



# **Briefing on Quarterly Report on PSEG Long Island 2022 Performance Metrics and Board Recommendations**

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*November 16, 2022*

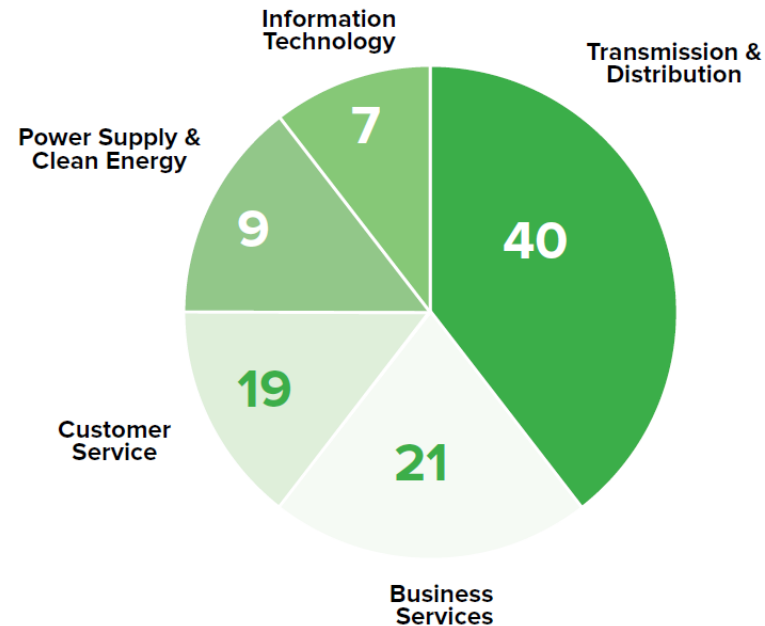
# PSEG LONG ISLAND 2022 METRICS

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

*\*Indexed for the Consumer Price*

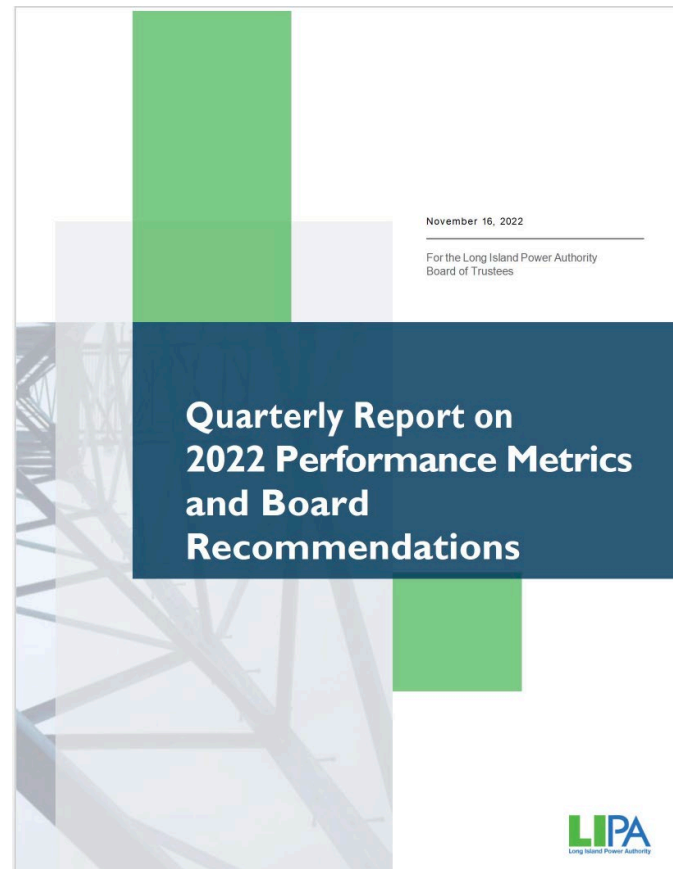
*Index, with an adjustment for 2022 of \$1.025 Million*

2022 PERFORMANCE METRICS  
DISTRIBUTION BY SCOPE



# PERFORMANCE METRIC REPORTING

- On an ongoing basis, LIPA **Independently Verifies and Validates** (IV&V) PSEG Long Island's performance against the established standards for each metric
- Quarterly Metrics reports are provided to the LIPA Board. The Q3 report issued in November 2022 is the third such report, and provides an overview of the status of each 2022 Performance Metric and Board Recommendation



[Quarterly Report on 2022 Performance Metrics](#)

# PERFORMANCE METRIC MONITORING

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

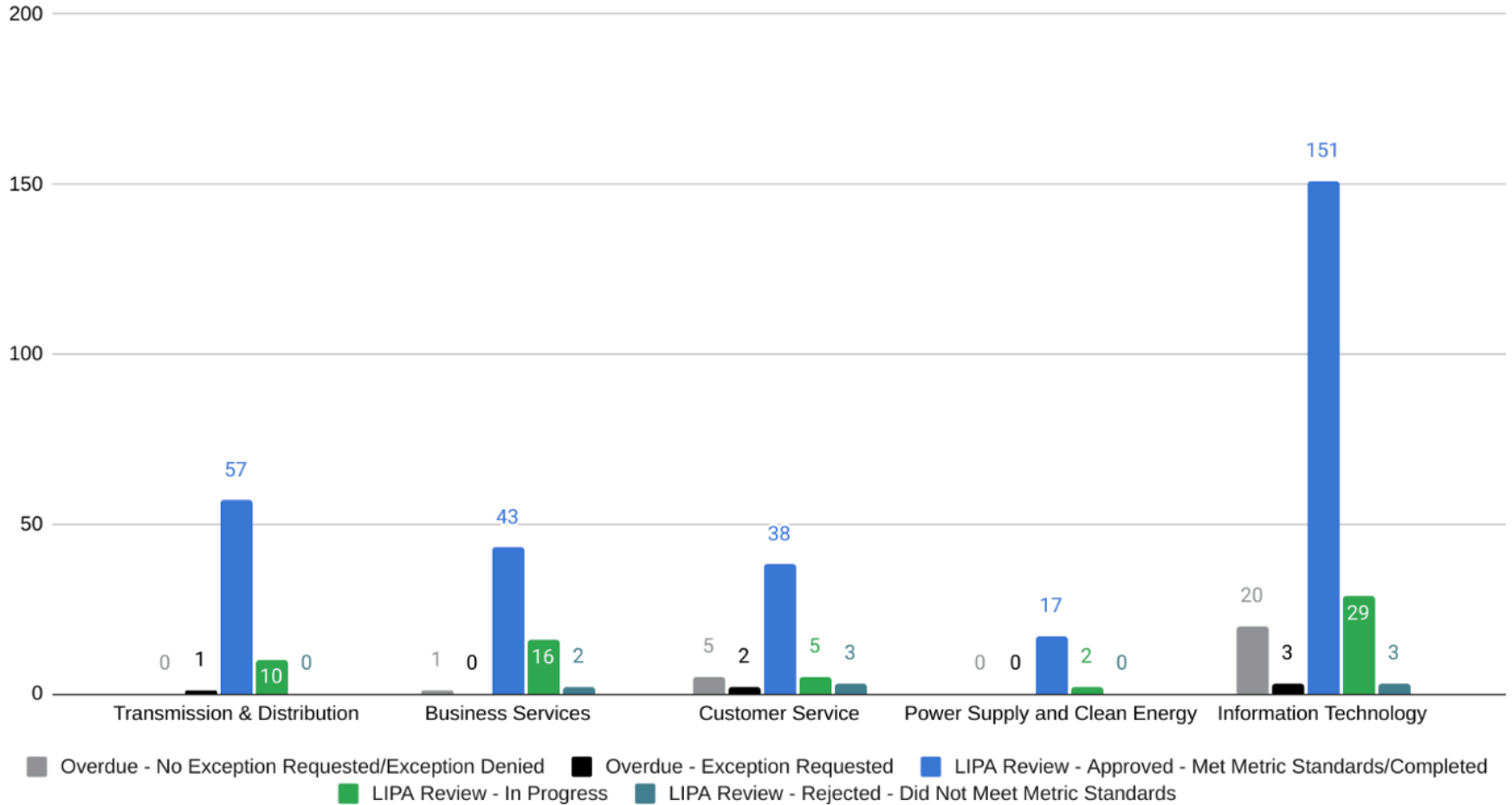
# OVERALL STATUS

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- **With one quarter left in the year, PSEG Long Island has missed three (3) metrics, while the remainder cannot yet be determined.**
- **Metrics are proving to be a valuable tool for performance management and oversight**
  - Greater responsiveness and engagement from PSEG Long Island, driven by a desire to meet the metrics
  - Improved performance and results, even in some cases where the metric will not ultimately be met
  - Much greater visibility for LIPA into the progress of projects and initiatives

# QUALITATIVE METRICS STATUS YTD

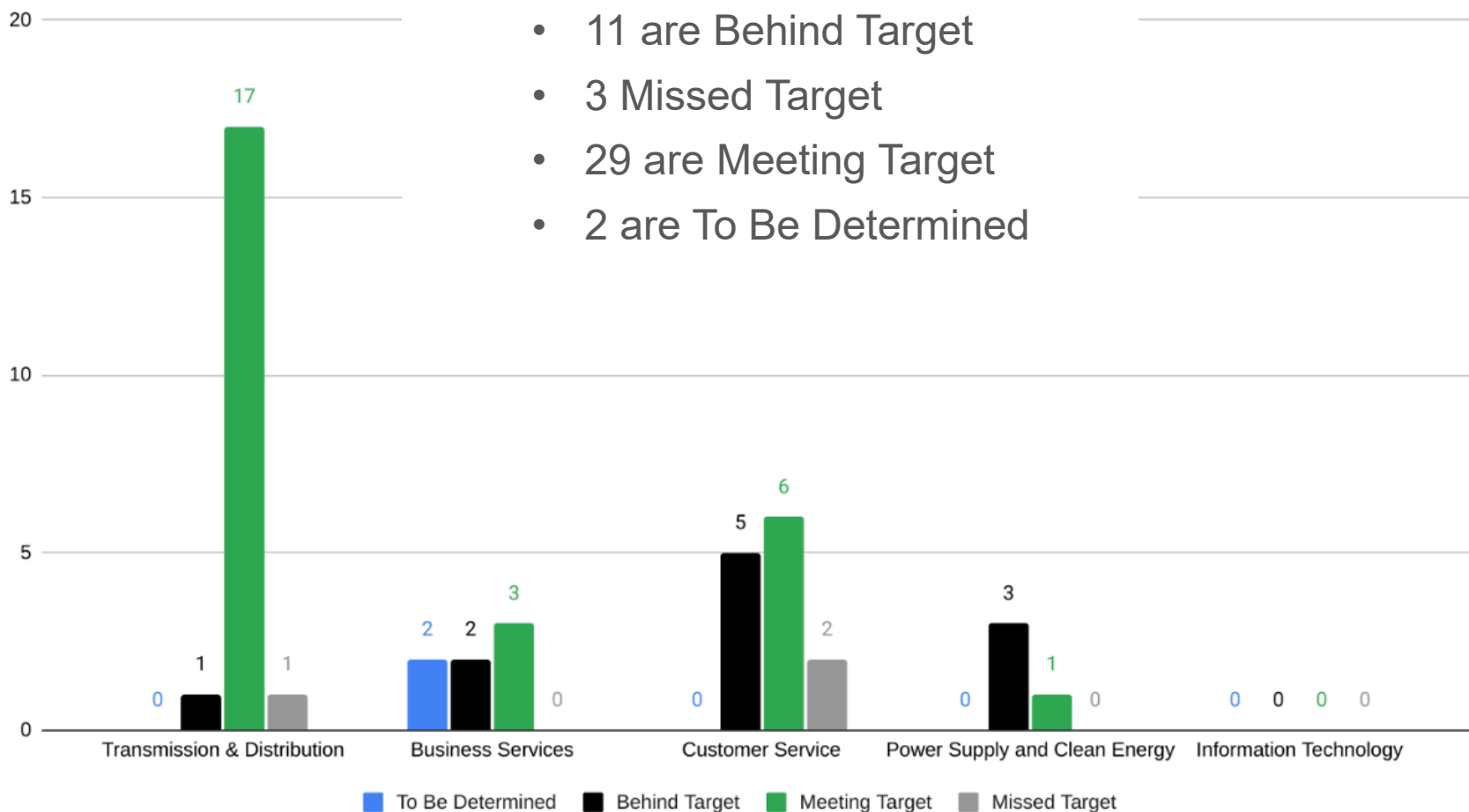
The 53 Qualitative Metrics had 408 deliverables due through Q3



# QUANTITATIVE METRICS STATUS YTD

## 43 Quantitative Metrics Q3 Status:

- 11 are Behind Target
- 3 Missed Target
- 29 are Meeting Target
- 2 are To Be Determined



## SELECTED METRICS: SUCCESSES YTD

- **Reliability metrics** continue to perform well
- The **Work Management metrics** (T&D 17-22) have resulted in significant improvements in work planning and the tracking and scheduling ability of the work management teams
- The two metrics addressing **facilities** (T&D-6 and 33) have led to the creation of a Primary Transmission Control Center strategic vision and the siting of a new operations center to improve crew efficiency and reduce cost
- PSEG Long Island is currently meeting three of the four **Safety metrics**. Unfortunately, on August 23, 2022, there was a fatality involving a PSEG Long Island contractor working on the T&D system. The Serious Injury Incident Rate (T&D-13) metric was automatically missed for the year due to this tragic incident



## SELECTED METRICS: SUCCESSES YTD

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- The five **Customer Service Billing Performance metrics** (CS 6-10) are performing exceptionally well this year in part due to operational improvements from the acceleration of smart meter installations
- **The System Segregation metric** (IT-7) is on track for success. As required by the OSA, LIPA and PSEG Long Island jointly developed a System Separation Plan to separate all PSEG Long Island IT Systems serving LIPA from PSEG New Jersey systems. The plan was approved by the Board in September 2022, and implementation will commence in 2023, with substantial completion by year-end 2024

## SELECTED METRICS: CHALLENGES YTD

- **JD Power Customer Satisfaction Survey** metrics (CS-2 & CS-3) are at significant risk. LIPA has suggested since February 2022 that PSEG Long Island develop a strategic plan to address customers' negative perceptions, however, results year-to-date remain in the fourth quartile, which is insufficient to meet the metrics
- **Customer Information System Modernization Phase 1 (CS-4)** metric is experiencing challenges. PSEG Long Island did not submit the two deliverables due in Q3. LIPA and PSEG Long Island continue to work together to ensure a successful path forward for CIS implementation
- **The Call Center Service Level with Live Agents (CS-11) and Customer Email Closure Rate (CS-12)** will not be met
- The **IT System Resiliency** metric (IT-3) requires well-designed, robust, and thoroughly exercised Disaster Recovery and Business Continuity Plans for specified critical systems/processes. Performance on this metric is falling well short of the minimum standards, particularly with respect to BCPs and their exercise

## SELECTED METRICS: CHALLENGES YTD

- **The project management deficiencies identified by the Isaias Task Force remain a common weakness across many metrics, particularly in IT-related projects**
  - Poor planning has hampered many projects, resulting in delayed starts and schedule adjustments
  - For example, the T&D Enterprise Asset Management System (T&D-3), Customer Service Strategic Customer Experience & Billing Projects (CS-1), CIS Modernization Phase 1 (CS-4), and IT System Implementation - 2022 Budget Projects (IT-5), and IT Board Recommendations (IT-6) metrics have all experienced challenges due to inadequate project management and planning
  - Improving PSEG Long Island's organizational project management capabilities will continue to be a key focus area for LIPA

# METRIC EXCEPTIONS

- Year to date, PSEG Long Island has requested 148 Metric Exceptions. LIPA has approved 113, with 23 rejected, and 11 under review
  - Exception requests seek extensions to due dates, changes to project scopes, requirements, or methodology
  - LIPA often provides PSEG Long Island with opportunities for corrective actions and resubmission of a deliverable
  - **LIPA grants exceptions if in the best interest of achieving the metric objective.** Our primary emphasis is in delivering a favorable result for customers, rather than a strict enforcement of the metric
  - Reported results reflect any Exceptions granted to PSEG Long Island related to a metric



# BOARD RECOMMENDATIONS



# ISAIAS TASK FORCE RECOMMENDATIONS

The 85 Isaias Task Force (ITF) recommendations resulted in 78 PIPs:

- 10 (13%) of the projects have been incorporated into the 2022 Performance Metrics
- 16 projects (20%) are either delayed or PSEG Long Island has not yet submitted an acceptable PIP to address the Board's recommendations
- 52 projects (67%) are closed by PSEG Long Island (some of which remain subject to LIPA IV&V)

As of	On Schedule	2022 OSA Metric	Delayed	No Approved PIP / PIP Deferred	Closed by PSEG LI / Completed	Total
Oct 2022	0 (0%)	10 (13%)	12 (15%)	4 (5%)	52 (67%)	78

# MANAGEMENT RECOMMENDATIONS

The 87 Board Management Recommendations resulted in 69 PIPs, with some PIPs covering multiple recommendations

- 2 projects (3%) are reportedly on schedule
- 30 of the Management Recommendations (43%) have now been incorporated into the 2022 Performance Metrics
- 6 projects (8%) are either delayed or PSEG Long Island has not yet submitted an acceptable PIP to address the Board's recommendations
- 31 projects (45%) were closed by PSEG Long Island (some of which remain subject to LIPA IV&V)

As Of	On Schedule	2022 OSA Metric	Delayed	PIP Not Accepted or Submitted / PIP Not Due or Deferred	Closed by PSEG LI / Completed	Total
Oct 2022	2 (3%)	30 (43%)	5 (7%)	1 (1%)	31 (45%)	69



# LIPA'S IV&V OF OMS 6.7X IMPLEMENTATION



# STATUS OF PSEG LONG ISLAND OMS REDEPLOYMENT

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## **PSEG Long Island redeployed CGI Outage Management System (OMS) v6.7.8 into production on February 6, 2022**

- OMS v6.7 failed during Tropical Storm Isaias in August 2020
- Re-deployment of OMS v6.7 occurred in February 2022
- Smart meter integration into OMS was deployed in June 2022. Performance (stress) testing on OMS-AMI integration was completed in September 2022
- **PSEG Long Island reports that the system is functioning as expected**

# KEY ELEMENTS OF LIPA'S IV&V OF OMS 6.7X

**The overall objective of LIPA's Independent Verification and Validation (IV&V) is to reduce risk to LIPA and its customers**

- **Functional Testing**  
This category of IV&V testing ensures that the systems functional requirements are being satisfied. This consists of regression testing, testing of new functionality, and edge-case testing
- **Document Reviews**  
Document reviews ensure that key artifacts such as requirements, design specifications, test plans, test scripts, and test cases are properly constructed and of good quality
- **Code Reviews**  
Code reviews involve detailed review of programming code to ensure the correctness of implementation. This applies especially to new code implemented
- **Performance (Stress) Testing**  
Performance testing ensures that the system behaves robustly during high load as one would expect during severe storms

## IV&V: FUNCTIONAL TESTING

- On September 19, PSEG Long Island resubmitted 92 scripts of the original 129 scripts that failed to run, as reported to the Board in July
- LIPA has submitted an additional 200 test scripts that failed to run to PSEG Long Island to correct since July. The table below shows the current status of testing, including re-testing of corrected scripts:

	Test Points	Tests Run	Pass %	*Failed to Run %
July	535	358 (67%)	229 (64%)	129 (36%)
September	642	581 (90%)	279 (48%)	302 (52%)
<b>November</b>	<b>646</b>	<b>642 (99%)</b>	<b>443 (69%)</b>	<b>147 (23%)</b>

- PSEG Long Island has committed to review all defective scripts and correct them so that they can be executed in a documented, repeatable manner
- LIPA will be retesting and each of the failed test scripts with PSEG Long Island until all issues are resolved

## IV&V: STRESS TESTING

**LIPA conducted a Phase 1 IV&V stress test in September that reduplicated the PSEG Long Island stress test. The IV&V Team also reviewed the test designs for the annual DPS-mandated stress test and identified several issues with the test data model that will be fixed in the 12-hour DPS-mandated test planned for November 15**

1. There were very few (~2%) duplicate outages reported. This is highly unlikely in a storm where restoration can take time. 20-30% duplicate reporting is generally expected during storms.
2. All duplicate outages reported in the model were using the same digital channel. This is not typical customer behavior. A more realistic behavior is that a customer will report the same outage using different channels (IVR, SMS, MyAccount, Alexa, etc.) if a timely restoration is not done.
3. No duplicate outages were reported across hours i.e., all duplicate reporting was limited to the hourly bucket in which the initial outage was reported. This is also very atypical. A more realistic scenario is when the customer repeatedly reports an outage throughout the storm using different channels.
4. The test data model had three times the customers reporting outages compared to the total number of customers actually out as indicated by SCADA alarms. Even during a storm no more than 40% of the customers out actually report an outage.
5. The model had too many (>15K) customers reporting outages that were not covered by SCADA alarms, and they couldn't be grouped together as they were single-customer outages. This is highly unlikely in any storm.

## IV&V: STRESS TESTING

The IV&V Team has delayed its Phase 2 IV&V stress test until mid-December to accommodate PSEG Long Island's schedule to execute the annual DPS-mandated stress test. The planned design for the Phase 2 stress test will include additional stress scenarios not considered in PSEG Long Island's tests. The test will have the following characteristics:

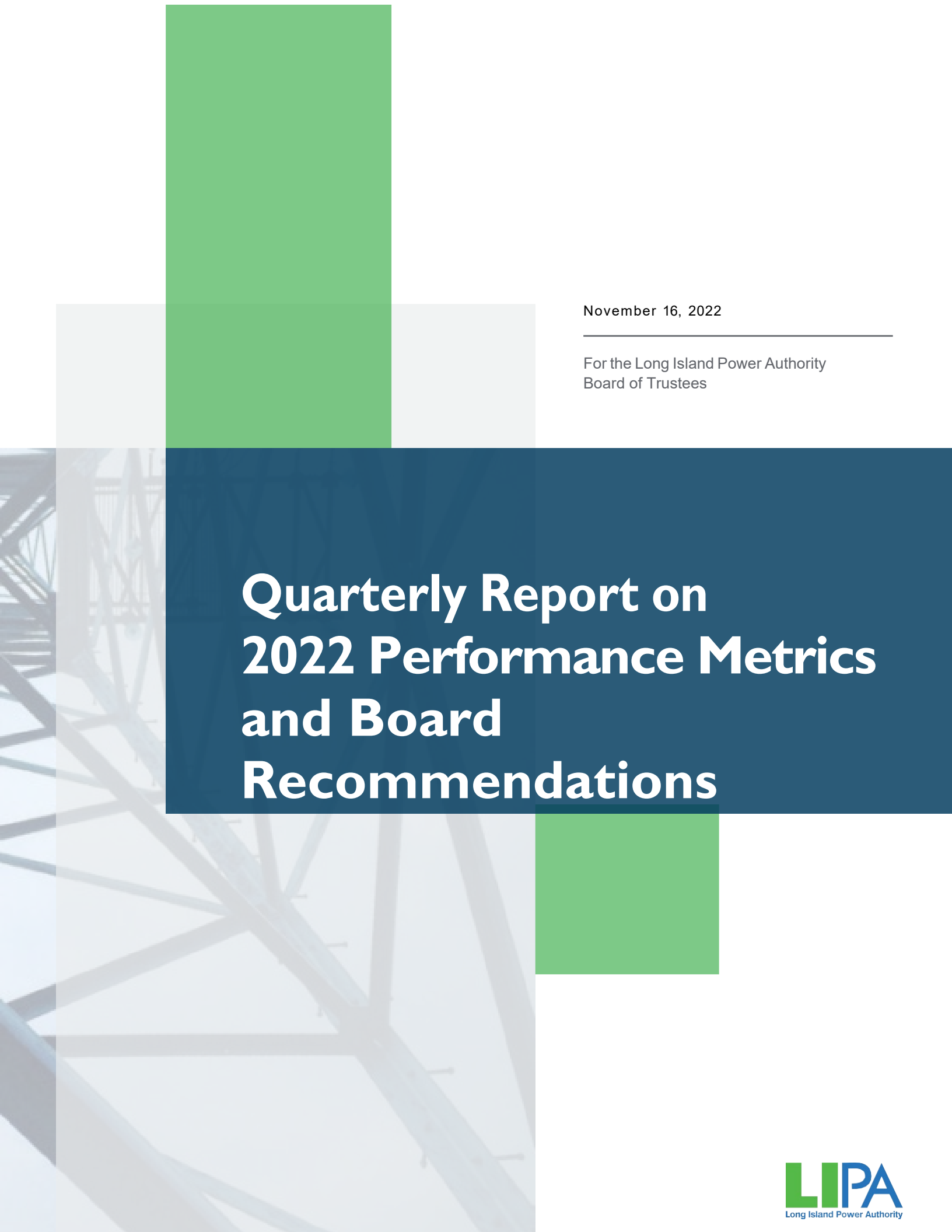
- Additional outage intensity beyond Isaias to simulate potential higher-intensity storms
- Higher level of customer outage reporting during SCADA-triggered outage events
- Several repeat outages on the same circuits resulting in additional non-duplicate outage reports submitted into OMS
- Increased customer-initiated status calls to cover a majority of the customers out in the previous hour





**Discussion**

Questions?



November 16, 2022

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For the Long Island Power Authority  
Board of Trustees

# Quarterly Report on 2022 Performance Metrics and Board Recommendations

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## EXECUTIVE SUMMARY

The Second Amended and Restated Operations Services Agreement (OSA) between the Long Island Power Authority (LIPA) and PSEG Long Island includes \$21 million<sup>1</sup> of Variable Compensation that is at-risk based on performance standards. The performance standards were negotiated between LIPA and PSEG Long Island for 2022 as part of the reformed OSA. Beginning in 2023, the performance standards will be set by LIPA, with an independent recommendation to the LIPA Board of Trustees (Board) by the Department of Public Service (DPS), the staff arm of the State's Public Service Commission.

For 2022, LIPA and PSEG Long Island agreed to **96 performance standards** (the [2022 Performance Metrics](#)), distributed across all of the management services provided to LIPA and its customers. These performance standards typically either target the level of service the Board has established in [Board Policy](#) or address identified gaps between that level of service and the current level of service.

Metrics 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 in Long Island and the Rockaways.**

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

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

In addition, the Board has directed LIPA staff to report quarterly on the status of Project Implementation Plans (PIPs) filed by PSEG Long Island to implement 172 **Board Recommendations** issued to remedy deficiencies in management, emergency management, information technology, and other operational areas. The 172 recommendations resulted in 147 PIPs, including 78 PIPs to address Isaias Task Force Recommendations and 69 PIPs to address Management Recommendations issued to correct PSEG Long Island management and process deficiencies unrelated to the storm. Many of these recommendations have now been incorporated into the 2022 Performance Metrics.

**Section II of this Quarterly Report summarizes the status of the Board Recommendations that are not fully addressed by 2022 Performance Metrics.**

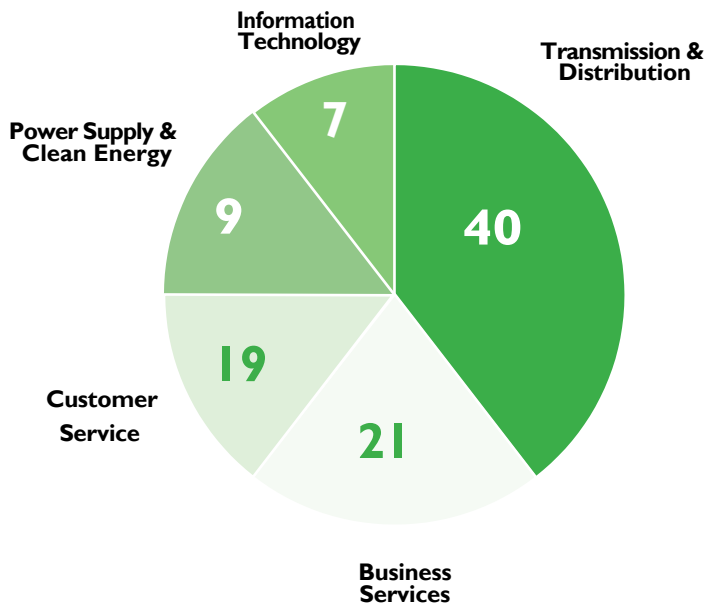
<sup>1</sup> PSEG Long Island's Variable Compensation is \$20 million indexed for the Consumer Price Index, as specified in the OSA, with an adjustment for 2022 of \$1.025 Million.

# SECTION I: PERFORMANCE METRICS

## 2022 PERFORMANCE METRICS

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

**FIGURE 1:  
2022 PERFORMANCE METRICS DISTRIBUTION BY SCOPE**



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

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

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

<sup>2</sup> Note that some qualitative metrics also contain one or more quantitative elements.

## METRIC TRACKING, MEASUREMENT, AND Q3 PERFORMANCE

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

**Qualitative Metrics** are monitored and tracked via a process overseen and supported by the LIPA Strategy and Performance Management Office (SPMO).

The SPMO has developed an automated tracking system to manage the over 600 deliverables required by the metrics. PSEG Long Island staff uploads deliverables directly to the system, which initiates workflows for LIPA review. A LIPA PM and SMEs review each deliverable. The status of each metric is reported to LIPA senior management bi-weekly. The SPMO system provides transparency and traceability, with time-stamped deliverables, activity history and comments, and real-time access for LIPA, PSEG Long Island, and DPS.

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

- **PSEG Long Island Submission:** To meet the metric standards, PSEG Long Island must submit the required deliverables to the tracking system by the target due date, per all requirements specified in the metric. PSEG Long Island has the option of requesting an Exception to any deliverable. LIPA reviews all Exception Requests and grants them if deemed reasonable, justified, and in the best interests of achieving the metric objective.
- **LIPA Review:** LIPA reviews all submitted deliverables for compliance with metric standards and requirements. Since metrics aim to improve performance, LIPA will return unsatisfactory deliverables to PSEG Long Island for revision and resubmission if deemed in the best interests of achieving the metric objective.

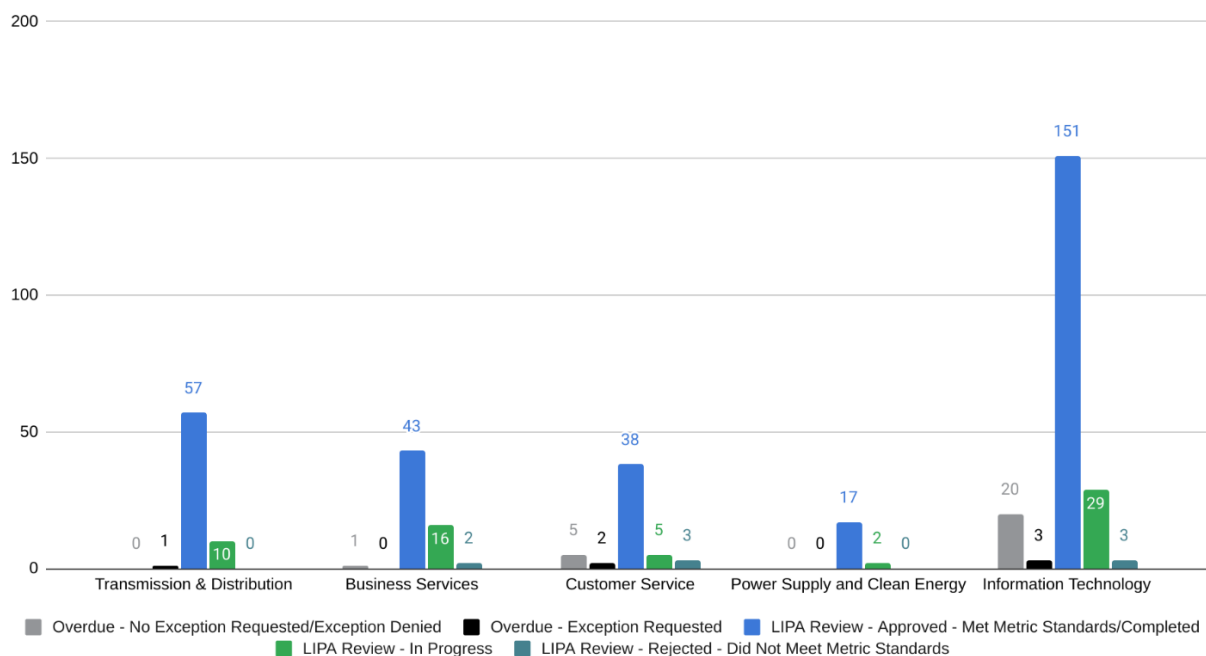
Deliverables can have the following statuses<sup>3</sup>:

- LIPA Review – In Progress
- LIPA Review – Approved – Met Metric Standards/Completed
- LIPA Review – Rejected – Did Not Meet Metric Standards
- Overdue – Exception Requested
- Overdue – No Exception Requested/Exception Denied

<sup>3</sup> These statuses apply only to the respective deliverable and not to the metric as a whole; the impact on the metric of an individual deliverable meeting or not meeting the metric standard is as specified in the metric (i.e. it may or may not result in PSEG Long Island meeting the metric as a whole).

The figure below summarizes the status, as of October 1, 2022, of the 408 deliverables that were due through the third quarter for the 53 Qualitative Metrics. The status of the metrics and of each individual deliverable due in the third quarter is further discussed in the Scope sections that follow.

FIGURE 2: YTD QUALITATIVE METRICS DELIVERABLES STATUS BY SCOPE



LIPA principally tracks **Quantitative Metrics** using scorecards submitted monthly by PSEG Long Island. LIPA conducts Scorecard Review Meetings at a scope or lower level with PSEG Long Island staff and DPS. PSEG Long Island also provides underlying data files for each Quantitative Metric, which LIPA staff reviews and validates.

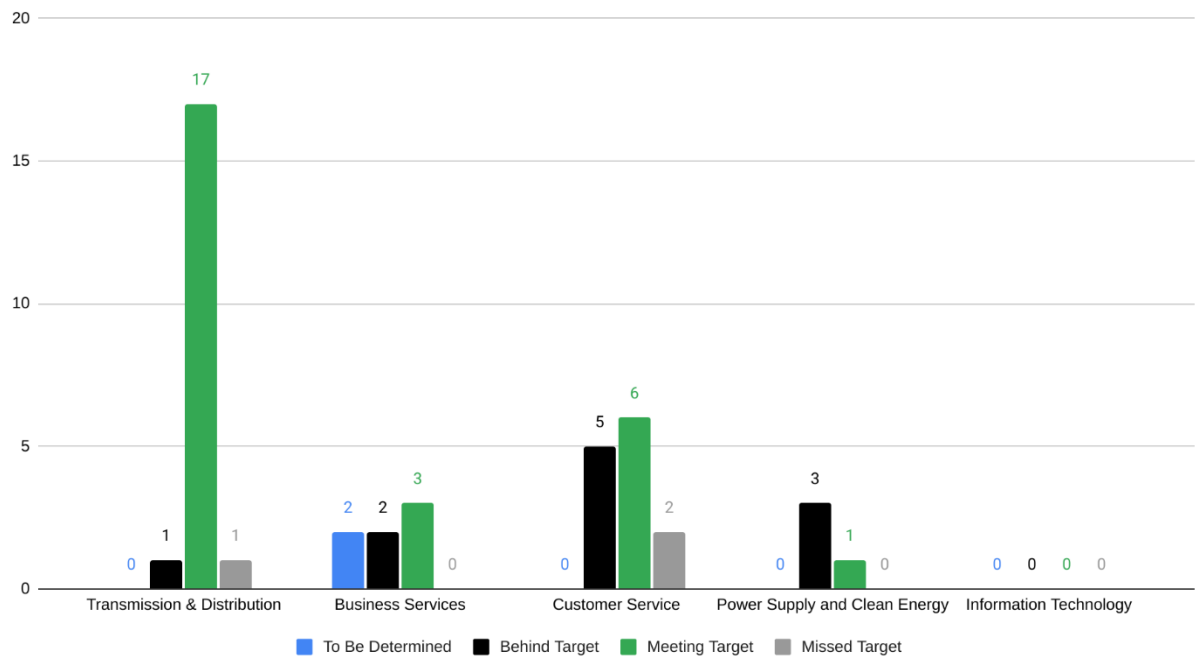
Quantitative Metrics are reviewed via an IV&V process by the assigned PM and SMEs for year-to-date (YTD) performance versus target, trending, and outlook for year-end performance. Further, LIPA monitors compliance with metric standards, requirements, calculations, and agreed-upon exceptions.

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

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

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

FIGURE 3: QUANTITATIVE METRICS  
YTD PERFORMANCE BY SCOPE



## SUMMARY OBSERVATIONS ON METRIC PERFORMANCE YEAR TO DATE

**With one quarter left in the year, PSEG Long Island has conclusively missed three (3) metrics<sup>4</sup>, while the remainder cannot yet be determined.** Many metrics are on track for success, while others are at risk.

**Overall, the metrics are proving to be a valuable tool for performance management and oversight.** In general, we find overall improvements in responsiveness and engagement from PSEG Long Island, driven by a desire to meet the metrics. 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 into the progress of projects and initiatives. Furthermore, it also, importantly, helps to surface specific areas of weakness, which provides valuable insights to LIPA and PSEG Long Island management in efforts to improve performance.

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

LIPA has summarized the overall status in each of the five contract scope areas below, which is discussed in more detail in the respective scope sections that follow.

### Transmission and Distribution (T&D)

**PSEG Long Island is currently meeting or exceeding the year-to-date targets for 38 of the 40 T&D metrics. Overall, the T&D metrics have been effective in driving behavior and results.** The Work Management metrics (T&D 17-22) have resulted in significant improvements in work planning and have improved the tracking and scheduling ability of the work management teams. The OSA reforms and corresponding requirements around Project Justification Documents for capital projects that were included in metrics have led to better visibility and control of active and upcoming projects. The two metrics addressing facilities (T&D-6 and 33) have led to the creation of a Primary Transmission Control Center strategic vision and the siting of a new operations center to improve crew efficiency. The Enterprise Asset Management System metric (T&D-3) encountered initial challenges with vendor selection, causing a deliverable delay in the Strategic Asset Management Plan, but is now on track, with deliverables expected in the fourth quarter of this year. The asset inventory effort (T&D-1) is underway, reporting 6,000 poles field verified and working through a startup technology challenge with data transfer from the field app.

<sup>4</sup> T&D-13 Serious Injury Incident Rate (SIIR), CS-11 Call Center Service Level with Live Agent, CS-12 Customer Email Closure Rate

**Power Supply and Clean Energy Programs (PS&CE)**

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

**Information Technology (IT)**

**Overall, PSEG Long Island IT management is responsive in addressing LIPA feedback on deliverables and has a strong commitment to building the maturity and capacity of the IT organization.** However, some areas of performance continue to fall short of the expected standards.

The IT System Resiliency metric (IT-3) is at significant risk. The metric requires well-designed, robust, and thoroughly exercised Disaster Recovery and Business Continuity Plans (BCPs) for specified critical systems/processes. LIPA's Isaias Task Force identified the lack of adequate BCPs as a critical management failure, and the adequacy of BCPs and their exercise continues to be a challenge. The broader ITF Board Recommendation for developing enterprise-wide BCPs also remains open. LIPA remains willing to consider schedule adjustments if the required deliverables can be brought to an acceptable state by year-end; however, there does not appear to be a viable path to recovery in the available time.

Two metrics concern the implementation of 30 specific IT projects (2022 Budget Projects (IT-5) and Board Recommendations (IT-6)). The 30 projects have encountered the same project management weaknesses identified by LIPA in the Isaias Task Force reports, including poor planning and weak project management. It is not expected that all the projects will meet their metric requirements; but the impact on the metric outcome cannot yet be determined at this point.

The System Segregation metric (IT-7) is on track for success. As required by the OSA, a joint LIPA and PSEG Long Island IT Team developed an IT System Separation Plan to separate all PSEG Long Island IT Systems serving LIPA from PSEG New Jersey systems. The plan was approved by the LIPA Board in September 2022, and implementation will commence in 2023, with substantial completion by year-end 2024.

The other IT metrics are stable, though it cannot yet be determined whether PSEG Long Island will meet them.

**Customer Service (CS)**

**Progress on the Customer Service metrics is mixed.**

PSEG Long Island has completed the seven project plans in the Strategic Customer Experience & Billing Projects metric (CS-1). Still, LIPA identified several project management and implementation deficiencies during the IV&V process that are not captured in the metric scoring but are enhancement opportunities for 2023 metrics, as described further in the Customer Service section of the report.

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



However, the CIS Modernization Phase 1 (CS-4) metric is experiencing challenges. PSEG Long Island did not submit the two deliverables due in the Third Quarter, while LIPA and PSEG Long Island worked together to ensure a successful path forward for CIS implementation. Open issues remain on the compensation for this metric.

**The JD Power Customer Satisfaction Survey metrics (CS-2 & CS-3) are also at significant risk.**

LIPA has suggested since February 2022 that PSEG Long Island develop a targeted plan to address customers' negative perceptions, however, results year-to-date remain in the fourth quartile, which is insufficient to meet the metrics. PSEG Long Island agreed to make developing a targeted customer satisfaction plan part of 2023 metrics.

**The Call Center Service Level with Live Agents (CS-11) and Customer Email Closure Rate (CS-12) will not meet this year's metric.** LIPA has requested a performance improvement plan to address the Call Center performance level. Given the deteriorating Call Center Performance and resumption of collection disconnects, First Call Resolution (CS-13) and Customer Complaint Rate (CS-19) are at risk if they continue on the current trajectory.

It also appears that PSEG Long Island will miss two of the three collection metrics, primarily due to the delay in collection disconnects until July versus the plan to restart in January.

### **Business Services (BS)**

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

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

The Affiliate Cost Benefit Justification metric (BS-7) is on track. LIPA designed the metric to provide increased transparency on the use and cost associated with Affiliate Services. PSEG Long Island has satisfied the second quarter deliverable requirement for submitting a Human Resources Cost Benefit and Alternative Analysis. The third quarter deliverable focusing on IT was submitted by PSEG Long Island and is under review. Work on evaluating the use of affiliates in Human Resources and IT will continue in 2023 to further define the comparative cost and benefits of in-sourcing from PSEG affiliates the services to the Long Island ServCo organization that provides most of the operational services to LIPA.

The Capital Project Impact Analysis metric (BS-8) has been completed. The metric is intended to promote improved Capital Project planning and to ensure accountability, transparency, and realization of desired project benefits.

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

The Capital Project Outreach metric (BS-17) is unlikely to be met for 2022. LIPA developed this metric to fulfill a requirement of the 2018 DPS Management Audit, where the auditors requested a customer survey to develop recommendations to improve outreach on capital projects. While PSEG Long Island has seen somewhat better results in participation since the last quarterly update, they failed to provide recommendations to improve their outreach based on feedback received in the survey. LIPA has offered PSEG Long Island an exception to this metric to regroup around a revised plan to engage customers for their feedback and fulfill the metric objectives.

## PERFORMANCE METRIC EXCEPTIONS

PSEG Long Island may request an Exception to metric deliverable requirements. **Year to date, PSEG Long Island has requested 148 Exceptions. LIPA has approved 113 of the requested Exceptions, 23 have been rejected, 11 are under LIPA review, and one (1) is pending additional information.** To the extent an Exception has been granted, performance is reported relative to the agreed-upon standards of the Performance Metric as modified by the Exception.

Exception Requests seek extensions to due dates and changes to project scopes, requirements, or methodology. For example, LIPA regularly provides PSEG Long Island with opportunities for corrective actions and resubmission of a deliverable, which can result in Exceptions when that resubmission occurs after a due date. PSEG Long Island has also sought extensions to due dates citing delays due to external dependencies, among other reasons.

Exception Requests may also seek an exemption or waiver of a deliverable, making it no longer required. This can occur, for instance, when an extension to a project start is approved, rendering periodic status reporting prior to the new start date unnecessary.

Exception Requests have also sought more fundamental changes to scope, requirements, or methodology. These changes are typically the result of further analysis or discovery as an initiative commences.

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

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

### Third Quarter Status Overview

**PSEG Long Island is currently meeting or exceeding the year-to-date targets for 38 of the 40 T&D metrics. Overall, the T&D metrics have been effective in driving behavior and results.**

The Work Management metrics (T&D 17-22) have caused significant improvements in work planning and have improved the tracking and scheduling ability of the work management teams.

The OSA reforms and corresponding requirements around Project Justification Documents for capital projects that were included in metrics have led to better visibility and control of active and upcoming projects.

The two metrics addressing facilities (T&D-6 and 33) have led to the creation of a Primary Transmission Control Center (PTCC) strategic plan and the siting of a new operations center to improve crew efficiency.

The Enterprise Asset Management System metric (T&D-3) encountered initial challenges but is now on track. However, the asset inventory effort (T&D-1) is at risk.

Reliability has been strong across the board for all six metrics. Safety performance has been excellent throughout the year. However, in August, a tragic event resulted in a fatality of a PSEG Long Island T&D contractor. The Serious Injury Incident Rate (SIIR) tracks these types of incidents, and PSEG Long Island has failed this metric for the year due to the fatality.

### Safety Metrics (T&D-13-16)

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

**PSEG Long Island is currently meeting three of the four Safety metrics.** Unfortunately, on August 23, 2022, there was a fatality involving a PSEG Long Island contractor working on the T&D system. The Serious Injury Incident Rate (T&D-13) metric was automatically missed for the year due to this tragic accident. The parties and OSHA are conducting an ongoing investigation. Performance for the OSHA (T&D-14 and T&D-15) and Motor Vehicle Accidents (T&D-16) metrics have been very strong and are now within the national top decile. Additionally, LIPA engaged an independent consultant to review PSEG Long Island's Safety practices, and the final report is expected to be issued in November.

In recognition of this improved performance and in keeping with the desire for continuous diligence and improvement in this area, LIPA has proposed performance levels for each of these metrics consistent with the top decile benchmark for 2023. Further, the Board is considering updating its Policy on Safety so that the standard of performance is national top decile rather than top quartile.

**Reliability Metrics (T&D-7-12)**

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

**All six reliability metrics are exceeding their respective year-to-date targets.** Though there have been some adverse weather conditions at various times throughout the year, performance has held up and is strong across the board. Further, since the beginning of the third quarter, AMI data has been utilized to more precisely record and measure customer outages. Generally, this more refined measurement has led to slightly increased outage durations of a couple of minutes, as reflected in the SAIDI metric. However, SAIDI performance continues to be strong and is trending slightly favorable to the targeted level of performance, which is in the vicinity of the LIPA T&D Operations Board Policy standard of top decile. While adverse weather is always a risk, **LIPA is currently projecting a positive year-end result for all six of these metrics.**

**Asset Management (T&D-1-3)**

Implementing the Enterprise Asset Management Program (T&D-3) has multiple milestones including plans, RFPs, vendor selection, and deployment. The project encountered initial challenges but is now on track. LIPA's DoIT and T&D departments are working closely with PSEG Long Island and the vendor, and platform selection and issuance of the System Implementer RFP are expected in the fourth quarter. Technical reviews of criteria for field verification of Outside Plant T&D Assets resulted in an additional requirement to badge utility poles, each with a unique structure number. Delivery of the Strategic Asset Management Plan has been postponed until the fourth quarter due to delays in onboarding a vendor. The Asset Management framework, roadmap, data governance plans, and asset field verification are all on schedule to achieve metric milestones.

**Work Management (T&D-17-22)**

**The work management effort is promising and on track to achieve metric milestones.**

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

**Vegetation Management (T&D-24-26)**

**Vegetation management metrics remain on track.** LIPA has continued to meet with PSEG Long Island monthly to track the Vegetation Management progress. As of October 1, PSEG Long Island was on track to meet or exceed the requirements for Trim to Sky, Cycle Trim, and Hazardous Tree Removal. It should be noted that PSEG Long Island is 10 months into the Trim to Sky program and has not received any customer complaints about the new protocol, as had been their concern at the start of the program.

PSEG Long Island has also been able to accommodate the movement of funds to accelerate the hazardous tree removal of 2,000 trees slated for removal in 2023 to Q4 2022.

**Real Estate Strategy (T&D-33)**

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

PSEG Long Island has contracted to purchase 24 acres in the Medford area. Due diligence and External Affairs outreach is ongoing, and PSEG Long Island has met deliverables to date according to the PIP. Discussions with National Grid have recommenced as of Q3 2022. The LIPA, PSEG Long Island, and National Grid project teams remain committed to the negotiations. PSEG Long Island's deliverables associated with that portion of the PIP do not commence until LIPA provides written notice, which is contingent on the discussions with National Grid. LIPA has proposed expanding real estate metrics for 2023 to include the termination of certain leased facilities that are currently vacant or underutilized, thereby providing customers with cost savings.

**Other T&D Metrics**

- **Primary and Alternate Transmission Control Center (T&D-6)**

PSEG Long Island is currently on track to meet this goal. LIPA designed this metric to drive the process of developing a strategic plan and initial design criteria for the new PTCC. PSEG Long Island and their vendor have created the strategy document that outlines a new Transmission Control Center on a greenfield site, approximately 67,500 S.F., three stories, providing space for LIPA's Transmission Control Room, Data Center, Network Operations Center, Asset Diagnostic Center and Cyber Security Room and support functions. This structure will be designed as a storm shelter following the prescriptive of the ICC-500 Code. The building shell shall be designed to protect against hurricane forces.

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

The objective of this metric is to manage T&D employee overtime hours cost-effectively. The year-to-date results are promising, with each of the three functional areas (Overhead/Underground Lines, Distribution Operations, and Substation/Relay Maintenance) meeting their targets. LIPA notes that the top 15 non-storm overtime earners are down 300 hours (2%) year-over-year through September.

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

Year-to-date performance exceeds the target by a healthy margin, and LIPA is projecting that PSEG Long Island will meet the year-end target. LIPA notes that approximately two-thirds of the "ETR Failures" per the metric definition are due to restorations occurring too early, typically more than two hours before the restoration time provided to the customer. LIPA and PSEG Long Island are working towards revisions to the ETR process to improve this and other aspects of the customers' ETR experience, and this has been reflected in the 2023 proposal for this metric.

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

Year-to-date performance lags the target by six hundred and thirty poles (10%). However, PSEG Long Island is working with Verizon and other stakeholders, including holding bi-monthly meetings to ensure that the pole count status does not deteriorate. LIPA continues to monitor the situation closely and believes that PSEG LI is likely to reduce this unfavorable variance through the end of the year. However, there is still a significant risk of the year-end target not being met.

## Third Quarter Status Details

### Qualitative Metrics

Year to date, the 21 T&D Qualitative Metrics have had 68 deliverables due. LIPA has approved 57 of these deliverables, and 10 have LIPA Review in Progress. One (1) is Overdue with an Exception Request pending.

For the Third Quarter, the T&D Qualitative Metrics had 29 deliverables due. LIPA has approved 19 of these deliverables, and nine (9) have LIPA Review in Progress. One (1) is Overdue with an Exception Request pending.

LIPA has detailed the status, as of October 1, 2022, of each T&D Qualitative metric deliverable due in the Third Quarter in the following table.

**FIGURE 4: TRANSMISSION & DISTRIBUTION QUALITATIVE METRICS Q3 DELIVERABLES STATUS**

METRIC #	DELIVERABLE	STATUS
	<b>Asset Management Program Implementation – Asset Inventory</b>	.
T&D-1.7	Capture the desired asset attributes for each asset class as established in Recommendation No. AM-2. QA/QC the new asset data, and timely update validated asset information in EGIS. PSEG LI to provide LIPA with quarterly updates on the data collection effort.	Approved - Met Metric Standards/Completed
T&D-1.8	Field verify and inspect the condition of 97% of the ~15,521 OSP wood transmission poles in the 2022 Program. QA/QC the pole condition data, and timely update validated asset information in EGIS. PSEG LI to provide LIPA with quarterly updates on the data collection effort.	Approved - Met Metric Standards/Completed
	<b>Work Management Enhancements - Enhancements to Short-Term Scheduling</b>	.
T&D-17.1	PSEG Long Island to implement process for Short-Term scheduling by July 1, 2022.	Approved - Met Metric Standards/Completed
	<b>Work Management Enhancements - Workforce Management Plans</b>	.
T&D-18.2	Submit 2023 Workforce Management Plan for LIPA approval by August 1, 2022 (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.	Approved - Met Metric Standards/Completed
	<b>Asset Management Program Implementation – Asset Management Governance</b>	.
T&D-2.5	Develop the Strategic Asset Management Plan (SAMP) – Develop and finalize the SAMP per the agreed to format, including LIPA comments to be presented for LIPA's approval (approval not to be unreasonably withheld) by October 1, 2022	Overdue - Exception Requested
T&D-2.6	Submit the 2021 Annual Reliability Assessment of Asset Performance by August 31, 2022, reporting the results of an annual reliability assessment of asset performance and including a plan to address identified deficiencies.	Approved - Met Metric Standards/Completed

T&D-2.7	PSEG Long Island to provide LIPA with quarterly reports on work associated with ISO-55000 Implementation Plan	Approved - Met Metric Standards/Completed
	<b>Work Management Enhancements - Improve and Standardize Compatible Unit Estimating (CUEs)</b>	.
T&D-20.2	Complete assessment of existing CUEs and refine standards by October 1, 2022	Approved - Met Metric Standards/Completed
	<b>Work Management Enhancements - Work Management KPIs and Dashboards</b>	.
T&D-21.1	Implement KPI dashboard review by July 31, 2022, with documented meeting minutes.	Approved - Met Metric Standards/Completed
	<b>Vegetation Management Work Plan – Cycle Tree Trim With Vegetation Intelligence</b>	.
T&D-24.2	The 2023 Vegetation Work Plans identifying the minimum of 225 circuits (or approximately ¼ of the total circuit miles) and budgets shall be provided to LIPA for approval, which shall not be unreasonably withheld, by August 31, 2022. Work plans shall include annual and monthly work and resource plans. Work plans should be coordinated with maintenance and construction work plans, where possible.	Approved - Met Metric Standards/Completed
	<b>Vegetation Management Work Plan – Trim to Sky (TTS) Circuits</b>	.
T&D-25.2	The 2023 Vegetation Work Plans identifying the minimum of 225 circuits (or approximately ¼ of the total circuit miles) and budgets shall be provided to LIPA for approval, which shall not be unreasonably withheld by August 31, 2022. Work plans shall include annual and monthly work and resource plans. Work plans should be coordinated with maintenance and construction work plans, where possible.	Approved - Met Metric Standards/Completed
	<b>Vegetation Management Work Plan – Hazard Tree Removal</b>	.
T&D-26.4	The 2023 Vegetation Work Plans identify the costs and resources associated with a work plan of 12,000 hazard trees. Workplan and associated budgets shall be provided to LIPA for approval, which shall not be unreasonably withheld, by August 31, 2022.	Approved - Met Metric Standards/Completed
T&D-26.5	PSEG Long Island will provide identified hazard trees by December 1, 2021 for 2022 Q1 and will provide subsequent quarterly updates for planned hazard trees for the following quarter one month prior to the beginning of that quarter (March 1, June 1 and September 1)	Approved - Met Metric Standards/Completed
	<b>Storm Hardening Work Plan - Overhead Hardening</b>	.
T&D-27.2	Development for LIPA approval, which shall not be unreasonably withheld, by August 31, 2022 of a 2023 Storm Hardening Work Plan – Overhead Hardening with PJDs per the specifications in the Metric document.	Approved - Met Metric Standards/Completed
	<b>Storm Hardening Work Plan - Underground Hardening</b>	.
T&D-28.2	By August 31, 2022, submit a 2023 Underground Plan based on the 2022 pilot program.	Approved - Met Metric Standards/Completed
	<b>Storm Hardening Work Plan - Transmission Load Pockets</b>	.
T&D-29.2	By August 31, 2022, submit a 2023 Storm Hardening Work Plan that creates PJDs to harden supply for each of the 8 load pockets identified in item #1 of this Target section.	Approved - Met Metric Standards/Completed
	<b>Enterprise Asset Management System (EAM) Implementation Plan</b>	.
T&D-3.2	Detailed functional and technical requirements document specified in the Definition section of the attached "T&D-3 Enterprise Asset Management System (EAM) Implementation Plan" metric document is submitted and approved by LIPA.	Review in Progress
T&D-3.3	RFP for the procurement of an Enterprise Asset Management	Review in Progress



	System/implementer is submitted and approved by LIPA.	
	<b>Storm Hardening Work Plan - ACRV Commissioning Program</b>	.
T&D-30.2	By August 31, 2022, submit a 2023 Storm Hardening Work Plan and budget that identifies locations, schedules, cost estimates and creates PJDs for ACRVs to be commissioned as tripping devices for 2023.	Review in Progress
	<b>Storm Hardening Work Plan - LTSH (ASUV) Program</b>	.
T&D-31.2	By August 31, 2022, submit a 2023 Storm Hardening Work Plan and budget that identifies the installation locations, schedules, cost estimates, and creates PJDs for ~150 ASUVs.	Review in Progress
	<b>Real Estate Strategy</b>	.
T&D-33.12	Submission of 2023 Project Budget detail to Finance	Approved - Met Metric Standards/Completed
T&D-33.13	Property Due Diligence documents as per PSA	Approved - Met Metric Standards/Completed
T&D-33.14	Contract for A&E firm	Approved - Met Metric Standards/Completed
T&D-33.15	Contract for Site Development Consultant	Approved - Met Metric Standards/Completed
T&D-33.18	Final 2023 Project Budget Submitted to Finance	Review in Progress
T&D-33.19	External Affairs Strategy document	Review in Progress
	<b>Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)</b>	.
T&D-34.1	Preliminary T&D Capital budget submitted to LIPA July 1.	Review in Progress
T&D-34.2	PJDs substantiating the budget request submitted to LIPA by July 21, and finalized by August 15	Review in Progress
T&D-34.3	PJDs substantiating the budget request finalized by August 15.	Review in Progress

### Quantitative Metrics

LIPA has summarized the status of each T&D Quantitative Metric as of the Third Quarter in the following table. Of the 19 metrics, 17 meet the YTD target, one (1) is behind the YTD target, and one (1) has failed the year-end metric standard.

**FIGURE 5: TRANSMISSION & DISTRIBUTION QUANTITATIVE METRICS Q3 STATUS**

METRIC #	METRIC NAME	L/H	YE TARGET	YTD TARGET	YTD RESULT	YTD PERFORMANCE
T&D-04	T&D System Relay Operations - Relay Mis-Operations	L	18	14	9	Meeting Target
T&D-05	T&D Inadvertent Operation Events	L	34	26	17	Meeting Target
T&D-07	SAIDI (System Average Interruption Duration Index)	L	59.0	45.5	43.5	Meeting Target
T&D-08	SAIFI (System Average Interruption Frequency Index)	L	0.76	0.58	0.53	Meeting Target
T&D-09	MAIFI (Momentary Average Interruption Frequency Index)	L	1.89	1.46	1.32	Meeting Target



T&D-10	Sustained Multiple Customer Outages (MCO) - 4 or more	L	23,475	23,475	15,332	Meeting Target
T&D-11	Reduce Repeat Customer Sustained MCOs	L	46	35	13	Meeting Target
T&D-12	Momentary MCO (6 or more)	L	92,500	92,500	71,641	Meeting Target
T&D-13	Serious Injury Incident Rate (SIIR)	L	0.11	0.11	0.04	<b>Missed Target</b> See Note 2
T&D-14	OSHA Recordable Incidence Rate	L	1.12	1.12	0.51	Meeting Target
T&D-15	OSHA Days Away Rate (Severity)	L	12.50	12.50	5.97	Meeting Target
T&D-16	Motor Vehicle Accident Rate	L	9.20	9.20	6.14	Meeting Target
T&D-23	Employee Overtime	H	100.0%	100.0%	100.0%	Meeting Target
T&D-32	Estimated Time of Restoration (ETR)	H	65.0%	65.0%	71.8%	Meeting Target
T&D-35	Construction - Project Milestones Achieved	H	85.0%	85.0%	89.4%	Meeting Target
T&D-36	Construction - Cost Estimating Accuracy	H	85.0%	85.0%	99.6%	Meeting Target
T&D-37	Completion of Program Planned Units Per Workplan	H	87.5%	87.5%	100.0%	Meeting Target
T&D-38	Program Unit Cost Variance	H	87.5%	87.5%	100.0%	Meeting Target
T&D-40	Double Woods	L	6,295	6,295	6,925	<b>Behind Target</b>

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

**Table Note 2:** An incident resulting in an unfortunate fatality of a T&D contractor occurred on 8/23/22. Per the metric criteria, a fatality constitutes automatic failure of this metric.

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

### Third Quarter Status Overview

In the third quarter, deliverables were due for three (3) of the seven (7) IT metrics (IT-5 System Implementation - 2022 Budget Projects, IT-6 System Implementation - Board Recommendations and IT-7 System Segregation); and LIPA continued to monitor progress on the four metrics (IT-1 and IT-2 Organizational Maturity, IT-3 System Resiliency, and IT-4 System and Software Lifecycle Management) that did not have deliverables due. With one quarter remaining in the year, **LIPA cannot yet determine whether PSEG Long Island will meet the metrics at year-end.**

#### System Resiliency (IT-3)

The System Resiliency metric aims to minimize the probability and impact of system failures through well-designed, robust, and thoroughly exercised Disaster Recovery Plans and BCPs for critical systems and processes. The need for robust and thoroughly exercised BCPs has been a core recommendation to PSEG Long Island since November 2020, when LIPA's Isaias Task Force identified the lack of adequate BCPs as a critical management failure and recommended the development of comprehensive BCPs for all mission-critical systems and processes.

**Performance on this metric is falling well short of the minimum acceptable standards, particularly with respect to the BCPs and their exercise.** PSEG Long Island has already failed to meet the BCP requirements for the critical systems/processes included in Wave 1 of the metric, which is sufficient to cause failure on the metric as a whole. Given the importance of the BCPs, LIPA is willing to consider a schedule exception if PSEG Long Island can bring all required deliverables to an acceptable level by year-end; however, it does not appear likely at this point that PSEG Long Island will be able to recover sufficiently to meet the metric.

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

The IT metrics contain two project-based metrics – IT-5 System Implementation - 2022 Budget Projects and IT-6 System Implementation - Board Recommendations. These two metrics encompass execution on 30 projects in all. In addition to achieving the objectives of each incorporated project, the metrics aim to improve organizational IT project management performance.

**Not unexpectedly, performance on these metrics to date has illustrated the same project management weaknesses that LIPA identified in the Isaias Task Force reports, including poor planning and weak project management.** PSEG Long Island scheduled several projects to start too late in the year to allow completion by the originally targeted due dates. Weak capacity and resource planning resulted in a 2022 IT Capital Budget that did not adequately account for the ability of the organization to execute multiple projects simultaneously. Additionally, the initial submissions of many of the required PIPs and other project planning deliverables were weak, often requiring multiple review and revision cycles to be brought to an acceptable standard.

Deficiencies included a lack of clear definition of planned end state and success criteria, lack of alignment with LIPA's stated objectives or metric requirements, and lack of sufficient detail. Lack of awareness of core metric requirements has hampered some projects.

Projects that are at risk include some IT-5 cyber security projects, which have not shown the level of focus and urgency that LIPA expects to see for cyber security initiatives and are suffering from late starts and weak planning. In addition, the IT-6, Standardized Data Access Platform project is also not performing satisfactorily. As a result, LIPA significantly reduced the scope of the project in July 2022 out of concern for the project's ability to deliver the original scope, but even the new scaled-down scope is at risk.

While we do not expect all the projects to meet their requirements, many of them are on track, and the final performance on the metrics cannot yet be determined.

### **System Segregation (IT-7)**

**The System Segregation metric (IT-7) is on track for success.** As required by the OSA, a joint LIPA and PSEG Long Island IT Team developed an IT System Separation Plan to separate all PSEG Long Island IT Systems serving LIPA from PSEG New Jersey systems, which the LIPA Board approved in September 2022. Implementation will commence in 2023, and a corresponding 2023 metric has been proposed.

### **Other IT Metrics**

**The other IT metrics are stable.** The two Organizational Maturity Level metrics (IT-1 and IT-2), designed to improve IT capability and performance, are progressing; though we cannot yet predict whether they will be met at year-end. IT Organizational Maturity will continue to be a focus for 2023.

The System and Software Lifecycle Management metric (IT-4), which aims to ensure that all IT and OT assets managed by PSEG Long Island on behalf of LIPA are within their active service life and under general support from the product vendor, is currently on track for success.

### **Conclusion**

While ultimate performance on the IT metrics cannot be determined yet, they are proving to be a valuable tool for performance oversight and enhancement. **There is a desire to meet the metrics that is driving greater focus, responsiveness, and engagement with LIPA from PSEG Long Island, and their senior IT management is fully committed to building the maturity and capacity of the organization to improve performance.** The metric management process is helping to surface specific deficiencies and areas of weakness, which should provide valuable insights to PSEG Long Island management in their efforts to improve the organization; and will inform LIPA's focus and efforts in 2023 and beyond.

## Third Quarter Status Details

### Qualitative Metrics

Year to date, the seven (7) Information Technology Qualitative Metrics have had 206 deliverables due. Of these:

- 183 deliverables have been submitted by PSEG Long Island, and LIPA has approved 151. Three (3) deliverables did not meet metric standards and were rejected, and 29 have LIPA Review In Progress.
- 23 deliverables are Overdue, of which three (3) have exceptions requested and under review, and 20 have no exception requests outstanding.

For the Third Quarter, the Information Technology Qualitative Metrics had 85 deliverables due. Of these:

- 67 deliverables have been submitted by PSEG Long Island. LIPA has approved 59, and eight (8) have LIPA Review In Progress.
- 18 deliverables are Overdue, of which three (3) have exceptions requested and under review, and 15 have no exception requests outstanding.

LIPA has summarized the status, as of October 1, 2022, of each Information Technology Qualitative Metric deliverable due in the Third Quarter in the following table.

**FIGURE 6: INFORMATION TECHNOLOGY QUALITATIVE METRICS Q3 DELIVERABLES STATUS**

METRIC #	DELIVERABLE	STATUS
	<b>System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)</b>	.
IT-5-T1.01.07	GIS - Long-Term Strategic Plan and Roadmap, as described in the approved Project Implementation Plan, delivered for LIPA approval.	Review in Progress
IT-5-T1.01.08	GIS - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.01.09	GIS - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.01.10	GIS - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.02.05	DER - Planning and Design Phase completed.	Review in Progress
IT-5-T1.02.06	DER - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.02.07	DER - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.02.08	DER - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.02.09	DER - Cybersecurity Approval, submitted to LIPA.	Review in Progress
IT-5-T1.03.02	ADMS - Monthly Reporting of Project Status and compliance for the month of June 2022.	<b>Overdue - No Exception Requested/Exception Denied</b>
IT-5-T1.03.03	ADMS - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.03.04	ADMS - Functional and Technical Requirements, including use cases that map how information will be used, submitted to LIPA for approval.	Review in Progress
IT-5-T1.03.05	ADMS - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed

IT-5-T1.04.02	MEGA - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.04.03	MEGA - Monthly Reporting of Project Status and compliance for the month of July 2022.	Overdue - No Exception Requested/Exception Denied
IT-5-T1.04.04	MEGA - Detailed Functional and Technical Requirements submitted to LIPA for approval.	Overdue - No Exception Requested/Exception Denied
IT-5-T1.04.05	MEGA - Monthly Reporting of Project Status and compliance for the month of August 2022.	Overdue - No Exception Requested/Exception Denied
IT-5-T1.05.06	Regulatory Billing - Technical Design submitted to LIPA for approval.	Review in Progress
IT-5-T1.05.07	Regulatory Billing - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.05.08	Regulatory Billing - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.05.09	Regulatory Billing - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.05.10	Regulatory Billing - Development completed.	Review in Progress
IT-5-T1.06.06	CCaaS - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.06.07	CCaaS - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.06.08	CCaaS - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.07.01	Outage and Incident Communications Phase 2 - Detailed Project Implementation Plan, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, with the objective of completing the project by November 2022, submitted to LIPA for approval.	Overdue - No Exception Requested/Exception Denied
IT-5-T1.07.02	Outage and Incident Communications Phase 2 - Monthly Reporting of Project Status and compliance for the month of June 2022.	Exempted via Approved Exception
IT-5-T1.07.03	Outage and Incident Communications Phase 2 - Monthly Reporting of Project Status and compliance for the month of July 2022.	Exempted via Approved Exception
IT-5-T1.07.04	Outage and Incident Communications Phase 2 - Monthly Reporting of Project Status and compliance for the month of August 2022.	Exempted via Approved Exception
IT-5-T1.09.06	CDG Automated Billing - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.09.07	CDG Automated Billing - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.09.08	CDG Automated Billing - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.09.09	CDG Automated Billing - Technical Design submitted to LIPA for approval.	Overdue - No Exception Requested/Exception Denied
IT-5-T1.10.01	Enterprise Time and Attendance - Current State Analysis, as described in the attached "LIPA-PSEG-2022-IT-5 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2)" metric document, submitted to LIPA for approval.	Overdue - No Exception Requested/Exception Denied
IT-5-T1.10.07	Enterprise Time and Attendance - Monthly Reporting of Project Status and compliance for the month of June 2022.	Overdue - Exception Requested
IT-5-T1.10.08	Enterprise Time and Attendance - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed

IT-5-T1.10.09	Enterprise Time and Attendance - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.11.05	Enterprise Mobile Strategy - Monthly Reporting of Project Status and compliance for the month of June 2022.	Exempted via Approved Exception
IT-5-T1.11.06	Enterprise Mobile Strategy - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.11.07	Enterprise Mobile Strategy - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T1.11.08	Enterprise Mobile Strategy - Long-term Enterprise Mobile Plan with sequencing and prioritization, submitted for LIPA approval.	Overdue - Exception Requested
IT-5-T2.01.05	CAD and OMS Enhancements - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.01.06	CAD and OMS Enhancements - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.01.07	CAD and OMS Enhancements - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.02.05	CyberArk for CNI - Monthly Reporting of Project Status and compliance for the month of June 2022.	Overdue - No Exception Requested/Exception Denied
IT-5-T2.02.06	CyberArk for CNI - Monthly Reporting of Project Status and compliance for the month of July 2022.	Exempted via Approved Exception
IT-5-T2.02.07	CyberArk for CNI - Monthly Reporting of Project Status and compliance for the month of August 2022.	Overdue - No Exception Requested/Exception Denied
IT-5-T2.03.05	Cybersecurity Program - Monthly Reporting of Project Status and compliance for the month of June 2022.	Overdue - No Exception Requested/Exception Denied
IT-5-T2.03.06	Cybersecurity Program - Monthly Reporting of Project Status and compliance for the month of July 2022.	Overdue - No Exception Requested/Exception Denied
IT-5-T2.03.07	Cybersecurity Program - Monthly Reporting of Project Status and compliance for the month of August 2022.	Overdue - No Exception Requested/Exception Denied
IT-5-T2.04.02	Dragos for CNI - Monthly Reporting of Project Status and compliance for the month of June 2022.	Exempted via Approved Exception
IT-5-T2.04.03	Dragos for CNI - Monthly Reporting of Project Status and compliance for the month of July 2022.	Overdue - No Exception Requested/Exception Denied
IT-5-T2.04.04	Dragos for CNI - Technical Design and Architecture, submitted to LIPA for approval.	Overdue - No Exception Requested/Exception Denied
IT-5-T2.04.05	Dragos for CNI - Monthly Reporting of Project Status and compliance for the month of August 2022.	Overdue - No Exception Requested/Exception Denied
IT-5-T2.05.06	Industrial Defender for DSCADA - Monthly Reporting of Project Status and compliance for the month of June 2022.	Exempted via Approved Exception
IT-5-T2.05.07	Industrial Defender for DSCADA - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.05.08	Industrial Defender for DSCADA - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.06.03	AVLS Integration with Physical ID Badge System - Monthly Reporting of Project Status and compliance for the month of June 2022.	Exempted via Approved Exception
IT-5-T2.06.04	AVLS Integration with Physical ID Badge System - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.06.05	AVLS Integration with Physical ID Badge System - Business Requirements, submitted to LIPA for approval.	Review in Progress
IT-5-T2.06.06	AVLS Integration with Physical ID Badge System - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed



IT-5-T2.07.05	AMI System Enhancements - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.07.06	AMI System Enhancements - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.07.07	AMI System Enhancements - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.08.05	Suffolk County Sewage Billing Project - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.08.06	Suffolk County Sewage Billing Project - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.08.07	Suffolk County Sewage Billing Project - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.09.02	Rate Change Enhancements - Monthly Reporting of Project Status and compliance for the month of June 2022.	Overdue - Exception Requested
IT-5-T2.09.03	Rate Change Enhancements - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.09.04	Rate Change Enhancements - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.10.06	New Business Portal - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.10.07	New Business Portal - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.10.08	New Business Portal - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-5-T2.10.09	New Business Portal - Functional and Technical Design, submitted to LIPA for approval.	Exempted via Approved Exception
	<b>System Implementation – Board Project Improvement Plans (PIPs) (Tier 1 and 2)</b>	.
IT-6 T1.2.6	4.01 - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.2.7	4.01 - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.2.8	4.01 - Implementation of Board adopted recommendation (4.01): Business-driven Strategic Technology Plan for Outage Reporting and Communications, as described in the approved Project Implementation Plan, delivered for LIPA approval.	Review in Progress
IT-6 T1.2.9	4.01 - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.3.5	4.14 - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.3.6	4.14 - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.3.7	4.14 - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.5.7	DIA-01 - Monthly Reporting of Project Status and compliance for the month of June 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.5.8	DIA-01 - Monthly Reporting of Project Status and compliance for the month of July 2022.	Approved - Met Metric Standards/Completed
IT-6 T1.5.9	DIA-01 - Monthly Reporting of Project Status and compliance for the month of August 2022.	Approved - Met Metric Standards/Completed
	<b>System Segregation</b>	.
IT-7.2	The PSEG Long Island System Segregation Plan, as specified in the attached "LIPA-PSEG-2022-IT-7 System Segregation" metric document, is submitted for LIPA approval.	Approved - Met Metric Standards/Completed



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

### Third Quarter Status Overview

As of the end of the third quarter, PSEG Long Island Power System Management (PSM) achieved the applicable metric milestones for PS-1 (Integrated Resource Plan) and PS-2 (Energy Storage RFP). The Integrated Resource Plan has additional milestones for the fourth quarter, and it appears to be on track to deliver the expected results by year-end. PSEG Long Island's performance has met expectations for both metrics.

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

### Third Quarter Status Details

#### Qualitative Metrics

Year to date, the five (5) Power Supply & Clean Energy Programs Qualitative Metrics have had 19 deliverables due, of which 17 have been approved by LIPA, and two (2) have LIPA Review in Progress.

For the Third Quarter, the Power Supply & Clean Energy Programs Qualitative Metrics had eight (8) deliverables due. Seven (7) were approved by LIPA, and one (1) has LIPA Review in Progress.

The status, as of October 1, 2022, of each Power Supply & Clean Energy Programs Qualitative Metric deliverable due in the Third Quarter is detailed in the following table.

**FIGURE 7: POWER SUPPLY & CLEAN ENERGY PROGRAMS QUALITATIVE METRICS Q3 DELIVERABLES STATUS**

METRIC #	DELIVERABLE	STATUS
	<b>Long-Range Planning Studies – Integrated Resource Plan (IRP)</b>	.
PS&CE-1.2	3. Complete preliminary draft results on or about August 31, 2022, to include: ranking of scenarios, the outcome of results and an action plan for existing and future resources through 2030	Approved - Met Metric Standards/Completed
	<b>Long-Range Planning Studies – Energy Storage Request for Proposal (RFP)</b>	.
PS&CE-2.2	Complete evaluation of proposals to the Energy Storage RFP and recommend selections; Phase 3 – no more than 10 days beyond August 31, 2022 target delivery date for the final evaluation and selection recommendations.	Approved - Met Metric Standards/Completed
	<b>Distributed Energy Resources (DER) Interconnection Process</b>	.
PS&CE-7.4	If Deliverable PS&CE-7.3 is acceptable to LIPA, PSEG Long Island will implement and update the SGIP website and FAQs with the new credit card option, by August 15, 2022.	Approved - Met Metric Standards/Completed
PS&CE-7.5	Develop, in collaboration with LIPA and issue a survey to determine the effectiveness and efficiency of the interconnection process and containing questions designed to identify customer satisfaction or dissatisfaction with the process and potential improvements. PSEG LI will schedule and conduct two meeting sessions with LIPA prior to completing the survey. By no later than July 1, 2022	Approved - Met Metric Standards/Completed
PS&CE-7.6	By July 1, 2022, PSEG LI will develop, with LIPA's input, with 2 meeting sessions as scheduled by PSEG LI, a plan to encourage participation in the survey, in agreement with LIPA, which will use reasonable efforts to educate developers on the value of the survey.	Approved - Met Metric Standards/Completed
PS&CE-7.7	July Monthly Satisfaction Survey results will be reported to LIPA on a monthly rolling basis beginning on August 31, 2022, for the prior month.	Approved - Met Metric Standards/Completed
PS&CE-7.8	August Monthly Satisfaction Survey results will be reported to LIPA on a monthly rolling basis.	Approved - Met Metric Standards/Completed
	<b>Time of Use (TOU) Pricing Options - Space Heating and Large Commercial</b>	.
PS&CE-8.6	The proposal will receive a recommendation from the Department of Public Service for adoption of the proposed rates and receive approval from the LIPA Board to modify the Tariff by the July LIPA Board meeting (on or about July 13th).	Review in Progress

### Quantitative Metrics

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

**FIGURE 8: POWER SUPPLY AND CLEAN ENERGY PROGRAMS QUANTITATIVE METRICS Q3 STATUS**

METRIC #	METRIC NAME	L/H	YE TARGET	YTD TARGET	YTD RESULT	YTD PERFORMANCE
PS&CE-3	Energy Efficiency Annualized Energy Savings	H	1,147,670	855,956	878,146	Meeting Target
PS&CE-5	Beneficial Electrification	H	100.0%	100.0%	50.0%	Behind Target
PS&CE-6	Electric Vehicle (EV) Make Ready	H	100.0%	100.0%	50.0%	Behind Target
PS&CE-9	Time of Use Pricing Pilot - Year 1 Marketing	H	12,000	9,750	10,191	Behind Target

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

# CUSTOMER SERVICE

**The Customer Service scope has 19 metrics, accounting for \$4,000,000 in compensation at-risk based on performance. Of these 19 metrics, six (6) are Qualitative, and 13 are Quantitative.**

Appendix A summarizes the Customer Service metrics and the associated Variable Compensation. Detailed metric descriptions are available on [LIPA's website](#).

## Third Quarter Status Overview

The Third Quarter status of the Customer Service metrics are discussed below.

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

PSEG Long Island has seven (7) projects included in the CS-1 metric and has deployed several initiatives. PSEG Long Island management responded to LIPA PIP concerns, and a commitment was made to continuous training, coaching and compliance with the new CMMI Level 3 standard.

At LIPA's request, PSEG Long Island amended the bill print contract with Kubra to provide additional details and protections for customers, including reporting on service level agreement and remediation plans when gaps exist. Collection field disconnect functionality was utilized and final approval is pending the demonstration of the expected productivity improvement. The theft use case project deliverable was not provided. LIPA approved an extension of delivery of ETR range functionality from 9/30/22 to 12/21/22 due to the schedule impacts of the HVCA upgrade. Mobile application enhancements are pending the demonstration of the expected outcomes.

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

Success in the JD Power metrics (CS-2 & CS-3) is at risk. PSEG Long Island's current residential performance is in the 4th quartile after three Waves. Across the East Large JD Power Residential satisfaction survey, scores increased for Wave 3, returning to Wave 1 levels and recovering from the 34-point decrease in Wave 2. At the end of Q3, three other East Large utilities are within 3 points of the PSEG Long Island score. Even if PSEG Long Island does not improve, if the higher-ranked utilities see a small drop, PSEG Long Island may end the year in the bottom of the third quartile and hit the metric. No additional JD Power Business scores were received in the third quarter.

PSEG Long Island is not developing specific actions to address JD Power performance and feels that achieving the OSA metrics will influence improvement in the score. LIPA believes that PSEG Long Island needs to develop a strategic plan to address customers' negative perceptions, and this was incorporated into the 2023 metrics.

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

The CIS Modernization Phase 1 (CS-4) metric required PSEG Long Island to deliver a Current Environment Analysis in the First Quarter. The submitted deliverable was incomplete, with missing processes, interfaces, and system statistics, and LIPA rejected it. LIPA also identified gaps in the collection of requirements and clarity around the project's scope and misalignment in expectation of outputs from the deliverables. None of the deliverables for Quarter 2 or 3 were delivered. LIPA and PSEG Long Island agreed to form a core work team to ensure that the defined project scope and deliverables will result in a successful CIS implementation. The team documented the appropriate work execution path forward and deliverables for 2022 and 2023; however, **open issues exist on how the 2022 work effort that PSEG Long Island will deliver aligns with the established metric compensation level.**

**Customer Transaction Performance (CS-5)**

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

**Billing Performance Metrics (CS 6 – 10)**

**All five billing performance metrics are performing extremely well this year** (CS-6 Inactive Accounts Long Term Estimates, CS-7 Active Accounts Long Term Estimates, CS-8 Unauthorized Use / Advanced Consumption Resolution, CS-9 Exception Cycle Time, and CS-10 Cancelled Rebill). The acceleration of AMI installations and performance of AMI metered accounts have proven to generate operational improvements by increasing the number of actual reads and reducing billing exception generation 53% year over year, producing a higher volume of first-time accurate bills. PSEG Long Island utilized the surplus field resources for field visits to provide the appropriate field resolution and data back to the back-office team to address long-term estimates and advance consumption. During the month of August, an issue arose in the integration of AMI and the billing system, and one bill cycle was estimated for about 40k customer accounts. PSEG Long Island is assessing the root cause and developing mitigation plans to ensure it does not happen again.

**Call Center Metrics (CS 11-13)**

**PSEG Long Island is on a trajectory to miss all the Call Center Metrics.** In 2022, the Call Center has fallen significantly below its metric of answering 80% of calls within 30 seconds and 70% of the emails in 24 hours. Year-to-date performance for Contact Center Service Level for Live Agent Calls (CS-11) is at 36.4%, with September's performance being the worst at 5.9%, with an abandonment rate of 46%, and an average wait time of more than 22 minutes. PSEG Long Island hired 40 call center agents in September, but they will not be ready to assist on the phone until December.

LIPA agreed to process an exception for Customer Email Closure Rate (CS-12) to address the issue identified last quarter around the accuracy of measurement with the metric definition. PSEG Long Island's performance is 58.6% year to date versus the target of 70% and it is no longer feasible to achieve this metric.

First Call Resolution (CS-13) is at 80.2% year to date versus a target of 80%. High wait time and abandon rate have impacted this metric and if performance for the fourth quarter is consistent with the 3rd quarter, PSEG Long Island will miss this metric. On September 15, LIPA requested that PSEG Long Island develop a Performance Improvement Plan due to continued deterioration in performance and significant increases in abandoned call rate and wait times.

### Other Customer Service Metrics (CS 14-19)

Due to the delay in residential collection disconnects for non-payment, PSEG Long Island is performing significantly better than planned for CS-14 Net Write-Offs but CS-15 Accounts Receivable greater than 90 (AR>90), and CS-16 Days Sales Outstanding (DSO) will miss the target.

In the month of August, PSEG Long Island executed phase 1 of the arrear's forgiveness program for a total credit of \$20,399,413 for 7,876 customers. LIPA IV&V revealed issues about the accurate processing of credits and PSEG Long Island is correcting the accounts. This program will continue for the remainder of the year to aid our most vulnerable customers and allow a more rapid return to a pre-COVID collection environment. The LMI Program Participation (CS-17) target may be achievable due to progress on the LMI Program Automation (CS-18) project, the forgiveness opportunity being made available to all low-income customers through year-end, and the resumption of disconnects.

Resuming disconnects in July significantly increased the complaint rate for a year-to-date result of 3.2 versus a target of 4.2. August complaints totaled 79, whereas 2022 complaints prior to July averaged 27 a month. In addition, the Call Center falling short of their service level will likely lead to increased complaints, placing the CS-19 DPS Customer Complaint Rate metric at risk. To hit the metric at year end PSEG Long Island must average 70 complaints or less a month. It should be noted that all utilities across the state are experiencing increased complaints because of resuming collections.

### Third Quarter Status Details

#### Qualitative Metrics

Year to date, the six (6) Customer Service Qualitative Metrics have had 53 deliverables due. Of these:

- 46 deliverables have been submitted by PSEG Long Island, and LIPA has approved 38. Five (5) deliverables have LIPA Review In Progress, and three (3) were rejected and did not meet metric standards.
- Five (5) deliverables are Overdue with no exception requests outstanding and two (2) are Overdue with Exceptions Pending.

For the Third Quarter, the Customer Service Qualitative Metrics had 19 deliverables due. Of these:

- 16 deliverables have been submitted by PSEG Long Island, with 13 approved by LIPA and three (3) with LIPA Review In Progress.
- One (1) deliverable is Overdue with no exception requests outstanding and two (2) are Overdue with Exceptions Pending.

LIPA has detailed the status, as of October 1, 2022, of each Customer Service Qualitative Metric deliverable due in the Third Quarter in the following table.

**FIGURE 9: CUSTOMER SERVICE QUALITATIVE METRICS Q3 DELIVERABLES STATUS**

METRIC #	DELIVERABLE	STATUS
	<b>Delivery of Strategic Customer Experience &amp; Billing Projects</b>	.
CS-1.2.1	AMI theft detection use case demonstration of expected outcomes	<b>Overdue - No Exception Requested/Exception Denied</b>
CS-1.3.1	Chat optimization assessment future use defined with forecasted changes in call/email volume, satisfaction and chat availability by transaction defined.	Review in Progress
CS-1.5	Project Implementation Plan (including expected outcomes) is submitted for LIPA approval-Credit card vendor selection	Review in Progress

	<b>Low to Moderate Income (LMI) Program Automation</b>	.
CS-18.3	Implementation of the automated process along with the estimated number of resources saved due to the automation by September 30, 2022.	Review in Progress
	<b>Customer Information System (CIS) Modernization – Phase 1</b>	.
CS-4.4	Selection and Procurement of the best-fit CIS solution/implementer through rigorous evaluation to minimize delivery risk to be completed and approved by LIPA	Overdue - Exception Requested
CS-4.5	Executed CIS solution/implementer contracts is submitted to LIPA for verification	Overdue - Exception Requested
	<b>Customer Transactional Performance</b>	.
CS-5.7.6	Survey data will be shared with LIPA for June 2022 transaction survey results	Exempted via Approved Exception
CS-5.7.7	Survey data will be shared with LIPA for July 2022 transaction survey results	Approved - Met Metric Standards/Completed
CS-5.7.8	Survey data will be shared with LIPA for August 2022 transaction survey results	Approved - Met Metric Standards/Completed
CS-5.8	Submit to LIPA the preliminary trends and recommendations based on the data analysis to allow for inclusion in the 2023 budget, IT and metrics completion	Approved - Met Metric Standards/Completed
	<b>Billing - Inactive Accounts Long-Term Estimates (LTEs)</b>	.
CS-6.1.6	Master excel list of existing inactive estimates as of 12/31/21 and any newly created estimates greater than 5 months that includes resolution reason, action taken in the field, action taken in CAS, CAS status update to reflect field condition with additional defined supporting data in the metric for June 2022	Approved - Met Metric Standards/Completed
CS-6.1.6.1	Develop a process to track and convert all bi-monthly billed accounts to monthly billed at the time of customer change at premise (i.e., integrate to move out/move in, change name process) no later than July 31, 2022. Operationalize no later than September 2022.	Approved - Met Metric Standards/Completed
CS-6.1.7	Master excel list of existing inactive estimates as of 12/31/21 and any newly created estimates greater than 5 months that includes resolution reason, action taken in the field, action taken in CAS, CAS status update to reflect field condition with additional defined supporting data in the metric for July 2022	Approved - Met Metric Standards/Completed
CS-6.1.8	Master excel list of existing inactive estimates as of 12/31/21 and any newly created estimates greater than 5 months that includes resolution reason, action taken in the field, action taken in CAS, CAS status update to reflect field condition with additional defined supporting data in the metric for August 2022	Approved - Met Metric Standards/Completed
	<b>Billing - Active Accounts Long Term Estimates (LTEs)</b>	.
CS-7.1.6	Master list of existing active estimates as of 12/31/21 and any new estimates greater than 3 including the resolution, reason, action taken in the field, action taken in CAS, with the additional field as defined in the supporting documentation for the previous month	Approved - Met Metric Standards/Completed
CS-7.1.7	Master list of existing active estimates as of 12/31/21 and any new estimates greater than 3 including the resolution, reason, action taken in the field, action taken in CAS, with the additional field as defined in the supporting documentation for the previous month	Approved - Met Metric Standards/Completed



CS-7.1.7.1	Convert all AMI OPT out flagged accounts to be monthly read and billed that remain after August 1st (dependent on “opt out project” go live) by August 31, 2022.	Approved - Met Metric Standards/Completed
CS-7.1.8	Master list of existing active estimates as of 12/31/21 and any new estimates greater than 3 including the resolution, reason, action taken in the field, action taken in CAS, with the additional field as defined in the supporting documentation for the previous month	Approved - Met Metric Standards/Completed
CS-7.1.8.1	<p>Customer Experience team to conduct a high level research project on residential customers, who are currently enrolled in the bi-monthly billing program and report findings by September 30, 2022. The project will include but does not have to be limited to:</p> <ul style="list-style-type: none"> <li>i. Design and launch digital survey (with questions that focus on reasons for enrolling into the program, overall satisfaction with the program, likelihood of converting into monthly billing cycle etc.), collect a statistically valid sample and analyze data.</li> <li>ii. Using collected VOC, evaluate the overall impact a modification in a billing cycle (e.g. conversion from bi-monthly into monthly billing) could have on customer satisfaction with PSEG Long Island.</li> </ul>	Approved - Met Metric Standards/Completed

### Quantitative Metrics

The status of each Customer Service Quantitative Metric as of the Third Quarter is detailed in the following table. Of the thirteen metrics, six (6) are meeting the YTD target, five (5) are behind the YTD target, and two (2) have failed the metric standard as it is no longer feasible to meet the year-end target.

**FIGURE 10: CUSTOMER SERVICE QUANTITATIVE METRICS Q3 STATUS**

METRIC #	METRIC NAME	L/H	YE TARGET	YTD TARGET	YTD RESULT	YTD PERFORMANCE
CS-02	JD Power Customer Satisfaction Survey (Residential)	H	3rd Quartile	3rd Quartile	691	Behind Target
CS-03	JD Power Customer Satisfaction Survey (Business)	H	3rd Quartile	3rd Quartile	692	Behind Target
CS-06	Inactive Accounts Long Term Estimates (LTEs)	L	861	2,797	1,626	Meeting Target
CS-07	Active Accounts Long Term Estimates (LTEs)	L	700	1,307	1,302	Meeting Target
CS-08	Unauthorized Use/Advanced Consumption Resolution	L	400	484	352	Meeting Target
CS-09	Billing Exception Cycle Time	H	95.0%	95.0%	98.2%	Meeting Target
CS-10	Billing Cancelled Rebill	L	0.50%	0.50%	0.24%	Meeting Target
CS-11	Contact Center Service Level with Live Agent Calls	H	80.0%	80.0%	36.4%	Missed Target
CS-12	Customer Email Closure Rate	H	70.0%	70.0%	58.6%	Missed Target
CS-13	First Call Resolution (FCR)	H	80.0%	80.0%	80.2%	Meeting Target
CS-14	Net Write-Offs per \$100 Billed Revenue	L	0.77	0.77	0.45	Meeting Target
CS-15	AR > 90 (No Exclusions)	L	27.39%	27.39%	31.03%	Behind Target
CS-16	Days Sales Outstanding	L	37.24	37.24	41.50	Behind Target
CS-17	Low to Moderate Income Program Participation	H	55,000	46,546	36,894	Behind Target
CS-19	Customer Complaint Rate	L	4.2	4.2	3.2	Meeting Target

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

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

**Table Note 3:** CS-6 and CS-7 have qualitative deliverables for process improvements as well as quantitative targets and are counted as qualitative metrics.

## BUSINESS SERVICES

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

### Third Quarter Status Overview

The Third Quarter status of the Business Services metrics are discussed below.

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

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

#### Legal Staffing (BS-14)

This metric requires a plan to implement staffing recommendations in PSEG Long Island's Legal Department that were identified by a consultant retained by LIPA to assess their legal staffing resources. The consultant conducted interviews of attorneys from both companies, reviewed contractual obligations under the new OSA as well as other pertinent documents, and evaluated the adequacy of the staffing levels. PSEG Long Island and LIPA have agreed upon the terms of a plan to implement the recommendations from the consultant.

#### Government & Legislative Affairs (BS-16)

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

**Project Outreach (BS-17)**

PSEG Long Island is unlikely to meet the requirements of this metric in 2022. LIPA developed this metric to fulfill a requirement of the 2018 DPS Management Audit, where the auditors requested a customer survey to inform recommendations to improve outreach on capital projects. While PSEG Long Island does report an increase in survey participation from last quarter, they have indicated that an insufficient number of surveys have been completed to develop any recommendations from process improvement around their outreach activities. LIPA has offered PSEG Long Island an exception to this metric to reevaluate the current methodology and course-correct to the intended objective; PSEG Long Island has not agreed to seek an exception. LIPA has proposed a 2023 metric to provide additional clarity around suggested methods to achieve a higher participation rate, including utilizing focus groups. LIPA continues to believe that improvements are necessary for this area to better align outreach activities with industry best-practices and to meet customer expectations.

**Communications Metrics (BS 18-21)**

Overall, the Communications Metrics are showing positive results. For BS-18, Customer Segmentation, PSEG Long Island conducted three campaigns to test and validate the effectiveness of third-party customer persona segmentations for more curated messaging of residential customer communications. Conversion rates for these campaigns did not prove to be more successful for customers marketed to through the tested customer persona segmentations as opposed to traditional marketing segmentation. The customer persona segmentation model was developed pre-pandemic, and the use of a new, and potentially artificial intelligence-powered, segmentation approach appears warranted.

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

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

**Affiliate Cost Benefit Justification (BS-7)**

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

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

The 2022 metric focused on the two largest Affiliate Service categories: Information Technology and Human Resources Services. PSEG Long Island successfully completed the target deliverables through the third quarter of 2022. PSEG Long Island provided LIPA with a scope for the Cost Benefit Analysis by March 31, 2022, as required in the metric, which LIPA approved.

Further, PSEG Long Island provided LIPA with a completed Cost Benefit and Alternative Analysis for Human Resource Services on June 30, 2022, in accordance with the Metric. LIPA has reviewed PSEG Long Island's submission and concluded that LIPA would benefit from separating such services, with additional study required in 2023 on the cost and benefits of migrating services to Long Island ServCo. The Information Technology Cost Benefit and Alternative Analysis was submitted by PSEG Long Island at the end of the third quarter, and LIPA is currently in the process of reviewing this submission.

### **Capital Project Impact Analysis (BS-8)**

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

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

PSEG Long Island successfully completed the target deliverable required as of the third quarter of 2022. PSEG Long Island provided LIPA with a framework outlining the structure and elements of the impact analysis, new internal procedures, and a completed Capital Project Impact Analysis for the five selected projects.

### **Human Resources Metrics (BS 3-5)**

The Employee Engagement - Participation Rate Metric (BS-3) requires PSEG Long Island to improve the rate of employee participation in the annual Employee Engagement survey so that results are representative of a larger and broader spectrum of employees. Employers with strong engagement scores report higher productivity, greater efficiency, and lower turnover than employers with low engagement scores. Therefore, receiving feedback from a greater percentage of employees provides a more accurate assessment of employee sentiment and satisfaction. PSEG Long Island's engagement surveys launch in September with results finalized by mid-November. While PSEG Long Island achieved increases in 2021 over the 2020 participation rates, it is not possible to know whether PSEG Long Island will satisfy this metric until the next survey is completed.

The Employee Engagement - Score Rate Metric (BS-4) metric endeavors to drive actions and results that demonstrate higher employee engagement scores in selected categories. Irrespective of their job titles or salary, employees who are more satisfied with their job produce more and do it more efficiently. Categories that impact performance and culture are included in the 2022 metric: specifically, Net Promoter Score, Recognition and Reward, Continuous Improvement, Performance Management, and Growth and Development.

While it is not possible to know whether PSEG Long Island will satisfy this metric until the next survey is completed, they are taking affirmative actions to increase their scores, including mobilizing organizational groups at the enterprise, leadership, line of business, and grass roots levels to address employee feedback at all levels to improve employee experience and drive greater performance.

The Full Time Vacancy Rate metric 's (BS-5) objective is for PSEG Long Island to obtain the budgeted full-time headcount identified as necessary to achieve operational objectives within the identified departments and to minimize expenses related to supplemental resources such as temporary employees, consultants, affiliate employees, etc. This metric requires PSEG Long Island to attain an annual vacancy rate of no greater than 5.0% in four identified categories (Overall, Transmission & Distribution, Customer Service including Energy Efficiency, and Business Services including Power Markets) and no greater than 7.0% in Information Technology. Metric performance is calculated at year-end and is a 12-month average. The September 2022 YTD Actual vs. Budget - Metric Summary Report indicates that for the first nine months of 2022, **PSEG Long Island's vacancy rates are above the metric targets in three of the five categories and successful satisfaction of this metric is uncertain.**

#### **Information Requests Response (IR-13)**

This metric requires PSEG Long Island to work with LIPA to develop a policy establishing requirements for timely substantive responses to information requests (IRs). LIPA developed a tracking system to evaluate whether this metric is reached each quarter. PSEG Long Island's percentage of on-time completion of IRs in the 1<sup>st</sup> quarter was 96.97%. For the 2<sup>nd</sup> quarter, PSEG Long Island scored 82%. For the 3<sup>rd</sup> quarter PSEG Long Island scored 88%, making the average on-time completion rate, as of September 30, 2022, 89% which is on the cusp of meeting the metric target. At this time, LIPA cannot predict whether PSEG Long Island will continue to respond to IRs in a manner that will allow them to successfully achieve this metric at year end.

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

This metric requires PSEG Long Island's Procurement group to procure and implement a system to track Contractor Evaluation Performance Data. PSEG Long Island has procured a system, SupplyHive and started implementing it. The first phase is to monitor contracts valued at \$2 million or greater and track vendors' performance against the following benchmarks: Safety and Casualty Rate, Contract Risks, Quality Performance and Values and Cost. The first report from SupplyHive was delivered to LIPA on September 28, 2022 and LIPA and PSEG Long Island have met to discuss LIPA's comments on the report. Currently, LIPA does not anticipate issues with PSEG Long Island meeting this metric.

#### **Other Business Services Metrics**

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

**Enterprise Risk Management KRIs (BS-2)**

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

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

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

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

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

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

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



## Third Quarter Status Details

### Qualitative Metrics

Year to date, the 14 Business Services Qualitative Metrics have had 62 deliverables due. 61 deliverables have been submitted by PSEG Long Island, with 43 approved by LIPA, 16 with LIPA Review in Progress, and two (2) that were rejected and did not meet the metric. There is one (1) Overdue metric with no exception request outstanding.

For the Third Quarter, the Business Services Qualitative Metrics had 23 deliverables due. 22 deliverables have been closed by PSEG Long Island, with 13 approved by LIPA, eight (8) with LIPA Review in Progress and one (1) that was rejected and did not meet the metric. There is one (1) Overdue metric with no exception request outstanding.

The status, as of October 1, 2022, of each Business Services Qualitative Metric deliverable that was due in the Third Quarter is detailed in the following table.

**FIGURE 11: BUSINESS SERVICES QUALITATIVE METRICS Q3 DELIVERABLES STATUS**

METRIC #	DELIVERABLE	STATUS
	<b>Enterprise Risk Management (ERM) Report</b>	.
BS-1.4	Delivery of a comprehensive Annual Enterprise Risk Management presentation to LIPA senior management to be held within 30 days of delivery of the June 30 report.	Approved - Met Metric Standards/Completed
	<b>Advanced Metering Infrastructure (AMI) Opt Out Fees</b>	.
BS-12.1	All AMI fees are accurately implemented by June 30, 2022. Starting with July 2022, all fees are built into the billing system and appear on customers' bills based on meeting the defined criteria.	Review in Progress
	<b>Legal Staffing</b>	.
BS-14.5	PSEG LI to create a plan to implement the recommendations of the study by June 30, 2022, taking into account the consultants' suggested reasonable timelines for implementation, and submit it to LIPA for its approval.	Approved - Met Metric Standards/Completed
BS-14.6	LIPA to approve PSEG LI's plan of implementation.	<b>Overdue - No Exception Requested/Exception Denied</b>
	<b>Contractor Performance Evaluation System</b>	.
BS-15.2	Using LIPA-approved evaluation criteria, PSEG Long Island will evaluate all applicable firms and present first bi-annual report, including remediation plan, by September 30, 2022.	Review in Progress
	<b>Government &amp; Legislative Affairs</b>	.
BS-16.18	Provide LIPA with written notice within three weeks of introduction of Bills in the NYS Legislature that could have a direct impact on LIPA/PSEG Long Island. Quarterly review to include sign off on percentage of bill notifications that were made timely.	Approved - Met Metric Standards/Completed

BS-16.19	Provide analysis on “mutual legislative priorities” in an agreed upon format, within 30 days of notification to LIPA of bill introduction. Analysis shall include but is not limited to: a. a summary of proposed legislation b. a summary of potential impacts on LIPA and/or PSEG Long Island operations c. a summary of potential ratepayer impacts Quarterly review to include sign off on percentage of bill notifications that were made timely.	Approved - Met Metric Standards/Completed
BS-16.20	Track status of “mutual state legislative priorities” and provide an accurate bi-weekly update, if updates occur, beginning on January 14, 2022 and continuing until the end of scheduled legislative session. Provide monthly reports after scheduled legislative session until December 31, 2022 unless needed more frequent.	Approved - Met Metric Standards/Completed
BS-16.21	Track status of “mutual state legislative priorities” and provide an accurate bi-weekly update, if updates occur, beginning on January 14, 2022 and continuing until the end of scheduled legislative session. Provide monthly reports after scheduled legislative session until December 31, 2022 unless needed more frequent.	Approved - Met Metric Standards/Completed
BS-16.22	Track status of “mutual state legislative priorities” and provide an accurate bi-weekly update, if updates occur, beginning on January 14, 2022 and continuing until the end of scheduled legislative session. Provide monthly reports after scheduled legislative session until December 31, 2022 unless needed more frequent.	Approved - Met Metric Standards/Completed
<b>Project Outreach</b>		.
BS-17.10	By September 30, 2022, develop and share with LIPA and DPS recommendations for outreach improvements deemed appropriate based on feedback from the survey tool.	<b>Rejected - Did Not Meet Metric Standards</b>
BS-17.7	Starting on March 15, 2022, and by the 15th of each month thereafter, provide to LIPA and DPS details of all survey responses received up until the 1st of the month.	Approved - Met Metric Standards/Completed
BS-17.8	Starting on March 15, 2022, and by the 15th of each month thereafter, provide to LIPA and DPS details of all survey responses received up until the 1st of the month.	Approved - Met Metric Standards/Completed
BS-17.9	Starting on March 15, 2022, and by the 15th of each month thereafter, provide to LIPA and DPS details of all survey responses received up until the 1st of the month.	Approved - Met Metric Standards/Completed
<b>Customer Segmentation</b>		.
BS-18.11	Measure Key Performance Indicators (KPIs) to understand if segments are performing well including: · Effectiveness of marketing strategy · Effectiveness of communication channels · Increases in participation  Based on program duration, PSEG Long Island will send monthly reporting of effectiveness.	Review in Progress

BS-18.4	<p>Measure Key Performance Indicators (KPIs) to understand if segments are performing well including:</p> <ul style="list-style-type: none"> <li>· Effectiveness of marketing strategy</li> <li>· Effectiveness of communication channels</li> <li>· Increases in participation</li> </ul> <p>Based on program duration, PSEG Long Island will send monthly reporting of effectiveness.</p>	Approved - Met Metric Standards/Completed
BS-18.7	Present preliminary roadmap to LIPA by September 30, 2022	Review in Progress
BS-18.8	Evaluate available software or programs to host segmentation data. Complete evaluation of host platform by September 30, 2022.	Review in Progress
BS-18.9	<p>Measure Key Performance Indicators (KPIs) to understand if segments are performing well including:</p> <ul style="list-style-type: none"> <li>· Effectiveness of marketing strategy</li> <li>· Effectiveness of communication channels</li> <li>· Increases in participation</li> </ul> <p>Based on program duration, PSEG Long Island will send monthly reporting of effectiveness.</p>	Approved - Met Metric Standards/Completed
<b>Affiliate Cost Benefit Justification</b>		.
BS-7.1	By March 31, 2022, PSEG and LIPA will reach agreement on specific scope of affiliate services within HR and IT that will be analyzed with timeline to split scope / analysis over of 2022 Q2 and 2022 Q3	Approved - Met Metric Standards/Completed
BS-7.3	By September 30, 2022, PSEG will complete analysis of Q3 scope as agreed upon in Item #BS-7.1	Review in Progress
<b>Capital Project Impact Analysis</b>		.
BS-8.2	2. Draft new internal procedures by August 30, 2022	Review in Progress
BS-8.3	3. Provide LIPA analysis for new projects seeking approval in the 2023 planning cycle by September 15. The analysis shall be subject to LIPA review and approval, which shall not be unreasonably withheld. If this results in a listing of less than 5 projects, additional projects will be selected by the Joint PSEGLI and LIPA Capital working group to ensure the analysis is performed for a minimum of 5 projects.	Review in Progress

### Quantitative Metrics

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

**FIGURE 12: BUSINESS SERVICES QUANTITATIVE METRICS Q3 STATUS**

METRIC #	METRIC NAME	L/H	YE TARGET	YTD TARGET	YTD RESULT	YTD PERFORMANCE
BS-03	Employee Engagement - Participation Rate	H	100.0%	100.0%	Q4	TBD
BS-04	Employee Engagement Score	H	66.7%	66.7%	Q4	TBD
BS-05	Full Time Vacancy Rate	H	100.0%	100.0%	60.0%	Behind Target
BS-13	Information Request (IR) Responses	H	90.0%	90.0%	88.0%	Behind Target
BS-19	Reputation Management – Positive Media Sentiment	H	28.0%	28.0%	62.8%	Meeting Target
BS-20	Reputation Management – Share of Voice	H	50.0%	50.0%	100.0%	Meeting Target
BS-21	Social Media Engagement and Following	H	100.0%	100.0%	100.0%	Meeting Target

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

**Table Note 2:** The objective of BS-5 – “Full Time Vacancy Rate” is to achieve a vacancy rate of no greater than 5.0% for the following four areas: (Overall PSEG LI, Electric T&D, Customer Services (including Energy Efficiency) and Business Services (including Power Systems Management) and a vacancy rate of no greater than 7.0% for Information Technology. Through Q3, PSEG Long Island’s performance level of 40% reflects that it is meeting the vacancy rate target for 2 areas (T&D Electric and Overall PSEG LI) but is behind target for the three remaining areas.

**Table Note 3:** “Reputation Management – Share of Voice” requires that PSEG Long Island achieves a 50% “Share of Voice” during storm and other crisis events. It is defined as the amount of media stories mentioning PSEG Long Island that quote someone from the organization or cite data it has provided. Through Q3, PSEG Long Island is performing at 100% versus the target of 50% for qualifying events.

# **SECTION II: BOARD RECOMMENDATIONS**

## OVERVIEW OF BOARD RECOMMENDATIONS STATUS

The LIPA Board directed PSEG Long Island to file **Project Implementation Plans (PIPs)** to implement 172 recommendations to remedy deficiencies in management, emergency management, information technology, and other operational areas. The PIPs define the objectives, deliverables, and scope of the remediation projects as well as the major milestones.

These 172 recommendations have resulted in 147 PIPs, including:

- 78 PIPs to address shortcomings that turned Tropical Storm Isaias into a hardship for Long Island and Rockaways electricity customers (the “Task Force Recommendations”); and
- 69 PIPs to correct other PSEG Long Island management deficiencies and process improvements unrelated to the storm (the “Management Recommendations”).

The Board directed LIPA staff to monitor PSEG Long Island’s execution of the PIPs, to independently verify and validate (IV&V) the remediation of each of the recommendations, as necessary, and to provide a quarterly report to the Board on the status of the PIPs until all such projects are complete. Many of these recommendations have now been incorporated into the 2022 Performance Metrics. This section details the status of the Board Recommendations that are not fully addressed by the Performance Metrics; and constitutes the sixth such quarterly report.

In August 2022, LIPA proposed a plan to PSEG Long Island to close out the pending Board Recommendations. There has been renewed focus on the recommendations since then, and PSEG Long Island has made progress. Five (5) Delayed recommendations have been Closed by PSEG Long Island since the last Quarterly report, and one (1) recommendation for which the PIP was previously not due is now On Schedule. IV&V has been completed for 29 recommendations.

The statuses reported here are based on tracking of the close-out plan activities as of November 9, 2022.

## ITF RECOMMENDATIONS

The 85 Isaias Task Force recommendations resulted in 78<sup>5</sup> PIPs. Figure 13 summarizes the status of the 78 PIPs, of which:

- 10 (13%) of the projects have been incorporated into the OSA with negotiated dates and targets (many of which are later than the original PSEG LI project plan); and are being reported on as part of the 2022 Performance Metrics reporting.
- 16 projects (20%) are either delayed or PSEG Long Island has not yet submitted an acceptable PIP to address the Board's recommendations.
- 52 projects (67%) are closed by PSEG Long Island (some of which remain subject to LIPA IV&V).

**FIGURE 13I: STATUS OF PROJECT IMPLEMENTATION PLANS FOR THE ISAIAS TASK FORCE RECOMMENDATIONS**

As of	On Schedule	2022 OSA Metric	Delayed	No Approved PIP <sup>6</sup> / PIP Deferred	Closed by PSEG LI / Completed <sup>7</sup>	Total
Oct 2022	0 (0%)	10 (13%)	12 (15%)	4 (5%)	52 (67%)	78

**Since the 2022 Second Quarter Report, four (4) previously Delayed Isaias Task Force Recommendations have been closed by PSEG Long Island, and 27 recommendations have had IV&V successfully completed.**

Figures 14, 15 and 16 summarize the status of each Isaias Task Force Recommendation, including those that are active, closed, and lack an approved PIP, respectively.

<sup>5</sup> The number of projects requiring PIPs may vary over time as recommendations are combined or split into implementation projects.

<sup>6</sup> One of these PIPs has been submitted and is under review.

<sup>7</sup> Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.



FIGURE 14: SUMMARY OF ACTIVE ISAIAS TASK FORCE PROJECT IMPLEMENTATION PLANS

#	Tier	Status	Recommendation	Status Summary	Start Date	Planned End Date per PIP	Status/Schedule Change Since 2022Q2 Report
3.2.1.1	1	Delayed (Reported Closed by PSEG LI, but pending acceptable deliverables)	PSEG Long Island should complete implementing the planned telecommunication design changes and conduct additional capacity testing as soon as possible.	PSEG LI re-submitted close-out artifacts in September 2022, which LIPA rejected as the issues identified with close-out artifacts submitted in March 2022 had not been addressed. The project is still pending submission of acceptable deliverables.	11/6/2020	2/12/2021	None
3.2.1.3	1	Delayed	<p>The existing infrastructure for handling calls within the PSEG Long Island Call Center should be upgraded to a more recent version.</p> <p>PSEG LI should modernize its call center infrastructure to a technology that uses the newer "SIP Trunking" technology.</p>	The project has experienced further delays, with current projections of cutover in November 2022 and close-out artifact submission by 11/30/2022.	1/18/2021	7/9/2021	Further schedule delays, with the projected end date now 11/30/2022 instead of the delayed projected end date of 7/21/2022 reported in June.
4.03	2	Delayed	For the long term, PSEG Long Island needs to strengthen its voice communications engineering and project management staff.	LIPA proposed that PSEG LI submit a revised PIP by 9/30/2022. The revised PIP has not yet been submitted.	7/12/2021	9/3/2021	None
4.04 & 4.05	2	Delayed	<p>Explore integrating the high-volume voice communications design into a more powerful all-encompassing call center design.</p> <p>Develop a more scalable Inbound Contact Center.</p>	Since this recommendation overlaps with the CCaaS metric project and 3.2.1.3, LIPA proposed that PSEG LI submit a revised PIP or close-out report for scope not covered by the above. A close-out report was submitted and rejected due to missing deliverables.	2/1/2021	4/1/2022	None

#	Tier	Status	Recommendation	Status Summary	Start Date	Planned End Date per PIP	Status/Schedule Change Since 2022Q2 Report
4.07	2	Delayed (Reported Closed by PSEG LI, but pending completion of work)	Ensure that the Municipal Portal is more resilient and prepare a backup Mode of Operation in case of OMS failure.	PSEG LI previously reported the recommendation closed based on deployment of a temporary unencrypted solution; however, deployment of the permanent encrypted solution, required to close-out the recommendation, is still pending, and currently projected by PSEG LI to be ready for deployment by 11/07/22. LIPA will accept the recommendation as closed once the permanent solution is deployed and all deliverables and close-out artifacts have been submitted.	8/31/2020	8/16/2021	None
5.02 & 5.03	3	Delayed (Reported Closed by PSEG LI, but pending acceptable deliverables)	Develop more rigorous ERP training and exercises to (a) test decision making, decision paths, and how information passes between functions, and (b) exercise well- developed business continuity plans.	PSEG LI reported the project closed as of 12/01/2021. After review and evaluation of the 2022 Hurricane Tabletop Exercise, LIPA concluded that the exercise did not adequately test PSEGLI personnel's readiness or ability to respond to a major event. LIPA has asked PSEGLI to develop design documents for 26 critical storm processes (ERIP-004), and conduct functional exercises on the LIPA-approved design documents.	4/1/2021	6/30/2021	None
5.04	3	Delayed (Reported Closed by PSEG LI, but pending acceptable deliverables)	Create BCPs for all mission critical systems and processes.	LIPA considers the materials submitted to date deficient; and will keep the project open until the concerns that have been communicated to PSEG LI are addressed. BCPs for critical storm processes (ERIP-004) are currently being addressed by 5.02 & 5.03. LIPA has proposed that LIPA and PSEG LI meet to develop a PIP to address the open concerns with BCPs more broadly, i.e., beyond critical storm processes.	2/26/2021	7/30/2021	None
5.07	1	Delayed	Expand the Emergency Assistance Agreement with National Grid to include Generation employees.	Submission of the expanded Emergency Assistance Agreement, which is reported to be under review by PSEG LI Legal, is pending.	12/31/2020	2/15/2021	None

#	Tier	Status	Recommendation	Status Summary	Start Date	Planned End Date per PIP	Status/Schedule Change Since 2022Q2 Report
5.10 & 5.4.6	3	Delayed	Undertake a thorough review of damage assessment crew management processes and especially performance shortcomings during Isaias. Ensure that the damage assessment protocols are optimized and that they leverage modern field management technology (e.g., mobility app).	LIPA reviewed the status of the Gap Closure Schedule with PSEG LI. The project will remain open pending a revised signed contract between PSEG LI and National Grid.	Unknown	7/2/2022	None
5.13 5.4.3 5.4.4	3	Delayed	Explore using National Grid resources and local electrician resources for emergencies. Work with National Grid and local electrical contractors to train a workforce to make repairs to low-voltage service drops.	LIPA was able to get a commitment from IBEW Local 1049 to train gas contractors to replace or repair secondary services house to pole. LIPA has requested PSEG LI to conclude an agreement with Local 1049 and submit a PIP to complete the training and operationalize, which has been delayed.	unknown	8/1/2021	None
5.17	2	Delayed (Reported Closed by PSEG LI, but pending completion of work)	Benchmark the PSEG Long Island process to maintain the LSE customer list to the best practices used by other New York utilities. Evaluate the success of the 2020 LSE recertification and implement corrective actions so that 95% or more of LSE customers re-certify their need and update their contact information each year.	PSEG LI reports the project closed; however, PSEG LI has not achieved the 95% recertification target in the PIP. LIPA has proposed a 2023 metric (CS-26) to close out this recommendation. Upon finalization of the 2023 metrics, this recommendation will be considered replaced by the metric, if approved.	12/11/2020	10/31/2021	None
7.06	3	Delayed	Appoint a dedicated PSEG Long Island Vice President for Emergency Management. PSEG Long Island staff should actively engage in best practice peer groups on a wide range of important topics, including emergency planning and management. PSEG Long Island staff should not be reliant on their Newark counterparts to share such practices.	The Second A&R OSA effective April 1, 2022, requires a Director of Emergency Management. LIPA will keep this recommendation open until the position is filled. LIPA has proposed that upon the hiring of the Director of Emergency Services, meetings can be held between LIPA and PSEG LI to develop a PIP to complete the balance of the recommendation regarding best practice peer groups.	9/1/2021	3/31/2022	Status changed from No Status Reported to Delayed

FIGURE 15: SUMMARY OF CLOSED / COMPLETED ISAIAS TASK FORCE PROJECT IMPLEMENTATION PLANS<sup>8, 9</sup>

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
3.2.1.2	1	Closed	Improve the pre-storm planning process and include specific communication, coordination, and escalation with the communication service carriers and the HVCA provider before and during the storm.	Closed 2021Q3. LIPA has requested additional documentation (the Verizon scope of services) to complete IV&V, which is pending.	11/17/2020	12/22/2020	8/13/2021	8/20/2021	None
3.2.1.5	1	Completed	PSEG Long Island should develop appropriate capacity monitoring and management processes to support evidence-based demand forecasting and capacity planning.	Closed 2021Q3. PSEGLI submitted revised artifacts, as requested by LIPA to complete IV&V. LIPA completed IV&V and accepted recommendation closure.	12/4/2020	NA (no approved PIP)	8/13/2021	8/20/2021	Status changed from Closed to Completed
3.2.1.6	1	Completed	PSEG Long Island should review the service operation process between PSEG Long Island and Verizon to understand how the major issues as identified are handled.	Closed 2021Q3. PSEGLI submitted revised artifacts, as requested by LIPA to complete IV&V. LIPA completed IV&V and accepted recommendation closure.	9/10/2020	1/19/2021	8/6/2021	8/20/2021	Status changed from Closed to Completed
3.2.2.5	1	Completed	Automate monitoring of the OMS and CAD at the infrastructure level to detect infrastructure failures and give administrators an opportunity to restore normal operating conditions.	Closed 2022Q2. LIPA has completed IV&V and accepted recommendation closure.	11/23/2020	5/3/2021	2/11/2022	3/17/2022	Status changed from Closed to Completed

<sup>8</sup> Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.

<sup>9</sup> Table does not include 19 recommendations were reported closed prior to institution of the PIP-based tracking process.

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
3.2.2.7	1	Completed	Automate monitoring of inbound outage reports to the OMS, to be able to detect and eliminate erroneous reports that may arrive from any source.	Closed 2022Q2. PSEGLI submitted revised artifacts, as requested by LIPA to complete IV&V. LIPA completed IV&V and accepted recommendation closure.	11/2/2020	5/3/2021	2/11/2022	3/17/2022	Status changed from Closed to Completed
3.2.2.8	1	Completed	Irrespective of whether the failure mode is corrected within the IVR, the OMS should have automated monitoring of data quality arriving from IVR to detect potentially duplicate or otherwise bad information.	Closed 2022Q2. PSEGLI submitted revised artifacts, as requested by LIPA to complete IV&V. LIPA completed IV&V and accepted recommendation closure.	11/2/2020	5/3/2021	2/18/2022	3/17/2022	Status changed from Closed to Completed
3.2.2.9	1	Completed	The IVR and OMS communication protocol should be reviewed in detail and redesigned so that all messages between the two components are agreed, understood, verified to be operational and tested against error conditions such as sending duplicate outage reports.	Closed 2022Q1. LIPA has completed IV&V and accepted recommendation closure.	11/2/2020	5/11/2021	2/6/2022	2/11/2022	Status changed from Closed to Completed
3.2.3.1	1	Completed	At the beginning of storm planning and throughout the storm, designate a system data administrator dedicated to monitor, on a continuous basis, the timeliness, accuracy, and integrity of the information coming from OMS to Kubra.	Closed 2021Q3. LIPA has completed IV&V and accepted recommendation closure.	12/1/2020	3/22/2021	9/17/2021	9/17/2021	Status changed from Closed to Completed
3.2.4.1	3	Completed	Review the storm-oriented customer journey maps implemented within the mobile and web-apps so that customer transactions are directed to the externally hosted infrastructure rapidly.	Closed 2021Q3. LIPA has completed IV&V and accepted recommendation closure.	1/11/2021	9/2/2021	9/17/2021	9/17/2021	Status changed from Closed to Completed

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
3.2.4.3	1	Completed	Introduce the capability to quickly decouple the web and mobile apps from the OMS, so that when unresponsiveness is detected, alternate messaging can be provided to the customer and the OMS can be relieved of incoming transactional pressure.	PSEG LI submitted the required OMS V6.7 deliverables. LIPA has completed IV&V and accepted recommendation closure.	4/7/2021	11/12/2021	2/11/2022	10/19/2022	Status changed from Delayed to Completed
3.2.4.4	3	Completed	Model storm scenarios and conduct thorough stress testing on the website for all customer journeys and ensure that the infrastructure has sufficient capacity for high activity periods.	Closed 2022Q1. LIPA has completed IV&V and accepted recommendation closure.	1/25/2021	3/24/2021	2/6/2022	2/11/2022	Status changed from Closed to Completed
3.2.5.3	2	Closed	PSEG Long Island should also work to install end-to-end quality control measures for communication of ETRs. Consistency across communications channels is critical in developing confidence in the restoration effort.	Closed 2021Q3. LIPA IV&V is in progress.	unknown	3/31/2021	3/31/2021	8/20/2021	None
4.08	2	Completed	Execute a communications plan with local emergency and municipal response officials to confirm municipalities' knowledge of the Municipal Portal and describe efforts to fix its operation from what they experienced during Isaias.	LIPA has completed IV&V and accepted recommendation closure.	1/4/2021	12/31/2021	7/20/2021	8/20/2021	Status changed from Closed to Completed
4.09	3	Completed	Better prepare social media staff to handle barrage of posts using modern artificial intelligence tools.	PSEG LI submitted deliverables and close- out artifacts. LIPA has completed IV&V and accepted recommendation closure.	1/19/2021	6/25/2021	unknown	9/30/2022	Status changed from Delayed to Completed

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
4.10	3	Completed	Implement a solution that allows the OMS to decouple customer reporting from field management activities.	Closed 2022Q2. PSEGLI submitted revised artifacts, as requested by LIPA to complete IV&V. LIPA completed IV&V and accepted recommendation closure.	11/13/2020	2/6/2022	unknown		Status changed from Closed to Completed
4.12	1	Completed	Systematically test the OMS system to ensure that concrete root causes are identified and remedied. If the errors are due to system defects, then demand accountability from the system vendor for timely fixes. Ensure that root causes, not just symptoms, are addressed.	Closed 2022Q2. LIPA has completed IV&V and accepted recommendation closure.	4/23/2021	2/28/2022	4/13/2022	5/20/2022	Status changed from Closed to Completed
4.16		Completed	Install standby hardware resources for use during peak demand.	Closed 2021Q3. LIPA has completed IV&V and accepted recommendation closure.	NA (no approved PIP)	NA (no approved PIP)	8/20/2021	8/20/2021	Status changed from Closed to Completed
4.17	1	Completed	Re-architect the inter-system message queuing applications for greater dynamic stability under highly demanding workloads.	Closed 2022Q1. LIPA has completed IV&V and accepted recommendation closure.	11/13/2020	7/9/2021	2/15/2022	3/9/2022	Status changed from Closed to Completed
4.19	1	Completed	As part of storm preparation, ensure that all application errors and debug conditions have been cleared and the system is operating normally.	PSEG LI submitted deliverables and close-out artifacts. LIPA has completed IV&V and accepted recommendation closure.	1/7/2021	5/3/2021	2/11/2022	10/21/2022	Status changed from Delayed to Completed
5.01	3	Completed	Improve Emergency Planning governance so that utility-wide Emergency Training is under a single Emergency Planning Team and not dispersed among various departments.	Closed 2021Q4. PSEGLI submitted revised artifacts, as requested by LIPA to complete IV&V. LIPA completed IV&V and accepted recommendation closure.	2/19/2021	4/12/2021	6/28/2021	10/25/2021	Status changed from Closed to Completed



#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
5.06		Completed	The Task Force found the general structure of PSEG Long Island's ICS is consistent with the National Incident Management System (NIMS), however, failures of technology were exacerbated by lack of visibility and some adjustments to the ICS may have mitigated the situation. The goal of this plan is to improve visibility within ICS to issues relating to mission critical technology, such that these issues can be more effectively managed during an incident.	LIPA completed IV&V and accepted recommendation closure.	3/1/2021	4/1/2021	6/30/2021	10/25/2021	Status changed from Closed to Completed
5.08	3	Completed	Institute a program to train National Grid Gas and Generation resources to support damage assessment and materials handling work during major storms.	PSEG LI submitted deliverables and close- out artifacts. LIPA has completed IV&V and accepted recommendation closure.	Unknown	4/02/21	10/06/22	10/06/22	Status changed from Delayed to Completed
5.09	3	Completed	Work with off-island sustaining tree contractors to develop consistent work practices, especially for removal of trees from energized lines.	Closed 2021Q4. LIPA has completed IV&V and accepted recommendation closure.	3/1/2021	5/1/2021	4/30/2021	10/25/2021	Status changed from Closed to Completed
5.11	1	Completed	Create criteria to guide implementing circuit sweeps during long outages whenever customers have been out for more than 3-4 days, and enough line resources are available.	Closed 2021Q4. LIPA has completed IV&V and accepted recommendation closure.	1/19/2021	5/15/2021	5/14/2021	10/25/2021	Status changed from Closed to Completed
5.12	3	Completed	Improve training for RDAs including on BCPs. Prepare to implement RCA, when advantageous.	Closed 2021Q4. PSEGLI submitted revised artifacts, as requested by LIPA to complete IV&V. LIPA completed IV&V and accepted recommendation closure.	1/20/2021	5/1/2021	6/30/2021	10/25/2021	Status changed from Closed to Completed

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
5.14	2	Completed	Develop a backup plan for tiered restoration in large-scale events. Train and exercise for tiered restoration operations.	Closed 2021Q4. LIPA has completed IV&V and accepted recommendation closure.	unknown	3/5/2021	6/16/2021	10/25/2021	Status changed from Closed to Completed
5.15	1	Completed	Create an ETR Manager position with staff to monitor OMS systems and ETR quality. The ETR Manager should report to the planning chief within the ICS.	Closed 2021Q3. LIPA verified via review of PSEG LI Organizational Chart and roles and responsibilities during the 2022 budgeting process and subsequently demonstrated during the June 22, 2022, full-scale exercise. LIPA has completed IV&V and accepted recommendation closure.	12/21/2020	2/22/2021	-Unknown	-NA	Status changed from Closed to Completed
5.16	2	Completed	Review restoration verification protocols under "no-OMS" scenarios and ensure that they function efficiently. Leverage the AMI data in OMS to efficiently identify nested outages (the AMI portion of this recommendation has been addressed in Project Plan 5.4.2)	Closed 2021Q4. LIPA has completed IV&V and accepted recommendation closure.	unknown	3/1/2021	3/1/2021	10/25/2021	Status changed from Closed to Completed
5.4.2a	1	Completed	Accelerate the deployment of smart meters and the full integration of smart meters with OMS so that outage reports will be available to OMS more rapidly and embedded outages (i.e., small-scale outages downstream of larger-scale outages) will be more readily identified, thus enhancing the efficiency of job dispatch. (Recommendation was split into 5.4.2a AMI Deployment and 5.4.2b AMI Integration and Operation with OMS).	Closed 2021Q4. LIPA has completed IV&V and accepted recommendation closure.	1/4/2021	8/30/2021		9/28/2021	Status changed from Closed to Completed

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
7.01	1	Completed	Appoint a dedicated “turnaround” CIO at PSEG Long Island.	Completed 2022Q1		03/31/2021	5/3/2021	8/20/2021	None
7.02	2	Completed	Appoint a dedicated CISO at PSEG Long Island.	Completed 2022Q2	10/1/2021	3/31/2022	6/27/2022	NA	None
7.05	3	Completed	LIPA and PSEG Long Island need to restructure their contract to provide holistic accountability to the LIPA Board of Trustees and Long Island customers. Absent such changes, LIPA should consider termination the contract.	Completed 2022Q1	-	12/15/2021	12/15/2021	NA	None
7.07	3	Completed	The OSA contract between LIPA and PSEG Long Island needs to be restructured to eliminate matrix management structures, ensure accountability to Long Island operations, and provide full and complete transparency to LIPA in its oversight function.	Completed 2022Q1	-	12/15/2021	12/15/2021	NA	None

**FIGURE 16: ISAIAS TASK FORCE RECOMMENDATIONS WITHOUT APPROVED PROJECT IMPLEMENTATION PLANS**

#	Tier	Recommendation
5.05 <sup>10</sup>	1	Establish a Crisis Management Team made up of PSEG Long Island and LIPA executives to ensure focus on Long Island operations and sufficient information flow to LIPA to conduct oversight.
6.01	1	PSEG should review the Isaias Task Force's 90-day Report and issue a CATRR (Causal Analysis Team Review Report) that fully addresses the root causes of its failed storm response, including management shortcomings documented in this Report. PSEG should implement an improved after-action analysis process for future storms that has greater rigor.
7.03a	3	Centralize Long Island IT under one enterprise PSEG Long IT organization.
7.04	3	Initiate programs to develop stronger project management capability in PSEG Long Island's IT practice areas.

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<sup>10</sup> PIP submitted and under review.

## MANAGEMENT RECOMMENDATIONS

The 87 Management Recommendations resulted in 69 PIPs, with some PIPs covering multiple recommendations.

Figure 17 summarizes the status of the 69 Management PIPs.

- 2 projects (3%) are reportedly on schedule.
- 30 of the Management Recommendations (43%) have now been incorporated into the OSA [2022 Performance Metrics](#) with negotiated dates and targets; and are being reported as part of the 2022 Performance Metrics reporting.
- 6 projects (8%) are either delayed or PSEG Long Island has not yet submitted an acceptable PIP to address the Board's recommendations.
- 31 projects (45%) were closed by PSEG Long Island (some of which remain subject to LIPA IV&V).

**FIGURE 17: STATUS OF PROJECT IMPLEMENTATION PLANS FOR MANAGEMENT RECOMMENDATIONS**

As Of	On Schedule	2022 OSA Metric	Delayed	PIP Not Accepted or Submitted / PIP Not Due or Deferred	Closed by PSEG LI / Completed <sup>11</sup>	Total <sup>12</sup>
Oct 2022	2 (3%)	30 (43%)	5 (7%)	1 (1%)	31 (45%)	69

Since the 2022 Second Quarter Report, one (1) Management Recommendation for which the PIP was previously not due is now On Schedule, one (1) previously Delayed recommendation has been closed by PSEG Long Island, and two (2) recommendations have had IV&V successfully completed.

The following tables summarize the status of the Management Recommendations. Scope areas that have not had any open recommendations since the previous quarter are not included.

<sup>11</sup> Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.

<sup>12</sup> The number of projects requiring PIPs may vary over time as recommendations are added, combined or split into separate implementation projects.

**FIGURE 18: OPERATING BUDGETS RECOMMENDATIONS**

#	Reported Status <sup>13</sup>	Recommendation	Status Summary	Planned End Date
OBD-1	On Schedule	LIPA will develop a new budget system to provide for improved documentation, centralized budget calculations, data analytics and forecasting capabilities, and budget control.	Acquisition of Technology Platform and implementation services have been completed. Currently, LIPA and PSEG LI are in the Design/Build implementation stage and will go live with both Phase I & II in 2023 Q3.	Phase 0 – 2022 Q3 Phase 1 – 2023 Q3 Phase 2 – 2024 Q2
OBD-2	Completed	PSEG Long Island will develop Budget Briefing Books as part of the budget development process. The Budget Briefing Books will document and explain work plans and the proposed resource allocation at department levels.	Complete	July 2021
OBD-3	Completed	LIPA is requiring PSEG Long Island to provide explanations on the reallocation of funds within the Operations & Maintenance Budget.	Complete	April 2021

**FIGURE 19: REAL ESTATE MANAGEMENT RECOMMENDATIONS**

#	Reported Status <sup>10</sup>	Recommendation	Status Summary	Planned End Date
RE-01 (10.04)	Completed	Develop a long-term strategy for LIPA's real estate and facility assets, including a post-COVID-19 space needs analysis.	Completed 2021 Q4, when PSEG Long Island's project consultant, Colliers Portfolio Strategy Consulting ("Colliers"), presented the final deliverable to LIPA and PSEG Long Island Executive Management. Collier's recommendations for specific properties are tracked through Performance Metrics.	2024 Q1

<sup>13</sup> Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.

RE-04 (10.03)	Delayed	Hire an outside consultant to perform a comprehensive review of the existing real property records to confirm accuracy, identify gaps, and make recommendations or process improvements.	PSEG Long Island finalizing QA/QC on records scanned by the vendor. LIPA will review a sample of the documents after QA/QC is complete. LIPA will take custody of the records when its new document management system is implemented.	Q4 2022
RE-05 (10.05)	Delayed	Develop a succession plan for current long-serving PSEG Long Island real estate professionals to ensure knowledge capture and transfer.	Pending submission of close-out report.	11/30/2022

FIGURE 20: INVENTORY MANAGEMENT RECOMMENDATIONS

#	Reported Status <sup>14</sup>	Recommendation	Status Summary	Planned End Date
IMR-02 (GMIT2)	Completed	Lack of Visibility & Formalized Communication	Complete	
IMR-04 (GMIT4)	Completed	Opportunities to Improve and Formalize Training	Complete	
IMR-07 (WM1)	Combined	Barcoding technology is not utilized in material handling	Combined with IMR-01 (GMIT1) and will be part of the IT roadmap.	-
IMR-08 (WM2)	Completed	Exception Reporting	Complete	-
IMR-09 (WM3)	Completed	Lack of Formal Location Signage at Service Centers	Complete	
IMR-10 (WM4)	Completed	Formalize Quality Hold and Returns Locations are Present	Complete	
IMR-11 (WM5)	Completed	Create Bin location in SAP is not restricted	Complete	
IMR-12 (WM6)	Completed	Risk of crew-based pilferage, misuse, mispicked inventory in a self-serve environment	Complete	
IMR-13 (IM1)	Completed	Formalize and Communicate Storm Inventory Strategy	Complete	
IMR-14 (IM2)	Completed	Accountable Parties at an Executive Level do not Meet in a Formal and Routine Manner	Complete	

<sup>14</sup> Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.



IMR-16 (IM4)	Delayed	Workorder Demand, Requisitions and Maintenance BOMs for Material Order is Considered to be Inaccurate	PIP accepted 4/28/2021. Two (2) analyst positions requested with 1 position filled as of June 2022. Second position is currently posted and expected to be filled by 12/30/2022. It should be noted that the Manager from Hicksville retired and position has been absorbed by Manager in charge of fleet.	6/30/2021
IMR-17 (IM5)	Complete	Demand Forecast is not Consolidated and Reviewable in a Drill Down Manner	Complete	
IMR-18 (IM6)	Complete	Inventory Policies, do not Formally Incorporate the Concept of Safety Stock	Complete	7/15/2021
IMR-19 (IM7)	Completed	Minimum/ Maximum Stocking Levels are Formulated based on Experiential Knowledge	Complete	
IMR-20 (IM8)	Combined with SP1 (IMR- 24)	Inventory Policies do not Incorporate "Storm" Clauses (which guarantee supply during critical periods) within Supplier Contracts	PIP approved 5/19/2021.	6/30/2022
IMR-21 (IM9)	Complete	Inventory Policies are Reviewed and Potentially Changed 1 x Per Year	Complete.	
IMR-22 (IM10)	Complete	Limited Stock Rotation Regimen	Complete	
IMR-23 (IM11)	Complete	Limited ability to Track PPE, Consumables, and Tools Spend	Complete.	
IMR-24 (SP1)	Delayed	Nearly no usage of "storm" clauses in vendor contracts	<p>Preliminary discussions have been held with vendors to determine costs and ability to store storm inventory. A cost- benefit analysis has begun including a series of internal reviews of onsite non- labor carrying costs. LIPA has verified completion of plan milestones.</p> <p>PSEGLI reports that vendors have not been receptive to "Storm Clauses." LIPA will review the efforts made by PSEGLI with vendors on inclusion of storm clauses, including any supply chain artifacts that would support inclusion/omission of the clause in future contracts.</p>	7/20/2022
IMR-25 (SP2)	Completed	No EDI (Electronic Data Interchange) / VMI (Vendor Management Inventory)	Complete	10/31/2022

FIGURE 21: COLLECTIONS MANAGEMENT RECOMMENDATIONS

#	Reported Status <sup>15</sup>	Recommendation	Status Summary	Planned End Date
DTS-1	Completed	Materially improve the DTS billing and collections process, including through a review and analysis of the current end-to-end process.	PSEG LI submitted close-out artifacts on 10/7/2022. LIPA has completed IV&V and accepted recommendation closure.	9/30/2021
DTS-2	Completed	Provide access to the DebtNext platform to one LIPA user, who should be able to view transactions and run all reports.	Complete	-
DTS-3	Combined with DTS-1	Improve the billing and collections process for miscellaneous non-utility billings, including delivering improved reports to LIPA.	Combined with DTS-1.	-

FIGURE 22: AFFILIATE SERVICES RECOMMENDATIONS

#	Reported Status <sup>16</sup>	Recommendation	Status Summary	Planned End Date
AS-02	Completed	<b>Enhanced Affiliate Actual Cost Transparency.</b> PSEG must provide LIPA with a quarterly affiliate report detailing actual use of affiliates as compared to budget, including variance explanations. PSEG should provide detailed support for affiliate positions billed at a level equivalent to one full-time position.	Board adopted PIP at June 23, 2021 meeting. The first quarterly report was provided to LIPA for 2021Q3. PSEGLI now sends quarterly reports of affiliate costs to budget analyst who documents variances and discusses with SME any significant differences.	3/1/2023
AS-03	Delayed	LIPA requires PSEG Long Island request approval for hiring ServCo employees, pursuant to its contractual obligations.	LIPA and PSEG Long Island need to implement a "contract administration manual" to formalize the approval process. Clarifications were made in the Second Amended and Restated OSA with regard to LIPA's approval rights. Negotiations of the required contract administration manual remain ongoing.	5/15/2021

<sup>15</sup> Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.

<sup>16</sup> Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.

FIGURE 23: STRATEGIC PLANNING RECOMMENDATIONS

#	Reported Status <sup>17</sup>	Recommendation	Status Summary	Planned End Date
SP-1	PIP Not Accepted	<p>Initiate development of five-year roadmaps for the transmission and distribution (T&amp;D), information technology (IT), and customer service functions, in a format mutually agreed to by LIPA and PSEG Long Island, to be completed by March 31, 2022, and used as guidance for the 2023 Budget. The five-year roadmaps should evaluate the current state, which includes consideration of their top enterprise operations risks, and articulates an end state vision, and identify the projects necessary to close the gap. The end state vision for the functions should take into account industry trends and customer needs and should align with the strategic direction articulated in the policies adopted for the utility by the LIPA Board.</p> <p>The roadmap should also include (i) a cost-benefit analysis for each project; (ii) identify the schedule for and sequencing of projects; (iii) dependency on or interaction with projects initiated by other departments; and (iv) budget requirements for project implementation and operations. The roadmap should include Project Implementation Plans (PIPs) with greater detail for each of the projects.</p> <p>Beginning in April 2022, commence development of five-year roadmaps for PSEG Long Island's remaining seven key functions (i.e., power supply, clean energy programs, business services, human resources, procurement, external affairs, communications, and legal) to be completed by March 31, 2023. Thereafter, the five- year departmental roadmaps should be updated on a biennial cycle.</p> <p>Roadmaps will be reviewed with, and approved by, the Board as guidance documents for future budget requests. Projects identified on the roadmaps with budgetary implications will be included in the Budget Plan for each year.</p>	<p>PSEG Long Island submitted a draft PIP in June 2021. LIPA provided significant revisions in July 2021.</p> <p>PSEG Long Island has yet to provide a revised draft to establish the project timeline. LIPA in conjunction with PSEG Long Island has commenced work in development of 5-year roadmaps. LIPA / PSEG meetings are ongoing. LIPA to create drafts of roadmaps to share with PSEG in the November/December time frame with a goal of closing out recommendation by year end.</p>	3/31/2023

<sup>17</sup> Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.

**FIGURE 24: WORK MANAGEMENT – OVERTIME RECOMMENDATIONS**

#	Reported Status <sup>18</sup>	Recommendation	Status Summary	Planned End Date
WMOT-01	NA (incorporated in OSA Performance Metrics)	Coding and Description Enhancements: Review WBS or Work Order Coding for all projects and Operating Funded Work. Ensure coding is useful for overtime analysis purposes. On an annual basis, review “Short Text” activity codes based on usefulness and ability to enhance decision- making.	PIP was approved in July 2022. The scope of WMOT-01, WMOT-02 and WMOT-04 is covered by Performance Metrics T&D-19 and T&D-23, and these recommendations will no longer be reported in this section.	NA
WMOT-02	Combined with WMOT-01	Enhanced PSEGLI Management Review: Enhance PSEG Long Island internal management review including comparing actuals to target and drilling into areas and jobs that used overtime.	Recommendation submitted for Board approval at the March 2022 Board meeting. PIP combined with WMOT-01 and covered by Performance Metrics.	NA
WMOT-03	On Schedule	Training: Develop training materials for supervisors making overtime decisions to guide decision-making in a consistent manner. Formalize the scheduling of initial training for new supervisors and refresher training for existing supervisors.	Recommendation submitted for Board approval at the March 2022 Board meeting. The PIP was combined with WMOT-01 and approved in July 2022. The recommendation is now being reported separately as the rest of the scope of the combined PIP is covered by Performance Metrics. Training materials have been developed by PSEGLI and are currently under review. Training is scheduled for completion in fourth quarter 2022.	NA
WMOT-04	Combined with WMOT-01	Multi-year overtime target planning: Utilize workforce planning models and techniques to establish long-range (out-year) overtime targets by craft as a guide to ensuring effective and efficient use of overtime utilizing.	Recommendation submitted for Board approval at the March 2022 Board meeting. PIP combined with WMOT-01 and covered by Performance Metrics.	NA

<sup>18</sup> Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.

## Appendix A: Summary Listing of 2022 Performance Metrics

**FIGURE 25: TRANSMISSION & DISTRIBUTION METRICS**

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
<b>TRANSMISSION &amp; DISTRIBUTION</b>			
<b>T&amp;D-1</b>	Asset Management Program – Asset Inventory	<b>\$150,000</b>	Requires PSEG LI to collect and document all Transmission and Distribution (T&D) assets as part of an Asset Management Program in accordance with the Asset Management Recommendations adopted by the LIPA Board of Trustees.
<b>T&amp;D-2</b>	Asset Management Program – Governance	<b>\$200,000</b>	Requires PSEG LI to develop and implement effective governance of an Asset Management Program in accordance with the Asset Management Recommendations adopted by the LIPA Board of Trustees.
<b>T&amp;D-3</b>	Asset Management Program – Enterprise Asset Management System (EAMS)	<b>\$600,000</b>	Requires PSEG LI to plan and implement a full-fledged, electronic EAMS to track all asset, work, maintenance, and inventory activities, to be used for an Asset Management Program, including preventative and predictive maintenance of the T&D system, providing improved reliability and reduced cost to customers.
<b>T&amp;D-4</b>	Transmission & Distribution System Mis-Operations	<b>\$100,000</b>	Requires PSEG LI reduce the number of relay mis-operations on the T&D System by 5% compared to the 3-year average.
<b>T&amp;D-5</b>	Transmission & Distribution Operating Errors	<b>\$100,000</b>	Requires PSEG LI to limit the number of operating errors on the T&D System by 5% compared to the 3-year average.
<b>T&amp;D-6</b>	PTCC Replacement	<b>\$250,000</b>	Requires PSEG LI to execute deliverables related to strategic considerations and conceptual facility designs for the construction of a new Primary Transmission Control Center (PTCC) and Alternate Transmission Control Center (ATCC) to replace the facilities that manage the electric flows on the Long Island electric grid.
<b>T&amp;D-7</b>	System Average Interruption Duration Index (SAIDI) Reliability	<b>\$400,000</b>	Requires PSEG LI to maintain the outages (>5 minutes in duration) experienced by the average customer at under 1 hour annually, which is within the top 10% of peer utilities.
<b>T&amp;D-8</b>	System Average Interruption Frequency Index (SAIFI) Reliability	<b>\$200,000</b>	Requires PSEG LI to maintain the number of outages experienced by the average customer at 1 outage (>5 minutes in duration) every 16 months, which is within the top 10% of peer utilities.
<b>T&amp;D-9</b>	Momentary Average Interruption Frequency Index (MAIFI) Reliability	<b>\$200,000</b>	Requires PSEG LI to reduce the number of momentary outages (<5 minutes in duration) by 13% compared to the 3-year average. Performance has steadily improved and is now approaching the median level of peer utilities.
<b>T&amp;D-10</b>	Reduce Sustained Multiple Customer Outages (S-MCOs)	<b>\$150,000</b>	Requires PSEG LI to reduce the number of customers with more than 4 outages (>5 minutes in duration) per year by 22% to meet the 3-year average, achieving performance that is within the top 25% of peer utilities.
<b>T&amp;D-11</b>	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	<b>\$200,000</b>	Requires PSEG LI to improve circuit conditions for customers that have had more than 4 outages (>5 minutes in duration) per year for three or more consecutive years. PSEG LI will remediate circuit conditions accounting for at least 80% of these customers.

<b>T&amp;D-12</b>	Reduce Momentary Multiple Customer Outages (M-MCOs)	<b>\$150,000</b>	Requires PSEG LI to reduce the customers with more than six momentary outages (<5 minutes in duration) per year by 20% compared to the 3-year average.
<b>T&amp;D-13</b>	Safety – Serious Injury Incident Rate	<b>\$200,000</b>	Requires PSEG LI to safely maintain, construct, and operate the electric T&D system without risk of serious injuries and/or fatalities. The target level of performance is within the top 25% of peer utilities.
<b>T&amp;D-14</b>	Safety – OSHA Recordable Incidence Rate	<b>\$250,000</b>	Requires PSEG LI to maintain employee safety as recorded by OSHA incidents at the 3-year average and increase focus on safety training, employee awareness, and diligence.
<b>T&amp;D-15</b>	Safety – OSHA Days Away Rate	<b>\$250,000</b>	Requires PSEG LI to improve employee safety as measured by OSHA Days Away. The target level is approximately 22% better than the 3-year average.
<b>T&amp;D-16</b>	Safety – Motor Vehicle Accident (MVA) Rate	<b>\$100,000</b>	Requires PSEG LI to reduce the Motor Vehicle Accident (MVA) Rate by 5% compared to the 3-year average.
<b>T&amp;D-17</b>	Work Management – Short-Term Scheduling	<b>\$150,000</b>	Requires PSEG LI to improve work management through short term scheduling in ways that optimize staffing levels, productivity, and overtime.
<b>T&amp;D-18</b>	Work Management – Workforce Management Plans	<b>\$250,000</b>	Requires PSEG LI to improve work management by creating an annual workplan with monthly visibility of all work to be completed in 2022.
<b>T&amp;D-19</b>	Work Management – Improve Planning and Tracking of Work	<b>\$100,000</b>	Requires PSEG LI to improve work management by improving the planning and tracking of work in ways that optimize staffing levels, productivity, and overtime.
<b>T&amp;D-20</b>	Work Management – Improve and Standardize Compatible Unit Estimating (CUEs)	<b>\$100,000</b>	Requires PSEG LI to enhance the governance and use of a detailed estimating process to improve cost and scheduling accuracy.
<b>T&amp;D-21</b>	Work Management – KPIs and Dashboards	<b>\$100,000</b>	Requires PSEG LI to develop work management metrics and tracking to identify opportunities to improve staffing levels, productivity, and reduce overtime in support of scheduled T&D work.
<b>T&amp;D-22</b>	Work Management – Clarify and Rationalize Work Management Roles	<b>\$50,000</b>	Requires PSEG LI to standardize work management roles/positions and implement consistency across yards.
<b>T&amp;D-23</b>	Employee Overtime	<b>\$300,000</b>	Requires PSEG LI to achieve a 2 percentage point reduction in overtime hours worked from the 3-year average.
<b>T&amp;D-24</b>	Vegetation Management – Cycle Tree Trim With Vegetation Intelligence	<b>\$200,000</b>	Requires PSEG LI to develop and execute vegetation management plans that limit vegetation-caused outages using vegetation intelligence.
<b>T&amp;D-25</b>	Vegetation Management – Trim-To-Sky (TTS) Circuits	<b>\$250,000</b>	Requires PSEG LI to execute enhanced TTS vegetation management techniques that limit vegetation-caused outages.
<b>T&amp;D-26</b>	Vegetation Management – Hazard Tree Removal	<b>\$400,000</b>	Requires PSEG LI to identify and remove 12,000 "hazard" trees subject to falling and damaging the electric system during a storm, an increase from approximately 3,000 today.
<b>T&amp;D-27</b>	Storm Hardening – Overhead Hardening	<b>\$250,000</b>	Requires PSEG LI to develop and execute the milestones of the budgeted Storm Hardening Work Plans, which will strengthen the T&D system and improve its ability to withstand storms.
<b>T&amp;D-28</b>	Storm Hardening – Underground Hardening	<b>\$150,000</b>	Requires PSEG LI to develop a pilot program to identify opportunities for rear-yard branch circuits to be converted from overhead to underground lines.

<b>T&amp;D-29</b>	Storm Hardening – Transmission Load Pockets	<b>\$150,000</b>	Requires PSEG LI to identify projects that will enhance system resiliency by providing alternate sources of power to transmission load pockets.
<b>T&amp;D-30</b>	Storm Hardening – ACRV Commissioning Program	<b>\$250,000</b>	Requires PSEG LI to begin a program to operationalize automatic overhead switches as tripping devices to reduce the amount of customers interrupted during a storm.
<b>T&amp;D-31</b>	Storm Hardening – LT5H (ASUV) Program	<b>\$150,000</b>	Requires PSEG LI to install a minimum of 150 automatic overhead switches that will reduce the amount of customers interrupted during a storm.
<b>T&amp;D-32</b>	Estimated Time of Restoration (ETR)	<b>\$200,000</b>	Requires PSEG LI to improve by 10% the accuracy of restoration time estimates in blue sky conditions, giving customers the best available information regarding when their power will be restored.
<b>T&amp;D-33</b>	Real Estate Strategy	<b>\$100,000</b>	Requires PSEG LI to execute the long-term strategy for LIPA's real estate and facility assets in accordance with the LIPA Board recommendations related to Real Estate Management.
<b>T&amp;D-34</b>	Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)	<b>\$200,000</b>	Requires PSEG LI to provide timely and complete project justifications for each capital project and program for LIPA review and approval.
<b>T&amp;D-35</b>	Construction – Project Milestones Achieved	<b>\$200,000</b>	Requires PSEG LI to complete a minimum of 85% of capital projects on time in accordance with the project milestone schedule, which is an improvement over the 3-year average performance.
<b>T&amp;D-36</b>	Construction – Cost Estimating Accuracy	<b>\$200,000</b>	Requires PSEG LI to complete a minimum of 85% of capital projects at the estimated cost, which is an improvement over the 3-year average performance.
<b>T&amp;D-37</b>	Completion of Program Planned Units Per Workplan	<b>\$400,000</b>	Requires PSEG LI to <u>complete</u> all units budgeted in the construction program.
<b>T&amp;D-38</b>	Program Unit Cost Variance	<b>\$200,000</b>	Requires PSEG LI to complete all units budgeted in the construction programs <u>within budget</u> .
<b>T&amp;D-39</b>	Project Completion Consistent with Project Design	<b>\$100,000</b>	Requires PSEG LI to manage capital projects completions such that they meet the approved design.
<b>T&amp;D-40</b>	Double Wood Pole Reduction	<b>\$50,000</b>	Requires PSEG LI to maintain the backlog of double wood poles identified in the National Joint Utilities Notification System (NJUNS) at no higher than the 2021 year end result.
	<b>Compensation at Risk Based on Performance</b>	<b>\$8,000,000</b>	

**FIGURE 26: INFORMATION TECHNOLOGY METRICS**

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
<b>INFORMATION TECHNOLOGY – ORGANIZATIONAL PERFORMANCE</b>			
<b>IT-1</b>	Organizational Maturity Level – Doing	<b>\$250,000</b>	Requires PSEG LI to improve its IT Organizational Maturity to Level 3 in the 'Doing' Category of the Capability Maturity Model Integration (CMMI) model within one year. This improves the capabilities of IT staff to implement IT projects.



IT-2	Organizational Maturity Level – Managing	\$500,000	Requires PSEG LI to improve its IT Organizational Maturity to Level 3 in the ‘Managing’ Category of the CMMI within one year. This improves the capabilities of IT staff to manage IT projects.
IT-3	System Resiliency	\$400,000	Requires PSEG LI to complete a well-designed and robust IT System Resiliency Plan that includes thoroughly exercised Disaster Recovery and Business Continuity Plans for all critical systems/processes.
IT-4	System and Software Lifecycle Management	\$300,000	Requires PSEG LI to maintain and upgrade all IT and operational technology assets managed on behalf of LIPA, including computers, communications equipment, networking equipment, hardware, software, and storage systems, to be within their active service life and under general support from the product vendor.
IT-5	System Implementation – 2022 Budget Projects	\$800,000	Requires PSEG Long Island to implement 21 major IT system projects within industry standards for cost and timeliness, including a GIS long- term roadmap, DER Visibility Project, ADMS long-term roadmap, Long Island Choice and other billing system changes, and an enterprise time and attendance system.
IT-6	System Implementation – Board PIPs	\$500,000	Requires PSEG Long Island to implement 9 major IT system projects related to recommendations adopted by the LIPA Board of Trustees within industry standards for cost and timeliness, including the Outage Management System projects, a strategic plan for outage reporting and communications, and developing a data access and analytics platform.
IT-7	System Segregation	\$250,000	Requires PSEG LI to plan for and separate LIPA IT systems from PSEG New Jersey systems.
	<b>Compensation at Risk Based on Performance</b>	<b>\$3,000,000</b>	

FIGURE 27: POWER SUPPLY &amp; CLEAN ENERGY PROGRAMS METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
<b>POWER SUPPLY PROGRAMS</b>			
PS-1	Long Range Planning Studies – Integrated Resource Plan (IRP)	\$375,000	Requires PSEG LI to complete, per an agreed upon scope and schedule, deliverables associated with the development and issuance of the IRP.
PS-2	Long Range Planning Studies – Energy Storage Request for Proposal (RFP)	\$375,000	Requires PSEG LI to complete, on schedule, deliverables associated with the evaluation of proposals for the 180MW Energy Storage RFP.
<b>CLEAN ENERGY PROGRAMS</b>			
CE-1	Energy Efficiency Plan Savings	\$200,000	Requires PSEG LI achieve the Energy Efficiency Plan targets in the Utility 2.0 filing.
CE-2	Utility 2.0 – Distributed Energy Resources (DER) Hosting	\$150,000	Requires PSEG LI to complete the hosting capacity study proposed in the Utility 2.0 filing.
CE-3	Beneficial Electrification – Building Electrification	\$200,000	Requires PSEG LI to achieve Beneficial Electrification targets in the Utility 2.0 filing, including: Energy Efficient Products, Home Comfort, REAP (Low-Income), and Home Performance.

<b>CE-4</b>	Electric Vehicle (EV) Make-Ready	<b>\$100,000</b>	Requires PSEG LI to achieve the EV Make-Ready targets in the Utility 2.0 filing to accelerate development of EV charging stations.
<b>CE-5</b>	Distributed Energy Resources (DER) Interconnection Process	<b>\$200,000</b>	Requires PSEG LI to improve the DER interconnection process pursuant to LIPA Board-adopted recommendations.
<b>CE-6</b>	Time of Use (TOU) Pricing Pilots – Heating and Large Commercial	<b>\$200,000</b>	Requires PSEG LI to complete development of TOU Pricing Options for space heating and large commercial customers.
<b>CE-7</b>	TOU Pricing Pilot – Year 1 Marketing	<b>\$200,000</b>	Requires PSEG LI to engage and enroll 12,000 new customers in new TOU optional pricing plans.
	<b>Compensation at Risk Based on Performance</b>	<b>\$2,000,000</b>	

**FIGURE 28: CUSTOMER SERVICE METRICS**

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

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

**FIGURE 29: BUSINESS SERVICES METRICS**

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
<b>BUSINESS SERVICES - RISK MANAGEMENT</b>			
<b>ERM-1</b>	Enterprise Risk Management (ERM) Report	<b>\$150,000</b>	Requires PSEG LI to develop a comprehensive ERM report that documents the identification and management of the most high- priority risks across the organization that could impede the achievement of business goals and objectives.
<b>ERM-2</b>	ERM Key Risk Indicators (KRIs)	<b>\$150,000</b>	Requires PSEG LI to develop a proof-of-value pilot on KRIs for select high-priority risks. This pilot will enable more proactive monitoring of risks and provide early indicators when management action is warranted.
<b>BUSINESS SERVICES - HUMAN RESOURCES</b>			
<b>HR-1</b>	Employee Engagement — Participation Rate	<b>\$100,000</b>	Requires PSEG LI to achieve an employee participant rate increase above the 2021 rate by ≥ 15% for Union employees and, maintain a participation rate of 78% or better for MAST

			employees
<b>HR-2</b>	Employee Engagement — Score	<b>\$200,000</b>	Requires PSEG LI to improve the employee rating scores in six key areas by 4% year-over-year on the annual Employee Engagement Survey. The Engagement Survey results drive initiatives to attract and retain a motivated workforce.
<b>HR-3</b>	Full Time Vacancy Rate	<b>\$200,000</b>	Requires PSEG LI to maintain an annual vacancy rate of no greater than 5% overall and no greater than 7% in IT. This metric requires delivering an approximate decrease in vacancy of 3% in Business Services, 34% in Customer Service, and 35% in IT from June 2021 levels.
<b>BUSINESS SERVICES - PERFORMANCE MEASUREMENT &amp; ADMINISTRATION</b>			
<b>PMA-1</b>	Contract Administration Manual (CAM) Completion	<b>\$50,000</b>	Requires PSEG LI to complete drafts and expedite reviews of the CAM. Completed CAMs will improve day-to-day coordination and communication between LIPA and PSEG LI on operational processes.
<b>BUSINESS SERVICES - BUDGETS</b>			
<b>BGT-1</b>	Affiliate Cost Benefit Justification	<b>\$250,000</b>	Requires PSEG LI to justify the use and cost of work done on Long Island by NJ-based PSE&G affiliates. This initiative provides a framework to more closely examine the use of affiliates compared to alternative methods of providing the same service. If an alternative method is determined to be more cost effective or to provide higher quality, this metric requires the development of an implementation plan resulting in savings or greater value to Long Island customers.
<b>BGT-2</b>	Capital Project Impact Analysis	<b>\$100,000</b>	Requires PSEG LI to provide an analysis of the full range of costs and benefits for significant capital projects. LIPA invests over \$700 million on capital projects per year. Many of these projects are large, in excess of \$25 million, and can result in ongoing operating costs and benefits. The objective of this metric is ensure that the promised financial and operational benefits are identified upfront and realized.
<b>BUSINESS SERVICES - ACCOUNTING</b>			
<b>ACC-1</b>	Substation Property Tax Report	<b>\$150,000</b>	Requires PSEG LI to develop the first Substation Valuation Report on 120 substations, comparing assessed values to actual values for tax purposes.
<b>ACC-2</b>	Substation Property Tax Module Plan	<b>\$50,000</b>	Requires PSEG LI to research and map an additional 45 substations for future annual Substation Valuation Reports.
<b>BUSINESS SERVICES - RATES &amp; TARIFFS</b>			
<b>RT-1</b>	Long Island Choice Reform	<b>\$150,000</b>	Requires PSEG LI to implement the reforms of the Long Island Choice program that were recommended by DPS and adopted by the LIPA Board.
<b>RT-2</b>	Advanced Metering Infrastructure (AMI) Fees	<b>\$100,000</b>	Requires PSEG LI to implement accurate and timely billing of AMI fees associated with the substantial completion of AMI deployment.
<b>BUSINESS SERVICES - LEGAL SERVICES</b>			
<b>LEG-1</b>	Information Request (IR) Responses	<b>\$150,000</b>	Requires PSEG LI to respond to at least 90% of IRs from LIPA and DPS within 10 days.
<b>LEG-2</b>	Legal Staffing	<b>\$150,000</b>	Requires PSEG LI to implement the results of a LIPA study of the staffing of its legal department, to ensure adequate staffing of attorneys and paralegals to effectively carry out PSEG LI's obligations on behalf of LIPA.

<b>LEG-3</b>	Contractor Performance Evaluation System	<b>\$250,000</b>	Requires PSEG LI to implement a contractor evaluation system to ensure LIPA is benefitting from suppliers who have demonstrated experience in cost controls, performance, quality, risk management, and collaborative efforts to promote innovation and transformation.
<b>BUSINESS SERVICES - EXTERNAL AFFAIRS &amp; COMMUNICATIONS</b>			
<b>E&amp;C-1</b>	Government & Legislative Affairs	<b>\$100,000</b>	Requires PSEG LI to develop a system to ensure the impact of proposed legislation on customers is effectively monitored.
<b>E&amp;C-2</b>	Capital Project Outreach	<b>\$200,000</b>	Requires PSEG LI to deploy a survey to evaluate capital project outreach and implement process improvements.
<b>E&amp;C-3</b>	Customer Segmentation and Consumer Priorities	<b>\$100,000</b>	Requires PSEG LI to develop targeted marketing and communications to drive measurable increases in program awareness of the household assistance rate, digital payments, and pay station payments and use customer segmentation to improve future marketing.
<b>E&amp;C-4</b>	Reputation Management – Positive Media Sentiment	<b>\$100,000</b>	Requires PSEG LI to achieve at least 28% positive sentiment in media stories as measured by an independent third-party evaluation, up from 14.5% today.
<b>E&amp;C-5</b>	Reputation Management – Share of Voice	<b>\$100,000</b>	Requires PSEG LI to achieve at least 50% "share of voice" in media during storms and emergency events.
<b>E&amp;C-6</b>	Social Media Engagement and Response Rate	<b>\$200,000</b>	Requires PSEG LI to respond to 90% of social media inquiries related to personal health and safety with a live agent within 2 hours on blue sky days and 80% within 3 hours during major storms. Requires 90% of all other inquiries to be responded to with a live agent within 4 hours on blue sky days and 80% within 5 hours during major storms.
	<b>Compensation at Risk Based on Performance</b>	<b>\$4,000,000</b>	



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