

Board Policy: **Asset Management**
Policy Type: **Operating**
Monitored by: **Oversight and Clean Energy Committee**
Board Resolution: **#1649, approved June 23, 2021**
#xxx, amended September xx, 2023



Board Policy on Asset Management

The Long Island Power Authority’s (“LIPA”) vision for asset management is to maintain a robust system for the clean, reliable, and affordable operation of the transmission and distribution system assets. LIPA will take prudent and reasonable measures to accomplish the following:

- Adopt the ISO Asset Management Framework that encompasses industry-leading practices and achieve a maturity goal of 3.0 or greater by the end of 2025.
- Develop and maintain a modern enterprise asset management system (“EAMS”) for asset-related work management, capturing, managing, and reporting on all strategic and operational assets, defining the relationships between those assets, and assessing the effectiveness and efficiencies of those assets.

The Chief Executive Officer, or his or her designee, will report annually to the Oversight and Clean Energy Committee on the key provisions of this Policy.

Board Policy: **Enterprise Risk Management**
Policy Type: **Operating**
Monitored by: **Finance and Audit Committee**



Board Resolution: **#1351, approved March 29, 2017**
#1428, amended September 27, 2018
#1492, amended September 25, 2019
#1572, amended December 16, 2020
#xxxx, amended September xx, 2023

Board Policy on Enterprise Risk Management

The Long Island Power Authority's ("LIPA") vision for Enterprise Risk Management ("ERM") is to maintain an industry leading program that identifies, assesses, and monitors significant risks to achieving LIPA's purpose and vision and the Board's objectives as stated in each policy.

LIPA shall maintain an ERM program¹ with the following key provisions:

- Strategically manage or oversee risks to reduce the probability of significant outages, financial loss, health and safety events, reputational harm, and failure to achieve the Board Policy objectives.
- Create an Enterprise Risk Management Committee ("ERMC"), which Committee members will be appointed at the discretion of LIPA's Chief Executive Officer. LIPA's service provider will maintain a Risk Management Committee to oversee those risks and report to LIPA's ERMC.²
- Perform an evaluation of its most significant risks and corresponding management activities.

LIPA's Chief Executive Officer or his or her designee will report annually to the Finance and Audit Committee of the Board on: (i) compliance with the key provisions of the Policy, including the results of a biennial review of the maturity of the program compared to industry best practices; and (ii) review of the significant risks to LIPA's purpose and vision.

¹ Section 4.2(5)(q)(i) of the Seconded Amended and Restated Operations Services Agreement ("2nd Amended and Restated OSA") requires that the Service Provider be responsible for "maintaining a comprehensive Enterprise Risk Management ("ERM") Program ("ERM Program") to identify, assess, monitor, and report on the Service Provider's most significant risks to the organization in accordance with the prevailing LIPA Board policy on Enterprise Risk Management."

² Section 4.2(5)(q)(vi) of the 2nd Amended and Restated OSA requires that the Service Provider be responsible for "establishing and maintaining a Risk Management Committee to oversee the Service Provider's ERM Program, including but not limited to, the risk assessment process, deep dives, risk escalation, and reporting on the most significant risks to LIPA's management team."

Board Policy: **Taxes and PILOTs**
Policy Type: **Operating**
Monitored by: **Finance and Audit Committee**
Board Resolution: **#1320, approved September 21, 2016**
#1464, amended January 23, 2019
#xxxx, amended September xx, 2023



Board Policy on Taxes and PILOTs

The Long Island Power Authority's ("LIPA") vision for payment of its taxes and payments in-lieu-of taxes ("PILOT") obligation is to pay only such taxes, PILOTs, assessments, and fees as are required by law or by agreement in an effort to provide service at an affordable level while still taking into account the needs of LIPA's municipal partners. In doing so, LIPA will:

- Avail itself of the lawful right to challenge excessive tax assessments and payment obligations to lower customer costs and to minimize the cross-subsidization of taxpayers in some taxing jurisdictions by LIPA's customer-owners in other jurisdictions.
- Inform customers of the burden of taxes, PILOTs, assessments, and fees in their electric bills.

The Chief Executive Officer (or his designee) is hereby authorized to enter into any agreements that advance the Board's Policy on Taxes and PILOTs, including but not limited to agreements to make payments to municipalities and taxing jurisdictions to offset reductions in tax revenues due to settlements of any LIPA tax or PILOT challenges.¹

The Chief Executive Officer will promptly report any settlement or related agreements to the Board and will report annually to the Finance and Audit Committee on compliance with the provisions of the Policy.

¹ LIPA's Bylaws authorize the Chief Executive Officer (or his designee) to sign contracts, agreements and other documents on the Authority's behalf. This includes the authority to enter into agreements with municipalities and taxing jurisdictions to obtain reductions in the Authority's taxes, PILOTs, assessments, and fees, either paid directly or through contracts with the owners of power plants.

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Board Policy on Asset Management

~~It is the policy of the~~ The Long Island Power Authority's ("LIPA") ~~vision for to maintain a robust Asset asset Management management is to maintain a robust~~ system for the ~~safe~~clean, reliable, and ~~cost effective~~affordable operation of the transmission and distribution system ~~assets managed by its Service Provider~~. LIPA ~~and its Service Provider~~ will take prudent and reasonable measures to accomplish the following:

- Adopt the ISO Asset Management Framework that encompasses ~~industry leading~~industry-leading practices and achieve a maturity goal of 3.0 or greater by the end of ~~2023~~2025. ~~This includes:~~
 - ~~Maintaining a long range asset management focus on electric distribution, substation and transmission equipment, by emphasizing risk and gap analysis, reliability centered maintenance, lifecycle cost techniques, and financial and operational metrics to improve and achieve key performance indicators (e.g. age, manufacturer, failure modes, failure rates, cost to maintain, life expectancy, end of life determination, etc.)~~
 - ~~Developing asset risk and lifecycle strategies, asset health indexing, asset condition and criticality, and preventive / predictive maintenance strategies.~~
 - ~~Ensuring accountability for annual test and inspect plan input, annual replacement capital work plan input, asset standards, and decisions on asset replacements.~~
 - ~~Ensuring material condition (life cycle) strategies are maintained, and equipment is replaced based on these strategies so as to maintain a high level of system reliability.~~
- Develop and maintain a modern enterprise asset management system ("EAMS") for asset-related work management, capturing, managing, and reporting on all strategic and operational assets, defining the relationships between those assets, and assessing the effectiveness and efficiencies of those assets. ~~This EAMS will become the foundation of the utility's data driven asset management decision processes. The EAMS will include a computerized multi year component/equipment performance history to determine the effectiveness of the reliability programs.~~

The Chief Executive Officer, or his or her designee, will report annually to the Oversight and Clean Energy Committee on the key provisions of this Policy.

Board Policy: **Enterprise Risk Management**

Policy Type: **Operating Policies**

Monitored by: **Finance and Audit Committee**



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Board Policy on Enterprise Risk Management

~~The It is the policy of the Board of Trustees for the~~ Long Island Power Authority's ("LIPA") vision for ~~to maintain an~~ Enterprise Risk Management ("ERM") ~~is to build~~ maintain an industry leading pProgram (the "Program") ~~to that~~ identifies, assesses, and monitors, and report on LIPA's most significant risks to achieving its LIPA's mission and delivering value to its customer owners purpose and vision and the Board's objectives as stated in each policy. ~~to serve our customers and community by providing clean, reliable and affordable energy to Long Island and the Rockaways. , including those risks managed by its Service Provider.~~

LIPA ~~and its Service Provider~~ shall maintain ~~the an ERM pProgram and cause its service provider to maintain its own program to manage its specific risks¹~~ with the following key provisions:

- ~~LIPA and its Service Provider will S~~strategically manage or oversee their respective risks to reduce the probability of significant outages, financial loss, health and safety events, ~~and reputational harm;~~ ~~and failing~~ure to achieve the Board Policy objectives.
- ~~LIPA will maintain an~~Led by Create an Enterprise Risk Management Committee ("ERMC")~~), which Committee members will be appointed at~~ the discretion of LIPA's Chief Executive Officer, consisting of at least three staff appointed by the CEO, two of whom must be drawn from senior management, to oversee LIPA's Program and the activities of its Service Provider;
- LIPA's service provider will maintain a Risk Management Committee to oversee those risks and report to LIPA's ERMC.²~~LIPA's Service Provider will maintain a Risk Management Committee to oversee their ERM Program, to identify, assess, monitor, and manage their most significant risks, and report on those risks to LIPA's ERMC;~~
- ~~LIPA and its Service Provider will p~~Perform an evaluation of ~~their its~~ most significant risks and corresponding management activities ~~and report them to the senior management of LIPA and its Service Provider for review and evaluation on an annual basis, with ongoing monitoring between reviews;~~

¹ Section 4.2(5)(q)(i) of the Seconded Amended and Restated Operations Services Agreement ("2nd Amended and Restated OSA") requires that the Service Provider be responsible for "maintaining a comprehensive Enterprise Risk Management ("ERM") Program ("ERM Program") to identify, assess, monitor, and report on the Service Provider's most significant risks to the organization in accordance with the prevailing LIPA Board policy on Enterprise Risk Management."

² Section 4.2(5)(q)(vi) of the 2nd Amended and Restated OSA requires that the Service Provider be responsible for "establishing and maintaining a Risk Management Committee to oversee the Service Provider's ERM Program, including but not limited to, the risk assessment process, deep dives, risk escalation, and reporting on the most significant risks to LIPA's management team."

- ~~LIPA and its Service Provider will review LIPA's insurance and other forms of coverage against insurable risks, including the availability and economics of such coverage, each year; and~~
- ~~LIPA will conduct a biennial review of the maturity of the Program compared to industry best practices, which will be provided to the Board of Trustees, senior management, and LIPA's Internal Audit staff.~~

LIPA's Chief Executive Officer or his or her designee will report annually to the Finance & Audit Committee of the Board on: (i) compliance with the Policy, including:

Athe key provisions of the Policy, including the results of a biennial review of the maturity of the program compared to industry best practices; and (ii) the review of the significant risks to LIPA's ~~missionpurpose and vision; and~~
eCompliance with the key provisions of the Policy.

Board Policy: **Taxes and PILOTs**
Policy Type: **Operating Policies**
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- Avail itself of the lawful right to challenge excessive tax assessments and payment obligations to lower customer costs ~~-and to~~ minimize the cross-subsidization of taxpayers in some taxing jurisdictions by ~~the Authority's~~ LIPA's customer-owners in other jurisdictions.
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