

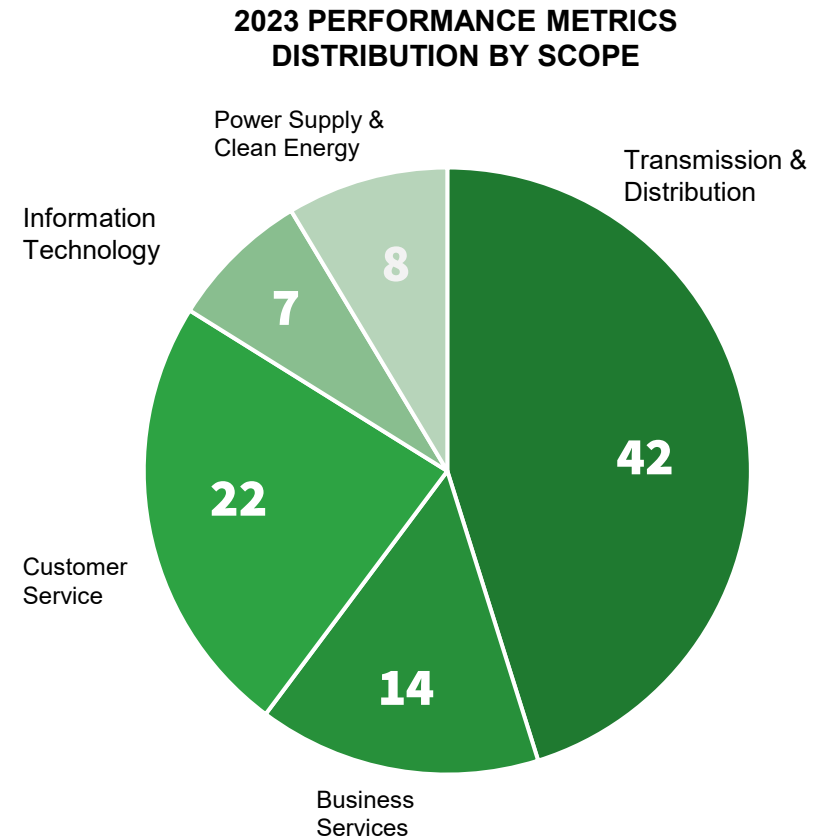


Briefing on Quarterly Report on PSEG Long Island 2023 Performance Metrics and Board Recommendations

June 28, 2023

PSEG LONG ISLAND 2023 METRICS

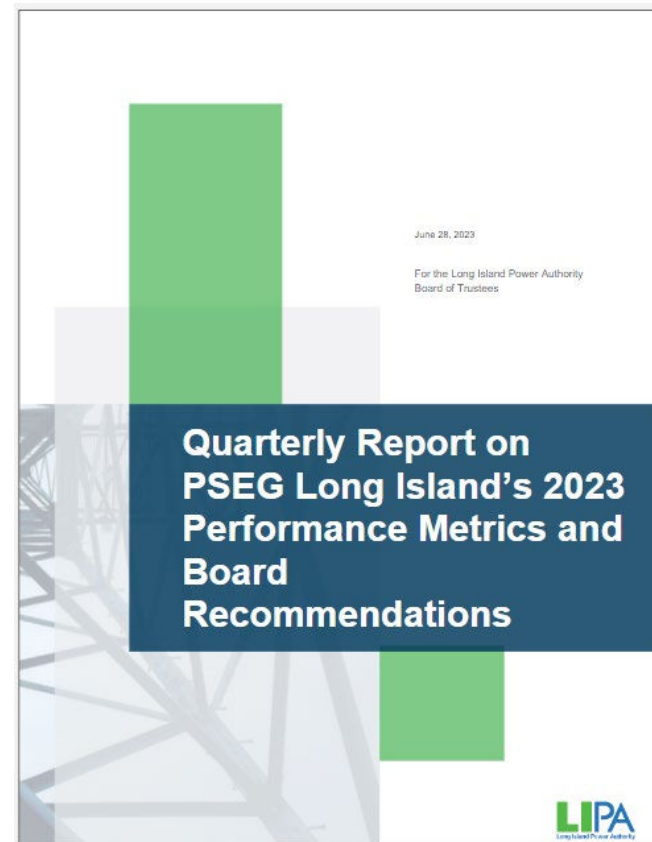
- For 2023, the Board approved **93 [PSEG Long Island Performance Metrics](#)**, distributed across all the management services provided by PSEG Long Island to LIPA and its customers
- Metrics are designed to be reasonably **achievable levels of performance** that are **objectively verifiable**, with **budgeted funds** to achieve this performance
- \$21 million** of PSEG Long Island Variable Compensation* is at-risk based on these performance standards



**2021 dollars indexed for the Consumer Price Index*

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 during the year, as well as an annual final report
- The quarterly report issued in June 2023 provides an overview of the status of each 2023 Performance Metric and Board-adopted Recommendation as of **June 2, 2023**



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 initiatives** 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 requirements for each metric
 - **40 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

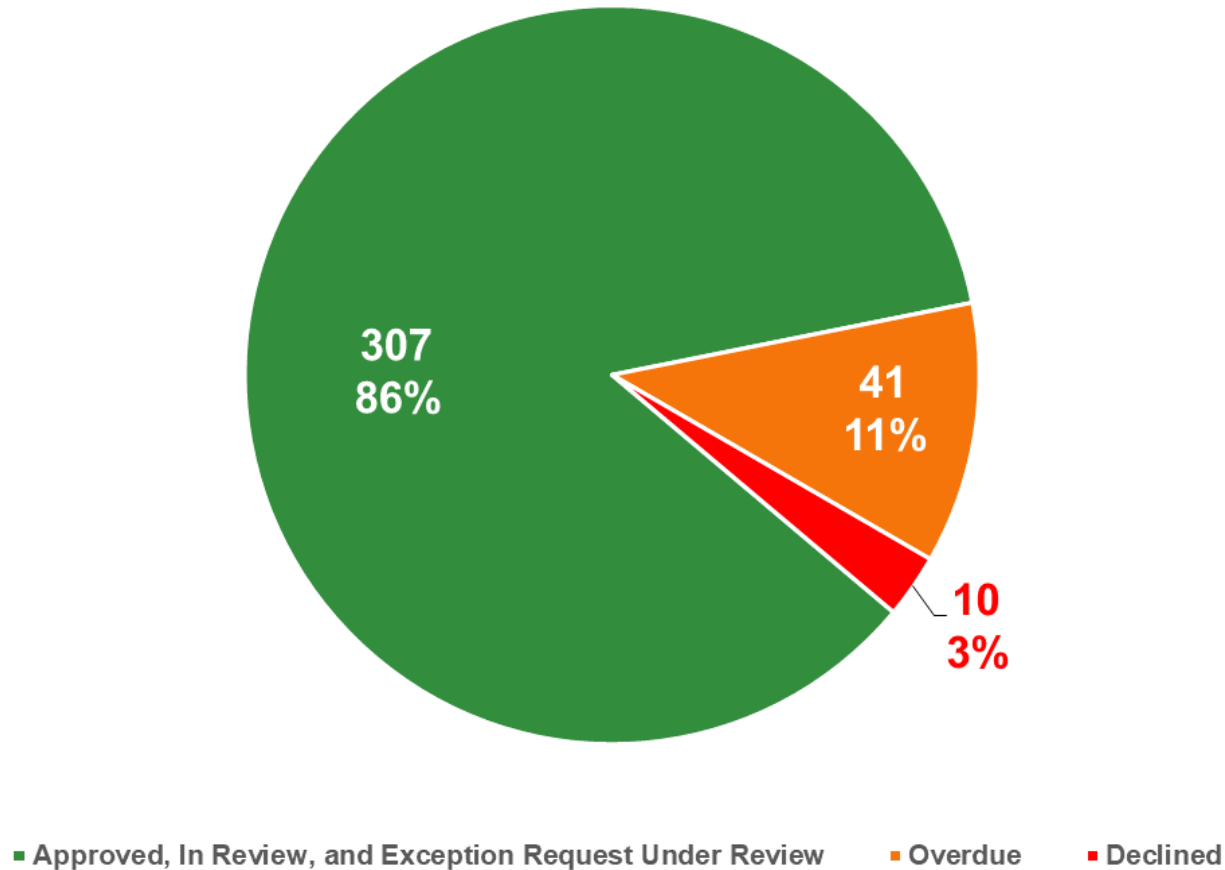
- **In 2022, PSEG Long Island fully met 69% of the Performance Metrics**, ranging from 85% of T&D metrics, 47% of Customer Service metrics, and 29% of IT metrics
- **Current indications suggest that performance trends for 2023 are largely consistent with 2022.** There has been improvement in some areas, but deterioration in others
- **Project management continues to be a significant issue, especially in IT-related projects.** Issues include weak planning and risk management, schedule overruns, and lack of alignment with objectives
 - PSEG Long Island needs much more sophisticated project management, better control and oversight of vendors, better cost management, and better quality control. Improving PSEG Long Island's organizational project management capabilities will continue to be a focus for LIPA
- **Customer Service is struggling with performance this year**, with only 36% of the quantitative metrics on target, and challenges with delivering the expected results for many of the eight (8) qualitative metrics

OVERALL STATUS

- **Despite the challenges, the metrics under the reformed OSA have proven to be a valuable tool for performance management and oversight.**
 - Generally, improvement in responsiveness and engagement from PSEG Long Island
 - Improved performance and results, even in some cases where the metric is not ultimately be met
 - Much greater visibility for LIPA into the progress of projects and initiatives.
 - Surfacing specific areas of weakness and providing insights for efforts to improve performance
- **LIPA strongly advises PSEG Long Island to consider the insights and lessons provided by the metric process and focus on improving performance for 2023 and beyond**

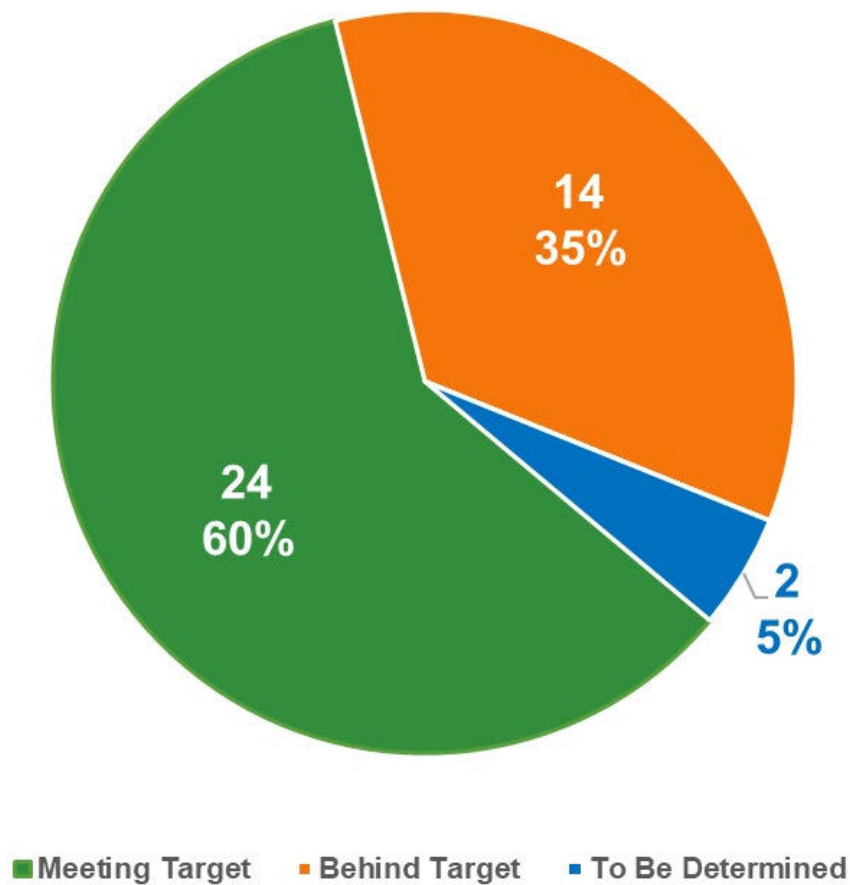
QUALITATIVE METRICS STATUS YTD

The 53 Qualitative Metrics had 358 deliverables due in this reporting period



QUANTITATIVE METRICS STATUS YTD

40 Quantitative Metrics in this reporting period



SELECTED METRICS: SUCCESSES

- The Transmission and Distribution six **Reliability metrics** and four **Safety metrics**, targeted at top decile performance as per industry standards, are being successfully met
- Most of the **Asset Management**, **Work Management**, and **Storm Hardening Metrics** are well on track, except for the **Enterprise Asset Management System** Implementation (T&D-03)
- The **Customer Service Payment Transaction Ease** metric improved by 1.7 percentage points. We expect further customer satisfaction growth with the forthcoming implementation of a new credit card vendor
- Customer Service **Billing Exception Cycle Time** (CS-09) and **Estimated Bill %** (CS-27) are performing well

SELECTED METRICS: SUCCESSES

- Most of power supply and clean energy metrics are on track, however the **Beneficial Electrification** and **Electric Vehicle** (EV) Make-Ready metrics are currently falling short of their targets
- The Business Service Metrics are generally favorable, except for the **Full-Time Vacancy metric**. There's also a need for attention in areas like the **Affiliate Cost and Quality Justifications** and **Consolidate Real Estate Footprint** metrics

SELECTED METRICS: CHALLENGES

- Performance metrics including **Employee Overtime** (T&D-23), **Construction Cost Estimating Accuracy** (T&D-36), and **Double Wood Poles** (T&D-40) are presently under target. However, improvements are expected as the year advances, especially T&D-23 and T&D-36
- The **System Resiliency** metric (IT-03), designed to reduce system failures via comprehensive **Disaster Recovery** and **Business Continuity Plans**, fell short in 2022 and remains challenged in 2023. LIPA expresses concerns about the lack of alignment between PSEG Long Island's approach and the metric's requirements and objectives
- The **Contact Center as a Service (CCaaS)** project, already behind schedule, missed its initial Phase 1 launch date. The proposed new launch during storm season is concerning. LIPA recommends against this and expresses worry about the project not satisfying its end-state and success criteria

SELECTED METRICS: CHALLENGES

- **Customer Service** is facing significant challenges, with only **36%** of the quantitative metrics on target and many of the eight qualitative metrics struggling to deliver expected results
- **Net Dollars Written Off (CS-14) and Low to Moderate Income Program Participation (CS-17)** metrics are behind target and at risk for year-end. **Customer Complaint Rate (CS-19)** has also been increasing

PERFORMANCE METRIC EXCEPTIONS

- LIPA grants flexibility against the metric requirements if deemed in the best interest of achieving the metric objective. Our primary emphasis is in delivering a favorable result for customers, rather than strict enforcement of metric standards
 - Year to date, PSEG Long Island submitted **156** Exception Requests, which sought extensions to **due dates**, changes to project **scopes**, **requirements**, or **methodology**. LIPA granted **108** of the Exception Requests, rejected 25, and 23 are under review
 - LIPA provided PSEG Long Island with **multiple opportunities** for **corrective actions** and **resubmission** of deliverables throughout this reporting period
- Managing PSEG Long Island re-work and quality assurance has proven to be an ongoing **substantial burden on LIPA staff time and resources**



BOARD RECOMMENDATIONS

ISAIAS TASK FORCE RECOMMENDATIONS

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

- 58 projects (74%) are closed by PSEG Long Island (some of which remain subject to LIPA IV&V)
- 11 (14%) of the projects have been incorporated into the OSA Performance Metrics and are being reported on as part of the Performance Metrics reporting
- 9 projects (12%) are either delayed or PSEG Long Island has not yet submitted an acceptable PIP to address the Board's recommendations

As of	On Schedule	2022/2023 OSA Metric	Delayed	No Approved PIP / PIP Deferred	Closed by PSEG LI / Completed	Total
May 2023	0 (0%)	11 (14%)	6 (8%)	3 (4%)	58 (74%)	78

MANAGEMENT RECOMMENDATIONS

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

- 37 projects (54%) were closed by PSEG Long Island (some of which remain subject to LIPA IV&V)
- 2 projects (3%) are either delayed or PSEG Long Island has not yet submitted an acceptable PIP to address the Board's recommendations
- 30 of the projects (43%) have been incorporated into the OSA Performance Metrics and are being reported on as part of the Performance Metrics reporting

As Of	On Schedule	2022 OSA Metric	Delayed	No Approved PIP / PIP Not Due or Deferred	Closed by PSEG LI / Completed	Total
May 2023	0 (0%)	30 (43%)	1 (1.5%)	1 (1.5%)	37 (54%)	69



Discussion

Questions?

June 28, 2023

For the Long Island Power Authority
Board of Trustees

Quarterly Report on PSEG Long Island's 2023 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 million¹ of Variable Compensation that is at-risk based on performance standards. In 2022, the performance standards were negotiated between LIPA and PSEG Long Island as part of the reformed OSA. Starting in 2023, the performance standards are 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 Department.

The **93 performance standards** that constitute the [2023 Performance Metrics](#) are distributed across all of the management services provided to LIPA and its customers. These performance standards 1) advance the Board's strategic direction, as outlined in LIPA's [5-Year Strategic Roadmap](#); and 2) target levels of service the Board has established in [Board Policy](#) or address identified gaps between those levels 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.**

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. 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. PSEG Long Island also has the opportunity to avail itself of dispute resolution procedures both in setting performance metrics and budgets at the beginning of each year and in the final dispensation of whether a metric was achieved.

LIPA oversees PSEG Long Island's progress toward achievement of the [2023 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 status of the metrics as of June 2, 2023.** For quantitative metrics, this includes the most recently reported data as of that date, which was through April 2023.

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 or 2023 Performance Metrics. **Section II of this Quarterly Report summarizes the status of the Board Recommendations that were not fully addressed by 2022 or 2023 Performance Metrics.**

¹ PSEG Long Island's Variable Compensation is \$21 million in 2021 dollars, indexed for the Consumer Price Index, as specified in the OSA, which is approximately \$22.3 million for 2023.

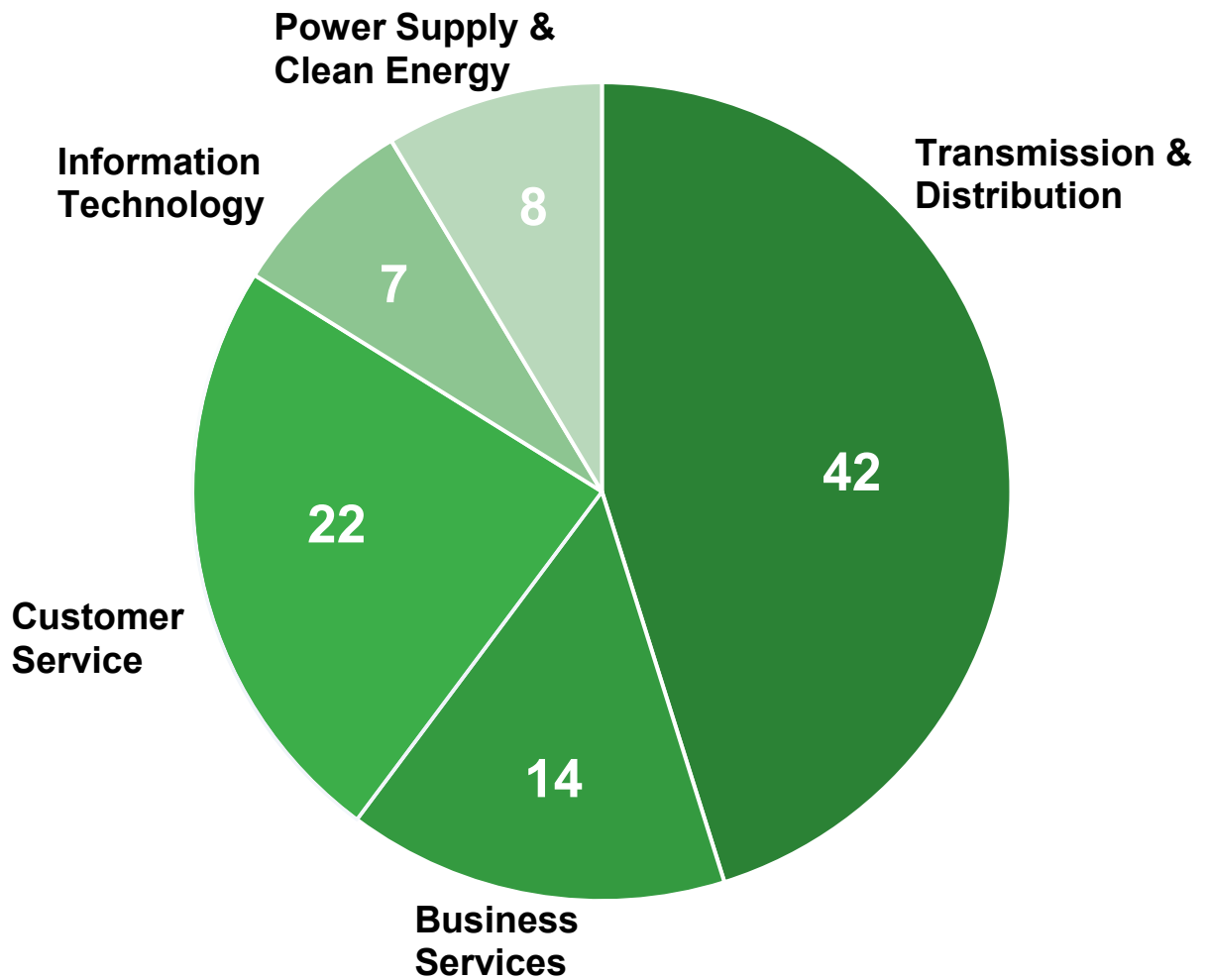
SECTION I: PERFORMANCE METRICS

2023 PERFORMANCE METRICS

The 93 performance standards that constitute the 2023 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:

2023 PERFORMANCE METRICS DISTRIBUTION BY SCOPE



Appendix A summarizes the individual metrics and the associated Variable Compensation for each contract scope. The details of the 93 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 initiatives and incorporate one or more required deliverables with defined target dates.²
- The 40 **Quantitative Metrics** specify predefined numerical measurements of 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 800 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 statuses³:

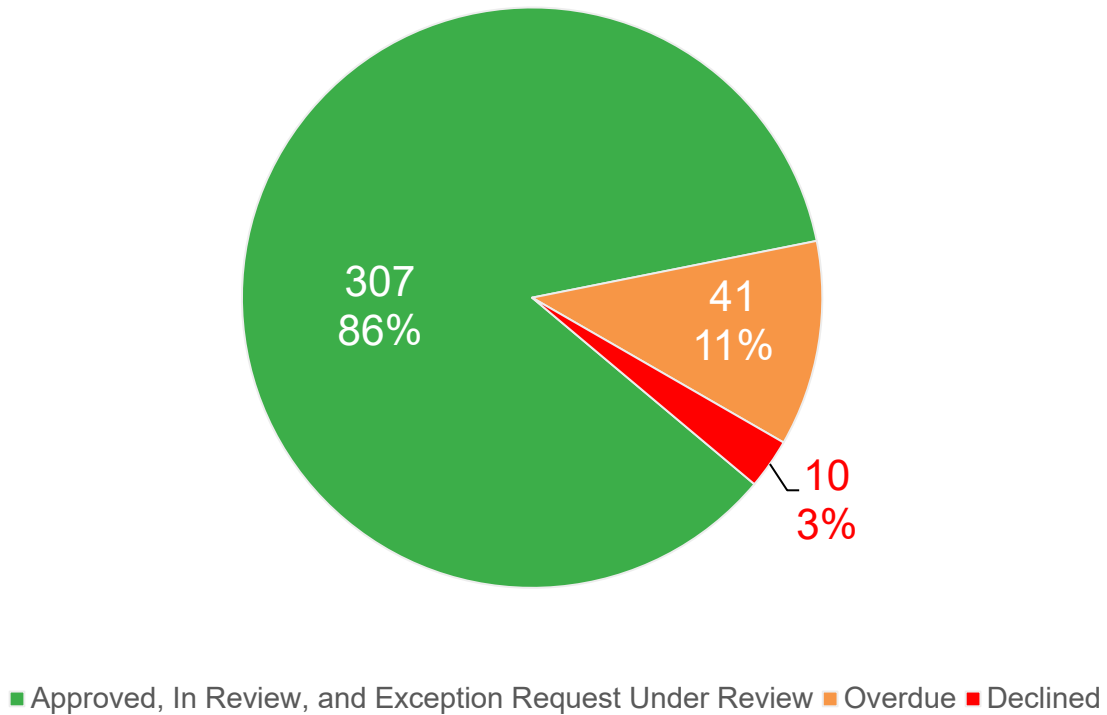
- Review in Progress
- Approved
- Rejected
- Exception Requested
- Overdue

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

³ 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 June 2, 2023, of the 358 deliverables that were due in this reporting period for the 53 Qualitative Metrics. The status of the metrics is further discussed in the Scope sections that follow.

FIGURE 3: QUALITATIVE METRICS YTD DELIVERABLES STATUS FOR ALL SCOPES



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.

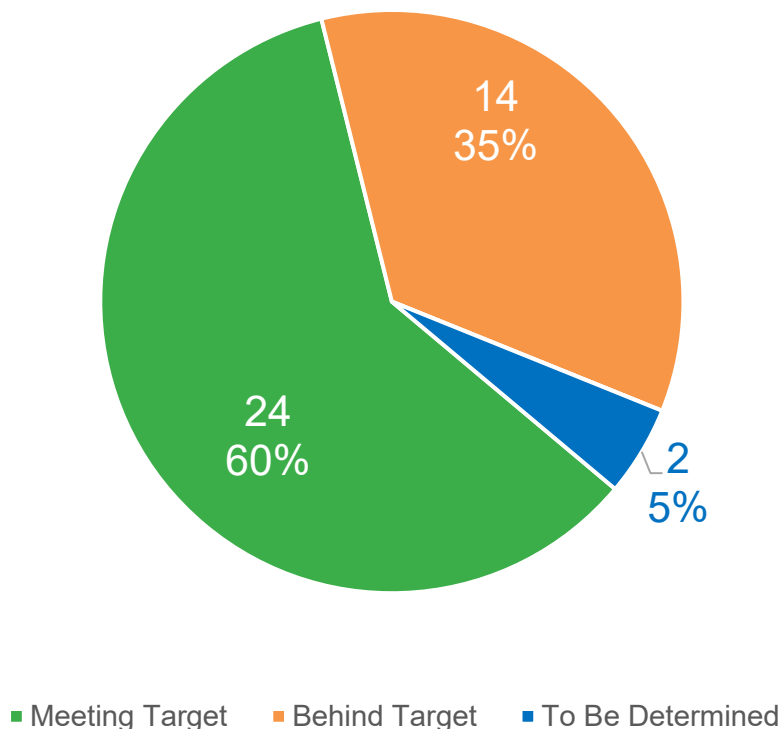
Quantitative Metrics are reviewed via an IV&V process by the assigned PM and SMEs for year-to-date (YTD) performance versus target, trending, and outlook for year-end performance. Further, LIPA monitors compliance with metric standards, requirements, calculations, and agreed-upon exceptions.

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

- Meeting Target (YTD)
- Behind Target (YTD)
- Missed Target (i.e. the YTD performance is such that PSEG Long Island cannot make the metric)
- TBD (i.e. 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 40 Quantitative Metrics as of June 2, 2023⁴. LIPA has provided additional detail on each metric in the Scope sections that follow.

FIGURE 3: QUANTITATIVE METRICS YTD PERFORMANCE FOR ALL SCOPES



⁴ The most recently reported quantitative metrics data as of that date was through April 2023.

SUMMARY OBSERVATIONS ON METRIC PERFORMANCE YEAR TO DATE

In 2022, PSEG Long Island fully met 69% of the Performance Metrics. Ranked by business scope, performance ranked from highest to lowest in Transmission and Distribution (85%), Business Services (71%), Power Supply & Clean Energy (67%), Customer Service (47%), and Information Technology (29%).⁵

While it is too early to predict the outcome of the 2023 metrics, performance continues to be uneven, with significant challenges in some areas. Generally, the pattern of performance appears to be consistent with 2022, with the areas that experienced challenges in 2022 again exhibiting issues in 2023. There are some metrics where performance has improved relative to 2022; unfortunately, there are also some areas where it has deteriorated.

Project management deficiencies persist, particularly in IT-related projects, several of which have already experienced schedule delays in 2023. In addition to schedule and budget overruns, lack of alignment of projects with the desired objectives and end state continues to be a concern. Weak planning and risk management continue to contribute to avoidable delays. Many deliverables continue to be deficient, with issues including inadequate substantive content and a lack of basic quality control.

As LIPA has repeatedly noted, **PSEG Long Island needs much more sophisticated project management, better control and oversight of vendors, better cost management, and better quality control and assurance processes. Improving PSEG Long Island's organizational project management capabilities will continue to be a focus for LIPA.**

LIPA believes that despite the challenges, the metrics under the reformed OSA (effective April 2022) have proven to be a valuable tool for performance management and oversight. There have generally been improvements in responsiveness and engagement from PSEG Long Island, driven by a desire to meet the metrics. Even for initiatives where the outcomes are insufficient to satisfy the metric, there are often beneficial results that likely would not have been achieved in the absence of the metrics. Most importantly, the metric management process provides much greater visibility into the progress of projects and initiatives and helps to surface specific areas of weakness, providing valuable insights to LIPA and PSEG Long Island management in efforts to improve performance. **LIPA strongly advises PSEG Long Island to consider these insights and focus on improving performance for 2023 and beyond.**

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

Transmission and Distribution (T&D)

Most metrics in the Transmission and Distribution scope are progressing well year-to-date.

Notably, the six Reliability metrics and the four Safety metrics, set to be at or near top decile performance as per industry standards, are being successfully met.

Furthermore, for the eleven metrics spanning Asset Management, Work Management, and Storm Hardening, performance has satisfactorily met nearly all metrics in these areas. The only exception is the Enterprise Asset Management System Implementation (T&D-03), which has encountered obstacles and delays. These stem from the complexities of agreeing on acceptable contract terms with the shortlisted Systems Integrator.

A few metrics, such as Employee Overtime (T&D-23), Construction Cost Estimating Accuracy (T&D-36),

⁵ For more information, please see [LIPA's Year-End Report on PSEG Long Island's 2022 Performance Metrics](#).

and Double Wood poles (T&D-40), are currently underperforming. However, we expect the first two to improve as the year progresses. The Double Wood poles metric, unmet in 2022 and trending negatively, will be closely monitored due to the required coordination with external stakeholders for timely pole removals. Additionally, **the Vegetation Management Program, which failed to meet all three of its 2022 metrics, needs enhanced focus.** Presently, the Regulatory Compliance metric (T&D-44) criteria is being assessed to determine the outcome of a couple of potential violations that occurred earlier in the year. LIPA expects to have this resolved by the end of the second quarter and will report accordingly in the next issuance of this report.

Several metrics encountered hurdles with the development of acceptable Project Implementation Plans. Among these, Estimated Time of Restoration (ETR) (T&D-42) and Physical Security (T&D-45) are prominent. The PIP for Physical Security received approval in early June, and the ETR PIP is on the cusp of approval. Meanwhile, other metrics like Primary Transmission Control Center (T&D-06) and Root Cause Analysis (T&D-46) saw their respective PIPs completed and approved in a timely fashion.

Information Technology (IT)

The IT metrics continued to be hampered by the same project management and organizational maturity deficiencies that were major contributors to performance shortfalls on the 2022 IT metrics.

The System Resiliency metric (IT-03), which aims to minimize the probability and impacts of system failures through well-designed, robust, and thoroughly exercised Disaster Recovery and Business Continuity Plans (DRPs and BCPs) for critical systems and processes, was not met in 2022 and is experiencing significant challenges in 2023. While LIPA works with PSEG Long Island to attempt to bring deliverables to an acceptable level, there remains a fundamental lack of alignment of PSEG Long Island's approach to the metric requirements and objectives.

The IT metrics contain two project-based project performance metrics – Project Performance – In-flight Projects (IT-05) and Project Performance – New 2023 Projects (IT-06), encompassing 18 in-flight projects and 16 new 2023 projects. In addition to achieving the objectives of each incorporated project, the metrics aim to improve organizational IT project management performance. **The two 2022 project performance metrics were met/partially met in 2022 only because LIPA extended considerable flexibility, including multiple opportunities for corrective actions and material exceptions for schedule or scope modifications. In 2023, several projects have already exhibited deficiencies.** The already-delayed CCaaS project did not meet the planned Phase 1 go-live date in May, and the new proposed go-live date is in August, during storm season. LIPA has serious concerns about going live with a new customer-facing system during the storm season. In addition to schedule overruns, LIPA has concerns that the project will not satisfy the established project end-state and success criteria. **Three of the four in-flight cyber-security projects also experienced delays** and were granted schedule adjustments, and two of these projects are already behind on the adjusted schedules.

The deliverables for the System and Software Lifecycle Management (IT-04) and Cyber Security Organization – Structure, Staffing, and Capabilities Review (IT-08) metrics required multiple revision cycles but have now received or are nearing approval.

The remaining metrics did not have deliverables due in this reporting period, but **all of the IT metrics will be at risk if PSEG Long Island fails to improve performance. LIPA encourages PSEG Long Island to leverage the CMMI Maturity Framework to drive genuine performance improvements** as it targets reaching CMMI Maturity Level 3 by the end of the year in accordance with the IT Organizational Maturity metric (IT-01).

Power Supply and Clean Energy Programs (PS&CE)

Most of the Power Supply and Clean Energy Programs metrics are on track in this reporting period.

However, **the Beneficial Electrification – Building Electrification (PS&CE-05) and Electric Vehicle (EV) Make-Ready (PS&CE-06) metrics, which were only partially met in 2022, currently trail their year-to-date targets.**

The Building Electrification metric is lagging in the Multi-family Buildings category, while the remaining categories are on par with the expected targets.

Furthermore, the EV Make-Ready metric is trailing its DCFC and Level 2 port targets. Currently, the program has enrolled and energized only 0 and 4 DCFC ports, falling short of the targets of 21 and 18, respectively. LIPA believes this metric is at risk unless new strategies are implemented to boost enrollment.

Customer Service (CS)

Customer Service is struggling with performance this year, with 64% of the quantitative metrics behind target, and challenges with delivering the expected results for many of the eight (8) qualitative metrics. While there are some areas of improvement from the previous year, performance has deteriorated in other areas.

Two of the billing performance metrics, Billing Exception Cycle Time (CS-09) and Estimated Bill % (CS-27), are performing well, as the acceleration of Advance Metering Infrastructure (AMI) installations continues to generate operational improvements. However, LIPA IV&V identified a gap between the historical calculation used by PSEG Long Island to measure billing exception cycle time and the intended definition of the calculation in the metric, which LIPA and PSEG Long Island are in discussions to address. The Billing - Cancelled Rebill (CS-10) metric experienced challenges in March, as the manual enrollment process for over 8,000 new Community Distribution Generation subscribers resulted in over 2,800 accounts enrolled beyond the initial billing period and required rebills to pick up the missed period. All of the billing metrics were met in 2022 and are on track to meet in 2023..

PSEG Long Island has made progress in increasing the headcount in the Contact Center, with positive impacts to the First Call Resolution (CS-13) and IVR Containment (CS-25) metrics, which are both tracking close to their targets. **Despite the increase in headcount, the Contact Center Live Agent Service Level (CS-11) metric is not on track to achieve the target for the year, based on projections from PSEG Long Island and the need to further reduce average handle time and shrinkage. The 2022 Contact Center metrics were not met.**

PSEG Long Island's first quarter residential performance in the JD Power Customer Satisfaction Survey (CS-02) is in the 3rd quartile, up 3 positions and 10 points from 2022 year-end performance, primarily driven by the drop in the East Large Utility segment average by 16 points. No JD Power Business scores (CS-03) were received in this reporting period. The JD Powers metrics were not met in 2022.

The Net Dollars Written Off (CS-14) and Low to Moderate Income Program Participation (CS-17) metrics are behind target and at risk for year end. **The Customer Complaint Rate (CS-19) continues to increase, with complaints in the first quarter 68% higher than complaints during the same period in 2022. The metric is a rolling 12-month average, and at risk for year-end.** CS-14 and CS-19 were met in 2022, and CS-17 was not. **Outage Information Satisfaction (CS-21) results decreased slightly. PSEG Long Island is assessing projects to enhance outage communications, however, making up for the year-to-date deficit to achieve the year-end target requires quick action, which has not yet been displayed.** Payment Transaction Ease (CS-24) results have shown organic

improvement by 1.7 percentage points in transaction ease over the same period in 2022. The implementation of the new credit card vendor later in the year is anticipated to further improve customer satisfaction for this payment method due to expanded capabilities.

One of the four projects in the Strategic Customer Experience & Billing Projects metric (CS-01), the Accelerated Payment Posting Feasibility Study, is considered missed as PSEG Long Island did not submit the required first quarter deliverable for the project. PSEG Long Island had expressed interest in replacing the project with another one but failed to provide a suitable replacement project. CS-01 was only partially met in 2022 and is trending to the same performance in 2023..

The Move Process Improvement (CS-28) project is considered missed for the 2023 performance year and will be reestablished as a metric in 2024. Despite LIPA accommodating an extension for PSEG Long Island to properly plan a customer move transaction automation project, the submitted PIP did not include any automation enhancements, which is the intent of the metric; and upon further review, PSEG Long Island reported no automations could be accommodated within a 2023 timeline.

For the Customer Transactional Performance Measurement & Analysis (CS-05) metric, which was met in 2022, multiple planning deliverables to enhance the existing customer transaction survey approach and reporting remain unresolved after several rounds of discussion, and there is no clear path forward for how and when the enhancements will be executed within the year.

For Customer Information System (CIS) Modernization Phase 1 (CS-04), which was partially met in 2022, PSEG Long Island and LIPA continue to review and refine the 2022 and 2023 business process documents and the associated functional requirements for preparation of the RFP package later in the year. Concerns raised related to significant Phase 1 budget overruns are being addressed by the team and could impact the successful delivery of the metric scope.

The other metrics are progressing.

Business Services (BS)

Most of the Business Service Metrics are progressing favorably.

For the Full-Time Vacancy (BS-05) metric, the vacancy rates in Business Services and IT are trending behind the established metric targets. This metric is designed to incentivize PSEG Long Island to recruit and onboard the budgeted full-time headcount identified as necessary to achieve operational objectives within the identified categories and to minimize expenses related to supplemental resources such as temporary employees, consultants, affiliate employees, etc.

The Complete Affiliate Cost and Quality Justifications (BS-07) metric, which was not met in 2022, aims to ensure that PSEG Long Island's decision to perform a particular Scope Function or Sub-Function by retaining an affiliated company, rather than by a qualified subcontractor or ServCo, is cost and quality justified pursuant to the OSA Section 5.2. Deliverables for the reporting period are completed or under review. However, **PSEG Long Island has not yet completed a key deliverable of the 2022 metric related to affiliate services and will miss the metric again in 2023 if this deliverable is not completed.**

LIPA provided multiple exceptions for the Consolidate Real Estate Footprint (BS-33) metric, including limiting early lease terminations to two customer service centers instead of four as originally identified in the metric, and extending the due date to deliver the negotiated early termination agreements by two months to March 31, 2023. PSEG Long Island provided a summary of lease termination negotiations for the two customer service centers and removed all assets from these centers, including the Uniondale suite. LIPA also approved exceptions to exclude terminating the lease for the Bethpage office space, and

to defer the delivery of a plan to relocate the Hauppauge training facility by 8.5 months to November 15, 2023.

The other metrics are generally progressing on track as of this reporting period.

PERFORMANCE METRIC EXCEPTIONS

PSEG Long Island may request an Exception to metric deliverable requirements. **Year to date, PSEG Long Island has requested 156 Exceptions. LIPA has approved 108 of the requested Exceptions, 25 have been rejected, and 23 are under LIPA review.** To the extent an Exception has been granted, performance is reported relative to the agreed-upon standards of the Performance Metric as modified by the Exception. LIPA describes material Exceptions in the write-up of each metric.

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 may 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, or 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. In granting a metric exception, LIPA may be relaxing a material metric requirement in the interest of continuing to advance an improvement for customers, and so PSEG Long Island's performance may be considered as somewhat less than reported here.

The Transmission & Distribution (T&D) scope has 42 metrics, accounting for \$8,000,000 in compensation at-risk based on performance. Of these 42 metrics, 20 are Qualitative, and 22 are Quantitative. Appendix A summarizes the T&D metrics and the associated Variable Compensation. Detailed metrics descriptions are available on [LIPA's website](#).

Year-to-Date Status Overview

The majority of metrics in the Transmission and Distribution scope are progressing well year-to-date. As of the reporting date, the qualitative metrics generally met metric standards. However, **there were nine (9) exception requests approved to adjust deliverable due dates**. Of the quantitative metrics, most are currently meeting target, with four (4) of the 22 behind target. **Overall, it is too early to assess the likelihood of PSEG Long Island meeting the metrics at year-end**. The following discussion is focused on our overall assessment of performance on the initiatives and does not judge whether the metrics will be satisfied.

Asset Management (T&D-01 and T&D-02)

The Asset Management metric T&D-01 emphasizes the importance of Geographic Information System (GIS) data accuracy as a fundamental aspect of LIPA asset management. An Asset Inventory initiative is underway, involving field verification of external plant assets and subsequent integration of this data into the GIS. By the end of 2023, the target is to have 33.3% of the Asset Inventory completed; currently, 5% of field verification is done.

The second Asset Management metric, T&D-02, directs attention to asset governance, which is crucial for implementing an Enterprise Asset Management program in compliance with ISO 55000 standards. Consultants have been engaged to align the organization with these ISO 55000 standards, refresh the Strategic Asset Management Plan, and formulate additional Asset Management Plans tailored to specific assets.

Enterprise Asset Management System Implementation (T&D-03)

The EAMS metric requires completing the selection of the System Integrator (SI) for implementing the EAMS software and starting the implementation by April 1, 2023. Proposals from the SI bidders were received on January 4, 2023. As of June 1, 2023, LIPA and PSEG Long Island have not yet been able to negotiate a contract on acceptable terms with either of the two short-listed SI bidders as a result of the very challenging contract terms requested by the bidders.

Relay Mis-Operations & Inadvertent Operation Events (T&D-04 and T&D-05)

The Relay Mis-Operations (T&D-04) and Inadvertent Operations (T&D-05) metrics aim to enhance system performance persistently. Relays, which are protective mechanisms engineered to interrupt circuits under defined conditions, have reported two mis-operations for the reporting period. Inadvertent Operations Events refer to operational errors from human-induced incorrect actions; nine such events have been reported for the reporting period. PSEG Long Island is currently in line to meet the annual targets for these metrics.

Primary and Alternative Transmission Control Center Replacement (T&D-06)

This metric entails developing a PIP for the construction of the Primary Transmission Control Center (PTCC). The PIP identifies the key milestones and required dependencies that impact future deliverable timeframes for the final design and construction of the PTCC. The 2023 deliverables solely address the PTCC, with the Alternate TCC excluded for the time being as uncertainties and future dependencies are addressed. PSEG Long Island submitted the PIP on March 31, 2023, successfully meeting the deliverable due date. The PIP includes the following elements: 1) Project Definition, 2) Project Milestones, including Deliverables for 2023, 3) Project Structure, 4) Project Plan, and 5) Technical Execution Plan. Through effective collaboration, LIPA and PSEG Long Island resolved all issues, leading to LIPA's final approval of the PIP in early June. The 2023 metric's ultimate success will be determined by PSEG Long Island's execution of the agreed-upon PIP deliverables by the designated due dates.

Reliability Metrics: SAIDI, SAIFI, MAIFI, Multiple Customer Outages (T&D-07 – T&D-12)

There are six (6) reliability metrics that encompass system-wide outage frequency and duration performance as well as multiple outages as experienced by our customers. LIPA's Transmission & Distribution Operations Board Policy establishes a standard of top decile reliability performance among industry peers. Metric targets have been set at levels consistent with top decile performance for several reliability metrics, and for those metrics that have not yet reached top decile level, the targets are set at levels that represent an improvement from PSEG Long Island's recent years' performance. Currently, all six of the reliability metrics are meeting year-to-date target levels. LIPA has monitored performance via monthly meetings and review of supporting data and other documentation.

Safety Metrics: Serious Injuries, OSHA, and Motor Vehicle Accidents (T&D-13 – T&D-16)

There are four (4) safety metrics that encompass OSHA incident and days away performance, serious injuries to employees and contractors, and motor vehicle accidents (MVAs). LIPA's Safety Board Policy establishes a standard of top decile OSHA performance among industry peers, with the 2023 metric targets set to those levels. At present, all four metrics are meeting their respective target levels. LIPA has monitored performance via monthly meetings and review of supporting data and other documentation.

Employee Overtime (T&D-23)

The Employee Overtime metric targets three crafts: Overhead/Underground Lines, Distribution Operations, and Substation/Relay Maintenance. At present, the Substation/Relay Maintenance area is performing at 40%, which is over (unfavorable) to the target level of 32%. Successfully achieving overtime target levels in 2 of the 3 areas equates to a 50% performance level for incentive compensation purposes. The overtime is high at this point of the year due primarily to the seasonal requirements to prepare the system for peak summer load and is expected to level out close to target for year-end.

Vegetation Management (VM) (T&D-24 – T&D-26) and VM Program Effectiveness (T&D-42)

The Vegetation Management Program is currently demonstrating successful progress, with all three subprograms - Cycle Trim, Hazard Tree Removal, and Trim to Sky - achieving their respective year-to-date targets. However, budget considerations remain crucial, as the program is slightly over budget. PSEG Long Island requested a budget amendment in February, but this was not granted due to the substantial part of the year that remains which offers opportunities for budget realignment.

Furthermore, **the reported performance of the Hazard Tree Removal Program (T&D-26) needs to be interpreted with care. It appears to be on schedule and meeting targets, but a LIPA audit conducted in early 2023 revealed an irregularity: PSEG Long Island was recording the removal of large limbs as equivalent to complete tree removals.** Consequently, LIPA denied PSEG Long Island's incentive compensation claim for this metric for 2022. LIPA has informed PSEG Long Island that it will maintain this stance for 2023 performance unless a justified exception that receives LIPA approval is proposed. To date, no such exception has been submitted by PSEG Long Island.

Storm Hardening (T&D-27 – T&D-31) and Storm Hardening Program Effectiveness (T&D-48)

For 2023, the Power On Program has completed 25.74 miles of Mainline Storm Hardening through April 2023, which equates to 1.84 miles over (favorable to) the original year-to-date plan of 23.90 miles. There was an underrun in January due to unfavorable weather conditions, but that shortfall has now fully been reversed by better than forecast performance for the last several months. As part of the storm-hardening underground plan, an Old Bethpage branch line tap associated with Fuse-81406 will be reconstructed from the overhead rear property to the highway underground. The intent is that since rear property outages take longer to restore due to being inaccessible, moving the equipment underground will prevent long-duration outages. PSEG Long Island's timeline extends into 2024 for construction to begin.

For 2023, T&D System Enhancements – Transmission Load Pockets, two of the worst-performing load pockets were selected as projects in Long Beach and on the South Fork to improve the reliability and resilience of the chosen transmission load pockets.

The 2023 ACRV Commissioning Program (T&D-30) had scheduled 10 ASUV locations to be converted to ACRVs. All 10 locations have been commissioned as ACRVs per schedule as of the end of March. The 2023 metric (T&D-31) work plan itemizes 150 ASUVs to be commissioned under the LT5H program. The original plan for this reporting period was 69. However, PSEG Long Island had to rebalance the work plan due to material delays from the vendor. PSEG Long Island's actual number of units commissioned year-to-date was 41 units. The revised plan sets a course for the second half of the year for a greater amount of completed and commissioned units versus the original plan. Operationalized ACRVs were put in place on 11 circuits in 2022. The baseline is set to 8 or fewer substation breaker trips for fifty percent effectiveness. The 11 ACRVs have experienced no forced operations. This Storm Hardening - Program Effectiveness metric (T&D-48) is performing at 100% year-to-date.

Real Estate Strategy (T&D-33)

This metric involves the creation of a PIP in accordance with LIPA Board recommendations from May 2021. The PIP, aimed at supporting a long-term strategy for LIPA's real estate and facility assets, was approved by LIPA in April 2022 as part of the 2022 metrics. It encompasses two primary objectives: acquiring and developing a new Operations Center in Medford and dividing operations at properties owned by National Grid. The ultimate goal of these efforts is to transition from leasing to an ownership model for utility operations sites, which is expected to bring about cost savings and operational improvements for LIPA customers.

PSEG Long Island has taken significant steps towards this goal, including the contract to purchase a 24-acre site in the Medford area. The due diligence process and community engagement activities associated with this purchase are ongoing and expected to be completed by July 2023. PSEG Long Island has satisfactorily met all due dates for deliverables up to this point, and certain other milestones tied to the due diligence phase have been rescheduled to coincide with its conclusion.

Negotiations with National Grid, which had been on hold, were restarted in the third quarter of 2022. LIPA, PSEG Long Island, and National Grid project teams remain engaged and dedicated to these discussions. PSEG Long Island's delivery of tasks related to this aspect of the PIP will commence upon receipt of written notice from LIPA, contingent on the progress and outcomes of the ongoing negotiations with National Grid.

Construction and Program Management (T&D-34 – T&D-39)

These metrics assess PSEG Long Island's proficiency in robust capital project management across various measures, including adherence to Project Justification Documents (PJDs), meeting milestone dates, and achieving accurate cost estimations. Year-to-date, the Capital Project Milestones Achieved metric (T&D-35) is being successfully met, with an actual performance of 93.6% against a target of 90.0%. However, the Capital Project Cost Estimating Accuracy metric (T&D-36) is slightly below the year-end target, with actual performance at 87.0% against a target of 90.0%.

Metrics T&D-37 and T&D-38, which focus on Completing Program Planned Units Per Workplan and Program Unit Cost Variance, respectively, demonstrate adherence to targeted program units, estimations, and budgets. Both metrics are performing at the target of 100.0% year-to-date, indicating compliance with the metric criteria across the eight (8) programs included.

Two of these metrics involve activities scheduled for later in 2023. The first, T&D-34 (Construction – Quality and Timely Completion of PJDs), is tied to developing the 2024 capital budget, with the first deliverable expected in early July. The second metric, T&D-39 (Project Completion Consistent with Project Design), aims to effectively manage capital projects in alignment with engineering and design documents, meeting the intent of the latest LIPA-approved PJDs for all SEQRA projects and those projects exceeding \$1,000,000. Performance for this metric will be evaluated through a LIPA audit conducted after the year concludes.

Double Wood Poles (T&D-40)

This metric measures the amount of double wood poles recorded in the National Joint Utilities Notification System (NJUNS). The current count stands at 7,110 double wood poles, which is higher (unfavorable) than the year-to-date target of 6,261, with an ultimate goal of reaching 5,829 or lower by year-end. PSEG Long Island holds recurring meetings with other stakeholders such as Verizon, Altice and local municipalities to coordinate their pole setting and removal activities; with two meetings held thus far in January and April.

Estimated Time of Restoration (T&D-42)

This metric is structured around a PIP that is currently being prepared for final approval by LIPA. The PIP is focused on implementing a minimum of two factors, such as, time of day, day of week, seasonality, etc., to operationalize in the everyday customer issuance of initial times of expected restoration (ITR) for unplanned outages. For this year's metric, the focus is solely on outages that occur under Blue Sky (i.e. Non-Storm) conditions. The initial draft of the PIP was delivered by PSEG Long Island in early January ahead of the deliverable due date of January 15, 2023. The parties have worked through a number of revisions since that time. LIPA and PSEG Long Island are working through the scope and aligning that with the Two-Year Business Driven Roadmap – Data Analytics (IT-06.T1.04.01). Preliminary analysis indicates that there is reason to be cautiously optimistic that these factors can result in more accurate ITRs, which should lead to an improved customer experience for outage restorations.

Regulatory Compliance (T&D-44)

This metric is comprised of seven (7) criteria and has the objective of ensuring that PSEG Long Island operates within all applicable rules and regulations by meeting all local, state and federal compliance reporting regulations, including appropriately self-reporting all instances of non-compliance. The metric includes a deliverable due at the end of the first quarter for PSEG Long Island to submit a plan for full compliance with the DPS Safety Standards, including quality assurance and quality control programs, for implementation beginning January 1, 2024. PSEG Long Island submitted this plan on March 31, 2023, and a meeting was held in early April and comments were provided by LIPA and the DPS. PSEG Long Island is presently addressing those comments. Further, the parties are currently assessing this metric to clarify the success criteria. This is of importance because PSEG Long Island received two notices of potential violation during the first quarter.

Physical Security (T&D-45)

The metric is structured around a PIP that focuses on the findings of a physical security assessment conducted by an independent third-party consultant in 2022. The PIP also addressed issues arising from several different substation attacks that occurred in various locations throughout the country from late 2022 through early 2023. Though the parties agreed to include them in the PIP, it was mutually decided that those items only would not be subject to the metric, as they were outside of the scope of the original assessment that had been performed. The PIP was finally approved by LIPA on June 2, 2023, after many months of discussions and PIP revisions.

Root Cause Analysis and Compliance (T&D-46)

Metric T&D-46 requires PSEG Long Island to develop and utilize a consistent and rigorous "Root Cause Analysis" process for Outage Cause Determinations, with individual outages and summarized RCA results, as well as implementation plans for resulting engineering/operational remediation plans to be reviewed with LIPA every quarter. In the first quarter of 2023, a multi-departmental review of cause code usage, fidelity, and application was conducted. PSEG Long Island completed the associated system updates in OMS and related digital channels for customer notification. The updated training course has been developed, recorded, and uploaded to Empower, the corporate training system. All applicable PSEG Long Island personnel in operations, reliability, and storm restoration to have been assigned to complete this training.

Year-to-Date Status Details**Qualitative Metrics**

The Transmission & Distribution Qualitative Metrics had 40 deliverables due in this reporting period. Of these, two (2) are overdue with no exception requests outstanding. The remaining deliverables are either approved, under review, or have an exception requested and under review.

The T&D Qualitative metric deliverables that are Rejected or Overdue as of the reporting date are detailed in the following table.

FIGURE 4: TRANSMISSION & DISTRIBUTION QUALITATIVE METRICS – REJECTED AND OVERDUE DELIVERABLES

METRIC #	DELIVERABLE	STATUS
	Enterprise Asset Management System (EAM) Implementation	
T&D-03.1	EAMS System Integrator (SI) Selection and Procurement: Select and procure the best-fit EAM System implementer through rigorous evaluation to minimize delivery risk to be completed and approved by LIPA.	Overdue
T&D-03.13	Mobilize the System Integrator to kickoff EAM System implementation project.	Overdue

Quantitative Metrics

The status of each Transmission & Distribution Quantitative Metric as of the reporting date is detailed in the following table. Of the 22 metrics, 17 meet the YTD target, four (4) are behind the YTD target, and one (1) status is To Be Determined.

FIGURE 5: TRANSMISSION & DISTRIBUTION QUANTITATIVE METRICS YTD STATUS

METRIC #	METRIC NAME	L/H	YTD RESULT	YE TARGET	YTD TARGET	YTD PERFORMANCE
T&D-04	Transmission and Distribution System Relay Mis-Operations	L	2	13	4	Meeting Target
T&D-05	Transmission & Distribution Inadvertent Operation Events	L	9	26	9	Meeting Target
T&D-07	System Average Interruption Duration Index (SAIDI) Reliability	L	13.2	57.5	13.6	Meeting Target
T&D-08	System Average Interruption Frequency Index (SAIFI) Reliability	L	0.18	0.70	0.20	Meeting Target
T&D-09	Momentary Average Interruption Frequency Index (MAIFI) Reliability	L	0.35	1.70	0.43	Meeting Target
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)	L	19,231	21,000	21,000	Meeting Target
T&D-11	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	L	0	28	9	Meeting Target
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)	L	56,775	76,300	76,300	Meeting Target
T&D-13	Safety – Serious Injury Incident Rate (SIIR)	L	0.00	0.00	0.00	Meeting Target

T&D-14	Safety – OSHA Recordable Incidence Rate	L	0.57	0.76	0.76	Meeting Target
T&D-15	Safety – OSHA Days Away Rate	L	0.00	8.51	8.51	Meeting Target
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate	L	6.81	6.93	6.93	Meeting Target
T&D-23	Employee Overtime	H	50.0%	100.0%	100.0%	Behind Target
T&D-35	Construction - Project Milestones Achieved	H	93.6%	90.0%	90.0%	Meeting Target
T&D-36	Construction - Cost Estimating Accuracy	H	87.0%	90.0%	90.0%	Behind Target
T&D-37	Completion of Program Planned Units Per Workplan	H	100.0%	100.0%	100.0%	Meeting Target
T&D-38	Program Unit Cost Variance	L	100.0%	100.0%	100.0%	Meeting Target
T&D-39	Project Completion Consistent with Project Design	H	100.0%	100.0%	100.0%	Meeting Target
T&D-40	Double Wood Poles	L	7,110	5,829	6,261	Behind Target
T&D-41	Program Effectiveness - Vegetation Management	L	-20.5%	-50.0%	-50.0%	Behind Target
T&D-44	Regulatory Compliance	H	TBD	TBD	TBD	TBD
T&D-48	Program Effectiveness - Storm Hardening	L	0	8	3	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: T&D-44 “TBD” reflects that the Parties are currently reviewing the metric criteria as it applies to 2023 YTD results.

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

Year-to-Date Status Overview

PSEG Long Island had deliverables due for five (5) of the seven (7) IT metrics in this reporting period – IT-03 System Resiliency, IT-04 System and Software Lifecycle Management, IT- 05 Project Performance - In-flight Projects, IT-06 Project Performance – New 2023 Projects, and IT-08 Cyber Security Organization. **It is too early to assess the likelihood of PSEG Long Island meeting the metrics at year-end.** The following discussion is focused on our overall assessment of performance on the initiatives and does not judge whether the metrics will be satisfied.

Weak project management and organizational maturity were major contributors to performance shortfalls on the 2022 IT metrics. Performance in this reporting period indicates that the performance deficiencies persist in 2023. LIPA encourages PSEG Long Island to leverage the CMMI Maturity Framework to drive genuine performance improvements as it progresses towards CMMI Maturity Level 3 in accordance with the IT Organizational Maturity metric, which targets the PSEG Long Island IT organization reaching CMMI Maturity Level 3 by the end of the year. All of the IT metrics will be at risk if PSEG Long Island fails to improve performance.

System Resiliency (IT-03)

The System Resiliency metric aims to minimize the probability and impacts of system failures through well-designed, robust, and thoroughly exercised Disaster Recovery and Business Continuity Plans (DRPs and BCPs) for critical systems and processes. **This is an annually recurring metric that was not met in 2022, and is already experiencing significant challenges in 2023.** The initial submissions of the deliverables due in this reporting period, the Waves 1 and 2 Business Impact Analyses and the Wave 1 BCPs and DRPs, had numerous issues; and remain under review and revision while LIPA works with PSEG Long Island to attempt to bring them to an acceptable level. Given the importance of these plans, LIPA is willing to consider adjustments to the schedule to get acceptable outputs; however, **we are concerned that there remains a fundamental lack of alignment of PSEG Long Island's approach to the metric requirements and objectives.**

System and Software Lifecycle Management (IT-04)

The System and Software Lifecycle Management metric aims to ensure that all IT and OT assets managed by PSEG Long Island on behalf of LIPA are within their active service life and under general support from the product vendor. **This is a recurring metric that was not met in 2022 because the majority of the required refresh projects were not completed.** The deliverables due in this reporting period, the updated 2023 Asset Inventory and Two-Year Refresh Plan, required revisions to address gaps, but are now close to completion. It is too early to assess performance on the required refresh projects for the year.

Project Performance - In-flight Projects (IT-05) and Project Performance – New 2023 Projects (IT-06)

The IT metrics contain two project-based project performance metrics – Project Performance – In-flight Projects and Project Performance – New 2023 Projects, encompassing 18 in-flight projects⁶ and 16 new 2023 projects. In addition to achieving the objectives of each incorporated project, the metrics aim to improve organizational IT project management performance.

Despite being met/partially met, **the 2022 project performance metrics demonstrated significant project management deficiencies, with all the incorporated projects requiring flexibility from LIPA in order to meet metric requirements**, including multiple opportunities for corrective actions and a number of material exceptions for schedule extensions or scope reductions. **In fact, over half of the 2023 IT-05 projects were initially planned for completion in 2022 but extended to 2023**, either due to schedule delays or for remediation of specific deficient deliverables.

Results for this reporting period indicate that the project management deficiencies demonstrated in 2022 still persist. For instance, the already-delayed CCaaS project continued to experience significant challenges, including further schedule slippage. The deliverables due in this reporting period were largely submitted late, not submitted, or submitted with incorrect artifacts; and remained under review or overdue at the end of the reporting period while LIPA attempted to get appropriate artifacts. The planned Phase 1 May go-live was not met, and PSEG Long Island has proposed going live in August, during storm season. LIPA is concerned that the risks of the new proposed schedule have not been adequately addressed and has not accepted the change. LIPA had expressed concerns about proximity to the storm season when PSEG Long Island had previously moved the implementation date to May, and the risk of spillover into storm season has now been realized. LIPA has expressed our serious concerns about going live with a new customer-facing system during the storm season to PSEG Long Island. In addition to schedule overruns, LIPA has concerns that the project will not satisfy the established project end-state and success criteria. The in-flight Cyber Security projects also encountered delays. Three of the four projects were granted schedule adjustments, and two of these projects had additional schedule slippage within a month of the exceptions being requested, with multiple deliverables overdue relative to the adjusted schedule. Overall, many deliverables required material revisions, and late resubmissions were common.

Cyber Security Organization – Structure, Staffing, and Capabilities Review (IT-08)

The Cyber Security Organization metric aims to advance the objective of building a cyber security organization under the PSEG Long Island CISO that is independent of PSEG New Jersey and fully capable of developing, managing, and supporting the cyber security program independent of Affiliate Services (as defined in the OSA). The initial submission of the deliverable due in this reporting period, the PIP for the filling of critical positions for 2023, required revisions to be brought to an acceptable level but was ultimately approved.

⁶ In-flight projects include projects that commenced in 2022 and are scheduled to continue in 2023, as well as projects that were largely completed in 2022 but require remediation or completion of specific deliverables in 2023.

Year-to-Date Status Details

Qualitative Metrics

The Information Technology Qualitative Metrics had **193** deliverables due in this reporting period. Of these, 37 are overdue with no exception requests outstanding, and one (1) did not meet metric standards and was rejected. The remaining deliverables are either approved, under review, or have an exception requested and under review.

The Information Technology Qualitative metric deliverables that are Rejected or Overdue as of the reporting date are detailed in the following table.

FIGURE 6: INFORMATION TECHNOLOGY QUALITATIVE METRICS - REJECTED AND OVERDUE DELIVERABLES

METRIC #	DELIVERABLE	STATUS
Project Performance - In-flight Projects		
IT-05-T1.06.22	CCaaS - Change management and Training plan	Rejected
IT-05-T1.06.16	CCaaS - Requirements Traceability Matrix - NICE P1 FL2W	Overdue
IT-05-T1.06.20	CCaaS - Performance/Stress Testing Results Evidence	Overdue
IT-05-T1.06.30	CCaaS - Functional & Technical Design Documents - Phase 2	Overdue
IT-05-T1.06.31	CCaaS - Requirements Traceability Matrix - NICE P1 WFM	Overdue
IT-05-T1.06.34	CCaaS - Requirements Traceability Matrix - Phase 2	Overdue
IT-05-T1.06.35	CCaaS - Test Results/Artifacts - Omilia P1 B4	Overdue
IT-05-T1.06.37	CCaaS - Test Results/Artifacts - NICE P1 B4	Overdue
IT-05-T1.06.38	CCaaS - Test Results/Artifacts - NICE P1 FM	Overdue
IT-05-T1.06.39	CCaaS - Test Results/Artifacts - NICE P1 WFM	Overdue
IT-05-T1.06.40	CCaaS - Test Results/Artifacts - NICE P1 QMA	Overdue
IT-05-T1.06.41	CCaaS - Test Results/Artifacts - NICE P1 IA	Overdue
IT-05-T1.06.42	CCaaS - Test Results/Artifacts - NICE P1 FL2W	Overdue
IT-05-T1.06.44	CCaaS - Test Closure Memo - Phase 1	Overdue
IT-05-T1.06.46	CCaaS - Regression Test Results Evidence - QMA/IA	Overdue
IT-05-T1.06.47	CCaaS - Regression Test Results Evidence - WFM	Overdue
IT-05-T1.06.48	CCaaS - Regression Test Results Evidence - CXone	Overdue
IT-05-T1.06.49	CCaaS - Penetration Testing Results Evidence	Overdue
IT-05-T1.06.50	CCaaS - System retirement plan	Overdue
IT-05-T1.06.51	CCaaS - Executed Go- live decision checklist for delivery - Phase 1	Overdue
IT-05-T1.06.52	CCaaS - Go Live Phase 1 (NICE, Omilia, NQM, NFM, NWF, Frontline)	Overdue
IT-05-T1.09.03	CDG Automated Billing - Development & Unit Test	Overdue
IT-05-T1.09.06	CDG Automated Billing - System Integration Testing	Overdue
IT-05-T2.03.08	Cybersecurity Program - SNARE - Architecture/Security Review & Sign-Off	Overdue
IT-05-T2.03.10	Cybersecurity Program - SNARE - Packaged installation for testing, and test results	Overdue
IT-05-T2.03.11	Cybersecurity Program - SNARE - Deployment Testing test results	Overdue
IT-05-T2.03.12	Cybersecurity Program - SNARE - Full Test Results for all conducted testing	Overdue
IT-05-T2.03.32	Cybersecurity Program - SourceFire Network Security Monitoring Capability Upgrade - Full Test Results for all conducted testing	Overdue

IT-05-T2.03.33	Cybersecurity Program - SourceFire Network Security Monitoring Capability Upgrade - Deployed to all in scope systems	Overdue
IT-05-T2.03.37	Cybersecurity Program - SNARE - Deployed in Disaster Recovery environment (Melville)	Overdue
IT-05-T2.03.46	Cybersecurity Program - Service Now CISO Dashboard - List of Test Cases & Test Results Workflows	Overdue
IT-05-T2.03.55	Cybersecurity Program - SourceFire Network Security Monitoring Capability Upgrade - Transition, and training complete	Overdue
IT-05-T2.04.02	Dragos for CNI - DSCADA: Post Deployment Support / Shadowing / Knowledge transfer (Meeting Minutes)	Overdue
IT-05-T2.04.04	Dragos for CNI - EMS: Security Scan for all Dragos appliances (Deliverable: Tenable Vulnerability Scan report)	Overdue
IT-05-T2.04.06	Dragos for CNI - EMS: Connect and configure Span ports for all EMS sensors (Deliverable: Confirmation from network team)	Overdue
IT-05-T2.04.07	Dragos for CNI - EMS: Complete integration testing and generate Dragos reports (Deliverable: Dragos reports)	Overdue
IT-05-T2.04.14	Dragos for CNI - Monthly Reporting of Project Status for the month of March 2023.	Overdue
IT-05-T2.07.14	AMI System Enhancements - Manual Meter Reading - Testing completed	Overdue

The Power Supply & Clean Energy Programs (PS&CE) scope has eight (8) metrics, accounting for \$2,000,000 in compensation at-risk based on performance. Of these eight (8) metrics, five (5) are Qualitative, and three (3) 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](#).

Year-to-Date Status Overview

Most of the Power Supply and Clean Energy Programs metrics are on track in this reporting period. However, two (2) of the three (3) quantitative metrics are currently behind target. Overall, it is too early to assess the likelihood of PSEG Long Island meeting the metrics at year-end. The following discussion is focused on our overall assessment of performance on the initiatives and does not judge whether the metrics will be satisfied.

Complete Integrated Resource Plan (IRP) Follow-on Activities (PS&CE-01)

The IRP deliverables for this reporting period consist of scopes of work and schedules for follow-on studies recommended in the IRP. PSEG Long Island successfully completed and submitted draft and final versions of the scopes of work for the following planned studies to be conducted in 2023 and into early 2024: identification of reliability deficiencies or operational concerns with the expected generation retirements; review of storage needs and identification of preferred Long Island points of interconnection; assessment of projected resource margins for extreme weather events; and generation resource adequacy analysis. No material exceptions or extensions have been sought or granted.

Complete Energy Storage Request for Proposal (RFP) Follow-on Activities (PS&CE-02)

PSEG Long Island successfully completed and submitted all deliverables for this reporting period for the energy storage RFP metric, including PIP for 2023 deliverables to complete the Battery Storage RFP negotiations; and the quarterly deliverables status report. The RFP Selection Committee has made reasonable progress on resolving issues raised in the ongoing contract negotiations. No material exceptions or extensions have been sought or granted.

Energy Efficiency Plan Savings (PS&CE-03)

PSEG Long Island has successfully reached the YTD target of 356,587 MMBtu with a YTD actual Energy Efficiency Savings of 359,757 MMBtu. The programs that are performing ahead of the YTD schedule are Efficient Products, Home Comfort, Home Performance with ENERGY STAR, Residential Energy Affordability Partnership (REAP), All Electric Homes, and Multi-Family Homes. Programs that are underperforming YTD are Home Energy Management and Commercial Efficiency, which PSEG Long Island attributes to lower demand than the original budgeted amount. PSEG Long Island is on track to meet the YE Target of 900,730 MMBtu. However, LIPA has concerns that plans to reduce rebates in June to alleviate budget concerns may jeopardize PSEG Long Island's ability to meet the YE target. LIPA proposed and PSEG Long Island agreed to evaluate savings opportunities within the non-rebate segment of funding to offset the proposed reduction in the low-income rebate funding.

Beneficial Electrification – Building Electrification (PS&CE-05)

PSEG Long Island is behind in one of the four target categories. The heat pump and whole house heat pumps rebates are performing slightly better than target. **The Multi-family number of buildings actual is 10 versus a target of 16.** Low income REAP is currently on track with actual performance of 3,864 MMBTU slightly higher than the target of 3,640.

Electric Vehicle (EV) Make-Ready (PS&CE-06)

PSEG Long Island is behind in their targets for the DCFC and Level 2 ports. Currently, the program DCFC ports enrolled and energized actuals are 0 and 4 respectively, compared to their targets of 21 and 18 respectively. For Level 2 ports, the program actuals for enrolled and energized are 77 and 61 respectively, compared to their targets of 83 and 72 respectively. Success in 2022 related to DCFC was primarily related to proactive activities by Tesla. Since the Tesla work is generally complete, this metric is lagging. **LIPA believes this metric is at risk unless additional new plans to increase enrollment are deployed.**

Transition to New "Standard" Time of Day Residential and Small Business Rates on an Opt-Out Basis (PS&CE-08)

PSEG Long Island submitted the Residential Time-of-Day (TOD) PIP, which covers the full 2.5-year project implementation period, and together with LIPA conducted multiple rounds of reviews and refinements. The project Steering Committee is addressing open items and final approval is anticipated in late June. The technical and Release 1 business requirements as well as the test management plan were also submitted during the first quarter. PSEG Long Island is in process of incorporating feedback from LIPA. An exception for the project was granted to allow for the deliverables related to small commercial customers to be postponed until after the development of the final commercial TOD rate design.

Implementation of Utility 2.0 Projects (PS&CE-11)

PSEG Long Island has made good progress on the implementation of Utility 2.0 projects portfolio. The portfolio is comprised of seven projects and the summary is given below: Two out of seven projects – EV load serving capacity maps and storage hosting capacity maps – PIPs were approved and are waiting for the maps to go live in the 4th quarter. One of the projects – Utility-scale storage Miller place – was taken out of the portfolio as PSEG Long Island, DPS, and LIPA together recommended to replace the battery solution with a traditional substation transformer solution, which will be reviewed through the PJD process for approval. Of the remaining four projects – Integrated Energy Data Resource (IEDR) platform, Suffolk County Bus make-ready pilot, Connected buildings pilot, and Residential Energy Storage Incentive program – are still in the 'PIP review' stage; PSEG Long Island did submit their first version of PIPs according to the agreed upon timeline, but LIPA team had some follow-up questions and currently, PSEG Long Island team is working on to address those questions. As of today, there is no major concern being raised in delivering the 2023 deliverables according to the scheduled timeline.

Heat Pump Strategy to Address Barriers to Customer Adoption (PS&CE-13)

PSEG Long Island submitted the assessment on customer-facing heat pump savings tool options and recommended to utilize a third-party application as opposed to developing a customized tool. They also identified a vendor for the tool and submitted a PIP for the implementation. As of the writing of this report that deliverable was approved.

Year-to-Date Status Details

Qualitative Metrics

The Power Supply & Clean Energy Qualitative Metrics had 20 deliverables due in this reporting period, all of which are approved or have LIPA Review in Progress.

Quantitative Metrics

The status of each Power Supply & Clean Energy Quantitative Metric as of the reporting date is detailed in the following table. Of the three (3) metrics, only one (1) meets the YTD target and two (2) are behind the YTD target.

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

METRIC #	METRIC NAME	L/H	YTD RESULT	YE TARGET	YTD TARGET	YTD PERFORMANCE
PS&CE-3	Energy Efficiency Plan Savings	H	359,757	900,730	356,587	Meeting Target
PS&CE-5	Beneficial Electrification – Building Electrification	H	75%	100%	100%	Behind Target
PS&CE-6	Electric Vehicle (EV) Make-Ready	H	0%	100%	100%	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 (CS) scope has 22 metrics, accounting for \$4,000,000 in compensation at-risk based on performance. Of these 22 metrics, eight (8) are Qualitative, and 14 are Quantitative. Appendix A summarizes the Customer Service metrics and the associated Variable Compensation. Detailed metric descriptions are available on [LIPA's website](#).

Year-to-Date Status Overview

Customer Service is struggling with performance this year, with 64% of the quantitative metrics behind target, and challenges with delivering the expected results for many of the eight (8) qualitative metrics. While there are some areas of improvement from the previous year, performance has deteriorated in other areas.

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

PSEG Long Island has four (4) projects included in the CS-1 metric. The Credit Card and Kiosk projects kicked off in the first quarter with submission of project implementation plans. LIPA approved an exception for the Kiosk project to extend delivery of the PIP until late February to allow time to select a vendor, which was initiated in 2022. The PIPs for both projects were approved in the second quarter. PSEG Long Island expressed interest in replacing the Accelerated Payment Posting Feasibility Study with another project to free up constrained resources dedicated to other efforts but failed to provide a suitable replacement project and failed to deliver the first quarter deliverable for the original project. The project is considered missed for 2023 and will be reestablished as a metric in 2024.

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

PSEG Long Island's first quarter residential performance is in the 3rd quartile, up 3 positions and 10 points from 2022 year-end performance. Position improvement is primarily driven by the 16 point drop in the East Large Utility segment average. No JD Power Business scores were received in this reporting period. Wave 1 Business results are anticipated in July. PSEG Long Island identified several initiatives that will be their focus to drive improvement in performance. LIPA approved exceptions to extend the deliverable of the final tactical plans into the second quarter for PSEG Long Island to address LIPA's feedback around initiative justification and success measurement and allow the opportunity for the newly hired PSEG Long Island Director of Customer Experience & Marketing to influence the tactics. The plans have now been approved.

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

The remaining CIS business process workshops carried over from 2022 concluded in the first quarter of 2023. PSEG Long Island and LIPA continue to review and refine the 2022 and 2023 business process documents produced from the workshops and the associated functional requirements to ensure the appropriate level of quality and completeness for preparation of the RFP package later in the year. PSEG Long Island submitted a project plan to execute the 2023 metric deliverables, which was subsequently approved by LIPA. Concerns raised related to significant Phase 1 budget overruns are being addressed by the team and could impact the successful delivery of the metric scope.

Customer Transaction Performance Project & Metrics (CS-5, CS-21, CS-24)

Multiple CS-5 planning deliverables to enhance the existing customer transaction survey approach and reporting remain unresolved after multiple rounds of discussion. There is not a clear path forward to determine how and when the enhancements will be executed within the year, and these open gaps will likely impact the success of the overall project. Other challenges exist with the January 2023 phone survey results as no customers were surveyed in the month due to a file transfer failure to the survey vendor.

Outage Information Satisfaction (CS-21) results decreased slightly during the reporting period, from 65.8% satisfied in January 2023 to 65%. PSEG Long Island assembled a cross-functional team to assess projects to enhance outage communications, however, making up for the current deficit to the target and achieving 70% overall for the year requires quick action and implementation by the team, which has not been displayed.

Payment Transaction Ease (CS-24) results have shown organic improvement by 1.7 percentage points in transaction ease over the same period in 2022. The implementation of the new credit card vendor later in the year is anticipated to further improve customer satisfaction for this payment method due to expanded capabilities.

Billing Metrics (CS-9, CS-10, CS-27)

Billing Exception Cycle Time (CS-9) and Estimated Bill % (CS-27) are performing well to date. The acceleration of AMI installations and performance of AMI metered accounts have continued to generate operational improvements. LIPA IV&V, however, revealed that the historical calculation used by PSEG Long Island to measure billing exception cycle time does not fully reflect the intended definition of the calculation in the metric. PSEG Long Island and LIPA are continuing conversations to address the finding. Billing Cancel Rebills (CS-10) experienced challenges in March 2023 related to enrollment process for over 8,000 new Community Distribution Generation subscribers. The manual enrollment process of such a large quantity resulted in over 2,800 accounts enrolled beyond the initial billing period and required rebills to pick up the missed period. PSEG Long Island indicated that they may exercise the exclusion to drop the highest and lowest performing month.

Contact Center Metrics (CS-11, CS-13, CS-25)

PSEG Long Island deployed a new class of 24 agents to the phones starting in early January 2023 and hired another class of 30 for training during Q1 and deployment to the phones in Q2. Nine Convergent agents also supplemented the full-time staff. **Despite the increase in headcount, the Contact Center Live Agent Service Level (CS-11) metric will not achieve the target of 80% in 30 seconds for the year based on projections from PSEG Long Island and the need to further reduce average handle time and shrinkage.** The additional agents have positively impacted both First Call Resolution (CS-13) and IVR Containment (CS-25), which are both tracking close to the target, at 80.8% (vs. 81% target) and 60.8% (vs. 59% target), respectively. The improvement is driven by reduced repeat calls as more transferred calls are being answered by a live agent as compared to 2022 when call abandonments were high. In addition, the suspension of collection activity for January and February positively impacted the monthly performance.

AMI System Enhancement Projects (CS-22, CS-29)

As part of AMI Roadmap and 2023 Improvements (CS-22) project, PSEG Long Island submitted a commercial disconnect pilot implementation plan with use cases, a plan to investigate collections with loading in excess of 70%, and a template for the three-year roadmap. LIPA approved an exception to add two additional deliverables and extend the delivery of the AMI roadmap by six months to October 1, 2023. This extension was granted to allow for better alignment on the outcomes and does not impact overall project success. For the AMI Meter Validation, Estimation, Editing (VEE) Enhancements and Data Reporting (CS-29) project, PSEG Long Island successfully submitted a PIP to enhance the existing VEE process in the MDM to ensure accurate interval billing as customers are converted to time-of-day rates. LIPA approved an exception to modify the AMI data reporting deliverables as part of this metric. The exception was used to add greater clarity around the outputs and expectations of the deliverables and did not change the metric intent.

Customer Assistance & Safeguards Projects & Metrics (CS-17, CS-23, CS-26)

PSEG Long Island is below the Low to Moderate Income Program Participation (CS-17) target of 50,000 with actual enrollment high results of 41,933 enrollments. There are not clear plans on how this metric will get back on track, and it is a risk for year end. As part of the Deferred Payment Agreement (DPA) Improvement (CS-23) project, PSEG Long Island provided benchmark data to determine best practices on DPA offerings. The best practices will inform the ultimate improvements, which are slated for delivery later in the year. For the Life Sustaining Equipment (LSE) Customer Compliance (CS-26) project, PSEG Long Island issued the annual recertification letter during the first quarter to customers enrolled prior to 2022. The updated LSE report deliverable was declined as approximately 36% of the records did not have the required patient data points. Approval is pending LIPA validation of the resubmission of completed information. An exception was approved to add deliverables to enhance the resolution of non-responding customers and to modify the timeline allowing for better automation of the validation process.

Move Process Improvement (CS-28)

After a missed first quarter deliverable, LIPA accommodated exceptions for PSEG Long Island to properly plan a customer move transaction automation project. PSEG Long Island did not execute the updated deliverables timely or consistently to achieve the objectives and expected outcomes of the metric. The submitted PIP, which was delivered late, did not include any automation enhancements, which is the intent of the metric, and upon further review, PSEG Long Island reported no automations could be accommodated within a 2023 timeline. **The project is considered missed for the 2023 performance year and will be reestablished as a metric in 2024.**

Other Customer Service Metrics (CS-14, CS-15, CS-19)

New targets were identified for the Net Dollars Written Off (CS-14) metric based on execution of the exclusion clause for the moratorium from January 1 to March 13, 2023. **This metric is currently behind YTD, and it will be a challenge to get back on track.** Arrears Aging Percentage > 90 Days Past Due (CS-15) is also impacted by the Phase 2 forgiveness and moratorium exclusion and adjustment are currently being calculated. **The Customer Complaint Rate (CS-19) continues to increase, ending the reporting period at the target of 4.2.** The metric is a rolling 12-month average and complaints in the first quarter of 2023 are 68% higher than complaints during the same period in 2022. Given that the

moratorium would have reduced the number of complaints, this metric is also at risk at year-end. There are not clear initiatives defined that will change the current trajectory.

Year-to-Date Status Details

Qualitative Metrics

The Customer Service Metrics had **51 deliverables due in this reporting period, of which one (1) is overdue with no exception requests outstanding, and nine (9) did not meet the metric standards and were rejected.** The remaining deliverables are either approved, under review, or have an exception requested and under review.

The Customer Service Qualitative Metric deliverables that are Rejected or Overdue as of the reporting date are detailed in the following table.

FIGURE 9: CUSTOMER SERVICE QUALITATIVE METRICS – REJECTED AND OVERDUE DELIVERABLES

METRIC #	METRIC NAME	STATUS
	Delivery of Strategic Customer Experience & Billing Projects	
CS-01.2	Accelerated Payment Posting Feasibility Study - Provide objective, evaluation criteria, assessment approach, and report format for study.	Overdue
	Customer Transactional Performance Measurement & Analysis	
CS-05.10	January survey result reports and supporting detail	Rejected
CS-05.3	Submit plan to expand the surveyed channels. Update the implementation date in Smartsheets.	Rejected
CS-05.4	Submit business rules required to trigger the survey at the appropriate time in the journey. Update the implementation date in Smartsheets.	Rejected
CS-05.5	Submit list of proposed supplemental data to enrich reporting of payment, collections, & billing survey results. Update the implementation date in Smartsheets.	Rejected
CS-05.6	Submit plan to supplement outage survey results with identified data. Update the implementation date in Smartsheets.	Rejected
CS-05.7	Provide recommendations for department-wide survey strategy and approach.	Rejected
	Life Sustaining Equipment (LSE) Customer Compliance	

CS-26.2	Update the existing LSE report to ensure all active accounts have the following additional data points: the LSE patient name, patients' relationship to Customer of Record (COR), LSE medical device/condition, LSE contact information if not the COR or COR relative, date of last field investigation, the associated result of the last field investigation, and a column representing the last validation.	Rejected
	Move Process Improvement	
CS-28.1	Move Process Improvement - Provide Project Implementation Plan. Update the Metric deliverables in Smartsheet to include the LIPA-approved PIP deliverable due dates.	Rejected
CS-28.6	Move Process Improvement - Provide customer journey mapping document.	Rejected

Quantitative Metrics

The status of each Customer Service Quantitative Metric as of the reporting date is detailed in the following table. Of the 14 metrics, four (4) are meeting the YTD target, nine (9) are behind the YTD target, and one (1) is to be determined as results will not be reported until July.

FIGURE 10: CUSTOMER SERVICE QUANTITATIVE METRICS YTD STATUS

METRIC #	METRIC NAME	L/H	YTD RESULT	YE TARGET	YTD TARGET	YTD PERFORMANCE
CS-02	J.D. Power – Residential	H	700 11 th	740 OR 10 TH	740 OR 10 TH	Behind Target
CS-03	J.D. Power – Business	H	TBD	9 TH RANK	9 TH RANK	TBD
CS-09	Billing Exception Cycle Time	H	99.9%	98.5%	98.5%	Meeting Target
CS-10	Billing – Cancelled Rebill	L	0.22%	0.18%	0.18%	Behind Target
CS-11	Contact Center Service Level with Live Agent Calls	H	38.3%	80%	80%	Behind Target
CS-13	First Call Resolution (FCR)	H	80.8%	81%	81%	Behind Target
CS-14	Net Dollars Written Off	L	\$17,039,249	\$29,576,986	\$15,143,201	Behind Target
CS-15	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)	L	62.06%	51.64%	51.64%	Behind Target
CS-17	Low to Moderate Income (LMI) Program Participation	H	40,751	50,000	43,292	Behind Target
CS-19	DPS Customer Complaint Rate	L	4.2	4.2	4.2	Meeting Target

CS-21	Outage Information Satisfaction	H	65%	70%	70%	Behind Target
CS-24	Payment Transaction Ease	H	89.9%	90%	90%	Behind Target
CS-25	Interactive Voice Response (IVR) Containment Rate	H	60.8%	61%	59%	Meeting Target
CS-27	Estimated Bill %	L	0.45%	0.61%	0.61%	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.

BUSINESS SERVICES

The Business Services (BS) scope has 14 metrics, accounting for \$3,000,000 in compensation at-risk based on performance. Of these 14 metrics, 13 are Qualitative, and one (1) is Quantitative.

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

Year-to-Date Status Overview

Most of the Business Service Metrics are progressing favorably. It is too early to assess the likelihood of PSEG Long Island meeting the metrics at year-end. The following discussion is focused on our overall assessment of performance on the initiatives and does not judge whether the metrics will be satisfied.

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

PSEG Long Island proposed ten risks from the 2022 Tier 1 and 2 Risk list to apply the risk mitigation effectiveness process. LIPA reviewed and approved the proposed risks. The ten risks are Major Storm, Major Storm - Customer Expectations, Supply Chain, Safety, Cyber – SCADA, Cyber – EMS, Physical Asset Protection, Breach of PII, Third Party Cyber, and Asset Management. The LIPA ERM Team meets with the PSEG Long Island ERM Team every two weeks to discuss progress and expectations. The LIPA ERM Team has conveyed that some qualitative analysis is expected, but the risks should also be aligned with any existing Key Risk Indicators and OSA metrics to further support the management claims on the effectiveness of the mitigation actions. These ten risks, with the risk effectiveness process applied, will be included in the PSEG Long Island ERM Annual Report which is due on June 30th.

Full-Time Vacancy Rate (BS-05)

The vacancy rate in Business Services and IT is trending behind the established targets for the Full-Time Vacancy (BS-5) metric. This metric is designed to incentivize PSEG Long Island to recruit and onboard the budgeted full-time headcount identified as necessary to achieve operational objectives within the identified categories and to minimize expenses related to supplemental resources such as temporary employees, consultants, affiliate employees, etc. LIPA developed six (6) key performance indicators (KPIs) related to recruiting, hiring, and retention practices that PSEG Long Island is required to track and report results to LIPA. These KPIs are effective in measuring and evaluating the recruiting process throughout the year.

Complete Affiliate Cost and Quality Justifications (BS-7)

The objective of this metric is to ensure that PSEG Long Island's decision to perform a particular scope through a PSEG affiliated company, rather than by hiring a qualified subcontractor or ServCo, is cost and quality justified pursuant to the OSA Section 5.2. In addition, it requires PSEG Long Island to prepare a remediation plan, if LIPA, in its reasonable judgment, determines that the cost and quality justification provided by PSEG Long Island does not justify the use of the affiliated company. Deliverables for this reporting period included "lessons learned" from the 2022 metric and an updated agreed upon framework for such "lessons learned", which PSEG Long Island has completed, and other deliverables which are under review. However, **PSEG has not completed a key deliverable of the 2022 metric BS-7, which the 2023 metric relies upon, and so this metric remains at risk.**

Improve the Capital Project Impact Analysis and Tracking Process (BS-8)

The metric's goal is to facilitate the implementation of a Capital Project Impact Analysis for infrastructure projects. The Capital Project Impact Analysis metric is designed to promote effective planning and ensure accountability, transparency, and realization of desired project benefits or additional impacts to operation and maintenance costs, with a particular focus on major new projects proposed for funding in the Capital Budget. There are no deliverables for this reporting period for this metric.

Improve Annual Substation Property Tax Reports (BS-10)

The goal of this metric is to complete the annual Substation Payment-in-Lieu-of Taxes (PILOT) and Valuation Report for all LIPA substations. PSEG Long Island manages the payment of LIPA's property tax PILOTs for its properties, including its substations. This report will allow for monitoring the reasonableness of property tax PILOTs. LIPA randomly selected substation tax assessments and values as provided in the report and determined the amounts were accurate. PSEG Long Island is on target to meet this metric.

Utility Marketing Effectiveness (BS-18)

The goal of this metric is to improve marketing, advertising, and customer communications by utilizing and enhancing customer intelligence and spending customer dollars efficiently and effectively. PSEG Long Island has created an annual marketing plan, submitted three marketing and spending reports, and started work on a customer intelligence pilot program to utilize artificial intelligence within customer data to improve segmentation.

Reputation Management and Positive Media Sentiment/Share of Voice (BS-19, BS20)

The objective of these metrics is to encourage a more proactive media approach with the intention to maintain a more favorable reputation. PSEG Long Island has tracked media articles by sentiment (positive, neutral, negative) and Share of Voice, and is above the target set for these metrics.

Social Media Engagement and Following (BS-21)

The objective of this metric is to enhance PSEG Long Island's social media engagement and response rate by utilizing artificial intelligence for a faster response time when needed. With the successful onboarding of additional employees, PSEG Long Island is performing well on this metric.

Timely, Accurate, and Supported Storm Event Invoicing (BS-22)

The objective of this metric is to ensure PSEG Long Island provides timely, accurate, and appropriately supported storm event costs to LIPA. PSEG Long Island is required to provide a monthly status report to demonstrate progress on the monthly deliverables. There have been limited qualifying storms so far. PSEG Long Island is on target as of now.

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

FEMA has made available mitigation grants because of Tropical Storm Isaias and the Remnants of Ida. This project aims to establish requirements and timelines for preliminary engineering of 174 circuits

identified by PSEG Long Island as candidates for storm hardening/mitigation grants. The FEMA grants have been submitted and are pending an updated Scope of Work that is to be based on the specific engineering of each circuit. To be successful, PSEG Long Island must prepare high-quality Hazard Mitigation Plan (HMP) circuit binders for each circuit and deliver such binders to LIPA before being submitted to FEMA/DHSES. In accordance with the metric deliverables, PSEG Long Island has delivered the requisite binders by each month's end through the reporting period. PSEG Long Island is to deliver 10 binders per week until all binders are completed.

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

This project is to implement the recommendations of the LIPA-commissioned report from PA Consulting "End-to-End Review -- Maintaining Accurate Property Records," including the requirements of a LIPA-approved PIP. PSEG Long Island provided a PIP in accordance with the metric to meet all project requirements on January 31, 2023. PSEG Long Island has also provided a status report demonstrating compliance with the metric for the quarter ended March 31, 2023.

Consolidate Real Estate Footprint (BS-33)

PSEG Long Island provided a summary of lease termination negotiations for the two customer service centers and removed all assets from these centers including the Uniondale suite. LIPA approved multiple exceptions for deliverables in the first quarter. PSEG Long Island requested to limit early lease terminations to two customer service centers instead of four as originally identified in the metric and extend the due date to deliver the negotiated early termination agreements by two months to March 31, 2023. LIPA also approved an exception to exclude terminating the lease for the Bethpage office space and deferred the delivery of a plan to relocate the Hauppauge training facility by 8.5 months to November 15, 2023.

Year-to-Date Status Details

Qualitative Metrics

The Business Services Qualitative Metrics had 35 deliverables due in this reporting period, of which one (1) is overdue with no exception requests outstanding. The remaining deliverables are either approved, under review, or have an exception requested and under review.

The Business Services Qualitative Metric deliverables that are Rejected or Overdue as of the reporting date are detailed in the following table.

FIGURE 11: BUSINESS SERVICES QUALITATIVE METRICS – REJECTED AND OVERDUE DELIVERABLES

METRIC #	DELIVERABLE	STATUS
	Update Low and Moderate Income (LMI) Tariff and Billing	
BS-32.3	Final tariff proposal approved by LIPA for April SAPA	Overdue

Quantitative Metrics

The status of each Business Services Quantitative Metric as of the reporting date is detailed in the following table. Business Services has one (1) Quantitative Metric, which is behind target.

FIGURE 12: BUSINESS SERVICES QUANTITATIVE METRICS YTD STATUS

METRIC #	METRIC NAME	L/H	YTD RESULT	YE TARGET	YTD TARGET	YTD PERFORMANCE
BS-05	Full-Time Vacancy Rate	H	60%	100%	100%	Behind Target
BS-19	Reputation Management and Positive Media Sentiment	H	61.10%	30%	30%	Meeting Target
BS-20	Reputation Management – Share of Voice	H	N/A	50%	50%	Meeting Target
BS-21	Social Media Engagement and Following	H	100%	100%	100%	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), Business Services (including Power Systems Management) and a vacancy rate of no greater than 7.0% for Information Technology. PSEG Long Island’s performance level of 60% reflects that it is meeting the vacancy rate target because it has satisfied the two reporting obligations contained in this metric. However, the vacancy rates in Business Services and IT are trending behind the established metric targets.

Table Note 3: BS-19, BS-20 and BS-21 are qualitative metrics that incorporate quantitative targets and are included in this table for reference.

SECTION II: BOARD RECOMMENDATIONS

OVERVIEW OF BOARD RECOMMENDATIONS STATUS

The LIPA Board directed PSEG Long Island to file Project Implementation Plans 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 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 and/or 2023 Performance Metrics. This section details the status of the Board Recommendations that are not fully addressed by the Performance Metrics; and constitutes the seventh such quarterly report.

In August 2022, LIPA proposed a plan to PSEG Long Island to close out the pending Board Recommendations, following which there has been a renewed focus on the recommendations, resulting in significant progress. **13 Recommendations have successfully completed IV&V since the last Quarterly report, including nine (9) previously Delayed recommendations.**

The statuses reported here are based on tracking of the close-out plan activities as of May 31, 2023.

ITF RECOMMENDATIONS

The 85 Isaias Task Force recommendations resulted in 78⁷ PIPs. Figure 13 summarizes the status of the 78 PIPs, of which:

- 58 projects (74%) are closed by PSEG Long Island (some of which remain subject to LIPA IV&V).
- 9 projects (12%) are either delayed or PSEG Long Island has not yet submitted an acceptable PIP to address the Board's recommendations.
- 11 (14%) of the projects have been incorporated into the OSA Performance Metrics 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 Performance Metrics reporting.

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

As of	On Schedule	2022/2023 OSA Metric	Delayed	No Approved PIP / PIP Deferred	Closed by PSEG LI / Completed ⁸	Total
May 2023	0 (0%)	11 (14%)	6 (8%)	3 (4%)	58 (74%)	78

Since the 2022 Third Quarter Report, seven (7) additional Isaias Task Force Recommendations have successfully completed IV&V, five (5) of which were previously Delayed, one (1) of which was previously Closed, and one (1) of which previously had no approved PIP.

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.

⁷ The number of projects requiring PIPs may vary over time as recommendations are combined or split into implementation projects.

⁸ 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 2022Q3 Report
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 experienced further delays, with the previous planned November 2022 go-live first moved to December 2022, and then again delayed just days prior to the planned go-live pending resolution of a newly identified blocking issue. Given the indefinite delay, LIPA requested that PSEG LI assess the potential impacts of discontinuing the project, factoring in the status of the in-progress CCaaS project, which will replace the components to be delivered by this project but has also experienced delays. As a result, the project is suspended.	1/18/2021	7/9/2021	Further schedule delays, with the previously projected end date of 11/30/2022 moved to 12/7/2022 and then indefinitely deferred, as a result of which the project is currently suspended.
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
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 completed the planned 2022 functional exercise cycle. LIPA observed the exercises and provided 332 specific comments and seven overarching recommendations to PSEG LI. LIPA will keep this project open until the comments and recommendations provided to PSEG LI are addressed.	4/1/2021	6/30/2021	None

#	Tier	Status	Recommendation	Status Summary	Start Date	Planned End Date per PIP	Status/Schedule Change Since 2022Q3 Report
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.	2/26/2021	7/30/2021	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.	Proposed training curriculum was submitted to Local 1049 for consideration and is currently under review. Additional discussions are pending.	unknown	8/1/2021	None
5.17	2	NA (Replaced by metric)	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.	This recommendation has been replaced by the 2023 CS-26 metric.	12/11/2020	10/31/2021	Status changed from None to NA (Replaced by metric)

#	Tier	Status	Recommendation	Status Summary	Start Date	Planned End Date per PIP	Status/Schedule Change Since 2022Q3 Report
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. LIPA recommends hiring a full time Director of Emergency Management by 9.01.2023.	9/1/2021	3/31/2022	None

FIGURE 15: SUMMARY OF CLOSED / COMPLETED ISAIAS TASK FORCE PROJECT IMPLEMENTATION PLANS^{9, 10}

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
3.2.1.1	1	Completed	PSEG Long Island should complete implementing the planned telecommunication design changes and conduct additional capacity testing as soon as possible.	Closed 2023 Q1. In March 2023, PSEG LI submitted artifacts that addressed LIPA's comments to the March 2022 submission. LIPA completed IV&V in April 2023 and accepted recommendation closure.	11/6/2020	2/12/2021	3/23/2023	3/23/2023	Status changed from Delayed to Completed
3.2.1.2	1	Completed	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. PSEG LI submitted the documentation requested by LIPA on carrier/provider scope of services in November 2022. LIPA completed IV&V in November 2022 and accepted recommendation closure.	11/17/2020	12/22/2020	8/13/2021	11/15/2022	Status changed from Closed to Completed
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.	Completed 2022Q3.	12/4/2020	NA (no approved PIP)	8/13/2021	8/20/2021	None
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.	Completed 2022Q3.	9/10/2020	1/19/2021	8/6/2021	8/20/2021	None

⁹ Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.

¹⁰ 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
3.2.2.5	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.	Completed 2022Q3	11/23/2020	5/3/2021	2/11/2022	3/17/2022	None
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.	Completed 2022Q3	11/2/2020	5/3/2021	2/11/2022	3/17/2022	None
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.	Completed 2022Q3	11/2/2020	5/3/2021	2/18/2022	3/17/2022	None
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.	Completed 2022Q3	11/2/2020	5/11/2021	2/6/2022	2/11/2022	None
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.	Completed 2022Q3	12/1/2020	3/22/2021	9/17/2021	9/17/2021	None

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
3.2.4.1	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.	Completed 2022Q3	1/11/2021	9/2/2021	9/17/2021	9/17/2021	None
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.	Completed 2022Q3	4/7/2021	11/12/2021	2/11/2022	10/19/2022	None
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.	Completed 2022Q3	1/25/2021	3/24/2021	2/6/2022	2/11/2022	None
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
4.04 & 4.05	2	Completed	Explore integrating the high-volume voice communications design into a more powerful all-encompassing call center design. Develop a more scalable Inbound Contact Center.	Closed 2022Q4. PSEG LI submitted the revised artifacts requested by LIPA in November 2022. LIPA completed IV&V in December 2022 and accepted recommendation closure.	2/1/2021	4/1/2022	11/28/2022	11/28/2022	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
4.07	2	Completed	Ensure that the Municipal Portal is more resilient and prepare a backup Mode of Operation in case of OMS failure.	PSEG LI deployed the permanent encrypted solution and submitted close-out artifacts. LIPA completed IV&V and accepted recommendation closure.	8/31/2020	8/16/2021	11/21/2022	1/10/2023	Status changed from Delayed to Completed
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 Isaías.	Completed 2022Q3	1/4/2021	12/31/2021	7/20/2021	8/20/2021	None
4.09	3	Completed	Better prepare social media staff to handle barrage of posts using modern artificial intelligence tools.	Completed 2022Q3	1/19/2021	6/25/2021	unknown	9/30/2022	None
4.10	3	Completed	Implement a solution that allows the OMS to decouple customer reporting from field management activities.	Completed 2022Q3	11/13/2020	2/6/2022	unknown		None
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.	Completed 2022Q3	4/23/2021	2/28/2022	4/13/2022	5/20/2022	None
4.16		Completed	Install standby hardware resources for use during peak demand.	Completed 2022Q3	NA (no approved PIP)	NA (no approved PIP)	8/20/2021	8/20/2021	None
4.17	1	Completed	Re-architect the inter-system message queuing applications for greater dynamic stability under highly demanding workloads.	Completed 2022Q3	11/13/2020	7/9/2021	2/15/2022	3/9/2022	None

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
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.	Completed 2022Q3	1/7/2021	5/3/2021	2/11/2022	10/21/2022	None
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.	Completed 2022Q3	2/19/2021	4/12/2021	6/28/2021	10/25/2021	None
5.05	1	Completed	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.	PSEG LI submitted close-out artifacts in November 2022 which LIPA accepted for review. LIPA has completed IV&V and accepted recommendation closure.	NA (no approved PIP)	NA (no approved PIP)	-	11/10/2022	Status changed from No Approved PIP to Completed
5.06	3	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.	Completed 2022Q3	3/1/2021	4/1/2021	6/30/2021	10/25/2021	None

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
5.07	1	Completed	Expand the Emergency Assistance Agreement with National Grid to include Generation employees.	Closed 2022Q4. The signed revised agreement between PSEG LI and National Grid was provided by PSEG LI on 12/1/22. The revised agreement addresses damage assessment, wire watchers, material handlers and wellness checks.	12/31/2020	2/15/2021	12/01/2022	12/07/2022	Status changed from Delayed 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.	Completed 2022Q3	Unknown	4/02/21	10/06/22	10/06/22	None
5.09	3	Completed	Work with off-island sustaining tree contractors to develop consistent work practices, especially for removal of trees from energized lines.	Completed 2022Q3	3/1/2021	5/1/2021	4/30/2021	10/25/2021	None
5.10 & 5.4.6	3	Completed	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).	The revised contract was signed by both parties on 11/30/22 and provided to LIPA on 12/1/22. LIPA completed IV&V and accepted recommendation closure.	Unknown	7/2/2022	12/01/2022	12/07/2023	Status changed from Delayed 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.	Completed 2022Q3	1/19/2021	5/15/2021	5/14/2021	10/25/2021	None
5.12	3	Completed	Improve training for RDAs including on BCPs. Prepare to implement RCA, when advantageous.	Completed 2022Q3	1/20/2021	5/1/2021	6/30/2021	10/25/2021	None

#	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.	Completed 2022Q3	unknown	3/5/2021	6/16/2021	10/25/2021	None
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.	Completed 2022Q3	12/21/2020	2/22/2021	-Unknown	-NA	None
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)	Completed 2022Q3	unknown	3/1/2021	3/1/2021	10/25/2021	None
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).	Completed 2022Q3	1/4/2021	8/30/2021		9/28/2021	None

#	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
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.

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.

- 30 of the Management Recommendations (43%) have now been incorporated into the OSA Performance Metrics with negotiated dates and targets; and are being reported as part of the quarterly Performance Metrics reporting.
- 2 projects (3%) are either delayed or PSEG Long Island has not yet submitted an acceptable PIP to address the Board's recommendations.
- 37 projects (54%) 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	2022/2023 OSA Metrics	Delayed	No Approved PIP / PIP Not Due or Deferred	Closed by PSEG LI / Completed ¹¹	Total ¹²
May 2023	0 (0%)	30 (43%)	1 (1.5%)	1 (1.5%)	37 (54%)	69

Since the 2022 Third Quarter Report, six (6) additional Management Recommendations have successfully completed IV&V, four (4) of which were previously Delayed, and two (2) of which were previously On Schedule. 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.

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

¹² 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 ¹³	Recommendation	Status Summary	Planned End Date
OBD-1	Completed	LIPA will develop a new budget system to provide improved documentation, centralized budget calculations, data analytics and forecasting capabilities, and budget control.	LIPA implemented the new budgeting system – EPBCS (Enterprise Planning & Budgeting Cloud Service) - on 6/12/2023; combining the originally planned Phase 1 and Phase 2 deployments. The system will enhance the budget planning, development, and management processes to provide a seamless data-sharing platform with data analytics capabilities.	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 ¹⁰	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.	Complete	2024 Q1
RE-04 (10.03)	Completed	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.	Closed Q4 2022. PSEG Long Island finalized QA/QC on records scanned by the vendor and provided LIPA with a copy of the records, which LIPA will incorporate into its new document management system once implemented. LIPA completed IV&V and accepted recommendation closure.	2022 Q4

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

RE-05 (10.05)	Completed	Develop a succession plan for current long-serving PSEG Long Island real estate professionals to ensure knowledge capture and transfer.	PSEG LI submitted close-out report. LIPA completed IV&V and accepted recommendation closure.	2022 Q4
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FIGURE 20: INVENTORY MANAGEMENT RECOMMENDATIONS

#	Reported Status ¹⁴	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	
IMR-16 (IM4)	Completed	Workorder Demand, Requisitions and Maintenance BOMs for Material Order is Considered to be Inaccurate	Closed 2023 Q1. The Quarterly meeting was held on 2/28/23. PSEG LI updated LIPA that the second analyst position has been filled and also a new manager is in place since the previous manager retired.	6/30/2021
IMR-17 (IM5)	Completed	Demand Forecast is not Consolidated and Reviewable in a Drill Down Manner	Complete	

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

IMR-18 (IM6)	Completed	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	Combined	6/30/2022
IMR-21 (IM9)	Completed	Inventory Policies are Reviewed and Potentially Changed 1 x Per Year	Complete.	
IMR-22 (IM10)	Completed	Limited Stock Rotation Regimen	Complete	
IMR-23 (IM11)	Completed	Limited ability to Track PPE, Consumables, and Tools Spend	Complete.	
IMR-24 (SP1)	Completed	Nearly no usage of “storm” clauses in vendor contracts	Closed. This recommendation has been discussed and closed at the 2023 Q1 Quarterly meeting between LIPA and PSEG LI.	7/20/2022
IMR-25 (SP2)	Completed	No EDI (Electronic Data Interchange) / VMI (Vendor Management Inventory)	Complete	10/31/2022

FIGURE 21: AFFILIATE SERVICES RECOMMENDATIONS

#	Reported Status ¹⁵	Recommendation	Status Summary	Planned End Date
AS-02	Completed	Enhanced Affiliate Actual Cost Transparency. 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.	Complete	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

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

FIGURE 22: STRATEGIC PLANNING RECOMMENDATIONS

#	Reported Status ¹⁶	Recommendation	Status Summary	Planned End Date
SP-1	PIP not Accepted	<p>Initiate development of five-year roadmaps for the transmission and distribution (T&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.</p> <p>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. PSEG Long Island has yet to provide a revised draft.</p> <p>LIPA in conjunction with PSEG Long Island is working on development of the five-year roadmaps.</p> <p>The five-year roadmaps have been completed and adopted by the Board for Finance, Performance Management, IT, Customer Service and T&D. 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) are scheduled to be presented to the Board by March 31, 2024.</p>	3/31/2023

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

FIGURE 23: WORK MANAGEMENT – OVERTIME RECOMMENDATIONS

#	Reported Status ¹⁷	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 PSEG LI Management Review: Enhance PSEG Long Island internal management review including comparing actuals to target and drilling into areas and jobs that used overtime.	PIP combined with WMOT-01 and covered by Performance Metrics.	NA
WMOT-03	Completed	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.	A formalized training program was developed in November of 2022 for Supervisors involved in controlling overtime. Training of all 148 Workforce Supervisors began in December of 2022 and was completed on January 17, 2023.	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.	PIP combined with WMOT-01 and covered by Performance Metrics.	NA

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

Appendix A: Summary Listing of 2023 Performance Metrics

FIGURE 24: TRANSMISSION & DISTRIBUTION METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
TRANSMISSION & DISTRIBUTION			
T&D-01	Asset Management Program Implementation – Asset Inventory	\$150,000	To implement an effective Enterprise Asset Management (EAM) Program consistent with both the ISO 55000 principles and the Asset Management Recommendations adopted by the LIPA Board of Trustees (AM-1 and AM-2).
T&D-02	Asset Management Program Implementation – Asset Management Governance	\$150,000	To implement an effective Enterprise Asset Management (EAM) Program consistent with both the ISO 55000 principles and the Asset Management Recommendations adopted by the LIPA Board of Trustees (AM-1 and AM-2).
T&D-03	Enterprise Asset Management System (EAM) Implementation	\$600,000	Begin implementation of a full-fledged EAM System.
T&D-04	Transmission and Distribution System Relay Mis-Operations	\$100,000	Limit the number of relay mis-operations on the Transmission and Distribution System.
T&D-05	Transmission & Distribution Inadvertent Operation Events	\$100,000	Limit the number of operating errors on the Transmission and Distribution System.
T&D-06	Primary and Alternative Transmission Control Center Replacement	\$250,000	Develop a project implementation plan containing the key milestones for the construction of the control centers (PTCC & ATCC) and other related operations functions identified below and gain approval from LIPA.
T&D-07	System Average Interruption Duration Index (SAIDI) Reliability	\$300,000	Continuous improvement of SAIDI (System Average Interruption Duration Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.
T&D-08	System Average Interruption Frequency Index (SAIFI) Reliability	\$200,000	Continuous improvement of SAIFI (System Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.
T&D-09	Momentary Average Interruption Frequency Index (MAIFI) Reliability	\$150,000	Continuous improvement of MAIFI (Momentary Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)	\$125,000	Improve performance for customers with the worst interruption experience, as measured by Sustained Multiple Customer Outages (“S-MCO” or “S-MCOs”), by continuing to improve overall system performance.
T&D-11	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	\$75,000	Improve performance for multi-year repeat customers with the worst interruption experience by eliminating them from the Sustained Multiple Customer Outage (S-MCO) customer list.
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)	\$100,000	Improve performance for customers with the worst interruption experience, as measured by Momentary Multiple Customer Outages (“M-MCO” or “M-MCOs”), by continuing to improve overall system performance.

T&D-13	Safety – Serious Injury Incident Rate (SIIR)	\$200,000	To safely maintain, construct and operate the Electric T&D system without risk of serious injuries and/or fatalities.
T&D-14	Safety – OSHA Recordable Incidence Rate	\$200,000	Continuous improvement in employee safety as recorded by OSHA recordable incidents. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.
T&D-15	Safety – OSHA Days Away Rate	\$200,000	Continuous improvement in employee safety as recorded by OSHA Days Away. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate	\$150,000	Continuous improvement in employee safety as recorded by the Motor Vehicle Accident (MVA) Rate. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.
T&D-17	Work Management Enhancements - Short-Term Scheduling	\$100,000	Enhance work management process by continued development of the integrated work tool that consolidates all work that is aligned with the annual budget and work plan and provides the following functionality to improve the ability to create short-term plans and schedules at the Yard level for Inside Plant by July 31, 2023: 1. Consolidated view of all work in one system 2. Allows for the comparison of active backlog of work to planned work 3. Data filters enable the focus to resource type, geography, work priority 4. Visibility to work planned for the short term and alignment with work plan
T&D-18	Work Management Enhancements - Workforce Management Plans	\$250,000	Develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime in support of the scheduled T&D work.
T&D-21	Work Management Enhancements - Work Management KPIs and Dashboards	\$100,000	Develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime in support of the scheduled T&D work.
T&D-23	Employee Overtime	\$150,000	Cost effectively manage T&D employee overtime hours.
T&D-24	Vegetation Management Work Plan – Cycle Tree Trim With Vegetation Intelligence	\$200,000	Develop and execute Vegetation Management Work Plans/budgets that use Vegetation Intelligence, including but not limited to vegetation species, growth rate, and location. This metric measures cycle trim.
T&D-25	Vegetation Management Work Plan – Trim to Sky (TTS) Circuits	\$250,000	Develop and execute Vegetation Management Work Plans/budgets. This metric measures Trim To Sky (TTS).
T&D-26	Vegetation Management Work Plan – Hazard Tree Removal	\$300,000	Develop and execute Vegetation Management Work Plans and budgets. This metric measures hazard tree removal.
T&D-27	Storm Hardening Work Plan - Overhead Hardening	\$250,000	Development and execution of the Storm Hardening Work Plan, including a pilot using spacer cable on a minimum of 17.4 miles. This metric measures Overhead Hardening.
T&D-28	Storm Hardening Work Plan - Underground Hardening	\$150,000	Development and execution of the Storm Hardening Work Plan. This metric measures Underground Hardening.

			NOTE: PJD 2225 was modified to include only 1 project for bid and execution in 2023 per meeting with LIPA on September 22, 2022. PSEG LI will put project out to bid through P&C.
T&D-29	T&D System Enhancements	\$150,000	This metric measures two types of T&D System Enhancements: 1) storm hardening to mitigate Transmission System Load Pockets and 2) distribution system hosting capacity.
T&D-30	Storm Hardening Work Plan - ACRV Commissioning Program	\$250,000	Development and execution of the Storm Hardening Work Plan - ACRV Commissioning Program.
T&D-31	Storm Hardening Work Plan - LT5H (ASUV) Program	\$150,000	Development and execution of the Storm Hardening Work Plan - LT5H (ASUV) Program.
T&D-33	Execute Real Estate Strategy on (i) purchase of a property in Medford for a new operations yard and (ii) National Grid Properties.	\$125,000	Implement Project Implementation Plan (PIP) to support a long-term strategy for LIPA's real estate and facility assets that will cover the (i) work needed to complete the purchase of property for a new Medford operations yard, and (ii) National Grid (NG) property strategy.
T&D-34	Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)	\$200,000	Timely submittal of PJDs for each Capital Project and Program with adequate detail for LIPA review and approval and inclusion into Capital Budget.
T&D-35	Construction - Project Milestones Achieved	\$200,000	Execution of approved Specific Capital Projects per milestone schedule.
T&D-36	Construction - Cost Estimating Accuracy	\$200,000	Execution of approved Specific Capital Projects as budgeted.
T&D-37	Completion of Program Planned Units Per Workplan	\$400,000	Adherence to Targeted Program planned units.
T&D-38	Program Unit Cost Variance	\$200,000	Adherence to Targeted Program estimations and budgets.
T&D-39	Project Completion Consistent with Project Design	\$100,000	Effectively manage capital projects such that completion is consistent with project engineering and design documents and meets the intent of design in the latest LIPA-approved PJD for all SEQRA projects as well as those at or above \$1,000,000.
T&D-40	Double Wood Poles	\$50,000	As a safety and system reliability matter, continue to manage the amount of Double Wood Poles on the T&D system.
T&D-41	Program Effectiveness - Vegetation Management	\$175,000	Realize tangible performance improvements on parts of the system that have completed prescribed vegetation management activities per the 2022 Vegetation Management work plan.
T&D-42	Estimated Time of Restoration (ETR) Process Enhancements	\$250,000	Improve customer outage experience via enhancement and refinement of the ETR process by studying, determining, quantifying, and operationalizing critical factors into revised ETR methodology and communication strategies.
T&D-44	Regulatory Compliance	\$150,000	Operate within all applicable rules and regulations by meeting all local, state and federal compliance reporting regulations. Appropriately Self-Report for all instances of Non-Compliance.
T&D-45	Physical Security	\$250,000	To develop and execute plans to enhance physical security, including the integration of new technologies at critical locations, including control centers, substations and yards.
T&D-46	Root Cause Analysis (RCA) Execution and Compliance	\$175,000	To improve Root Cause Analysis accuracy to enhance outage cause determination and restoration by defining the tracking and remediation of root cause

			determinations, the training required for individuals in the process, and the process for reporting and reviewing these results with LIPA staff.
T&D-48	Program Effectiveness - Storm Hardening	\$175,000	Realize tangible performance improvements on parts of the system that have completed storm hardening upgrades; specifically, the circuits completed under 2022 Metric T&D-30.
	Compensation at Risk Based on Performance	\$8,000,000	

FIGURE 25: INFORMATION TECHNOLOGY METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
INFORMATION TECHNOLOGY – ORGANIZATIONAL PERFORMANCE			
IT-01	Organizational Maturity Level	\$550,000	PSEG LI IT Department achieves an Organizational Maturity Level at CMMI Level 3 in the CMMI V2 Development Model.
IT-03	System Resiliency	\$650,000	<p>Well-designed and robust IT System Resiliency Plan that includes Disaster Recovery Plans and Business Continuity Plans that are based on comprehensive Business Impact Analyses; and are annually reviewed, updated, approved by LIPA, and successfully and thoroughly exercised, for all critical systems/processes. Plans should be developed and implemented using guidance from ISO 22301:2019, as applicable.</p> <p>The Business Continuity Plans should provide a baseline capability and represent the minimum standard required to enable the continued functioning of the business following an incident, ensuring that PSEG LI can continue to perform its essential functions and deliver core capabilities during and following a disruption to normal operations. Disaster Recovery Plans should detail the immediate response and recovery of the critical IT systems in the face of a systems-impacting disruption.</p> <p>Business Continuity and Disaster Recovery Plans should incorporate identification of all Points of Failure including Critical Systems (Applications, Data, and Services needed to support the processes to sustain the critical functions) and identification of Contingency Scenarios that require continuity and must be tested. These scenarios would demonstrate contingency in the absence of one or more of the critical Systems, Data, and Services to maintain the critical functions and processes to support the operations.</p> <p>Successful exercise of a Disaster Recovery Plan entails LIPA-observed real-life testing of the production workload being taken over by failover/recovery systems for a period of time and then subsequently restored to the primary system, in accordance with the Disaster Recovery Plan and a LIPA-approved Test Plan, and within the LIPA-approved Recovery Time and Recovery Point Objectives (RTO/RPO). RTO/RPO will be established in the PSEG LI Business Impact</p>

			<p>Analysis and documented in the Business Continuity and Disaster Recovery Plans. The period of time for which the production workloads should be transferred to the failover/recovery systems should typically be a week, but system-specific variations may be approved by LIPA as long as there is appropriate justification, and the proposed alternative provides comprehensive testing with reasonable exposure to all critical and important transactions. System-specific Test Plans must be submitted and approved by LIPA in advance of each test.</p> <p>Successful exercise of a Business Continuity Plan entails LIPA-observed full-scale functional exercise based on real-life failure scenarios in accordance with the Business Continuity Plan and a LIPA-approved Exercise Design, focused on demonstrating continuity of critical services in the absence of critical system(s), and post-disruption resumption of normal operations. Exercise Designs must be submitted and approved by LIPA in advance of each exercise.</p>
IT-04	System and Software Lifecycle Management	\$100,000	All IT and OT assets managed by PSEG LI on behalf of LIPA, including but not limited to, computers, communications equipment, networking equipment, hardware, software, and storage systems, are within their active service life and under general support from the product vendor.
IT-05	Project Performance - In-flight Projects	\$400,000	<p>IT Projects are conducted in a structured manner with strong and rigorous project planning, monitoring, and controls, demonstrated by:</p> <ol style="list-style-type: none"> 1. Project Implementation Plans (PIPs) in an acceptable format, approved by LIPA, for all in scope projects. 2. Monthly Reporting of Project Status by ten days after the close of each month. Monthly Project Status Reporting will be required starting from the month the PIP is due and continuing through the month that final close-out reports and/or artifacts are accepted by LIPA. 3. Planned project work completed on time and budget.
IT-06	Project Performance – New 2023 Projects	\$500,000	<p>IT Projects are conducted in a structured manner with strong and rigorous project planning, monitoring, and controls, demonstrated by:</p> <ol style="list-style-type: none"> 1. Project Implementation Plans in an acceptable format, approved by LIPA for all in-scope projects. 2. Monthly Reporting of Project Status by ten days after the close of each month. Monthly Project Status Reporting will be required starting from the month the PIP is due and continuing through the month that final close-out reports and/or artifacts are accepted by LIPA. 3. Planned project work completed on time and budget.
IT-07	System Segregation	\$600,000	Separate LIPA IT systems from PSEG New Jersey systems.
IT-08	Cyber Security Organization - Structure, Staffing and Capabilities Review	\$200,000	Build a cyber security organization under the PSEG Long Island CISO that is independent of PSEG New Jersey, with services, staffing, and capabilities optimized to ensure that the cyber team is fully capable of developing, managing, and supporting the cyber security program and delivering on current and future requirements independent of Affiliate Services (as defined in the OSA).
	Compensation at Risk Based on Performance	\$3,000,000	

FIGURE 26: POWER SUPPLY & CLEAN ENERGY PROGRAMS METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
POWER SUPPLY & CLEAN ENERGY PROGRAMS			
PS&C E-01	Complete Integrated Resource Plan (IRP) Follow-on Activities	\$250,000	Complete follow-on activities for the IRP.
PS&C E-02	Complete Energy Storage Request for Proposal (RFP) Follow-on Activities	\$200,000	Complete follow-on activities for the Energy Storage RFP.
PS&C E-03	Energy Efficiency Plan Savings	\$250,000	Achieve the Energy Efficiency Plan Targeted Savings, including any LIPA and DPS recommended changes to the savings target.
PS&C E-05	Beneficial Electrification – Building Electrification	\$100,000	Achieve Beneficial Electrification Targets from Utility 2.0, including any LIPA and DPS recommended changes to the targets.
PS&C E-06	Electric Vehicle (EV) Make-Ready	\$100,000	Achieve EV Make-Ready Targets, including any LIPA and DPS recommended changes to the targets.
PS&C E-08	Transition to New "Standard" Time of Day Residential and Small Business Rates on an Opt-Out Basis	\$600,000	Plan, build and initiate launch marketing and outreach, IT and customer tools, website update, call center and billing training, and business process changes needed for a transition to a standard (opt-out) TOD rate for all residential and small business customers that will achieve top performer enrollment and satisfaction.
PS&C E-11	Implementation of Utility 2.0 Projects	\$250,000	High quality, timely implementation of Utility 2.0 Projects.
PS&C E-13	Heat Pump Strategy to Address Barriers to Customer Adoption	\$250,000	Implement 2023 programmatic changes to address barriers to customer heat pump adoption as part of the multi-year heat pump strategy.
	Compensation at Risk Based on Performance	\$2,000,000	

FIGURE 27: CUSTOMER SERVICE METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
CUSTOMER SERVICE			
CS-01	Delivery of Strategic Customer Experience & Billing Projects	\$300,000	Implementation of strategic customer projects to improve customer contact, payment, and billing experience and drive top quartile performance.
CS-02	J.D. Power – Residential	\$200,000	Execute an effective plan to improve customer satisfaction for residential customers, as reflected in improved J.D. Power Residential Customer Survey results.
CS-03	J.D. Power – Business	\$200,000	Improve customer satisfaction for business customers, as reflected in improved J.D. Power Business Customer Survey results.
CS-04	Customer Information System (CIS) Modernization	\$400,000	To ensure a flexible modern Customer Information System (CIS), capable of effective and efficient customer transactions
CS-05	Customer Transactional Performance Measurement & Analysis	\$300,000	Drive continuous improvement among various channel transactions through on-going measurement and evaluation of customer satisfaction, transactional ease, utilization volume, and cost per transaction. Enhance the existing survey approach and reporting to deepen customer insights.
CS-09	Billing Exception Cycle Time	\$50,000	Provide a timely bill to the customer.
CS-10	Billing – Cancelled Rebill	\$100,000	Provide an accurate bill to the customer the first time, not requiring a subsequent adjustment.
CS-11	Contact Center Service Level with Live Agent Calls	\$350,000	Customer response to contact representatives meet customer tolerance levels to promote efficient staffing and customer satisfaction.
CS-13	First Call Resolution (FCR)	\$100,000	Measure customer ease of interaction and Service Provider's proficiency in satisfactorily resolving customer issues and questions at the time of initial call.
CS-14	Net Dollars Written Off	\$200,000	Actively manage the increased COVID-19 receivables and associated write-offs.
CS-15	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)	\$300,000	Effective recovery from the COVID-19 financial impacts for aged receivables > 90 days by the end of the Contract Year.
CS-17	Low to Moderate Income (LMI) Program Participation	\$100,000	Increase the Low to Moderate Income (LMI) program customer enrollment in the Household Assistance Rate (HAR).
CS-19	DPS Customer Complaint Rate	\$100,000	Keep customer regulatory complaints to a minimum.
CS-21	Outage Information Satisfaction	\$200,000	Improve customer satisfaction with PSEG Long Island's proficiency in providing information for customers who experience an outage.
CS-22	Advanced Metering Infrastructure Roadmap and 2023 Improvements	\$100,000	Effectively execute on Advance Metering Infrastructure system enhancements
CS-23	Deferred Payment Agreement (DPA) Improvement	\$150,000	Improve compliance with HEFPA regulations by creating consistent standards and guidelines across all customer platforms for deferred payment agreement options. Improve customer experience for establishing a deferred payment agreement while reducing outstanding

			receivables by improving self-service and customer interactions.
CS-24	Payment Transaction Ease	\$150,000	Improve customer perceived ease of payment interactions conducted on various channels.
CS-25	Interactive Voice Response (IVR) Containment Rate	\$200,000	Improve caller self-service provided by the IVR.
CS-26	Life Sustaining Equipment (LSE) Customer Compliance	\$100,000	Improve the LSE renewal and removal process by enhancing outreach and data gathering methods while adhering to DPS regulatory requirements.
CS-27	Estimated Bill %	\$100,000	Provide a bill with an actual read.
CS-28	Move Process Improvement	\$150,000	Streamline the residential move process to complete the transaction within one interaction.
CS-29	AMI Meter Validation, Estimation, Editing Enhancements and Data Reporting	\$150,000	Effectively execute the Meter Data Management (MDM) Validation, Estimation and Editing Process and Data Reporting.
	Compensation at Risk Based on Performance	\$4,000,000	

FIGURE 28: BUSINESS SERVICES METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
BUSINESS SERVICES			
BS-01 (ERM-1)	Enterprise Risk Management (ERM) - Implementation of the Risk Mitigation Effectiveness Process	\$150,000	Implement a process to assess the effectiveness of risk mitigation activities on a qualitative basis.
BS-05 (HR-3)	Full Time Vacancy Rate	\$450,000	Obtain the budgeted full-time headcount identified as necessary to achieve operational objectives within the identified categories and to minimize expenses related to supplemental resources such as temporary employees, consultants, affiliate employees, etc. Develop reports to track key performance indicators related to recruiting, hiring, and retention practices. Key performance indicators will include - Time to Fill (exempt and non-exempt), Submittal to Interview Percentage, Voluntary/Involuntary Turnover Rates, and Job Offer Acceptance Rate.
BS-07 (BGT-1)	Complete Affiliate Cost and Quality Justifications	\$250,000	To ensure that PSEG LI's decision to perform a particular Scope Function or Sub-Function through an Affiliate as a Shared Service, rather than by a qualified subcontractor or ServCo, is cost and quality justified pursuant to OSA Section 5.2(A)(7).
BS-08 (BGT-2)	Improve the Capital Project Impact Analysis and Tracking Process	\$150,000	Improve the Capital Project Impact Analysis Process and the Tracking of Realized Benefits.
BS-10 (ACC-2)	Improve Annual Substation Property Tax Reports	\$150,000	Improve the annual Substation Valuation Report to, among other items, include the 165 substations identified and previously agreed to for property tax related analysis and reporting. The annual Substation Valuation Report shall be used for LIPA's annual Tax and Payment in Lieu of Taxes (PILOT) grievance filings.
BS-18 (E&C-3)	Utility Marketing Effectiveness	\$250,000	Improve marketing, advertising, and customer communications and present a unified view of utility marketing effectiveness by utilizing and enhancing customer intelligence, ensuring holistic planning, and spending customer dollars efficiently and effectively.
BS-19 (E&C-4)	Reputation Management and Positive Media Sentiment	\$150,000	Maintain a positive reputation through proactive and effective media outreach, corporate communications, and content planning.
BS-20 (E&C-5)	Reputation Management – Share of Voice	\$150,000	Enhance proactive media relations to ensure PSEG LI has active "Share of Voice" in media articles.
BS-21 (E&C-6)	Social Media Engagement and Following	\$250,000	Enhance PSEG LI's social media engagement and response rate on Facebook, Twitter, and LinkedIn. Utilize artificial intelligence to provide a near immediate automated response that indicates to customers that their case is being routed to an analyst for resolution and provide resources for customers tailored to their keyword indication.
BS-22	Timely, Accurate, and Supported Storm Event Invoicing	\$300,000	To ensure PSEG Long Island provides timely, accurate, and appropriately-supported storm event costs to LIPA.
BS-23	FEMA Tropical Storm Isaias Grant -- Engineering to Support Grant Application	\$150,000	To complete the engineering required in a timely and complete manner to support the FEMA storm hardening grant application associated with Tropical Storm Isaias.
BS-24	Improve the Accuracy of Asset Records for Outside Plant	\$150,000	To improve the accuracy of asset records for outside utility plant.

BS-32	Update Low and Moderate Income (LMI) Tariff and Billing	\$150,000	Modify billing of LMI discounts so that discounts are applied to volumetric delivery and power supply charges and not applied to daily service charges.
BS-33	Consolidate Real Estate Footprint	\$300,000	Implement Project Implementation Plan (PIP) to support a strategy to consolidate LIPA's real estate footprint. The PIP will cover the (i) termination of leases for certain customer service centers at Far Rockaway, Coram, Seaford, and Lindenhurst, (ii) office space in Bethpage, (iii) warehouse space in Hauppauge, and (iv) PSEG LI dedicated space in Uniondale.
	Compensation at Risk Based on Performance	\$3,000,000	



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