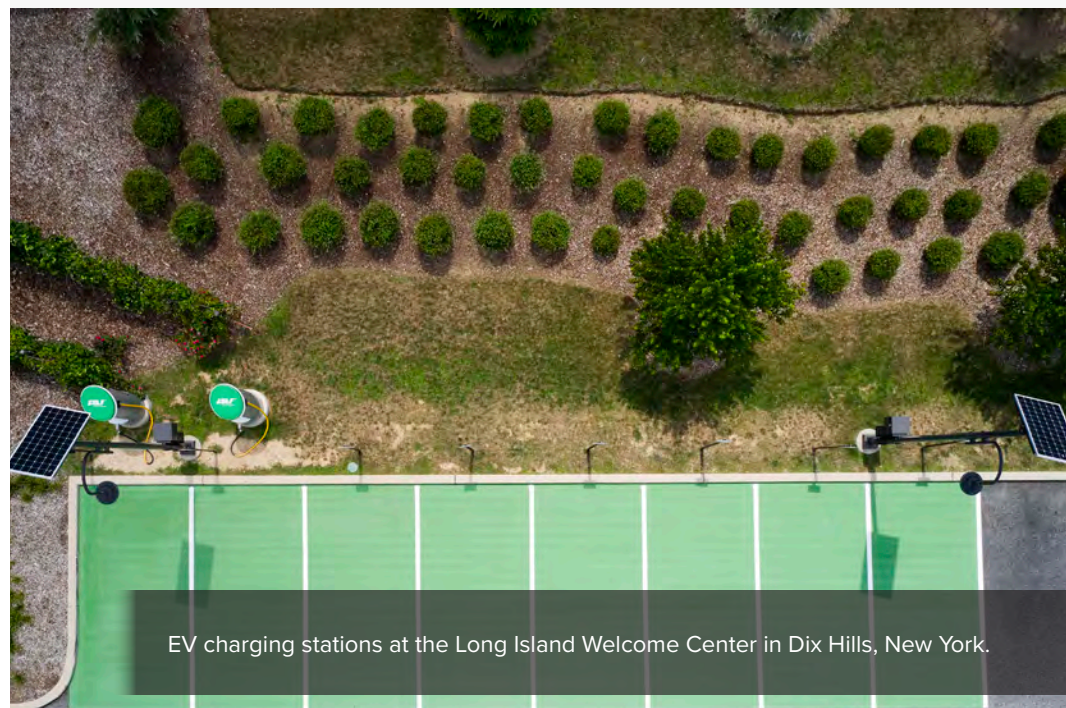
New York State is moving towards all new passenger cars, pickup trucks, and SUVs sold in the state to be zero emissions by 2035, and LIPA is committed to putting our region on the road to clean transportation by supporting the necessary charging infrastructure. **LIPA has an \$88 million plan to build out the infrastructure to support more than 4,700 chargers across Long Island and the Rockaways by 2025.** This infrastructure plan supplements LIPA's other EV initiatives, including home smart charger incentives, public fast charger incentives, and electric rate discounts for charging at off-peak times.

Figure 13 demonstrates how publicly accessible EV chargers in LIPA's service territory will grow through 2025.

Figure 13: Publicly Available Electric Vehicle Chargers in LIPA's Service Territory*



* In service charging ports include all publicly accessible ports in LIPA's service territory, according to NYSEDA data. Targeted ports are based on PSEG Long Island filed make-ready targets.



EV charging stations at the Long Island Welcome Center in Dix Hills, New York.

Transitioning to Time-of-Day Rates

In December 2021, LIPA announced plans to deploy a modern standard residential electric rate for customers on Long Island and in the Rockaways. The new Time-of-Day (TOD) rate is being developed with extensive stakeholder input and will help customers save money while supporting Long Island's transition to a clean energy future.

This initiative builds on LIPA's deployment of smart meters, new customer information tools, and TOD rate pilots. **These foundational steps have positioned LIPA to become the first major utility in the State of New York to transition residential customers to a standard, smart-meter-enabled TOD rate – charting the path for the rest of the state.** This reflects our customers, who are leaders in adopting advanced technologies like rooftop solar, heat pumps, home energy storage, and EVs.

TOD rates are designed to encourage customers to conduct more energy-intensive tasks during off-peak hours by offering discounted rates at those times. In LIPA's TOD program, peak hours will be from 3 p.m. to 7 p.m. on weekdays. All other hours will be off-peak, including mornings, midday, nights, and weekends. While the TOD rate will be the standard offering, customers will have the option of maintaining a conventional flat rate. Customers who try the TOD rate will also receive a "best price guarantee" for the first year, meaning they will be credited the difference if a conventional flat rate would have been lower for them.

Developing and implementing new or enhanced electric rate designs is crucial to achieving New York State's goal of a carbon-free electric grid by 2040. When customers choose to shift their usage to less costly times of the day, it decreases the amount of energy production and delivery infrastructure needed during peak times of the day – reducing carbon emissions and lowering system costs.



What are Time-of-Day Rates?

With Time-of-Day Rates, your electric rate depends on the time of day you use electricity. The rate is discounted during "off-peak" hours when electricity demand is lower and clean energy is more abundant (about 90% of the time). Peak hours happen at the same time every day and are only on weekdays. Participating customers can save money by running their appliances or charging an EV off-peak. Over time the program will lower costs for everyone by making the power grid more efficient.

Many other utilities across the country have successfully introduced TOD rates, which better reflect the cost of providing electricity. Utilities that have deployed a standard TOD rate have seen peak usage decline 6-8% or more during the summer months as customers shift more of their usage to off-peak times of the day. The savings benefit customers and reduce climate-warming emissions. LIPA plans to begin a phased transition to TOD rates for customers in 2024, as shown in Figure 14.

Figure 14: Time-of-Day Rates Timeline

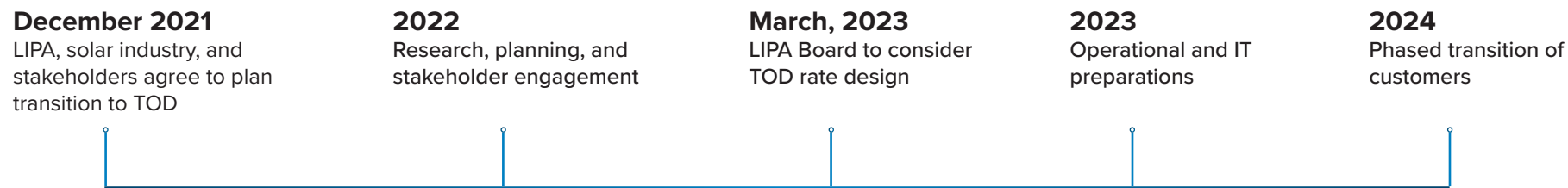
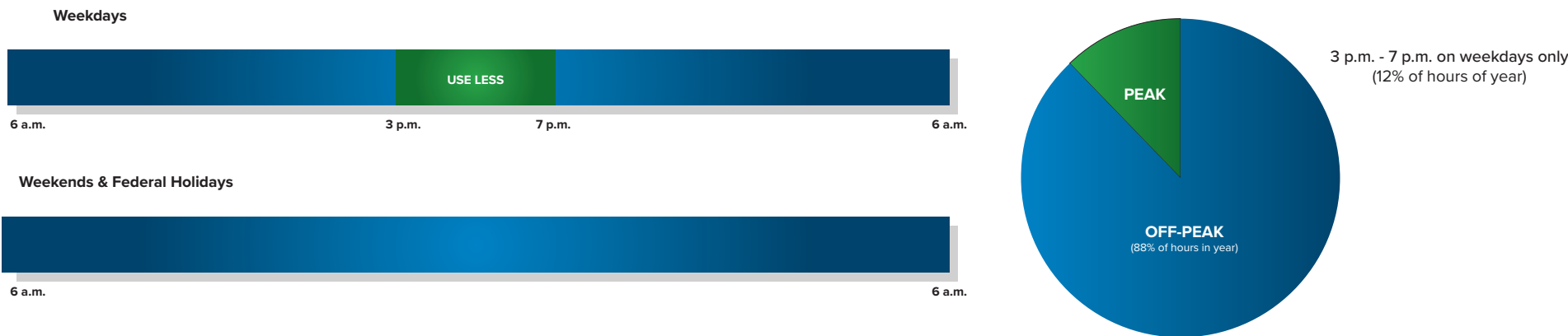


Figure 15: Time-of-Day Rate Structure: “Save After 7”



Federal Inflation Reduction Act Has Clean Energy Benefits for Customers

On August 16, 2022, President Biden signed the Inflation Reduction Act (IRA) into law. The IRA is a 10-year plan that includes nearly \$370 billion in investments for climate and clean energy, including tax credits and rebates for energy-efficient appliances, EVs, and renewable electricity. Many of these incentives will be beneficial to LIPA customers on Long Island and in the Rockaways as we transition to a carbon-free electric grid, including

Heat Pumps: Up to \$2,000 via a federal tax credit for the purchase and installation of a heat pump. Households that meet income qualifications are eligible for up to \$8,000. There is an additional tax credit of 30% for geothermal heat pumps.

Home Energy Efficiency: Tax credits up to \$1,200 for home energy efficiency projects or more for whole-house retrofits and “high efficiency” electric homes. Efficient appliance rebates up to \$7,000 for moderate-income and \$14,000 for low-income homes.

Electric Vehicles: Upfront discounts up to \$7,500 for new EVs and \$4,000 for used EVs, provided they are domestically assembled.

Residential Rooftop Solar: Tax credits covering 30% of the costs to install new residential solar panels and battery storage systems.

Incentives for Tax-Exempt Public Power Utilities: Ability to receive cash grants for qualifying investments in clean energy technologies such as solar, wind, and storage that can pay for up to 30% of project costs.



President Biden signs the Inflation Reduction Act into law on August 16, 2022 with U.S. Senator Charles Schumer (NY) and Representative Jim Clyburn (SC)




An aerial photograph of a wide river flowing through a dense, green forest. The river is a deep blue color, and the surrounding trees are a vibrant green. The sky is blue with some white clouds. A dark blue banner is overlaid on the top left of the image.

LIPA in Our Community

LIPA's purpose is to serve our customers and community. Under the direction of our Board, we are a not-for-profit utility that **puts our customers first in all our actions**, including by supporting community events, educational programs, and selected grants that further clean, reliable, and affordable energy for Long Island and the Rockaways.

Here are a few selected initiatives on behalf of our customers during 2022.

 Blydenburgh County Park | Smithtown, New York

New Exhibits for the Jones Beach Energy & Nature Center

In September 2020, LIPA, together with New York State Parks, Recreation and Historic Preservation, opened a new Energy and Nature Center at Jones Beach State Park.

Located on the beachfront of one of Long Island's iconic barrier islands, the 12,000-square-foot complex is a net-zero energy building. Through a variety of hands-on and accessible indoor and outdoor exhibits, educational programming, and public events, the center showcases ways to be a conscientious steward of our environment and smart energy consumer – creating a more resilient and sustainable future.

In September 2022, LIPA announced the development of new energy exhibits to inform visitors about electricity and the clean energy transition, including what visitors can do to reduce their carbon footprint and energy bill. These new energy exhibits are scheduled to open to the public in 2024.

For more information visit, jonesbeachenc.org.






Rails to Trails Project

50 years in the making, the North Shore Rail Trail officially opened to the public in June 2022. This 10-mile multi-use recreational path from Port Jefferson to Wading River is on a LIPA-owned transmission right-of-way.

LIPA's transmission right-of-way was formerly occupied by a 19th-century railroad line that was abandoned in 1939 -- the very line used by Nicola Tesla to commute to his Long Island laboratory. LIPA has provided Suffolk County with a 25-year lease free of charge for this new recreational trail that is perfect for walking, running, and biking. LIPA also worked with PSEG Long Island and the Department of Public Works to make safety changes along the route to enable greater public access.

The trail route runs parallel to Route 25A, from Crystal Brook Hollow Road in Mount Sinai to Wading River Manor Road in Wading River and is open from dawn to dusk.



 North Shore Rail Trail | Wading River, New York

LIPA Supports United Way's Net Zero Transition

In June 2022, LIPA awarded a \$200,000 grant to the United Way of Long Island to support transforming its 31,000-square-foot headquarters in Deer Park into a “net zero” building with rooftop solar, high-performance air-source heat pumps, and electric vehicle charging. United Way will save \$60,000 per year on energy costs that will be reinvested back into its core mission of supporting Long Island. Among other great programs, United Way trains disadvantaged young adults and veterans in clean energy construction at this location.

Grant to Support the Shinnecock Nation

In September 2022, LIPA announced a \$30,000 grant to the Shinnecock Nation to assist income-eligible residents in learning about and applying for LIPA's low- and moderate-income assistance programs. As part of enrolling by year-end, the Shinnecock Nation's most vulnerable electric customers will receive a credit of past due account balances through May 1, 2022. Enrollees will also be eligible for discounts on future electric service and enhanced rebates for energy efficiency and clean technologies (e.g., heat pumps), saving participating households hundreds of dollars per year on utility costs.

LIPA Launches a New Community College Scholarship

In November 2022, LIPA announced a new Community College Scholarship. This program will fund 50 scholarships over the next five years for students attending Suffolk County Community College or Nassau Community College seeking education and training in careers related to the electric utility industry. The LIPA Scholarship will provide full tuition, fees, and books to students with the goals of attracting local talent to meet the needs of our clean energy future and ensuring our workforce represents all the communities LIPA serves. Applicants must reside in specified underserved communities on Long Island and the Rockaways and have a gross household income below the area median income (approximately \$100,000 for a family of four). To learn more, visit lipower.org/scholarship.



LIPA Community College Scholarship announcement on November 9, 2022

An aerial photograph showing a large solar farm with rows of solar panels in the foreground. To the left of the solar field is a parking lot with several white trucks and a small building. The background is filled with dense green trees and a residential neighborhood with houses. A green banner with white text is overlaid on the upper part of the image.

Section II: Budget By the Numbers



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BUDGET BY THE NUMBERS

The 2023 Budget consists of a proposed Operating Budget of **\$4.2 billion** and a proposed Capital Budget of **\$891 million**. The proposed Operating Budget, shown in Figure 16, funds delivery and power supply costs, energy efficiency and distributed energy programs, taxes, and debt service. The proposed Capital Budget, shown in Figure 17, funds storm hardening and long-life infrastructure investments such as transmission lines, substations, poles, and wires, as well as information technology, vehicle fleet, and other assets.

Figure 16:

2023 Proposed Operating Budget (\$ thousands)	
	2023 Proposed
Operating Revenues	4,146,932
Grant & Other Income	62,656
Total Revenue & Income	4,209,588
Power Supply Costs	1,958,459
Delivery Costs	875,226
PILOTs & Taxes	459,238
Interest Payments	388,845
Debt Reduction & OPEB	527,820
Operating Budget	4,209,588
Fixed Obligation Coverage	
LIPA Debt Plus Leases	1.40x
LIPA & UDSA Plus Leases	1.23x

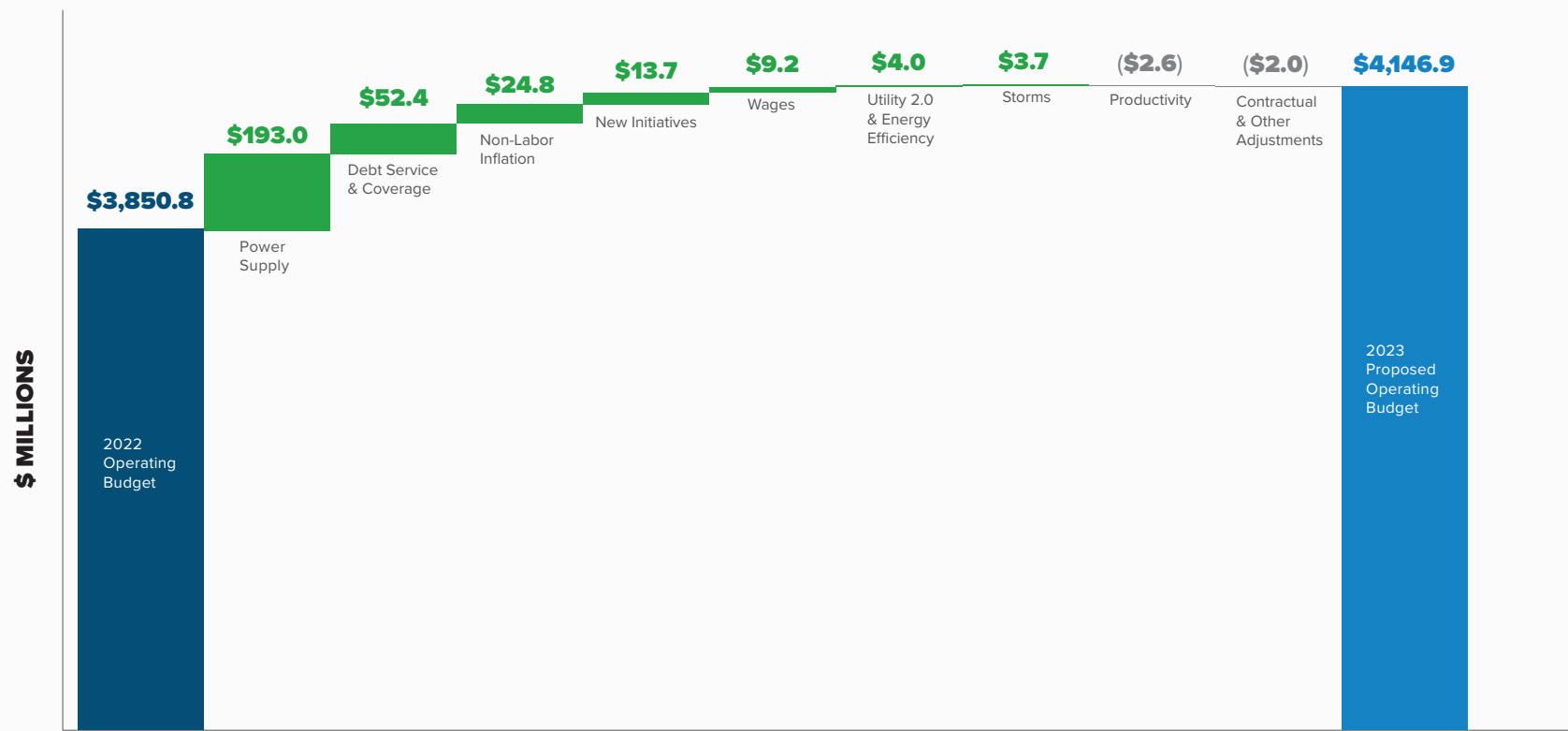
Figure 17:

2023 Proposed Capital Budget (\$ thousands)	
	2023 Proposed
Capital Projects	800,343
FEMA & PSEG Long Island Storm Hardening	90,620
Capital Budget	890,963
Funding from Operating Budget	239,358
Debt Issued to Fund Projects	651,605
Funding Sources	890,963
 Percent of Capital Projects Funded from Debt	 73%

Changes in the Operating Budget

The 2023 Operating Budget includes Operating Revenues of **\$4.1 billion**, an increase of **\$296 million** from the 2022 Budget. The largest increase is a \$193 million increase in power supply costs. Each of the major components is further described below.

Figure 18: 2023 Operating Budget as Compared to 2022



Power Supply Costs

LIPA purchases electricity, natural gas, and fuel oil daily to meet customers' needs. As a local public power utility, LIPA does not profit from any of its operations. LIPA's power supply expenses are paid by LIPA customers – at cost – through a Power Supply Charge that changes each month and appears as a separate line item on customer bills.

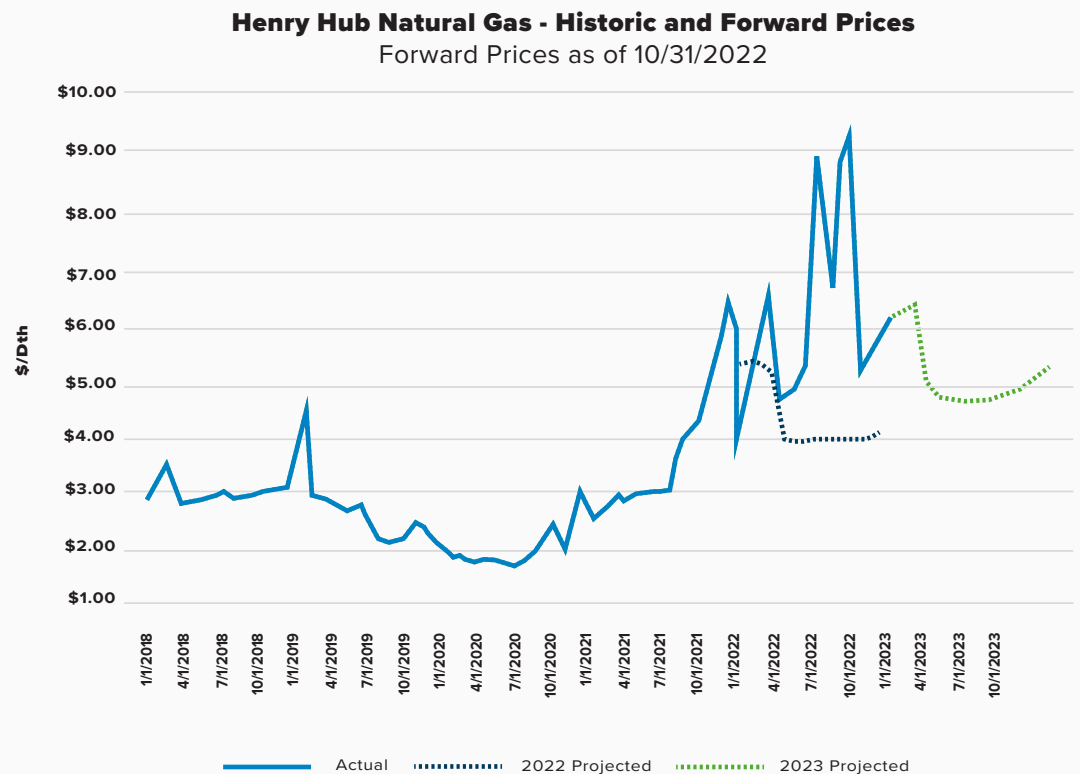
The wholesale market price of natural gas and other commodities increased dramatically starting in 2021 and future electricity and fuel prices (i.e., the price LIPA would pay today to buy natural gas for delivery in the future) are lower in 2023 but remain elevated, as shown in Figure 19. LIPA budgets for commodity costs at their future prices each year.

LIPA's power supply costs are expected to be \$193 million higher in 2023 than in the 2022 Budget. This is net of LIPA's commodity hedges, which are projected to offset an additional \$147 million of commodity costs in 2023.

While 2023 power supply costs are projected to be higher than the 2022 Budget, they are lower than 2022 actual costs, which are projected at \$433 million above the 2022 Budget through year-end. Among other factors, the war in Ukraine that began in February 2022 caused a sharp escalation in commodity prices after the 2022 Budget was adopted.

In addition to commodity costs, the other large change in power supply costs for 2023 is from the implementation of property tax settlements concluded in 2022, which led to a one-time cash flow benefit due to a change in the timing of LIPA's reimbursements of taxes to National Grid, reducing property tax payments for one calendar year only by \$111 million.

FIGURE 19: Natural Gas Prices Remains Elevated Through 2023



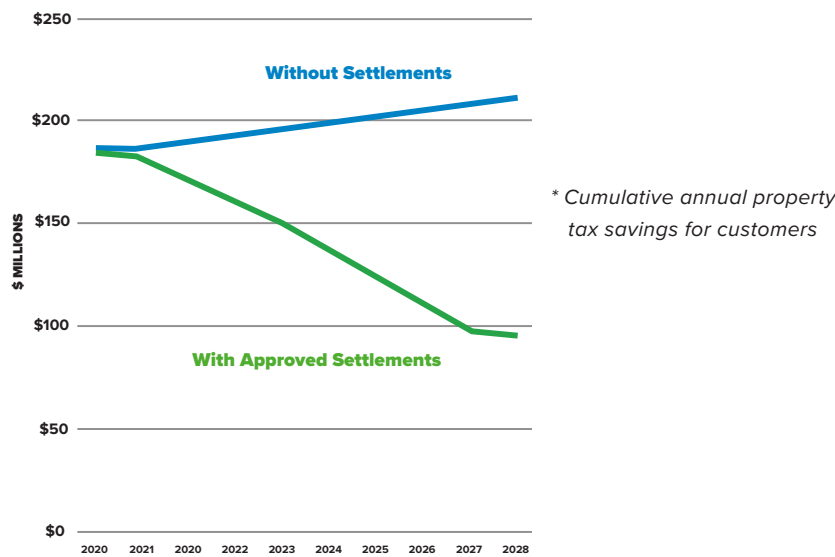
LIPA Concludes the Last Four Power Plant Tax Settlements in 2022

Taxes are LIPA’s second-largest expense at \$610 million per year or approximately 15% of customer bills. While property taxes fund valuable public services, including schools, public safety, and transportation, the taxes paid on older power plants are disproportionately high due to overassessments that have raised the costs of power for Long Island electric customers for nearly three decades.

To improve affordability and fairness for our customers, LIPA has focused on lowering the tax bills on the four highest-taxed properties: vintage, fossil-fueled power plants located in Northport, Port Jefferson, Island Park, and Glenwood Landing. In 2022, **LIPA finalized the last of four settlements – closing the chapter on a long-standing issue and saving customers \$554 million through 2028**, as shown in Figure 20.

The fair compromises reached over the past few years guarantee continued tax payments to all host school districts through 2027 and protect local taxpayers from hundreds of millions of dollars of refund liability.

FIGURE 20: **\$554 Million in Power Plant Tax Savings Through 2028***



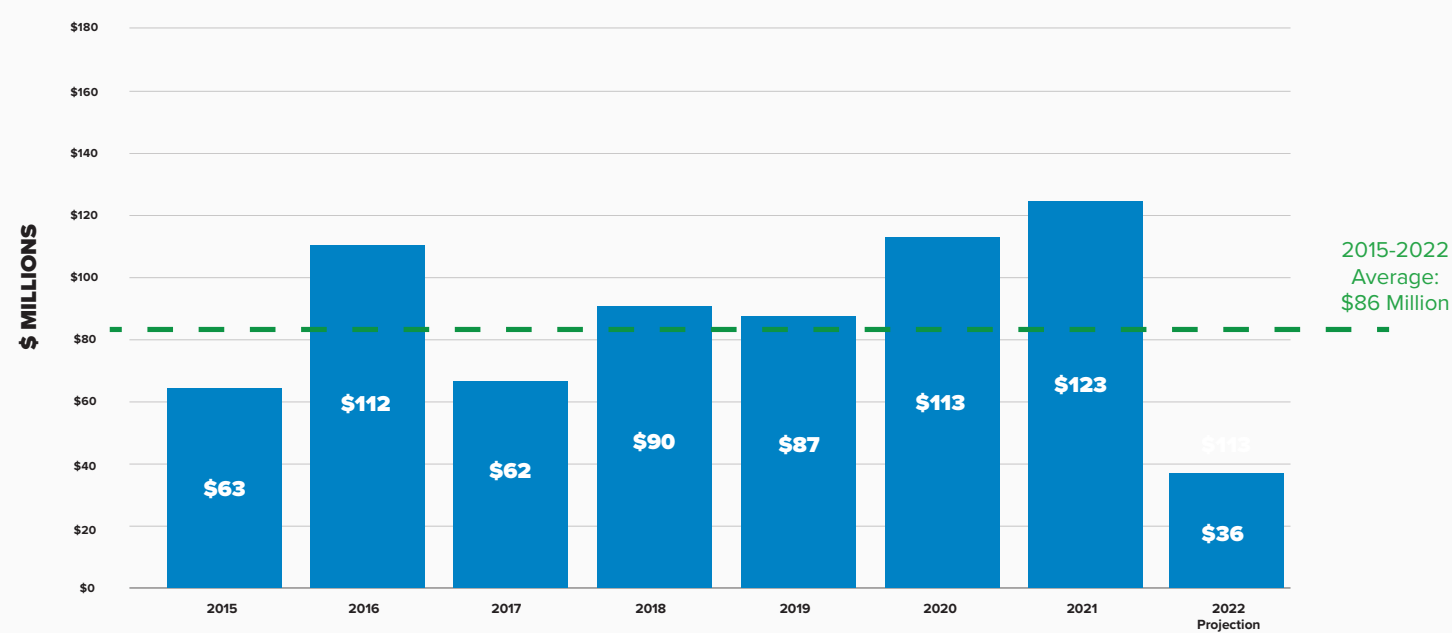
Northport Power Station | Fort Salonga, New York

BUDGET BY THE NUMBERS

Changes in other major categories of the Operating Budget include:

Category	Change
Debt Payments and Cash Contributions to Capital Projects	Debt service payments and related coverage (i.e., the cash contribution to capital projects in lieu of issuing debt) are budgeted to increase \$52 million. This is comprised of an increase in debt service payments of \$74 million, offset by a decline of \$8 million in coverage and \$14 million in other interest costs.
Non-Labor Inflation	PSEG Long Island's non-labor expense is budgeted to increase \$25 million or 8% in 2023 due to a higher-than-normal increase in inflation in the economy.
New Initiatives	New initiatives are budgeted at \$14 million for 2023, including continued investments to improve management and reliability of assets, cybersecurity initiatives, support for the transition to TOD rates, and planning for new IT systems. To learn more about 2023 performance metrics, please see page 13.
Wages	PSEG Long Island's contractual wage increases are budgeted at \$9 million or a 3% increase in 2023.
Utility 2.0 & Energy Efficiency	Utility 2.0 and Energy Efficiency funding supports programs designed to promote, among other things, energy efficiency and beneficial electrification. The Utility 2.0 and Energy Efficiency budgets are based on an annual filing made by PSEG Long Island with LIPA and the Department of Public Service in July of each year. The budget in this area will increase by \$4 million in 2023.
Storm Budget	LIPA's storm budget funds the preparation, response, and repairs necessary to restore service after storms. The 2023 storm budget of \$80 million reflects an increase of \$4 million over the prior year. As shown in Figure 23 on page 46, storm restoration costs have increased over time. These costs are reconciled to actuals each year through the Delivery Service Adjustment (DSA) to customer bills. This \$4 million increase in the storm budget is to ensure LIPA budgets for typical costs each year, knowing that this cost is particularly volatile based on weather events. Amounts shown are net of expected FEMA recoveries.
Productivity Initiatives	PSEG Long Island is reducing operating expenses by \$3 million in 2023 through productivity enhancements and efficiencies.
Contractual and Other Adjustments	The proposed Operating Budget for miscellaneous and other items will decrease by \$2 million in 2023.

Figure 23: LIPA Storm Costs (In \$ Millions)



LIPA's Improving Credit Ratings and Declining Leverage

In 2013, LIPA had the lowest credit ratings of any large public power utility and was paying higher interest rates and bank credit costs than other utilities, as shown in Figure 21.

In 2015, the LIPA Board adopted a plan to reduce LIPA's leverage and financing costs to industry levels. **This plan has proven successful and has resulted in four credit rating upgrades of LIPA's bond ratings and over \$600 million of savings for customers.** And LIPA is on "positive outlook" for another upgrade from Fitch Ratings.

Figure 21: LIPA Continues to Receive Credit Rating Upgrades

Rating Agency	2013 Ratings (Outlook)	2022 Ratings (Outlook)
Standard and Poor's	A- (Negative)	A (Stable)
Fitch Ratings	A- (Negative)	A (Positive)
Moody's Investors Service	Baa1 (Negative)	A2 (Stable)

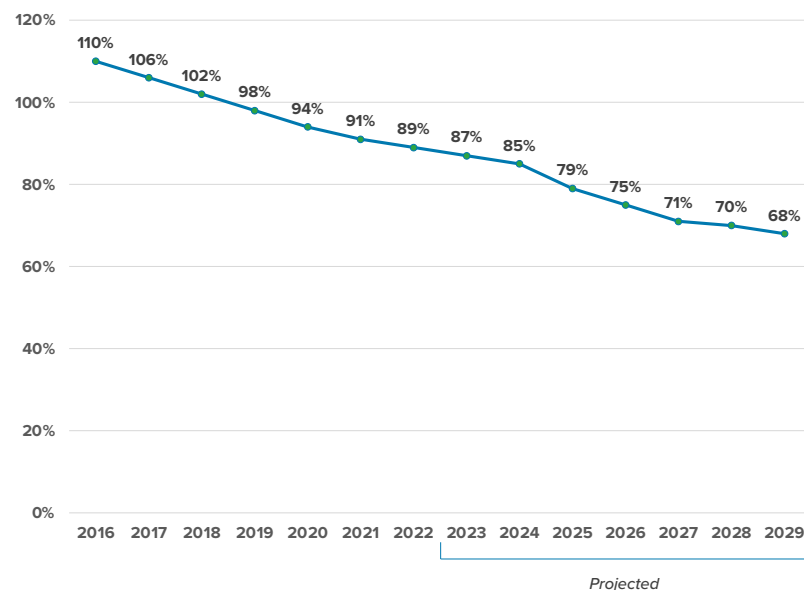


Montauk Energy Storage Center | Montauk, New York

BUDGET BY THE NUMBERS

The Board's plan reduces LIPA's debt-to-assets ratio from 110% in 2016 to less than 70% by 2030, as shown in Figure 22. By comparison, LIPA's debt-to-assets ratio was over 230% upon the acquisition of LILCO in 1998, primarily because of the legacy of the Shoreham nuclear power plant. A 70% debt ratio is still on the higher end of the industry but with LIPA's other credit strengths will likely be sufficient to achieve the AA-category credit ratings that are typical for large public power utilities.

Figure 22: LIPA's Leverage Compared to Public Power Peers



Public Power Peer Group	Sr Bond Rating	Debt Ratio
Salt River Project	Aa1	42.3%
OUC (Orlando)	Aa2	47.4%
Austin Electric	Aa3	48.1%
Seattle City Light	Aa2	54.6%
SMUD (Sacramento)	Aa3	57.4%
CPS Energy (San Antonio)	Aa1	58.1%
OPPD (Omaha)	Aa2	63.7%
LADWP (Los Angeles)	Aa2	65.1%
Average of Other Peer Group Members		54.6%

Source: PFM Financial Advisors, November 2020

Reducing Cost to Customers Using the Utility Debt Securitization Authority

In 2021, LIPA was successful in obtaining a bill in the New York State Legislature authorizing the issuance of additional Utility Debt Securitization Authority (UDSA) bonds. UDSA bonds (rated triple-A) provide a lower cost of funding than issuing LIPA bonds for the same purpose.

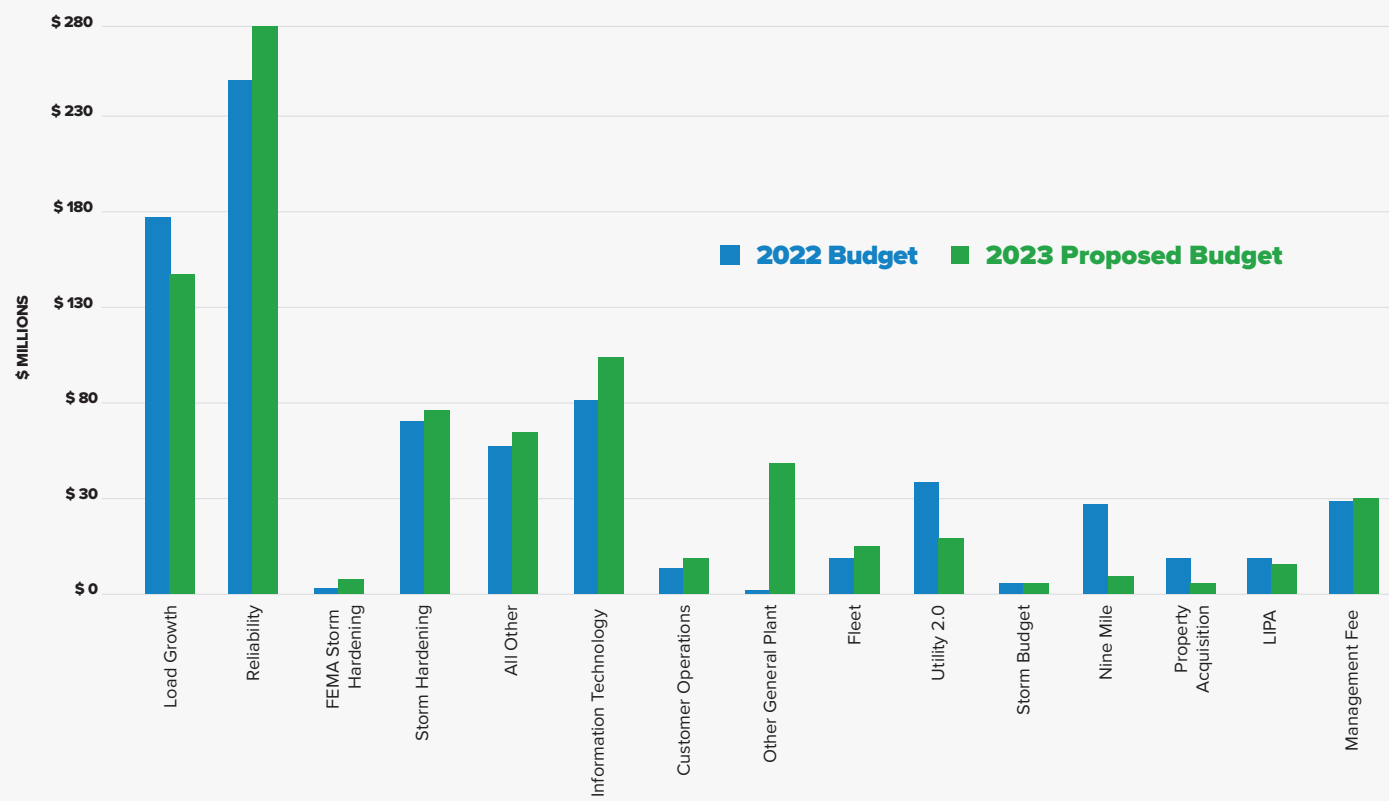
In September 2022, UDSA refinanced \$852 million of LIPA and UDSA bonds achieving net present value debt service savings of \$42 million. UDSA also funded \$100 million of storm hardening investments in LIPA's first sale of "green bonds." In total, UDSA financings have saved LIPA customers \$534 million in net present value debt service savings to date.

For more information, visit lipower.org/udsa/investor-relations.

Changes in the Capital Budget

Figure 24 shows the proposed \$891 million 2023 Capital Budget as compared to the \$746 million 2022 Budget. The most significant increases are related to the development of a new operations yard, improvements to the electric grid to enhance reliability and resiliency, and IT initiatives targeting cybersecurity and system separation from PSEG affiliates.

Figure 24: Changes in the 2023 Capital Budget as Compared to 2022



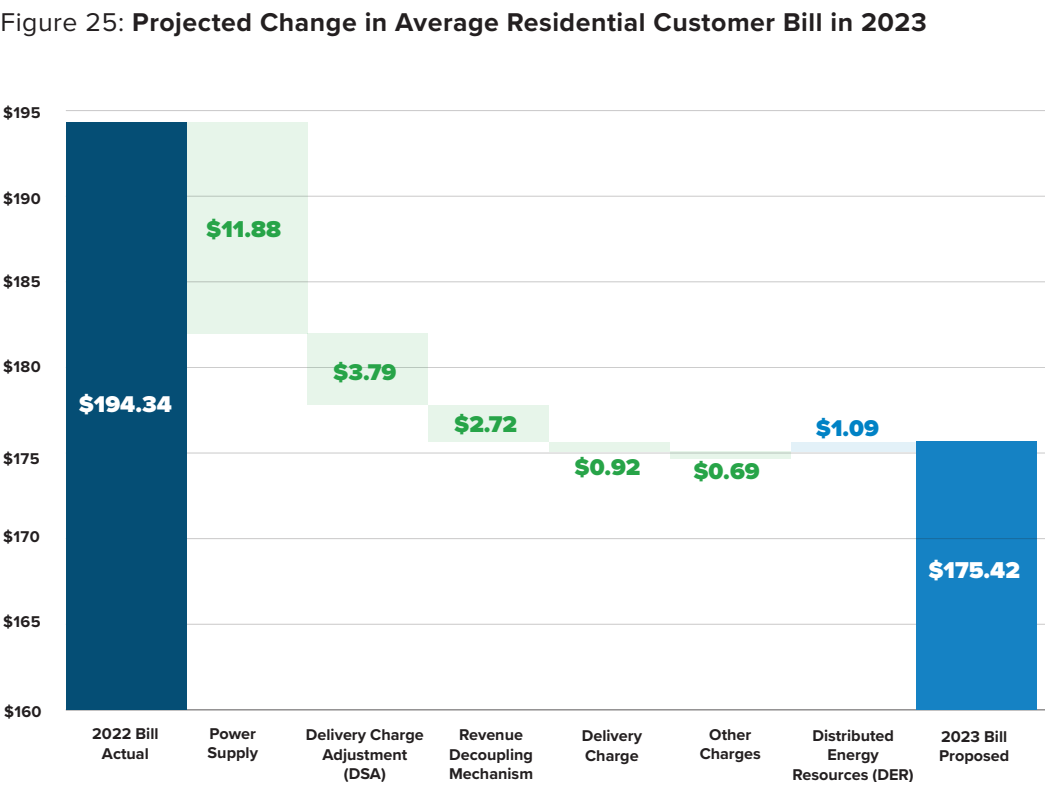
Projected Electric Bills for 2023

The average residential electric bill in 2022 of \$194.34 per month was almost 15% higher than the budgeted amount of \$169.26, driven largely by power supply rates that were 18.4% higher than projected. The bill increase was also caused by electricity usage 6.2% higher than assumed in the 2022 Budget projection. The higher-than-expected usage is attributable to continued work-from-home patterns caused by COVID-19 as well as warmer-than-normal weather (see Revenue Decoupling Mechanism on page 51).

For 2023, the average residential customer bill is projected to be \$175.42 per month, which is \$18.92 or 9.7% below the actual average residential bill of \$194.34 in 2022, as shown in Figure 25. This decline is driven primarily by lower projected power supply costs, as well as a forecasted decline in average customer use. If customer usage was assumed to remain at 2022 levels, the average residential customer bill in 2023 would be projected at \$183.99 per month, which is \$10.34 or 5.3% below the actual bill in 2022.

Power Supply Charge is Projected to Decline

The largest projected change for the average residential customer bill in 2023 is a decrease in the Power Supply Charge of \$11.88 per month. Power supply costs – LIPA’s cost to purchase or generate electricity for its customers -- are budgeted to decline by \$239.9 million (down 10%) for 2023 compared to 2022 (see Power Supply Costs on page 43). The decrease in 2023 is primarily driven by lower projected power supply costs (see Figure 19 on Page 43) and lower projected customer usage as compared to 2022.



Based on Projected Energy Use of 723 kWh per month in 2023

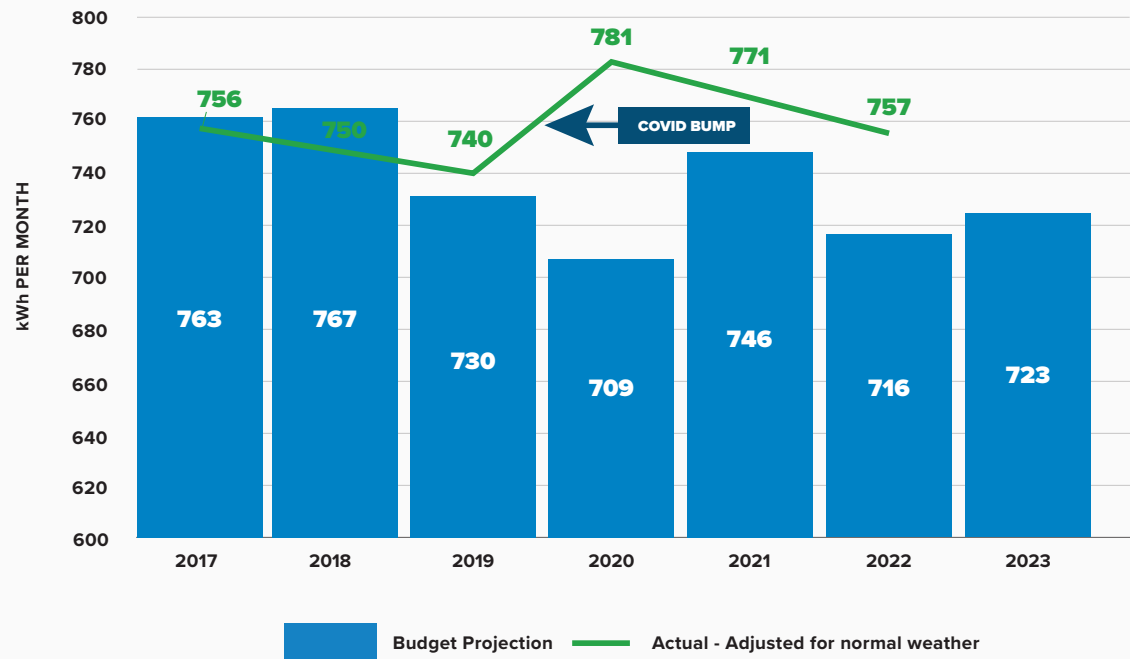
Delivery Service Adjustment Bill Credit

The credit provided by the Delivery Service Adjustment to the average residential customer will increase by \$3.79 per month in 2023, primarily due to lower-than-budgeted storm restoration costs in 2022. The Delivery Service Adjustment reconciles actual costs to budgeted levels for several cost categories that are largely out of LIPA's control. These costs include storms, debt payments, interest rates, pension and other retirement benefit costs, and uncollectible expense (i.e., write-offs of customer bills). This adjustment ensures customers pay only the actual costs incurred by LIPA.

Revenue Decoupling Mechanism Bill Credit

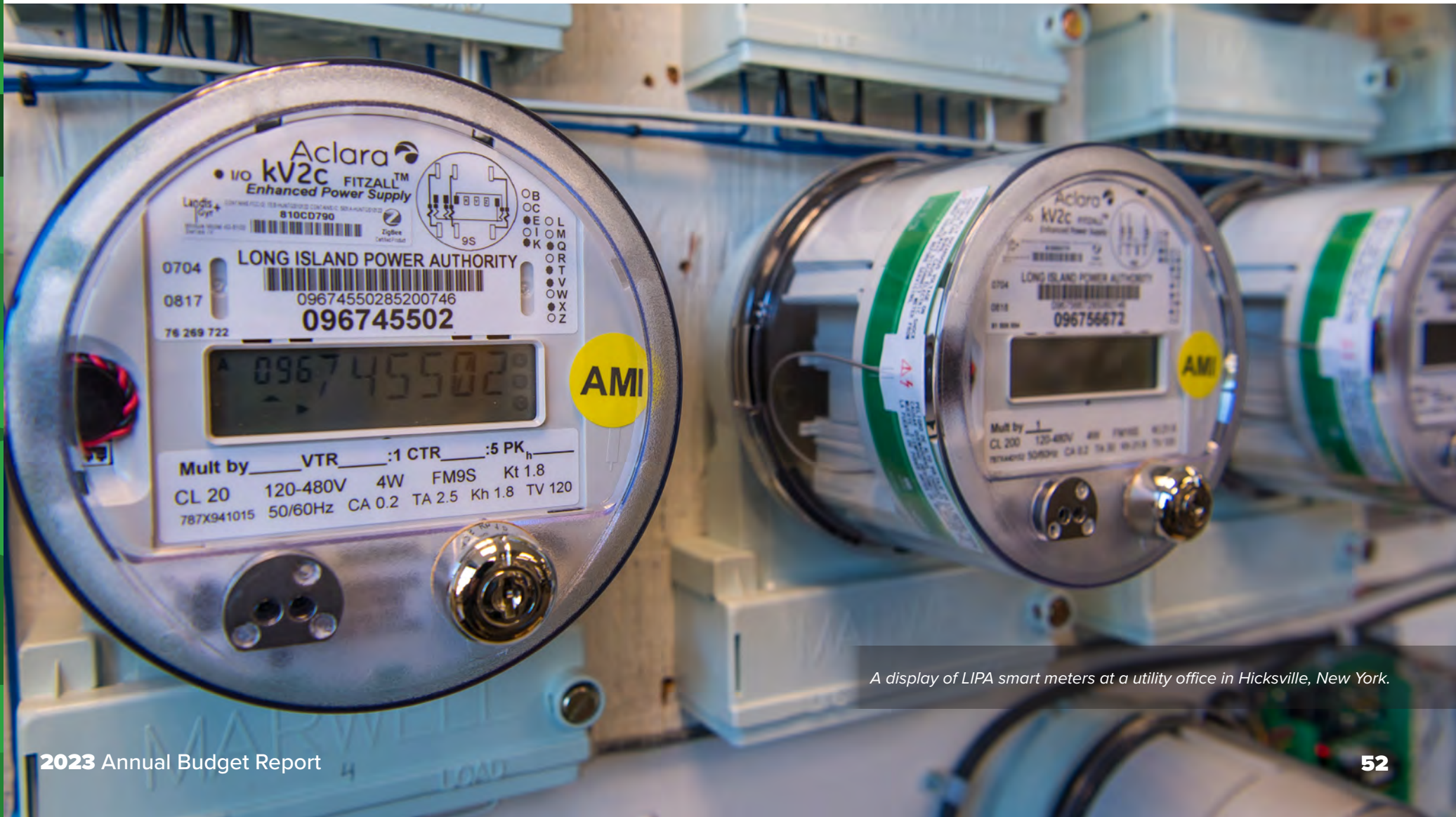
The credit provided by the Revenue Decoupling Mechanism (RDM) to the average residential customer will increase by \$2.72 per month in 2023. The RDM reconciles budgeted sales to actual sales in each customer class in the following year. If residential sales exceed the budget due to weather or usage patterns, the excess revenue is credited to customers in the following year. **Higher actual energy usage in 2022 as compared to budgeted sales has produced a refund to residential customers in 2023.** In 2022, PSEG Long Island projected that more people would return to the workplace, causing residential usage to return to more historic levels; however, results indicate that residential use per customer remained higher than expected, as shown in Figure 26. **Forecasting customer use remains challenging as the lingering effects of the pandemic and changes to workplace norms remain uncertain; however, the RDM ensures that customers will pay only the actual revenues authorized by the Board each year, with any excess returned to customers.**

Figure 26: Residential Monthly Usage Was Higher Than Expected in 2022



Delivery Charge Adjustment

The Delivery Charge on an average residential bill is projected to decline by \$0.92 per month in 2023 driven by a projected decrease in usage by the typical residential customer. Delivery rates are proposed to increase by 1.5% in 2023 (as a percentage of the 2022 actual customer bills) before adjusting for the projected decrease in usage, primarily due to higher debt service payments and higher inflation on non-labor costs.

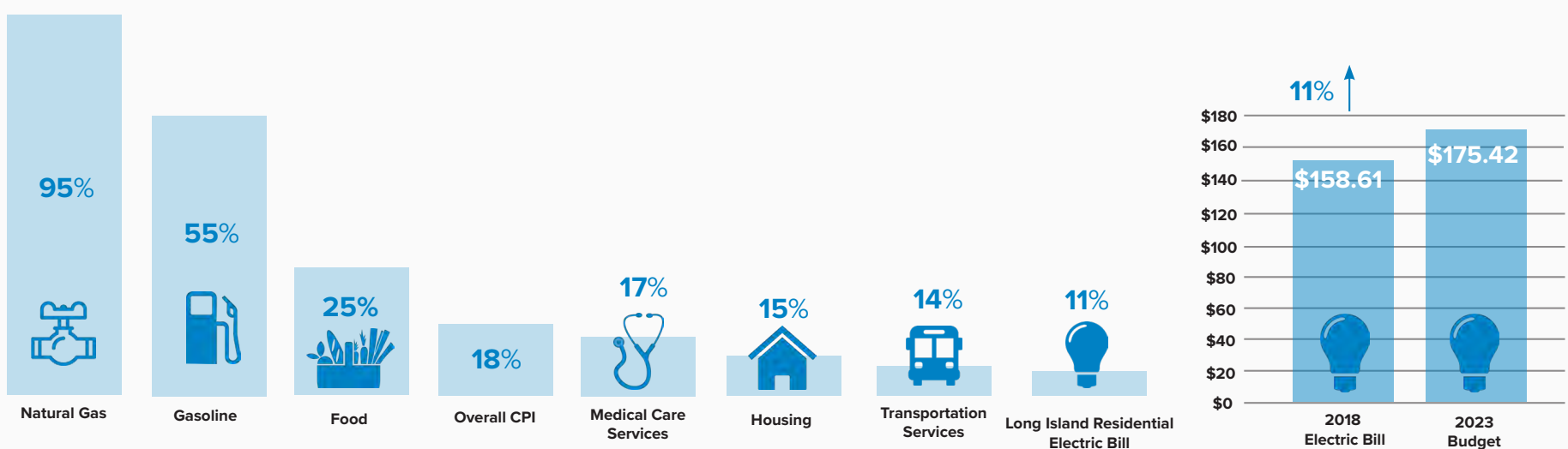


A display of LIPA smart meters at a utility office in Hicksville, New York.

Long Island and Rockaways Electric Bills Remain Below Inflation

This past year saw year-over-year inflation grow at the fastest pace in over 40 years. Inflation, based on the consumer price index (CPI), was 8.2% as of September 2022.⁵ As the price of goods and services throughout the country has gone up, so have utility bills. Despite these challenges, LIPA remains committed to providing electricity at the lowest possible cost for customers. **Electric bill increases remain below the rate of inflation**, while other goods and services steadily increase, as shown in Figure 27.

Figure 27: Rising Costs of Goods and Services Since 2018



⁵ Data provided by the U.S. Bureau of Labor Statistics. For more information, visit www.bls.gov/cpi/.

Keeping Costs as Low as Possible for Customers

The LIPA Board has tasked staff with aggressively managing costs to minimize the burden on customers. Operating lean means achieving a balance between cost and service to get the most out of every dollar. Figure 28 shows the savings from operating lean for the 2023 Budget. These are the cumulative effects of many decisions and initiatives since 2014. The \$1.1 billion of cost savings in 2023 equals 26% of electric bills, or about \$46 per month for a typical residential customer.

FIGURE 28: Saving Customers Over a Billion Dollars in 2023 from Operating Lean

Operating Lean	\$ Millions
Discontinued investments in combined cycle plants	\$353
LIPA Reform Act 2% Tax Cap	\$340
Commodity Hedging (based on current prices)	\$147
Renegotiating expiring power purchase agreements	\$49
Smart Meter savings	\$45
Power plant property tax savings	\$40
Refinancing existing debt	\$40
Investing in cost-effective energy efficiency	\$22
Reduction to wholesale market and off-island transmission	\$16
Operating savings and improved productivity	\$13
Power supply pension and retirement savings	\$8
TOTAL	\$1,073 MILLION

Assistance for Vulnerable Customers

LIPA is committed to affordability for our most vulnerable customers. LIPA offers electricity bill discounts to low- to moderate-income (LMI) customers with the goal that energy bills should be no greater than 6% of household income. We routinely assess and update our energy affordability discounts based on the economic conditions facing households on Long Island and the Rockaways. **In July 2022, LIPA increased its base LMI discounts by 33%.** The proposed 2023 budget includes an additional 6.7% increase to adjust for cost-of-living increases experienced by our customers.

Many customers experienced financial distress during the COVID-19 pandemic and were unable to pay their electric bills. In response, LIPA instituted an arrears management program and is forgiving all arrears incurred through May 1, 2022 for participating LMI customers, funded in part by a \$9.8 million State of New York budget appropriation. **To date, over 7,800 LMI customers have benefited from arrears relief totaling \$20.4 million.**

To ensure that LMI households can afford to transition from fossil-fuel powered heating and inefficient electric resistance heating to clean, electric heat pumps, LIPA offers enhanced heat pump incentives for low-income households. With proposed funding at \$3.9 million in 2023, LMI households are eligible to receive up to \$14,400 to replace a gas furnace with a whole-house cold climate heat pump system, up to \$15,200 to replace an oil furnace, and up to \$16,000 to replace an electric resistance heating system. Please see page 29 for more information on heat pumps, including how customers can save money while reducing their carbon footprint.

LIPA also provides enhanced support for low-income households to make home efficiency improvements. With \$1.9 million of proposed funding in 2023, households can receive personalized energy audits and free or discounted energy efficient appliances. And with proposed \$5.5 million of proposed funding in 2023, LIPA supports weatherization (sealing and insulation) projects for LMI households, which will lower heating and cooling bills and provide extra comfort by eliminating leaks and drafts.

Figure 29: Funding for Low-Income Customer Discounts

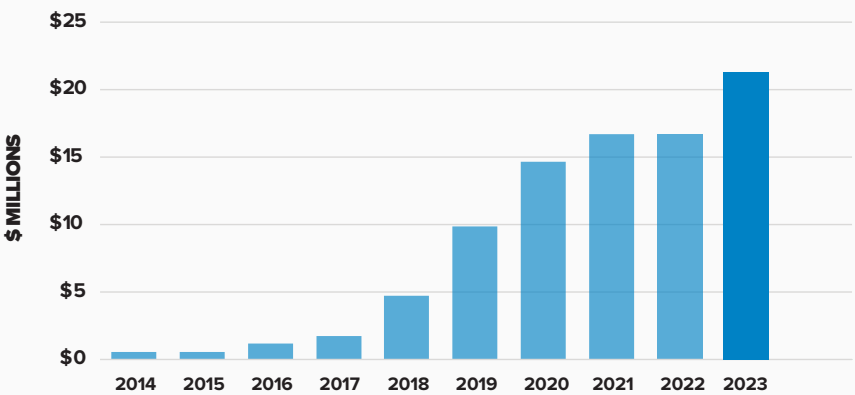


Figure 30: Actions to Assist Low-Income Customers

Action	Customer Benefit
Increased bill discounts: On July 1, we increased the base bill discount by 33%. An additional 6.7% cost of living increase proposed	Lower electric bills
Continuation of shut-off moratorium: Extended pandemic shut-off moratorium for low-income customers	Protection from service disconnection
Enhanced rebates for heating/cooling and efficiency: Proposing \$7 million in new funding for low-income home heating/cooling, efficiency, and weatherization in 2023	Lower future energy costs
Automation of enrollment in low-income programs: Designed project and metric that enabled automated enrollment or renewal of 22,700 low-income customers	Ease of participation
Outreach to customers eligible for COVID-19 emergency assistance: Helping over 15,900 customers enroll and receive aid totaling \$43 million	Reduced Debt
Arrears reduction program: Bill credit to low-income customers to eliminate arrears accrued through May 1, 2022	Elimination of debt incurred up to May 2022



Conclusion

The LIPA Board is committed to providing an excellent utility for our customers. The Board's standards are extremely high – a utility that provides top ten percent reliability, top 25 percent customer satisfaction, a zero-carbon electric grid by 2040, and electric rates at the lowest possible cost.

The 2023 Budget funds the Board's priorities and advances us towards the clean, reliable, customer-first utility our customers deserve.

Thank you to the employees of LIPA and PSEG Long Island for their efforts in 2022. It was a year of significant change, as we all adjusted to operating under a reformed contract and worked to meet the Board's high expectations. It is a privilege with work our team to serve our customers and community.

Sincerely,

Thomas Falcone
Chief Executive Officer

November 16, 2022



A low-angle, upward-looking perspective of a bridge's steel truss structure. The image shows a complex network of dark steel beams and girders, with sunlight creating strong highlights and shadows. The background is a clear blue sky with a few wispy clouds. A semi-transparent blue horizontal band is overlaid across the middle of the image, containing the section title in white text.

Section III: 2023 Proposed Budget

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Revenue Requirements

LIPA's annual revenue requirements are budgeted to increase from \$3.9 billion in 2022 to \$4.1 billion in 2023. Increases in power supply charges and debt service costs are the primary drivers of the increase. These costs are further detailed on the following pages.

LIPA's revenue requirements are calculated in accordance with the practices of large public power utilities in the United States (the Public Power Model) and reflect the recovery of operating expenses in the current year plus debt and other fixed obligations, including fiscally sound levels of fixed obligation coverage.

LIPA's methodology for calculating revenue requirements and fixed obligation coverage excludes certain non-cash expenses such as depreciation and amortization (the costs of which are generally recovered in revenues through debt service payments).

Revenue Requirements
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Operating and Managed Expenses							
PSEG Long Island Operating and Managed Expenses	\$ 794,025	\$ 791,635	\$ 743,934	\$ 796,570	\$ 4,935	\$ 836,238	\$ 39,667
PILOTS - Property-Based Taxes	298,066	303,929	300,009	304,750	821	310,020	5,270
PILOTS - Revenue-Based Taxes	38,745	40,549	43,510	40,760	212	44,629	3,868
LIPA Operating Expenses	79,801	91,874	86,835	103,163	11,289	106,405	3,242
Total Operating and Managed Expenses	1,210,637	1,227,987	1,174,287	1,245,244	17,257	1,297,291	52,047
Cash Adjustments							
Other Interest Costs	37,050	33,459	26,091	21,259	(12,200)	21,255	(4)
Suffolk Property Tax Settlement (Principal)	(31,679)	(31,881)	(33,323)	(34,818)	(2,938)	(37,922)	(3,104)
Visual Benefits Assessment (Principal)	(1,072)	(837)	(1,030)	(1,085)	(247)	(1,130)	(45)
PSEG Long Island OPEB Expenses (a)	(45,825)	(46,460)	(42,585)	(9,863)	36,597	-	9,863
Total Cash Adjustments	(41,526)	(45,720)	(50,846)	(24,507)	21,213	(17,797)	6,710
Other Income							
Other Income and Deductions	70,826	37,447	41,100	39,562	2,115	34,964	(4,599)
Grant Income	23,405	23,192	23,127	23,094	(98)	17,895	(5,199)
Total Other Income	94,231	60,639	64,227	62,656	2,017	52,858	(9,798)
Debt Service							
UDSA Debt Service	367,388	357,548	350,905	449,199	91,651	390,075	(59,124)
LIPA Debt Service	231,631	235,344	240,281	218,245	(17,100)	287,951	69,707
Coverage	263,782	257,104	287,654	249,221	(7,883)	270,881	21,660
Total Debt Service	862,801	849,996	878,840	916,665	66,669	948,908	32,243
Power Supply Charge	2,023,238	1,879,216	2,312,061	2,072,186	192,970	2,147,812	75,625
Total Revenue Requirements	\$ 3,960,919	\$ 3,850,840	\$ 4,250,115	\$ 4,146,932	\$ 296,092	\$ 4,323,355	\$ 176,423

Note: (a) Beginning in 2023, Other Post Employment Benefits (OPEBs) will be phased into the revenue requirement calculation over a two year period.

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Consolidated Statement of Revenues, Expenses, and Change in Net Position

LIPA's projection of Revenues and Expenses uses the accrual basis of accounting, which results in a Change in Net Position of \$117.5 million in 2023 and \$107.1 million in 2024. Further information on the components of Revenues and Expenses are included on supplemental pages herein.

The \$62.3 million year-over-year change in Net Position stems from a higher increase in cash-based Revenue Requirements as compared to accrued-based Expenses. Factors contributing to this difference include certain non-cash items, such as: amortization of non-cash regulatory assets to expense; non-cash OPEBs for PSEG Long Island (Section III Page 11); other deferred expenses (Section III Page 13); differences in scheduled debt service compared to timing of depreciation (Section III Page 23).

Consolidated Statements of Revenues, Expenses, and Changes in Net Position
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Revenues	\$ 3,960,919	\$ 3,850,840	\$ 4,250,114	\$ 4,146,932	\$ 296,092	\$ 4,323,355	\$ 176,423
Power Supply Charge	2,023,238	1,879,216	2,312,061	2,072,186	192,970	2,147,812	75,625
Revenue Net of Power Supply Charge	1,937,681	1,971,624	1,938,054	2,074,746	103,122	2,175,543	100,797
PSEG Long Island Operating and Managed Expenses							
PSEG Long Island Operating Expenses	546,483	609,547	603,480	640,101	30,554	682,443	42,342
PSEG Long Island Managed Expenses	247,542	182,088	140,453	156,469	(25,619)	153,795	(2,674)
Utility Depreciation	288,129	289,157	284,046	312,399	23,241	347,537	35,139
PILOTs - Revenue-Based Taxes	38,745	40,549	43,510	40,760	212	44,629	3,868
PILOTs - Property-Based Taxes	298,066	303,929	300,009	304,750	821	310,020	5,270
LIPA Operating Expenses	79,801	91,874	86,835	103,163	11,289	106,405	3,242
LIPA Depreciation and Amortization	137,770	138,199	138,199	138,369	170	138,369	-
Interest Expense	357,243	348,388	341,943	347,324	(1,064)	361,439	14,115
Total Expenses	1,993,778	2,003,732	1,938,477	2,043,336	39,604	2,144,637	101,301
Other Income and Deductions	81,186	46,370	48,850	44,697	(1,673)	40,098	(4,599)
Grant Income	39,603	40,924	40,491	41,349	425	36,150	(5,199)
Change in Net Position	\$ 64,691	\$ 55,185	\$ 88,918	\$ 117,455	\$ 62,270	\$ 107,154	\$ (10,301)

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Sales and Revenues

Revenues are derived primarily from retail sales of electricity to residential and commercial customers. Also included are revenues from electric sales to public authorities and street lighting. In accordance with LIPA's Tariff for Electric Service (the Tariff), LIPA's Delivery Charge recovers the costs associated with maintaining and improving the transmission and distribution system and serving customers. LIPA recovers costs associated with purchasing and producing electric energy (fuel and purchased power) through the Power Supply Charge. LIPA also has various surcharges and non-electric service charges, such as those to recover costs associated with its distributed energy programs, assessments, revenue-related PILOTs, fees for pole attachments, late payment charges to customers whose bills are in arrears, and other miscellaneous service fees.

Beginning in 2023, the Merchant Function Charge will be incorporated into the LIPA Tariff, which will be applicable to customers receiving supply from LIPA and not applicable to retail choice customers. This practice will further align LIPA's retail choice programs with other New York state utilities.

PSEG Long Island's proposed sales forecast for 2023 projects a 1.2% increase from the approved 2022 Budget. In particular, the continuing recovery from the COVID-19 pandemic and the evolving pattern of employees returning to the workplace, which is expected to result in modest sales growth for both the residential and commercial sectors. The Revenue Decoupling Mechanism (RDM) refund to customers is projected to increase by approximately \$50.7 million which is due to higher than anticipated sales driven by warmer than anticipated weather and continued work-from-home during 2022. The Delivery Service Adjustment (DSA) collection is projected to reduce by approximately \$77.0 million, which was primarily driven by the favorable variance in the storm restoration budget. Both factors will be a benefit to customer bills in 2023.

Sales and Revenues
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Sales of Electricity (MWh)							
Residential Sales	9,535,401	8,830,020	9,376,941	8,944,823	114,803	8,815,079	(129,744)
Commercial Sales	8,782,121	8,793,650	8,881,729	8,923,981	130,331	9,202,771	278,790
Other Sales to Public Authorities/Street Lighting	480,874	519,540	479,966	496,153	(23,387)	514,430	18,277
Total Sales of Electricity (MWh)	18,798,396	18,143,210	18,738,636	18,364,957	221,747	18,532,281	167,323
Revenues by Sector							
Residential	\$ 2,133,364	\$ 2,050,925	\$ 2,357,440	\$ 2,137,874	\$ 86,949	\$ 2,273,104	\$ 135,230
Commercial	1,740,132	1,802,673	1,935,993	1,877,679	75,006	1,998,696	121,017
Other Public Authorities/Street Lighting	60,715	67,798	66,676	67,588	(210)	71,799	4,211
ESCO Revenue (a)	3,724	-	-	-	-	-	-
Other Regulatory Amortizations and Deferrals	5,576	(100,413)	(156,767)	21,774	122,186	(56,429)	(78,203)
Miscellaneous Revenues	17,408	29,857	46,772	42,017	12,160	36,184	(5,833)
Total Revenues	\$ 3,960,919	\$ 3,850,840	\$ 4,250,114	\$ 4,146,932	\$ 296,092	\$ 4,323,355	\$ 176,423
Revenues by Component							
Delivery Charge (RDM Target)	\$ 1,485,172	\$ 1,509,154	\$ 1,565,789	\$ 1,568,869	\$ 59,715	\$ 1,648,707	\$ 79,838
Power Supply Charge (b)	1,982,103	1,879,216	2,259,568	2,072,186	192,970	2,147,812	75,625
T&D Property Tax (c)	298,066	303,929	300,009	304,750	821	310,020	5,270
Energy Efficiency and Distributed Energy (DER)	64,018	60,813	60,958	68,449	7,636	99,106	30,657
New York State Assessment	10,172	11,719	14,633	12,356	637	12,308	(48)
Suffolk Property Tax Settlement	50,775	49,237	50,679	50,300	1,063	51,386	1,086
Visual Benefits Assessment (VBA)	1,313	1,049	1,238	1,260	211	1,271	10
Revenue Related PILOTS	38,745	40,549	43,510	40,760	212	44,629	3,868
RDM Collection/(Refund)	(30,596)	(11,108)	(14,270)	(61,837)	(50,729)	-	61,837
DSA Collection/(Refund)	38,166	76,838	77,997	(146)	(76,984)	5,930	6,075
Other Regulatory Amortizations and Deferrals	5,576	(100,413)	(156,767)	21,774	122,186	(56,429)	(78,203)
Miscellaneous Revenues	17,408	29,857	46,772	42,017	12,160	36,184	(5,833)
Merchant Function Charge (d)	-	-	-	26,193	26,193	22,432	(3,761)
Total Revenues	\$ 3,960,919	\$ 3,850,840	\$ 4,250,114	\$ 4,146,932	\$ 296,092	\$ 4,323,355	\$ 176,423

Note: (a) Beginning in 2022, modifications to the Long Island Choice program will discontinue the Bill Credit Adjustment (BCA) previously charged to ESCOs.

(b) Due to the timing of collection and accounting deferrals, the actual and projected power supply charge will not match the totals on the power supply charge page.

(c) T&D Property Tax is a component of Delivery Charge.

(d) Beginning in 2023, the Merchant Function Charge will be applicable to customers receiving supply from LIPA. This practice is to further align LIPA's retail choice programs with other New York state utilities.

Long Island Power Authority 2023 Proposed and 2024 Projected Operating and Capital Budgets

Power Supply Charge

Power Supply Charges are budgeted at \$2.1 billion for 2023, an increase of \$193.0 million as compared to the approved Budget for 2022. The budgeted increase is mainly attributable to higher projected market energy and commodity costs, which are driven by higher purchased power, gas and oil prices and an increase in projected energy sales.

Power Supply Charge projections are prepared utilizing a generation economic dispatch model that considers, among other variables, the availability and efficiency of generating resources, energy and fuel prices, and environmental regulatory requirements.

In addition to the costs for gas and oil consumed in the generation of electricity, Power Supply Charges include the cost of emission allowances, generating unit and transmission cable capacity, costs charged by the New York, New England and PJM independent system operators (ISO), electric power wheeling, Zero Emission Credits, services received under the power supply and fuel management agreements, fuel hedging program costs, economy energy purchases, energy and Renewable Energy Credits from renewable resource as well as LIPA's 18% share of the Nine Mile Point 2 nuclear generating station, the National Grid Power Supply Agreement (PSA), and certain PILOTs.

The budgeted 2023 Power Supply Charges are projected to be \$239.9 million lower than the projected 2022 Power Supply Charges of \$2.3 billion. The decrease is mainly attributable to higher Purchased Power costs in 2022 driven by higher gas and oil prices resulting in an increase in PJM and ISO-NE purchases.

Description	Net Change	Cause
Capacity	\$13.0	Increase due to higher variable O&M costs associated with more on-island generation as well as increase in capacity payments and higher capacity prices.
Purchased Power	\$55.3	Higher fuel price projections driving higher energy purchase costs, partially offset by lower ISO-NE purchases, as well as an increase in NYPA Transmission Adjustment Charges (NTAC).
Commodity (gas & oil)	\$209.1	Increase mainly due to higher gas and oil prices as well as Y49 outage, partially offset by hedges. Y49 outage (10/1/2022 – 5/31/2023) results in increased generation on Long Island and due to high gas prices, the local generation is projected to be supplied by oil.
Renewables	(\$17.9)	Decrease is due to temporary hold of funding the Alternative Compliance Fund.
Transmission	\$28.0	Increase is due to Y49 cable repair costs associated with prior outages and an increase in costs for public policy transmission projects.
Regional Greenhouse Gas Initiative (RGGI)	\$18.4	Increase due to higher on-island generation and projected emission prices.
Other	(\$2.8)	Decrease is due to the elimination of the need for east-end temporary generation and lower Zero Emission Credit payments which are partially offset by higher Nine Mile Point costs.
Pass-through Property Taxes	(\$110.2)	Projected decrease in PSA property taxes related to property tax settlements and one-time change for revised PSA property tax billing procedure.
Total	\$193.0	

Power Supply Charge
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Capacity							
Capacity Charges	\$ 404,647	\$ 372,398	\$ 399,726	\$ 380,874	\$ 8,476	\$ 373,870	\$ (7,005)
National Grid (PSA)	273,107	262,390	275,398	266,961	4,572	262,437	(4,524)
Total Capacity	677,755	634,788	675,124	647,835	13,047	636,307	(11,529)
Purchased Power							
Purchased Power	440,581	492,227	754,921	547,529	55,303	644,908	97,379
Total Purchased Power	440,581	492,227	754,921	547,529	55,303	644,908	97,379
Commodity							
Natural Gas	306,900	195,672	265,693	162,403	(33,269)	240,160	77,757
Fuel Oil	80,726	35,775	91,415	278,167	242,392	64,334	(213,832)
Total Commodity	387,626	231,447	357,108	440,569	209,123	304,494	(136,075)
Renewables							
Renewable Power	101,107	106,033	91,250	88,099	(17,935)	182,189	94,090
Total Renewables	101,107	106,033	91,250	88,099	(17,935)	182,189	94,090
Other							
Transmission	25,733	25,434	29,853	53,445	28,012	34,316	(19,129)
Nine Mile Nuclear	14,600	14,516	22,211	18,927	4,411	17,893	(1,033)
Regional Greenhouse Gas Initiative (RGGI)	46,363	38,436	69,616	56,877	18,441	42,635	(14,242)
Zero Emissions Credits	79,780	83,005	79,884	81,330	(1,675)	82,205	875
Fuel and Power Supply Management Services	20,212	20,831	20,778	20,828	(3)	21,222	394
Other	6,932	8,587	6,152	3,020	(5,567)	3,140	120
Total Other	193,620	190,808	228,492	234,426	43,618	201,411	(33,015)
Pass Through Property Taxes							
National Grid (PSA)	211,484	211,846	194,566	101,262	(110,585)	165,670	64,408
Fast Track Units	6,981	7,174	7,247	7,579	405	7,947	368
Nine Mile	4,084	4,893	3,351	4,886	(7)	4,886	-
Total Pass Through Property Taxes	222,549	223,914	205,165	113,727	(110,187)	178,503	64,776
Total Power Supply Charge	\$ 2,023,238	\$ 1,879,216	\$ 2,312,061	\$ 2,072,186	\$ 192,970	\$ 2,147,812	\$ 75,625

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Operating Expenses

Total Operating Expenses are budgeted at \$899.7 million in 2023 and projected at \$942.6 million in 2024.

Operating Expenses are costs associated with operating and maintaining LIPA's Transmission and Distribution system and consist of three major expense categories:

- (i) PSEG Long Island Operating Expenses (expenses which PSEG Long Island must remain within 102% of budget to earn a portion of its variable compensation);
- (ii) PSEG Long Island Managed Expenses (expenses which PSEG Long Island manages but are substantially outside of its control); and
- (iii) LIPA's Operating Expenses.

PSEG Long Island Operating Expenses include costs related to the following major areas: Transmission and Distribution, Business Services, Customer Services, Energy Efficiency Programs, Construction and Operations Services, Power System Management, and Emergency Preparedness. PSEG Long Island Operating Expenses for 2023 and 2024 include inflationary increase as well as costs related to initiatives to enhance customer satisfaction, system resiliency and reliability, and clean energy and energy efficiency for customers.

PSEG Long Island Managed Expenses include costs related to New York State assessments, uncollectible accounts, pensions and OPEB costs, and storm preparation and restoration. The budget for storm preparation and restoration costs will increase to \$80.0 million for 2023 to further align with the historical five-year average of storm expenses.

LIPA Operating Expenses includes the PSEG Long Island management fee and costs related to LIPA staff and outside professional services, as detailed on Section III Page 31.

Operating Expenses
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
PSEG Long Island Operating Expenses	\$ 546,483	\$ 609,547	\$ 603,480	\$ 640,101	\$ 30,554	\$ 682,443	\$ 42,342
PSEG Long Island Managed Expenses							
Uncollectible Accounts	30,130	28,760	24,316	28,580	(180)	25,245	(3,334)
Storm Restoration	138,730	76,276	36,318	80,000	3,723	83,500	3,500
NYS Assessment	10,172	11,719	14,633	12,356	637	12,308	(48)
Accretion of Asset Retirement Obligation	3,074	3,706	4,691	263	(3,443)	280	17
Pension (PSEG Operating Expenses)	22,718	18,407	19,728	16,004	(2,403)	15,118	(886)
OPEB (PSEG Operating Expenses) (a)	43,501	42,993	40,570	18,653	(24,340)	16,730	(1,924)
Miscellaneous	(783)	227	197	614	387	614	-
Total PSEG Long Island Managed Expenses	247,542	182,088	140,453	156,469	(25,619)	153,795	(2,674)
Total PSEG Long Island Operating and Managed Expenses	794,025	791,635	743,934	796,570	4,935	836,238	39,667
LIPA Operating Expenses							
Management Fee (including Variable Compensation)	74,890	73,750	73,750	76,850	3,100	80,693	3,843
Capitalized Management Fee	(33,506)	(28,496)	(31,607)	(29,529)	(1,033)	(31,006)	(1,476)
LIPA Operating Costs	38,417	46,621	44,692	55,842	9,221	56,718	876
LIPA Operating Expenses	79,801	91,874	86,835	103,163	11,289	106,405	3,242
Total PSEG Long Island & LIPA Operating Expenses	\$ 873,826	\$ 883,509	\$ 830,769	\$ 899,733	\$ 16,224	\$ 942,642	\$ 42,909

Note: (a) The amortization of legacy OPEB transition costs was completed in 2022.

Depreciation and Amortization Expenses

Depreciation and Amortization Expenses are budgeted at \$450.8 million in 2023 and projected at \$485.9 million in 2024.

PSEG Long Island Managed Utility Depreciation consists of depreciation of transmission and distribution plant, information technology, and FEMA storm hardened assets.

The budgeted utility depreciation for 2023 reflects an increase of \$23.2 million primarily driven by increased new capital spending which adds to the depreciable asset base.

LIPA Depreciation and Amortization consists primarily of the amortization of the Acquisition Adjustment at \$111.4 million annually. The Acquisition Adjustment is an intangible asset resulting from the merger with the Long Island Lighting Company in 1998. Also included is the amortization of certain regulatory assets related to pension and OPEB expenses for the former National Grid and current PSEG Long Island employees that directly serve LIPA's customers. These retirement benefit expenses are a contractual obligation of LIPA and are being amortized to align to the remaining life of the contract. See LIPA's audited financial statements for more information.

Depreciation and Amortization Expenses
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
PSEG Long Island Managed Utility Depreciation	\$ 270,443	\$ 269,455	\$ 264,753	\$ 292,115	\$ 22,660	\$ 327,254	\$ 35,139
Depreciation Expense Related to FEMA Capital Projects	17,685	19,702	19,294	20,283	582	20,283	-
Total PSEG Long Island Managed Utility Depreciation	288,129	289,157	284,046	312,399	23,241	347,537	35,139
LIPA Depreciation and Amortization							
Amortization of Acquisition Adjustment	111,375	111,375	111,375	111,375	-	111,375	-
Amortization of OPEB & Pension Deferrals	25,014	25,014	25,014	25,014	-	25,014	-
Depreciation - LIPA	1,381	1,810	1,810	1,980	170	1,980	-
Total LIPA Depreciation and Amortization	137,770	138,199	138,199	138,369	170	138,369	-
Total Depreciation and Amortization Expenses	\$ 425,899	\$ 427,357	\$ 422,246	\$ 450,768	\$ 23,411	\$ 485,907	\$ 35,139

Taxes, Payments-in-Lieu of Taxes and Assessments

Payments-In-Lieu of Taxes (PILOTs) and Assessments are budgeted at \$610.4 million in 2023 and projected at \$691.1 million in 2024.

Revenue-based PILOTs are calculated using gross revenues received from the sale of electricity and other sources of revenue and are subject to true up to actual cost through a PILOT payments recovery rider.

Additionally, LIPA incurs property-based taxes and PILOTs associated with generating assets. These costs, as with all power supply costs, are reconciled to actual costs. National Grid Power Supply Agreement (PSA) related taxes were budgeted at \$211.8 million in 2022 and are projected to decrease to \$101.3 million in 2023¹ and \$165.7 million in 2024. The decrease is related to property tax settlements concluded by LIPA with the Village of Port Jefferson, the Town of Brookhaven, the Town of Huntington, the Northport - East Northport school district, Nassau County, and the Island Park school district.

The property-based PILOTs related to the Fast Track Units are budgeted at \$7.6 million in 2023.

As LIPA owns 18% of the Nine Mile Point 2 nuclear power plant, it is also responsible for paying a share of the property taxes. LIPA's share of these taxes are budgeted at approximately \$4.9 million in 2023.

The New York State Assessment recovers costs related to Department of Public Service oversight of LIPA and PSEG Long Island's operations. This cost is \$12.4 million in 2023.

LIPA collects sales taxes on behalf of local municipalities. Those taxes are estimated at \$138.5 million in 2023 and \$145.5 million in 2024.

¹ 2023 reflects a one-time adjustment of \$101.8 million associated with a change to the annual tax payment procedure with National Grid.

Taxes, Payments-in-Lieu of Taxes and Assessments
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
PILOTs - Revenue-Based Taxes	\$ 38,745	\$ 40,549	\$ 43,510	\$ 40,760	\$ 212	\$ 44,629	\$ 3,868
PILOTs - Property-Based Taxes	298,066	303,929	300,009	304,750	821	310,020	5,270
Property Taxes in Power Supply Charge							
National Grid (PSA) Property Taxes	211,484	211,846	194,566	101,262	(110,585)	165,670	64,408
Fast Track Units	6,981	7,174	7,247	7,579	405	7,947	368
Nine Mile PILOTs	4,084	4,893	3,351	4,886	(7)	4,886	-
Total Property Taxes in Power Supply Charge	222,549	223,914	205,165	113,727	(110,187)	178,503	64,776
Other Taxes and Assessments							
New York State Assessment	10,172	11,719	14,633	12,356	637	12,308	(48)
New York State Office of Real Property Services	227	227	226	226	(1)	226	-
Total Other Taxes and Assessments	10,398	11,945	14,859	12,582	636	12,533	(48)
Total Taxes and Assessments Before Sales Taxes	569,758	580,337	563,543	471,820	(108,517)	545,686	73,866
Sales Taxes (a)	129,668	130,656	142,820	138,536	7,880	145,458	6,922
Total PILOTs, Sales, State and Local Taxes and Assessments	\$ 699,426	\$ 710,992	\$ 706,362	\$ 610,355	\$ (100,638)	\$ 691,144	\$ 80,788

Note: (a) Sales tax revenue is collected by LIPA in accordance with local municipal law. Sales taxes are recorded as liabilities by LIPA as they are collected on behalf of and transferred to local government jurisdictions.

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Other Income and Deductions

Other Income and Deductions are budgeted at \$44.7 million for 2023 and projected at \$40.1 million for 2024.

Other Income and Deductions consists of income and interest generated from LIPA's short-term investments, including the Rate Stabilization Fund and the Construction Fund, realized earnings on the Nine Mile Point 2 Nuclear Decommissioning Trust Fund, realized earnings on the OPEB Account, carrying charges accrued on deferred balances related to the Suffolk Property Tax Settlement, and miscellaneous sources of revenues and expenses, such as income from certain customer-requested work not included in electric rates.

Projected interest rates on short-term investments are updated to prevailing interest rates annually as part of the budget process and differences between projected and actual interest rates are reconciled annually through the Delivery Service Adjustment.

Other Income and Deductions
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Short-Term Investment Income	\$ (387)	\$ 3,757	\$ (1,548)	\$ 6,817	\$ 3,061	\$ 6,817	\$ -
Interest Income from:							
Suffolk Property Tax Settlement	19,097	17,357	17,357	15,482	(1,875)	13,464	(2,018)
Visual Benefits Assessment	241	212	209	176	(36)	141	(35)
OPEB Account	23,109	8,987	20,149	10,768	1,781	10,768	-
PSEG Long Island Funding Accounts	154	1,156	742	750	(406)	750	-
Miscellaneous Income and Deductions - LIPA	25,912	4,075	(7)	150	(3,925)	150	-
Miscellaneous Income and Deductions - PSEG Long Island	2,702	1,904	4,198	5,419	3,515	2,874	(2,546)
Subtotal Other Income and Deductions	\$ 70,826	\$ 37,447	\$ 41,100	\$ 39,562	\$ 2,115	\$ 34,964	\$ (4,599)
Nuclear Decommissioning Trust Fund	10,360	8,923	7,750	5,134	(3,788)	5,134	-
Total Other Income and Deductions	\$ 81,186	\$ 46,370	\$ 48,850	\$ 44,697	\$ (1,673)	\$ 40,098	\$ (4,599)

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Grant Income

In 2023, Grant Income consists of a grant of \$20.0 million from NYSERDA from Regional Greenhouse Gas Initiative (RGGI) funds to support energy efficiency programs and subsidy payments totaling \$3.1 million from the United States Treasury equal to approximately 33% of the interest on LIPA's debt issued as Build America Bonds.

LIPA pays for RGGI allowances as part of its Power Supply Charge. This RGGI grant represents the return of a portion of those funds to support energy efficiency programs on Long Island.

In February 2014, LIPA signed a Letter of Undertaking with FEMA that provides for \$730.0 million of grant funding for storm hardening measures. To better reflect the nature of this grant it is being amortized to Grant Income in an amount equal to the depreciation expense incurred as a result of the storm hardening program. This amortization is estimated at \$18.3 million in 2023 and in 2024.

Grant Income
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Build America Bonds Subsidy - U.S. Treasury Efficiency & DER - RGGI Funding	\$ 3,405 20,000	\$ 3,192 20,000	\$ 3,127 20,000	\$ 3,094 20,000	\$ (98) -	\$ 2,895 15,000	\$ (199) (5,000)
Subtotal Grant Income	23,405	23,192	23,127	23,094	(98)	17,895	(5,199)
Amortization of Deferred FEMA Grant	16,198	17,732	17,364	18,255	523	18,255	-
Total Grant Income	\$ 39,603	\$ 40,924	\$ 40,491	\$ 41,349	\$ 425	\$ 36,150	\$ (5,199)

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Interest Expense

Interest expense is budgeted at \$347.3 million in 2023 and projected at \$361.4 million in 2024. The budget is based on forecasted levels of outstanding debt, interest rates, associated fees, and the amortization of previously deferred debt-related charges and credits. Actual interest rates on projected bond issues and variable rate debt are updated to prevailing interest rates each year as part of the annual budget process. Differences between projected and actual debt service payments are reconciled annually through the Delivery Service Adjustment ensuring customers pay only actual costs.

Interest expense reflects the accrual of interest on outstanding debt in the calendar year. It can differ from interest payments made to bondholders with respect to timing, but the actual amounts will be the same over the life of the bonds.

LIPA recognizes the full value of bond issuance costs in the year of the bond sale, instead of amortizing the costs over the life of the bond.

Interest Expense
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Accrued Interest Expense on Debt Securities	\$ 366,534	\$ 369,547	\$ 371,856	\$ 388,845	\$ 19,298	\$ 404,367	\$ 15,522
Amortization of Premium	(71,747)	(75,929)	(75,485)	(81,809)	(5,880)	(81,934)	(125)
Interest Expense on Debt Securities (Accrued)	294,787	293,618	296,371	307,036	13,418	322,433	15,396
Other Interest Expense							
Amortization of Deferred Debt Issuance Costs	2,699	2,470	2,597	2,804	334	2,629	(175)
Amortization of Deferred Defeasance Costs	23,840	20,279	19,204	15,931	(4,349)	15,675	(256)
Other Interest Amortizations	(6,023)	(5,836)	(5,836)	(5,896)	(60)	(5,957)	(61)
Bond Issuance Costs	4,890	4,398	3,516	6,191	1,793	5,405	(786)
Other Interest Amortizations (Accrued)	25,406	21,312	19,482	19,029	(2,282)	17,752	(1,278)
Interest Rate Swap Payments	29,892	26,478	18,625	13,530	(12,948)	13,521	(10)
Letter of Credit and Remarketing Fees	6,187	5,515	6,052	6,287	772	6,287	-
Interest on Customer Security Deposits	65	86	136	131	45	104	(27)
Bond Administration Costs and Bank Fees	906	1,379	1,278	1,310	(70)	1,342	33
Other Interest Costs (Cash)	37,050	33,459	26,091	21,259	(12,200)	21,255	(4)
Total Interest Expense	\$ 357,243	\$ 348,388	\$ 341,943	\$ 347,324	\$ (1,064)	\$ 361,439	\$ 14,115

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Debt Service Requirements

Debt service consists of principal and interest payments due to bondholders. Debt service payments are reported separately for LIPA debt and UDSA debt. LIPA has issued debt through the UDSA, resulting in a net present value savings of \$534 million to customers.

Consistent with the Public Power Model, LIPA recovers “fixed obligation coverage.” Fixed obligation coverage is the portion of LIPA’s capital program funded by cash flow in each year rather than by new borrowings. Fixed obligation coverage is a ratio based on LIPA’s annual debt service payments plus the imputed payments associated with lease obligations such as power supply contracts and office and vehicle leases.

The 2023 budget supports the LIPA’s Board Fiscal Sustainability financial policy:

- (i) **Improving Bond Ratings:** LIPA’s bond rating is A2 (stable), A (stable) and A (positive) (Moody’s, S&P, and Fitch, respectively). LIPA’s target is to achieve AA-category ratings by reducing LIPA’s debt-to-asset ratio to 70% or less by 2030.
- (ii) **1.40x Fixed Obligation Coverage Target:** LIPA targets a Fixed Obligation Coverage Ratio of no less than 1.40x.
- (iii) **150 Day Liquidity Target:** LIPA targets minimum cash-on-hand and available credit of 150 days operating expenses.

Debt Service Requirements
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
LIPA Debt Service							
LIPA Debt Service on Fixed Rate Debt	\$ 213,706	\$ 226,831	\$ 225,494	\$ 193,010	\$ (33,821)	\$ 263,195	\$ 70,184
LIPA Debt Service on Variable Rate Debt	17,925	8,513	14,787	25,234	16,721	24,757	(478)
Total LIPA Debt Service	231,631	235,344	240,281	218,245	(17,100)	287,951	69,707
UDSA Debt Service							
UDSA Debt Service	367,388	357,548	350,905	449,199	91,651	390,075	(59,124)
LIPA Lease Obligations							
LIPA Lease Obligations	407,395	407,415	407,415	404,808	(2,608)	389,252	(15,556)
Coverage - LIPA Obligations							
LIPA Debt Service	231,631	235,344	240,281	218,245	(17,100)	287,951	69,707
LIPA Lease Obligations	407,395	407,415	407,415	404,808	(2,608)	389,252	(15,556)
Coverage	263,782	257,104	287,654	249,221	(7,883)	270,881	21,660
LIPA Obligations and Coverage	\$ 902,808	\$ 899,863	\$ 935,350	\$ 872,273	\$ (27,590)	\$ 948,084	\$ 75,811
Projected Coverage Ratio on LIPA Obligations	1.41 x	1.40 x	1.44 x	1.40 x		1.40 x	
Board Policy Target Coverage Ratio on LIPA Obligations	1.40 x	1.40 x	1.40 x	1.40 x		1.40 x	
Coverage - LIPA and UDSA Obligations							
LIPA and UDSA Obligations	1,006,414	1,000,307	998,602	1,072,251	71,944	1,067,278	(4,973)
Coverage	263,782	257,104	287,654	249,221	(7,883)	270,881	21,660
LIPA and UDSA Obligations and Coverage	\$ 1,270,196	\$ 1,257,411	\$ 1,286,255	\$ 1,321,472	\$ 64,061	\$ 1,338,160	\$ 16,687
Projected Coverage Ratio on LIPA Obligations	1.26 x	1.26 x	1.29 x	1.23 x		1.25 x	
Board Policy Target Coverage Ratio on LIPA and UDSA Obligations	1.20 x	1.20 x	1.20 x	1.20 x		1.20 x	

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Capital Expenditures

Capital Expenditures are budgeted at \$891.0 million in 2023 and are projected at \$886.0 million in 2024.

Transmission and Distribution projects are prioritized using a Value and Risk Evaluation protocol. The projects will improve system reliability and resiliency, and meet load and regulatory requirements. The continuation of the Storm Hardening Distribution Circuit Program and the Multiple Customer Outage Program will continue to address customers with poor reliability.

Information Technology (IT) projects include continued investments in operational areas and replacement of end of life technologies. In 2023, planned IT Capital Expenditures represent investments in business transformation and application upgrades in Customer Information and Billing, Finance, Human Resources, and Work and Asset Management areas.

Nine Mile Point 2 Capital Expenditures relates to LIPA's share of capital expenses for the NMP2 nuclear generating station.

Capital Expenditures
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Transmission and Distribution							
Load Growth	180,545	178,268	145,694	173,016	(5,251)	205,205	32,189
Reliability	208,837	252,069	275,367	302,598	50,528	319,488	16,890
Storm Hardening	63,559	70,000	71,949	83,000	13,000	75,000	(8,000)
Economic, Salvage, Tools, Equipment & Other	37,738	60,229	55,432	70,356	10,127	59,859	(10,496)
Total Transmission and Distribution Projects	490,679	560,566	548,442	628,970	68,404	659,552	30,582
Other PSEG Long Island Capital Expenditures							
Information Technology	58,246	81,701	53,841	79,432	(2,269)	47,844	(31,588)
Information Technology - Cyber Security	-	-	-	12,711	12,711	7,858	(4,853)
Customer Operations	12,690	10,683	8,851	10,336	(347)	8,832	(1,504)
Other General Plant	4,159	3,072	2,336	54,255	51,183	62,605	8,351
Fleet	612	15,974	9,475	23,556	7,582	11,284	(12,272)
Utility 2.0	64,515	40,013	27,441	20,216	(19,797)	12,431	(7,785)
Budget Amendment for emergent projects (a)	-	38,792	-	-	(38,792)	-	-
Budget Amendment to carry over projects (a)	-	(75,535)	-	-	75,535	-	-
Pending Project Authorization (b)	-	(4,900)	-	(199,070)	(194,170)	-	199,070
Total PSEG Long Island Excluding FEMA	630,900	670,367	650,385	630,405	(39,962)	810,405	180,001
FEMA Storm Hardening	39,845	2,690	6,038	-	(2,690)	-	-
FEMA Pre-Grant Engineering	-	-	1,826	7,620	7,620	-	(7,620)
Storm Capitalization	1,948	4,755	1,986	3,479	(1,276)	3,479	-
Total PSEG Long Island Capital	672,693	677,812	660,235	641,504	(36,308)	813,885	172,381
Nine Mile Point 2	4,992	27,267	28,153	5,960	(21,307)	26,088	20,128
Property Acquisition and Development	-	11,000	-	5,000	(6,000)	5,000	-
LIPA - Other	1,898	11,850	6,500	9,900	(1,950)	10,000	100
Pending Project Authorization (b)	-	4,900	-	199,070	194,170	-	(199,070)
Capital OPEB Adjustment	-	(15,290)	(15,290)	-	15,290	-	-
Capitalized Management Fee	33,506	28,496	31,607	29,529	1,033	31,006	1,476
Total Capital Expenditures	\$ 713,089	\$ 746,035	\$ 711,205	\$ 890,963	\$ 144,928	\$ 885,978	\$ (4,985)

Note: (a) The Approved 2022 Capital budget of \$782.8M has been reduced to reflect \$75.5 million budget amendment carry over to 2023 offset by \$38.8 million increase for LIPA's budget amendment for emergent projects.

(b) Pending Project Authorization are budgeted resources held outside the PSEG Long Island Budget pending additional project information.

Capital Expenditures
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Funding for Capital Expenditures							
FEMA Contribution (90% of Project Costs)		\$ 2,421	\$ 5,434	\$ -	\$ (2,421)	\$ -	\$ -
Coverage from Operating Revenue							
Total Coverage		257,104	287,654	249,221	(7,883)	270,881	21,660
Less Amount Projected for O&M OPEB Funding		(33,494)	-	(9,863)	23,631	-	9,863
Funding Required from New Debt		520,004	418,117	651,605	131,601	615,097	(36,508)
Total Funding for Capital Expenditures		\$ 746,035	\$ 711,205	\$ 890,963	\$ 144,928	\$ 885,978	\$ (4,985)
Percent of Capital Funded from Debt							
Projected Percent of Capital Funded from Debt		70%	59%	73%		69%	

Major Projects

(Projects with a total cost greater than \$25 million)

Description	Justification	In Service Date	Cash Flow (\$millions)				
			Project To Date Expenditures through 12/31/22	2023	2024	2025 and Beyond	Total Project Cost Estimate (a)
Rockaway Beach: Install new 33 kV circuit to Arverne Substation	Load growth in the Rockaway peninsula	2023	\$ 7.2	\$ 27.2	\$ 0.5	\$ -	\$ 34.9
Flowerfield - Terryville: Install new 69 kV cable to Flowerfield	Part of NYISO Class Year 2017. Increase in renewable generation deliverability	2023	\$ 18.9	\$ 20.0	\$ -	\$ -	\$ 38.9
Massapequa: Establish new 69/13kV substation	Load growth in the town of Massapequa	2023	\$ 13.7	\$ 17.5	\$ 0.2	\$ -	\$ 31.4
Navy Rd: Construct new 23/13 kV substation	Load growth in Montauk	2023	\$ 29.9	\$ 0.9	\$ 0.1	\$ -	\$ 30.8
Enterprise Asset Management System	Implement an Enterprise Asset Management System (EAMS) that can help plan, schedule, and track all asset, work, maintenance and inventory activities, including work order originator, specific assets, failure, materials, supplies, crew time, fleet and equipment used, and contractor and other costs on all LIPA assets.	2025	\$ -	\$ 8.3	\$ 15.0	\$ 25.0	\$ 48.3
Belmont: Convert substation from 33 kV to 69 kV	Support continued expansion of the Belmont Arena complex	2025	\$ 0.7	\$ 2.8	\$ 61.9	\$ 48.4	\$ 113.8
Bridgehampton - Buell: Install a new 69kV underground cable	Load growth in the South Fork	2025	\$ 4.5	\$ 1.5	\$ 23.4	\$ 16.2	\$ 45.6
Fire Island Pines: Install new 23 kV circuit to Ocean Beach	Increase reliability to Fire Island	2025	\$ 2.6	\$ 0.7	\$ 20.0	\$ 22.9	\$ 46.1
North Bellport: Eastport 23kV conversion	Improve storm resiliency and blue-sky performance of North Bellport - Eastport 23KV load pocket	2027	\$ -	\$ -	\$ 1.0	\$ 50.9	\$ 51.9
Rockville Centre Load Pocket: Install new 33kV underground line between Valley Stream and Ocean Avenue	Improve storm resiliency and blue-sky performance of Rockville Centre load pocket	2027	\$ -	\$ -	\$ 0.7	\$ 35.9	\$ 36.7
Transmission Operations Control Room Facility Replacement: Replace the existing Transmission Operations control room	Construct a new Transmission Control room to meet future expansion of the LIPA T&D system as well as continue to maintain a high level of system reliability	2028	\$ 0.2	\$ 9.3	\$ 37.7	\$ 66.9	\$ 114.1
Southampton: Install new 138kV cable to Deerfield	Increase in projected South Fork load requirements	2028	\$ 0.9	\$ 2.9	\$ 2.9	\$ 130.2	\$ 136.9
Syosset to Shore Road: Install new 138 kV transmission circuit	Support the deliverability of future supply resources interconnected to the LIPA system	2032	\$ 0.2	\$ -	\$ -	\$ 77.8	\$ 77.9
Total Major Projects			\$ 78.8	\$ 90.9	\$ 163.4	\$ 474.2	\$ 807.2

(a) Total project cost estimate may exceed the sum of project to date expenditures and future year budgets in instances where full risk and contingency is not utilized.

PSEG Long Island Operating Expenses

PSEG Long Island Operating Expenses are related to the following major areas: Transmission and Distribution, Business Services (including IT), Customer Services, Energy Efficiency Programs, Construction and Operations Services, Power System Management and Emergency Preparedness. Total operating expenses are budgeted at \$640.1 million for 2023 and projected at \$682.4 million for 2024. Pension and OPEB expenses are excluded from the operating costs.

The PSEG Long Island 2023 operating budget, excluding the Utility 2.0 Program is increasing by \$45.6 million. This is driven primarily by inflationary increases of \$33.9 million, as well as, (i) the transfer of \$8.5 million of funding previously included in the Utility 2.0 budget for projects that have been fully implemented and are now a part of ongoing operations and (ii) \$5.8 million increase primarily related to the funding of new and ongoing performance metrics and operational initiatives. These increases are partially offset by operational efficiencies and productivity savings of \$2.6 million.

PSEG Long Island Operating Expenses
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
PSEG Long Island Operating Expenses							
Transmission & Distribution	\$ 172,079	\$ 176,076	\$ 190,558	\$ 189,289	\$ 13,213	\$ 194,494	\$ 5,205
Business Services	125,075	141,178	142,426	152,546	11,368	160,609	8,063
Customer Services	95,069	104,362	102,232	118,794	14,433	131,893	13,098
Energy Efficiency & DER	79,239	92,833	78,221	93,524	691	96,803	3,280
Construction & Operations Services	38,886	39,115	37,956	41,311	2,196	43,627	2,316
Power System Management	14,066	19,264	17,661	21,178	1,914	20,665	(513)
Emergency Preparedness	8,126	9,156	9,021	10,984	1,828	11,533	549
Utility 2.0 Costs	13,944	27,563	25,406	12,476	(15,087)	22,818	10,343
Total PSEG Long Island Operating Expenses	(a) \$ 546,483	\$ 609,547	\$ 603,480	\$ 640,101	\$ 30,554	\$ 682,443	\$ 42,342

Note: (a) PSEG Long Island Operating expenses for 2023 may shift between the various lines of business based on potential organizational structure modifications.

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

LIPA Operating Expenses

LIPA Operating Expenses are budgeted at \$103.2 million in 2023 and projected at \$106.4 million in 2024. The 2023 plan represents an increase of \$11.3 million as compared to the Approved Budget for 2022. LIPA Operating Expenses include the PSEG Long Island Management Fee, costs related to LIPA staff, and outside professional services. The increase is driven by an inflationary increase in the PSEG Long Island Management Fee and additional funding related to (i) a NYSERDA Regional Clean Energy Hubs initiative, which is intended to build capacity at the local level and position disadvantaged communities to participate in and benefit from the clean energy economy; (ii) the Department of Public Safety “DPS” Management Audit; (iii) development of the Enterprise Program Management Office; and (iv) funds held outside PSEG Long Island’s Operating Budget pending additional project information.

LIPA Operating Expenses
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
LIPA Operating Expenses							
PSEG Long Island Management Fee	\$ 74,890	\$ 73,750	\$ 73,750	\$ 76,850	\$ 3,100	\$ 80,693	\$ 3,843
Capitalized Management Fee	(33,506)	(28,496)	(31,607)	(29,529)	(1,033)	(31,006)	(1,476)
Total Operating Management Fee	41,383	45,254	42,143	47,321	2,067	49,687	2,366
LIPA Operating Expenses							
Employee Salaries & Benefits Expenses	13,496	16,308	14,682	16,999	691	19,161	2,162
Insurance & Claims Reserve	3,058	3,109	1,498	2,253	(856)	3,416	1,163
Office Rent	1,721	1,726	1,645	1,650	(76)	1,733	83
Other	1,593	329	967	1,394	1,065	1,133	(261)
Total Labor, General and Administrative	19,868	21,473	18,792	22,296	823	25,443	3,147
Engineering	2,510	1,050	1,172	1,100	50	1,155	55
Legal	5,792	5,990	4,538	4,542	(1,448)	4,769	227
Financial Services and Cash Management	1,474	2,176	1,963	1,944	(232)	2,041	97
Accounting Services	2,199	3,094	2,852	3,035	(59)	3,187	152
Information Technology	5,786	9,606	9,009	9,607	1	10,088	480
Risk Management	368	357	182	185	(172)	194	9
Grant Administration	439	260	551	1,650	1,390	1,733	83
DPS Management Audit	-	-	673	1,250	1,250	-	(1,250)
Outside Services	(18)	2,615	4,962	6,473	3,858	8,109	1,636
Total Professional Services	18,550	25,148	25,900	29,786	4,638	31,275	1,489
Pending Project Authorization (a)	-	-	-	3,760	3,760	-	(3,760)
Total LIPA Operating Expenses	\$ 79,801	\$ 91,874	\$ 86,835	\$ 103,163	\$ 11,289	\$ 106,405	\$ 3,242

Note: (a) Pending Project Authorization are budgeted resources held outside the PSEG Long Island Budget pending additional project information.

Utility Debt Securitization Authority
(A Component Unit of the Long Island Power Authority)
2023 Proposed and 2024 Projected Operating and Capital Budgets

Utility Debt Securitization Authority

In August 2021, New York's Governor signed a bill into law authorizing the issuance of additional securitized bonds for refinancing and to fund LIPA transmission and distribution system resiliency investments. With these legislative changes the UDSA may issue up to \$8.0 billion of securitized bonds (inclusive of the bonds already issued).

UDSA (rated triple-A) provides a lower cost of financing than LIPA bonds. As such, in September 2022, UDSA refinanced approximately \$852 million of LIPA and UDSA bonds achieving net present value debt service savings of \$42 million. UDSA also funded \$100 million of 2022 storm hardening investments using LIPA's first "green bond" transaction.

UDSA financings have saved LIPA customers \$534 million in net present value debt service savings since 2013. A total of \$5.3 billion of UDSA Restructuring Bonds have been issued resulting in approximately \$2.7 billion remaining in statutory capacity.

The operations of the UDSA are presented as a proprietary fund following the accrual basis of accounting in order to recognize the flow of economic resources. Revenue which is based on the UDSA's Restructuring Charge is set at an amount sufficient to recover the debt service payments and other cash operating expenses that the UDSA incurs in any given year.

The UDSA is considered a blended component unit of LIPA. The results of operations are consolidated with LIPA for financial reporting purposes.

Utility Debt Securitization Authority
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Revenues	\$ 354,665	\$ 344,993	\$ 370,828	\$ 422,222	\$ 77,229	\$ 395,545	\$ (26,678)
Operating Expenses							
Uncollectible Accounts	256	2,801	1,898	3,196	395	2,779	(417)
General and Administrative Expense							
Ongoing Servicer Fee	2,208	2,250	2,350	2,718	468	2,718	-
Administration Fees	542	500	525	600	100	600	-
Bond Administration Fees	314	152	331	380	227	389	9
Directors and Officers Insurance	286	330	330	347	17	364	17
Accounting, Legal & Misc. Fees	82	155	105	105	(50)	105	-
Total General and Administrative Expense	3,433	3,388	3,642	4,149	762	4,176	27
Amortization of Restructuring Property	234,806	223,082	225,566	308,490	85,408	263,685	(44,805)
Interest Expense	187,643	179,694	183,144	184,040	4,346	170,849	(13,191)
Amortization of Premium	(45,119)	(42,050)	(43,698)	(53,018)	(10,968)	(44,443)	8,575
Amortization of Deferred Debt Issuance Costs	2,035	1,886	1,885	2,672	787	2,148	(524)
Total Interest Expense	144,558	139,530	141,330	133,694	(5,836)	128,554	(5,140)
Reserve Fund Earnings	39	38	1,027	1,481	1,444	1,481	-
Change in Net Position	\$ (28,349)	\$ (23,770)	\$ (581)	\$ (25,826)	\$ (2,056)	\$ (2,169)	\$ 23,657

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Projected Borrowing Requirements and Bank Facilities

LIPA will fund \$891.0 million of infrastructure investments in 2023 with new debt issuances of \$657.8 million, or approximately 73% debt financing. The balance of capital expenditures will be pay-as-you-go funded. LIPA expects to generate funds from operations of \$249.2 million and \$270.9 million in 2023 and 2024, respectively.

Projected Borrowing Requirements and Bank Facilities
(Thousands of Dollars)

Description	2021		2022		2023		2024	
	Actual		Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Total Capital Expenditures	(a) \$ 713,089		\$ 746,035	\$ 711,205	\$ 890,963	\$ 144,928	\$ 885,978	\$ (4,985)
FEMA Contribution	(35,860)		(2,421)	(5,434)	-	2,421	-	-
Net Capital Expenditures	677,229		743,614	705,771	890,963	147,349	885,978	(4,985)
Net Coverage Funding of Capital Expenditures	(263,782)		(223,610)	(287,654)	(239,358)	(15,748)	(270,881)	(31,523)
Projected Borrowing Requirements	413,447		520,004	418,117	651,605	131,601	615,097	(36,508)
Projected Cost of Issuance on Borrowing Requirements	4,890		4,398	3,516	6,191	1,793	5,405	(786)
Projected Borrowing Requirements with Cost of Issuance	(b) 418,337		524,402	421,633	657,796	133,394	620,502	(37,294)
Series 2014C - Floating Rate Notes	-		-	-	150,000	150,000	-	(150,000)
Series 2015C - Floating Rate Notes	-		-	-	149,000	149,000	-	(149,000)
Series 2015A&B - Floating Rate Notes	-		-	-	200,000	200,000	-	(200,000)
General Revenue Notes, Series 2015	-		100,000	100,000	100,000	-	450,000	350,000
Revolving Credit Agreement	-		200,000	200,000	-	(200,000)	-	-
Bonds Subject to Mandatory Refinancing & Bank Facilities	\$ -		\$ 300,000	\$ 300,000	\$ 599,000	\$ 299,000	\$ 450,000	\$ (149,000)

Note: (a) This reflects LIPA's budget amendment for emergent projects of \$38.8 million and \$75.5 million carry over from 2022 to 2023.
(b) The Projected Borrowing amount is a calculated value. Actual borrowing level may differ due to premium and other considerations.

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Capital Structure

LIPA expects to fund its capital investments utilizing a combination of grants, short and long-term debt financing and pay-as-you-go funding from revenue.

After funding \$3.2 billion in infrastructure investments from 2021 through 2024, total projected debt outstanding for LIPA and UDSA will rise approximately \$938.2 million.

Lease Obligations will decrease by \$1.1 billion, from \$2.5 billion in 2021 to \$1.4 billion in 2024. Lease Obligations reflect the net present value of lease contracts that are considered financing arrangements under the Governmental Accounting Standards Board (GASB). The Lease Obligation definition had been revised to reflect a GASB Statement No. 87 - Leases in 2020. As a result, approximately \$1.0 billion of lease contracts that had previously not been capitalized were reclassified as Lease Obligations. For example, under the prior GASB rule, the contract with National Grid for the operation of on-island power generation did not meet the lease capitalization criteria. Further, starting in 2023, Lease Obligation has been updated to include GASB Statement No. 96 - Subscription Based Information Technology Arrangements.

Combined debt and lease balances will decrease by \$112.0 million, from \$11.6 billion at the end of 2021 to \$11.5 billion at the end of 2024.

LIPA's Debt to Capital Ratio is projected to decrease from 90.4% in 2021 to 88.5% in 2024. The Debt to Asset Ratio is projected to decline from 91.1% in 2021 to 84.8% in 2024. Both ratios are expected to continue to decline over time to achieve the Board's policy target of 70.0% by 2030.

Capital Structure
(Thousands of Dollars)

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
UDSA Long Term Debt Outstanding	\$ 3,703,356	\$ 3,525,845	\$ 3,802,210	\$ 3,537,550	\$ 11,705	\$ 3,320,285	\$ (217,265)
LIPA Long Term Debt Outstanding	4,996,159	4,943,781	4,981,404	5,583,721	639,940	5,982,744	399,024
LIPA Short Term Debt Outstanding	422,000	151,194	151,194	136,180	(15,014)	136,180	-
Total LIPA Debt Outstanding	5,418,159	5,094,975	5,132,598	5,719,901	624,925	6,118,924	399,024
LIPA Long Term Debt To Be Issued (a)	-	524,402	421,633	657,796	133,394	620,502	(37,294)
Projected UDSA Debt	3,703,356	3,525,845	3,802,210	3,537,550	11,705	3,320,285	(217,265)
Projected LIPA Debt	5,418,159	5,619,378	5,554,232	6,377,696	758,319	6,739,426	361,730
Total Projected Debt	9,121,515	9,145,223	9,356,442	9,915,246	770,024	10,059,711	144,465
Lease Obligations (b)	2,470,559	2,122,438	2,122,438	1,769,465	(352,974)	1,420,380	(349,085)
Total Debt and Lease Obligations	11,592,074	11,267,661	11,478,880	11,684,711	417,050	11,480,091	(204,620)
Excess of Revenues Over Expenses	64,691	55,185	88,918	117,455	62,270	107,154	(10,301)
Net Position Before Deferred Grants	602,379	633,857	691,297	808,752	174,896	915,906	107,154
Deferred Grants (c)	626,460	591,271	609,096	590,841	(430)	572,586	(18,255)
Net Position	\$ 1,228,839	\$ 1,225,128	\$ 1,300,393	\$ 1,399,593	\$ 174,466	\$ 1,488,492	\$ 88,899
Debt to Capital Ratio (d)	90.4%	90.2%	89.8%	89.3%	-0.9%	88.5%	-0.8%
Debt to Asset Ratio (e)	91.1%	92.4%	88.5%	87.2%	-5.2%	84.8%	-2.4%

Note: (a) Long-term debt to be issued reflects projected borrowing requirements to fund Capital Expenditures excluding carry over proceeds from the prior year, bond premium, and bond refinancing.
(b) The Lease Obligation amounts and the associated Coverage calculation reflect GASB No. 87 - Leases implemented in 2020 and GASB No. 96 - Subscription Based Information Technology Arrangements starting in 2023.
(c) Deferred Grants are funds received from FEMA for a \$730.0 million storm hardening program. LIPA has deferred recognition of the grant income to align the grant receipts with the associated depreciation expense of the assets funded through the grant.
(d) Debt to Capital Ratio is calculated by taking (i) debt and leases and dividing by (ii) debt, leases, and Net Position.
(e) Debt to Asset Ratio is calculated by taking (i) debt and leases and dividing by (ii) utility plant assets and working capital.

2023 Proposed and 2024 Projected Capital Expenditures
(Thousands of Dollars)

Transmission & Distribution	Location	Investment Description	In Service Date	Total Project Cost	Project To Date Expenditures through 12/31/22 (a)	Proposed 2023	Projected 2024
Load Growth Projects							
	Riverhead	New 138kV Cable & transformer to Canal	Apr-21	67,242	67,102	73	
	Arverne	Install new 33kV circuit to Far Rockaway substation	Dec-22	24,179	23,062	1,117 ^	
	Culloden Point	Upgrade substation from 23 kV to 33 kV	Dec-22	3,622	3,156	466 ^	
	Buell	Upgrade substation from 23 kV to 33 kV	May-23	11,581	7,808	3,773 ^*	
	Suffolkshire	Install new 13kV feeder and conversion & reinforcement	Jun-23	6,352	456	5,896	
	Pilgrim	Reconfigure 69kV Bus	Jun-23	1,300	460	840 ^	
	Great Neck	Conversion & Reinforcement for Northwell Hospital Expansion	Jun-23	2,698	251	2,447	
	Garden City	Upgrade distribution feeder from 4kV to 13kV	Jun-23	4,948	629	4,318 ^*	
	Broadway	Upgrade distribution feeder from 4kV to 13kV	Jun-23	5,444	2,043	3,401	
	Rockaway Beach	Install new 33 kV circuit to Arverne	Dec-23	34,876	7,221	27,183 ^*	
	Bridgehampton	Install 2 new feeders and conversion and reinforcement	Jun-23	17,729	5,007	12,722 ^*	
	Bridgehampton	Install new 3rd bank and switchgear	Jun-23	12,221	8,055	4,166 ^	
	Navy Road	Construct new 23/13 kV substation (Montauk substation replacement)	Oct-23	30,801	29,862	874 ^*	
	Amagansett	Upgrade Substation from 23 kV to 33 kV	Oct-23	11,963	11,755	119 ^	
	Navy Road	Install two new 33 kV capacitor banks	Nov-23	2,151	2,069	82 ^	
	Rockaway Beach	Install new 33/13 kV bank and switchgear	Dec-23	18,386	7,949	10,437 *	
	Massapequa	Construct new 69/13kV substation	Dec-23	31,412	13,742	17,473 *	
	Hero	Upgrade substation from 23 kV to 33 kV	Dec-23	680	272	244	
	South Fork	Upgrade Transmission Lines from 23 kV to 33 kV	Dec-23	2,446	1,201	1,010 ^	
	East Hampton	Upgrade substation from 23 kV to 33 kV	May-24	4,595	1,943	1,489 ^	
	Hither Hills	Upgrade substation from 23 kV to 33 kV	May-24	22,153	3,111	3,009 ^	
	Park Place (2A)	Feeder Extension (Superblock)	Jun-24	5,396	475	1,801 ^*	
	Arverne	East Development, New Feeder C&R phase 1	Jun-24	3,266	173	627 ^	
	Bridgehampton	Install new 13 kV Feeder and conversion & reinforcement	Jun-24	13,639	260	5,917 ^	
	Woodmere	Conversion & reinforcement feeder extension	Jun-25	5,580	-	217	
	Arverne	New feeder, Edgemere development C&R phase 2	Jun-24	10,429	-	2,924 ^	
	Bohemia	Install two underground 13kV feeders to Ronkonkoma	Jun-24	6,186	259	515	
	Ocean Beach	Conversion and reinforcement	Jun-25	7,131	123	140 ^	
	Arverne	East Development, New Feeder C&R phase 2	Jun-25	5,592	-	446 ^	
	Elwood	Conversion & reinforcement	Jun-25	18,720	-	402	
	New South Road	Expand 69/13kV substation & distribution circuits	Jun-25	21,032	6,501	378 *	
	North Bellmore	Install 33 MVA bank, switchgear, and feeders	Jun-25	23,949	59	431 ^*	1
	Belmont	Convert substation from 33 kV to 69 kV	Jun-25	113,806	722	2,789 *	6
	Bridgehampton	Install New 69kV Circuit to Buell Substation	Jun-25	45,597	4,489	1,503 ^*	2
	Deerfield	Reconfigure 69kV double circuit to Canal Substation	Jun-26	2,278	444	72	
	Southampton	Install new 138kV cable to Deerfield	Jun-28	136,938	918	2,900 ^*	
	Various	Distribution facilities to serve new business	Blanket	-	-	38,927	4
	Various	Residential underground development to serve new business	Blanket	-	-	11,890	1
Total Load Growth Projects				\$ 736,314	\$ 211,577	\$ 173,016	\$ 20

a) Project to date expenditures includes projects that began prior to 2022.

* Includes carry over costs from 2022. See "Carry Over" table for details.

^ Project includes funding that is pending authorization.

2023 Proposed and 2024 Projected Capital Expenditures
(Thousands of Dollars)

Transmission & Distribution	Location	Investment Description	In Service Date	Total Project Cost	Project To Date Expenditures through 12/31/22 (a)	Proposed 2023	Projected 2024
Reliability Projects							
	Broadway	Hewlett reconfiguration	Dec-23	8,867	794	8,073 *^	-
	Various	Two Way Radio System 16th Radio Frequency Site	Dec-23	700	350	350 *	-
	East Garden City	Switchgear replacement	Jun-24	19,602	5,371	8,099 ^A	6,132
	Various	Two-Way Radio UEM Cloud Services	Dec-24	900	-	-	900
	Long Beach	Park Place system reconfiguration	Dec-24	8,708	-	1,967 ^	2,940
	Fire Island Pines	Install New 23 kV Circuit to Ocean Beach Substation	Jun-25	46,142	2,622	658 *	20,009
	Various	DA Radio Management & Reporting	Dec-25	760	-	-	460
	Various	Distribution Automation Repeater Site Telecom Network Management System	Dec-25	650	-	-	400
	Various	Two-Way Radio JMUX Redundancy	Dec-25	1,250	-	-	825
	Various	Two-Way Radio 17th RF Sub Site	Dec-25	1,300	-	-	450
	Rockville Center	Load Pocket	Jun-27	36,681	-	-	745
	North Bellport	Eastport 23kV conversion	Dec-27	51,851	-	-	992
	Huntington Village	Substation supply hardening	Dec-27	13,795	-	-	375
	Various	Upgrade supervisory controllers for Capacitor Banks	Program	-	-	3,560	3,738
	Various	Transformer monitoring	Program	-	-	2,950	2,950
	Various	Underground distribution cable upgrades	Program	-	-	17,418	18,418
	Various	Residential underground cables upgrades	Program	-	-	14,607	15,607
	Various	Distribution circuit improvement program (CIP)	Program	-	-	15,342	16,800
	Various	Remote terminal unit replacement/upgrades	Program	-	-	3,251	2,935
	Various	Distribution breaker replacements	Program	-	-	748	748
	Various	Mechanical relay replacements	Program	-	-	440	800
	Various	Substation battery replacements	Program	-	-	540	540
	Various	Substation control power transformer replacements	Program	-	-	262	262
	Various	Transformer major component replacements	Program	-	-	1,750	1,750
	Various	Pipe type cable low pressure trip	Program	-	-	1,366	1,366
	Various	Transmission cables cathodic replacements	Program	-	-	378	374
	Various	Transmission pipe type cable pump house upgrade/replacement	Program	-	-	1,060	1,060
	Various	Transmission protection and controls upgrades	Program	-	-	2,125	2,758
	Various	Transmission breaker replacements	Program	-	-	2,500	2,500
	Various	Transformer load tap changer replacements	Program	-	-	690 ^	690
	Various	Substation distribution circuit relay upgrade	Program	-	-	818	698
	Various	Substation lightning & grounding upgrades	Program	-	-	790	790
	Various	Protection lease line upgrade	Program	-	-	800	800
	Various	Upgrade corrosion protection system for pipe type cable	Program	-	-	1,700	1,600
	Various	Cap and pin insulator replacements	Program	-	-	800 ^	800
	Various	Replace (13) trailer mounted capacitor banks with fixed banks	Program	-	-	5,578 ^	5,078
	Various	Distribution switchgear replacements	Program	-	-	4,600	4,600
	Various	Substation transformers replacements	Program	-	-	7,600	7,950
	Various	Distribution pole mounted switches and RTU replacements	Program	-	-	500	525
	Various	Annunciator replacement	Program	-	-	216	444
	Various	Transmission wood pole replacement on the LIRR right-of-way	Program	-	-	14,924	14,924
	Various	Transmission wood pole replacement on public/LIPA right-of-way	Program	-	-	11,995	11,995
	Various	Distribution voltage remediation program	Program	-	-	3,000 ^	3,000
	Various	Rear yard distribution circuits relocation/undergrounding	Program	-	-	1,000 ^	10,952
	Various	Pipe type cable terminal pressure monitoring, upgrade program	Program	-	-	905	905
	Various	Install Transmission 3V0	Program	-	-	950	315
	Various	Distribution transformers - add/replace	Blanket	-	-	19,581	20,560
	Various	Distribution system improvements - services, branch lines & customer requests	Blanket	-	-	40,149	42,156
	Various	Substation equipment failures	Blanket	-	-	8,000	9,000
	Various	System spares	Blanket	-	-	17,220 *	12,800
	Various	Accidents	Blanket	-	-	12,949	13,596
	Various	Public works	Blanket	-	-	10,000	-
	Various	Distribution pole replacements	Blanket	-	-	13,853	14,906
	Various	Distribution multiple customer outages (MCO)	Blanket	-	-	8,305	8,101
	Various	Transmission system failures	Blanket	-	-	1,500	1,575
	Various	Transmission pole replacements	Blanket	-	-	1,500	1,575
	Various	Transmission & Distribution Wood Pole Reinforcement	Blanket	-	-	9,522	6,505
	Various	Distribution Automation Repeater Network and Site Upgrades	Program	-	-	825 *	400
	Various	Two Way Radio System Mobile Radios and Antennas for Fleet Vehicles	Blanket	-	-	104	104
	Various	Two Way Radio communications equipment infrastructure	Blanket	-	-	-	150
	Various	Replacement of Non-restorable Distribution Wood Pole Rejects	Blanket	-	-	14,780	15,159
Total Reliability Projects				\$ 191,206	\$ 9,136	\$ 302,598	\$ 319,488

a) Project to date expenditures includes projects that began prior to 2022.

* Includes carry over costs from 2022. See "Carry Over" table for details.

^ Project includes funding that is pending authorization.

2023 Proposed and 2024 Projected Capital Expenditures
(Thousands of Dollars)

Transmission & Distribution	Location	Investment Description	In Service Date	Total Project Cost	Project To Date Expenditures through 12/31/22 (a)	Proposed 2023	Projected 2024
Storm Hardening Projects							
	Various	Storm hardening program	Program	-	-	83,000 ^	7
Total Storm Hardening Projects				\$ -	\$ -	\$ 83,000	\$ 7
Tools, Equipment, Other, Economic, Salvage							
	East Hampton	Interconnection costs associated with South Fork wind farm	Apr-23	3,022	22	3,000 ^	
	Eastport	Transmission partial underground near Route 111 underpass	Jun-23	7,643	504	7,118	
	Terryville	Install new 69 kV cable to Flowerfield	Jun-23	38,903	18,887	20,016 *	
	Glenwood Landing	Substation structural modifications	Jun-23	8,162	3,675	4,487 ^	
	Various	Vacuum Truck Project - Vehicles for Trenching	Nov-23	1,780	-	1,780	
	Various	Vacuum Truck Project - Additions to Fleet	Nov-25	1,120	-	-	
	Hicksville	Transmission operations control room facility replacement	Dec-28	114,073	200	9,250	3
	Various	LIRR program upgrade	Program	-	-	1,804	
	Various	Substation security upgrade	Program	-	-	7,400 ^	
	Various	Capital tools	Blanket	-	-	3,200	
	Various	Transfer distribution facilities to new telephone poles	Blanket	-	-	12,800	1
	Various	Salvage	Blanket	-	-	(500)	
Total Tools, Equipment, Other, Economic, Salvage				\$ 174,703	\$ 23,288	\$ 70,356	\$ 5
Grand Total Transmission & Distribution				\$ 1,102,223	\$ 244,001	\$ 628,970	\$ 65

a) Project to date expenditures includes projects that began prior to 2022.

* Includes carry over costs from 2022. See "Carry Over" table for details.

^ Project includes funding that is pending authorization.

2023 Proposed and 2024 Projected Capital Expenditures
(Thousands of Dollars)

Information Technology	Investment Description	In Service Date	Total Project Cost	Project To Date Expenditures through 12/31/22 (a)	Proposed 2023	Projected 2024
Transmission & Distribution						
	ADMS Network Model and Roadmap	2023	8,840	-	2,580 *A	1,260
	Control room recorder upgrade	2023	3,050	350	2,550 *A	500
	Outage and Incident Communications - Phase 2	2023	3,000	-	1,000 *	-
	Primavera upgrade	2023	5,200	175	2,200	1,000
	Refresh the CNI PI system	2023	2,000	710	1,290 *	-
	CG Concentrator Replacement	2024	3,720	-	2,250 *A	1,470
	Team Center Replacement	2024	2,350	-	300	1,050
	Enterprise Asset Management System	2025	48,250	-	8,250	15,000
	SCADA RTU Work	Program	-	-	525 *	551
Total Transmission & Distribution			\$ 76,410	\$ 1,235	\$ 20,945	\$ 20,831
Customer Service						
	CDG Billing Automation	2023	630	909	630	-
	Contact Center as a Service (CCaaS) - Future Roadmap (as of 2024)	2023	5,175	-	-	788
	Contact Center as a Service (CCaaS) - Platform	2023	5,881	-	5,881 *	-
	CRM Alternative	2023	7,100	-	2,200	1,050
	Customer Offices/Kiosk	2023	1,500	-	500	500
	Payment Processing	2023	4,300	-	1,000 *	300
	Solar Communities (FIT 5) bill credits	2023	394	496	394	-
	Suffolk County Sewage Billing Project	2023	420	-	420	-
	Time of Day (TOD) Default Rate	2023	-	-	5,596	-
	AMI Enhancement 2023+	Program	-	-	1,500 *A	600
	Customer Accounting System (CAS) Enhancement	Program	-	-	500	525
	Kubra Enhancement 2023+	Program	-	-	500	473
	Mobile app Enhancement 2023+	Program	-	-	400	500
	myAccount Enhancement 2023+	Program	-	-	500	500
	Rate change product Enhancement	Program	-	-	600	630
	Community Choice Aggregation (CCA)	Program	-	-	145 *	-
Total Customer Service			\$ 25,400	\$ 1,405	\$ 20,766	\$ 5,865
Information Technology						
	Direct Connection Mulesoft CloudHub to AWS for Tier 1 platform	2023	263	-	263	-
	Datacenter Modernization	2023	1,025	-	525	-
	Internet Bandwidth Upgrade	2023	980	1,570	300 *	-
	IT Data Analytics 2023 / U2.0 Transition	2023	5,365	-	1,365 ^	800
	IT Portfolio Planning System	2023	4,550	-	1,050	500
	Replace Messageway SFTP solution	2023	1,125	-	600 *	525
	Replace Sonic ESB with Mulesoft	2023	2,075	999	1,575	500
	SPLUNK Life Cycle Upgrade	2023	1,945	-	945	-
	Standard Data Platform	2023	8,515	-	2,415 ^	2,100
	Upgrade MAPS/MARS with DR capability	2023	-	-	600 *	-
	Storage LCP - VNX Array	2024	3,675	-	3,675	-
	Storage LCP - VPLEX, RPA	2024	1,890	-	1,890	-
	System Segregation	2024	21,200	3,500	12,000	8,000
	AMAG Security System Updates and Enhancements	Program	-	-	525	-
	Corp Wireless Network Upgrade LCP	Program	-	-	350	-
	Firewall LCP	Program	-	-	1,470	-
	JMUX HW Equipment LCP	Program	-	-	263	210
	Laptop LCP	Program	-	-	630	2,625
	Mainframe LCP	Program	-	-	315	368
	MDT LCP	Program	-	-	1,050	1,050
	Switch/Router LCP	Program	-	-	1,155	1,000
	System Resiliency	Program	-	-	2,500 *	2,000
	UPS LCP	Program	-	-	210	158
	Windows Server 2012 Operating System Upgrade	Program	-	-	1,050	-
	Workstation LCP	Program	-	-	-	263
Total Information Technology			\$ 52,608	\$ 6,069	\$ 37,720	\$ 21,148
Grand Total Information Technology Projects			\$ 154,417	\$ 8,709	\$ 79,432	\$ 47,844

2023 Proposed and 2024 Projected Capital Expenditures
(Thousands of Dollars)

Information Technology - Cyber Security	Investment Description	In Service Date	Total Project Cost	Project To Date Expenditures through 12/31/22 (a)	Proposed 2023	Projected 2024
Transmission & Distribution	Industrial Defender for DSCADA	2023	1,774	1,583	191	
	Dragos for CNI	2023	865	737	127	
	Cyberark for CNI	2024	6,552	1,462	4,590	
	Cybersecurity Continuous Improvement for CNI	Program	-	-	41	
	Total Transmission & Distribution		\$ 9,190	\$ 3,783	\$ 4,949	\$
Information Technology	Sailpoint Access Control	2024	2,665	-	1,300 *	
	2022+ Cybersecurity Cont. Improvement	Program	-	-	812 *	
	Cybersecurity Cont. Improvement	Program	-	-	2,200	
	NIST	Program	-	-	3,450 *	
	Total Information Technology		\$ 2,665	\$ -	\$ 7,762	\$
Grand Total Information Technology - Cyber Security Projects			\$ 11,855	\$ 3,783	\$ 12,711	\$

a) Project to date expenditures includes projects that began prior to 2022.

* Includes carry over costs from 2022. See "Carry Over" table for details.

2023 Proposed and 2024 Projected Capital Expenditures
(Thousands of Dollars)

Utility 2.0	Investment Description	Total Project Cost	Project To Date Expenditures through 12/31/22 (a)	Proposed 2023	Projected 2024
	Grid Storage	15,600	7,074	6,292	2,234
	Commercial and Industrial (C&I) Demand Alert Pilot	1,776	250	1,523	3
	Distributed Energy Resources (DER) Visibility	8,048	4,409	3,321	159
	Electric Vehicle (EV) Make-Ready Phase II	10,767	240	2,551	3,210
	Suffolk County Bus Initiative	100	100	-	-
	IEDR Platform	8,254	-	4,604	1,825
	EV & Storage Hosting Capacity Maps	1,925	-	1,925	-
	New Program Funding	-	-	-	5,000
Total Utility 2.0 Projects		\$ 46,470	\$ 12,073	\$ 20,216	\$ 12,431

a) Project to date expenditures includes projects that began prior to 2022.

2023 Proposed and 2024 Projected Capital Expenditures
(Thousands of Dollars)

Business Units	Investment Description	In Service Date	Total Project Cost	Project To Date Expenditures through 12/31/22 (a)	Proposed 2023	Projected 2024
Customer Service						
	Purchase Electric Meters	Blanket	-	-	1,451	2,250
	Install/Remove Meters	Blanket	-	-	5,580	3,994
	Tools/Equipment	Program	-	-	500	500
	Dusk to Dawn	Program	18,100	-	600 *	-
	Customer Operations Project Management Office	Program	-	-	2,205 ^	1,887
	RF Network enhancements solar/battery backup	2025	425	-	-	200
Total Customer Service Projects			\$ 18,525	\$ -	\$ 10,336	\$ 8,832
Other General Plant						
	Facilities Services	Program	-	-	8,587 ^	1,300
	Purchase 24 AC site & development of new Ops Yard	2024	57,473	-	45,668 ^	11,805
	Prop Strategy - Riverhead Ops Ctr property acquisition	2024	49,500	-	-	49,500
Total Other General Plant Projects			\$ 106,973	\$ -	\$ 54,255	\$ 62,605
Fleet						
	Fleet	Program	-	-	23,556 *	11,284
Total Fleet Projects			\$ -	\$ -	\$ 23,556	\$ 11,284
Total PSEG LI Projects					\$ 829,475	\$ 810,405
FEMA Pre-Grant Engineering					\$ 7,620	\$ -
Storm Capitalization					\$ 3,479	\$ 3,479
Pending Project Authorization					\$ (199,070)	\$ -
Grand Total PSEG Long Island Capital Expenditures					\$ 641,504	\$ 813,885

a) Project to date expenditures includes projects that began prior to 2022.

* Includes carry over costs from 2022. See "Carry Over" table for details.

^ Project includes funding that is pending authorization.

2022 Carry Over Costs into 2023
(Thousands of Dollars)

Business Units	Location	Investment Description	2023 Carry Over Amounts
Transmission & Distribution			
Load Growth Projects			
	Rockaway Beach	Install new 33 kV circuit to Arverne	7,044
	Belmont	Convert substation from 33 kV to 69 kV	2,789
	Massapequa	Construct new 69/13kV substation	4,415
	Rockaway Beach	Install new 33/13 kV bank and switchgear	3,738
	North Bellmore	Install 33 MVA bank, switchgear, and feeders	431
	Southampton	Install new 138kV cable to Deerfield	1,924
	Park Place (2A)	Feeder Extension (Superblock)	1,712
	Garden City	Upgrade distribution feeder from 4kV to 13kV	1,623
	Buell	Upgrade substation from 23 kV to 33 kV	861
	Navy Road	Construct new 23/13 kV substation (Montauk substation replacement)	703
	Bridgehampton	Install New 69kv Circuit to Buell Substation	153
	New South Road	Expand 69/13kV substation & distribution circuits	125
	Bridgehampton	Install 2 new feeders and conversion and reinforcement	100
	Total Load Growth Projects		\$ 25,619
Reliability Projects			
	East Garden City	Switchgear replacement	3,009
	Various	System spares	4,252
	Fire Island Pines	Install New 23 kV Circuit to Ocean Beach Substation	658
	Broadway	Hewlett reconfiguration	153
	Various	Distribution Automation Repeater Network and Site Upgrades	150
	Various	Two Way Radio System 16th Radio Frequency Site	117
	Total Reliability Projects		\$ 8,339
Other Projects			
	Terryville	Install new 69 kV cable to Flowerfield	1,813
	Total Other Projects		\$ 1,813
		Carryover from 2022 to Outer Years	26,583
		Acceleration of work to 2022	(11,480)
Total Transmission & Distribution			\$ 50,874
Information Technology			
IT-Transmission & Distribution			
		ADMS Network Model and Roadmap	600
		CG Concentrator Replacement	2,150
		SCADA RTU Work	525
		Control room recorder upgrade	900
		Refresh the CNI PI system	1,290
		Outage and Incident Communications - Phase 2	600
	Total IT-Transmission & Distribution		\$ 6,065
IT-Customer Service			
		Contact Center as a Service (CCaaS) - Platform	2,500
		Payment Processing	1,000
		AMI Enhancement 2023+	433
		Community Choice Aggregation (CCA)	145
	Total IT-Customer Service		\$ 4,078
IT-Information Technology			
		Internet Bandwidth Upgrade	300
		Upgrade MAPS/MARS with DR capability	600
		Replace Messageway SFTP solution	600
		System Resiliency	2,500
	Total IT-Information Technology		\$ 4,000
Total Information Technology			\$ 14,144

2022 Carry Over Costs into 2023
(Thousands of Dollars)

Business Units	Location	Investment Description	2023 Carry Over Amounts
Information Technology - Cyber Security			
		Sailpoint Access Control	1,300
		2022+ Cybersecurity Cont. Improvement	812
		NIST	2,300
Total Information Technology - Cyber Security			\$ 4,412
Customer Services			
		Dusk to Dawn	600
Total Customer Services			\$ 600
Fleet			
		Fleet	5,506
Total Fleet			\$ 5,506
Total Project Carry Over			\$ 75,535

LIPA's Relationship with New York State Government

LIPA is a component unit of New York State. LIPA became the retail supplier of electric service in the Counties of Nassau and Suffolk (with certain limited exceptions) and a portion of Queens County known as the Rockaways (Service Area), on May 28, 1998 by acquiring the transmission and distribution system of the Long Island Lighting Company as a wholly owned subsidiary. LIPA provides electric delivery service in the Service Area, which includes approximately 1.2 million customers. The population of the Service Area is approximately 2.9 million. In order to assist LIPA in providing electric service to its customers, LIPA entered into operating agreements to provide operating personnel and a significant portion of the power supply resources necessary to provide electric service.

Under LIPA's business model, essentially all costs of operating and maintaining LIPA's T&D system incurred by PSEG Long Island, are paid for by LIPA.

Long Island Power Authority
2023 Proposed and 2024 Projected Operating and Capital Budgets

Budget Process

Under the terms of the LIPA Reform Act and the Second Amended and Restated Operations Services Agreement, the LIPA Consolidated Budget and Financial Plan are jointly developed by LIPA and its Service Provider, PSEG Long Island.

The LIPA Consolidated Budget outlines projected spending by major expense and revenue category. The budget reflects the operating and capital costs required to provide electric service in the Service Area.

Budget Development Schedule:

- May through October: LIPA and PSEG Long Island develop projections of current year spending and preliminary budget forecasts for the upcoming year and financial plan.
- July through October: PSEG Long Island provides LIPA with preliminary Capital project projections.
- September and October:
 - PSEG Long Island provides LIPA with a preliminary budget. This includes projections for current year spending as well as a preliminary budget for the years covered by the financial plan. The preliminary budget submission is reviewed by LIPA.
 - LIPA provides PSEG Long Island its portion of the Consolidated Budget by mid-October.
 - PSEG Long Island produces a LIPA Consolidated Budget by the end of October.
 - The LIPA Consolidated Budget is reviewed by senior level staff from both LIPA and PSEG Long Island.
- November:
 - Public Hearings are held in November to solicit comments from the public.
 - The Board of Trustees is briefed on the budget during regular board meeting.
- December: The Board of Trustees votes on the adoption of the LIPA Consolidated Budget.





Section IV: 2023 Performance Metrics

Metric		At Risk Compensation	Metric Objective & Deliverables
Transmission and Distribution			
T&D-01	Asset Management Program Implementation – Asset Inventory	\$150,000	Requires PSEG LI to implement an effective Enterprise Asset Management (EAM) Program consistent with both the ISO 55000 principles and the Asset Management Recommendations adopted by the LIPA Board of Trustees (AM-1 and AM-2).
T&D-02	Asset Management Program Implementation – Asset Management Governance	\$150,000	Requires PSEG LI to implement an effective Enterprise Asset Management (EAM) Program consistent with both the ISO 55000 principles and the Asset Management Recommendations adopted by the LIPA Board of Trustees (AM-1 and AM-2).
T&D-03	Enterprise Asset Management System (EAM) Implementation	\$600,000	Requires PSEG LI to begin an implementation of a full-fledged EAM System.
T&D-04	Transmission and Distribution System Relay Mis-Operations	\$100,000	Requires PSEG LI to limit the number of relay mis-operations on the Transmission and Distribution System.
T&D-05	Transmission & Distribution Inadvertent Operation Events	\$100,000	Requires PSEG LI to limit the number of operating errors on the Transmission and Distribution System.
T&D-06	Primary and Alternative Transmission Control Center Replacement	\$250,000	Requires PSEG LI to develop a project implementation plan containing the key milestones for the construction of the control centers (PTCC & ATCC) and other related operations functions identified below and gain approval from LIPA.
T&D-07	System Average Interruption Duration Index (SAIDI) Reliability	\$300,000	Requires PSEG LI to continuously improve SAIDI (System Average Interruption Duration Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.
T&D-08	System Average Interruption Frequency Index (SAIFI) Reliability	\$200,000	Requires PSEG LI to continuously improve SAIFI (System Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.
T&D-09	Momentary Average Interruption Frequency Index (MAIFI) Reliability	\$150,000	Requires PSEG LI to continuously improve MAIFI (Momentary Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)	\$125,000	Requires PSEG LI to improve performance for customers with the worst interruption experience, as measured by Sustained Multiple Customer Outages ("S-MCO" or "S-MCOs"), by continuing to improve overall system performance.
T&D-11	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	\$75,000	Requires PSEG LI to improve performance for multi-year repeat customers with the worst interruption experience by eliminating them from the Sustained Multiple Customer Outage (S-MCO) customer list.
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)	\$100,000	Requires PSEG LI to improve performance for customers with the worst interruption experience, as measured by Momentary Multiple Customer Outages ("M-MCO" or "M-MCOs"), by continuing to improve overall system performance.
T&D-13	Safety – Serious Injury Incident Rate (SIIR)	\$200,000	Requires PSEG LI to safely maintain, construct and operate the Electric T&D system without risk of serious injuries and/or fatalities.
T&D-14	Safety – OSHA Recordable Incidents Rate	\$200,000	Requires PSEG LI to continuously improve in employee safety as recorded by OSHA recordable incidents. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.
T&D-15	Safety – OSHA Days Away Rate	\$200,000	Requires PSEG LI to continuously improve in employee safety as recorded by OSHA Days Away. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.

Metric		At Risk Compensation	Metric Objective & Deliverables
Transmission and Distribution			
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate	\$150,000	Requires PSEG LI to continuously improve employee safety as recorded by the Motor Vehicle Accident (MVA) Rate. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.
T&D-17	Work Management Enhancements - Short-Term Scheduling	\$100,000	Requires PSEG LI to enhance work management process by continued development of the integrated work tool that consolidates all work that is aligned with the annual budget and work plan and provides the following functionality to improve the ability to create short-term plans and schedules at the Yard level for Inside Plant by July 31, 2023: 1. Consolidated view of all work in one system 2. Allows for the comparison of active backlog of work to planned work 3. Data filters enable the focus to resource type, geography, work priority 4. Visibility to work planned for the short term and alignment with work plan
T&D-18	Work Management Enhancements - Workforce Management Plans	\$250,000	Requires PSEG LI to develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime in support of the scheduled T&D work.
T&D-21	Work Management Enhancements - Work Management KPIs and Dashboards	\$100,000	Requires PSEG LI to develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime in support of the scheduled T&D work.
T&D-23	Employee Overtime	\$150,000	Requires PSEG LI to cost effectively manage T&D employee overtime hours.
T&D-24	Vegetation Management Work Plan – Cycle Tree Trim With Vegetation Intelligence	\$200,000	Requires PSEG LI to develop and execute Vegetation Management Work Plans/budgets that use Vegetation Intelligence, including but not limited to vegetation species, growth rate, and location. This metric measures cycle trim.
T&D-25	Vegetation Management Work Plan – Trim to Sky (TTS) Circuits	\$250,000	Requires PSEG LI to develop and execute Vegetation Management Work Plans/budgets. This metric measures Trim To Sky (TTS).
T&D-26	Vegetation Management Work Plan – Hazard Tree Removal	\$300,000	Requires PSEG LI to develop and execute Vegetation Management Work Plans and budgets. This metric measures hazard tree removal.
T&D-27	Storm Hardening Work Plan - Overhead Hardening	\$250,000	Requires PSEG LI to advance the development and execution of the Storm Hardening Work Plan, including a pilot using New Methods for two circuits. This metric measures Overhead Hardening.
T&D-28	Storm Hardening Work Plan - Underground Hardening	\$150,000	Requires PSEG LI to advance the development and execution of the Storm Hardening Work Plan. This metric measures Underground Hardening. NOTE: PJD 2225 was modified to include only 1 project for bid and execution in 2023 per meeting with LIPA on September 22, 2022. PSEGLI will put project out to bid through P&C.
T&D-29	T&D System Enhancements	\$150,000	Requires PSEG LI to measure two types of metrics for T&D System Enhancements: 1) storm hardening to mitigate Transmission System Load Pockets and 2) distribution system hosting capacity.
T&D-30	Storm Hardening Work Plan - ACRV Commissioning Program	\$250,000	Requires PSEG LI to advance the development and execution of the Storm Hardening Work Plan - ACRV Commissioning Program.
T&D-31	Storm Hardening Work Plan - LT5H (ASUV) Program	\$150,000	Requires PSEG LI to advance the development and execution of the Storm Hardening Work Plan - LT5H (ASUV) Program.

Metric		At Risk Compensation	Metric Objective & Deliverables
Transmission and Distribution			
T&D-33	Execute Real Estate Strategy on (i) purchase of a property in Medford for a new operations yard and (ii) National Grid Properties.	\$125,000	Requires PSEG LI to implement the Project Implementation Plan (PIP) to support a long-term strategy for LIPA's real estate and facility assets that will cover the (i) work needed to complete the purchase of property for a new Medford operations yard, and (ii) National Grid (NG) property strategy.
T&D-34	Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)	\$200,000	Requires PSEG LI for the timely submittal of PJDs for each Capital Project and Program with adequate detail for LIPA review and approval and inclusion into Capital Budget.
T&D-35	Construction - Project Milestones Achieved	\$200,000	Requires PSEG LI to execute the approved Specific Capital Projects per milestone schedule.
T&D-36	Construction - Cost Estimating Accuracy	\$200,000	Requires PSEG LI to execute the approved Specific Capital Projects as budgeted.
T&D-37	Completion of Program Planned Units Per Workplan	\$400,000	Requires PSEG LI adherence to Targeted Program planned units.
T&D-38	Program Unit Cost Variance	\$200,000	Requires PSEG LI adherence to Targeted Program estimations and budgets.
T&D-39	Project Completion Consistent with Project Design	\$100,000	Requires PSEG LI to effectively manage capital projects such that completion is consistent with project engineering and design documents and meets the intent of design in the latest LIPA-approved PJD for all SEQRA projects as well as those at or above \$1,000,000.
T&D-40	Double Wood Poles	\$50,000	Requires PSEG LI as a safety and system reliability matter, continue to manage the amount of Double Wood Poles on the T&D system.
T&D-41	Program Effectiveness - Vegetation Management	\$175,000	Requires PSEG LI to realize tangible performance improvements on parts of the system that have completed prescribed vegetation management activities per the 2022 Vegetation Management work plan.
T&D-42	Estimated Time of Restoration (ETR) Process Enhancements	\$250,000	Requires PSEG LI to improve customer outage experience via enhancement and refinement of the ETR process by studying, determining, quantifying and operationalizing critical factors into revised ETR methodology and communication strategies.
T&D-44	Regulatory Compliance	\$150,000	Requires PSEG LI to operate within all applicable rules and regulations by meeting all local, state and federal compliance reporting regulations and appropriately Self-Report for all instances of Non-Compliance.
T&D-45	Physical Security	\$250,000	Requires PSEG LI to develop and execute plans to enhance physical security, including the integration of new technologies at critical locations, including control centers, substations and yards.
T&D-46	Root Cause Analysis (RCA) Execution and Compliance	\$175,000	Requires PSEG LI to improve Root Cause Analysis accuracy to enhance outage cause determination and restoration by defining the tracking and remediation of root cause determinations, the training required for individuals in the process, and the process for reporting and reviewing these results with LIPA staff.
T&D-48	Program Effectiveness - Storm Hardening	\$175,000	Requires PSEG LI to realize tangible performance improvements on parts of the system that have completed storm hardening upgrades; specifically, the circuits completed under 2022 Metric T&D-30.

Metric		At Risk Compensation	Metric Objective & Deliverables
Power Supply and Clean Energy			
PS&CE-01	Complete Integrated Resource Plan (IRP) Follow-on Activities	\$250,000	Requires PSEG LI to complete follow-on activities for the IRP.
PS&CE-02	Complete Energy Storage Request for Proposal (RFP) Follow-on Activities	\$200,000	Requires PSEG LI to complete follow-on activities for the Energy Storage RFP.
PS&CE-03	Energy Efficiency Plan Savings	\$250,000	Requires PSEG LI to achieve the Energy Efficiency Plan Targeted Savings, including any LIPA and DPS recommended changes to the savings target.
PS&CE-05	Beneficial Electrification – Building Electrification	\$100,000	Requires PSEG LI to achieve Beneficial Electrification Targets from Utility 2.0, including any LIPA and DPS recommended changes to the targets.
PS&CE-06	Electric Vehicle (EV) Make-Ready	\$100,000	Requires PSEG LI to achieve EV Make-Ready Targets, including any LIPA and DPS recommended changes to the targets.
PS&CE-08	Transition to New "Standard" Time of Day Residential and Small Business Rates on an Opt-Out Basis	\$600,000	Requires PSEG LI to plan, build and initiate launch marketing and outreach, IT and customer tools, website update, call center and billing training, and business process changes needed for a transition to a standard (opt-out) TOD rate for all residential and small business customers that will achieve top performer enrollment and satisfaction.
PS&CE-11	Implementation of Utility 2.0 Projects	\$250,000	Requires PSEG LI to produce high quality, timely implementation of Utility 2.0 Projects.
PS&CE-13	Heat Pump Strategy to Address Barriers to Customer Adoption	\$250,000	Requires PSEG LI to implement 2023 programmatic changes to address barriers to customer heat pump adoption as part of the multi-year heat pump strategy.

Metric		At Risk Compensation	Metric Objective & Deliverables
Information Technology – Organizational Performance			
IT-01	Organizational Maturity Level	\$550,000	Requires PSEG LI IT Department achieves an Organizational Maturity Level at CMMI Level 3 in the CMMI V2 Development Model.
IT-03	System Resiliency	\$650,000	Requires PSEG LI to achieve well-designed and robust IT System Resiliency Plan that includes Disaster Recovery Plans and Business Continuity Plans that are based on comprehensive Business Impact Analyses; and are annually reviewed, updated, approved by LIPA, and successfully and thoroughly exercised, for all critical systems/processes. Plans should be developed and implemented using guidance from ISO 22301:2019, as applicable.
IT-04	System and Software Lifecycle Management	\$100,000	Requires IT and OT assets managed by PSEG LI on behalf of LIPA, including but not limited to, computers, communications equipment, networking equipment, hardware, software, and storage systems, are within their active service life and under general support from the product vendor.
IT-05	Project Performance - In-flight Projects	\$400,000	Requires PSEG LI IT Projects be conducted in a structured manner with strong and rigorous project planning, monitoring, and controls, demonstrated by: 1. Project Implementation Plans (PIPs) in an acceptable format, approved by LIPA, for all in scope projects. 2. Monthly Reporting of Project Status by ten days after the close of each month. Monthly Project Status Reporting will be required starting from the month the PIP is due and continuing through the month that final close-out reports and/or artifacts are accepted by LIPA. 3. Planned project work completed on time and budget.
IT-06	Project Performance – New 2023 Projects	\$500,000	Requires PSEG LI IT Projects be conducted in a structured manner with strong and rigorous project planning, monitoring, and controls, demonstrated by: 1. Project Implementation Plans in an acceptable format, approved by LIPA for all in-scope projects. 2. Monthly Reporting of Project Status by ten days after the close of each month. Monthly Project Status Reporting will be required starting from the month the PIP is due and continuing through the month that final close-out reports and/or artifacts are accepted by LIPA. 3. Planned project work completed on time and budget.
IT-07	System Segregation	\$600,000	Requires PSEG LI separate LIPA IT systems from PSEG New Jersey systems.
IT-08	Cyber Security Organization - Structure, Staffing and Capabilities Review	\$200,000	Requires PSEG LI build a cyber security organization under the PSEG Long Island CISO that is independent of PSEG New Jersey, with services, staffing, and capabilities optimized to ensure that the cyber team is fully capable of developing, managing, and supporting the cyber security program and delivering on current and future requirements independent of Affiliate Services (as defined in the OSA).

Metric		At Risk Compensation	Metric Objective & Deliverables
Customer Service			
CS-01	Delivery of Strategic Customer Experience & Billing Projects	\$300,000	Requires PSEG LI to implement strategic customer projects to improve customer contact, payment, and billing experience and drive top quartile performance.
CS-02	J.D. Power – Residential	\$200,000	Requires PSEG LI to execute an effective plan to improve customer satisfaction for residential customers, as reflected in improved J.D. Power Residential Customer Survey results.
CS-03	J.D. Power – Business	\$200,000	Requires PSEG LI to improve customer satisfaction for business customers, as reflected in improved J.D. Power Business Customer Survey results.
CS-04	Customer Information System (CIS) Modernization	\$400,000	Requires PSEG LI to ensure a flexible modern Customer Information System (CIS), capable of effective and efficient customer transactions
CS-05	Customer Transactional Performance Measurement & Analysis	\$300,000	Requires PSEG LI to drive continuous improvement among various channel transactions through on-going measurement and evaluation of customer satisfaction, transactional ease, utilization volume, and cost per transaction. Enhance the existing survey approach and reporting to deepen customer insights.
CS-09	Billing Exception Cycle Time	\$50,000	Requires PSEG LI to provide a timely bill to the customer.
CS-10	Billing – Cancelled Rebill	\$100,000	Requires PSEG LI to provide an accurate bill to the customer the first time, not requiring a subsequent adjustment.
CS-11	Contact Center Service Level with Live Agent Calls	\$350,000	Requires PSEG LI to ensure customer response to contact representatives meet customer tolerance levels to promote efficient staffing and customer satisfaction.
CS-13	First Call Resolution (FCR)	\$100,000	Requires PSEG LI to measure customer ease of interaction and Service Provider's proficiency in satisfactorily resolving customer issues and questions at the time of initial call.
CS-14	Net Dollars Written Off	\$200,000	Requires PSEG LI to actively manage the increased COVID-19 receivables and associated write-offs.
CS-15	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)	\$300,000	Requires PSEG LI to effectively recover from the COVID-19 financial impacts for aged receivables > 90 days by the end of the Contract Year.

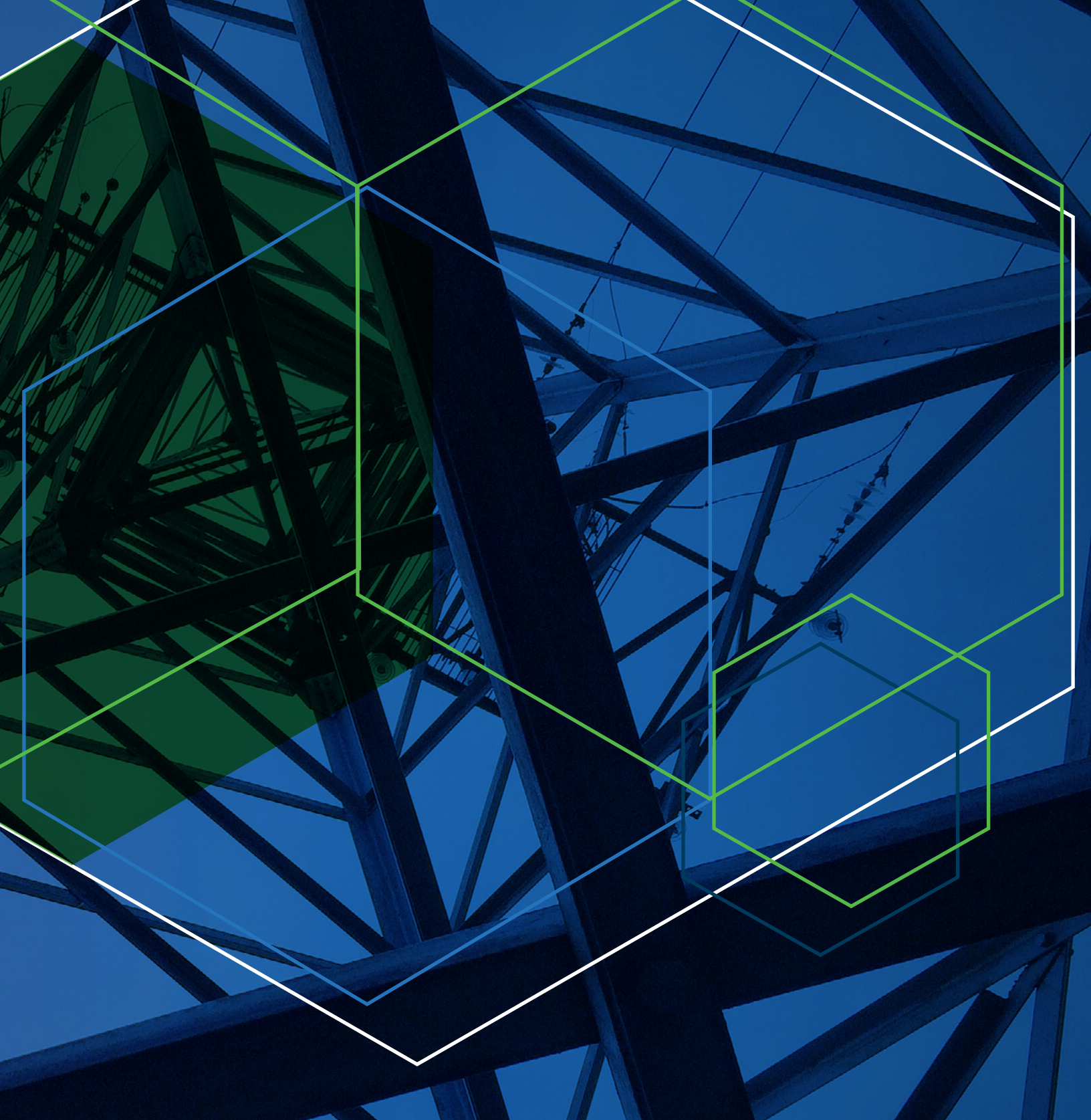
Metric		At Risk Compensation	Metric Objective & Deliverables
Customer Service			
CS-23	Deferred Payment Agreement (DPA) Improvement	\$150,000	Requires PSEG LI to improve compliance with HEFPA regulations by creating consistent standards and guidelines across all customer platforms for deferred payment agreement options. Improve customer experience for establishing a deferred payment agreement while reducing outstanding receivables by improving self-service and customer interactions.
CS-24	Payment Transaction Ease	\$150,000	Requires PSEG LI to improve customer perceived ease of payment interactions conducted on various channels.
CS-25	Interactive Voice Response (IVR) Containment Rate	\$200,000	Requires PSEG LI to improve caller self-service provided by the IVR.
CS-26	Life Sustaining Equipment (LSE) Customer Compliance	\$100,000	Requires PSEG LI to improve the LSE renewal and removal process by enhancing outreach and data gathering methods while adhering to DPS regulatory requirements.
CS-27	Estimated Bill %	\$100,000	Requires PSEG LI to provide a bill with an actual read.
CS-28	Move Process Improvement	\$150,000	Requires PSEG LI to streamline the residential move process to complete the transaction within one interaction.
CS-29	AMI Meter Validation, Estimation, Editing Enhancements and Data Reporting	\$150,000	Requires PSEG LI to effectively execute the Meter Data Management (MDM) Validation, Estimation and Editing Process and Data Reporting.

Metric		At Risk Compensation	Metric Objective & Deliverables
Business Services – Enterprise Risk Management			
BS-01 (ERM-1)	Enterprise Risk Management (ERM) - Implementation of the Risk Mitigation Effectiveness Process	\$150,000	Requires PSEG LI to implement a process to assess the effectiveness of risk mitigation activities on a qualitative basis.
BS-05 (HR-3)	Full Time Vacancy Rate	\$450,000	Requires PSEG LI to obtain the budgeted full-time headcount identified as necessary to achieve operational objectives within the identified categories and to minimize expenses related to supplemental resources such as temporary employees, consultants, affiliate employees, etc. Develop reports to track key performance indicators related to recruiting, hiring, and retention practices. Key performance indicators will include - Time to Fill (exempt and non-exempt), Submittal to Interview Percentage, Voluntary/Involuntary Turnover Rates, and Job Offer Acceptance Rate.
BS-07 (BGT-1)	Complete Affiliate Cost and Quality Justifications	\$250,000	Requires PSEG LI's decision to perform a particular Scope Function or Sub-Function through an Affiliate as a Shared Service, rather than by a qualified subcontractor or ServCo, is cost and quality justified pursuant to OSA Section 5.2(A)(7).
BS-08 (BGT-2)	Improve the Capital Project Impact Analysis and Tracking Process	\$150,000	Requires PSEG LI to improve the Capital Project Impact Analysis Process and the Tracking of Realized Benefits.
BS-10 (ACC-2)	Improve Annual Substation Property Tax Reports	\$150,000	Requires PSEG LI to improve the annual Substation Valuation Report to, among other items, include the 165 substations identified and previously agreed to for property tax related analysis and reporting. The annual Substation Valuation Report shall be used for LIPA's annual Tax and Payment in Lieu of Taxes (PILOT) grievance filings.
BS-18 (E&C-3)	Utility Marketing Effectiveness	\$250,000	Requires PSEG LI to improve marketing, advertising, and customer communications and present a unified view of utility marketing effectiveness by utilizing and enhancing customer intelligence, ensuring holistic planning, and spending customer dollars efficiently and effectively.
BS-19 (E&C-4)	Reputation Management and Positive Media Sentiment	\$150,000	Requires PSEG LI to maintain a positive reputation through proactive and effective media outreach, corporate communications, and content planning.
BS-20 (E&C-5)	Reputation Management – Share of Voice	\$150,000	Requires PSEG LI to enhance proactive media relations to ensure PSEG LI has active "Share of Voice" in media articles.
BS-21 (E&C-6)	Social Media Engagement and Following	\$250,000	Requires PSEG LI to enhance social media engagement and response rate on Facebook, Twitter, and LinkedIn. Utilize artificial intelligence to provide a near immediate automated response that indicates to customers that their case is being routed to an analyst for resolution and provide resources for customers tailored to their keyword indication.
BS-22	Timely, Accurate, and Supported Storm Event Invoicing	\$300,000	Requires PSEG LI to ensure timely, accurate, and appropriately-supported storm event costs to LIPA are provided.
BS-23	FEMA Tropical Storm Isaias Grant -- Engineering to Support Grant Application	\$150,000	Requires PSEG LI to complete the engineering required in a timely and complete manner to support the FEMA storm hardening grant application associated with Tropical Storm Isaias.
BS-24	Improve the Accuracy of Asset Records for Outside Plant	\$150,000	Requires PSEG LI to improve the accuracy of asset records for outside utility plant.
BS-32	Update Low and Moderate Income (LMI) Tariff and Billing	\$150,000	Requires PSEG LI to modify billing of LMI discounts so that discounts are applied to volumetric delivery and power supply charges and not applied to daily service charges.
BS-33	Consolidate Real Estate Footprint	\$300,000	Requires PSEG LI to implement Project Implementation Plan (PIP) to support a strategy to consolidate LIPA's real estate footprint. The PIP will cover the (i) termination of leases for certain customer service centers at Far Rockaway, Coram, Seaford, and Lindenhurst, (ii) office space in Bethpage, (iii) warehouse space in Hauppauge, and (iv) PSEG LI dedicated space in Uniondale.

COMPENSATION AT RISK BASED ON PERFORMANCE \$20,000,000*

** Risk based compensation amount are reflected in 2021 dollars, and have not been adjusted for inflation.*





LIPA Proposed 2023 Performance Metrics

2023 LIPA Proposed Performance Metrics

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T&D-33	Execute Real Estate Strategy on (i) purchase of a property in Medford for a new operations yard and (ii) National Grid Properties.
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LIPA Proposed 2023 Performance Metrics

BS-01 (ERM-1): Enterprise Risk Management (ERM) - Implementation of the Risk Mitigation Effectiveness Process

Board Policy: Enterprise Risk Management	Board PIPs: ERM-04 (Produce Annual Report)
LIPA Exec. Sponsor: boconnor@lipower.org	LIPA Proj. Mgr: jdehnert@lipower.org
PSEGLI Exec. Sponsor: VP of Business Services TBD	PSEGLI Proj. Mgr: John Lemanski
PSEGLI Director: TBD	DPS Contact: David Bell, John Goench
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Implement a process to assess the effectiveness of risk mitigation activities on a qualitative basis.

TARGETS AND CALCULATIONS

Meet all identified requirements and deliver by established due dates.

For purposes of measuring "effectiveness", the following definitions will apply:

- Effective - the mitigation efforts in place are substantially managing the risk to a reasonable level (e.g. Management to provide a statement and evidence (where available) that the risk is being effectively managed (i.e., once we updated switches we saw XX reductions in outages)).
- Moderately Effective - the mitigation efforts in place are having some effect managing the risks but additional actions and/or resources would help to better control and manage the risk (e.g. Management to provide actions that could be implemented including necessary resources that would help to better manage the risk; or a qualifying statement on why management finds the current risk environment acceptable).
- Not Sufficiently Effective - the mitigation efforts currently in place are not having the intended impact in managing the risk and adjustments are warranted (e.g. Management to provide an action plan including any necessary resources and timeline to improve the environment).

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All reports shall be in a LIPA-approved format.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
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LIPA Proposed 2023 Performance Metrics

BS-01 (ERM-1): Enterprise Risk Management (ERM) - Implementation of the Risk Mitigation Effectiveness Process

Propose 10 risks from the Tier 1 & Tier 2 risks to apply the risk mitigation effectiveness process that was developed in 2022 and outlined in the 2022 ERM Annual Report	2023-02-01
Include the results of applying the risk mitigation effectiveness process to the identified 10 risks in the ERM Annual Report due to LIPA by June 30, 2023	2023-06-30
Revise and update, if needed, PSEG LI's process for evaluating risk mitigation effectiveness based upon LIPA feedback on the ERM Annual Report due to LIPA by June 30, 2023	2023-08-30
Include updated results of applying the risk mitigation effectiveness process in the Update to the ERM Annual Report due December 15, 2023, including a discussion of any revisions made to the current process, recommendations for improvement, and identification of other Tier 1 & 2 risks for the risk mitigation effectiveness process to be applied to in 2024	2023-12-15

LIPA Proposed 2023 Performance Metrics

BS-05 (HR-3): Full Time Vacancy Rate

Board Policy: Customer Value and Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: boconnor@lipower.org	LIPA Proj. Mgr: bdillon@lipower.org
PSEGLI Exec. Sponsor: Steven Fleischer	PSEGLI Proj. Mgr: Beverly Esposito
PSEGLI Director: Jodi Varon	DPS Contact: Daniel Pohoreckyj
Allocated Compensation (2021 Dollars) : 450000	

OBJECTIVE

Obtain the budgeted full-time headcount identified as necessary to achieve operational objectives within the identified categories and to minimize expenses related to supplemental resources such as temporary employees, consultants, affiliate employees, etc.

Develop reports to track key performance indicators related to recruiting, hiring, and retention practices. Key performance indicators will include - Time to Fill (exempt and non-exempt), Submittal to Interview Percentage, Voluntary/Involuntary Turnover Rates, and Job Offer Acceptance Rate.

TARGETS AND CALCULATIONS

Achieve an annual vacancy rate of no greater than 5.0% in the four identified organizations:

- Overall
- Transmission & Distribution
- Customer Service including Energy Efficiency
- Business Services including Power Markets

Achieve an annual vacancy rate no greater than 7.0% in the following one organization:

- Information Technology

Each of the above measured as the simple average of the 12 monthly results measured on the last day of each month in 2023.

Calculation:

1. The actual headcount for each month in 2023 is defined as the number of full-time employees on the PSEG Long Island payroll on the last business day of each month.
2. The budgeted headcount will be determined from the approved budget for each month of 2023.
3. The monthly occupancy rate equals the actual headcount divided by the budgeted headcount in each month. The monthly vacancy rate equals 1 minus the occupancy rate.
4. The annual vacancy rate equals the simple average of the monthly vacancy rates.

Note, a budget vacancy credit does not change the budgeted headcount for the month but instead acknowledges, as this metric does, that some budgeted positions will be vacant. The objective of the metric is to minimize the vacancies in

LIPA Proposed 2023 Performance Metrics

BS-05 (HR-3): Full Time Vacancy Rate

budgeted headcount.

100% of allocated incentive compensation payable for achievement of vacancy rate targets for 5 out of 5 organizations.

75% of allocated incentive compensation payable for achievement of vacancy rate targets for 4 out of 5 organizations.

Quarterly: Within 5 business days following the end of each Quarter, PSEG Long Island will populate a LIPA-developed Smartsheet to track key performance indicators (KPI) related to recruiting, hiring and retention practices quarterly. Key performance indicators will include - Time to Fill (exempt and non-exempt), Submittal to Interview Percentage, Voluntary/Involuntary Turnover Rates, and Job Offer Acceptance Rate.

Quarterly: Within 5 business days following the end of each Quarter, complete and provide the information identified in the LIPA KPI Smartsheet. PSEG LI will meet with LIPA to review metric performance at least quarterly.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Affiliate services employees, contractors, consultants, part-time employees, and temporary employees are excluded from this calculation.

Excluding situations or business conditions that arise that LIPA determines or agrees are truly out of the Service Provider's control.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Full Time Vacancy Rate 2) Any additional supporting documentation as required	Monthly
PSEG Long Island will populate a LIPA-developed Smartsheet to track key performance indicators related to recruiting, hiring and retention practices. Key performance indicators will include - Time to Fill (exempt and non-exempt), Submittal to Interview Percentage, Voluntary/Involuntary Turnover Rates, and Job Offer Acceptance Rate.	Quarterly: Within 5 business days following the end of each Quarter
Complete and provide the information identified in the LIPA KPI Smartsheet.	Quarterly: Within 5 business days following the end of each Quarter

LIPA Proposed 2023 Performance Metrics

BS-07 (BGT-1): Complete Affiliate Cost and Quality Justifications

Board Policy: Customer Value and Affordability	Board PIPs: AS-01 (Enhanced Affiliate Budget Transparency)
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: Gerry Ring
PSEGLI Exec. Sponsor: Scott Jennings	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Martin Shames, Prem Patel	DPS Contact: seth.johnson@dps.ny.gov
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

To ensure that PSEG LI's decision to perform a particular Scope Function or Sub-Function through an Affiliate as a Shared Service, rather than by a qualified subcontractor or ServCo, is cost and quality justified pursuant to OSA Section 5.2(A)(7).

TARGETS AND CALCULATIONS

Meet all identified requirements with high-quality deliverables and deliver by established due dates, including those contained in the PIP.

PSEG LI will meet with LIPA at least quarterly, or more frequently as requested, to review status and deliverables and will update deliverables based on LIPA's reasonable feedback.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. The PIP, remediation plan, and project plan pursuant to OSA Section 5.2(A)(7)(ii) will be in a LIPA-approved format.

EXCLUSIONS

The due dates for the remediation plan and project plan, respectively, may be adjusted pursuant to OSA Section 5.2(A)(7)(ii) based on the date that LIPA requests such plan, in its reasonable judgment, for any of the applicable Scope Functions or Scope Sub-Functions provided through an Affiliate as a Shared Service.

DELIVERABLES

Deliverable Name	Target Due Date
Update Metric deliverables to incorporate any Human Resources and Information Technology Remediation Plan deliverables to be completed in 2023 pursuant to the 2022 Metric BS-7 Affiliate Cost Benefit Justification.	2023-01-15
Complete a "lessons learned" review process with key stakeholders, including LIPA, from the completion of 2022 Metric BS-7 Affiliate Cost Benefit Justification and submit a Project Implementation Plan (PIP) that results in specific, actionable recommendations to improve the process for 2023. Update the Metric deliverables in Smartsheet to include the PIP deliverables.	2023-01-31
Update the comprehensive cost-benefit justification/alternative analysis (CBA/AA) template designed for the 2022 Metric BS-7 and any related procedures to implement recommendations from the "lessons learned."	2023-02-28

LIPA Proposed 2023 Performance Metrics

BS-07 (BGT-1): Complete Affiliate Cost and Quality Justifications

In accordance with OSA Section 5.2(A)(7)(i), PSEG LI will prepare and submit to LIPA a cost and quality justification for the Service Provider's decision to perform Procurement, Payroll and Accounts Payable, Enterprise Risk Management, Treasury, Miscellaneous Accounting Services, and Legal through an Affiliate as a Shared Service.	2023-04-28
PSEG LI will submit revised cost and quality justifications based on LIPA's reasonable feedback.	2023-05-19
In accordance with OSA Section 5.2(A)(7)(ii), prepare a remediation plan in a LIPA-approved format within 60 days, if LIPA, in its reasonable judgment, determines that the cost and quality justification provided by the Service Provider for the performance or continued performance of the Scope Functions or Scope Sub-Functions by the Affiliate versus performance by qualified subcontractor or ServCo does not adequately justify moving forward (or continuing to move forward) with the performance of the Scope Functions or Scope Sub-Functions by the Affiliate; AND the Service Provider and LIPA meet to discuss LIPA's concerns and the Service Provider exercises its option to submit a remediation plan to reduce costs or otherwise address LIPA's concerns.	2023-06-30
In accordance with OSA Section 5.2(A)(7)(ii), submit a project plan including a detailed budget submission, to transition such services from the Affiliate to one or more subcontractors and/or to ServCo (as directed by LIPA) within a period not to exceed 120 days, unless a longer period is mutually agreed to by the Parties as necessary.	2023-12-31

LIPA Proposed 2023 Performance Metrics

BS-08 (BGT-2): Improve the Capital Project Impact Analysis and Tracking Process

Board Policy: Customer Value and Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: Gerry Ring
PSEGLI Exec. Sponsor: Scott Jennings	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Prem Patel	DPS Contact: sean.walters@dps.ny.gov
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Improve the Capital Project Impact Analysis Process and the Tracking of Realized Benefits.

TARGETS AND CALCULATIONS

PSEG LI's capital project impact analysis process shall include an assessment of identifiable Operations and Maintenance (O&M) impacts and qualitative impacts, such as customer benefits and enhanced system reliability for applicable capital projects. The analysis should include conducting a quantitative analysis and documenting qualitative benefits.

Meet all identified requirements with high-quality deliverables and deliver by established due dates, including those contained in the PIP.

PSEG LI will meet with LIPA at least quarterly, or more frequently as requested, to review status and deliverables and will update deliverables based on LIPA's reasonable feedback.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. The PIP and reports will be in a LIPA-approved format.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Conduct a "lessons learned" review process with key stakeholders, including LIPA, from the completion of 2022 Metric BS-8 Capital Project Impact Analysis and submit a Project Implementation Plan (PIP) that results in specific, actionable recommendations to improve the process for 2023. Update the Metric deliverables in Smartsheet to include the PIP deliverables.	2023-05-31
Submit analysis for all major projects proposed, defined as a project having a total project cost of \$10.0M or are reasonably expected to have an annual operating budget impact (additional cost or savings) when fully implemented of \$1.0 million or greater on an annual basis. If this results in a listing of less than 5 projects, additional projects will be selected by LIPA, based on the advisement of the PSEG LI and LIPA Capital Working Group, to ensure the analysis is performed for a minimum of 5 projects.	2023-08-31
PSEG LI will submit revised analysis for each project based on LIPA's reasonable feedback.	2023-09-15

LIPA Proposed 2023 Performance Metrics

BS-08 (BGT-2): Improve the Capital Project Impact Analysis and Tracking Process

Submit a summary report detailing the analysis for each project (as defined above) to support the financial impact to the operating and capital budget based on the projected year the project enters service.	2023-09-30
Submit an annual report of the realized benefits for the completed and in-service major projects tracked in 2022 Metric BS-8 Capital Project Impact Analysis.	2023-10-30

LIPA Proposed 2023 Performance Metrics

BS-10 (ACC-2): Improve Annual Substation Property Tax Reports

Board Policy: Taxes and PILOTs	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: Donna Mongiardo, Joseph Wiener
PSEGLI Exec. Sponsor: Scott Jennings	PSEGLI Proj. Mgr: John Newell
PSEGLI Director: Prem Patel	DPS Contact: daniel.pohoreckyj@dps.ny.gov
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Improve the annual Substation Valuation Report to, among other items, include the 165 substations identified and previously agreed to for property tax related analysis and reporting. The annual Substation Valuation Report shall be used for LIPA's annual Tax and Payment in Lieu of Taxes (PILOT) grievance filings.

TARGETS AND CALCULATIONS

Minimum 90% accuracy (i.e. 18 of 20) of the Substation Valuation Report verified through a review completed by LIPA of a sample of 20 of the 165 substations, with selections determined by LIPA. Accuracy as listed in the attached table, includes all elements of the Substation Valuation Report, including the reasonable accuracy of calculations.

-AND-

This metric shall be awarded for successful accomplishment as determined by LIPA review and confirmation that the metric milestone was delivered as expected. The following measures shall apply:

- 75% of compensation is for the first 7 deliverables listed in the table due by 06/30/2023.
- 25% of compensation is for the last 2 deliverables listed in the table due by 11/16/2023.

RCNLD calculations shall use indices reviewed and approved by LIPA tax counsel.

PSEG LI will meet with LIPA quarterly, or more frequently as requested, to review status and deliverables and will update deliverables based on LIPA's reasonable feedback.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. The reports will be in a LIPA-approved format consistent with the 2022 metric.

EXCLUSIONS

If the 2022 Metric BS-9 and BS-10 are not met, the due dates on this 2023 metric, excluding the due dates for the submission of the policy, will be extended by 3 months unless in LIPA's reasonable opinion the corrective action would take longer to address.

DELIVERABLES

LIPA Proposed 2023 Performance Metrics

BS-10 (ACC-2): Improve Annual Substation Property Tax Reports

Deliverable Name	Target Due Date
Nassau County and New York City -- Incorporate the remaining 45 substations from 2022 Metric BS-10 (ACC-2) Substation Property Tax Module Plan located in Nassau County and/or New York City into the Substation Valuation Report.	2023-02-03
Nassau County and New York City -- Update Substation Valuation Report for the previous available tax year bills for Nassau County and New York City. Utilize November 2021/May 2022 School Tax bill and 2022 General bill for Nassau and January/July 2022 for New York City.	2023-02-03
Suffolk County -- Incorporate the remaining 45 substations from 2022 Metric BS-10 (ACC-2) Substation Property Tax Module Plan located in Suffolk County into the Substation Valuation Report.	2023-04-01
Suffolk County -- Update Substation Valuation Report for the previous available tax year bills for Suffolk County utilizing the Suffolk County 2022 bills.	2023-04-01
Submit a complete Substation Valuation Report reflecting the proper values from both above mentioned information on all tax bills and for reproduction cost of new assets less depreciation (RCNLD) for the 165 substations. Calculate substations with significant assessed value variances (and related necessary information) based on column #14 in table below.	2023-04-14
Submit a revised Substation Valuation Report based on LIPA's reasonable and timely feedback consistent with approved format from 2022 Metric BS-9.	2023-05-19
LIPA and PSEG LI review the Substation Valuation Report based on any additional reasonable and timely feedback which may differ from the 2022 report (ie. "lessons learned"). PSEG LI to submit a revised report based on LIPA's review and recommendations.	2023-06-30
Submit a "draft" policy/procedure detailing the process, requirements, and deadlines to update the Annual Substation Valuation Report each year.	2023-09-16
Submit a revised policy/procedure for the Annual Substation Valuation Report based on LIPA's feedback.	2023-11-16
See graphic below defining the 14 columns required for the report:	

TABLE 1: Report Format Specifications

Column Number	Source	Column Name	Accuracy Criteria/Description
Column #1	PowerPlan	Sub #	NBV Report in PowerPlan
Column #2	PowerPlan	Asset_Location	NBV Report in PowerPlan
Column #3	Master Payment File	Unique Identifier	This is unique item number created for every paid invoice. The Sec Block and Lot on each invoice is matched to Sec Block and Lot on each Substation as listed on the Real Estate (Survey Engineering) Substation File. <i>Note there are exceptions where the Sec Block Lot on Invoice does not match Sec Block Lot on the Real Estate File</i>
Column #4	Real Estate (Survey Engineering)	Sub Station Sec Block and Lot	Supplied by Real Estate (Survey Engineering)
Column #5	PowerPlan	RCNLD	Amount from 2.1 RCNLD Report in PowerPlan - location to match to NBV Report
Column #6	PowerPlan	ORPTS	Amount from 2.1 ORPTS Report - location to match to NBV Report
Column #7	PowerPlan	Book Cost	NBV Report in PowerPlan
Column #8	Invoices	Assessment	Amount from Invoice
Column #9	Invoices	Uniform % / EQ Rate	Used to create full (market) value, varies by jurisdiction
Column #10	Invoices	EQ Market Value	Calculation to convert to Market Value as needed
Column #11	Invoices	Full Value	Amount on Suffolk County Invoices, Calculated Value for Nassau
Column #12	Invoices	Total Bill	Amount from Invoice
Column #13	Master Payment File	Total Paid	Taken from Master Payment File
Column #14	Formula	RCNLD vs EQ Value/Full Value	Taken from RCNLD and EQ Value/Full Value Columns

LIPA Proposed 2023 Performance Metrics

BS-18 (E&C-3): Utility Marketing Effectiveness

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: jhayen@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Michelle Somers
PSEGLI Director: TBD	DPS Contact: Xenia Vega
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Improve marketing, advertising, and customer communications and present a unified view of utility marketing effectiveness by utilizing and enhancing customer intelligence, ensuring holistic planning, and spending customer dollars efficiently and effectively.

TARGETS AND CALCULATIONS

(1) Annual Marketing Plan and Reporting

The PSEG LI Annual Marketing Plan will demonstrate how PSEG LI plans to communicate with and educate customers in 2023. The goal of the marketing plan and reporting is to get a full view of PSEG LI's planned communications and marketing campaigns, KPIs for those respective campaigns, and proposed spending to be able to measure marketing effectiveness and success. PSEG Long Island will prepare a marketing strategy with clear, realistic, and measurable marketing objectives. PSEG LI must complete and deliver a comprehensive marketing plan, along with quarterly status updates in order to meet this metric.

The PSEG LI Annual Marketing Plan will include, but is not limited to:

- Identify the timing of planned communications
- Identify the market segments (profiles) of customers targeted
- Identify the marketing tactics and channels PSEG LI will use
- Identify party (i.e., Advertising agency or PSEG LI) and PSEG LI department responsible for the campaigns
- Show the budgeting and proposed spending of each campaign along with the breakdown of department incurring the cost
- Clearly define key performance indicators (KPIs) for each campaign
- Methods to further enhance customer communications

The Annual Marketing Plan will encompass all planned monthly marketing objectives and campaigns, channels of communication, anticipated spending for each campaign, customer segments, campaign opportunity/goal, and measurable KPIs for each campaign.

PSEG LI's annual marketing plan will include initiatives to improve J.D. Power Residential and Business Customer Satisfaction scores including topic channels and communication timing. These campaigns must be identified in the annual marketing plan, as "J.D. Power Initiative." Potential topics could include, but are not limited to, awareness about reliability; utility maintenance; pricing options; energy efficiency program and rebate awareness; local economic

LIPA Proposed 2023 Performance Metrics

BS-18 (E&C-3): Utility Marketing Effectiveness

development program support and funding; and community sponsorships.

PSEG LI must also submit four quarterly Marketing and Spending Reports that include actual marketing spending by topic and communications channel as compared to the Annual Marketing Plan. This report will include concluded campaign KPIs for the prior quarter as well as a planned marketing plan update with goals for the quarter ahead. The Marketing and Spending Report will demonstrate PSEG LI's achievement of the objectives of the annual Marketing Plan as well as marketing effectiveness as measured by these KPIs:

- Comparison to email and advertising industry benchmarks
- Program registrations and participation

The quarterly Marketing and Spending Reports shall be populated into the appropriate LIPA-created Smartsheet in a timely manner in accordance with the due dates, subject to data availability from marketing agency. Exceptions and extensions will be granted if PSEG LI provides reasonable support and notice (at least one week) prior to the target due date.

PSEG LI will also do its best to populate a monthly Smartsheet advertising spending report, with the Smartsheet template also provided by LIPA, which will break down the budgeted spend vs. actual for all of the month's campaigns. This shared spreadsheet will include the department incurring the advertisement cost and the channel/type of communication. This item will remain as an exclusion and is not contingent upon a defined metric deliverable.

The Marketing plan and budget forecasts can be fluid to accommodate unforeseen circumstances including emergencies, contractual, and other vendor issues.

(2) Customer Intelligence Pilot Program

The customer intelligence pilot program requires PSEG Long Island to identify and contract with a resource (such as a customer intelligence firm) that can leverage existing PSEG Long Island customer intelligence (including but not limited to call center, billing and payment information, AMI data, program engagement, and customer journey data information) with their own data (including but not limited to open data, third party data, and potential firm's own proprietary data). The data will be housed in one platform, provided this can be supported by IT/system resources, for PSEG Long Island's marketing and customer intelligence teams to then personalize direct customer marketing and communications at scale, using customer segments, personas, highest impact channels, and curated messaging. This pilot program is subject to LIPA approval of an official project proposal.

PSEG Long Island shall test one subject at scale, such as energy efficiency or low-to-moderate income. During the duration of the 6-9 month pilot program, monthly reports of process and success are required. The report must contain campaign goals, channels used, and KPIs and should be tested against a control group.

Incentive will be allocated as follows:

- 25% for Customer Intelligence Pilot Program
- 75% for Annual Marketing Plan and Reporting

LIPA Proposed 2023 Performance Metrics

BS-18 (E&C-3): Utility Marketing Effectiveness

To meet this metric, 80% of all quarterly reporting must be met by the deliverable target due date. 100% of all other deliverables must be complete, accurate, and timely.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

PSEG LI will meet with LIPA monthly to review metric status and deliverables.

EXCLUSIONS

Schedule relief may be granted for delay(s) directed or requested by LIPA or for situations and/or business conditions that arise that LIPA determines are beyond the reasonable control of the Service Provider.

PSEG Long Island can suggest a replacement project for (2) the Customer Intelligence Pilot Program if it is specifically designed to have a measurable defined cost or metric outcome, subject to approval by LIPA.

Monthly spending reports are excluded as a requirement of the metric, but suggested as a reasonable expectation so LIPA can understand actual spend and will be attempted as PSEG Long Island onboards a budget analyst.

PSEG LI will consider vendor recommendations from LIPA, however selection of a vendor must adhere to purchasing and data security requirements. The proposed pilot may need to be less than six (6) months, dependent on any onboarding process of a new vendor.

DELIVERABLES

Deliverable Name	Target Due Date
Customer Intelligence Pilot Program	
Choose one utility subject to test with customer intelligence firm with LIPA approval with rationale behind choice.	2023-01-13
Provide proposals with marketing campaigns, pilot program duration, and cost of preferred resource or customer intelligence firm for LIPA approval	2023-01-27
Customer intelligence firm data implementation period (6-8 weeks) to create the model/segmentation	2023-03-17
Submit monthly pilot program report	2023-04-28
Submit monthly pilot program report	2023-05-26
Submit monthly pilot program report	2023-06-30
Submit monthly pilot program report	2023-07-28
Submit monthly pilot program report	2023-08-25
Submit monthly pilot program report	2023-09-22
Final report of pilot program with recommendations of whether to purchase data	2023-10-06
Annual Marketing Plan and Reporting	
Submit Annual Marketing Plan to LIPA as defined in Targets and Calculations.	2023-01-20
Submit revised Annual Marketing Plan to LIPA reflecting LIPA's reasonable comments.	2023-02-10

LIPA Proposed 2023 Performance Metrics

BS-18 (E&C-3): Utility Marketing Effectiveness

Submit first quarter Marketing Report and Spending Report as defined in Targets and Calculations.	2023-04-28
Submit second quarter Marketing and Spending Report as defined in Targets and Calculations.	2023-07-28
Submit third quarter Marketing and Spending Report as defined in Targets and Calculations.	2023-10-27
Submit fourth quarter Marketing and Spending Report as defined in Targets and Calculations.	2024-01-26

LIPA Proposed 2023 Performance Metrics

BS-19 (E&C-4): Reputation Management and Positive Media Sentiment

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: jhayen@lipower.org
PSEGLI Exec. Sponsor: TBD	PSEGLI Proj. Mgr: Elizabeth Flagler
PSEGLI Director: TBD	DPS Contact: Xenia Vega
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Maintain a positive reputation through proactive and effective media outreach, corporate communications, and content planning.

TARGETS AND CALCULATIONS

Achieve a positive sentiment of at least 30% of media stories.

For purposes of this metric, sentiment will be defined as follows:

Positive Sentiment: Overall story enhances company perception, raises awareness, or educates customers by mentioning a program or initiative, and/or pulls through messaging or data points from PSEG LI.

Neutral Sentiment: Story is fact-based and neither positive nor negative.

Negative Sentiment: Overall story detracts from company perception, or negative assertions about the company outweigh positive or neutral statements/information included in the story.

Calculation:

1. Positive Story Score: The total calculation of positive scores on stories is calculated through the sentiment of each individual news article. The metric will be met if 30% or greater of aggregated news coverage on PSEG LI is positive by year's end.
2. Each item will be evaluated for sentiment manually by PSEG LI based on the above definitions and will be included in a Media Sentiment Smartsheet that PSEG LI will update monthly, with a final report at year's end. LIPA will independently verify all analyses. A sample of Headlines with Sentiment will be provided in the monthly update and final report.

Populate a shared Smartsheet of Media Sentiment data that will be updated by the 25th of each month. The Smartsheet will include every story found within the month, citing the publication, date, headline, link to article or print source, related topic, and whether or not the article is related to a crisis event, along with the assigned sentiment. LIPA has the right to audit results.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. The Media Sentiment Data will be entered into a shared Smartsheet in a LIPA-approved format.

LIPA Proposed 2023 Performance Metrics

BS-19 (E&C-4): Reputation Management and Positive Media Sentiment

PSEG LI will meet with LIPA monthly to review metric deliverables.

EXCLUSIONS

Schedule relief may be granted for delay(s) directed or requested by LIPA or for situations and/or business conditions that arise that LIPA determines are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Update Smartsheet with Media Sentiment data	2023-02-25
Update Smartsheet with Media Sentiment data	2023-03-25
Update Smartsheet with Media Sentiment data	2023-04-25
Update Smartsheet with Media Sentiment data	2023-05-25
Update Smartsheet with Media Sentiment data	2023-06-25
Update Smartsheet with Media Sentiment data	2023-07-25
Update Smartsheet with Media Sentiment data	2023-08-25
Update Smartsheet with Media Sentiment data	2023-09-25
Update Smartsheet with Media Sentiment data	2023-10-25
Update Smartsheet with Media Sentiment data	2023-11-25
Update Smartsheet with Media Sentiment data	2023-12-25

LIPA Proposed 2023 Performance Metrics

BS-20 (E&C-5): Reputation Management – Share of Voice

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: jhayen@lipower.org
PSEGLI Exec. Sponsor: TBD	PSEGLI Proj. Mgr: Elizabeth Flagler
PSEGLI Director: TBD	DPS Contact: Xenia Vega
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Enhance proactive media relations to ensure PSEG LI has active "Share of Voice" in media articles.

TARGETS AND CALCULATIONS

Achieve a 50% "Share of Voice" during Crisis Events throughout the year.

For the purposes of this metric, Share of Voice will be defined as the amount of media stories mentioning PSEG LI that quote someone from the organization or cite data it has provided.

For purposes of this metric, a Crisis Event is defined as a major storm, grid reliability issues, cyber-attack, death, or significant injury to a member of the public from a utility incident, or a significant political or social event related to the operation of LIPA's electrical grid. The Crisis Event designation continues for 30 days following the first date on which the event is reported in the media.

Populate a Share of Voice data Smartsheet that will be updated by the 25th of each month. The Smartsheet will include every story found within the month, citing the publication, date, headline, link to article or print source, related topic, whether or not there was share of voice, and whether or not the article related to a Crisis Event, along with the assigned sentiment. LIPA will provide the Smartsheet template.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. The Share of Voice data will be entered into a shared Smartsheet in a LIPA-approved format. LIPA has the right to audit results.

PSEG LI will meet with LIPA monthly to review metric deliverables.

EXCLUSIONS

Schedule relief may be granted for delay(s) directed or requested by LIPA or for situations and/or business conditions that arise that LIPA determines are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Update Smartsheet with Share of Voice data.	2023-02-25
Update Smartsheet with Share of Voice data.	2023-03-25

LIPA Proposed 2023 Performance Metrics

BS-20 (E&C-5): Reputation Management – Share of Voice

Update Smartsheet with Share of Voice data.	2023-04-25
Update Smartsheet with Share of Voice data.	2023-05-25
Update Smartsheet with Share of Voice data.	2023-06-25
Update Smartsheet with Share of Voice data.	2023-07-25
Update Smartsheet with Share of Voice data.	2023-08-25
Update Smartsheet with Share of Voice data.	2023-09-25
Update Smartsheet with Share of Voice data.	2023-10-25
Update Smartsheet with Share of Voice data.	2023-11-25
Update Smartsheet with Share of Voice data.	2023-12-25

LIPA Proposed 2023 Performance Metrics

BS-21 (E&C-6): Social Media Engagement and Following

Board Policy: Customer Service	Board PIPs: 4.09 (Prepare Social Media Staff)
LIPA Exec. Sponsor: mlodhi@lipower.org	LIPA Proj. Mgr: jhayen@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Brian Merkle, Philip Decicco
PSEGLI Director: Jorge Jimenez	DPS Contact: Xenia Vega
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Enhance PSEG LI's social media engagement and response rate on Facebook, Twitter, and LinkedIn.

Utilize artificial intelligence to provide a near immediate automated response that indicates to customers that their case is being routed to an analyst for resolution and provide resources for customers tailored to their keyword indication.

TARGETS AND CALCULATIONS

Target: Meet all criteria by set deliverables and due dates per Calculations as defined below.

On Blue Sky Days:

- 90% of cases related to personal health and safety will be responded to by a live agent within one (1) Business Hour.
- 90% of cases related to any other topic will be responded to by a live agent within three (3) Business Hours.

During Major Storms:

- 85% of cases related to personal health and safety will be responded to by a live agent within three (3) Business Hours
- 85% of cases related to any other topic will be responded to by a live agent within five (5) Business Hours

Business Hours are:

- o 7 a.m. – 11 p.m., Monday through Friday.
- o 9 a.m. – 6 p.m., Saturday through Sunday & company holidays.

Timely response calculation for cases received outside of Business Hours will begin at the start of the following Business Day shift. For example, a personal health and safety case received at 11:30 p.m. Monday on a Blue Sky Day will need to be responded to by 8:59 a.m. on Tuesday in order to comply with the 2-hour live agent cap.

For the purpose of this metric, "Major Storms" are defined as a period of adverse weather during which service interruptions affect at least 10 percent of the customers in an operating area and/or result in customers being without electric service for durations of at least 24 hours.

PSEG LI shall evaluate staffing resources, time of day, and whether or not there is a storm or crisis event to use artificial intelligence. Data report shall include when and through which channel AI was used.

LIPA Proposed 2023 Performance Metrics

BS-21 (E&C-6): Social Media Engagement and Following

PSEG LI must share a monthly report that includes engagement data. Report should include, but is not limited to, a spreadsheet with Sprinklr data, that includes but is not limited to, number of cases, case creation and closing time, priority level, case service topic (large area outage, myaccount, tree debris, etc.), actual language of initial customer inquiry, case service category (outages, billing & payment, proactive post, etc.), type of case (storm, blue sky, or personal safety), ID, date, day of week, day type, social network, the type of inquiry (tweet, comment, and/or direct message), service topic, and performance (pass/fail). Report should be sent by the 25th day of the month.

All responses must be tailored and accurate to the related issue raised by customer on social media. PSEG LI will use artificial intelligence (AI) keyword logic and prioritization for initial screening and response of personal health and safety cases.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. The monthly report will be in a LIPA-approved format. LIPA has the right to audit results.

PSEG LI will meet with LIPA monthly to review metric deliverables.

EXCLUSIONS

Instagram security restrictions do not allow integration into social media monitoring and responsive platforms. Therefore, Instagram will be used primarily as an outbound proactive (versus reactive) communication platform and not included in this metric.

DELIVERABLES

Deliverable Name	Target Due Date
Submit monthly report.	2023-01-25
Submit monthly report.	2023-02-25
Submit monthly report.	2023-03-25
Submit monthly report.	2023-04-25
Submit monthly report.	2023-05-25
Submit monthly report.	2023-06-25
Submit monthly report.	2023-07-25
Submit monthly report.	2023-08-25
Submit monthly report.	2023-09-25
Submit monthly report.	2023-10-25
Submit monthly report.	2023-11-25
Submit monthly report.	2023-12-25

LIPA Proposed 2023 Performance Metrics

BS-22: Timely, Accurate, and Supported Storm Event Invoicing

Board Policy: Fiscal Sustainability	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: kkane@lipower.org
PSEGLI Exec. Sponsor: Peggy Keane	PSEGLI Proj. Mgr: Zully Swarez
PSEGLI Director: Prem Patel	DPS Contact: Pooja Oberoi, Sanielle Worrell
Allocated Compensation (2021 Dollars) : 300000	

OBJECTIVE

To ensure PSEG Long Island provides timely, accurate, and appropriately-supported storm event costs to LIPA.

TARGETS AND CALCULATIONS

For Storm events, PSEG LI shall:

1. Provide an estimated dollar value of damages by County, for each storm event within 10 days of the end of the follow-up period as defined in ERIP FIN 001.
2. Submit Invoice 1 within 3 months of the end date of the storm event and it shall consist of the following Categories:
 - a. PSEG LI Labor
 - b. Indirect Labor (Fleet/Materials Handling)
 - c. Labor Burdens (contract labor burdens)
 - d. Indirect outside Services (Fleet/Materials Handling)
 - e. Employee Expenses (Logistics and T&S)
 - f. Materials
3. Submit Invoice 2 within 6 months of the end date of the storm event and it shall consist of the following Categories:
 - a. Foreign crew tree trim, HV and LV
 - b. Damage Assessors
 - c. Wire watchers
 - d. Logistics (outside services)
 - e. Other contractor invoices brought in to support restoration

FEMA events will instead follow the Categories as defined in the Disaster Inventory Listing (DILI) and the timelines as outlined below (based on the October 2022 draft CAM FI-H1-16):

3 months:

- a. Category B – Center and Emergency Operations Center Costs)
- b. Category B – PSEG LI Labor Costs and Burdens
- c. Category B – Logistics Costs

4 months Category B – Environmental Spills Clean-up costs

5 months Category F – PSEG LI Labors and Burdens

6 months Category F – Materials

LIPA Proposed 2023 Performance Metrics

BS-22: Timely, Accurate, and Supported Storm Event Invoicing

7 months Category F – Fleet

8 months Category F – Logistics

10 months Category F – Outside Service and Proof of Payment for All Categories above

Target: PSEG LI must meet both the Accuracy and Timeliness standard on 90% of storm events (rounded to the nearest whole number, i.e. 20 storms @ 90% = 18 storms; 15 storms @ 90% = 14 storms) to earn all of the compensation.

Timeliness – is defined as meeting each of the above-stated deliverable timelines for a storm event. Those deliverables due in 2023 will count towards the metric.

Accuracy – any adjustments related to the total amount provided in invoice #1 or invoice #2 (measured separately) cannot exceed 5% of total invoice to meet the accuracy standard for an event. (i.e. Invoice #1 = \$10M – adjustments to invoice #1 cannot be greater than \$500k). For FEMA events, the accuracy measurement will be measured on each month's Category package listed above.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-02-14
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-03-13
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-04-14
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-05-12
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-06-14
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-07-18
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-08-14
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-09-14
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-10-13
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-11-14
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-12-14
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2024-01-15

LIPA Proposed 2023 Performance Metrics

BS-23: FEMA Tropical Storm Isaias Grant -- Engineering to Support Grant Application

Board Policy: Transmission & Distribution Operations, Fiscal Sustainability	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: kkane@lipower.org
PSEGLI Exec. Sponsor: Peggy Keane	PSEGLI Proj. Mgr: Craig Watkins
PSEGLI Director: John Dunne	DPS Contact: Sanielle Worrell, Sean Walters
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

To complete the engineering required in a timely and complete manner to support the FEMA storm hardening grant application associated with Tropical Storm Isaias.

TARGETS AND CALCULATIONS

This project is to establish requirements and timelines for engineering up to 174 circuits identified by PSEG LI as candidates for the FEMA Tropical Storm Isaias and remnants of Ida storm hardening grants. The FEMA grant is pending an updated Scope of Work that is to be based on the specific engineering of each circuit.

To be successful, PSEG LI must prepare high-quality Hazard Mitigation Plan (HMP) circuit binders in a LIPA-approved format to include:

- > Recommended hardening for each of the 174 identified circuits
- > Circuit map for each circuit
- > Outage maps for each circuit showing outages caused by Tropical Storm Isaias
- > Proposed mitigation maps for each circuit
- > Design basis criteria for each mitigation activity
- > Detailed scope of work for each circuit
- > Cost estimate for each circuit

PSEG LI shall deliver by January 13, 2023 a schedule for binder delivery to be approved by LIPA that delivers binders to FEMA in batches of 25-28 per month such that all identified circuit binders are delivered to FEMA by July 31, 2023. LIPA will review in parallel during the time period that FEMA conducts its review. PSEG LI will address LIPA comments on any binders within 20 business days to facilitate timely delivery to FEMA.

PSEG LI shall provide a Monthly Status Report demonstrating metric performance for the prior month to be reviewed in a meeting with LIPA and DPS until the project is complete.

Target: Satisfy all the deliverables, including the requirements stated in the Targets and Calculations section, in a quality manner, and on the defined timeline.

LIPA Proposed 2023 Performance Metrics

BS-23: FEMA Tropical Storm Isaias Grant -- Engineering to Support Grant Application

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. All status reports will be in a LIPA-approved format. LIPA has the right to audit results.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Submit schedule for binder delivery for LIPA approval. Update Smartsheet deliverables to reflect LIPA-approved schedule.	2023-01-13
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-02-14
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-03-13
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-04-14
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-05-12
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-06-14
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-07-18
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2023-08-14

LIPA Proposed 2023 Performance Metrics

BS-24: Improve the Accuracy of Asset Records for Outside Plant

Board Policy: Asset Management	Board PIPs: AM-1: Asset Management Framework
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: kkane@lipower.org
PSEGLI Exec. Sponsor: VP Business Services (TBD)	PSEGLI Proj. Mgr: Donald wickstrom, Mark Sikorsky
PSEGLI Director: Patrick hession	DPS Contact: Pooja Oberoi
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

To improve the accuracy of asset records for outside utility plant.

TARGETS AND CALCULATIONS

This project is to implement the recommendations of the LIPA-commissioned report from PA Consulting "End-to-End Review -- Maintaining Accurate Property Records," including the requirements of a LIPA-approved PIP.

Project success requires submitting a PIP to meet all project requirements no later than January 31, 2023, including:

- a) measures to ensure that crew leaders affirmatively sign off that a job is done as designed or document and sign-off on the as-built changes;
- b) measures to double the number of Area Supervisor folder reviews beginning January 1, 2023;
- c) measures to assess and report on the accuracy of Area Supervisor folder review during the period ended September 30, 2023;
- d) measures to improve year-over-year accuracy of Area Supervisor folder reviews until such level reaches a 95% accuracy level;
- e) measures to ensure that System Mapping doubles the number of folders reviews beginning January 1, 2023;
- f) measures to assess and report on the accuracy of EGIS asset data when compared to that which could be observed in the field during the period January 1, 2023 through September 30, 2023;
- g) measures to improve EGIS asset data accuracy to observed field conditions to achieve year over year improvement until 95% accuracy is achieved;
- h) measures to ensure that the System Mapping Department will create/generate a Disconnected Customer Report beginning with the quarter ending December 31, 2022 that identifies customer accounts that are not related to a GIS service point (orphan accounts);
- i) measures to develop a reporting mechanism (based on data from the 4 quarters ending September 30, 2023) during the 4th quarter of 2023 that identifies "orphan" customer and the remediation actions taken to alleviate the conditions;
- j) measures to ensure randomness of folders reviewed in step (b) to (e) above.

Target: Meet all identified requirements, including specified outcomes for 95% accuracy, with high-quality deliverables and deliver by established due dates, including those contained in the PIP.

LIPA shall conduct an audit to affirm the accuracy EGIS asset data, OMS customer-to-transformer connections, and work folder review by the Area Supervisor and Mapping Department during 2024.

LIPA Proposed 2023 Performance Metrics

BS-24: Improve the Accuracy of Asset Records for Outside Plant

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. PIP and status reports will be in a LIPA-approved format. LIPA has the right to audit results.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Submit PIP to meet all project requirements. Update Smartsheet for LIPA-approved deliverables.	2023-01-31
Provide a status report demonstrating metric performance for quarter ended March 31, 2023.	2023-04-14
Provide a status report demonstrating metric performance for quarter ended June 30, 2023.	2023-07-21
Provide a status report demonstrating metric performance for quarter ended September 30, 2023.	2023-10-20
Provide a status report demonstrating metric performance for quarter ended Dec 31, 2023.	2024-01-26

LIPA Proposed 2023 Performance Metrics

BS-32: Update Low and Moderate Income (LMI) Tariff and Billing

Board Policy: Customer Value & Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: msmith@lipower.org
PSEGLI Exec. Sponsor: prem patel	PSEGLI Proj. Mgr: Joseph Trainor
PSEGLI Director: TBD	DPS Contact: Sean Walters
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Modify billing of LMI discounts so that discounts are applied to volumetric delivery and power supply charges and not applied to daily service charges.

TARGETS AND CALCULATIONS

TARGET: Complete all requirements with high-quality deliverables and deliver by established due dates, including those contained in the PIP.

CALCULATIONS: This metric will be evaluated on a pass/fail basis. To achieve a passing score, all of the following requirements must be met:

1. Delivery of LIPA-approved PIP for modification of LMI discount billing according to the metric objective, by 1/31/2023
2. Delivery of draft tariff proposal to LIPA and DPS by 2/28/2023.
3. Delivery of final tariff proposal to LIPA for April SAPA, by 3/31/2023.
4. Final IT requirements, reflecting LIPA comments, delivered to IT by 6/01/2023.
5. Completion of all IT work needed to implement metric-related billing changes by 12/31/2023.

Project implementation success will include high quality deliverables that are clear, comprehensive, and include supporting details and are in compliance with PMI/IIBA IT standards.

Projects that meet all of the following criteria will be considered successfully completed:

- i) meet or exceed the expected outcome targets defined in the PIP;
- ii) pass the deliverable quality review process; and
- iii) meet due dates for project deliverables

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. The PIP and other deliverables shall be provided in a LIPA-approved format.

EXCLUSIONS

Schedule relief may be granted for delays:

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

LIPA Proposed 2023 Performance Metrics

BS-32: Update Low and Moderate Income (LMI) Tariff and Billing

1. On or before March 31, 2023: If LIPA, for reasons unrelated to PSEG LI's performance of the above requirements, decides to cancel the project, the incentive compensation allocated to this metric will be re-allocated pro-rata to the other metrics in the Power Supply and Clean Energy Scope.
2. After March 31, 2023 and before August 1, 2023: If, for reasons unrelated to PSEG LI's performance of the above requirements, LIPA decides to cancel the project, the DPS declines to provide a written recommendation to the Board, or the Board declines to adopt the Tariff proposal, then 25% of the incentive compensation allocated to this metric will be awarded in full for PSEG LI's completed deliverables, and the remaining 75% of the incentive compensation will be re-allocated pro-rata to the other metrics in the Power Supply and Clean Energy Scope.
3. As of August 1, 2023, if the project has received Board approval, it will not be subject to cancellation for the remainder of the metric evaluation period.

LIPA may also approve different interim deadlines, provided the schedule changes do not affect the completion of all requirements by December 31, 2023.

DELIVERABLES

Deliverable Name	Target Due Date
PSEG to submit PIP for modification of LMI discount billing. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-01-31
Draft tariff proposal provided to LIPA and DPS	2023-02-28
Final tariff proposal approved by LIPA for April SAPA	2023-03-31
Final IT requirements approved by LIPA	2023-06-01
LIPA Board approval	2023-07-31

LIPA Proposed 2023 Performance Metrics

BS-33: Consolidate Real Estate Footprint

Board Policy: Customer Value & Affordability	Board PIPs: RE-01: Long Term Real Estate Strategy
LIPA Exec. Sponsor: boconnor@lipower.org	LIPA Proj. Mgr: jhorowitz@lipower.org
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Pasquale Disilvestro
PSEGLI Director: TBD	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 300000	

OBJECTIVE

Implement Project Implementation Plan (PIP) to support a strategy to consolidate LIPA's real estate footprint. The PIP will cover the (i) termination of leases for certain customer service centers at Far Rockaway, Coram, Seaford, and Lindenhurst, (ii) office space in Bethpage, (iii) warehouse space in Hauppauge, and (iv) PSEG LI dedicated space in Uniondale.

TARGETS AND CALCULATIONS

- 50% of compensation for completion of deliverables related to termination of the customer service center leases.
- 40% of compensation for completion of deliverables related to Bethpage and the Hauppauge warehouse.
- 10% of compensation for completion of the deliverables related to the Uniondale space.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Provide notice of intent to (early) terminate the customer service center leases to landlord (Far Rockaway, Coram, Seaford, and Lindenhurst properties, collectively referred to as the "customer service centers")	2023-02-01
Develop project plan to move remaining operations at Bethpage to alternative site	2023-02-01
Provide notice of intent to (early) terminate the Bethpage lease to landlord	Within 15 business days of LIPA's approval of the plan in the line above
Provide LIPA with summary of lease termination negotiations with each landlord for the customer service centers, and an estimate of costs of termination and removal of any assets from the leased properties	2023-03-31

LIPA Proposed 2023 Performance Metrics

BS-33: Consolidate Real Estate Footprint

Finalize lease terminations for the customer service centers	Within 30 calendar days of LIPA's approval of the cost estimate referenced above
Provide LIPA with summary of lease termination negotiations with the landlord for the Bethpage office space, and an estimate of costs of termination and removal of any assets from Bethpage	2023-03-31
Finalize lease termination for Bethpage office space	Within 30 calendar days of LIPA's approval of the later of the plan to move remaining Bethpage operations and the cost estimate referenced above
Remove all PSEG Long Island assets remaining in the Uniondale suite and vacate premises, including directing PSEGLI employees to remove any remaining personal items from the Uniondale suite	2023-01-31
Develop plan to relocate the Meter Services training facility and inventory currently at Hauppauge warehouse to an existing site	2023-02-28
Provide notice of intent to (early) terminate the lease at the Hauppauge warehouse to landlord	Within 10 calendar days of LIPA's approval of the estimate of termination and removal costs referenced above
Relocate or sell inventory currently stored at Hauppauge warehouse	Within 30 calendar days of LIPA's approval of the later of the plan to relocate and the estimate of the costs
Finalize lease termination for Hauppauge warehouse	Within 30 calendar days of LIPA's approval of the relocation

LIPA Proposed 2023 Performance Metrics

BS-33: Consolidate Real Estate Footprint

	of the inventory referenced above
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LIPA Proposed 2023 Performance Metrics

CS-01: Delivery of Strategic Customer Experience & Billing Projects

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: cmackool@lipower.org
PSEGLI Exec. Sponsor: Gregory Filipkowski, Louis Debrino	PSEGLI Proj. Mgr: Nayan Parikh, Veronica Isaac
PSEGLI Director: Brigitte Wynn, John Keating	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 300000	

OBJECTIVE

Implementation of strategic customer projects to improve customer contact, payment, and billing experience and drive top quartile performance.

TARGETS AND CALCULATIONS

PSEG Long Island to deploy the following strategic customer projects:

1. Accelerated Payment Posting Feasibility Study – Research feasibility of accelerating payment posting and withdraw of funds from customer accounts to real-time or at minimum same day. Prepare a report in a LIPA-approved format to detail the options, constraints, risks, high-level cost, resource need, and recommendation. Develop Project Implementation Plan if decide to proceed with solution to remedy posting challenges.
2. Credit Card Implementation – This project is to implement the credit card project activities as specified in the 2022 LIPA-approved PIP.
3. Kiosk Implementation – This project will include procuring, installing and promoting four in wall or outside stand-alone kiosk designs based on the most cost-effective solution at each of the following locations – Brentwood, Hicksville, Hewlett, and Riverhead with at least one of each type to assess the pros and cons of the alternatives. Payment agreement function requirements will be part of the RFP and built into the project plan. IT to determine the effort and align work plan with the payment agreement change plan. Implement at least one kiosk by July 2023 and all remaining payment kiosk no later than October 2023. Metric Success will also include completing the project deliverables in compliance with the LIPA-approved project plan, targeting payment agreement implementation no later than 3/31/2024.
4. Development of a Business-Driven Roadmap (August 2023 - December 2025) for CCaaS in consultation with LIPA. The plan should include an identification of improvement initiatives (Voice of Customer/CSAT, Call Sentiment, Operation Efficiencies, Process Optimizations, Self-Service Containment, etc.) through the application of the CCaaS platform. In addition, the plan should include a gap analysis between the current state and system capabilities aligned with industry best practices. The plan should also include business benefits, prioritization, sequencing, detailed and specific scope, level of effort, and estimated cost.

Project implementation success will include high quality deliverables, as noted under the deliverables, that are clear, comprehensive, and include supporting details and are in compliance with PMI PMBOK/IIBA BABOK standards for the following:

LIPA Proposed 2023 Performance Metrics

CS-01: Delivery of Strategic Customer Experience & Billing Projects

- > Project implementation plan
- > Business requirements
- > Functional design
- > Requirements traceability matrix including test scenarios
- > Business processes/procedures documentation
- > Customer communication & marketing plan
- > Go-live decision with supporting checklist

Project design and deployment will include:

- > LIPA feedback on vendor contract requirements and SLA prior to execution
- > Voice of customer (VOC) feedback analysis
- > Best practices from 3 top performers in industry
- > Customer satisfaction hypothesis and tracking

Projects that meet all of the following criteria will be considered successfully completed:

- i) meet or exceed the expected outcome targets;
- ii) pass the deliverable quality review process; and
- iii) meet due dates for project deliverables

Incentive will be allocated as follows for successful projects that meet the above criteria:

- 100% for 4 projects
- 75% for 3 projects
- 50% for 2 projects
- 0% for 1 project

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. All PIPs, project deliverables, and status reports will be in a LIPA-approved format.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

For Accelerated Payment Posting Feasibility Study, will exclude delivery of PIP if LIPA determines that implementation is not feasible.

LIPA Proposed 2023 Performance Metrics

CS-01: Delivery of Strategic Customer Experience & Billing Projects

For Kiosks, if PSEGLI Facilities determines based on construction type, available physical space, landlord approval, ADA access and local regulatory code requirements that the one type of kiosk is not feasible, this data should be shared with LIPA to approve the elimination of the 2-type requirement.

PSEG LI can suggest a replacement project for an above defined project if it is specifically designed to have a measurable and well defined cost or metric outcome and is subject to approval by LIPA.

DELIVERABLES

Deliverable Name	Target Due Date
PROJECT: Accelerated Payment Posting Feasibility Study	
Accelerated Payment Posting Feasibility Study - Provide objective, evaluation criteria, assessment approach, and report format for study	2023-02-28
Accelerated Payment Posting Feasibility - Provide study findings & recommendation	2023-09-30
Accelerated Payment Posting Feasibility Study - Provide Project Implementation Plan (PIP) if approved to proceed with implementation. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverable due dates.	2023-10-31
PROJECT: Credit Card Implementation	
Credit Card Implementation - Provide business requirements for MVP & final solution informed by 2022 transactional survey feedback. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverable due dates.	2023-01-02
Credit Card Implementation - Provide the functional design.	As approved in final PIP
Credit Card Implementation - Provide Requirements Traceability Matrix.	As approved in final PIP
Credit Card Implementation - Provide operational readiness documentation including but not limited to customer communication plan, business processes/procedures, and customer hypothesis.	As approved in final PIP
Credit Card Implementation - Inform LIPA of go-live decision and submit completed go-live checklist that supports decision.	As approved in final PIP
Credit Card Implementation - Go-live - MVP	2023-05-07
Credit Card Implementation - Collect customer satisfaction feedback beyond go-live. Assess results of a representative sample against customer satisfaction hypothesis. Provide results and if hypothesis is not achieved, provide analysis and plan for resolving.	As approved in final PIP
Credit Card Implementation - Go-live - final solution	2023-10-30
PROJECT: Kiosk	
Kiosk - Provide Project Implementation Plan. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverable due dates.	2023-01-02
Kiosk - Provide business requirements informed by focus group feedback and industry best practices.	As approved in final PIP
Kiosk - Provide the functional design.	As approved in final PIP

LIPA Proposed 2023 Performance Metrics

CS-01: Delivery of Strategic Customer Experience & Billing Projects

Kiosk - Provide Requirements Traceability Matrix & test plan.	As approved in final PIP
Kiosk - Provide operational readiness documentation including but not limited to customer communication & plan, marketing plan, business processes/procedures, and customer satisfaction hypothesis	As approved in final PIP
Kiosk - Inform LIPA of go-live decision and submit completed go-live checklist that supports decision.	As approved in final PIP
Kiosk - Go-live - one kiosk	2023-07-01
Kiosk - Collect customer satisfaction feedback beyond go-live. Assess results of a representative sample against customer satisfaction hypothesis. Provide results and if hypothesis is not achieved, provide analysis and plan for resolving.	2023-06-30
Kiosk - Go-live - remaining three kiosks	2023-10-01
Kiosk - Provide July's performance results and details of expected outcome targets.	2023-08-10
Kiosk - Provide August's performance results and details of expected outcome targets.	2023-09-10
Kiosk - Provide September's performance results and details of expected outcome targets.	2023-10-10
Kiosk - Provide October's performance results and details of expected outcome targets.	2023-11-10
Kiosk - Provide November's performance results and details of expected outcome targets.	2023-12-10
Kiosk - Provide final performance results and details demonstrating the achievement of the expected outcome target.	2023-12-31
PROJECT: CCaaS Roadmap	
CCaaS Roadmap - Submit Aug 2023 - Dec 2025 CCaaS business driven roadmap.	2023-07-31

LIPA Proposed 2023 Performance Metrics

CS-02: J.D. Power – Residential

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: smandli@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Edyta Keppler, John Keating
PSEGLI Director: John Keating	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Execute an effective plan to improve customer satisfaction for residential customers, as reflected in improved J.D. Power Residential Customer Survey results.

TARGETS AND CALCULATIONS

Definition: Overall J.D. Power and Associated Annual Electric Utility Customer Satisfaction Study for Residential Customers for the "East Region, Large Segment."

PSEG LI will develop a tactical plan to improve the overall satisfaction position, prioritizing items that will influence customers' perception, and provide progress reporting on achieving the goal on a quarterly basis. The tactical plan to include best practices of J.D. Power, voice of the customer feedback, and top quartile utilities mapped to the proposed initiatives for the performance year.

Satisfaction Target: Improve the overall customer satisfaction index position by either four positions or 50+ points above the 2022 year-end syndicated position in the J.D. Power "East Region, Large Segment." For example, if PSEGLI finishes 2022 in the 16th position at 740, the 2023 result should be 12th or better or a score higher than 790.

Satisfaction Calculation: The position and score will be reported as PSEG LI's J.D. Power Customer Satisfaction Survey (Residential) 2023 year-end syndicated rank and score as reported by J.D. Power. This year-end syndicated position and score for 2023 represents Quarter 1, Quarter 2, Quarter 3, and Quarter 4 results fielded in 2023 and will be the final YE results publicly reported by J.D. Power. The year-end syndicated position and score for 2023 will be calculated by measuring the ranking and score improvement over the 2022 year-end results.

Deliverables Target: Meet all identified requirements with high-quality deliverables and deliver by established due dates.

Incentive to be allocated as follows:

100% if achieve satisfaction target and deliverables target

75% if achieve satisfaction target but not the deliverables target

25% if achieve deliverables target but not satisfaction target

0% if neither is achieved

LIPA Proposed 2023 Performance Metrics

CS-02: J.D. Power – Residential

All deliverables will be in LIPA approved format and subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Submit tactical plan for performance year to improve satisfaction result, prioritizing items that will influence customers' perception.	2023-01-31
Establish 2023 target based on 2022 syndicated results.	2023-01-31
Submit Q1 progress report for initiatives and tasks from tactical plan, identify prior events that could negatively impact results, and propose corrective actions.	2023-04-10
Submit Q2 progress report for initiatives and tasks from tactical plan, identify prior events that could negatively impact results, and propose corrective actions.	2023-07-10
Submit Q3 progress report for initiatives and tasks from tactical plan, identify prior events that could negatively impact results, and propose corrective actions.	2023-10-10
Submit Q4 progress report for initiatives and tasks from tactical plan, identify prior events that could negatively impact results, and propose corrective actions.	2023-12-31
Upload to the LIPA designated folder on the LIPA Sharepoint Site the Scorecard Reporting Requirement for J.D. Power - Residential (aligned to quarterly J.D. Power reporting).	Quarterly

LIPA Proposed 2023 Performance Metrics

CS-03: J.D. Power – Business

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: smandli@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Edyta Keppler, John Keating
PSEGLI Director: John Keating	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Improve customer satisfaction for business customers, as reflected in improved J.D. Power Business Customer Survey results.

TARGETS AND CALCULATIONS

Definition: Overall J.D. Power and Associated Annual Electric Utility Customer Satisfaction Study for Business Customers for the "East Region, Large Segment."

PSEG LI will develop a tactical plan to improve the overall satisfaction position, prioritizing items that will influence customers' perception, and provide progress reporting on achieving the goal on a quarterly basis. The tactical plan to include best practices of J.D. Power and top quartile utilities mapped to the proposed initiatives for the performance year.

Satisfaction Position Target: Improve the overall customer satisfaction index position by three positions above the 2022 year-end syndicated position in the J.D. Power "East Region, Large Segment." For example, if PSEGLI finishes 2022 in the 12th position, the 2023 result should be 9th or better.

Satisfaction Position Calculation: The position will be reported as PSEG LI's J.D. Power Customer Satisfaction Survey (Business) 2023 year-end syndicated position as reported by J.D. Power. This year-end syndicated position for 2023 represents Wave 1 and Wave 2 results fielded in 2023 and will be the final YE results publicly reported by J.D. Power. The year-end syndicated position for 2023 will be calculated by measuring the ranking improvement over the 2022 year end position.

Deliverables Target: Meet all identified requirements with high-quality deliverables and deliver by established due dates.

Incentive to be allocated as follows:

100% if achieve satisfaction position target and deliverables target

75% if achieve satisfaction position target but not the deliverables target

25% if achieve deliverables target but not satisfaction position target

0% if neither is achieved

LIPA Proposed 2023 Performance Metrics

CS-03: J.D. Power – Business

All deliverables will be in LIPA approved format and subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Submit tactical plan for performance year to improve satisfaction score, prioritizing items that will influence customers' perception.	2023-01-31
Establish the 2023 position target based on the 2022 syndicated result.	2023-01-31
Submit Q1 progress report for initiatives and tasks from tactical plan, identify prior events that could negatively impact results, and propose corrective actions.	2023-04-10
Submit Q2 progress report for initiatives and tasks from tactical plan, identify prior events that could negatively impact results, and propose corrective actions.	2023-07-10
Submit Q3 progress report for initiatives and tasks from tactical plan, identify prior events that could negatively impact results, and propose corrective actions.	2023-10-10
Submit Q4 progress report for initiatives and tasks from tactical plan, identify prior events that could negatively impact results, and propose corrective actions.	2023-12-31
Upload to the LIPA designated folder on the LIPA Sharepoint Site the Scorecard Reporting Requirement for J.D. Power - Business (aligned to bi-annual J.D. Power reporting).	Bi-annual

LIPA Proposed 2023 Performance Metrics

CS-04: Customer Information System (CIS) Modernization

Board Policy: Customer Service	Board PIPs: ITSM-02: Customer Information System
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: cmackool@lipower.org
PSEGLI Exec. Sponsor: Gregory Filipkowski, Louis Debrino	PSEGLI Proj. Mgr: Nayan Parikh, Veronica Isaac
PSEGLI Director: Suzanne Brienza	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 400000	

OBJECTIVE

To ensure a flexible modern Customer Information System (CIS), capable of effective and efficient customer transactions

TARGETS AND CALCULATIONS

Target: Satisfy all the requirements contained in each of the deliverables.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. Project success will include high-quality deliverables that are clear, comprehensive, include supporting details, and are consistent with PMI PMBOK/IIBA BABOK standards. Projects that meet all of the following criteria will be considered successfully completed:

- i) pass the deliverable quality review process; and
- ii) meet due dates for project deliverables in accordance with the work plan

Incentive will be allocated as follows for successful projects that meet the above criteria:

- Base project deliverables are core to execution and are expected to receive and be approved by LIPA to be eligible for any compensation.
- All Business deliverables on time and approval by LIPA would result in compensation of \$150,000
- All Readiness deliverable on time and approval by LIPA would result in compensation of \$250,000

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
BASE PROJECT DELIVERABLES	
Develop an initial 2023 project plan with tasks, milestones, and dependencies to ensure effective measurement of progress against the 2023 metric deliverables	2023-01-31

LIPA Proposed 2023 Performance Metrics

CS-04: Customer Information System (CIS) Modernization

Develop final detailed 2023 project plan with tasks, milestones, dependencies, and critical path to ensure effective measurement of progress against the 2023 metric deliverables in Microsoft Project. Project deliverables timeline will be updated based on final plan and below dates will not be valid.	2023-02-28
Develop a high level milestone based project plan including organizational readiness planned activities and draft budget for 2024 and onwards to meet the required budget planning timing.	2023-06-23
Complete a stakeholder analysis	as approved in final project plan
BUSINESS DOCUMENTATION	NA
Complete all business process workshops and LIPA approval of associated deliverables in the approved format as prepared for the Move In workshop that include: a. Business Process document that contains: business rules; exceptions and associated responses; data points summary identifying transaction volume and transaction channels; external system(s) used; a list of existing reports; regulatory requirements with specific regulations and the spelled out business requirement that would be part of the RFP, specifically tagged as regulatory, compliance reporting needs, pain points/improvement opportunities, and general improvement opportunities b. Business Process Mapping Document. c. Suppliers, Inputs, Process, Outputs, and Customers Document. d. Associated business requirements to be mapped to the business processes, including additional functionality that can arrive with new CIS or to close gaps	2023-04-15
Submit report of strategic and operational performance metrics that would be impacted by new CIS system and the current state baseline	2023-04-30
Update business and technical requirements, interface, architecture, and business process documentation for business and technical changes implemented in 2023 only for IT and metric projects expected to change and impact CIS. PSEGLI and LIPA to confirm expected changes by March 31, 2023. Delivery date for this will not have any impact on RFP packages readiness or other deliverables. It can be done by end of the year and will be treated as independent exercise.	2023-12-08
READINESS ASSESSMENT	NA
Complete deliverables for RFP package which included detailed functional, technical, and integration requirements, for product selection and CIS System Integrator (SI), including scope of work	2023-05-30
Conduct trusted advisor review of vision, guiding principles, business metrics, detailed Business requirements (Functional- Technical, Integration, Security, etc.), detailed Scope of Work, and As-Is Business Process Mapping (SI/ IT Level) for SI RFP. Close any gaps or enhancements required.	2023-08-15
Conduct CIS Organizational Readiness assessment to undertake CIS modernization initiative and submit a final report. Analysis of current organization's ability and identifying staff leads: Resources, skills, availability, organizational and governance structure, and recommendations for the following: a. Change management b. Walk through typical roles, skillsets needed c. Define what success looks like	2023-08-31

LIPA Proposed 2023 Performance Metrics

CS-04: Customer Information System (CIS) Modernization

d. Gap between need and roles e. Risk workshop f. Staffing plan, including what is inside and outside SI (environmental analysis, PMO, Governance, Project planning)	
Conduct Data Quality Assessment (DQA) and provide a quality report identifying gaps in data quality (Accuracy, Consistency, and Integrity). This should also include: a decision paper on data conversion required for the new system based on documented criteria considering business and regulatory requirements against financial implications.	2023-09-30
Provide data cleansing plan for master data attributes to achieve 98% data quality (Accuracy, Consistency, and Integrity)	2023-09-30

LIPA Proposed 2023 Performance Metrics

CS-05: Customer Transactional Performance Measurement & Analysis

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: smandli@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Edyta Keppler
PSEGLI Director: John Keating	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 300000	

OBJECTIVE

Drive continuous improvement among various channel transactions through on-going measurement and evaluation of customer satisfaction, transactional ease, utilization volume, and cost per transaction. Enhance the existing survey approach and reporting to deepen customer insights.

TARGETS AND CALCULATIONS

PSEG Long Island to implement the following:

1. Collect and analyze customer feedback across the payment, billing, outage and collection transactions and enhance the process as follows:
 - a. Identify list of transactions to be surveyed in 2023, map to the established transaction categories, and include in the monthly survey population. Payment transactions must be associated with a payment only and not part of another business process (e.g. down payment on a payment agreement or payment of a deposit as part of move in). Failed payment and payment arrangement attempts to be surveyed in 2023 in addition to completed transactions.
 - b. Develop and execute a plan to expand the surveyed channels in 2023 to include agent live answer (phone), email, email webform, MyAccount web, MyAccount mobile app, and achieve a statistically significant sample of the transactions with a 95% confidence level.
 - c. Develop and execute business rules required to trigger the survey at the appropriate time in the journey and implement to most effectively capture customer satisfaction of the overall interaction.
2. Develop an overall customer survey strategy and approach for the entire Customer Operations department to optimize response rate, minimize survey fatigue, ensure quality responses with deep insights, and limit questions to only those that will inform organizational action. The effectiveness and cost of various survey methods (e.g. email vs. phone vs. in-app after transaction) should also be analyzed as well as the NICE feedback management roadmap.
3. Enrich the 2023 customer survey result data and metric reporting to further segment and deepen customer insights as follows:
 - a. Overall reporting - provide monthly volume by transaction and channel as defined in #1 above for: i. total completed transactions; ii. total surveys sent; and iii. total surveys received/completed. Total completed transaction volume for outages should be based on outage occurrence and should exclude channel.
 - b. Outage - append existing Chartwell survey data with supplemental operational data, to include: i. customer type (res, com); ii. ECRI designation (LSE, Critical facilities, none); iii. initial ETR provided to customer; iv. actual time to restore; v. number of total ETRs provided to customer; vi. whether subsequent ETRs were longer or shorter; vii. weather condition

LIPA Proposed 2023 Performance Metrics

CS-05: Customer Transactional Performance Measurement & Analysis

(blue sky, grey sky, storm); viii. type of outage (e.g. transmission, main, branch, transformer, secondary/service); ix. day & time of outage & restoration; x. zip code; xi. if customer reported outage (Y/N); xii. if customer is enrolled in for outage alerts (Y/N); xiii. if customer received outage notification (Y/N); and xiv. if customer received restoration notification (Y/N).

c. Payment, Collections, & Billing - recommend and append survey results with meaningful supplemental data including, but not limited to, channel.

4. Compile 2022 cost per transaction analysis in LIPA-approved format from 2021 cost per transaction analysis.

5. Analyze the survey results, associated operational/segmentation data, and cost per transaction analysis and provide observations/recommendations to drive continuous improvement. For outage analysis, also determine customer sensitivity to ETR accuracy/precision.

Target: Meet all identified requirements with high-quality deliverables and by established due dates. Reports and analysis to be in LIPA-approved format.

Incentive for deliverables that meet the above criteria will be allocated as follows:

- Base Project and Planning deliverables - \$150,000
- Survey Enhancement Execution deliverables - \$100,000
- Report Enhancement Execution deliverables - \$50,000

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
BASE PROJECT & PLANNING DELIVERABLES	NA
For the list of payments made in relation to a separate transaction, define the exceptions/criteria and provide for LIPA approval for exclusion from the payment transaction sample and which transaction type to record the results.	2023-01-13
Submit list of transactions to be surveyed in 2023.	2023-01-31
Submit plan to expand the surveyed channels. Update the implementation date in Smartsheets.	2023-01-31
Submit business rules required to trigger the survey at the appropriate time in the journey. Update the implementation date in Smartsheets.	2023-01-31

LIPA Proposed 2023 Performance Metrics

CS-05: Customer Transactional Performance Measurement & Analysis

Submit list of proposed supplemental data to enrich reporting of payment, collections, & billing survey results. Update the implementation date in Smartsheets.	2023-01-31
Submit plan to supplement outage survey results with identified data. Update the implementation date in Smartsheets.	2023-01-31
Provide recommendations for department-wide survey strategy and approach.	2023-03-31
Provide 2022 cost per transaction analysis	2023-04-30
Provide observations and recommendations from survey results and cost per transaction analysis to drive continuous improvement	2023-06-30
January survey result reports and supporting detail	2023-02-21
February survey result reports and supporting detail	2023-03-20
March survey result reports and supporting detail	2023-04-20
April survey result reports and supporting detail	2023-05-22
May survey result reports and supporting detail	2023-06-20
June survey result reports and supporting detail	2023-07-20
July survey result reports and supporting detail	2023-08-21
August survey result reports and supporting detail	2023-09-20
September survey result reports and supporting detail	2023-10-20
October survey result reports and supporting detail	2023-11-20
November survey result reports and supporting detail	2023-12-20
December survey result reports and supporting detail	2024-01-20
SURVEY ENHANCEMENT EXECUTION	NA
Implement enhancements for survey channel expansion.	As approved in proposal
Implement enhancements for survey trigger business rules.	As approved in proposal
REPORT ENHANCEMENT EXECUTION	NA
Implement survey reporting enhancements including overall reporting, payment, collections, & billing.	As approved in proposal
Implement survey reporting enhancements for outage.	As approved in proposal

LIPA Proposed 2023 Performance Metrics

CS-09: Billing Exception Cycle Time

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: adamato@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: John Heidenfelder
PSEGLI Director: Jorge Jimenez	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 50000	

OBJECTIVE

Provide a timely bill to the customer.

TARGETS AND CALCULATIONS

Billing Exception Cycle Time measures the timely rendering of accurate bills to customer. This metric measures the percent of billing exceptions completed within the prescribed three-business day requirement for completion. All bills scheduled for billing that do not have an exception are issued within the 3 business days.

Calculation

Calculated as the number of billing exceptions completed within the required number of business days (three days) divided by the total number of billing exceptions completed by month, expressed as a percentage. Scheduled bills without exceptions are issued within 3 days.

Target - A performance of greater than or equal to 98.50% within the target timeframe.

Rounding protocols will allow for a performance of greater than or equal to 98.45% to be rounded up to successfully meet the target of 98.50%

EXCLUSIONS

Storms that produce > 100,000 outages:

In a storm, billing department resources are temporarily reassigned to provide phone support in the call center. In the event of a storm that produces 100,000 or more outages, billing dept. resources may be assigned to provide phone support for several days. In that case, for every billing day of the storm when more than 50% of the billing dept. resources are assigned to phone support and up to 3 additional clean up days, we will exclude those days from the "Billing Exception Cycle Time" calculation. This will be capped at 8 business days.

Please note:

- We will use the "Memo Date" and compare it to the "Completion Date" when applying exclusions supplemented by the Storm tracking charges for the billing agents.

DELIVERABLES

LIPA Proposed 2023 Performance Metrics

CS-09: Billing Exception Cycle Time

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Billing Exception Cycle Time 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

CS-10: Billing – Cancelled Rebill

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: cmackool@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Thenaris Godbolt
PSEGLI Director: Jorge Jimenez	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Provide an accurate bill to the customer the first time, not requiring a subsequent adjustment.

TARGETS AND CALCULATIONS

Accuracy of a customer bill is measured by issuance of a subsequent bill for a previously billed period. Cancel/re-bill transactions are measured monthly based on issuance of a bill where the customer is being sent a correction for a previously issued bill. This includes all cancellations performed by the PSEG-LI staff, as well as, the cancel/re-bills performed automatically by the billing system.

Calculation: The sum of the number of the monthly bills cancel rebill for the account noted in the definition above divided by the sum of the number of unique bills for the contract year Issued for the year.

Example calculation:

- o In January of 2021, PSEG LI rendered 1,052,628 customer bills
- o In January of 2021, PSEG LI issues 6,601 cancel/rebills
- o The performance level for January 2021 would be $6,601 / 1,052,628 = 0.627\%$
- o For contract year 2020, PSEG LI rendered 13,048,651 customer bills
- o For contract year 2020, PSEG LI issues 84,980 cancel/rebills
- o The performance level for the performance metric would be $84,980 / 13,048,651 = 0.651\%$

Target: A performance of less than or equal to 0.18% of cancel/re-bills relative to total bills issued within the target time frame.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

The Service Provider has the option to exclude the highest and lowest performing month from the calculation; however, if Service Provider chooses to exclude any outlier it must exclude both the highest and lowest months.

DELIVERABLES

Deliverable Name	Target Due Date
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LIPA Proposed 2023 Performance Metrics

CS-10: Billing – Cancelled Rebill

Upload to the LIPA designated folder on the LIPA Sharepoint Site the following:	Monthly
1) Monthly Scorecard Reporting Requirement for Billing - Cancel Rebills	
2) Any additional supporting documentation as required	

LIPA Proposed 2023 Performance Metrics

CS-11: Contact Center Service Level with Live Agent Calls

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: smandli@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Brian Merkle
PSEGLI Director: Jorge Jimenez	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 350000	

OBJECTIVE

Customer response to contact representatives meet customer tolerance levels to promote efficient staffing and customer satisfaction.

TARGETS AND CALCULATIONS

The Contact Center Service level for this metric is all calls handled by a representative (live agent) from Nice and HVCA. When a customer is seeking to speak to a call center representative, the performance expectation will be:

- o During blue sky days and any storms defined as “non-major,” 80% of calls will be answered within 30 seconds
- o During “major storms,” 80% of calls will be answered within 90 seconds

Major Storm is defined as any storm which causes service interruptions of at least ten percent of customers in an operating area, or if the interruptions last for 24 hours or more.

Note: High Volume Call Application (HVCA) results are included in this metric if they are transferred to a live person to handle.

Scorecard reporting will include the monthly result by call type (as defined by the IVR Caller intent) and in total, as well as the YTD results. This is an annual performance metric. The YTD value as of December 31, 2023 will be used to determine if the performance target was met. Call Center performance reporting in the data set will include the daily call status report, including but not limited to busies, abandons, average time spent in queue, longest queue time.

For calls handled using PSEG LI's IVR system, the source of reporting will be the existing reporting and new CCaaS reporting tools. For calls handled using the HVCA application, the source of reporting will be the HVCA reporting system.

Calculation: The sum of the number of contacts answered in the contract year within the target thresholds defined above divided by the number of contacts offered in the contract year

Formula= (major storm day calls answered by the PSEG LI representative in 90 seconds + HVCA major storm calls answered by a representative in 90 seconds+ Non storm answered by a PSEG LI representative in 30 seconds+ HVCA non storm answered by an HVCA provider in 30 seconds) divided by (HVCA representative offered calls + Nice (CCaaS) representative offered calls)

LIPA Proposed 2023 Performance Metrics

CS-11: Contact Center Service Level with Live Agent Calls

Target = 80%

Rounding protocols will allow for a performance of greater than 79.95% to be rounded up to successfully meet the target of 80.0%.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Exclusion: All contacts that are answered solely by IVR or any other self-service technology are excluded.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Contact Center Service Level with Live Agent Calls 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

CS-13: First Call Resolution (FCR)

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: smandli@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Brian Merkle, Philip Decicco
PSEGLI Director: Jorge Jimenez	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Measure customer ease of interaction and Service Provider's proficiency in satisfactorily resolving customer issues and questions at the time of initial call.

TARGETS AND CALCULATIONS

Survey immediately after calls from residential and commercial customers to measure whether the customer issue was handled on the first call. The question used for calculation of this metric is, "Was this the first time you contacted us to resolve this issue?"

Reporting will be consistent with the existing metric breakdown by intent group and residential versus commercial.

PSEGLI will build surveys for the IVR calls, chat, My Account, and the Mobile app in the first half of 2023 (pending confirmation from the IT team that resources will be available to deliver this new functionality by desired date). These new surveys will be completed by May 31, 2023. The new surveys (for IVR, chat, My Account, and Mobile app) will be put into production in June, July, and August of 2023 to gather baseline performance data. The baseline performance data gathered in 2023 will be used to establish proper targets for 2024 and beyond.

Calculation: Blended (Residential + Commercial calls) for issues handled on the first call / total number of responses

Target: greater than or equal to 81% overall performance for the Contract Year.

Rounding protocols will allow for a performance of greater than 80.95% to be rounded up to successfully meet the target of 81%.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Storms that produce > 100,000 outages:

In the event of a storm that produces 100,000 or more outages, FCR results will be excluded up to 3 additional days after the active outages fall below 100,000 or the conclusion of the major storm, whichever is sooner.

DELIVERABLES

LIPA Proposed 2023 Performance Metrics

CS-13: First Call Resolution (FCR)

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for First Call Resolution (FCR) 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

CS-14: Net Dollars Written Off

Board Policy: Customer Value and Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: adamato@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Kim Soreil
PSEGLI Director: Brigitte Wynn	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Actively manage the increased COVID-19 receivables and associated write-offs.

TARGETS AND CALCULATIONS

Definition: Net Write-Offs measures the effectiveness of recovery efforts of uncollectible revenue. It is an overall measure of the possibility of the business incurring bad debts.

Measured as the total net dollars written-off for January 1 to December 31, 2023.

Calculation: Total accounts receivable write-offs less recoveries received from January 1, 2023 to December 31, 2023.

Targets:

The total net write-off for January 1 to December 31, 2023 is:

- $\leq \$31,136,189 = 100\%$ of Allocated Incentive Compensation
- $\$31,136,190 - \$32,966,264 = 75\%$ of Allocated Incentive Compensation
- $\$32,966,265 - \$34,796,338 = 50\%$ of Allocated Incentive Compensation

Baseline net write-off dollar amounts targets noted above will be reduced dollar for dollar based on the forgiveness of accounts receivable as part of State EAP working group program and the associated impact to the net write-off plan. For example: For each month January to December 2023, the list of accounts that are rendered final will be verified against the list of credits issued for the Phase 2 State EAP working group program or any other program implemented in 2023. The total credit amount issued for all the accounts rendered final in that given month will be deducted from the forecasted final bill amount.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

If a state mandated moratorium on shut-off is instituted for residential customers for more than a month prior to June 2023, the target will be adjusted for the period of time the moratorium is in effect to reflect the impact. The adjustment will be equal to the forecasted lock for non-payment write-off amount based on the final bill months that are in the state moratorium period. If it is a partial month, the target will be lowered by the percent of workdays in the month that are in the moratorium.

LIPA Proposed 2023 Performance Metrics

CS-14: Net Dollars Written Off

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Net Write-Offs (Per \$100 Billed Revenue) 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

CS-15: Arrears Aging Percent > 90 Days Past Due (Arrears %>90)

Board Policy: Customer Value and Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: adamato@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Kim Soreil
PSEGLI Director: Brigitte Wynn	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 300000	

OBJECTIVE

Effective recovery from the COVID-19 financial impacts for aged receivables > 90 days by the end of the Contract Year.

TARGETS AND CALCULATIONS

Definition: Accounts receivable (AR) > 90 days measures the percent of past-due AR that have aged more than 90 days (i.e. excluding current AR).

Calculation: AR aging % YTD = Rolling 12-month total dollars outstanding more than 90 days / Rolling 12-month total dollars outstanding 30 and more days past due.

Target

The rolling 12-month performance as of December 31, 2023 is:

- $\leq 51.64\%$ = 100% of Allocated Incentive Compensation
- 51.65% - 52.99% = 75% of Allocated Incentive Compensation
- 53.00% - 54.34% = 50% of Allocated Incentive Compensation

Adjustments to the 50% target will be made for new state or federal energy assistance beyond the base HEAP, as well as, any forgiveness on a dollar-for-dollar basis for the denominator and 70% the actual percentage of AR> 90 days for each month with no exclusions of each dollar for the numerator from September 1, 2022 to December 31, 2023.

Reductions to the agreed upon forecast will be done based on the month when funds are received. Any other new programs/funding sources created in 2022 or 2023 will need to be added to the ERAP/RAS/EAP forgiveness detail exclusions and applied in the same fashion. Exclusions payments will include but are not limited to payments/credits received by PSEG Long Island for: Emergency Rental Assistance Program (ERAP), Regular Arrears Supplement (RAS), Electric Gas and Utility Arrears Reductions Program (UARP), state grant assistance findings, Arrears Management forgiveness program and any other similar program implemented in 2022 or 2023 that impacts this metric.

Reduction to the 75% target will be equal to the 50% adjustment as calculated above with an additional 1.35% reduction.

Reduction to the 100% target will be equal to the 50% adjustment as calculated above with an additional 2.7% reduction.

LIPA Proposed 2023 Performance Metrics

CS-15: Arrears Aging Percent > 90 Days Past Due (Arrears %>90)

For example, if the exclusion adjustment calculation for the 50% target resulted in a new target of 51%, the new target ranges would be:

- $\leq 48.30\%$ = 100% of Allocated Incentive Compensation
- $48.31\% - 49.65\%$ = 75% of Allocated Incentive Compensation
- $49.66\% - 51.00\%$ = 50% of Allocated Incentive Compensation

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

If PSEG LI collection activity is impacted by changes outside of its control which may subsequently affect the performance of field and /or back-office collections, PSEG LI and LIPA mutually agree to renegotiate these targets. Communication of necessary exceptions will be communicated in a timely manner. Examples may include but are not limited to: a state mandated moratorium of a specific customer class, a change to the disconnection guidelines for weather implemented by the Department of Public Service, or the shutdown of an outside agency that adversely impacts assistance benefits to customers.

If a state mandated moratorium on shut-off is instituted for residential customers for more than 2 months during 2023, target will be adjusted for the period the moratorium exists based on field disconnection portion of funds anticipated during that period. Partial months will be calculated based on workdays and the days covered by the moratorium legislation.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Accounts Receivable Aging > 90 Days Past Due (AR>90) 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

CS-17: Low to Moderate Income (LMI) Program Participation

Board Policy: Customer Value and Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: jbell@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Kim Soreil
PSEGLI Director: Brigitte Wynn	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Increase the Low to Moderate Income (LMI) program customer enrollment in the Household Assistance Rate (HAR).

TARGETS AND CALCULATIONS

Definition: The number of unique valid LMI program enrollees in any month during the calendar year 2023.

Calculation: Meet the level of LMI program enrollees in any month during the calendar year 2023 as follows: Threshold Level - 50,000 enrollment - 100% payout.

Reach a Enrollment Objective of LMI program enrollees during any month in calendar year 2023 as defined above. If additional programs (i.e. Section 8 Housing, etc.) are added to the eligible HAR program list, the levels shown above will be adjusted accordingly

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Customers who have not met the 18-month renewal process.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Low to Moderate Income (LMI) Program Participation 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

CS-19: DPS Customer Complaint Rate

Board Policy: Customer Service	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: smandli@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: John Keating
PSEGLI Director: John Keating	DPS Contact: Heather Sullivan 516-490-2346
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Keep customer regulatory complaints to a minimum.

TARGETS AND CALCULATIONS

Definition: Total Number of Initial Customer Complaints registered with the NY Department of Public Service, Public Service Commission

- Monthly: Initial Complaint Rate = (Initial Complaints Total / Customer Population) * 100,000 Customers
- YTD: Rolling 12-month Initial Complaint Rate = [(Rolling 12 Month Initial Complaints Total /12) /Customer Population] * 100,000 Customer

Target level performance: Rolling 12-Month Initial Complaint Rate of less than or equal to 4.2.

Rounding protocols will allow for a performance of less than 4.25 to be rounded down to successfully meet the target of 4.2.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for DPS Customer Complaint Rate 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

CS-21: Outage Information Satisfaction

Board Policy: Customer Experience	Board PIPs: 4.01: Comprehensive IT Plan for Outage Reporting and Communications
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: smandli@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: John Keating
PSEGLI Director: John Keating	DPS Contact: Heather Sullivan
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Improve customer satisfaction with PSEG Long Island's proficiency in providing information for customers who experience an outage.

TARGETS AND CALCULATIONS

Survey all impacted customers after a residential and commercial customer experience of an outage to measure whether the customer was satisfied when asked the following question on the Chartwell survey, "Overall satisfaction with the information received during the outage." Measured on a scale of 1 to 10 with 10 being extremely satisfied and 1 being extremely dissatisfied.

Calculation: % of Satisfied Customers = Blended (Residential + Commercial responses) with a Rating of 6-10 for the Target Question / Total Number of Responses to the Target Question

Target: % of Satisfied Customers = 70%.

Monthly supporting documentation will be consistent with the existing Chartwell report.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Does not include planned outages.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for % of Satisfied Customers for Outage Information 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

CS-22: Advanced Metering Infrastructure Roadmap and 2023 Improvements

Board Policy: Customer Experience	Board PIPs: 5.4.2: Accelerate AMI & Integrate w/ OMS
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: cmackool@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Balaji Ambriyath
PSEGLI Director: Louis Debrino	DPS Contact: Heather Sullivan
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Effectively execute on Advance Metering Infrastructure system enhancements

TARGETS AND CALCULATIONS

PSEG Long Island to effectively execute AMI & MDM enhancements:

1. Develop a business enhancement roadmap from July 1, 2023 through December 2025 to implement LIPA identified AMI improvements and improvement plans developed by PSEG Long Island. Plan should include but not be limited to the goal/business objective that will be achieved with the proposed improvement and prioritized sequence of investments to achieve the desired business vision and objectives with the greatest value, considering dependencies.
2. Perform a 100 meter pilot of commercial disconnect for commercial Watt-Hour rate 280 with a pilot strategy focused on 2 or more use cases (i.e. collection, advance consumption, seasonal etc.) to assess impact and future value proposition for converting to commercial single phase meters with disconnect. Develop a Deployment Strategy for 2024 based on the results of 2023 pilots of commercial disconnect.
3. Develop and execute a plan to investigate collectors in excess of 70% and maintain loading below 70%, to be in line with industry best practices. This plan will include the following: AMI Meter latency, capacity assessment, failover assessment, deployment of solutions to bring loading below 70% beginning in 2023. Future work will be included in long-term AMI roadmap noted in 1. Upon completion of assessment PSEGLI will submit a budget request, plan, and proposed schedule to LIPA for approval of any incremental funds required.

Target: Meet identified requirements with high-quality deliverables that are clear, comprehensive, and include supporting details. Deliverables must be delivered by established due dates, including those contained in the PIP, and be in compliance with PMI PMBOK/IIBA BABOK standards for the following:

- > Project implementation plan
- > Business requirements
- > Functional & technical design
- > Requirements traceability matrix including test scenarios
- > Business processes/procedures documentation
- > Go-live decision with supporting checklist

LIPA Proposed 2023 Performance Metrics

CS-22: Advanced Metering Infrastructure Roadmap and 2023 Improvements

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

Metric compensations shall be allocated as follows for successful projects that meet the above criteria:

100% for 3 projects

50% for 2 projects

0% for 1 projects

EXCLUSIONS

Schedule relief may be granted for delays 1) directed or requested by LIPA, 2) situations or business conditions that arise that LIPA determines or agrees are out of the Service Provider's control, or 3) if PSEGLI places the order in 2022 but vendor is unable to deliver the meters by September 2023 to deliver the pilot, this timing will be adjusted for installation and use case results, but planning will maintain on track.

DELIVERABLES

Deliverable Name	Target Due Date
Submit the three-year plan for AMI improvements.	2023-06-01
Complete commercial disconnect pilot project implementation plan. Update the Metric deliverables in Smartsheet to include LIPA-approved PIP deliverable due dates.	2023-02-28
Define the proposed use cases for commercial disconnect, hypothesis, and how the population will be selected.	2023-02-28
Conduct commercial disconnect meter pilot.	2023-10-30
Produce assessment report of impact and future value proposition for converting the commercial single phase meters with disconnect with recommended deployment Strategy for 2024 based on the results of 2023 pilots of commercial disconnect.	2023-11-30
Submit plan timeline to investigate collectors in excess of 70% loading. Deliverables to be updated based on the plan timeline.	2023-03-31
Submit AMI meter latency report.	2023-06-01
Submit AMI network capacity & failover report.	2023-10-01
Submit artifacts demonstrating progressing collector loading below 70% according to the plan.	2023-12-09
Submit assessment report on estimate requirements of what is needed to determine plan and proposed schedule. If PSEGLI needs to submit a budget request, provide breakdown of incremental funds required with a breakdown of expenses.	2023-07-15

LIPA Proposed 2023 Performance Metrics

CS-23: Deferred Payment Agreement (DPA) Improvement

Board Policy: Customer Experience, Customer Value & Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: adamato@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Kim Soreil
PSEGLI Director: Brigitte Wynn	DPS Contact: Heather Sullivan
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Improve compliance with HEFPA regulations by creating consistent standards and guidelines across all customer platforms for deferred payment agreement options. Improve customer experience for establishing a deferred payment agreement while reducing outstanding receivables by improving self-service and customer interactions.

TARGETS AND CALCULATIONS

1. Benchmark with a minimum of five high-performing utilities, with at most three of the utilities being NY utilities, to determine best practices in regards to self-service options, agreement options, success rate of DPA's, # of agreements offered, definition of significant financial change. Complete by February 24, 2023.
2. Develop a DPA policy that defines the required down payment, number of installments, and number of failures. Train all customer-facing staff by April 14, 2023. This includes but is not limited to:
 - a. Establishing a script designed to encourage payment;
 - b. Documenting and defining what a significant financial change is;
 - c. Acceptable arrangement terms based on account history and designation for both customer-facing representatives and self-service channels (RES/COM, LMI, SR/IMP, LSE, Major Accounts).
3. Correct known issues and restrictions in CICS surrounding DPAs by 10/1/2023. This includes but is not limited to:
 - a. Enhancements identified from deliverable #1 as identified from benchmarking activities. Possible recommendations are as follows:
 - Account cannot have a Final Termination Notice – this should be changed to customers who are 10'd (in the field that day).
 - Account balance less than \$1500.00 for small commercial. – this limit should be increased to a larger dollar amount, propose \$5,000.
 - Must not have had a returned check within the last 3 months – updated to two stopped/returned payments in the last 12 months. Why limit a customer with a returned check from entering into a DPA with a credit card payment.
 - Must not have an agreement in BMSG, Superseded or BRKN status - these customers need to be given the ability to reinstate/bring agreements up to date through self-service.
 - Account must not be field eligible (or temporarily removed from the field file for the Melita telephone call 9 cycles after billing): this needs to be updated, Melita is the old dialer, current dialer is Nuance and going to be CcAAS. Field eligible accounts should be able to self-serve for an agreement, just not accounts that are 10'd in CAS (fielded that day).

LIPA Proposed 2023 Performance Metrics

CS-23: Deferred Payment Agreement (DPA) Improvement

Breaking DPA's that haven't paid the full required amount by the required deadline and remain as active on accounts.

b. Breaking DPA's that haven't paid the full required amount by the required deadline and remain as active on accounts.

c. Correcting the number of Customer Deferred Payment Agreements identifier in CAS.

d. Modify self-service rules to reduce the % of customers who are unable to utilize self-service because of business rules.

e. Ensure all recommendations from the previous payment agreement audit were effectively implemented or received LIPA approval to cancel or delay.

4. Enhance current tracking and reporting on DPA's by 10/01/2023. This includes but is not limited to:

a. Ability to report DPA's entered by customer representative ID and the associated compliance with the established policy.

b. Number of DPAs attempted and created per customer channel (Live agent, IVR, My Account, Mobile App, Kiosk).

c. Success rate of DPAs by customer class.

Target - meet all identified requirements and deliver by established due dates.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Benchmark with a minimum of five high performing utilities, with at most three of the utilities being NY utilities, to determine best practices in regard to self-service options, agreement options, success rate of DPA's, # of agreements offered, definition of significant financial change. Complete by February 24, 2023.	2023-02-24
Develop a DPA policy that defines the required down payment, number of installments, and number of failures and train all customer-facing staff.	2023-04-14
Submit evidence of corrections to known issues and restrictions in CICS surrounding DPA's.	2023-10-01
Submit enhanced DPA tracking and reporting.	2023-10-01

LIPA Proposed 2023 Performance Metrics

CS-24: Payment Transaction Ease

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: smandli@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: John Keating
PSEGLI Director: John Keating	DPS Contact: Heather Sullivan
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Improve customer perceived ease of payment interactions conducted on various channels.

TARGETS AND CALCULATIONS

Survey a representative subpopulation of customers after a contact to make a payment to measure whether the customer perceived the interaction as easy when asked the following question on the transactional performance survey, "How would you rate the ease of your transaction?" Responses are measured on a scale of 1 to 5 with 5 being very easy and 1 being very difficult. PSEGLI will attempt to survey the subpopulation of customers proportionate to the allocation of total payment contacts across channels (live agent (phone), MyAccount web, MyAccount mobile app, text/SMS) and must be associated with a payment only and not part of another business process (e.g. down payment on a payment agreement or payment of a deposit as part of move in).

Calculation: % of Customers Perceived Payment Interaction as Easy = Blended (Live Agent (Phone) + MyAccount Web + MyAccount Mobile App + Text/SMS Responses) with a Rating of 4-5 for the Target Question / Total Number of Responses to the Target Question

Target: 90%

PSEGLI will build surveys for IVR calls in the first half of 2023 (pending confirmation from the IT team that resources will be available to deliver this new functionality by desired date). The baseline performance data gathered in 2023 will be used to establish proper targets for 2024 and beyond.

Monthly supporting documentation will be consistent with the reporting definition in 2023 Metric #CS-5 Customer Transactional Performance and submitted via #CS-5.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Surveys should exclude 1) payments made via recurring credit card or recurring ACH (Direct Pay), 2) payments made as part of another transactions identified by PSEG Long Island and approved by LIPA, and 3) payments made in channels not listed in the metric definition.

DELIVERABLES

LIPA Proposed 2023 Performance Metrics

CS-24: Payment Transaction Ease

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for % of Easy Payment Interactions 2) Any additional supporting documentation as required.	Monthly

DRAFT

LIPA Proposed 2023 Performance Metrics

CS-25: Interactive Voice Response (IVR) Containment Rate

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: smandli@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Philip Decicco
PSEGLI Director: Jorge Jimenez	DPS Contact: Heather Sullivan
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Improve caller self-service provided by the IVR.

TARGETS AND CALCULATIONS

The containment rate is the percentage of callers who interact with the IVR residential customer general inquiry line, business solution center line, and the emergency line and leave normally without transferring to the ACD. Normal hang ups and transfers to payment vendor are considered contained and are to be counted in the numerator. Customer-initiated responses to outbound contacts that are routed to the IVR for a follow-up are to be counted in the denominator. Callbacks are only to be counted once in the denominator.

Calculation: % of Calls Contained = (Normal Hang Up + Payment Vendor Transfers) / Total Number of Calls Offered to IVR (including HVCA)

Target: Blended rate of maintaining the validated August 2022 YTD performance for January 1, 2023 to March 20, 2023 and a 5% improvement over validated August 2022 YTD performance for July 1, 2023 to December 31, 2023. Actual numeric value to be populated once reporting is validated by LIPA as noted below.

LIPA to validate August 2022 YTD performance of 62% to confirm compliance with the calculation exactly as stated above and will be utilized as baseline for this metric and referred to as "validated August 2022 YTD performance." For example, if the validated August 2022 YTD performance is calculated to be 60%, the target for January through March 20th will be 60%, March 20th through June are excluded, and July through December would be 63% (60% with 5% improvement). The percent figures as stated will be applied to the call volume each month to determine the year end performance target.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Exclude from numerator the following:

- 1) Calls resulting from any scenario that prevents the customer from transferring to the ACD during normal business hours for that phone line.
- 2) Callback requests.
- 3) Hang ups resulting from system issues.

LIPA Proposed 2023 Performance Metrics

CS-25: Interactive Voice Response (IVR) Containment Rate

4) Caller abandonments

Exclude from the numerator and denominator the following:

- 1) Performance from March 20, 2023 through June 30, 2023. Targets will not be adjusted for delays in system implementation.
- 2) Transfers from ACD back to IVR.

DELIVERABLES

Deliverable Name	Target Due Date
PSEGLI to confirm acceptance of LIPA-validated August 2022 YTD performance	2023-01-20
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for % of IVR containment 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

CS-26: Life Sustaining Equipment (LSE) Customer Compliance

Board Policy: Customer Experience	Board PIPs: 5.17 Life Support Equipment
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: adamato@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Gina Director
PSEGLI Director: Brigitte Wynn	DPS Contact: Heather Sullivan
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Improve the LSE renewal and removal process by enhancing outreach and data gathering methods while adhering to DPS regulatory requirements.

TARGETS AND CALCULATIONS

Last validation is defined as the most recent for the following three checks: initial enrollment date, last medical note, or last recertification.

Documentation and required process steps will be consistent with the defined process quality and level of communication. Satisfy all the requirements contained in the deliverables.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
An annual recertification letter will be mailed and emailed if available, to all LSE customers excluding 2022 new enrollments. A request to 2022 new enrollees to validate contact information and to set expectation of the 2024 certification process will be mailed.	2023-01-31
Update the existing LSE report to ensure all active accounts have the following additional data points: the LSE patient name, patients relationship to Customer of Record (COR), LSE medical device/condition, LSE contact information if not the COR or COR relative, date of last field investigation, the associated result of the last field investigation, and a column representing the last validation.	2023-02-28
Update the LSE report noted above for all LSE customers who have not validated prior to 1/1/22 to include LexisNexis response on LSE patient status/ location (deceased, moved, still at location) and any updated contact information.	2023-04-30
A 1st field investigation with the intent to recertify or remove non-eligible customers who did not respond to the annual rectification. After these field visits are completed, any LSE customers who has been identified as deceased or moved per Lexis Nexus or the USPS will have documentation submitted to the DPS for approval of removal.	2023-05-31

LIPA Proposed 2023 Performance Metrics

CS-26: Life Sustaining Equipment (LSE) Customer Compliance

A 2nd annual recertification letter must be sent via USPS certified mail to each customer who did not respond to the 1st letter and we had no contact on the 1st field visit.	2023-06-15
A second field investigation and additional back office research will be conducted to all LSE customers with a last validation prior to 1/1/20 who did not respond to the 1st and 2nd letters and the 1st field visit. A path forward documenting any contact history to address non-responders will be documented for each account.	2023-12-15
Provide a list of all active LSE account numbers, the LSE patient name, LSE medical device/condition, date of last field investigation, and most recent recertification date.	2023-12-31

LIPA Proposed 2023 Performance Metrics

CS-27: Estimated Bill %

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: cmackool@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Thenaris Godbolt
PSEGLI Director: Jorge Jimenez	DPS Contact: Heather Sullivan
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Provide a bill with an actual read.

TARGETS AND CALCULATIONS

Measures the percent of bills that received an estimated bill. Estimated accounts are defined as metered accounts that have a current customer of record, including final bills and the account is not billed on an actual read.

Calculated as the number of estimated bills divided by the total number of unique bills generated by month, expressed as a percentage.

Target - Achieve 5% reduction from the average of the 9/1/2022 to 12/31/22 month end results for estimated bills. If this time period has an anomaly in the performance result, the anomaly month will be removed from the target when setting the 2023 goal.

EXCLUSIONS

Exclusions will be granted if situations or business conditions arise that LIPA determines or agrees are truly out of the Service Provider's control, as long as, they are presented to LIPA in a timely manner. Failure to upload files between the meter systems and the billing system will not be removed from the performance result.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Estimated Bill % (Page Center Report OS02) 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

CS-28: Move Process Improvement

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: cmackool@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Nayan Parikh, Veronica Isaac
PSEGLI Director: Jorge Jimenez	DPS Contact: Heather Sullivan
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Streamline the residential move process to complete the transaction within one interaction.

TARGETS AND CALCULATIONS

This improvement is to streamline the residential move in/move out/transfer process steps (excluding restores) for both the customer and the agent. Customers who request a MIMO transaction through self-service (IVR, chatbot, web) should be able to complete the transaction through the one interaction and not be required to switch channels to complete. Agents that process the MIMO transaction during live calls or chats should be able to more quickly complete the entire transaction during the interaction. Automations for the customer and agent include, but not limited to the following: i) identity verification; ii) address validation; iii) account and service order processing in the systems; iv) payment request and processing; v) communication of the decision and/or next steps if transaction cannot be completed during the interaction; and vi) any other identified pain points in the business process, where appropriate. The expected outcome for this project is to reduce MIMO call transfer and email volumes for non-exception transactions and reduce AHT for residential MIMO agent-assisted calls. LIPA is open to an agile phased rollout of these enhancements as long as they align with the Salesforce replacement, CCaaS Phase 2 implementation, MyAccount, and mobile app planned enhancements.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Move Process Improvement - Provide Project Implementation Plan. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverable due dates.	2023-01-31
Move Process Improvement - Provide customer journey mapping document.	2023-02-28
Move Process Improvement - Analyze voice of customer transactional survey feedback & obtain best practices from 3 top performers in industry. Compile findings in report to support desired design and submit report to LIPA.	As approved in final PIP

LIPA Proposed 2023 Performance Metrics

CS-28: Move Process Improvement

Move Process Improvement - Provide business requirements informed by survey feedback and industry best practices report.	As approved in final PIP
Move Process Improvement - Provide functional design.	As approved in final PIP
Move Process Improvement - Provide Requirements Traceability Matrix	As approved in final PIP
Move Process Improvement - Provide operational readiness documentation including but not limited to business processes/procedures and customer satisfaction hypothesis.	As approved in final PIP
Move Process Improvement - Inform LIPA of go-live decision and submit completed go-live checklist that supports decision.	As approved in final PIP
Move Process Improvement - Go-live	2023-09-30
Move Process Improvement - Collect customer satisfaction feedback beyond go-live. Assess results of a representative sample against customer satisfaction hypothesis. Provide results and if hypothesis is not achieved, provide analysis and plan for resolving.	2023-11-30
Move Process Improvement - Provide October's performance results and details of expected outcome targets.	2023-11-10
Move Process Improvement - Provide November's performance results and details of expected outcome targets.	2023-12-10
Move Process Improvement - Provide final performance results and details demonstrating the achievement of the expected outcome targets.	2023-12-31

LIPA Proposed 2023 Performance Metrics

CS-29: AMI Meter Validation, Estimation, Editing Enhancements and Data Reporting

Board Policy: Customer Experience	Board PIPs: 5.4.2: Accelerate AMI & Integrate w/ OMS
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: cmackool@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Balaji Ambriyath
PSEGLI Director: Louis Debrino	DPS Contact: Heather Sullivan
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Effectively execute the Meter Data Management (MDM) Validation, Estimation and Editing Process and Data Reporting.

TARGETS AND CALCULATIONS

PSEG Long Island to effectively execute MDM enhancements and reporting noted below:

Enhance the MDM Validation, Estimation, and Editing (VEE) process for interval and register reads to provide all missing interval and register reads from MDM consumed by other systems, including TOU billing for AMI meters. The estimate methodology for missing interval and register reads should utilize historical and load profile information.

Develop AMI reporting on completeness and quality of AMI interval and register reads measuring key elements related to actuals and estimates along with supporting critical data points to perform root cause analysis. The reporting should allow measurement of the AMI/MDM read performance, as well as, billing interface performance data.

Target: Meet all identified requirements with high-quality deliverables that are clear, comprehensive, and include supporting details. Deliverables must be delivered by established due dates, including those contained in the PIP, and be in compliance with PMI PMBOK/IIBA BABOK standards for the following:

- > Project implementation plan
- > Business requirements
- > Functional & technical design
- > Requirements traceability matrix including test scenarios
- > Business processes/procedures documentation
- > Go-live decision with supporting checklist

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Schedule relief may be granted for delays 1) directed or requested by LIPA or 2) situations or business conditions that arise that LIPA determines or agrees are out of the Service Provider's control.

LIPA Proposed 2023 Performance Metrics

CS-29: AMI Meter Validation, Estimation, Editing Enhancements and Data Reporting

DELIVERABLES

Deliverable Name	Target Due Date
MDM VEE enhancements - Complete project implementation plan. Update the Metric deliverables in smartsheet to include LIPA approved PIP deliverable due dates.	2023-03-17
MDM VEE enhancements - Provide functional and technical design.	as approved in final PIP
MDM VEE enhancements - Provide requirements traceability matrix.	as approved in final PIP
MDM VEE enhancements - Go Live Checklist,	as approved in final PIP
MDM VEE enhancements - Go Live.	2023-07-31
AMI reporting - Complete project implementation plan. Update the Metric deliverables in smartsheet to include LIPA approved PIP deliverable due dates.	2023-02-17
AMI reporting - provide business requirements.	as approved in final PIP
AMI reporting - Provide functional and technical design.	as approved in final PIP
AMI Reporting - Provide requirements traceability matrix.	as approved in final PIP
AMI Reporting - Go Live.	2022-05-31

LIPA Proposed 2023 Performance Metrics

IT-01: Organizational Maturity Level

Board Policy: Information Technology and Security	Board PIPs: 7.04: IT Organizational Maturity
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: tluppino@lipower.org
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Irving Landesbaum
PSEGLI Director: David Lyons	DPS Contact: John Goench
Allocated Compensation (2021 Dollars) : 550000	

OBJECTIVE

PSEG LI IT Department achieves an Organizational Maturity Level at CMMI Level 3 in the CMMI V2 Development Model.

TARGETS AND CALCULATIONS

The maturity level of an organization provides a way to characterize its capability and performance. Under the CMMI model, capability levels apply to an organization's performance and process improvement achievements in individual practice areas, and maturity levels represent a staged path for an organization's performance and process improvement efforts based on predefined sets of practice areas. Level 3 is categorized as 'Defined'. An organization at Capability Level 3 focuses on achieving both project and organizational performance objectives. An organization at Maturity Level 3 is proactive rather than reactive, with organization-wide standards providing guidance across projects, programs, and portfolios.

The Practice Areas that are required to be rated at Level 3 for CMMI V2 Maturity Level 3 (Development View) are listed in Table 1.

IT-1 and IT-2 in the 2022 OSA Performance Metrics required reaching CMMI Maturity Level 3 in the Doing and Managing categories. This metric covers the two additional categories, Enabling and Improving, as well as any remaining gaps to achieve Level 3 in the Doing and Managing categories.

Projects will adopt CMMI Level 3 per the following schedule:

- All projects initiated on or after September 1st, 2022, will follow CMMI Level 3 processes in the Doing and Managing categories.
- All projects initiated on or after May 1st, 2023, will follow CMMI Level 3 processes in all categories.
- Projects that are in-flight on May 1st, 2023, will follow CMMI Level 3 processes in all categories starting May 1st, 2023; but will not be required to retrofit deliverables/artifacts completed before May 1st, 2023.

Target:

- The PSEG LI IT Department notifies LIPA by September 2023 that it has reached Maturity Level 3 in the CMMI V2 Development Model and all projects have adopted the CMMI Level 3 processes in accordance with the schedule specified in this metric.
- The PSEG LI IT Department is determined to be at Level 3 via an appraisal conducted by a LIPA consultant by December 31, 2023, in preparation for a CMMI Benchmark Appraisal to be conducted by a LIPA-selected consultant in 2024 Q2.

LIPA Proposed 2023 Performance Metrics

IT-01: Organizational Maturity Level

Incentive will be awarded as follows, based on the LIPA-consultant conducted appraisal:

- 100% incentive if maturity level 3 is achieved in all four (4) Categories (Doing, Managing, Enabling, Improving)
- 75% incentive if maturity level 3 is achieved in the Doing and Managing Categories and in six (6) out of eight (8) Enabling and Improving Practice Areas
- 50% incentive if maturity level 3 is achieved in the Doing and Managing Categories and in five (5) out of eight (8) Enabling and Improving Practice Areas

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Projects that are in-flight on May 1st, 2023, may exempt in-progress tasks/milestones from following CMMI Level 3 processes in cases where the task is substantially complete and significant re-work would be required to adopt the new processes, and no significant negative impact to the end-state and success of the project is expected from exempting the in-progress task.

DELIVERABLES

Deliverable Name	Target Due Date
PSEG LI IT Department achieves Maturity Level 3 in the CMMI V2 Development Model and all projects have adopted the CMMI Level 3 processes in accordance with the schedule specified in this metric.	2023-09-01
PSEG LI IT Department determined to be at Maturity Level 3 in the CMMI V2 Development Model via an appraisal conducted by a LIPA consultant, in preparation for a CMMI Benchmark Appraisal to be conducted by a LIPA consultant in 2024 Q2.	2023-12-31

Table 1: CMMI V2 Maturity Level 3 - Development View

Category	Capability Area	Practice Area
Doing	Engineering and Developing Products	Product Integration
Doing	Engineering and Developing Products	Technical Solution
Doing	Ensuring Quality	Peer Reviews
Doing	Ensuring Quality	Process Quality Assurance
Doing	Ensuring Quality	Requirements Development and Maintenance
Doing	Ensuring Quality	Verification and Validation
Doing	Selecting and Managing Suppliers	Supplier Agreement Management
Managing	Managing Business Resilience	Risk Management
Managing	Managing the Workforce	Organizational Training
Managing	Planning and Managing Work	Estimating
Managing	Planning and Managing Work	Monitor and Control
Managing	Planning and Managing Work	Planning
Enabling	Supporting Implementation	Causal Analysis and Resolution
Enabling	Supporting Implementation	Configuration Management
Enabling	Supporting Implementation	Decision Analysis and Resolution
Improving	Improving Performance	Managing Performance and Measurement
Improving	Improving Performance	Process Asset Development
Improving	Improving Performance	Process Management
Improving	Sustaining Habit and Persistence	Governance
Improving	Sustaining Habit and Persistence	Implementation Infrastructure

LIPA Proposed 2023 Performance Metrics

IT-03: System Resiliency

Board Policy: Information Technology and Security	Board PIPs: 5.02: ERP and BCP Training and Exercises, 5.04: Develop Rigorous BCPs
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: tluppino@lipower.org
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Irving Landesbaum
PSEGLI Director: David Lyons	DPS Contact: John Goench
Allocated Compensation (2021 Dollars) : 650000	

OBJECTIVE

Well-designed and robust IT System Resiliency Plan that includes Disaster Recovery Plans and Business Continuity Plans that are based on comprehensive Business Impact Analyses; and are annually reviewed, updated, approved by LIPA, and successfully and thoroughly exercised, for all critical systems/processes. Plans should be developed and implemented using guidance from ISO 22301:2019, as applicable.

The Business Continuity Plans should provide a baseline capability and represent the minimum standard required to enable the continued functioning of the business following an incident, ensuring that PSEG LI can continue to perform its essential functions and deliver core capabilities during and following a disruption to normal operations. Disaster Recovery Plans should detail the immediate response and recovery of the critical IT systems in the face of a systems-impacting disruption.

Business Continuity and Disaster Recovery Plans should incorporate identification of all Points of Failure including Critical Systems (Applications, Data, and Services needed to support the processes to sustain the critical functions) and identification of Contingency Scenarios that require continuity and must be tested. These scenarios would demonstrate contingency in the absence of one or more of the critical Systems, Data, and Services to maintain the critical functions and processes to support the operations.

Successful exercise of a Disaster Recovery Plan 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 a LIPA-approved Test Plan, and within the LIPA-approved Recovery Time and Recovery Point Objectives (RTO/RPO). RTO/RPO will be established in the PSEG LI Business Impact Analysis and documented in the Business Continuity and Disaster Recovery Plans. The period of time for which the production workloads should be transferred to the failover/recovery systems should typically be a week, but system-specific variations may be approved by LIPA as long as there is appropriate justification, and the proposed alternative provides comprehensive testing with reasonable exposure to all critical and important transactions. System-specific Test Plans must be submitted and approved by LIPA in advance of each test.

Successful exercise of a Business Continuity Plan entails LIPA-observed full-scale functional exercise based on real-life failure scenarios in accordance with the Business Continuity Plan and a LIPA-approved Exercise Design, focused on demonstrating continuity of critical services in the absence of critical system(s), and post-disruption resumption of normal operations. Exercise Designs must be submitted and approved by LIPA in advance of each exercise.

LIPA Proposed 2023 Performance Metrics

IT-03: System Resiliency

TARGETS AND CALCULATIONS

Critical Systems/Processes in scope are listed in Table 1, organized into three waves. Wave 1 is comprised of the main storm-related systems, Wave 2 includes systems that provide indirect storm support, and Wave 3 includes other critical systems. Items in Wave 1 are to be exercised by June 30, 2023, items in Wave 2 by October 1, 2023, and items in Wave 3 by November 15, 2023. Systems/processes that fail an exercise conducted before the target date will be granted a grace period of 45 days during which they can be remediated and successfully re-exercised.

Target:

- The target requirement is for specified critical systems/processes to have Disaster Recovery Plans and Business Continuity Plans that are based on comprehensive Business Impact Analyses and have been reviewed, updated in 2023, and are successfully exercised against the LIPA-approved Disaster Recovery Plans and Business Continuity Plans and Test Plans/Exercise Designs by the target date, or are remediated and successfully re-exercised within the 45-day grace period if they fail an initial exercise conducted by the target date. The requirement is applied to each wave as follows:
 - > 100% of Wave 1 critical systems/processes meet the target requirement by the target date of June 30, 2023.
 - > 80% of Wave 2 critical systems/processes meet the target requirement by the target date of October 1, 2023.
 - > 50% of specified Wave 3 critical systems/processes meet the target requirement by the target date of November 15, 2023.
- All deliverables are met by the specified due dates and subsequently accepted by LIPA.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

Incentive will be awarded as follows:

- \$400,000 for meeting the target for Wave 1 systems.
 - > \$200,000 incentive for meeting the target for Disaster Recovery Plans and their exercise
 - > \$200,000 incentive for meeting the target for Business Impact Analyses and Business Continuity Plans and their exercise
- \$200,000 for meeting the target for Wave 2 systems.
 - > \$100,000 incentive for meeting the target for Disaster Recovery Plans and their exercise
 - > \$100,000 incentive for meeting the target for Business Impact Analyses and Business Continuity Plans and their exercise
- \$50,000 for meeting the target for Wave 3 systems.
 - > \$25,000 incentive for meeting the target for Disaster Recovery Plans and their exercise
 - > \$25,000 incentive for meeting the target for Business Impact Analyses and Business Continuity Plans and their exercise

EXCLUSIONS

None

DELIVERABLES

LIPA Proposed 2023 Performance Metrics

IT-03: System Resiliency

Deliverable Name	Target Due Date
Submit Business Impact Analysis for each of the Wave 1 critical systems/processes specified in this metric.	2023-02-01
Submit Business Continuity Plans for each of the Wave 1 critical systems/processes specified in this metric, that have been reviewed in 2023 and updated as needed.	2023-03-15
Submit Disaster Recovery Plans for each of the Wave 1 critical systems specified in this metric, that have been reviewed in 2023 and updated as needed.	2023-03-15
Successfully complete a full-scale functional exercise of the LIPA-approved Business Continuity Plans for each of the Wave 1 critical systems/processes specified in this metric, under LIPA observation. Successful exercise of a Business Continuity Plans is as defined in the Objective section.	2023-06-30
LIPA-approved Disaster Recovery Plans are successfully exercised for each of the Wave 1 critical systems specified in this metric. Successful exercise of a Disaster Recovery Plan is as defined in the Objective section.	2023-06-30
Submit Business Impact Analysis for each of the Wave 2 critical systems/processes specified in this metric.	2023-05-01
Submit Business Continuity Plans for each of the Wave 2 critical systems/processes specified in this metric, that have been reviewed in 2023 and updated as needed.	2023-06-15
Submit Disaster Recovery Plans for each of the Wave 2 critical systems/processes specified in this metric, that have been reviewed in 2023 and updated as needed.	2023-06-15
Successfully complete a full-scale functional exercise of the LIPA-approved Business Continuity Plans for each of the Wave 2 critical systems/processes specified in this metric, under LIPA observation. Successful exercise of a Business Continuity Plan is as defined in the Objective section.	2023-10-01
LIPA-approved Disaster Recovery Plans are successfully exercised for each of the Wave 2 critical systems specified in this metric. Successful exercise of a Disaster Recovery Plan is as defined in the Objective section.	2023-10-01
Submit Business Impact Analysis for each of the Wave 3 critical systems/processes specified in this metric.	2023-06-15
Submit Business Continuity Plans for each of the Wave 3 critical systems/processes specified in this metric, that have been reviewed in 2023 and updated as needed.	2023-08-01
Submit Disaster Recovery Plans for each of the Wave 3 critical systems/processes specified in this metric, that have been reviewed in 2023 and updated as needed.	2023-08-01
Successfully complete a full-scale functional exercise of the LIPA-approved Business Continuity Plans for each of the Wave 3 critical systems/processes specified in this metric, under LIPA observation. Successful exercise of a Business Continuity Plan is as defined in the Objective section.	2023-11-15
LIPA-approved Disaster Recovery Plans are successfully exercised for each of the Wave 3 critical systems specified in this metric. Successful exercise of a Disaster Recovery Plan is as defined in the Objective section.	2023-11-15

LIPA Proposed 2023 Performance Metrics

IT-03: System Resiliency

Table 1 - Critical Systems/Processes

System/Process	Wave 1	Wave 2	Wave 3
OMS/CAD	x		
EMS	x		
DSCADA	x		
Advanced Metering Infrastructure	x		
Customer and Stakeholder Related Phone Systems	x		
GIS	x		
Kubra Outage Map	x		
ESB	x		
TFCC HVCA (High Volume Call Answering)	x		
IVR (Nuance and 21st Century)	x		
Kubra Muni Portal	x		
Finesse		x	
MyAccount		x	
OCS		x	
SAS		x	
OSI Soft (Pi Historian)		x	
CAS		x	
Agent Desktop			x
EBO			x
Pagecenter			x
Public Website			x

LIPA Proposed 2023 Performance Metrics

IT-04: System and Software Lifecycle Management

Board Policy: Information Technology and Security	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: kbengtsson@lipower.org
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Irving Landesbaum
PSEGLI Director: David Lyons	DPS Contact: John Goench
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

All IT and OT assets managed by PSEG LI on behalf of LIPA, including but not limited to, computers, communications equipment, networking equipment, hardware, software, and storage systems, are within their active service life and under general support from the product vendor.

TARGETS AND CALCULATIONS

All IT and OT information assets, including but not limited to, computers, communications equipment, networking equipment, hardware, software, and storage systems, are assessed for end-of-life status and inventoried with information including, at a minimum, the purpose of the system, criticality, current deployed version, latest available version, when it was implemented, when it was last upgraded, end-of-life status, support status, known security risks, and any relevant supporting software/hardware constraints (for instance, a system that requires legacy hardware); with the inventory annually reviewed, updated, and LIPA-approved. The 2023 updated inventory is to be submitted for LIPA approval by February 28, 2023.

The 2022 LIPA-approved 2-year Refresh Plan to replace or upgrade end-of-life assets within two (2) years is updated as needed to account for any relevant changes to the asset inventory, and extended to 2024. The plan will include the support and security provisions for the assets until they are refreshed. The 2023 updated plan is to be submitted for LIPA approval by April 30, 2023.

All planned work for 2023 in the LIPA-approved Refresh Plan is completed in accordance with the Refresh Plan; and all planned work for 2023 for any Life Cycle Planning (LCP) projects that are not in the 2023 Refresh Plan, but are budgeted for 2023, is completed in 2023.

Target:

100% of deliverables met by the specified due dates and subsequently accepted by LIPA.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

None

DELIVERABLES

LIPA Proposed 2023 Performance Metrics

IT-04: System and Software Lifecycle Management

Deliverable Name	Target Due Date
Submit updated 2023 IT and OT asset inventory, as specified in this metric.	2023-02-28
Submit 2-year Refresh Plan, updated to account for any relevant changes to the approved 2022 inventory, and extended to 2024.	2023-04-30
All planned work for 2023 in the LIPA-approved Refresh Plan is completed in accordance with the plan.	2023-12-31
All planned work for 2023 for any Life Cycle Planning (LCP) projects that are not in the 2023 Refresh Plan, but are budgeted for 2023, is completed.	2023-12-31

LIPA Proposed 2023 Performance Metrics

IT-05: Project Performance - In-flight Projects

Board Policy: Information Technology and Security	Board PIPs: GIS-01: Geographic Information System, 4.05: More Scalable Inbound Contact Center, 4.14: Mobile App for Foreign Crews
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: tluppino@lipower.org
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Irving Landesbaum
PSEGLI Director: David Lyons	DPS Contact: John Goench
Allocated Compensation (2021 Dollars) : 400000	

OBJECTIVE

IT Projects are conducted in a structured manner with strong and rigorous project planning, monitoring, and controls, demonstrated by:

1. Project Implementation Plans (PIPs) in an acceptable format, approved by LIPA, for all in scope projects.
2. Monthly Reporting of Project Status by ten days after the close of each month. Monthly Project Status Reporting will be required starting from the month the PIP is due and continuing through the month that final close-out reports and/or artifacts are accepted by LIPA.
3. Planned project work completed on time and budget.

TARGETS AND CALCULATIONS

This metric includes all in-flight 2022 Performance Metrics (IT-5 and IT-6) projects that have LIPA-approved Project Implementation Plans (PIPs) and LIPA-approved work plans for 2023, with the Deliverables and Due Dates as specified in the LIPA-approved PIPs.

The Projects and Deliverables currently listed are based on PIP status near the end of 2022 Q3. The in-scope Projects and Deliverables listing will be updated as the PIP review process is completed for any 2022 IT-5 and IT-6 projects that are pending approved PIPs. The final Deliverables and Due Dates for the metric will be as specified in the LIPA approved PIPs for the projects, with any applicable adjustments resulting from the Exception Request process.

Any approved Exception Request for a 2022 IT-5 or IT-6 project that moves a Deliverable Due Date from 2022 to 2023 will automatically result in that Deliverable being incorporated into this metric; and will move the associated project in-scope if previously out-of-scope. Additionally, any 2022 Deliverables for IT-5 or IT-6 projects that are not completed in 2022 will be incorporated into this metric for remediation even if the Due Date is not officially adjusted through the Exception process.

All submitted deliverables should be clear, comprehensive, and substantive; and consistent with relevant PMI PMBOK/IIBA BABOK standards.

Target:

100% of the Tier 1 and 75% of the Tier 2 in-scope projects meet the following targets:

LIPA Proposed 2023 Performance Metrics

IT-05: Project Performance - In-flight Projects

- 100% of the 2023 Deliverables specified in the LIPA-approved Project Implementation Plan or in this metric are submitted by the specified due date and subsequently accepted by LIPA.
- 100% of the planned 2023 work specified in the LIPA-approved Project Implementation Plan or in this metric is completed in 2023, and the final tasks/milestones for 2023 are completed on schedule (+/- 3 weeks) per the LIPA-approved Project Implementation Plan.
- Projects completed in 2023 satisfy the End State and Success Criteria detailed in the LIPA-approved Project Implementation Plan.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
2023 Deliverables from LIPA-approved PIPs for all in-scope projects	NA
(1) - DER	NA
Development and Configuration of Custom Dashboards, Reports and Alarms	2023-01-13
Test Results and Artifacts (including test cases, scripts and data) for completed FAT	2023-02-10
(2) - Regulatory Billing (Solar Communities Credit- FIT V)	NA
Test Results and Artifacts for UAT	2023-01-30
Communication and Training Artifacts	2023-02-18
Signoff	2023-02-28
Updated O&M processes, procedures and policies,	2023-03-28
Fully tested, documented and deployed system, with all configuration items in CMDB	2023-03-28
Project Close-Out Report	2023-03-30
(3) - CCaaS (Deliverables to be updated after the PIP is approved)	NA
Enhancement decision matrix and roadmap	2023-02-15
System retirement plan	2023-03-31
Go- live decision checklist	2023-02-17
(4) - Billing Capability for Standby Rates (PIP not submitted, deliverables to be updated after the PIP is approved)	NA
Billing capability for standby rates, to be optional for all commercial customers	2023-06-30
(5) - CDG Billing Automation	NA
Development & Unit Test	2023-02-20
Updated Statements for LIPA	2023-02-27
(6) - CyberArk for CNI	NA
Detailed Design	2023-01-13
Purchase/Receipt of CyberArk HW/SW/Licenses	2023-03-29

LIPA Proposed 2023 Performance Metrics

IT-05: Project Performance - In-flight Projects

(7) - Cybersecurity Program (Deliverables to be updated after the PIP is approved)	NA
SNARE - Project requirements are met	2023-01-06
Service Now Operational Enhancements - Test results document	2023-01-06
Service Now Operational Enhancements - User Acceptance testing document	2023-03-03
Service Now Operational Enhancements - Automation tools testing document	2023-03-03
Service Now Operational Enhancements - User Training workshop	2023-02-17
Service Now CISO Dashboard - List of defined metrics & associated requirements	2023-01-20
Service Now CISO Dashboard - CMDB Data Model to support ServiceNow Common Service Data Model Technical Solution Design & Architecture Governance & Operational Process Model Use Case & Workflow document Test Case document	2023-01-27
Service Now CISO Dashboard - List of refinements needed to support Security Operations Enhancements	2023-01-27
Service Now CISO Dashboard - Detailed Project Plan	2023-02-03
Service Now CISO Dashboard - List of Metric Sourced & Dashboards	2023-03-03
Service Now CISO Dashboard - List of Test Cases & Test Results Workflows	2023-03-31
PKI/CA Deployment in PACS - Deployment package built and tested with test results	2023-01-06
PKI/CA Deployment in PACS - Deployed to production systems	2023-01-20
PKI/CA Deployment in PACS - Deployment metrics are met	2023-02-03
PKI/CA Deployment in PACS - Transition complete	2023-03-03
PKI/CA Deployment in PACS - Project requirements are met	2023-03-10
SourceFire Network Security Monitoring Capability Upgrade - Deployed to all in scope systems	2023-01-20
SourceFire Network Security Monitoring Capability Upgrade - Transition, and training complete	2023-02-03
SourceFire Network Security Monitoring Capability Upgrade - Project requirements are met	2023-02-10
(8) - Dragos for CNI (Deliverables to be updated after the PIP is approved)	NA
Post Deployment Support / Shadowing / knowledge transfer	2023-02-03
Acceptance Approval & Sign-off	2023-02-24
Updated O&M processes, procedures and policies	2023-02-24
Detailed design and specifications documentation of deployed system	2023-02-24
Review overall OT devices monitoring coverage after completion of above deployment (Deliverable: Identify gap in device monitoring coverage)	2023-03-24
(9) - Industrial Defender for DSCADA	NA
Complete System Integration Testing (Functional and Security)	2023-02-22
(10) - AMI System Enhancements	NA
Perform System User Stories testing (CAS, ESB, MessageWay)	2023-03-31
AMI System Enhancements - Complete testing/defects phase	2023-03-31
AMI System Enhancements - Update process documentations	2023-03-31
AMI System Enhancements - Go Live	2023-03-31
(11) - Suffolk County Sewage Billing	NA

LIPA Proposed 2023 Performance Metrics

IT-05: Project Performance - In-flight Projects

Business Process Document	2023-02-28
CAS CICS screen test results w/ evidence	2023-03-15
Training Documents	2023-03-30
Account Migration Plan	2023-03-15
Suffolk County Sewage Billing Project - Go-Live decision checklist	2023-03-30
(12) - Rate Change Enhancements (Deliverables to be updated after the PIP is approved)	NA
January test activities (unbilled reporting and street light testing)	2023-01-31
Project Close-Out Report	2023-02-28
(13) - GIS - Long Term Plan, Architecture and Technology Stack Upgrade	NA
Project Close-out Report	2023-04-10
(14) - DER	NA
Test Management Plan Document	2023-04-27
Test Results and Artifacts (including test cases, scripts and data) for completed SAT	2023-06-16
(15) - ADMS Network Model and Long-Term Roadmap (Deliverables to be updated after the PIP is approved)	NA
Roadmap updated with finalized prioritized sequence of investments to achieve the vision and objectives, by 2023 Q2.	2023-06-30
Roadmap updated with finalized financial analysis and plan by 2023 Q2.	2023-06-30
Project Close-out Report	2023-06-30
(16) - CDG Billing Automation	NA
System Integration Testing	2023-04-07
UAT complete	2023-06-16
Go-live Readiness	2023-06-23
Go-live	2023-06-30
(17) - CyberArk for CNI	NA
DSCADA System Integration Testing (Functional & Security)	2023-06-14
(18) - Cybersecurity Program (Deliverables to be updated after the PIP is approved)	NA
Service Now Operational Improvements Post-deployment support	2023-05-19
Service Now CISO Dashboard - Completed UAT Testing & Flaw Remediation document	2023-04-14
Service Now CISO Dashboard - User training workshop	2023-04-21
Service Now CISO Dashboard - Post-deployment support	2023-07-07
(19) - Dragos for CNI (Deliverables to be updated after the PIP is approved)	NA
Recommend additional appliance (SiteStores & Sensors) to cover identified gap. (Deliverable: High level design of recommended expansion of Dragos monitoring infrastructure)	2023-04-19
Project Close-Out Report and Artifacts	2023-04-19
(20) - Industrial Defender for DSCADA	
Go-Live	2023-04-24
Baselining of Assets into Industrial Defender; Validation of Cyber Security Alerting	2023-05-24
(21) - Suffolk County Sewage Billing	
Project Closure Memo	2023-06-30
(22) - DER	NA

LIPA Proposed 2023 Performance Metrics

IT-05: Project Performance - In-flight Projects

Test Results and Artifacts (including test cases, scripts and data) for completed Performance Testing	2023-07-14
Test Results and Artifacts (including test cases, scripts and data) for completed UAT	2023-09-25
Go-Live	2023-09-29
Fully tested, documented, and deployed system, with all configuration items in CMDB, and scope delivered	2023-09-29
(23) - CDG Billing Automation	NA
Project Close-Out Report	2023-08-15
(24) - DER	NA
Project Close-Out Report	2023-10-30
(25) - CyberArk for CNI	NA
DSCADA Production Environment Readiness	2023-10-30
DSCADA Roll-Out Plan Finalized	2023-11-07
DSCADA System Sign-Off/Acceptance Approval	2023-11-23
DSCADA CyberArk Go-Live	2023-11-30

LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

Board Policy: Information Technology and Security	Board PIPs: NA
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: tluppino@lipower.org
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Irving Landesbaum
PSEGLI Director: David Lyons	DPS Contact: John Goench
Allocated Compensation (2021 Dollars) : 500000	

OBJECTIVE

IT Projects are conducted in a structured manner with strong and rigorous project planning, monitoring, and controls, demonstrated by:

1. Project Implementation Plans in an acceptable format, approved by LIPA for all in-scope projects.
2. Monthly Reporting of Project Status by ten days after the close of each month. Monthly Project Status Reporting will be required starting from the month the PIP is due and continuing through the month that final close-out reports and/or artifacts are accepted by LIPA.
3. Planned project work completed on time and budget.

TARGETS AND CALCULATIONS

This metric includes all new IT Projects at or over \$1 million in Capital Budget project lifecycle costs (with some exceptions as defined the Exclusions section), plus certain other projects of high criticality. For the purposes of this metric, new Projects are projects that do not have LIPA-approved PIPs/work plans for 2023.

The Project Implementation Plans required for each project will utilize the LIPA-provided 'Project Implementation Plan Template', and must provide substantive information including Project Objectives, End State and Success Criteria, Deliverables, Project Structure, Work Plan, Risk Management Plan, Issue Resolution Plan, LIPA Reporting Plan and Technical Execution Plan, as well as Project Financial Plan and Budget. The LIPA-approved Plans will constitute the baseline against which project performance is measured.

All submitted deliverables should be clear, comprehensive, and substantive; and consistent with relevant PMI PMBOK/IIBA BABOK standards.

Target:

- 100% of in-scope projects have Project Implementation Plans submitted by the specified due dates and subsequently approved by LIPA.
- 100% of the Tier 1, 70% of the Tier 2, and 50% of the Tier 3 in-scope projects meet the following targets:
 - > 100% of the 2023 Deliverables specified in the LIPA-approved Project Implementation Plan or in this metric are submitted by the specified due date and subsequently accepted by LIPA.
 - > 100% of the planned 2023 work specified in the LIPA-approved Project Implementation Plan or in this metric is completed in 2023, and the final tasks/milestones for 2023 are completed on schedule (+/- 3 weeks) per the LIPA-approved Project Implementation Plan.

LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

--> Work planned for 2023 is completed within approved budget (+/- 10%).

--> Projects completed in 2023 satisfy the End State and Success Criteria detailed in the LIPA-approved Project Implementation Plan.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Projects not listed in the attached In-scope Projects list for this metric. While all new IT Projects (projects that do not have LIPA-approved PIPs/work plans for 2023) at or over \$1 million in Capital Budget project lifecycle costs are eligible for inclusion in this metric, certain projects may be excluded based on LIPA priorities. Additionally, LCP (Life Cycle Planning) projects will typically be considered under 'IT-4 System and Software Lifecycle Management' and thus excluded from IT-6.

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider

DELIVERABLES

Deliverable Name	Target Due Date
Submit Tier 1 PIPs for all projects defined in the metric by the target due date, which is 3/31/2023 for Tier 1 PIPs, except where otherwise specified.	2023-03-31
Submit Tier 2 and Tier 3 PIPs for all projects defined in the metric by the target due date, which is 6/30/2023 for Tier 2 and Tier 3 PIPs, except where otherwise specified.	2023-06-30
2023 Deliverables from LIPA-approved PIPs for all in-scope projects and all Mandatory Deliverables specified in this metric.	As specified in this metric or LIPA-approved PIP

LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

2023 IT-6 – In-Scope Projects and Deliverables - Interim¹

TIER 1

#	Project	Description	Mandatory Deliverables
IT-6.T1.01	Contact Center as a Service (CCaaS) Phase 2	<p>This project will include activation and initial deployment of Voice Analytics tools purchased during CCaaS Phase 1.</p> <p>The scope will include deployment of the Voice Analytics tools for the following Use Cases:</p> <ol style="list-style-type: none">1. Same-day escalation remediation2. On-going opportunities to improve day-to-day operations <p>Deployment will include developing the data extraction methodology (triggers and threshold), reporting, and associated business processes.</p>	<ol style="list-style-type: none">1) Detailed Project Implementation Plan, to be submitted for LIPA approval by March 31, 2023.2) Delivery of all scope identified in the LIPA-approved Project Implementation Plan by December 31, 2023.
IT-6.T1.02	Standard Data Platform Phase 2	<p>Phase 2 of the Standardized Data Access Platform (SDAP) effort to create a standard, enterprise-wide data platform that provides PSEGLI business stakeholders, LIPA, and the DPS seamless and effective access to financial, operational, and performance data.</p> <p>Phase 2 will be completed in 2023 and will focus on centralizing and bringing in data from key systems not covered in Phase 1, in accordance with the LIPA-approved Master Data Analytics Project Plan and Long-Term Roadmap developed as part of the 2022 Phase 1 project.</p>	<ol style="list-style-type: none">1) Detailed Project Implementation Plan, to be submitted for LIPA approval by March 31, 2023.2) Delivery of all scope identified in the LIPA-approved Project Implementation Plan by December 31, 2023.

¹ Apart from three priority projects added by LIPA (T1.01, T2.01 and T2.06), the listing is comprised of projects that are in-scope based on the PSEGLI 2023 IT Capital Budget Request as of Sep 2022. The list will be updated if needed as the IT Capital Budget Request gets finalized.

LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

IT-6.T1.03	SailPoint Access Control	<p>Implementation of the SailPoint identity and access management (IAM) solution, including infrastructure and platform deployment, integration with relevant systems, and data mapping and process implementation.</p> <p>The scope will include:</p> <ul style="list-style-type: none">• Automation of employee access tasks for onboarding, separation, and role changes.	<p>1) Detailed Project Implementation Plan, to be submitted for LIPA approval by March 31, 2023.</p> <p>2) Delivery of all scope identified for 2023 in the LIPA-approved Project Implementation Plan.</p>
		<ul style="list-style-type: none">• Automation of quarterly High-Level Access attestation reviews. <p>The SailPoint system will be a dedicated system for Long Island, separate from New Jersey.</p>	

LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

IT-6.T1.04	IT Data Analytics 2023 / U2.0 Transition	<p>Scope will include:</p> <p>1) Development of a two-year Business Driven Roadmap (2023-2024) that includes, for each planned Use Case: the business benefits, prioritization, sequencing, detailed and specific scope, Level of Effort, and estimated cost.</p> <p>The Roadmap will be aligned with the Utility 2.0 filing, and will address, at a minimum, the following Use Cases identified in the 2023 PJD:</p> <ul style="list-style-type: none"> i) Storm Situational Awareness Dashboard enhancements and other Business Areaspecific Storm Analytics include building new dashboards for certain business areas to help operate during storm events. ii) ETR Accuracy enhancement for blue and grey sky conditions iii) Replace the current Customer Data Warehouse solution by migrating it to the Data Lake environment. Retire current solution which has reached the end of life iv) Transformer/Fuse Load Analysis enhancements – extend current load analysis based on AMI data with additional factors, such as weather data or voltage data, to identify overload conditions possibility of performing predictive analysis. v) Scorecard Metrics - Build dashboards that can be run automatically to support monthly review of scorecard metrics with LIPA vi) Theft Analytics – Build Phase 2 analysis enhancing solution that started in 2022. Expand meter events analysis and identify new theft scenarios vii) Energy Efficiency Program Analysis develop granular forecasts for tracking the adoption of customer programs viii) Customer TOU Rate Analysis – analysis of Revenue and Utility impacts 	<ul style="list-style-type: none"> 1) Two-year Business Driven Roadmap (2023-2024), to be submitted for LIPA approval by March 31, 2023. 2) Detailed Project Implementation Plan covering all 2023 Use Cases specified in the LIPAapproved Roadmap, to be submitted for LIPA approval by April 30, 2023. 3) Delivery of all scope identified in the LIPAapproved Project Implementation Plan by December 31, 2023.
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LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

		<p>ix) Customer segmentation for value Targeting customers for programs and services to help them better manage their energy costs (e.g., rate options) and encourage adoption of new uses (e.g., use of distributed generation and DER).</p> <p>x) Large Customer Consumption analysis – support BCAs in improving customer communication on billing, consumption analysis and energy-efficient programs</p> <p>2) Implementation of all 2023 Use Cases as identified in the LIPA-approved Roadmap.</p>	
IT-6.T1.05	Cybersecurity Continuous Improvement for CNI	<p>Deployment of a Certificate of Authority (Public Key Infrastructure [PKI] certificates) system in the PSEG LI EMS & DSCADA environments to allow for verifiable certificates to be signed and deployed in support of verifying hosts and providing secure interaction and transport of network traffic between endpoints and hosts providing encrypted services.</p> <p>The Certificate of Authority systems will be deployed separately in the EMS and DSCADA environments to maintain isolation between the systems.</p> <p>The Certificate of Authority system deployed in the DSCADA environment will address certificate vulnerabilities identified in vulnerability assessments.</p>	<p>1) Detailed Project Implementation Plan, to be submitted for LIPA approval by March 31, 2023.</p> <p>2) Delivery of all scope identified in the LIPAapproved Project Implementation Plan by December 31, 2023.</p>

TIER 2

#	Project	Description	Mandatory Deliverables
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LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

IT-6.T2.01	Customer Communications Tool for Double Wood Poles	<p>This project is for deployment of a webbased tool to facilitate municipal and customer communications and information about double-wood poles.</p> <p>The tool will allow a customer to obtain information about double-wood pole location, removal status (i.e., next party to move pole attachments), and contact information for the responsible party. The customer will also be able to report doublewood poles that are not currently in the NJUNS database and sign up for notifications of a change in status on a particular pole. The expected outcome for this project is a demonstrated reduction in double wood</p>	<ol style="list-style-type: none">1) Detailed Project Implementation Plan, to be submitted for LIPA approval by June 30, 2023.2) Delivery of all scope identified in the LIPAapproved Project Implementation Plan by December 31, 2023.
		<p>complaints to the call center, DPS, or Government officials by 12/31/2023.</p> <p>The training plan for municipalities will train all counties, towns, and cities and at least 50% of villages on using the customer reporting tool by 12/31/2023. In addition, the communications plan will include outreach to all customers, including but not limited to the PSEG LI website, a fact sheet describing the double-wood pole process and tool, emails, and bill inserts.</p> <p>The scope of the project will include:</p> <ol style="list-style-type: none">1) Initial analysis, planning and procurement phase; including requirements development, evaluation of tools/products/platforms, and selection and procurement of the best-fit solution and services for solution implementation.2) Implementation of the selected solution.	

LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

IT-6.T2.02	ADMS Phase 1	<p>Phase 1 project for the deployment of advanced ADMS modules in accordance with the LIPA-approved 3-year Roadmap and Conceptual Architecture developed by the 2022 ADMS strategic planning effort.</p> <p>Scope will include:</p> <p>i) Product Vendor Design and Discovery (D&D) phase to develop a detailed implementation roadmap, including:</p> <ul style="list-style-type: none">• Functional and Technical Requirements and Product Enhancements• System Configuration Diagram/Architecture• Project Schedule• Implementation Plan with Resource Planning• Roles & Responsibilities Matrix <p>ii) ADMS Network Model build for 10 feeders and the associated substations, and provision of training to designated PSEG LI personnel to continue building the network model. Distribution Operators will be trained on the enhanced eMap features that the ADMS Network Model provides, including real-time estimated voltages and currents per phase in the whole system.</p> <p>iii) Preliminary ADMS implementation to build, integrate, test and commission more advanced ADMS modules in accordance with the 3-year Roadmap and Conceptual</p>	<p>1) Detailed Project Implementation Plan, to be submitted for LIPA approval by June 30, 2023.</p> <p>2) Delivery of all scope identified for 2023 in the LIPA-approved Project Implementation Plan.</p>
		<p>Architecture Document developed in 2022. The Phase 1 Project, planned for completion by 12/31/2024, will build out new infrastructure, install new software modules, implement new business processes, execute on organizational changes and provide a solution that provides Distribution Operators with more advanced features and capabilities to manage the grid.</p>	

LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

IT-6.T2.03	Cybersecurity Continuous Improvement	<p>The scope will include, but is not limited to, the Vulnerability Management Improvement initiative, including:</p> <ul style="list-style-type: none"> • Establish VM Assets Discovery Practice • Additional Scan Types • Increased VM Scanning Scope • Establish Security Compliance Scanning Practice • Risk Indexing - Single Source of Intelligence • Tenable Health Check 	<p>1) Detailed Project Implementation Plan, to be submitted for LIPA approval by June 30, 2023.</p> <p>2) Delivery of all scope identified for 2023 in the LIPA-approved Project Implementation Plan.</p>
IT-6.T2.04	Salesforce Applications Replacement	<p>This project will identify and implement alternate methods of managing all functions currently handled via the Salesforce platform, including but not limited to:</p> <ol style="list-style-type: none"> a) Contact Us web form for customer inquiries submitted via the public site and private self-service channels. b) Enrollment in Life-Sustaining Medical Equipment c) Enrollment in Household Assistance Program (HEAP) d) Submission of Determination of Customer Resource (DCR) inquiry e) Submission of photos to provide Meter Reading f) Move In/Move Out online submission forms g) Compare Rates tool h) IMS functionality i) SGIP functionality j) Business Renovation Services (BRS) k) Customer Service e-mail use cases <p>Scope will include:</p> <ul style="list-style-type: none"> • Analysis and planning, including (i) prioritization of each application listed above, considering factors including criticality and number of Salesforce licenses required; (ii) options analysis and solution design for each listed 	<p>1) Detailed Project Implementation Plan, to be submitted for LIPA approval by June 30, 2023.</p> <p>2) Delivery of all scope identified in the LIPA-approved Project Implementation Plan by December 31, 2023.</p>

LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

		<p>application; and (iii) development of a detailed solution implementation plan aligned with Salesforce retirement goals. • Implementation in accordance with the LIPA-approved solution implementation plan.</p>	
IT-6.T2.05	Application and Infrastructure Monitoring Consolidation - Planning	<p>Planning phase for the Application and Infrastructure Monitoring Consolidation initiative, which aims to eliminate the use of multiple monitoring tools by rationalizing tools under one platform, provide a 'single pane of glass' solution to monitor the end-to-end application and infrastructure system stack, and implement intelligent ticket creation based on critical errors/warnings; with the solution to be implemented and deployed in 2024.</p> <p>The scope will include:</p> <ul style="list-style-type: none"> • Conduct tool rationalization and consolidation assessment across infrastructure & application systems • Develop detailed monitoring requirements • Develop detailed schedule / project implementation plan for FY-2024 • Develop high level design including end state monitoring dashboards for various IT support groups • Complete IT Network & Security architecture review and approvals 	<p>1) Detailed Project Implementation Plan, to be submitted for LIPA approval by June 30, 2023.</p> <p>2) Delivery of all scope identified in the LIPAapproved Project Implementation Plan by December 31, 2023.</p>

LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

IT-6.T2.06	Enterprise Time & Attendance Phase 2	<p>Phase 2 of the Enterprise Time & Attendance (T&A) initiative, which aims to improve and enhance time and work management capabilities and address existing deficiencies via a cost-effective, state-of-the-art Enterprise T&A solution that is fully integrated with EAMS/work management systems and provides mobile field technologies for time reporting by field personnel.</p> <p>The 2022 Phase 1 project covered the issuance of RFP(s) for selecting a new T&A platform and the system integrator for its implementation.</p> <p>Phase 2 scope will include:</p> <ul style="list-style-type: none">• Selection and procurement of the bestfit T&A platform, and the system integrator for its implementation,	<p>1) Detailed Project Implementation Plan, to be submitted for LIPA approval by June 30, 2023.</p> <p>2) Delivery of all scope identified for 2023 in the LIPA-approved Project Implementation Plan.</p>
		<p>through rigorous evaluation to minimize delivery risk.</p> <ul style="list-style-type: none">• Execution of the associated contracts.	

TIER 3

#	Project	Description	Mandatory Deliverables
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LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

IT-6.T3.01	CG Concentrator Replacement	<p>The project will include all scope identified in the 2023 CG Concentrator Replacement PJD to replace CG Concentrators in the Distribution Automation (DA) system with new data concentrator hardware and/or technologies to reduce the points of failure while providing better scalability.</p> <p>The first phase of the project will be a design and discovery effort to:</p> <ul style="list-style-type: none">• Evaluate new data concentrator hardware and technologies.• Develop a data concentrator solution (hardware, software, network connectivity, etc.) that provides the same functions of the existing CG Concentrator with better scalability. Evaluate new features the solution offers, with a focus on reducing the points of failure of the existing CG Concentrators (144 concentrator boards and the projected 48 expansion boards over the next 5 years).• Preserve existing disaster recovery functionality at the Brentwood, Hewlett, Hicksville, and Riverhead offices. This will include a review of Business Continuity Plans (BCP) to see if the new data concentrator solution with disaster recovery can improve system availability.• Develop detailed deployment plans, including detailed implementation plans, infrastructure and/or facilities upgrade plans, test plans, and cutover plans for deployment of the new data concentrator solution and each District Office, in a phased approach, to avoid or minimize system downtime. <p>The execution phase will follow this to implement the LIPA-approved IT Solution Design for the new data concentrator</p>	<p>1) Detailed Project Implementation Plan, to be submitted for LIPA approval by June 30, 2023.</p> <p>2) Delivery of all scope identified for 2023 in the LIPA-approved Project Implementation Plan.</p>
		solution in accordance with LIPA-approved detailed deployment plans.	

LIPA Proposed 2023 Performance Metrics

IT-06: Project Performance – New 2023 Projects

IT-6.T3.02	Primavera Upgrade	<p>All scope identified in the 2023 Primavera P6 Upgrade PJD, including:</p> <ul style="list-style-type: none"> • Modernization of the Primavera P6 technology stack, including the upgrade of Primavera P6 from version 8.3 to version 21. • Cleaning of the existing database. • Implementation of enhanced governance and change controls. <p>The upgraded, comprehensively tested and documented system will be fully deployed in production no later than December 31st, 2023.</p>	<p>1) Detailed Project Implementation Plan, to be submitted for LIPA approval by June 30, 2023.</p> <p>2) Delivery of all scope identified in the LIPA-approved Project Implementation Plan by December 31, 2023.</p>
IT-6.T3.03	Outage and Incident Communications - Phase 2	Implement DPS requirements for data transfer for outage and incident management.	<p>(1) Detailed Project Implementation Plan, to be submitted for LIPA approval by June 30, 2023.</p> <p>(2) Delivery of all scope identified for 2023 in the LIPA-approved Project Implementation Plan.</p>
IT-6.T3.04	IT Portfolio Planning System	<p>Planning and implementation for an IT Portfolio Planning Management solution that support IT organization's business requirements for managing and streamlining the lifecycle of all IT investments focusing on the Planning phase.</p> <p>The scope will include:</p> <p>1) Initial analysis, planning and procurement phase; including requirements development, evaluation of COTS products, and selection and procurement of the best-fit solution.</p> <p>2) Implementation of the selected solution.</p>	<p>1) Detailed Project Implementation Plan, to be submitted for LIPA approval by June 30, 2023.</p> <p>2) Delivery of all scope identified in the LIPA-approved Project Implementation Plan by December 31, 2023.</p>

LIPA Proposed 2023 Performance Metrics

IT-07: System Segregation

Board Policy: Information Technology and Security	Board PIPs: 7.03; ITSM-01
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: oahmad@lipower.org
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Irving Landesbaum
PSEGLI Director: David Lyons	DPS Contact: John Goench
Allocated Compensation (2021 Dollars) : 600000	

OBJECTIVE

Separate LIPA IT systems from PSEG New Jersey systems.

TARGETS AND CALCULATIONS

All planned scope and work for 2023 in the LIPA Board-approved IT System Separation Plan ("the Plan"), and in any approved detailed plans, roadmaps and strategies subsequently developed by the joint LIPA and PSEG Long Island IT Team pursuant to the Plan, will be completed in 2023 in accordance with the Plan and the above mentioned associated planning materials.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

DELIVERABLES

Deliverable Name	Target Due Date
All planned scope and work for 2023 in the LIPA Board-approved IT System Separation Plan ("the Plan"), and in any approved detailed plans, roadmaps and strategies subsequently developed by the joint LIPA and PSEG Long Island IT Team pursuant to the Plan, will be completed in 2023 in accordance with the Plan and the above mentioned associated planning materials. Metric deliverables will be updated in Smartsheet upon the approval of the System Separation Plan and associated planning materials.	2023-12-31

LIPA Proposed 2023 Performance Metrics

IT-08: Cyber Security Organization - Structure, Staffing and Capabilities Review

Board Policy: Information Technology and Cyber Security	Board PIPs: n/a
LIPA Exec. Sponsor: Mujib Lodhi	LIPA Proj. Mgr: mshaikh@lipower.org
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: John Kupcinski
PSEGLI Director: John Kupcinski	DPS Contact: TBD
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Build a cyber security organization under the PSEG Long Island CISO that is independent of PSEG New Jersey, with services, staffing, and capabilities optimized to ensure that the cyber team is fully capable of developing, managing, and supporting the cyber security program and delivering on current and future requirements independent of Affiliate Services (as defined in the OSA).

TARGETS AND CALCULATIONS

PSEG Long Island to fully participate in a Cyber Security Organization study, to be performed by LIPA and completed by May 15, 2023, to determine gaps and the appropriate structure, staffing, and capabilities needed to achieve a PSEG Long Island Cyber Security Organization under the PSEG Long Island CISO that is fully capable of developing, managing, and supporting the cyber security program and delivering on current and future requirements, independent of Affiliate Services (as defined in the OSA).

The study shall provide findings and recommendations based on organizational priorities, including criticality of positions and alignment with the System Separation Plan; and shall include reasonable timelines for implementation. PSEG Long Island to: (i) develop and submit by June 30, 2023, a PIP to implement the recommendations made in the study, taking into account the suggested timelines for implementation ('Cyber Security Organization PIP'); and (ii) by September 30, 2023, to finalize and obtain LIPA's approval of the PIP; and (iii) to budget for implementation in accordance with the PIP in PSEG Long Island's 2023 budget submission for 2024 as needed.

PSEG Long Island to complete hiring for critical positions that have been approved and budgeted for filling in 2023, by December 31, 2023, and to submit Job Descriptions for positions to be filled in 2024, as specified in the Targets below.

Targets:

1. PSEG Long Island shall fully support LIPA staff and consultants conducting the study, including:
 - i) making all PSEG Long Island IT/Cyber and NJ Cyber personnel, and such others as may be required, available as needed for interviews, meetings, etc.
 - ii) providing all requested information and data in a timely manner.
2. PSEG Long Island to develop and submit for LIPA approval a Cyber Security Organization PIP to implement the recommendations of the study by June 30, 2023, taking into account the consultants' suggested reasonable timelines for implementation.
3. PSEG Long Island to include budget requests as needed to allow for implementation in accordance with the PIP in

LIPA Proposed 2023 Performance Metrics

IT-08: Cyber Security Organization - Structure, Staffing and Capabilities Review

PSEG Long Island's 2023 budget submission for 2024.

4. PSEG Long Island to submit a PIP for the filling of critical positions that have been approved and budgeted to be filled in 2023 ('2023 Positions PIP') for LIPA approval by January 31, 2023; and to complete hiring for the positions by December 31, 2023. PSEG Long Island to submit Job Descriptions for critical positions to be filled in 2024 for LIPA approval by July 31, 2023.

5. PSEG Long Island to submit all 2023 Deliverables specified in the LIPA-approved 2023 Positions and Cyber Security Organization Project Implementation Plans or in this metric by the specified due dates. Deliverables will be updated in the metric Smartsheet upon approval of the PIPs.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. PIP shall be in a LIPA-approved format.

EXCLUSIONS

DELIVERABLES

Deliverable Name	Target Due Date
Submit 2023 Positions PIP for the filling of critical positions that have been approved and budgeted to be filled in 2023.	2023-01-31
PSEG Long Island has fully participated in study, including making relevant personnel available and providing requested information and data, in a timely manner.	2023-04-15
Submit Cyber Security Organization PIP to implement the study recommendations.	2023-06-30
Submit Job Descriptions for Director-level, Manager-level, and staff-level critical positions to be filled in 2024.	2023-07-31
Submit Budget for implementation of PIP in 2024.	2023-08-31
PSEGLI to submit artifacts evidencing completion of 2023 PIP deliverables.	2023-12-31
Hiring completed for critical positions that were approved to be filled in 2023.	2023-12-31

LIPA Proposed 2023 Performance Metrics

PS&CE-01: Complete Integrated Resource Plan (IRP) Follow-on Activities

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: rshansky@lipower.org	LIPA Proj. Mgr: tsimpson@lipower.org
PSEGLI Exec. Sponsor: Paul Napoli	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Lucyna Khazanovich	DPS Contact: qin.shi@dps.ny.gov
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Complete follow-on activities for the IRP.

TARGETS AND CALCULATIONS

Fully satisfy all metric deliverables, per the agreed-upon dates, with high-quality deliverables.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. LIPA will approve the study scope and conformity to applicable regulations. A draft scope will be provided for LIPA review prior to 3/31/2023. Meetings to review and discuss the scope will be held as needed. LIPA will use reasonable efforts to approve the scope within two weeks, but no later than 4/14/2023. Status reports will be provided as requested, but no less than quarterly.

EXCLUSIONS

Schedule relief will be granted for delays or changes directed or requested by LIPA or situations or business conditions that are beyond the control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Develop a scope of work, in consultation with LIPA, for 2023 follow-on studies recommended in the IRP. The collaboration will begin in 2022 soon after the IRP results are available. Potential scope of work may include 1) resiliency plan based on the results of the IRP, 2) identification of site-specific storage needs, and 3) analysis of resource characteristics required to replace existing generation.	2023-01-31
Submit a final revision of the work scope addressing LIPA feedback for LIPA approval. This will include the work to be conducted, expected deliverables and timelines within the approved budget. Update Smartsheet for work scope deliverables from LIPA-approved plan.	2023-03-31
Complete Q2 planned deliverables and provide to LIPA a quarterly deliverables status report.	2023-06-30
Complete Q3 planned deliverables and provide to LIPA a quarterly deliverables status report.	2023-09-30
Complete Q4 planned deliverables and submit to LIPA a quarterly status update.	2023-12-31

LIPA Proposed 2023 Performance Metrics

PS&CE-02: Complete Energy Storage Request for Proposal (RFP) Follow-on Activities

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: rshansky@lipower.org	LIPA Proj. Mgr: tsimpson@lipower.org
PSEGLI Exec. Sponsor: Paul Napoli	PSEGLI Proj. Mgr: Nayana Nigley
PSEGLI Director: Yuri Fishman	DPS Contact: sean.walters@dps.ny.gov
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Complete follow-on activities for the Energy Storage RFP.

TARGETS AND CALCULATIONS

Fully satisfy all metric deliverables, per the agreed-upon dates, with high-quality deliverables.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld and will be within the approved 2023 budget amount. Status reports will be provided as requested, but no less than quarterly.

EXCLUSIONS

Schedule relief may be granted for delays or changes directed or requested by LIPA or situations or business conditions that are beyond the reasonable control of the Service Provider, such as but not limited to environmental review. If LIPA determines that any contract should not be pursued, the metric compensation will be based on completing the remaining contracts. If LIPA determines that none of the contracts should be pursued, the compensation will be reallocated to other metrics.

DELIVERABLES

Deliverable Name	Target Due Date
Submit a project plan for completing negotiations by 6/30/2023 with successful bidders in the Battery Storage RFP.	2023-02-15
Submit a revised project plan addressing LIPA feedback for approval. Update Smartsheet for key project plan deliverables from LIPA-approved project plan.	2023-02-28
Complete Q1 planned deliverables and submit to LIPA a quarterly deliverables status report.	2023-03-31
Complete negotiations with successful bidders. If negotiations are not completed, submit proposed extended schedule with appropriate justification that meets the Exclusion criteria, for LIPA approval.	2023-06-30
Complete Q2 planned deliverables and submit to LIPA a quarterly deliverables status report.	2023-06-30
Complete environmental review of selected projects by 9/30/23. If LIPA determined that contract negotiations should continue beyond 06/30/2023, complete negotiations. If negotiations and/or environmental review are not completed, submit proposed extended schedule with appropriate justification that meets the Exclusion criteria, for LIPA approval.	2023-09-30

LIPA Proposed 2023 Performance Metrics

PS&CE-02: Complete Energy Storage Request for Proposal (RFP) Follow-on Activities

Complete Q3 planned deliverables and submit to LIPA a quarterly deliverables status report.	2023-09-30
If LIPA determined that negotiations should continue beyond 09/30/2023, complete contract negotiations. Obtain LIPA Board of Trustees approval of completed contracts and submit approved contracts to the NYS OAG and OSC. If negotiations and/or environmental reviews are not completed, submit proposed extended schedule with appropriate justification that meets the Exclusion criteria, for LIPA approval.	2023-12-31
Complete Q4 planned deliverables and submit to LIPA a quarterly deliverables status report.	2023-12-31

LIPA Proposed 2023 Performance Metrics

PS&CE-03: Energy Efficiency Plan Savings

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: jbell@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Michael Voltz	DPS Contact: elisabeth.fiteni@dps.ny.gov
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Achieve the Energy Efficiency Plan Targeted Savings, including any LIPA and DPS recommended changes to the savings target.

TARGETS AND CALCULATIONS

Achieve at least 900,730 of independently verified savings from the programs identified in the 2023 EEDR Plan (Table A-1), as modified by any DPS and LIPA recommendations, by December 31, 2023. Programs will not be arbitrarily shut down once the goal is achieved.

MMBtu savings achieved from 2023 EE Plan activities will be independently measured and verified. Independent measurement methodology and verification are subject to LIPA approval, not to be unreasonably withheld.

PSEG LI will submit monthly reporting in a LIPA-approved format and meet with LIPA to present results.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld.

EXCLUSIONS

Calculation and methodological changes subsequently identified and reported by the independent verifying party will not be applied retroactively against 2023 performance. The verified ex-ante savings will be provided to LIPA on or about February 1, 2024, and will be used to determine if the goal was achieved.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

PS&CE-05: Beneficial Electrification – Building Electrification

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: jbell@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Michael Voltz	DPS Contact: elisabeth.fiteni@dps.ny.gov
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Achieve Beneficial Electrification Targets from Utility 2.0, including any LIPA and DPS recommended changes to the targets.

TARGETS AND CALCULATIONS

Achieve the following implementation targets by December 31, 2023:

1. Pay rebates for 7,000 new heat pumps in incentive programs.
2. Pay rebates for 1,656 housing units served by cold climate whole house heat pump systems in incentive programs. The heat pump system must be the primary heating source, so as to qualify as an electrified home under the statewide million homes initiative.
3. Achieve at least 10,884 MMBtu of energy savings from the low income REAP program.
4. Enroll 50 buildings in the multi-family rebate program.

Enroll = committed funds or pre-approval letter, after January 1, 2023.

Multi-family = more than 4 dwelling units per building.

Each target is worth 1/4th of the compensation allocated to this metric and is measured on a pass/fail basis. A pass is earned by full completion of that target.

PSEG LI will submit monthly reporting in a LIPA-approved format and meet with LIPA to present results.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following:	Monthly

LIPA Proposed 2023 Performance Metrics

PS&CE-05: Beneficial Electrification – Building Electrification

- | | |
|--|--|
| 1) Monthly Scorecard Report | |
| 2) Any additional supporting documentation as required | |

DRAFT

LIPA Proposed 2023 Performance Metrics

PS&CE-06: Electric Vehicle (EV) Make-Ready

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: jbell@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Michael Voltz	DPS Contact: elisabeth.fiteni@dps.ny.gov
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Achieve EV Make-Ready Targets, including any LIPA and DPS recommended changes to the targets.

TARGETS AND CALCULATIONS

Achieve the following implementation targets by December 31, 2023:

1. Enroll 110 DCFC ports in make-ready infrastructure incentives
2. Energize 103 DCFC Ports
3. Enroll 450 Level 2 ports in make-ready infrastructure incentives
4. Energize 400 Level 2 Ports.

Enroll = committed funds or pre-approval letter, after January 1, 2023

Energize = Total population of DCFC and Level 2 ports that have meter set and put into service in 2023, or made operational if tied into an existing meter.

Each target is worth 1/4th of the compensation allocated to this metric and is measured on a pass/fail basis. A pass is earned by full completion of that target.

PSEG LI will submit monthly reporting in a LIPA-approved format and meet with LIPA to present results.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

PS&CE-08: Transition to New "Standard" Time of Day Residential and Small Business Rates on an Opt-Out Basis

Board Policy: Customer Value and Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: jbell@lipower.org
PSEGLI Exec. Sponsor: Gregory Filipkowski, Louis Debrino	PSEGLI Proj. Mgr: Brian Kurtz, Joseph Trainor
PSEGLI Director: Michael Voltz	DPS Contact: sean.walters@dps.ny.gov
Allocated Compensation (2021 Dollars) : 600000	

OBJECTIVE

Plan, build and initiate launch marketing and outreach, IT and customer tools, website update, call center and billing training, and business process changes needed for a transition to a standard (opt-out) TOD rate for all residential and small business customers that will achieve top performer enrollment and satisfaction.

TARGETS AND CALCULATIONS

Satisfy all metric deliverables, per the agreed-upon dates. The parties may reasonably agree to different interim deadlines, provided the schedule changes do not affect the completion of all requirements by December 31, 2023.

Allocated compensation would be:

- 1/3rd of the incentive compensation allocated to this metric for successful completion of all interim deliverables, per the agreed-upon dates, and;
- 2/3rds of the incentive compensation allocated to this metric for successful completion of the final December 31st, 2023 Go-live (implement system functionality) for new customer accounts opened in 2024

Project implementation success will include deliverables that are clear, comprehensive, and include supporting details and have taken into consideration PMI-PMBOK and, unless otherwise indicated, IIBA-BABOK IT guidelines for the following documentation:

Project management documents (PMI only):

- > Project Implementation Plan
- > Operational readiness/impact assessment documentation
- > Business processes/procedures documentation
- > Training plan
- > Communication plan
- > Marketing plan
- > Project close out memo including lessons learned

Technical documents (PMI and IIBA):

- > Business requirements
- > Technical requirements

LIPA Proposed 2023 Performance Metrics

PS&CE-08: Transition to New "Standard" Time of Day Residential and Small Business Rates on an Opt-Out Basis

- > Requirements traceability matrix including test scenarios
- > Test results with evidence
- > Go live checklists

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All PIPs, project deliverables, and status reports will be in a LIPA-approved format.

EXCLUSIONS

Schedule relief may be granted for delays or changes directed or requested by LIPA or situations or business conditions that are beyond the reasonable control of the Service Provider, including delays or changes to accommodate stakeholder comments or DPS recommendations.

DELIVERABLES

Deliverable Name	Target Due Date
Submit a draft Project Implementation Plan (PIP), for 2023 and 2024 activities needed for a successful transition to a standard (opt-out) TOD rate for all residential customers during 2024 and all small commercial customers in 2025 or as otherwise agreed to. The draft PIP will identify all expected deliverables, timelines, and associated resource needs for IT and customer tools, call center training, and business process changes, and will include a fully developed IT scope and implementation timeline.	2023-01-31
Submit a final PIP, reflecting LIPA's feedback and approval, for 2023 and 2024 activities needed for a successful transition to a standard (opt-out) TOD rate for all residential customers during 2024 and all small commercial customers in 2025 or as otherwise agreed to. The PIP will identify all expected deliverables, timelines, and associated resource needs for, IT and customer tools, call center training, and business process changes. Update the Metric deliverables in Smartsheets to include the LIPA-approved PIP deliverable due dates.	2023-03-15
Final business requirements for system changes required to support TOD program, including but not limited to opt-in enrollment expansion in 2023, new account enrollment in default TOU rate at move in starting 1/1/24, phased account migration to standard TOD rate, data preparation for personalized outreach, rate change automation/simplification, billing/usage exception and validation rules, billing scalability, bill protection (hold harmless), bill presentment, estimation rule improvement in MDM to eliminate interval/validation gaps, and customer analytical tools that enable customers to understand bill impacts and offer ways to reduce or shift usage.	2023-03-31
Complete negotiation of billing engine vendor scope of work and pricing.	2023-04-01
Provide change management plan, including but not limited to operational readiness/impact analysis to address short-term and long-term staff impacts in contact center and billing, training plan, business processes/procedures, and customer satisfaction and awareness hypothesis.	2023-05-31

LIPA Proposed 2023 Performance Metrics

PS&CE-08: Transition to New "Standard" Time of Day Residential and Small Business Rates on an Opt-Out Basis

Submit a comprehensive customer communications and marketing plan for transition to opt-out TOD that includes outreach, engagement and advertising across multiple channels. Any dates included are dependent on operational, technology and policy decisions and subject to change. Communication deliverables listed in this metric will be updated in Smartsheet based on the final LIPA approved communication and marketing plan.	2023-06-30
Replace VTOU rate options with TOD opt-in rates: Customer billing systems and bill calculation tools updated to reflect shutdown of TOU rates that are not the proposed default rate to new enrollments. Operational readiness and training is complete for TOD opt-in.	2023-09-15
Begin mass marketing campaign.	2023-10-01
Complete negotiation of customer tools vendor(s) statement of work and pricing.	2023-10-15
Begin 90-day targeted communication for Wave 1 (~50,000 customers, or as otherwise indicated in the final approved PIP), to be transitioned February 1, 2024.	2023-11-01
Provide technical requirements to support TOD program, including but not limited to system capacity, data flow and syncing, data maintenance, customer data needs, and defining system of record for billing calculation.	As approved in final PIP
Complete design of optimized meter-to-billing system architecture, as planned with and agreed to by LIPA during the 2022 planning process.	As approved in final PIP
Provide Requirements Traceability Matrix & test plan.	As approved in final PIP
Provide test results with evidence and go-live evaluation criteria.	As approved in final PIP
Inform LIPA of go-live decision and submit completed go-live checklist that supports decision.	As approved in final PIP
Go-live (implement system functionality) for new customer accounts opened in 2024.	2023-12-31

LIPA Proposed 2023 Performance Metrics

PS&CE-11: Implementation of Utility 2.0 Projects

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: jbell@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Mike Voltz	DPS Contact: Sean Walters
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

High quality, timely implementation of Utility 2.0 Projects.

TARGETS AND CALCULATIONS

TARGET: Complete the specified Utility 2.0 projects by meeting all identified requirements with high-quality deliverables and deliver by established due dates, including those contained in the PIP.

1. Storage hosting capacity maps: go live by 12/31/2023
2. EV load serving capacity maps: go live by 12/31/2023
3. Integrated Energy Data Resource (IEDR) platform: Demonstrated completion of IT infrastructure needed to enable delivery of data from data sources to IEDR platform by 12/31/2023
4. Suffolk County Bus make-ready pilot: All pilot project deliverables complete by 12/31/2023
5. Connected buildings pilot: Demonstrated completion of enrollment of 75 customers, device activation, and begin utility receipt of device data by 6/30/2023. Complete an interim pilot assessment report by 12/31/2023.
6. Utility-scale storage Miller Place: All 2023 deliverables to be complete by 12/31/2023, unless capital project priorities change, as agreed to by LIPA
7. Residential Energy Storage Incentive Program: Program design finalized by 7/1/2023 and open to enroll customers by 9/1/2023

CALCULATION: Each project delivers the expected outcome on target (+/- 3 weeks).

1. 7 out of 7 = 100% payout of allocated incentive compensation
2. 6 out of 7 = 75% payout of allocated incentive compensation
3. 5 out of 7 = 50% payout of allocated incentive compensation

Project implementation success will include high quality deliverables that are clear, comprehensive, and include supporting details and are in compliance with PMI/IIBA IT standards, where applicable.

Projects will be considered successful if all deliverables meet the above quality standard and are provided on or before the defined due date (+/- 3 weeks). The parties may agree to different deadlines for interim deliverables provided the final deliverable is completed on schedule.

LIPA Proposed 2023 Performance Metrics

PS&CE-11: Implementation of Utility 2.0 Projects

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All PIPs and project deliverables will be in a LIPA-approved format.

EXCLUSIONS

Schedule relief may be granted for delays

i) directed or requested by LIPA, or

ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider, including vendor failure to meet contract milestones and/or T&Cs.

DELIVERABLES

Deliverable Name	Target Due Date
Submit Project Implementation Plan (including expected outcomes) for LIPA approval - Storage hosting capacity maps. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-03-01
Submit Project Implementation Plan (including expected outcomes) for LIPA approval - EV load serving capacity maps. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-03-01
Submit Project Implementation Plan (including expected outcomes) for LIPA approval - IEDR platform. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-02-15
Submit Project Implementation Plan (including expected outcomes) for LIPA approval - Suffolk County bus make-ready pilot. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-02-15
Submit Project Implementation Plan (including expected outcomes) for LIPA approval - Connected buildings pilot. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-02-15
Submit Project Implementation Plan (including expected outcomes) for LIPA approval - Utility-scale storage Miller Place. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-02-15
Submit Project Implementation Plan (including expected outcomes) for LIPA approval - Residential energy storage incentive. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-03-01
Connected buildings pilot: Demonstrated completion of customer enrollment, device activation, and utility receipt of device data for 75 customers	2023-06-30
Residential Energy Storage Incentive: Delivery for LIPA approval of documented final program design	2023-07-01
Residential Energy Storage Incentive: Demonstrated go live to customers	2023-09-01
Storage hosting capacity maps: go live	2023-12-31
EV load serving capacity maps: go live	2023-12-31
Integrated Energy Data Resource (IEDR) platform: Submit artifacts to demonstrate completion of IT infrastructure needed to enable delivery of data from data sources to IEDR platform	2023-12-31

LIPA Proposed 2023 Performance Metrics

PS&CE-11: Implementation of Utility 2.0 Projects

Suffolk County Bus make-ready pilot: Submit artifacts to demonstrate all pilot project deliverables complete	2023-12-31
Connected buildings pilot: Complete a pilot assessment report for the first year by 12/31/2023.	2023-12-31
Utility-scale storage Miller Place: Submit artifacts to demonstrate all 2023 deliverables complete	2023-12-31

LIPA Proposed 2023 Performance Metrics

PS&CE-13: Heat Pump Strategy to Address Barriers to Customer Adoption

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: jbell@lipower.org
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Joseph Fritz-Mauer
PSEGLI Director: Mike Voltz	DPS Contact: Sean Walters
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Implement 2023 programmatic changes to address barriers to customer heat pump adoption as part of the multi-year heat pump strategy.

TARGETS AND CALCULATIONS

TARGET: Meeting all identified requirements with high-quality deliverables and deliver by established due dates, including those contained in the PIP.

1. Assessment of available third-party tools for residential customer estimation of heat pump bill savings / customer economics. Recommended decision, with supporting analysis, to either (a) use third-party tool or (b) develop customized tool for customer and contractor estimation of heat pump bill savings / customer economics, which may also be used by contractors for rough estimation. Assessment and recommended decision to be provided by 3/31/2023 including PIP (with expected outcomes) to implement by year end 2023.
2. Customer Outreach and Marketing Plan (COMP) for segment-specific targeted outreach and marketing, by six months following receipt of LIPA final heat pump goal analysis and recommendations. Scope of plan to include customer segments identified in 2022 consultant study as high value opportunities for heat pump conversion in 2023.
3. PIP (including expected outcomes) to reward high-performing contractors and improve vetting of preferred contractor network delivered for LIPA approval by 5/1/2023.

CALCULATION: Each project delivers the expected outcome on target (+/- 3 weeks).

1. 3 out of 3 = 100% payout of allocated incentive compensation
2. 2 out of 3 = 50% payout of allocated incentive compensation

Project implementation success will include high-quality deliverables that are clear, comprehensive, and include supporting details and have taken into consideration PMI/IIBA IT guidelines, where applicable.

The COMP will include, but is not is not limited to:

- Identify customer market segments to be targeted from LIPA's 2022 consultant study, any additional segments selected by PSEGLI for targeting, and customized messaging and communication methods to be used based on customer segment
- Identify the marketing tactics and channels PSEG LI will use for overall marketing and segment specific marketing
- Identify party (i.e., Advertising agency or PSEG LI) and PSEG LI department responsible for the campaigns

LIPA Proposed 2023 Performance Metrics

PS&CE-13: Heat Pump Strategy to Address Barriers to Customer Adoption

- Show the budgeting and proposed spending of each campaign along with the breakdown of department incurring the cost
- Clearly define key performance indicators (KPIs) for each campaign to measure effectiveness of campaign and conversion for reach and cost

The COMP will encompass all planned monthly marketing objectives and campaigns, channels of communication, anticipated spending for each campaign, customer segments, campaign opportunity/goal, and measurable KPIs for each campaign.

PSEG LI will report on the COMP as part of four quarterly Marketing Reports as part of the separate "Customer Marketing Segmentation, Planning, and Tracking" metric.

PSEG LI will submit a project status report to LIPA on a monthly basis and review of metric performance at least quarterly, or more frequently as requested by LIPA.

Projects that meet all of the following criteria will be considered successfully completed:

- i) meet or exceed the expected outcome / KPIs defined in the PIP/plan;
- ii) pass the deliverable quality review process; and
- iii) meet due dates for project deliverables

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All PIPs/plan, status reports, and project deliverables will be in a LIPA-approved format.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Submit assessment of available third-party tools for customer and contractor estimation of heat pump bill savings / customer economics. Recommended decision, with supporting analysis, to either (a) use third-party tool, or (b) develop customized tool for customer and contractor estimation of heat pump bill savings / customer economics. Submit PIP (including expected outcomes) to implement recommended decision by year end 2023 for LIPA approval. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates.	2023-02-15
Customer Outreach and Marketing Plan for segment-specific targeted outreach and marketing. Scope of plan to include customer segments identified in the 2022 LIPA consultant study as high	2023-03-01

LIPA Proposed 2023 Performance Metrics

PS&CE-13: Heat Pump Strategy to Address Barriers to Customer Adoption

value opportunities for heat pump conversion in 2023. Update the Metric deliverables in Smartsheet to include the LIPA-approved plan deliverables and dates in 2023.	
PIP (including expected outcomes) to reward high-performing contractors and improve vetting of preferred contractor network delivered for LIPA approval. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-05-01
Tool for customer and contractor estimation of heat pump bill savings / customer economics linked to or embedded in PSEGLI website deployed and meets expected outcomes.	2023-12-15

LIPA Proposed 2023 Performance Metrics

T&D-01: Asset Management Program Implementation – Asset Inventory

Board Policy: Asset Management	Board PIPs: AM-1: Asset Management Framework, AM-2: Asset Management Inventory
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: John Mccumiskey
PSEGLI Director: TBD	DPS Contact: Sean Walters 516-490-2321
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

To implement an effective Enterprise Asset Management (EAM) Program consistent with both the ISO 55000 principles and the Asset Management Recommendations adopted by the LIPA Board of Trustees (AM-1 and AM-2).

TARGETS AND CALCULATIONS

PSEG LI to provide LIPA with quarterly updates on the data collection effort. LIPA to verify via an audit, the completion of the Outside Plant (OSP) T&D assets in 2023. In 2023, PSEG LI is to collect an additional 33.3% of the OSP T&D assets (between January 1, 2023 and December 31, 2023) and update in EGIS by December 31, 2023, with at least 98.0% accuracy.

100% of all deliverables delivered by the specified date in the deliverables section.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Submit 1st Quarter status report of Asset Inventory collected and uploaded to EGIS by April 14, 2023.	2023-04-14
Submit 2nd Quarter status report of Asset Inventory collected and uploaded to EGIS by July 14, 2023.	2023-07-14
Submit 3rd Quarter status report of Asset Inventory collected and uploaded to EGIS by October 16, 2023.	2023-10-16
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.	2023-12-31

LIPA Proposed 2023 Performance Metrics

T&D-01: Asset Management Program Implementation – Asset Inventory

Submit 4th Quarter status report of Asset Inventory collected and uploaded to EGIS by January 15, 2024.	2024-01-15
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LIPA Proposed 2023 Performance Metrics

T&D-02: Asset Management Program Implementation – Asset Management Governance

Board Policy: Asset Management	Board PIPs: AM-1: Asset Management Framework
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: John Mccumiskey
PSEGLI Director: TBD	DPS Contact: Sean Walters 516-490-2321
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

To implement an effective Enterprise Asset Management (EAM) Program consistent with both the ISO 55000 principles and the Asset Management Recommendations adopted by the LIPA Board of Trustees (AM-1 and AM-2).

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified date in the deliverables section.

PSEG LI to provide LIPA with quarterly reports on work associated with ISO-55000 Implementation Plan.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Deliverables shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider

DELIVERABLES

Deliverable Name	Target Due Date
Submit 1st Quarter status report.	2023-04-14
Complete implementation of initiatives 5.3 and 6 of AM PIP.	2023-06-30
Submit remaining 12 Asset Management Plans (AMPs) – Develop and submit the specific AMPs for Overhead assets per the agreed-to format.	2023-07-07
Submit Updated SAMP.	2023-07-07
Submit 2nd Quarter status report.	2023-07-14
Submit revised 12 AMPs addressing LIPA's comments - 30 days after receipt of LIPA's comments.	30 days after receipt of LIPA's comments

LIPA Proposed 2023 Performance Metrics

T&D-02: Asset Management Program Implementation – Asset Management Governance

Submit revised SAMP addressing LIPA's comments - 30 days after receipt of LIPA's comments.	30 days after receipt of LIPA's comments
Submission of the 2022 Annual Reliability Assessment of Asset Performance by August 31, 2023, reporting the results of an annual reliability assessment of asset performance and including a plan to address identified deficiencies. The format of the report shall be similar to the 2020 Reliability Assessment of Plant Asset Performance report, which was submitted to LIPA on June 30, 2021.	2023-08-31
Complete implementation of initiatives 2, 3.2, and 5.4 of the Asset Management Implementation Plan (AM PIP).	2023-09-30
Submit 3rd Quarter status report.	2023-10-16
Complete implementation of initiatives 7.1, 7.2, 8, 14.3, and 14.4 of AM PIP.	2023-11-30
Submit 4th Quarter status report.	2024-01-15

LIPA Proposed 2023 Performance Metrics

T&D-03: Enterprise Asset Management System (EAM) Implementation

Board Policy: Asset Management	Board PIPs: AM: EAMS Implementation
LIPA Exec. Sponsor: mlodhi@lipower.org	LIPA Proj. Mgr: Osman Ahmad, Richard de Aragon
PSEGLI Exec. Sponsor: Gregory Filipkowski, Michael Sullivan	PSEGLI Proj. Mgr: John Mccumiskey
PSEGLI Director: TBD	DPS Contact: Sean Walters 516-490-2321
Allocated Compensation (2021 Dollars) : 600000	

OBJECTIVE

Begin implementation of a full-fledged EAM System.

TARGETS AND CALCULATIONS

Begin implementation of a full-fledged EAM System that can plan, schedule, and track all asset, work, maintenance (PM, PdM, CM) and inventory activities, including work order originator, specific assets, failure, cause, parts, materials, supplies, crew time, fleet and equipment used, and contractor and other costs on all LIPA assets (Inside Plant and Outside Plant). Setup a Pilot system for 3 substations in a production environment in parallel with current systems by the end of 2023.

100% of deliverables are completed by the specified milestone dates, including those in the LIPA-approved EAM System Integrated Project Plan.

All submitted deliverables should be clear, comprehensive, substantive; and consistent with relevant PMI PMBOK/IIBA BABOK standards.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. PIP will be in a LIPA-approved format.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
EAMS System Integrator (SI) Selection and Procurement: Select and procure the best-fit EAM System implementer through rigorous evaluation to minimize delivery risk to be completed and approved by LIPA.	2023-03-31
Mobilize the System Integrator to kickoff EAM System implementation project.	2023-04-01

LIPA Proposed 2023 Performance Metrics

T&D-03: Enterprise Asset Management System (EAM) Implementation

Submit initial project financial forecast for software/SAS, System Integrator, and ongoing maintenance cost for operations (negotiated firm price). Cost for internal labor project support, internal labor of continuing support and internal program management support (with some variability).	2023-04-15
Submit overall EAM System integrated project plan, detailed schedule, milestones, activities, deliverables, vendor PMO approach/structure project roles, resource needs, communication plan, and change management plan for LIPA approval. Update Project deliverables based on LIPA-approved EAM System Integrated Project Plan (IPP).	2023-05-15
Setup Development / Test instance.	TBD - Update based on LIPA-approved EAMS IPP
Complete discovery workshops/detail requirements/System Specifications for inside and outside plant assets.	TBD - Update based on LIPA-approved EAMS IPP
Submit Pilot PIP, including scope and schedule. Update deliverables in Smartsheet to reflect LIPA-approved PIP.	TBD - Update based on LIPA-approved EAMS IPP
Configure Development/Test Environment	TBD - Update based on LIPA-approved EAMS IPP
Complete unit testing for Pilot.	TBD - Update based on LIPA-approved EAMS IPP
Complete Pilot interfaces development.	TBD - Update based on LIPA-approved EAMS IPP
Complete Pilot integration testing.	TBD - Update based on LIPA-approved EAMS IPP
Complete Pilot User Acceptance testing.	TBD - Update based on LIPA-approved EAMS IPP
Complete Pilot users training.	TBD - Update based on LIPA-

LIPA Proposed 2023 Performance Metrics

T&D-03: Enterprise Asset Management System (EAM) Implementation

	approved EAMS IPP
Go Live for Pilot.	TBD - Update based on LIPA- approved EAMS IPP

LIPA Proposed 2023 Performance Metrics

T&D-04: Transmission and Distribution System Relay Mis-Operations

Board Policy: T&D System Reliability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: John Ng
PSEGLI Director: Patrick Hession	DPS Contact: Mohammed Hasan
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Limit the number of relay mis-operations on the Transmission and Distribution System.

TARGETS AND CALCULATIONS

Relay mis-operations occur when:

- Any failure of a Protection System element to operate within the specified time when a fault or abnormal condition occurs within a zone of protection.
- Any operation for a fault not within a zone of protection (other than operation as backup protection for a fault in an adjacent zone that is not cleared within a specified time for the protection for that zone).
- Any unintentional Protection System operation when no fault or other abnormal condition has occurred unrelated to on-site maintenance and testing activity.
- Protection System operations due to non-field resource design and settings error.

Improvement as recorded by the number of relay operations on the Transmission & Distribution system in 2023 compared to the 2022 target level.

Target: Total Annual Transmission & Distribution System relay mis-operations of ≤ 13 .

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Distribution feeder relay mis-operations.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement of Relay Mis-Operations 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-05: Transmission & Distribution Inadvertent Operation Events

Board Policy: T&D System Reliability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: John Ng
PSEGLI Director: Patrick Hession	DPS Contact: Mohammed Hasan
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Limit the number of operating errors on the Transmission and Distribution System.

TARGETS AND CALCULATIONS

An Operating Error is defined as any Transmission or Distribution incident resulting from an incorrect action of a person working on behalf of PSEG LI that results in one of the following:

1. Customer outages (momentary or sustained).
2. Unintended operation of a switching or protection device such as a breaker, fuse, switch, disconnect, tap, or ASU.

Improvement as recorded by the number of Operating Errors on the Transmission and Distribution system in 2023 compared to the 2022 target level.

Target: Total number of annual Operating Errors on the Transmission & Distribution System (as per Definition above) of ≤ 26 .

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Relay mis-operation due to non-field resource design and settings errors counted under Metric T&D-04 – "Transmission System Relay Mis-Operations"

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Inadvertent Operations 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-06: Primary and Alternative Transmission Control Center Replacement

Board Policy: T&D System Reliability	Board PIPs: RE-01 (10.01) (PTCC and ATCC Strategy)
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Paul Simmons
PSEGLI Director: Francisco Bertrand	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Develop a project implementation plan containing the key milestones for the construction of the control centers (PTCC & ATCC) and other related operations functions identified below and gain approval from LIPA.

TARGETS AND CALCULATIONS

Submit an updated Project Implementation Plan for LIPA review and approval for the Design and construction of the new PTCC along with a timeline by March 31, 2023.

PIP will consist of: A Project Definition, Project Deliverables 2023, Project Structure, Project Plan, and Technical Execution Plan.

The PIP will identify key milestones and required dependencies that impact future deliverable timeframes for the final design and construction of the PTCC.

The ATCC is excluded from the 2023 PIP document based upon uncertainties and future dependencies.

Execute all identified and mutually agreed upon deliverables in the PIP for 2023 on or before their respective timeframes.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider

DELIVERABLES

Deliverable Name	Target Due Date
Submit an updated Project Implementation Plan to LIPA for the Design and construction of the new PTCC by March 31, 2023. Update the metric deliverables in Smartsheet for the LIPA-approved PIP.	2023-03-31

LIPA Proposed 2023 Performance Metrics

T&D-07: System Average Interruption Duration Index (SAIDI) Reliability

Board Policy: T&D System Reliability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: TBD	DPS Contact: Jami Nafiul
Allocated Compensation (2021 Dollars) : 300000	

OBJECTIVE

Continuous improvement of SAIDI (System Average Interruption Duration Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

TARGETS AND CALCULATIONS

Total duration of sustained interruption (≥ 5 minutes) for the average customer during each Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.2.

$SAIDI = \sum (r_i * N_i) / NT$ – (measured in minutes); where:

\sum = Summation function.

r_i = Restoration time, minutes.

N_i = Total number of customers interrupted 5 minutes or more.

NT = Total number of customers served (fixed at beginning of the Contract Year).

Target: Achieve a SAIDI of ≤ 57.5 minutes.

Rounding protocols allow for a performance of below 57.55 to be rounded down to successfully meet the target.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for SAIDI 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

Board Policy: T&D System Reliability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: TBD	DPS Contact: Jami Nafiul
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Continuous improvement of SAIFI (System Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

TARGETS AND CALCULATIONS

Frequency of sustained interruption (≥ 5 minutes) within a Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.1.

$SAIFI = \Sigma(N_i) / NT$; where:

Σ = Summation function.

N_i = Total number of customers interrupted 5 minutes or more.

NT = Total number of customers served (fixed at beginning of the Contract Year).

Target: Achieve a SAIFI of ≤ 0.70 .

Rounding protocols will allow for a performance of below 0.705 to be rounded down to successfully meet the target of 0.70.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for SAIFI 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-09: Momentary Average Interruption Frequency Index (MAIFI) Reliability

Board Policy: T&D System Reliability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: TBD	DPS Contact: Jami Nafiul
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Continuous improvement of MAIFI (Momentary Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

TARGETS AND CALCULATIONS

Frequency of momentary interruptions (less than 5 minutes) within a Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.1.

$MAIFI = \Sigma(N_i) / NT$; where:

Σ = Summation function.

N_i = Total number of customers interrupted less than 5 minutes.

NT = Total number of customers served (fixed at beginning of the Contract Year).

Target: Achieve a MAIFI of ≤ 1.70 .

Rounding protocols will allow for a performance of below 1.705 to be rounded down to successfully meet the target of 1.70.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for MAIFI 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-10: Reduce Sustained Multiple Customer Outages (S-MCOs)

Board Policy: T&D System Reliability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: TBD	DPS Contact: Jami Nafiul
Allocated Compensation (2021 Dollars) : 125000	

OBJECTIVE

Improve performance for customers with the worst interruption experience, as measured by Sustained Multiple Customer Outages ("S-MCO" or "S-MCOs"), by continuing to improve overall system performance.

TARGETS AND CALCULATIONS

Provide a level of reliability for each customer that is within a reasonable variance from the system average conditions. The metric measures:

The number of customers that have experienced 4 or more sustained interruptions (greater than or equal to 5 minutes in duration) over a rolling 12-month period.

S-MCO = Total count of customers experiencing 4 or more interruptions of ≥ 5 minutes in the last 12 months.

The S-MCO metric is stated in number of customers.

Computed in accordance with IEEE Standard 1366, Section 4.2.1.

Targets:

Achieve an S-MCO performance, as of December 31, 2023 that is $\leq 21,000$ customers.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following:	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-10: Reduce Sustained Multiple Customer Outages (S-MCOs)

- | | |
|---|--|
| 1) Monthly Scorecard Reporting Requirement for S-MCOs (4 or More).
2) Any additional supporting documentation as required. | |
|---|--|

LIPA Proposed 2023 Performance Metrics

T&D-11: Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)

Board Policy: T&D System Reliability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: TBD	DPS Contact: Jami Nafiul
Allocated Compensation (2021 Dollars) : 75000	

OBJECTIVE

Improve performance for multi-year repeat customers with the worst interruption experience by eliminating them from the Sustained Multiple Customer Outage (S-MCO) customer list.

TARGETS AND CALCULATIONS

Provide an improved level of reliability for a defined number of repeat customers that have experienced 4 or more sustained interruptions (5 minutes or greater in duration) over a multi-year period.

Repeat S-MCO customers are those who have experienced 4 or more sustained interruptions (5 minutes or greater in duration) over a multi-year period. The Repeat S-MCO metric is stated in number of customers and is derived by calculating 90% of the qualifying customers, through September 30, 2022.

Computed in accordance with IEEE Standard 1366, Section 4.2.1.

Targets:

The targeted performance level is to reduce the identified customer group of repeat S-MCO customers by 90% from the qualifying customers as calculated through September 30, 2022. (Example: In order to pass the 2023 metric, if 300 repeat customers are identified as the definitive customer list for 2023, a minimum of 270 of those specific customers must not have 4 or more qualifying sustained outages through December 31, 2023, thus the target level for 2023 would be 30 or fewer repeat customers: $300 - 270 = 30$).

Further, failure of the 2023 metric will automatically occur if 1 or more of the customers that were subject to this metric in 2022 that experienced 4 or more sustained outages in 2022 again experience 4 or more qualifying sustained outages in 2023.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA and PSEG LI.

EXCLUSIONS

LIPA Proposed 2023 Performance Metrics

T&D-11: Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

For the Repeat S-MCO metric only, specific instances where customers have had prior notification of a planned intentional outage that results in a qualifying sustained outage shall not be counted against the metric result.

Further, if PSEG LI can demonstrate, subject to LIPA and DPS' review and reasonable approval, that PSEG LI has made reasonable attempt(s) to rectify the condition but have been unsuccessful due to circumstances beyond their control (e.g., customer has refused the solution) then those instances would be excluded from the calculation.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Repeat S-MCOs. 2) Any additional supporting documentation as required.	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-12: Reduce Momentary Multiple Customer Outages (M-MCOs)

Board Policy: T&D System Reliability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: TBD	DPS Contact: Jami Nafiul
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Improve performance for customers with the worst interruption experience, as measured by Momentary Multiple Customer Outages ("M-MCO" or "M-MCOs"), by continuing to improve overall system performance.

TARGETS AND CALCULATIONS

Provide a level of reliability for each customer that is within a reasonable variance from the system average conditions. The metric measures the number of customers that have experienced 6 or more momentary interruptions (< 5 minutes in duration) over a rolling 12-month period.

M-MCO = Total count of customers experiencing 6 or more interruptions of < 5 minutes in the last 12 months.

The M-MCO metric is stated in number of customers.

Computed in accordance with IEEE Standard 1366, Section 4.2.1.

Targets: Achieve an M-MCO performance, as of December 31, 2023, that is <= 76,300 customers.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA and PSEG LI.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for M-MCOs (6 or More). 2) Any additional supporting documentation as required.	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

Board Policy: Safety	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Theodore Kern
PSEGLI Director: Gregory Player	DPS Contact: Nicholas Nugent
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

To safely maintain, construct and operate the Electric T&D system without risk of serious injuries and/or fatalities.

TARGETS AND CALCULATIONS

The prevention of fatalities and serious life altering injuries to a contractor employee or a PSEG LI employee associated with the operation, construction and/or maintenance of the Long Island Electric T&D System that are within the control of the employee in performance of their duties and/or the employer.

Life altering injuries include the following:

- Amputation (loss of all or part of a bodily appendage, which includes the loss of bone).
- Concussion.
- Crushing (internal, even though skin surface may be intact).
- Fracture (simple or compound), excluding any hairline fractures
- 2nd (10% body surface) or 3rd degree burns
- Lacerations resulting in severed tendons and/or a deep wound requiring internal sutures.

Injuries will be reported timely using the PSEG LI Incident Alert process and internal guidelines for reporting and recording safety events but no later than the seven (7) days from notification to the company of an event as required by the OSHA recordkeeping rule.

Serious Injury Incidence Rate (SIIR) for the calendar year of the OSA Contract.

The Serious Injury Incidence Rate (SIIR) is calculated using the formula (# cases x 200,000/exposure hours), where exposure hours equals the total of PSEG LI employee and contractor hours worked.

Target: A Serious Injury Incidence Rate (SIIR) of 0.00. Any qualifying serious injury or fatality that occurs to an employee or contractor working on the system would constitute an automatic failure of this metric.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

LIPA Proposed 2023 Performance Metrics

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

This metric excludes all non-work related events consistent with the OSHA exceptions for nonrecordable cases, i.e. [https://www.osha.gov/laws-regs/interlinking/standards/1904.5\(b\)\(2\)](https://www.osha.gov/laws-regs/interlinking/standards/1904.5(b)(2)) .

Examples include:

- Injuries that occur on company property or while the worker is engaged in a work activity but would have occurred at the same time and at the same level of severity even if the employee was not engaged in a work activity (epileptic seizure, diabetic seizure, heart attacks, sudden joint failure, etc.)
- Injuries that are related to commuting to or from a place of employment outside of work hours
- Injuries that result solely from normal body movements unrelated to work (sneezing, coughing, bending over to tie a shoe, walking, etc.)
- Injuries that result solely from personal tasks performed outside of assigned work hours (retrieving ice for personal use, holding community meeting at employer premises, etc.)
- Injuries that occur in a travel hotel unrelated to work
- Injuries that occur where the employee is present at the site as a member of the general public, unrelated to his or her employment status
- Injuries that result from voluntary participation in wellness, medical, or fitness programs, or recreational activity (team building events)
- Injuries where symptoms surface at work from a known non-work-related event or exposure (yard work, sporting events, etc.)
- Injuries that result from eating/drinking or preparing food/drink for personal consumption (food/drink not provided by employer)
- Injuries that result from personal grooming, self-medication for a non-work-related condition, or intentionally self-inflicted injuries
- Injuries that result from non-preventable vehicle accidents
- The illness is a mental illness. Mental illness will not be considered work-related unless the employee voluntarily provides the employer with an opinion from a physician or other licensed health care professional with appropriate training and experience (psychiatrist, psychologist, psychiatric nurse practitioner, etc.) stating that the employee has a mental illness that is work-related.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Serious Injury Incident Rate (SIIR) 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-14: Safety – OSHA Recordable Incidence Rate

Board Policy: Safety	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Theodore Kern
PSEGLI Director: Gregory Player	DPS Contact: Nicholas Nugent
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Continuous improvement in employee safety as recorded by OSHA recordable incidents. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.

TARGETS AND CALCULATIONS

Total illness and injury rate. The total OSHA (Occupational Safety and Health Administration) recordable injury and illness cases based on the exposure of 100 full-time workers, using 200,000 hours as the equivalent. This metric includes hearing loss.

Number of OSHA cases x 200,000 hours / Total hours worked (Note: 200,000 = 100 employees x 2,000 hours per employee per year).

Target: Achieve an OSHA Incidence Rate that is in the top decile level of ≤ 0.76 .

Rounding protocols will be applied for target setting and actual performance consistent with this metric's stated significant digits.

Note: This metric is applicable to the entire business, not solely the T&D area.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for OSHA RIR 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-15: Safety – OSHA Days Away Rate

Board Policy: Safety	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Theodore Kern
PSEGLI Director: Gregory Player	DPS Contact: Nicholas Nugent
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Continuous improvement in employee safety as recorded by OSHA Days Away. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.

TARGETS AND CALCULATIONS

The severity of OSHA (Occupational Safety and Health Administration) incidents that have occurred as measured by the number of lost workdays that can be attributed to an OSHA incident.

Total number of Lost Time Days due to injury x 200,000 / Total hours worked. (Note: 200,000 = 100 employees x 2,000 hours per employee per year).

Target: Achieve an OSHA Days Away Rate that is in the top declile level of ≤ 8.51 .

Rounding protocols will be applied for target setting and actual performance consistent with this metric's stated significant digits.

Note: This metric is applicable to the entire business, not solely the T&D area.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for OSHA DAFW 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-16: Safety – Motor Vehicle Accident (MVA) Rate

Board Policy: Safety	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Theodore Kern
PSEGLI Director: Gregory Player	DPS Contact: Nicholas Nugent
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Continuous improvement in employee safety as recorded by the Motor Vehicle Accident (MVA) Rate. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.

TARGETS AND CALCULATIONS

The rate compares the total number of motor vehicle accidents relative to the total number of miles driven for a given period of time. This number is inclusive of all motor vehicle accidents. The year-end performance records all miles driven and accidents that have occurred over the Contract Year.

$(\text{Total Number of MVAs}) \times 1,000,000 / \text{Miles Driven}$

Target: Achieve an MVA Rate that is in the top decile level of ≤ 6.93 .

Rounding protocols will be applied for target setting and actual performance consistent with this metric's stated significant digits.

Note: This metric is applicable to the entire business, not solely the T&D area.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for (MVA) Rate 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-17: Work Management Enhancements - Short-Term Scheduling

Board Policy: Asset Management	Board PIPs: Work Management
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Joseph Cicalo
PSEGLI Director: Curt Dahl	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Enhance work management process by continued development of the integrated work tool that consolidates all work that is aligned with the annual budget and work plan and provides the following functionality to improve the ability to create short-term plans and schedules at the Yard level for Inside Plant by July 31, 2023:

1. Consolidated view of all work in one system
2. Allows for the comparison of active backlog of work to planned work
3. Data filters enable the focus to resource type, geography, work priority
4. Visibility to work planned for the short term and alignment with work plan

TARGETS AND CALCULATIONS

PSEG LI to demonstrate the development and utilization of integrated work tools at the Yard level for Inside Plant by July 31, 2023.

PSEG LI to submit quarterly Yard level for Inside Plant Short-Term Scheduling Reports following deployment of integrated work tools.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

LIPA to verify enhanced tools and processes by review and acceptance of the short-term scheduling process.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider

DELIVERABLES

Deliverable Name	Target Due Date
PSEG LI to hold kickoff meeting with LIPA and DPS to review 2023 implementation schedule to roll out short-term scheduling for division yard level inside plant work.	2023-02-15

LIPA Proposed 2023 Performance Metrics

T&D-17: Work Management Enhancements - Short-Term Scheduling

Submit 2nd Quarter Status Report of Ongoing Schedule Development.	2023-04-15
PSEG LI to demonstrate the development and utilization of integrated work tools at the Yard level for Inside Plant by July 31, 2023.	2023-07-31
Submit 3rd Quarter Short-Term Scheduling Report.	2023-10-10
Submit 4th Quarter Short-Term Scheduling Report.	2024-01-10

LIPA Proposed 2023 Performance Metrics

T&D-18: Work Management Enhancements - Workforce Management Plans

Board Policy: Asset Management	Board PIPs: Work Management
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Joseph Cicalo
PSEGLI Director: Curt Dahl	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime in support of the scheduled T&D work.

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified dates

The Workforce Management Plan includes:

1. Histogram by labor source (in-house / Contractor) and functional area (Divisions, P&C)
2. Histogram by settlement (Capital, O&M)
3. Hours by High Level Settlement
4. Hours by Low Level Settlement
5. Monthly work plan at a division level (for each of the four divisions) providing planned units for proactive blankets and programs and planned hours for reactive (emergent) programs (Includes monthly actual units completed for variance purposes)

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Workforce management plans are limited to the following major workforce groups:

- Overhead
- Underground
- Substation Maintenance
- Relay
- Transmission & Distribution Design
- Substation Maintenance Civil

Further, if PSEG LI submits an analysis that it is unable to support the new transmission design deliverable with its current resources to LIPA and DPS' reasonable approval, by no later than April 1, 2023, then the transmission design deliverable can be excluded from the calculation of the metric.

DELIVERABLES

LIPA Proposed 2023 Performance Metrics

T&D-18: Work Management Enhancements - Workforce Management Plans

Deliverable Name	Target Due Date
Submission of 2024 Workforce Management Plan for LIPA approval by August 1, 2023 (approval not to be unreasonably withheld). The Workforce Management Plan shall include monthly and annual resource plans for all Capital and O&M work to be completed.	2023-08-01
Successfully execute all elements of the LIPA-approved 2023 Workforce Management Plan by December 31, 2023.	2023-12-31
PSEG LI hold Q1 quarterly review meeting with LIPA to review progress of proactive programs. - Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2023-04-13
PSEG LI hold Q2 quarterly review meeting with LIPA to review progress of proactive programs. - Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2023-07-13
PSEG LI hold Q3 quarterly review meeting with LIPA to review progress of proactive programs. - Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2023-10-12
PSEG LI hold Q4 quarterly review meeting with LIPA to review progress of proactive programs. - Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2024-01-18

LIPA Proposed 2023 Performance Metrics

T&D-21: Work Management Enhancements - Work Management KPIs and Dashboards

Board Policy: Asset Management	Board PIPs: Work Management
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Joseph Cicalo
PSEGLI Director: Curt Dahl	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime in support of the scheduled T&D work.

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified date in the deliverables section

By July 31, 2023, establish and Rollout Key Performance Indicator (KPI) dashboards and reports at the Supervisor Level to drive performance improvement of the workforce.

Dashboard/s will include the following KPI metrics:

- Productivity and Utilization rates
- Overtime rates (with underlying cause codes)
- Actual versus Estimate for specific work types
- Work Plan Variance (Division)

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Deliverables shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider

DELIVERABLES

Deliverable Name	Target Due Date
PSEG LI to hold kickoff meeting with LIPA and DPS to review schedule for Rollout Key Performance Indicator (KPI) dashboards and reports at the Supervisor Level to drive performance improvement of the workforce.	2023-02-15
Submit 2nd Quarter Status Report	2023-04-15

LIPA Proposed 2023 Performance Metrics

T&D-21: Work Management Enhancements - Work Management KPIs and Dashboards

By July 31, 2023, establish and Rollout Key Performance Indicator (KPI) dashboards and reports at the Supervisor Level to drive performance improvement of the workforce.	2023-07-31
Submit 3rd Quarter Status Report.	2023-10-10
Submit 4th Quarter Status Report.	2024-01-10

LIPA Proposed 2023 Performance Metrics

T&D-23: Employee Overtime

Board Policy: Customer Value & Affordability	Board PIPs: Work Management
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: TBD
PSEGLI Director: TBD	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Cost effectively manage T&D employee overtime hours.

TARGETS AND CALCULATIONS

Overtime targets will be established at the Work Group Level for the following work groups and the associated targets will be established:

- Overhead/Underground Lines 31.0%
- Distribution Ops 36.0%
- Substation/Relay Maintenance 32.0%

Non-storm overtime hours as a percentage of non-storm productive hours.

Target: At or below stated OT levels for the major workforce groups in the identified areas, rounded to the nearest whole percentage point.

- Successfully meet 3/3 targets = 100% of incentive compensation
- Successfully meet 2/3 targets = 50% of incentive compensation
- Achieve less than 2/3 targets = 0% of incentive compensation

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Non-Storm Emergencies pursuant to the Second A&R OSA.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Employee Overtime for specified groups excluding storm overtime 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-24: Vegetation Management Work Plan – Cycle Tree Trim With Vegetation Intelligence

Board Policy: T&D System Reliability	Board PIPs: 5.4.1 and 5.4.5: Grid Resiliency
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Mark Cerqueira
PSEGLI Director: Patrick Dempsey	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Develop and execute Vegetation Management Work Plans/budgets that use Vegetation Intelligence, including but not limited to vegetation species, growth rate, and location. This metric measures cycle trim.

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified date in the deliverables section.

Work Plans shall include annual and monthly work. Work Plans identify circuit list for cycle trimming each year (minimum of 1/4 of the overhead distribution system which equates to approximately 2200 miles). Work Plans should be coordinated with maintenance and construction work plans, where possible.

The 2024 Vegetation Work Plan shall identify the minimum of 1/4 of the overhead distribution system (which equates to approximately 2200 miles) and budgets and be provided to LIPA for approval, which shall not be unreasonably withheld, by August 31, 2023. The 2024 Vegetation Management Work Plan shall utilize Vegetation Intelligence, pursuant to the Vegetation Intelligence PIP.

By December 31, 2023, execution of 100.0% of the work identified in the approved 2023 Vegetation Management Work Plan approved in August of 2022. To be considered trimmed and count towards metric achievement, 100% of a circuit must be trimmed in the year.

Actual spending that is within up to +5% of the established budget target.

Verification report, including schedule execution and budget spending, to be submitted to LIPA by January 15, 2024.

Vegetation Intelligence is defined as technology to utilize near-term review of vegetation species, growth rate, and location to inform Vegetation Management Work Plans.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

Incentive shall be allocated:

LIPA Proposed 2023 Performance Metrics

T&D-24: Vegetation Management Work Plan – Cycle Tree Trim With Vegetation Intelligence

- 50% for executing Vegetation Intelligence PIP to enhance vegetation management planning
- 50% for Vegetation Work Plans and Execution

EXCLUSIONS

1. Schedule relief may be granted for:
 - i) Delays directed or requested by LIPA or
 - ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.
2. Vegetation trimmed as part of a storm response will not be included in completion count if charged to the storm account.

DELIVERABLES

Deliverable Name	Target Due Date
Submit PIP for Vegetation Intelligence Program by March 15, 2023 and execution of all elements identified in 2023 as per schedule. Update Smartsheet deliverables for LIPA-approved PIP.	2023-03-15
Submit YE 2022 closeout report at monthly meeting. Report should include work completed vs. schedule and budget.	2023-01-27
Submit January report of work completed vs. schedule and budget at the monthly meeting.	2023-02-14
Submit February report of work completed vs. schedule and budget at the monthly meeting.	2023-03-21
Submit March report of work completed vs. schedule and budget at the monthly meeting.	2023-04-18
Submit April report of work completed vs. schedule and budget at the monthly meeting.	2023-05-16
Submit May report of work completed vs. schedule and budget at the monthly meeting.	2023-06-20
Submit June report of work completed vs. schedule and budget at the monthly meeting.	2023-07-18
Submit July report of work completed vs. schedule and budget at the monthly meeting.	2023-08-15
Submit August report of work completed vs. schedule and budget at the monthly meeting.	2023-09-19
Submit September report of work completed vs. schedule and budget at the monthly meeting.	2023-10-17
Submit October report of work completed vs. schedule and budget at the monthly meeting.	2023-11-21
Submit November report of work completed vs. schedule and budget at the monthly meeting.	2023-12-19
Submit 2023 YE closeout report of work completed vs. schedule and budget at the monthly meeting.	2024-02-23

LIPA Proposed 2023 Performance Metrics

T&D-25: Vegetation Management Work Plan – Trim to Sky (TTS) Circuits

Board Policy: T&D System Reliability	Board PIPs: 5.4.1 and 5.4.5: Grid Resiliency
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Mark Cerqueira
PSEGLI Director: Patrick Dempsey	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Develop and execute Vegetation Management Work Plans/budgets. This metric measures Trim To Sky (TTS).

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified date in the deliverables section.

Identify circuit list for TTS trimming each year (minimum of 225 circuits per year including schedules and cost estimates).

The 2024 Vegetation Work Plans identifying the minimum of 225 circuits and budgets shall be provided to LIPA for approval by August 1, 2023. Work plans shall include annual and monthly work and resource plans. Work plans should be coordinated with maintenance and construction work plans, where possible.

By December 31, 2023, execution of 100.0% of the work identified in the approved 2023 Vegetation Management Work Plan approved in August of 2022. To be considered trimmed and count towards metric accomplishment, 100% of the circuit must be trimmed to the first protective device. Circuits with no trim required to the first protective device do not count towards metric accomplishment.

Actual spending that is within up to +5% of the established budget target.

Verification report, including schedule execution and budget spending, to be submitted to LIPA by January 31, 2024.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

1. Schedule relief may be granted for:

- i) Delays directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

2. Vegetation trimmed as part of a storm response will not be included in completion count if charged to the storm account.

LIPA Proposed 2023 Performance Metrics

T&D-25: Vegetation Management Work Plan – Trim to Sky (TTS) Circuits

DELIVERABLES

Deliverable Name	Target Due Date
Submit YE 2022 closeout report at monthly meeting. Report should include work completed vs. schedule and budget.	2023-01-27
Submit January report of work completed vs. schedule and budget at the monthly meeting.	2023-02-14
Submit February report of work completed vs. schedule and budget at the monthly meeting.	2023-03-21
Submit March report of work completed vs. schedule and budget at the monthly meeting.	2023-04-18
Submit April report of work completed vs. schedule and budget at the monthly meeting.	2023-05-16
Submit May report of work completed vs. schedule and budget at the monthly meeting.	2023-06-20
Submit June report of work completed vs. schedule and budget at the monthly meeting.	2023-07-18
Submit July report of work completed vs. schedule and budget at the monthly meeting.	2023-08-15
Verification report, including schedule execution and budget spending, to be submitted to LIPA	2024-01-31
Submit August report of work completed vs. schedule and budget at the monthly meeting.	2023-09-19
Submit September report of work completed vs. schedule and budget at the monthly meeting.	2023-10-17
Submit October report of work completed vs. schedule and budget at the monthly meeting.	2023-11-21
Submit November report of work completed vs. schedule and budget at the monthly meeting.	2023-12-19
Submit 2023 YE closeout report of work completed vs. schedule and budget at the monthly meeting.	2024-02-23

LIPA Proposed 2023 Performance Metrics

T&D-26: Vegetation Management Work Plan – Hazard Tree Removal

Board Policy: T&D System Reliability	Board PIPs: 5.4.1 and 5.4.5: Grid Resiliency
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Mark Cerqueira
PSEGLI Director: Patrick Dempsey	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars) : 300000	

OBJECTIVE

Develop and execute Vegetation Management Work Plans and budgets. This metric measures hazard tree removal.

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified date in the deliverables section.

The 2024 Vegetation Work Plans shall identify at least 12,000 hazard trees to be removed (including locations, schedules, and cost estimates). Hazard tree units include storm hardening and base vegetation budgets. Work plans shall include annual and monthly work and resource plans. Work plans should be coordinated with maintenance and construction work plans, where possible.

By December 31, 2023, execution of 100.0% of the work identified in the approved 2023 Vegetation Management Work Plan.

Actual spending that is within up to +5% of the established budget target.

Verification report, including schedule execution and budget spending, to be submitted to LIPA by January 31, 2024.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

1. Schedule relief may be granted for:

- i) Delays directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

2. Vegetation trimmed as part of a storm response will not be included in completion count if charged to the storm account.

DELIVERABLES

Deliverable Name	Target Due Date
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LIPA Proposed 2023 Performance Metrics

T&D-26: Vegetation Management Work Plan – Hazard Tree Removal

Submit YE 2022 closeout report at monthly meeting. Report should include work completed vs. schedule and budget.	2023-01-31
Submit January report of work completed vs. schedule and budget at the monthly meeting.	2023-02-14
Submit February report of work completed vs. schedule and budget at the monthly meeting.	2023-03-21
Submit March report of work completed vs. schedule and budget at the monthly meeting.	2023-04-18
Submit April report of work completed vs. schedule and budget at the monthly meeting.	2023-05-16
Submit May report of work completed vs. schedule and budget at the monthly meeting.	2023-06-20
Submit June report of work completed vs. schedule and budget at the monthly meeting.	2023-07-18
Submit July report of work completed vs. schedule and budget at the monthly meeting.	2023-08-15
Submit August report of work completed vs. schedule and budget at the monthly meeting.	2023-09-19
Submit September report of work completed vs. schedule and budget at the monthly meeting.	2023-10-17
Submit October report of work completed vs. schedule and budget at the monthly meeting.	2023-11-21
Submit November report of work completed vs. schedule and budget at the monthly meeting.	2023-12-19
Submit 2023 YE closeout report of work completed vs. schedule and budget at the monthly meeting.	2024-01-31

LIPA Proposed 2023 Performance Metrics

T&D-27: Storm Hardening Work Plan - Overhead Hardening

Board Policy: T&D System Reliability	Board PIPs: 5.4.1 and 5.4.5: Grid Resiliency
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: Margaret Keane, Michael Sullivan	PSEGLI Proj. Mgr: Craig Watkins
PSEGLI Director: Robert Rowe	DPS Contact: Sean Walters 516-490-2321
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Development and execution of the Storm Hardening Work Plan, including a pilot using spacer cable on a minimum of 17.4 miles. This metric measures Overhead Hardening.

TARGETS AND CALCULATIONS

Project deliverables are delivered on time and on budget within the established targets and based on the latest LIPA-approved PJD documentation. The PJDs shall incorporate existing and "New Methods". The work plan associated with improving system performance will include the engineering and rebuilding of a minimum of 17.4 miles of identified circuits utilizing spacer cable. The identified circuits shall include the two worst performing circuits based on vegetation-caused outages. If spacer cable cannot be installed safely by PSEG LI along certain portions of the branch lines, then the minimum mainline mileage to be converted shall be 13 miles. This entails the furnishing of related PJDs to LIPA by March 15, 2023, and successful execution of planned work by December 15, 2023.

By August 31, 2023, submit a 2024 Storm Hardening Work Plan for mainline and branches.

By December 31, 2023 complete the storm hardening of the latest LIPA-approved PJD circuits (-2 circuits or up to +4 circuits).

Verification report, including schedule execution and budget spending, to be submitted to LIPA by January 15, 2024.

Actual spending that is within up to +5% of the established budget target, as applied to the actual number of units (circuits) completed.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

LIPA Proposed 2023 Performance Metrics

T&D-27: Storm Hardening Work Plan - Overhead Hardening

Deliverable Name	Target Due Date
Submit PJD(s) for LIPA approval by March 15, 2023 that identify the work plan associated with improving system performance by engineering and rebuilding a minimum of 17.4 miles of identified circuits utilizing spacer cable. The identified circuits shall include the two worst performing circuits based on vegetation-caused outages. If spacer cable cannot be installed safely by PSEG-LI along certain portions of the branch lines, then the minimum mainline mileage to be converted shall be 13 miles.	2023-03-15
Submit 1st Quarter report of work completed vs. schedule and budget.	2023-04-14
Submit 2nd Quarter report of work completed vs. schedule and budget.	2023-07-14
By August 31, 2023, submit a 2024 Storm Hardening Work Plan for mainline and branches that includes a minimum of 25% of the identified circuit mileage to be rebuilt utilizing spacer cable..	2023-08-31
Submit 3rd Quarter report of work completed vs. schedule and budget.	2023-10-16
Submit artifacts related to completion of hardening of a minimum of 17 miles utilizing spacer cable including the two worst performing circuits due to vegetation-caused outages. (The minimum will be 13 miles if certain portions of the branch lines cannot be safely converted to spacer cable.)	2023-12-15
Submit Verification Report of work completed vs. schedule and budget.	2024-01-15

LIPA Proposed 2023 Performance Metrics

T&D-28: Storm Hardening Work Plan - Underground Hardening

Board Policy: T&D System Reliability	Board PIPs: 5.4.1 and 5.4.5: Grid Resiliency
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: TBD	DPS Contact: Sean Walters 516-490-2321
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Development and execution of the Storm Hardening Work Plan. This metric measures Underground Hardening.

NOTE: PJD 2225 was modified to include only 1 project for bid and execution in 2023 per meeting with LIPA on September 22, 2022. PSEGLI will put project out to bid through P&C.

TARGETS AND CALCULATIONS

Project deliverables are delivered on time and on budget within the established targets and based on the latest LIPA-approved PJD documentation.

Metric success will include the execution by December 31, 2023 of the work identified and approved by LIPA in the Storm Hardening Work Plan – Underground Hardening PJD developed in 2022 for 2023. Specifically, PSEG LI is to evaluate one location for 2023, fuse 40787 (the \$6.9 million project). The project implementation should be revised to have the secondary cable as overhead wire since approximately 50 percent of the project cost pertains to undergrounding of secondary overhead wire.

By August 31, 2023, the Service Provider shall submit a 2024 Storm Hardening Work Plan - Underground Hardening PJD and budget that, at a minimum develops the next set of targeted installation locations, schedules, cost estimates, and creates PJDs for further backyard rear service undergrounding work.

Actual spending that is within up to +5% of the established budget target, as applied to the actual number of units (circuits) completed.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

LIPA Proposed 2023 Performance Metrics

T&D-28: Storm Hardening Work Plan - Underground Hardening

Deliverable Name	Target Due Date
Submit 1st Quarter report of work completed vs. schedule and budget.	2023-04-14
Submit 2nd Quarter report of work completed vs. schedule and budget.	2023-07-14
Submit a 2024 Storm Hardening Work Plan - Underground Hardening and budget.	2023-08-31
Submit 3rd Quarter report of work completed vs. schedule and budget.	2023-10-16

LIPA Proposed 2023 Performance Metrics

T&D-29: T&D System Enhancements

Board Policy: T&D System Reliability	Board PIPs: 5.4.1 and 5.4.5: Grid Resiliency
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: TBD	DPS Contact: Sean Walters 516-490-2321
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

This metric measures two types of T&D System Enhancements: 1) storm hardening to mitigate Transmission System Load Pockets and 2) distribution system hosting capacity.

TARGETS AND CALCULATIONS

1) Transmission System Load Pockets: In 2022 Metric T&D-29, PSEG LI completed PJDs to harden supply to 8 load pockets and identified projects for 2023 construction.

By August 31, 2023, submit a 2024 Storm Hardening Work Plan - Transmission Load Pocket PJD that identifies the work to be completed for the second-highest priority Transmission Load Pocket identified in the 2022 Plan.

By December 31, 2023, execute the Storm Hardening Work Plan - Transmission Load Pockets as per the latest LIPA approved PJD developed in 2022 for 2023.

2) Hosting Capacity: In 2022 Metric PS&CE-4, PSEG LI completed a hosting capacity study of selected distribution circuits based on 80% penetration ratio and developed solutions for each of the 47 circuits identified in the 2022 final hosting capacity study list. Evaluated solutions were to include the LIPA Phase 2 AREGCBA proposals as applicable.

For 2023, PSEG LI will provide PJDs for the recommended solutions for two (2) of the identified circuits that provide the greatest system benefit from the 2022 Hosting Capacity Study and upon approval of the PJD from LIPA will implement the solutions pursuant to the program budget established within the capital budget for such purpose for 2023. One of the two identified projects are to commence construction by November 15, 2023.

Metric success requires the following:

Fully satisfy all metric deliverables, per the agreed-upon dates, including completion of construction of approved PJDs by December 31, 2023.

Verification report, including schedule execution and budget spending, to be submitted to LIPA by January 15, 2024 for review and LIPA approval.

Actual spending that is within up to +5% of the established budget target.

LIPA Proposed 2023 Performance Metrics

T&D-29: T&D System Enhancements

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format. PSEG LI shall meet with LIPA to present PJDs for feedback and to present quarterly reports.

Incentive compensation will be allocated 50% to Transmission System Load Pockets and 50% to Distribution System Hosting Capacity.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Submit 1st Quarter status report.	2023-04-14
Submit 2nd Quarter status report.	2023-07-14
Submit a 2024 Storm Hardening Work Plan - Transmission Load Pocket PJD that identifies the work to be completed for the second-highest priority Transmission Load Pocket identified in the 2022 Plan.	2023-08-31
Submit artifacts that at least one distribution hosting capacity project began construction.	2023-11-15
Submit 3rd Quarter status report.	2023-10-16
Submit Verification Report.	2024-01-15

LIPA Proposed 2023 Performance Metrics

T&D-30: Storm Hardening Work Plan - ACRV Commissioning Program

Board Policy: T&D System Reliability	Board PIPs: 5.4.1 and 5.4.5 (In Development) (Grid Resiliency Improvement Program)
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: TBD	DPS Contact: Sean Walters 516-490-2321
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Development and execution of the Storm Hardening Work Plan - ACRV Commissioning Program.

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified date in the deliverables section.

Metric success will include the execution, by December 31, 2023, of the work identified in the LIPA-approved August 31, 2022 plan for the 2023 Storm Hardening Work Plan – Automatic Circuit Recloser Viper (ACRV) Commissioning Program.

By August 31, 2023, submit a 2024 Storm Hardening Work Plan and budget that, at a minimum: identifies locations, schedules, cost estimates, and creates PJDs for ACRVs to be commissioned as tripping devices for 2024.

Verification report, including schedule execution and budget spending, to be submitted to LIPA by January 15, 2024.

Actual spending that is within up to +5% of the established budget target, as applied to the actual number of units completed.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Submit 1st Quarter status report.	2023-04-14
Submit 2nd Quarter status report.	2023-07-14

LIPA Proposed 2023 Performance Metrics

T&D-30: Storm Hardening Work Plan - ACRV Commissioning Program

Submit a 2024 Storm Hardening Work Plan and budget that, at a minimum: identifies locations, schedules, cost estimates, and creates PJDs for ACRVs to be commissioned as tripping devices for 2024.	2023-08-31
Submit 3rd Quarter status report.	2023-10-16
Submit Verification Report.	2024-01-15

LIPA Proposed 2023 Performance Metrics

T&D-31: Storm Hardening Work Plan - LT5H (ASUV) Program

Board Policy: T&D System Reliability	Board PIPs: 5.4.1 and 5.4.5: Grid Resiliency Improvement Program
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: TBD	DPS Contact: Sean Walters 516-490-2321
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Development and execution of the Storm Hardening Work Plan - LT5H (ASUV) Program.

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified date in the deliverables section.

Metric success will include the execution, by December 31, 2023, of the work identified in the LIPA-approved August 31, 2022 plan for the 2023 Storm Hardening Work Plan – LT5H (ASUV) Program.

Metric success also requires by August 31, 2023, the Service Provider shall submit a 2024 Storm Hardening Work Plan - LT5H (ASUV) Program and budget that, at a minimum: identifies locations, schedules, cost estimates, and creates PJDs for LT5H (ASUV) Program for 2024 for LIPA approval.

Verification report, including schedule execution and budget spending, to be submitted to LIPA by January 15, 2024.

Actual spending that is within up to +5% of the established budget target, as applied to the actual number of units completed.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Submit 1st Quarter status report.	2023-04-14
Submit 2nd Quarter status report.	2023-07-14

LIPA Proposed 2023 Performance Metrics

T&D-31: Storm Hardening Work Plan - LT5H (ASUV) Program

Submit a 2024 Storm Hardening Work Plan - LT5H (ASUV) Program and budget.	2023-08-31
Submit 3rd Quarter status report.	2023-10-16
Submit Verification Report.	2024-01-15

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LIPA Proposed 2023 Performance Metrics

T&D-33: Execute Real Estate Strategy on (i) purchase of a property in Medford for a new operations yard and (ii) National Grid Properties.

Board Policy: Customer Value & Affordability	Board PIPs: RE-04 (10.04) (Long-Term Real Estate Strategy)
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Jason Horowitz
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Pasquale Disilvestro
PSEGLI Director: TBD	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 125000	

OBJECTIVE

Implement Project Implementation Plan (PIP) to support a long-term strategy for LIPA's real estate and facility assets that will cover the (i) work needed to complete the purchase of property for a new Medford operations yard, and (ii) National Grid (NG) property strategy.

TARGETS AND CALCULATIONS

50% of the compensation for all deliverables related to the purchase of a property in the Medford area for a new operations yard to replace a yard currently under lease from National Grid (referred to in this metric as "Medford" or the "Medford property"). The Medford property may either be the property under contract as of October 2022 or an alternative property in the area.

50% of the compensation for all deliverables related to the National Grid property strategy. Property Group 1 will include only the Riverhead Property (an operating yard currently leased from National Grid). Property Group 2 and 3 will be defined through discussions between LIPA, PSEGLI, and National Grid. The 2023 deliverable for Property Group 2 and 3 is related solely to a segmentation plan.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld.

Target Due Dates for National Grid property strategy Deliverables are contingent upon LIPA notice to commence.

All numbers of days referenced in deliverables are counted as calendar days.

EXCLUSIONS

Schedule relief may be granted for delays

i) directed or requested by LIPA or

ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
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LIPA Proposed 2023 Performance Metrics

T&D-33: Execute Real Estate Strategy on (i) purchase of a property in Medford for a new operations yard and (ii) National Grid Properties.

DELIVERABLES FOR MEDFORD PROPERTY	NA
Due diligence draft report for Medford property	2023-03-31
Implement outreach strategy based on Medford conceptual site development and use	2023-03-31
Finalize Medford property due diligence per contract of sale	2023-04-30
Finalize Medford operations yard schematic level design and site development layout	2023-05-31
Prepare Medford permit matrix and file preliminary applications for necessary permits	2023-05-31
Close on Medford property purchase	2023-06-30
Develop construction level documents for bid solicitation	2023-06-30
Award general construction contract for development of the site	2023-08-31
Commence Medford construction	2023-09-30
DELIVERABLES FOR NATIONAL GRID STRATEGY PROPERTIES	NA
Provide available existing deed and existing survey for each property (Property Group 1 -- Riverhead)	15 days from LIPA's written notice to proceed
Provide tax lot designation and the property tax history during the past three (3) years along with zoning designation (Property Group 1 -- Riverhead)	20 days from LIPA's written notice to proceed
Finalize property Appraisal Engagement letter with SOW and cost (Property Group 1 -- Riverhead)	15 days from LIPA's written notice to proceed
Develop draft Property Appraisal reports (including existing zoning classification) (Property Group 1 -- Riverhead)	60 days from LIPA's written notice to proceed
Deliver final Property Appraisal reports (including existing zoning classification) (Property Group 1 -- Riverhead)	70 days from LIPA's written notice to proceed
Develop draft Survey reports (Property Group 1 -- Riverhead)	85 days from LIPA's written notice to proceed
Finalize Survey reports (Property Group 1 -- Riverhead)	100 days from LIPA's written notice to proceed

LIPA Proposed 2023 Performance Metrics

T&D-33: Execute Real Estate Strategy on (i) purchase of a property in Medford for a new operations yard and (ii) National Grid Properties.

Develop draft Title Reports (Property Group 1 -- Riverhead)	70 days from LIPA's written notice to proceed
Finalize Title Reports (Property Group 1 -- Riverhead)	90 days from LIPA's written notice to proceed
Develop draft Property Segmentation Plan that includes written detailed markups of the existing maps or aerial photos of each of the properties depicting LIPA/PSEG LI and NG areas of contemplated use and occupancy based upon operational program requirements (space needs analysis) and agreement by the LIPA/PSEG Long Island and National Grid Operations Teams for Property Groups 2 and 3 and a detailed timeline for segmentation during 2024.	2023-12-29

LIPA Proposed 2023 Performance Metrics

T&D-34: Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)

Board Policy: Customer Value and Affordability	Board PIPs: CB-01: Capital Project and Budget Review
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Robert Rowe, Shaun Jeter	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Timely submittal of PJDs for each Capital Project and Program with adequate detail for LIPA review and approval and inclusion into Capital Budget.

TARGETS AND CALCULATIONS

PJDs (in a template mutually agreed to by LIPA and PSEG LI) submitted and approved by LIPA, for all programs and projects requesting funding for 2024 Budget, including cost estimates and for Blankets and Program project's location and number of units (as applicable), due annually on a rolling basis.

100% of all deliverables delivered by the specified date in the deliverables section.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. PJDs shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Submit preliminary T&D Capital Budget to LIPA, with PJDs substantiating the budget request by July 5.	2023-07-05
Submit final PJDs to reflecting LIPA's comments on a rolling basis starting July 6 with final PJDs received no later than August 15, 2023.	2023-08-15
Submit program and blanket PJDs reflecting LIPA comments by September 15, 2023 (PJDs to be included in the PSEG LI Capital Plan reflecting final approved PJDs and Wave 1 metrics) and at minimum list the number units/assets and specific locations scheduled.	2023-09-15

LIPA Proposed 2023 Performance Metrics

T&D-35: Construction - Project Milestones Achieved

Board Policy: Customer Value & Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Robert Rowe, Shaun Jeter	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Execution of approved Specific Capital Projects per milestone schedule.

TARGETS AND CALCULATIONS

Completion of defined key project milestones.

2023 key milestone dates as defined per the existing methodology contained in the 2022 metric. A schedule of Specific Project key milestones is submitted to LIPA in January of each year. Monthly updates are provided to LIPA on milestones achieved and milestones missed. Explanations are provided of milestones missed. Occasionally, specific project schedules are adjusted throughout the year to account for permit delays, easement or municipality approvals, storms, etc. These project schedule updates are submitted by the Project Manager for approval by the Manager of Project Management and the Project Sponsor.

PSEG LI has a structured process for milestone changes, “Key Milestone Change Process” that will be followed for any changes of dates to the baseline milestones submitted to LIPA in January 2023 which will need approval from PSEG LI’s Mg Dir & VP Construction & Ops Svcs and then will need subsequent approval from LIPA (not to be unreasonably withheld in accordance with the defined process).

The target is calculated as the number of key milestones met divided by the number of key milestones submitted.

Target: $\geq 90.0\%$ milestone achievement of defined key project milestones.

Rounding protocols will allow for a performance of 89.95% and above to be rounded up to successfully meet the target of 90.0%.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Schedule relief may be granted for delays

i) directed or requested by LIPA or

LIPA Proposed 2023 Performance Metrics

T&D-35: Construction - Project Milestones Achieved

ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Submit Project Key Milestones for 2023	2023-01-31
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Construction - Project Milestones Achieved 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-36: Construction - Cost Estimating Accuracy

Board Policy: Customer Value & Affordability	Board PIPs: CB-01: Capital Project and Budget Review
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Robert Rowe, Shaun Jeter	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Execution of approved Specific Capital Projects as budgeted.

TARGETS AND CALCULATIONS

Execution of 2023 Specific Capital Project within cost estimates.

Cost estimating accuracy per existing methodology for Budget PJDs.

- Estimating accuracy reported based on the month when project is closed-out.
- % Estimating Accuracy = % absolute variance of each project closed-out cost versus Definitive level estimate (Base cost approved by URB).
- An overall portfolio variance is % absolute variance of cumulative project closed-out cost versus cumulative Definitive level estimate.
- The YTD calculation is overall portfolio variance for all projects closed out YTD.

Target: ≥ 90.0% Cost estimating accuracy.

Rounding protocols will allow for a performance of 89.95% and above to be rounded up to successfully meet the target of 90.0%.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following:	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-36: Construction - Cost Estimating Accuracy

- | | |
|--|--|
| 1) Monthly Scorecard Reporting Requirement for Construction - Cost Estimating Accuracy | |
| 2) Any additional supporting documentation as required | |

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LIPA Proposed 2023 Performance Metrics

T&D-37: Completion of Program Planned Units Per Workplan

Board Policy: Customer Value & Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Robert Rowe, Shaun Jeter	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 400000	

OBJECTIVE

Adherence to Targeted Program planned units.

TARGETS AND CALCULATIONS

Targeted Programs, as distinct and separate from Projects, must include units of work to be completed within one year. Units of work must be deemed as complete to count as a completed unit.

By December 31, 2023, complete program planned units/miles consistent with Program Workplan PJDs for the following Targeted Programs:

1. Distribution Circuit Improvement Program (CIP) – 288 miles
2. Transmission breaker replacement – 15 units
3. Underground distribution cable upgrades – 85,000 feet
4. Distribution multiple customer outages (MCO) – 114 jobs
5. Residential underground cables – 70,445 feet
6. Replacement of non-restorable distribution pole rejects – 1,050 units
7. Transfer distribution facilities to new telephone poles – 1,793 units
8. Transformer Monitoring – 50 units

Note: Units/jobs/miles or feet based on PJDs submitted in September 2022. The final measurement for this will be based on the latest LIPA-approved PJD.

Achievement will be calculated as the difference between the planned units/jobs/miles/feet and the actual units/jobs/miles/feet achieved by December 31, 2023 divided by the planned units/jobs/miles/feet.

Target: Complete $\geq 95.0\%$ of the planned units/miles within the established target and based on the latest LIPA-approved PJD documentation.

Achieving 8 out of 8 Programs will be required for 100% of compensation, while 7 out of 8 Programs will be required for 75% of metric compensation. Achieving 6 or less of the Program targets will result in 0% of compensation.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

LIPA Proposed 2023 Performance Metrics

T&D-37: Completion of Program Planned Units Per Workplan

EXCLUSIONS

Schedule relief may be granted for delays

i) directed or requested by LIPA or

ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Completion of Program Planned Units Per Workplan. 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-38: Program Unit Cost Variance

Board Policy: Customer Value & Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Robert Rowe, Shaun Jeter	DPS Contact: Mark Tintera
Allocated Compensation (2021 Dollars) : 200000	

OBJECTIVE

Adherence to Targeted Program estimations and budgets.

TARGETS AND CALCULATIONS

Targeted Program unit cost variance is the difference between the costs actually incurred executing a Targeted Program for the planned units and the budgeted or planned amount of cost that should have been incurred.

The targeted unit costs stated for the eight programs below, will be measured against corresponding actual unit costs, as of December 31, 2023:

1. Distribution Circuit Improvement Program (CIP) – \$19,956/mile
2. Transmission breaker replacement – \$167,000/breaker
3. Underground distribution cable upgrades – \$205/foot
4. Distribution multiple customer outages (MCO) – \$72,852/job
5. Residential underground cables – \$206/foot
6. Replacement of non-restorable distribution pole rejects – \$14,076/pole
7. Transfer distribution facilities to new telephone poles – \$7,135/unit
8. Transformer Monitoring – \$83,000/unit

Note: Units/feet cost based on PJDs submitted in September 2022. The final measurement for this will be based on the latest LIPA-approved PJD.

Achievement will be calculated as the difference between the planned per unit and per foot costs and the actual per unit and per foot costs achieved by December 31, 2023 divided by the planned per unit and per foot costs.

Target: Achieve +/-5% of the planned per unit and per-mile costs within the established target and based on the latest LIPA-approved PJD documentation.

Achieving 8 out of 8 Programs will be required for 100% of compensation, while 7 out of 8 Programs will be required for 75% of metric compensation. Achieving 6 or less of the Program targets will result in 0% of compensation.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG LI and DPS.

LIPA Proposed 2023 Performance Metrics

T&D-38: Program Unit Cost Variance

EXCLUSIONS

Schedule relief may be granted for delays

i) directed or requested by LIPA or

ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Program Unit Cost Variance. 2) Any additional supporting documentation as required	Monthly

LIPA Proposed 2023 Performance Metrics

T&D-39: Project Completion Consistent with Project Design

Board Policy: Customer Value and Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: Bob Kearns
PSEGLI Exec. Sponsor: TBD	PSEGLI Proj. Mgr: TBD
PSEGLI Director: TBD	DPS Contact: TBD
Allocated Compensation (2021 Dollars) : 100000	

OBJECTIVE

Effectively manage capital projects such that completion is consistent with project engineering and design documents and meets the intent of design in the latest LIPA-approved PJD for all SEQRA projects as well as those at or above \$1,000,000.

TARGETS AND CALCULATIONS

Annual audit conducted by LIPA, or a third party designated by LIPA, that finds all SEQRA construction projects as well as those exceeding \$1,000,000 completed in 2022 and placed in service in 2022 were consistent with project design.

A single project not being completed consistent with above criteria would constitute metric failure, based on the latest LIPA-approved PJD.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

DELIVERABLES

Deliverable Name	Target Due Date
100% completion of projects consistent with project design and specifications	2023-12-31

LIPA Proposed 2023 Performance Metrics

T&D-40: Double Wood Poles

Board Policy: Safety, T&D System Reliability	Board PIPs: n/a
LIPA Exec. Sponsor: tfalcone@lipower.org	LIPA Proj. Mgr: Thomas Locascio
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: William Moir
PSEGLI Director: Richard Henderson	DPS Contact: Jami Nafiul
Allocated Compensation (2021 Dollars) : 50000	

OBJECTIVE

As a safety and system reliability matter, continue to manage the amount of Double Wood Poles on the T&D system.

TARGETS AND CALCULATIONS

Amount of double wood poles, as recorded in the National Joint Utilities Notification System (NJUNS), on December 31, 2023.

Target: Achieve a Double Wood Pole year-over-year reduction of at least 10.0%, resulting in a count of <= #,### (will be set after 2022 YE results become available) on December 31, 2023.

Note: A discrete 2023 pole count target number will be calculated after the close of 2022, reflecting performance as of December 31, 2022.

PSEG LI shall prepare a quarterly status report summarizing current metric progress, the status of initiatives to manage double-wood poles, potential obstacles, and proposed solutions. The report shall be prepared in a LIPA-approved format. PSEGLI to meet with LIPA and DPS to review the quarterly status report.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld.

EXCLUSIONS

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for Double Wood Poles 2) Documentation demonstrating NJUNS timely data-entry of all Double Wood Poles identified during the physical asset verification project. 3) Any additional supporting documentation, as required	Monthly
Submit 1st Quarter status report.	2023-04-21
Submit 2nd Quarter status report.	2023-07-21
Submit 3rd Quarter status report.	2023-10-17

LIPA Proposed 2023 Performance Metrics

T&D-40: Double Wood Poles

Submit 4th Quarter status report.	2024-01-17
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DRAFT

LIPA Proposed 2023 Performance Metrics

T&D-41: Program Effectiveness - Vegetation Management

Board Policy: Transmission & Distribution Operations	Board PIPs: 5.4.1 and 5.4.5: Grid Resiliency
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: pmladinich@lipower.org
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: TBD
PSEGLI Director: TBD	DPS Contact: qin.shi@dps.ny.gov
Allocated Compensation (2021 Dollars) : 175000	

OBJECTIVE

Realize tangible performance improvements on parts of the system that have completed prescribed vegetation management activities per the 2022 Vegetation Management work plan.

TARGETS AND CALCULATIONS

Year-Over-Year (YOY) Outage incident reduction of 50% for the circuits actually addressed in the 2022 Plan due to effective Vegetation Management. This applies only to Primary, sustained outages directly related to vegetation. Baseline for each circuit will be set using 12 months immediately prior to 2022 work/upgrades being completed.

Target: Meet all identified requirements with high-quality deliverables and deliver by established due dates, including 50% YOY outage incident reduction.

Incentive compensation will be allocated as follows:

- 100% for achieving a $\geq 50.0\%$ YOY outage incident reduction.
- 50% for achieving a $\geq 40.0\%$ YOY outage incident reduction.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld.

EXCLUSIONS

Exclusions only for NYS Department of Public Service 72-hour storm events.

Only those outages deemed to be directly Vegetation related, and with vegetation-related cause codes (e.g., Entire tree fell over or Large Overhanging Limb) will be included in the calculation.

DELIVERABLES

Deliverable Name	Target Due Date
Q1 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-04-14
Q2 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-07-14

LIPA Proposed 2023 Performance Metrics

T&D-41: Program Effectiveness - Vegetation Management

Q3 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-10-13
Q4 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties.	2024-01-12

DRAFT

LIPA Proposed 2023 Performance Metrics

T&D-42: Estimated Time of Restoration (ETR) Process Enhancements

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: mquinn@lipower.org
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: TBD
PSEGLI Director: TBD	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

Improve customer outage experience via enhancement and refinement of the ETR process by studying, determining, quantifying and operationalizing critical factors into revised ETR methodology and communication strategies.

TARGETS AND CALCULATIONS

PIP focus is to utilize actual detailed restoration performance for most recent 3-years to identify significant ETR factors that will be selected, with operationalization to occur on or before September 15, 2023, leading to a refinement of the initial process being completed under the 2022 CS-1 metric deliverable that will set ETR ranges and corresponding customer outage messaging (2 hours for Blue Sky and 4 hours for Gray Sky).

The evaluation process will allow for the parties to review and ultimately select a viable group of more than two factors that would yield positive results for customer experience, with completion of the evaluation by March 15, 2023. The subsequent planning phase for operationalization is to be completed by June 15, 2023. Operationalization of a minimum of two (2) of the identified factors must occur on or before September 15, 2023 in order for the full incentive compensation to be awarded. Incentive compensation will not be awarded in whole or in part if one or fewer factors are successfully operationalized by the stated deliverable date.

PIP updates delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties; updates contain detailed ETR evaluation results, identification of opportunities to refine existing and/or expand operationalization efforts.

Metric deliverables will be modified with 2023 deliverables upon completion and approval of PIP.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of the Service Provider.

Outages occurring that fall under the threshold of 2nd A&R OSA (minor) storm level or greater.

DELIVERABLES

LIPA Proposed 2023 Performance Metrics

T&D-42: Estimated Time of Restoration (ETR) Process Enhancements

Deliverable Name	Target Due Date
Develop a PIP for LIPA approval that addresses continued ETR Process Enhancements (applicable for Blue Sky, with more than two factors selected for evaluation.	2023-01-15
Complete evaluation of ETR factors selected by the parties	2023-03-15
Complete implementation planning for ETR/Communication changes	2023-06-15
Operationalize minimum of two (2) factors that yielded a positive customer experience identified from PIP Study into ETR methodology, and customer communications	2023-09-15
Q1 PIP update delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-04-21
Q2 PIP update delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-07-21
Q3 PIP update delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-10-20
2023 Year-End PIP update delivered to LIPA and DPS to be reviewed at year-end meeting between the three Parties	2024-01-19

LIPA Proposed 2023 Performance Metrics

T&D-44: Regulatory Compliance

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: mquinn@lipower.org
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: TBD
PSEGLI Director: TBD	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars) : 150000	

OBJECTIVE

Operate within all applicable rules and regulations by meeting all local, state and federal compliance reporting regulations. Appropriately Self-Report for all instances of Non-Compliance.

TARGETS AND CALCULATIONS

- 1) 100% Self-Reporting of Non-Compliance for the year ending Dec 31, 2023.
- 2) Zero violations of Environmental Rules and Regulations for the year ending Dec 31, 2023.
- 3) 100% of required Operator Training for the year ending Dec 31, 2023.
- 4) 100% of BES System Studies for the year ending Dec 31, 2023.
- 5) Zero violations of all required permitting for the year ending Dec 31, 2023.
- 6) Comply with all established NYS DPS requirements regarding Event Notifications.
- 7) Continue with the current stray voltage & inspection pilot program in 2023 and submit a plan for full compliance with the NYS Department of Public Service's Safety Standards, including quality assurance and quality control programs, by April 1, 2023, for implementation beginning January 1, 2024.

Target: Meeting all applicable regulatory requirements is required for 100% compensation; a single violation would result in 75% compensation, and two or more violations would result in no compensation.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. Reports shall be in a LIPA-approved format.

EXCLUSIONS

DELIVERABLES

Deliverable Name	Target Due Date
Submit a plan for full compliance with the NYS Department of Public Service's Safety Standards, including quality assurance and quality control programs, by April 1, 2023, for implementation beginning January 1, 2024.	2023-04-01
Q1 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-04-14

LIPA Proposed 2023 Performance Metrics

T&D-44: Regulatory Compliance

Q2 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-07-14
Q3 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-10-13
Q4 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2024-01-12

LIPA Proposed 2023 Performance Metrics

T&D-45: Physical Security

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: mquinn@lipower.org
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: TBD
PSEGLI Director: TBD	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars) : 250000	

OBJECTIVE

To develop and execute plans to enhance physical security, including the integration of new technologies at critical locations, including control centers, substations and yards.

TARGETS AND CALCULATIONS

Execution of PIP deliverables to address findings of LIPA-conducted 2022 Physical Security Assessment, according to LIPA-approved PIP schedule, by December 31, 2023. Metric deliverables will be modified with 2023 deliverables upon completion and approval of PIP.

Target: Meet all identified requirements with high-quality deliverables and deliver by established due dates.

All deliverables are subject to review and approval by LIPA, which shall not be unreasonably withheld. PIP and reports shall be in a LIPA-approved format.

EXCLUSIONS

DELIVERABLES

Deliverable Name	Target Due Date
Submit a PIP for LIPA approval that incorporates recommendations from 2022 LIPA Physical Security Assessment. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-01-20
Q1 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-04-14
Q2 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-07-14
Q3 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-10-13
Q4 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2024-01-12

LIPA Proposed 2023 Performance Metrics

T&D-46: Root Cause Analysis (RCA) Execution and Compliance

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: rkearns@lipower.org
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: TBD
PSEGLI Director: TBD	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars) : 175000	

OBJECTIVE

To improve Root Cause Analysis accuracy to enhance outage cause determination and restoration by defining the tracking and remediation of root cause determinations, the training required for individuals in the process, and the process for reporting and reviewing these results with LIPA staff.

TARGETS AND CALCULATIONS

Execution of PIP deliverables to improve Root Cause Analysis efforts as recommended by the LIPA Board of Trustees on October 29, 2021, according to LIPA-approved PIP schedule, to be completed no later than January 31, 2023. Metric deliverables will be modified with 2023 deliverables upon completion and approval of PIP.

Target: Meet all identified requirements with high-quality deliverables and deliver by established due dates.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All reports shall be in a LIPA-approved format.

EXCLUSIONS

DELIVERABLES

Deliverable Name	Target Due Date
Submit a PIP that receives LIPA approval that meets Root Cause Analysis recommendations adopted by LIPA Board. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverables and dates in 2023.	2023-01-31
Q1 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-04-14
Q2 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-07-14
Q3 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-10-13
Q4 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2024-01-12

LIPA Proposed 2023 Performance Metrics

T&D-48: Program Effectiveness - Storm Hardening

Board Policy: Transmission & Distribution Operations	Board PIPs: 5.4.1 and 5.4.5: Grid Resiliency
LIPA Exec. Sponsor: braley@lipower.org	LIPA Proj. Mgr: rkearns@lipower.org
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: TBD
PSEGLI Director: TBD	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars) : 175000	

OBJECTIVE

Realize tangible performance improvements on parts of the system that have completed storm hardening upgrades; specifically, the circuits completed under 2022 Metric T&D-30.

TARGETS AND CALCULATIONS

Target: Net reduction in Substation Breaker Trips of $\geq 50\%$ with improved system design for the eleven circuits identified and operationalized in 2022 as part of Storm Hardening Program (circuits completed under the 2022 Metric T&D-30).

Baseline for each circuit will be set using 12 months immediately prior to 2022 work/upgrades being completed.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All reports shall be in a LIPA-approved format.

EXCLUSIONS

Exclusions only for NYS Department of Public Service 72-hour storm events.

DELIVERABLES

Deliverable Name	Target Due Date
Q1 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-04-14
Q2 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-07-14
Q3 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2023-10-13
Q4 report delivered to LIPA and DPS to be reviewed at quarterly meeting between the three Parties	2024-01-12



Department of Public Service

Rory M. Christian
Chair and
Chief Executive Officer

125 East Bethpage Road, Plainview, NY 11803
www.dps.ny.gov/longisland

November 4, 2022

Via E-mail and U.S. Mail

Honorable Mark Fischl, Vice Chairman
Board of Trustees
Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, New York 11553
boardoftrustees@lipower.org

Re: Matter No. 22-02185: LIPA's Proposed 2023 Final Metrics Package
Recommendations

Dear Vice Chairman Fischl:

I am pleased to provide the recommendations of the New York State Department of Public Service (Department, DPS, or DPS Staff) regarding LIPA's Final 2023 Performance Metrics proposal (Final Metrics Proposal) for PSEG Long Island (PSEG LI or the Company).¹ Pursuant to the requirements of the Second Amended and Restated Operating Services Agreement (the New OSA) between LIPA and PSEG LI, LIPA proposed 99 metrics covering all scope functions: 1) Transmission and Distribution (T&D); 2) Power Supply & Clean Energy Programs (PS&CE); 3) Business Services (BS); 4) Customer Services (CS); and 5) Information Technology (IT).²

Under the terms of the Second Amended and Restated Operations Services Agreement, LIPA and PSEG LI are required to conduct an annual metrics review process.³ As part of this process, LIPA sends an initial metrics proposal to PSEG LI for its review and comment. Then, PSEG LI may provide comments on this initial proposal to LIPA and DPS, which LIPA must consider in good faith.⁴ After reviewing PSEG LI's comments, LIPA submits a Final Metrics Proposal to DPS for its review and recommendation, as well as to PSEG LI for further comment concerning the Final

¹ LIPA's Proposal for PSEG Long Island's 2023 Performance Metrics (filed October 7, 2022) (2023 PSEG LI Performance Metrics).

² Second Amended and Restated Operations and Services Agreement Between the Long Island Power Authority and PSEG Long Island, LLC, Appendix 4.3(C)(I)(B) (in effect April 1, 2022) (New OSA).

³ Id.

⁴ Id.

Metrics Proposal. Finally, the Department considers the Final Metrics Proposal, along with PSEG LI's comments, and submits its recommendation(s) to the LIPA Board of Trustees (LIPA BoT) for adoption.

Staff has reviewed LIPA's Final Metrics Proposal and recommends: 1) adoption of seventy-three (73) of the ninety-nine (99) proposed metrics; 2) modification of twenty (20) metrics with adjustments to target levels and/or certain exclusion criteria; and 3) rejection of six (6) metrics in LIPA's Final Metrics Proposal. The attached DPS Staff Memorandum outlines the process undertaken and details the Department's recommendations including the twenty metrics recommended for approval with modification, as well as a list of the six rejected metrics. The DPS Staff Memorandum includes a short summary of each metric and corresponding explanation for DPS Staff's recommendation. Thus, the package of metrics included in Staff's Memorandum represents the DPS Recommended Metrics, as referred to in the New OSA.⁵

Concerning the 73 metrics DPS Staff recommends be adopted without modification, these metrics encompass all scope areas and more keenly critical operation services such as risk management, cyber security, vegetation management, storm hardening, and control center operations. The metrics will aid in ensuring that PSEG LI maintains and enhances its performance on behalf of customers. More specifically, that PSEG LI employs an effective risk mitigation process, continues to build out its own cyber security unit independent of its New Jersey Affiliate, consistent with the goals of the Information Technology System Separation Plan, and establishes deliverables and targets to ensure that the Company makes progress towards replacing its control center.⁶ Another area of focus is PSEG LI's work planning processes in areas such as storm hardening, and vegetation management.

Staff also recommends adoption of several metrics that pertain to the Company's project management capabilities across multiple scope functions. Specifically, these metrics contain numerous deliverables to improve tracking of PSEG LI's capital project progress, implementation of tier 1, 2 and 3 IT projects, and the efficiency of day-to-day work through integrated work tools. Additionally, Staff recommends adoption of metrics that will directly target improvements in areas that impact customers' experience. Customer Service metrics for 2023 will require PSEG LI to develop a project plan to replace the current Customer Information System, survey customer satisfaction with certain transactions, and measure the Company's ability to efficiently resolve customer complaints.

The undertaking of these metrics by PSEG LI presents both a challenge and an opportunity to demonstrate that it can deliver value monetarily in terms of more efficient programs, in customer satisfaction by addressing deficiencies or gaps in service, and in enhancing critical aspects of the Transmission and Distribution system by completing

⁵ Id.

⁶ Matter 22-01870, In the Matter of Review of Long Island Power Authority and PSEG Long Island IT System Separation Plan, Recommendations Regarding Long Island Power Authority and PSEG Long Island's Information Technology System Separation Plan (issued September 27, 2022).

key projects in 2023. As stated in the Department's Recommendations concerning the New OSA, "[t]he substantial increase in metrics will ensure that the numerous aspects of PSEG LI's operations services are scrutinized and that performance in all scope areas is either improved or maintained appropriately."⁷ Further, the Department's recommendations also stated:

This new process appropriately situates LIPA and the LIPA Board as the entity which determines the overall trajectory of the organization through goal setting and policymaking, however, this process also strengthens DPS' role by providing for their direct involvement in reviewing and recommending the annual incentive compensation metrics.⁸

While the New OSA greatly enhanced various requirements it also increased the portion of PSEG LI's compensation at risk for failing to rise to the level set by the annual metrics. The DPS Recommended Metrics adequately incentivize PSEG LI to achieve the level and quality of service expected of a utility in New York State. As such, DPS recommends that the LIPA Board adopt the DPS Recommended Metrics as discussed in the attached DPS Staff Memorandum.

Respectfully Submitted,



Rory M. Christian
Chief Executive Officer

ATTACHMENT

CC: Thomas Falcone, LIPA Chief Executive Officer
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
David C. Lyons, PSEG LI Interim President and Chief Operating Officer
Andrea Elder-Howell, PSEG LI Vice President Legal Services
Carrie Meek Gallagher, DPS LI Director
Nicholas Forst, DPS LI Counsel
Peter Hilerio, DPS LI Counsel

⁷ DPS Recommendations re: Reformed Operations Services Agreement between LIPA and PSEG LI, dated November 23, 2021, pp. 4-5.

⁸ Id., p. 5.

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE
INTEROFFICE MEMORANDUM

November 4, 2022

TO: Chief Executive Officer Rory Christian

FROM: DPS Staff

SUBJECT: Recommendations Regarding the Long Island Power Authority's Proposal for
PSEG Long Island's 2023 Performance Metrics

Introduction

This memorandum is provided to the Chief Executive Officer of the Department of Public Service (DPS or the Department) on behalf of the Department Staff (Staff) team who conducted the review, and herein provide their recommendations regarding LIPA's Final 2023 Performance Metrics proposal (Final Metrics Proposal) for PSEG Long Island (PSEG LI or the Company).¹ Pursuant to the requirements of the Second Amended and Restated Operating Services Agreement (the New OSA) between LIPA and PSEG LI, LIPA proposed 99 metrics which cover the following scope functions: 1) Transmission and Distribution (T&D); 2) Power Supply & Clean Energy Programs (PS&CE); 3) Business Services (BS); 4) Customer Services (CS); and 5) Information Technology (IT).²

Under the terms of the New OSA, LIPA and PSEG LI are required to conduct an annual metrics review process. As part of this process, LIPA sends an initial metrics proposal to PSEG LI for its review and comment. Then, PSEG LI may provide comments on this initial proposal to LIPA and DPS, which LIPA must consider in good faith.³ After reviewing PSEG LI's comments, LIPA submits a Final Metrics Proposal to DPS for its review and recommendation, and to PSEG LI for further comment concerning the Final Metrics Proposal. Finally, the Department will consider the Final Metrics Proposal, along with PSEG LI's comments, and submit its recommendation to the LIPA Board of Trustees (LIPA BoT) for adoption.

Executive Summary

Per the terms of the New OSA, specifically Appendix 4.3(C)(I)(C), DPS submits its recommendations concerning LIPA's Final Metrics Proposal. Staff has reviewed LIPA's Final Metrics Proposal, as well as PSEG LI's comments, and recommends: 1) adoption of seventy-three (73) of the ninety-nine (99) proposed metrics; 2) modification of twenty (20) metrics with adjustments to target levels and/or certain exclusion criteria; and 3) rejection of six (6) metrics in LIPA's Final Metrics Proposal. This memo provides a list of the twenty metrics recommended for approval with modification, as well as a list of the six rejected metrics, including a short summary of each metric and an explanation for Staff's recommendation. Finally, a list of the seventy-three metrics that Staff recommends for approval without modification is contained in Appendix A.

Consistent with the timing of LIPA's budgeting process, LIPA began its 2023 metrics process by initiating the first of three waves of metric submissions. On June 17, LIPA provided DPS and PSEG LI with a list of the 2022 metrics it proposed to carry over into 2023 (Wave 1), and then subsequently, on August 5, 2022, LIPA submitted a list of new metrics for 2023 (Wave 2). Throughout September, LIPA provided PSEG LI with the quantitative metric targets and other information (Wave 3). On September 23, 2022, PSEG LI provided certain redline edits and feedback to LIPA and DPS. On October 4, 2022, PSEG LI submitted additional comments and redline edits to LIPA for its consideration. On October 6, 2022, LIPA submitted its Final Metrics Proposal to DPS.

¹ LIPA's Proposal for PSEG Long Island's 2023 Performance Metrics (filed October 7, 2022).

² Second Amended and Restated Operations and Services Agreement Between the Long Island Power Authority and PSEG Long Island, LLC, Appendix 4.3(C)(I)(B) (in effect April 1, 2022).

³ Id.

On the day prior, October 5, 2022, PSEG LI submitted a letter to LIPA that raised several concerns regarding the metrics review process and the 2023 PSEG LI Performance Metrics.⁴ Both LIPA and PSEG LI have continued to exchange feedback after the submission of LIPA's Final Metrics Proposal.

Based upon its review, Staff recommends that 73 metrics be adopted. These 73 metrics encompass critical areas such as risk management, cyber security, vegetation management, storm hardening, and control center operations. The metrics will aid in ensuring that PSEG LI employs an effective risk mitigation process, builds out its own cyber security unit independent of its New Jersey Affiliate, a goal of the Information Technology System Separation Plan, and meets deliverable targets to ensure that the Company makes progress towards replacing its control center.⁵ Also, these metrics will target PSEG LI's work planning process in areas such as storm hardening, and vegetation management.

Staff also recommends adoption of several metrics that pertain to the Company's Project Management capabilities across the scope functions. Specifically, these metrics contain deliverables that target performance improvement in tracking PSEG LI's capital projects, implementation of tier 1, 2 and 3 IT projects, and the efficiency of yard level work through the utilization of an integrated work tool enabling a consolidated view of all work on one system. Additionally, Staff recommends adoption of metrics in the Customer Service scope function that will directly target improvements in areas that impact customers' experience. Customer Service metrics will require PSEG LI to develop a project plan to replace the current Customer Information System, survey customer satisfaction with certain transactions, and measure the Company's ability to efficiently resolve customer complaints.

The twenty metrics Staff recommends for approval with modifications are primarily focused within the T&D scope function. The goals of the fifteen T&D metrics in this category include reducing the number of operating errors, increasing system reliability targets, reducing the customer outage target, and improving storm hardening work plans. Staff also recommends modifications to three CS metrics which aim to increase the enrollment of Low-to-Moderate Income (LMI) customers, to provide eligible customers programs and services needed to reduce their energy-burden, assess customer satisfaction, and ensure the accuracy of PSEG LI's billing. Further, Staff has proposed modifications to two PS&CE metrics to ensure the implementation of Utility 2.0 projects and the Company's Energy Storage RFP. Finally, Staff's recommended changes are intended to ensure that deliverable targets provide a tangible improvement in the Company's performance.

Staff recommends six metrics not be adopted. These six metrics while meaningful tools to gauge PSEG LI's performance were either duplicative of existing requirements, could be addressed through other improvements/recommendations, or may be addressed

⁴ PSEG LI Letter Regarding 2023 Performance Metrics (submitted October 5, 2022).

⁵ Matter 22-01870, In the Matter of Review of Long Island Power Authority and PSEG Long Island IT System Separation Plan, Recommendations Regarding Long Island Power Authority and PSEG Long Island's Information Technology System Separation Plan (issued September 27, 2022).

through LIPA and PSEG LI's internal audit processes. The metrics within this category pertain to such areas as legislative affairs, employee engagement, and staffing studies pertaining to human resources, customer operations and procurement. To ensure the metrics create the greatest value for LIPA and PSEG LI's customers, Staff recommends that these proposed metrics not be adopted.

Staff's Recommendation

Metrics Recommended for Approval with Modifications:

1. **CS-05 Customer Transactional Performance**

- The proposed metric requires PSEG LI to measure and evaluate customer satisfaction by collecting feedback for five transactions (billing, payment, payment agreement, move in/move out, and email), across several channels.
- Staff recommends that the following channels be excluded from the survey because of the low volume of interactions to measure:
 - My Account.
 - IVR.
 - Chat.

2. **CS-10 – Billing - Cancelled Rebill**

- This metric requires PSEG LI to provide customers with an accurate bill, which will be measured by requiring the Company to meet a performance level of less than or equal to 0.18 percent of cancelled bills/rebills within the performance time frame.
- Based on year-to-date results, Staff recommends maintaining the target of 0.18 percent, with the ability for PSEG LI to exclude the high and low outliers if it chooses, however, if PSEG LI chooses to exclude any outlier it must exclude both the high and low outliers.

3. **CS-17 – LMI Participation**

- The proposed metric requires PSEG LI to increase LMI program customer enrollment in the Household Assistance Rate, and meet threshold enrollment targets, ranging from 68,000 to 82,000, and payout percentages ranging from 50 percent – 100 percent for any month in 2023.
- Based on past enrollment performance, Staff recommends the metric be modified to set an enrollment target of 50,000, with no partial compensation.

4. **PS&CE-02 Complete Energy Storage Request for Proposal (RFP) Follow-on Activities**

- The proposed metric requires PSEG LI to develop a negotiation plan, and then complete negotiations with the successful bidders to the RFP.
- Staff recommends that PSEG LI and LIPA include additional milestones for completion of all environmental review by September 30, 2023, and the submission of a contract approved by the LIPA BoT for OAG and OSC approval by December 31, 2023.

5. PS&CE-05 – Beneficial Electrification

- The proposed metric requires PSEG LI to achieve Beneficial Electrification targets from Utility 2.0, including the payment of a threshold number of heat pumps, whole house heat pump system rebates, the attainment of a minimum level of MMBtu of energy savings from the low income REAP program, and the enrollment of 20 buildings in the multi-family rebate program.
- Since PSEG LI has enrolled 84 buildings in the multi-family rebate program as of August 2022, Staff recommends that the minimum enrollment target for the multi-family rebate program increase from 20 to 50 buildings for 2023.

6. T&D-04 Transmission and Distribution System Relay Mis-Operations

- The proposed metric requires PSEG LI to reduce the number of relay mis-operations on the T&D system, by 10 percent in 2023.
- Staff recommends setting the target number of relay mis-operations for 2023 at 13, which represents an improvement over PSEG LI's past four-year average.

7. T&D-05 Transmission & Distribution Inadvertent Operation Events

- The proposed metric requires PSEG LI to reduce the number of operating errors on the T&D system by 10 percent from the 2022 actual number.
- Staff recommends setting 26 as the 2023 target for inadvertent operation events as it represents an improvement over PSEG LI's past three-year average.

8. T&D – 07 System Average Interruption Duration Index (SAIDI) Reliability

- LIPA's proposed metric target is less than or equal to 57 minutes for full compensation, and 50 percent compensation for performance between 57 min and 58 minutes.
- Staff recommends a target of 57.5 minutes (AMI impact inclusive), with compensation awarded in full only if PSEG LI meets the target, thus Staff recommends that tiering of compensation be removed. Staff's recommended target represents a 1.5 percent improvement over the 2022 projected year-end result of 58.4 minutes.

9. T&D-08 - System Average Interruption Frequency Index (SAIFI) Reliability

- This metric would require PSEG LI to achieve a SAIFI target of 0.68 or better.
- Staff recommends 0.70, representing an improvement from the 3-year average of 0.716.

10. T&D-09 Momentary Average Interruption Frequency Index (MAIFI) Reliability

- LIPA has proposed a MAIFI target that is 5 percent better than the projected 2022 year-end performance level.
- Staff recommends a target of 1.70, representing an improvement of 10 percent from the current 2022 metric target.

11. T&D-10 Reduce Sustained Multiple Customer Outages (S-MCOs)

- This metric would require PSEG LI to achieve a S-MCO standard, as of December 31, 2023, that is a 5 percent improvement from the projection of PSEG LI's 2022 year-end performance.
- Staff recommends an improvement of 7 percent, or 21,000 customers or less, from the 2020-2022 three-year average of 22,573.

12. T&D-11 Reduce Repeat Customer Sustained Multiple Customer Outages (R-SMCOs)

- This metric would require PSEG LI to reduce the group of identified R-SMCO customers by 90 percent from the qualifying customers as calculated by September 30, 2022.
- Staff recommends adoption of additional exclusion criteria, such that if PSEG LI can demonstrate, subject to LIPA and DPS's review and reasonable approval, that PSEG LI has made reasonable attempt(s) to rectify the condition but have been unsuccessful due to circumstances beyond their control (e.g., customer has refused the solution) then those instances would be excluded from the calculation.

13. T&D-12 Reduce Momentary Multiple Customer Outages (M-MCOs)

- This metric would require PSEG LI to achieve an M-MCO performance that is a 5 percent improvement over the 2021 or 2022 year-end number (whichever is the lesser figure).
- Staff recommends a target of 76,300; that is 13 percent below PSEG LI's past 3-year M-MCO performance which is also a 2.2 percent reduction of M-MCOs beyond PSEG LI's projected 2022-year end performance level.

14. T&D-18 Work Management Enhancements - Workforce Management Plans

- This metric would add transmission design to the workforce management plan for 2023.
- Staff recommends adoption of LIPA's proposed metric, specifically including the transmission design deliverable, however, Staff also recommends that the metric include under its exclusion criteria, that if PSEG LI submits an analysis that it is unable to support this new transmission design deliverable with its current resources to LIPA and DPS' reasonable approval, by no later than April 1, 2023, then the transmission design deliverable can be excluded from the calculation of the metric.

15. T&D-27 Storm Hardening Work Plan - Overhead Hardening

- This metric would require PSEG LI to develop and execute a work plan for overhead hardening, including a pilot using new methods for two circuits, which would require PSEG LI to identify the two worst performing circuits based on vegetation-caused outages and rebuild the circuit using spacer cables.
- Staff recommends implementation of the spacer pilot on approximately 25 percent of the total work plan mileage, including the two worst circuits. Staff also recommends that compensation is predicated on completed mileage instead of completed circuits.

16. T&D-28 Storm Hardening Work Plan - Underground Hardening

- This metric would require PSEG LI to evaluate underground hardening in 2023 based on tangible pricing for a single neighborhood. The cost of the two locations contained in the PJD are approximately \$6.9 million dollars and \$12.2 million dollars and serve 115 and 114 customers respectively.
- Staff recommends this metric evaluate one location for 2023, fuse 40787 (the \$6.9 million project), and the project implementation should be revised to have the secondary cable as overhead wire since approximately 50 percent of the project cost pertains to undergrounding of secondary cables.

17. T&D-36 Construction – Cost Estimating Accuracy

- This metric would require PSEG LI to achieve a cost estimating accuracy of $\geq 95.0\%$ for their entire portfolio of Specific Capital Projects.
- Staff recommends increasing the target of this metric from the 2022 level of $\geq 85\%$ to $\geq 90\%$, based on the Company's historical performance under this Metric, and in the interest of seeking continued improvement in cost estimating accuracy.

18. T&D-39 Project Completion Consistent with Project Design

- This metric would require PSEG LI to be subject to an annual audit to ensure that all construction projects exceeding \$300,000, completed in 2022 and placed in service in 2022, were consistent with the project design.
- Staff recommends that all SEQRA projects and projects $\geq \$1,000,000$ be included in this metric. This threshold will maintain the rigor of the metric while excluding lower cost projects that require less design work.

19. T&D-44 Regulatory Compliance (NERC/CIP/DEC Environmental)

- This metric requires PSEG LI to meet all applicable local, state, and federal compliance reporting regulations, and self-report all instances of Non-Compliance.
- Staff recommends that PSEG LI continue with the current stray voltage & inspection pilot program in 2023 and submit a plan for full compliance with the Department's Safety Standards, including quality assurance and quality control programs, by April 1, 2023, for implementation beginning January 1, 2024.

20. T&D-48 Program Effectiveness – Storm Hardening

- This metric requires PSEG LI to reduce customer interruption by 50 percent with improved system design for the eleven circuits that were identified in the 2022 storm hardening program.
- Staff recommends the target be modified to require a 50 percent reduction in substation breaker trips instead of customer interruptions, because the reduction in breaker trips will have a collateral impact on customer interruptions.

Metrics Recommended for Rejection:1. BS-03 Employee Engagement Survey Participation and Results

- This metric will require PSEG LI to increase the employee participation rate in the annual Employee Engagement survey.
- Staff recommends that this metric be rejected because survey scores have limited growth potential, results could be skewed, and there is no defined benefit related to increased employee participation.

2. BS-16 Legislative Affairs and Lobbying

- This metric requires PSEG LI to provide analysis of proposed legislation that impacts LIPA and PSEG LI and obtain pre-authorization from LIPA for lobbying activities.
- Staff recommends that this metric be rejected. PSEG LI is obligated through the terms of the New OSA to coordinate its lobbying and external affairs

operations with LIPA, and any enhancements to these endeavors should be conducted through separate recommendations with the approval of the LIPA BoT.

3. BS-17 Capital Project Outreach

- This metric requires PSEG LI to provide monthly updates regarding capital projects via the Smartsheet application and utilize the survey and focus groups to improve the capital project outreach process.
- Staff recommends that this metric be rejected. The reporting requirements are duplicative of existing processes between DPS, LIPA and PSEG LI.

4. BS-27 PSEG LI Procurement Organization – Structure, Staffing, and Capabilities Review

- This metric would require PSEG LI to participate in a structure, staffing, and capabilities study that would determine what the Company needs to achieve adequate staffing for a fully functional Procurement department.
- Staff recommends that this metric be rejected. This metric will not measure the Company's performance. Instead, the deliverables are contingent on the performance of the staffing study by a third party, and PSEG LI would be required to implement the study's recommendations. LIPA already monitors PSEG LI's compliance with audit recommendations through the BoT Finance Committee meetings. Further, PSEG LI would be required to implement the recommendations from the third party while those recommendations have yet to be developed. Staff does not oppose inclusion of deliverables pertaining to the results of such studies in a metric(s) in future years.

5. BS-28 PSEG LI Human Resources – Structure, Staffing, and Capabilities Review

- This metric would require PSEG LI to participate in a structure, staffing, and capabilities study that would determine what the Company needs to achieve adequate staffing for a fully functional Human Resources department.
- Staff recommends that this metric be rejected. This metric will not measure the Company's performance. Instead, the deliverables are contingent on the performance of the staffing study by a third party, and PSEG LI would be required to implement the study's recommendations. LIPA already monitors PSEG LI's compliance with audit recommendations through the BoT Finance Committee meetings. Further, PSEG LI would be required to implement the recommendations from the third party while those recommendations have yet to be developed. Staff does not oppose inclusion of deliverables pertaining to the results of such studies in a metric(s) in future years.

6. CS-20 Customer Operations – Structure, Staffing, and Capabilities Study

- This metric would require PSEG LI to participate in a structure, staffing, and capabilities study that would determine what the Company needs to achieve adequate staffing for a fully functional Customer Operations department.
- Staff recommends that this metric be rejected because it does not measure the Company's performance. Instead, the deliverables are contingent on the performance of the third party who will conduct the staffing survey. Further, PSEG LI would be required to implement the recommendations from the third party while those recommendations have yet to be developed. Staff does not oppose inclusion of deliverables pertaining to the results of such studies in a metric(s) in future years.

Conclusion

For the reasons stated above, DPS Staff recommends that the LIPA Board 1) adopt 73 of the proposed metrics; 2) adopt 20 of the proposed metrics with adjustments to target levels and/or certain exclusion criteria; and 3) do not adopt 6 metrics in LIPA's Final Metrics Proposal. DPS Staff's recommendations contained herein, should be considered the DPS Recommended Metrics under the terms of the New OSA.

Appendix A

Metrics Recommended for Adoption without Modification

Metric #	Metric Title
BS-01	Enterprise Risk Management (ERM) - Implementation of the Risk Mitigation Effectiveness Process
BS-05	Full Time Vacancy Rate
BS-07	Complete Affiliate Cost and Quality Justifications
BS-08	Improve the Capital Project Impact Analysis and Tracking Process
BS-10	Improve Annual Substation Property Tax Reports
BS-18	Utility Marketing Effectiveness
BS-19	Reputation Management and Positive Media Sentiment
BS-20	Reputation Management – Share of Voice
BS-21	Social Media Engagement and Following
BS-22	Timely, Accurate, and Supported Storm / Event Invoicing
BS-23	FEMA Tropical Storm Isaias Grant -- Engineering to Support Grant Application
BS-24	Improve the Accuracy of Asset Records for Outside Plant
BS-32	Update Low and Moderate Income (LMI) Tariff and Billing
BS-33	Consolidate Real Estate Footprint
CS-01	Delivery of Strategic Customer Experience & Billing Projects
CS-02	J.D. Power – Residential
CS-03	J.D. Power – Business
CS-04	Customer Information System (CIS) Modernization
CS-05	Customer Transactional Performance
CS-09	% of On-time Actual Bills
CS-11	Contact Center Service Level with Live Agent Calls
CS-13	First Contact Resolution (FCR)
CS-14	Net Write-Offs (Per \$100 Billed Revenue)
CS-15	Accounts Receivable Aging > 90 Days Past Due (AR>90)
CS-19	DPS Customer Complaint Rate
CS-21	Outage Information Satisfaction
CS-22	Advanced Metering Infrastructure (AMI) Roadmap and 2023 Improvements
CS-23	Deferred Payment Agreement (DPA) Improvement
CS-24	Payment Transaction Ease
CS-25	Interactive Voice Response (IVR) Containment Rate
CS-26	Life Sustaining Equipment (LSE) Customer Compliance
CS-27	Estimated Bill %
CS-28	Move Process Improvement
CS-29	AMI Meter Validation, Estimations and Editing Enhancements
IT-01	Organizational Maturity Level
IT-03	System Resiliency
IT-04	System and Software Lifecycle Management

Appendix A

Metric #	Metric Title (continued)
IT-05	Project Performance - In-flight Projects (Tier 1 and Tier 2)
IT-06	Project Performance – New 2023 Projects (Tier 1 and Tier 2)
IT-07	System Segregation
IT-08	Cyber Security Organization - Structure, Staffing and Capabilities Review
PS&CE-01	Complete Integrated Resource Plan (IRP) Follow-on Activities
PS&CE-03	Energy Efficiency Plan Savings
PS&CE-08	Transition to New "Standard" Time of Day Residential and Small Business Rates on an Opt-Out Basis
PS&CE-11	Implementation of Utility 2.0 Projects
PS&CE-13	Heat Pump Strategy to Address Barriers to Customer Adoption
T&D-01	Asset Management Program Implementation – Asset Inventory
T&D-02	Asset Management Program Implementation – Asset Management Governance
T&D-03	Enterprise Asset Management System (EAM) Implementation Plan
T&D-06	PTCC/ATCC Replacement
T&D-13	Safety – Serious Injury Incident Rate (SIIR)
T&D-14	Safety – OSHA Recordable Incidence Rate
T&D-15	Safety – OSHA Days Away Rate
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate
T&D-17	Work Management Enhancements - Short-Term Scheduling
T&D-21	Work Management Enhancements - Work Management KPIs and Dashboards
T&D-23	Employee Overtime
T&D-24	Vegetation Management Work Plan – Cycle Tree Trim With Vegetation Intelligence
T&D-25	Vegetation Management Work Plan – Trim to Sky (TTS) Circuits
T&D-26	Vegetation Management Work Plan – Hazard Tree Removal
T&D-29	T&D System Enhancements
T&D-30	Storm Hardening Work Plan - ACRV Commissioning Program
T&D-31	Storm Hardening Work Plan - LT5H (ASUV) Program
T&D-33	Execute Real Estate Strategy
T&D-34	Construction – Quality & Timely Completion of Project Justification Descriptions (PJDs)
T&D-35	Construction - Project Milestones Achieved
T&D-37	Completion of Program Planned Units Per Workplan
T&D-38	Program Unit Cost Variance
T&D-40	Double Wood Poles
T&D-41	Program Effectiveness - Vegetation Management
T&D-42	Estimated Time of Restoration (ETR) Process Enhancements
T&D-45	Physical Security
T&D-46	Root Cause Analysis (RCA) Execution and Compliance