

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 316th MEETING

HELD ON JUNE 28, 2023

The Long Island Power Authority (“LIPA”) was convened for the three hundred and sixteenth time at 11:12 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on June 23, 2023, and electronic notice posted on the LIPA’s website.

The following LIPA Trustees were present in person:

**Mark Fischl, Acting Chair
Elkan Abramowitz
Valerie Anderson Campbell
Sheldon Cohen
Nancy Goroff
Laureen Harris
Dominick Macchia
Mili Makhijani
Rev. Al Cockfield (via video conferencing)**

Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, General Counsel & Board Secretary; Mujib Lodhi, Chief Operating Officer; Billy Raley, Senior Vice President of Transmission & Distribution; Rick Shansky, Senior Vice President Power Supply and Wholesale Markets; Jessica Dehnert, Senior Manager of Enterprise Risk Management; Jen Hayen, Director of Communications; and Andrew Berger, Senior Communications Specialist. Participating via video conferencing were Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board; and Osman Ahmad, IT-Consultant.

Representing Leading Resources Inc., via video conferencing, was Eric Douglas, Senior Partner.

Acting Chair Fischl welcomed everyone to the 316th meeting of the Long Island Power Authority Board of Trustees.

Acting Chair Fischl stated that the first item on the agenda was the Consideration of the Consent Agenda Items.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolutions were unanimously adopted by the Trustees based on the memoranda summarized below:

1799. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MAY 10, 2023 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on May 10, 2023 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution (i) approving the annual report on the Board Policy on Audit Relationships (the “Policy”); (ii) finding that LIPA has complied with the Policy; and (iii) approving certain amendments to the Policy, which resolution is attached hereto as “Exhibit A”.

Board Policy on Audit Relationships

The Finance and Audit Committee (“F&A Committee”), in its Charter, was delegated the responsibility for reviewing LIPA’s audit-related policies and practices.

The Policy defines the expectations of the Board regarding the existing authority granted to the F&A Committee for, among other matters (i) selecting an independent certified public accounting firm to conduct annual audits of LIPA; (ii) the annual review of the audit plan as well as the Charter, activities, staffing, budget, and organizational structure of Internal Audit, and confirming the independence of the internal auditors; (iii) monitoring, in consultation with the Chief Audit Executive (“CAE”), the significant findings of internal audit reports and the status of the implementation of management’s action plans in response to such audit findings; (iv) setting forth the procedures for the Board of Trustees’ receipt,

review and implementation of any recommendations in a Management and Operations Audit conducted by the New York State Department of Public Service (“DPS”).

Since the last review of the Policy, the following activities have been performed consistent with the Policy:

Independent External Auditor

- The Board previously selected KPMG as the independent certified public accounting firm to conduct annual audits of LIPA. In March 2023, the F&A Committee met with KPMG to complete its annual 2022 annual audit. KPMG reported no significant findings as a result of its audit.

Internal Auditors

- In November 2022, the F&A Committee approved the appointment of the current CAE.
- Internal Audit conducted audits as identified in the annual audit plan and special projects requested by the F&A Committee or management. Internal audit activities were performed in accordance with the Institute of Internal Auditors' Mandatory Guidance.
- In February 2023, the F&A Committee reviewed and approved the audit plan, charter, activities, staffing, budget, and organizational structure of the internal audit department, and confirmed the independence of the internal auditors.
- The CAE met with the F&A Committee at each Board meeting to discuss internal audit activities and progress toward remediation of Management Action Plans in response to internal audit findings.
- The CAE met with the F&A Committee at least twice per year in executive sessions independent of other LIPA staff and reported significant internal audit findings to the Board in a timely manner.

DPS Management and Operations Audits

- In November 2022, LIPA staff briefed the Board on the implementation plan resulting from the 2018 DPS Management and Operations Audit. The materials related to that Board item are located at this [link](#). LIPA staff will provide the annual update on the status of the 2018 recommendations at the Board’s November 2023 meeting.
- As required by the LIPA Reform Act, DPS selected NorthStar Consultant Group to conduct the current Management and Operations Audit. Upon recommendation from DPS, the Board authorized LIPA to enter into a contract with NorthStar to conduct the required operations and management audit. NorthStar kicked off the current audit in October 2022.

To date, NorthStar has issued over 1,000 document requests and over 110 interview requests. LIPA Staff continues to work with PSEG Long Island, NorthStar, and DPS in furtherance of the audit.

Annual Review of the Policy

The proposed changes to the Board Policy include conforming the policy to the Board's other policies by stating a vision for audit relationships, a change in the reporting relationship of the CAE, and minor stylistic changes. The CAE will now report administratively to LIPA's Chief Executive Officer. The proposed changes to the Policy are more specifically set forth in Exhibit "B".

Recommendation

Based upon the foregoing, I recommend the approval of the adoption of the resolution in the form attached hereto as Exhibit "A".

1800. RESOLUTION APPROVING THE ANNUAL REPORT AND AMENDMENTS TO THE LONG ISLAND POWER AUTHORITY BOARD POLICY ON AUDIT RELATIONSHIPS

WHEREAS, the Board of Trustees (the "Board") of Long Island Power Authority ("LIPA") is responsible for setting LIPA's audit relationship policy and overseeing its fulfillment; and

WHEREAS, the Finance & Audit Committee (the "F&A Committee"), in its Charter, was delegated the responsibility of reviewing LIPA's policies regarding audit relationships; and

WHEREAS, in LIPA's By-Laws, LIPA's Board delegated certain responsibilities to the Chief Executive Officer for managing and directing LIPA Staff; and

WHEREAS, policies addressing audit relationships have been recommended by the F&A Committee for adoption by the Board.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that LIPA has complied with Policy for the period since the last annual review and approves the annual report to the Board; and

BE IT FURTHER RESOLVED, that consistent with the accompanying memorandum, the changes to the Policy that are reflected in Exhibit "B" are hereby approved.

Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to approve a resolution, attached hereto as Exhibit "A", authorizing the Chief Executive Officer, or his designee, to engage the firms identified below to provide human resources consulting services on an as-needed basis, for LIPA and its subsidiary, the Long Island Lighting Company d/b/a LIPA, for a term not to exceed five years.

Background

To supplement its in-house resources and to provide specialized human resources consulting services as necessary, LIPA has previously engaged consultants to execute various human resources projects on an as-needed basis. As LIPA's needs continue, and without any human resources consulting contracts currently in place, it is necessary to procure human resources consulting services to provide strategic advice, subject matter expertise, and staffing assistance for human resources projects.

On February 27, 2023, LIPA issued a Request for Proposals ("RFP") seeking experienced human resources consulting firms to provide consulting services to LIPA for a period of up to five years in the following potential scopes of work:

1. Human Capital
2. Employee Relations
3. Employee Engagement
4. Talent Acquisition
5. Employee Compliance
6. Talent Management
7. Team and Employee Professional, Management and Leadership Development
8. Employee, Management and Leadership Coaching
9. Learning and Development Training
10. Diversity, Equity & Inclusion

The RFP was distributed to 25 firms and also posted on LIPA's website and in the New York State Contract Reporter.

On March 21, 2023, seventeen firms responded to the RFP. Six firms are certified Minority Women Business Enterprises ("MWBE") and two are certified Service-Disabled Veteran-Owned Businesses ("SDVOB"). A selection committee comprised of three members of LIPA's staff examined each proposal. The selection committee reviewed the proposals for compliance with the terms of the RFP and then evaluated each proposal on a qualitative basis. LIPA's procurement department evaluated the proposals on a cost basis and for MWBE and SDVOB factors. The selection committee conducted 12 interviews with potential firms in the areas where further information was necessary to determine the firms best able to meet LIPA's needs.

Discussion

The proposals were evaluated according to the guidelines set forth in the RFP, which included assessments of the firms' experience and qualifications, their hourly rates, proposed changes to LIPA's standard consulting contract, and their proposals to comply with state requirements for participation by MWBEs. Based on the evaluation, LIPA staff recommends that the following firms be awarded contracts:

Scope	
1	<i>Human Capital</i>

	EK Ward & Associates
	Ernst & Young LLP
	ACS Consulting Services Inc.
	PricewaterhouseCoopers LLP
	Solve Consulting LLC
2	<i>Employee Relations</i>
	PricewaterhouseCoopers LLP
	Solve Consulting LLC
	BDO USA LLP
	ACS Consulting Services Inc.
	RGR Partners
3	<i>Employee Engagement</i>
	EK Ward & Associates
	Ernst & Young LLP
	Solve Consulting LLC
	BDO USA LLP
	PricewaterhouseCoopers LLP
4	<i>Talent Acquisition</i>
	PricewaterhouseCoopers LLP
	Ernst & Young LLP
	Solve Consulting LLC
	EK Ward & Associates
	ACS Consulting Services Inc.
5	<i>Employee Compliance</i>
	PricewaterhouseCoopers LLP
	BDO USA LLP
	Solve Consulting LLC
	ACS Consulting Services Inc.
	RGR Partners
6	<i>Talent Mgt</i>
	EK Ward & Associates
	Solve Consulting LLC
	Ernst & Young LLP
	BDO USA LLP
	PricewaterhouseCoopers LLP
7	<i>Team & Employee Prof. Mgt and Leadership Development</i>
	EK Ward & Associates
	Ernst & Young LLP
	Solve Consulting LLC
	PricewaterhouseCoopers LLP

	Improving Communications, Inc.
8	<i>Employee Mgt & Leadership Coaching</i>
	EK Ward & Associates
	PricewaterhouseCoopers LLP
	Ernst & Young LLP
	Solve Consulting LLC
	Improving Communications, Inc.
9	<i>Learning & Dev. Training</i>
	EK Ward & Associates
	Improving Communications, Inc.
	Solve Consulting LLC
	Ernst & Young LLP
	PricewaterhouseCoopers LLP
10	<i>Diversity, Equity & Inclusion</i>
	EK Ward & Associates
	PricewaterhouseCoopers LLP
	Ernst & Young LLP
	Solve Consulting LLC
	BDO USA LLP

The hourly rates proposed by the firms have been determined to be reasonable for the services to be provided.

Recommendation

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

1801. RESOLUTION AUTHORIZING THE ENGAGEMENT OF FIRMS TO PROVIDE HUMAN RESOURCES CONSULTING SERVICES

NOW, THEREFORE, BE IT RESOLVED, that consistent with the attached memorandum, the Chief Executive Officer or his designee be, and hereby is, authorized to engage the firms so designated in the accompanying memorandum to provide human resources consulting services, as described, on an as-needed basis for the Long Island Power Authority and its subsidiary, the Long Island Lighting Company d/b/a LIPA, for a term not to exceed five years from the date of approval of the contracts with each firm by the New York State Office of the State Comptroller.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to approve a resolution, attached hereto as Exhibit “A”, authorizing the Chief Executive Officer, or his designee, to engage three firms to provide rate consulting services on an as-needed basis, for LIPA, and its subsidiary, the Long Island Lighting Company d/b/a LIPA for a term not to exceed five years.

Background

LIPA Staff has an ongoing need to evaluate rate design alternatives and to craft multi-year rate plans. These requirements are driven by the ongoing need to meet the Board’s policy expectations that LIPA’s rates be structured to provide clean, reliable, and affordable energy to Long Island and the Rockaways and that LIPA will: actively engage with our customers and the communities we serve; respond to our customers’ needs and exceed their expectations; be a recognized innovator in our industry to better serve our customers; and be known as a steward of our environment and community. The Board expects that LIPA’s rates will: be as simple and easy to understand as possible; provide customers with opportunities to save money; equitably allocate costs across and within customer classes; encourage conservation, the efficient use of energy resources, and the transition to a carbon-free economy; and employ innovative electric rate design based on industry trends and research, stakeholder feedback in statewide proceedings, LIPA-run collaboratives, and comments from the public.

To achieve these policy goals while providing the best value to our customers, LIPA needs consulting services to supplement the in-house expertise of LIPA’s permanent rate staff, which will help facilitate wider industry experience and knowledge to address specific situations and opportunities.

On March 17, 2023, LIPA issued a Request for Proposals (“RFP”) seeking experienced firms to provide rate consulting services to LIPA for a period of up to five years. The RFP was distributed to 24 firms and also posted on LIPA’s website and in the New York State Contract Reporter. Six firms responded to the RFP. The six proposals were evaluated by a team comprised of LIPA technical staff and its procurement department. LIPA staff proposes to award contracts to the top three firms.

Discussion

The responsive proposals were evaluated according to the guidelines set forth in the RFP, which included assessments of the firms’ experience and qualifications, their hourly rates, proposed changes to LIPA’s standard consulting contract, and their proposals to comply with state requirements for participation by minority and women-owned business enterprises. Based on the evaluation, LIPA Staff recommends that the following firms be awarded contracts:

	Firms
1	Christensen Associates Energy Consulting
2	The Brattle Group
3	ScottMadden, Inc.

The hourly rates proposed by the firms have been determined to be reasonable for the services to be provided.

Recommendation

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

1802. RESOLUTION AUTHORIZING THE ENGAGEMENT OF FIRMS TO PROVIDE RATE CONSULTING SERVICES

NOW, THEREFORE, BE IT RESOLVED, that consistent with the attached memorandum, the Chief Executive Officer or his designee be, and hereby is, authorized to engage the firms so designated in the accompanying memorandum to provide rate consultant services, in the areas described, on an as-needed basis for the Long Island Power Authority, and its subsidiary, the Long Island Lighting Company d/b/a LIPA for a term not to exceed five years from the date of approval of the contracts with each firm by the New York State Office of the State Comptroller.

Requested Actions

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA” or the “Authority”) is requested to confirm the security for the interest rate swap(s) (i) entered into by LIPA and Wells Fargo Bank, N.A. dated as of November 1, 2012, as amended to the date hereof and (ii) entered into by LIPA and Citibank, N.A., dated as of June 25, 2004, as amended to the date hereof.

Proposed Ratification of the Pledge

LIPA has certain existing interest rate exchange agreements entered into pursuant to the ISDA Master Agreement (including the Schedule and Credit Support Annex thereto) between LIPA and Wells Fargo Bank, N.A. dated as of November 1, 2012, as amended to the date hereof (the “Wells Fargo Master Agreement”) and the ISDA Master Agreement (including the Schedule thereto) between LIPA and Citibank, N.A., dated as of June 25, 2004, as amended to the date hereof (the “Citibank Master Agreement”).

Capitalized terms used herein and not defined shall have the meanings given to such terms in the Senior Bond Resolution (defined below).

Pursuant to LIPA’s Electric System General Revenue Bond Resolution, adopted by LIPA on May 13, 1998, as amended and supplemented from time to time, including as may be amended and restated

pursuant to the terms of the resolution of the Board of Trustees on July 22, 2020 (the “Senior Bond Resolution”) and Electric System

General Subordinated Revenue Bond Resolution, adopted by LIPA on May 20, 1998, as amended and supplemented from time to time (the “Subordinated Resolution”), interest rate swaps are Financial Contracts and payments to counterparties thereunder constitute Subordinated Indebtedness and *may* be secured on parity with Subordinated Bonds. At the time of execution of both the Wells Fargo Master Agreement and Citibank Master Agreement, LIPA and the counterparties agreed that such Financial Contracts were intended to be secured on parity with Subordinated Bonds.

It is proposed that LIPA hereby confirm that LIPA’s payment obligations to Wells Fargo, N.A. and Citibank, N.A. under existing and future interest rate swaps executed pursuant to their respective Master Agreements are secured on parity with Subordinated Bonds, in accordance with and subject to the terms of LIPA’s Senior Bond Resolution and Subordinated Resolution, and as intended to be part of each Master Agreement at the time of execution.

Recommendation

Based upon the foregoing, I recommend the adoption of the resolution attached hereto to confirm that interest rate swaps executed with Wells Fargo, N.A. and Citibank, N.A. pursuant to the above-described Master Agreements are secured on parity with Subordinated Bonds.

1803. AUTHORIZATION RELATING TO THE SECURITY FOR CERTAIN INTEREST RATE SWAPS

WHEREAS, the Long Island Power Authority (the “Authority”) has certain existing interest rate exchange agreements entered into pursuant to the ISDA Master Agreement (including the Schedule and Credit Support Annex thereto) between the Authority and Wells Fargo Bank, N.A. dated as of November 1, 2012, as amended to the date hereof (the “Wells Fargo Master Agreement”) and the ISDA Master Agreement (including the Schedule thereto) each entered into by the Authority and Citibank, N.A., dated as of June 25, 2004, as amended to the date hereof (the “Citibank Master Agreement”), and the Authority may execute additional interest rate exchange agreements pursuant to these Master Agreements; and

WHEREAS, in accordance with the mutual understanding at the time of execution of the Wells Fargo Master Agreement and the Citibank Master Agreement, the Authority wishes to confirm that the Authority’s payment obligations to Wells Fargo, N.A. and Citibank, N.A. under existing and future interest rate swaps executed pursuant to their respective Master Agreements are secured on parity with Subordinated Bonds, in accordance with and subject to the terms of the Authority’s Senior Bond Resolution and Subordinated Resolution; and

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

- 1. Each of the Wells Fargo, N.A. Master Agreement and Citibank N.A. Master Agreement are hereby deemed to contain the following provisions.**
- 2. The Trust Estate (except the Operating Expense Fund, Debt Service Fund, Parity Contract Obligations Fund and Construction Fund) is hereby irrevocably pledged by**

the Authority to Citibank Bank, N.A. and Wells Fargo Bank, N.A. as security for the obligation of the Authority to make scheduled payments and any termination payments under the Wells Fargo Master Agreement and Citibank Master Agreement, respectively, subject only to the provisions of the Electric System General Revenue Bond Resolution, adopted by the Authority on May 13, 1998, as amended and supplemented from time to time, including as may be amended and restated pursuant to the terms of the resolution of the Board of Trustees on July 22, 2020 (the “Senior Bond Resolution”), the Electric System General Subordinated Revenue Bond Resolution, adopted by the Authority on May 20, 1998, as amended and supplemented from time to time (the “Subordinated Resolution”), the Act and the Financing Agreement (the Senior Bond Resolution, the Subordinated Resolution, the Act and the Financing Agreement collectively referred to herein as the “Related Documents”) permitting the application thereof for or to the purposes and on the terms and conditions in the Wells Fargo Master Agreement and the Citibank Master Agreement and in the Related Documents; provided, however, that the pledge of the Trust Estate to Citibank, N.A. and Wells Fargo Bank, N.A. shall be on parity with the pledge thereof made under the Subordinated Resolution in favor of the Subordinated Bonds (as defined in the Subordinated Resolution) and subject and subordinate in all respects to the pledge thereof made by the Senior Bond Resolution in favor of the Bonds and Parity Obligations.

The pledge in the immediately preceding paragraph shall be valid and binding from effective date of the applicable Master Agreement, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. The Revenues, moneys and proceeds received by the Authority as part of the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery or further act.

3. All terms used and not otherwise defined herein shall have the meaning set forth in the Senior Bond Resolution.
4. This resolution shall take effect immediately.

Acting Chair Fischl stated that the next item on the agenda was the Chief Executive Officer’s Report to be presented by Thomas Falcone.

Mr. Falcone presented the Chief Executive Officer’s Report and took questions from the Trustees.

Acting Chair Fischl stated that the next item on the agenda was the Quarterly Report on the Status of PSEG Long Island 2023 Performance Metrics and the Isaias Task Force and Management Recommendations to be presented by Mujib Lodhi.

Mr. Lodhi presented the Quarterly Report on the Status of PSEG Long Island 2023 Performance Metrics and the Isaias Task Force and Management Recommendations and took questions from the Trustees.

Acting Chair Fischl stated that the next item on the agenda was the Isaias Task Force Outage Management System Independent Verification and Validation Final Report to be presented by Mujib Lodhi.

Mr. Lodhi presented the Isaias Task Force Outage Management System Independent Verification and Validation Final Report and took questions from the Trustees.

Acting Chair Fischl stated that the next item on the agenda was the Consideration of Approval of the Annual Report on the Board Policy on T&D Operations to be presented by Billy Raley.

After requesting a motion on the matter, which was seconded, Mr. Raley presented the following action item and took questions from the Trustees.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution: (i) approving the annual report on the Board’s Policy on Transmission and Distribution (“T&D”) Operations (the “Policy”); and (ii) finding that LIPA has complied with the Policy, which resolution is attached hereto as Exhibit “A.”

Background

By Resolution No. 1371, dated July 26, 2017, the Board originally adopted the Policy. The last annual review of the Policy was completed in May 2022, and the Board last amended the Policy in November 2021. The amendments to the Policy in November 2021 changed the name of the Policy from T&D System Reliability to T&D Operations.

The Policy now provides that: “LIPA’s vision for our transmission and distribution system is to achieve industry-leading reliability, improve resiliency by minimizing outages and reducing restoration times after significant system disruptions, and leverage modern system design and technology to provide value to all customers. The Policy also provides for an annual reporting requirement that “[t]he Chief Executive Officer, or his or her designee, will report annually to the Board on the key provisions of this Policy.”

Compliance with the Policy

LIPA Staff recommends that for the reasons set forth below, the Board find that LIPA has complied with the Policy since the last annual review. Compliance with each element of the Policy is discussed in detail below.

As set forth in the Policy, “[t]o achieve our vision for reliability, LIPA will”:

“provide top decile reliability (i.e., top 10% of peer utilities) as measured by system average outage duration, excluding major events.”

- LIPA has taken steps to improve reliability (as further discussed below) with the objective of maintaining the Board’s policy objective of top 10% reliability among peer utilities as measured by system average outage duration (i.e. the average outage minutes per customer per year, excluding major weather events).
- PSEG Long Island’s 2022 performance for system average outage duration per customer was 56.0 minutes. Top decile was 57.1 minutes, and therefore performance was within the top decile versus peer utilities.
- The 2023 PSEG Long Island performance metrics, which were the product of input from LIPA, PSEG Long Island, and the New York State Department of Public Service, set a system average outage duration target of 57.5 minutes (T&D-07), which is slightly higher than the most recently available top decile benchmark. The 2023 year-to-date performance is tracking at a similar level as 2022.

“improve circuit conditions that cause a customer to experience four or more sustained outages or six or more momentary outages in any 12-month period.”

- The 2023 performance metrics include metrics for sustained multiple customer outages (“MCO”) (T&D-10), repeat sustained multiple customer outages (T&D-12), and multiple momentary customer outages (T&D-11). In particular, the metric for repeat multiple customer outages targets reducing the number of customers with four or more sustained interruptions over a multi-year period by at least 90%. In 2022, PSEG Long Island successfully achieved all three of the metric targets in the MCO category and are meeting all three targets thus far in 2023.

- LIPA will continue to focus on improving MCO customer experience for those smaller groups of customers that have experienced outlier performance that is far worse than the overall system average. This will be addressed by focusing on improving performance for those customers that have experienced more than seven sustained outages in a year. Similarly, LIPA will continue to focus on improving performance for those customers that have experienced ten or more momentary outages in a year.
- Annual reliability programs are designed to improve circuit performance, including the Circuit Improvement Program (“CIP”), the Multiple Customer Outage Program (“MCO”), and the Multiple Device Operation Program (“MDO”).
- There were 409 miles of branch lines addressed on 77 circuits through the CIP program in 2022, and 79 capital system improvement jobs and improvement of 513 branch tap lines were completed in 2022 to address MCO and MDO programs.

“utilize modern system design and technology to anticipate and minimize outages, monitor system conditions, provide for preventative and predictive system maintenance, and facilitate the efficient and timely interconnection of renewable and distributed resources.”

- LIPA has required the development of a roadmap for an Enterprise Asset Management System (“EAMS”), including compliance with ISO 55001 asset management standards, to anticipate and minimize outages and provide the analytic tools and processes for modern preventative and predictive maintenance. This effort includes a complete inventory of Transmission and Distribution assets beginning in June 2022 that continues at present. These initiatives, which include asset inventory, governance, and system implementation, were incorporated into the 2022 and 2023 performance metrics (T&D-01 through T&D- 03) as part of a multi-year implementation.
- The 2023 performance metrics also include a metric (T&D-31) to position Automated Switching Unit Vipers (“ASUVs”) on circuits to ensure no more than 500 customers between devices and to operationalize reclosers to function as tripping devices to reduce the number of customers affected and the duration during Blue Sky and adverse weather events. This will help with system configuration options and serve to minimize the number of affected customers during outages. There were a total of 149 ASUVs added in 2022.

“safeguard people and protect facilities and functions that support operations from unauthorized access or disruption through vulnerability assessments and risk mitigation”

- LIPA engaged an independent third-party consultant to perform a security evaluation of its physical assets, with the objective of identifying vulnerabilities, determining risk and developing findings and recommendations. That assessment was completed in November 2022. The findings from the assessment were developed into actionable deliverables under a Project Implementation Plan contained in a 2023 physical security performance metric (T&D-45).
- LIPA will be undertaking a further physical security review during 2023 to continue to advance management of this risk.

The Policy further provides that “[t]o achieve our vision for resiliency, LIPA will”

“mitigate the effects of climate change through multi-year programs that reduce the number and duration of outages after significant system disruptions”

- **The 2023 performance metrics include five metrics (T&D-27 through T&D-31) related to storm hardening. The storm hardening metrics require the development and execution of robust storm overhead and underground hardening plans designed to improve the mainline and branch line performance during increasingly more severe storm patterns. More than 80.4 distribution miles were assessed and improved in 2022.**
- **Three performance metrics (T&D-24 through T&D-26) target improved vegetation management, including improved cycle trim, utilizing an improved trimming technique of**

“circuit trim to sky” and preemptive hazardous tree identification and removal of hazard trees. PSEG Long Island did not achieve the 2022 performance target for hazard tree removal but did achieve the other work-related targets for vegetation management.

- **LIPA filed six applications for additional federal grants for storm hardening in 2021 and 2022, of which one was awarded in the 2nd quarter of 2023 (\$3.5 million for transmission crossings). The others, totaling \$450 million, are presently under review. This would allow LIPA to accelerate several hundred million dollars of storm hardening investment at low cost to customers and is a benefit of LIPA’s public power status.**
- **In 2023, LIPA submitted a grant application under the United States Department of Energy’s Grid Resilience and Innovation Partnerships Program (GRIP) to increase the penetration of renewable Distributed Energy Resources (DER) on LIPA’s distribution system. This grant would enable over 700 MW of hosting capacity on targeted circuits, enhancing system resiliency. The total cost of the project is estimated at \$549 million. Awards are expected to be announced during the 4th quarter of 2023.**

“assure timely and accurate communication to customers about outages and restoration times”

- **LIPA is enhancing the Estimated Time of Restoration (“ETR”) process to provide more accuracy, allowing for customers to better plan for the outage duration. The 2023 ETR metric (T&D-42) has an objective of operationalizing a minimum of two factors, such as time of day, day of week, seasonality, outage location and device type to improve the ETR accuracy and improve customer experience.**

“independently verify that emergency restoration plans are complete and tested.”

- LIPA independently verified and validated PSEG Long Island’s remediation of its outage management system implementation (see June 2023 report to the Board).
- Between December 2022 and May 2023, LIPA observed and made over 330 recommendations to enhance PSEG Long Island’s functional exercises related to emergency response in the event of a critical system failure. LIPA has requested PSEG Long Island provide a schedule for implementing the recommendations prior to the next exercise series in 2023.
- 2022 Performance Metric IT-3 related to System Resiliency required PSEG Long Island to update and successfully exercise its disaster recovery and business continuity plans for all critical systems and processes. PSEG Long Island did not achieve this metric in 2022, and LIPA remains concerned about PSEG Long Island’s ability to meet the 2023 performance metric, as further described in the 2022 Performance Report dated May 15, 2023 ([link](#)) and the 2023 Quarterly Performance Report dated June 2023, respectively.

Enterprise Risk Management Discussion

The Board has adopted a policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. There are three risks related to this Policy:

- a major event such as a severe storm damages the infrastructure and results in widespread, long duration outages, and negative public perception;
- protection of critical assets such as substations and the control centers are compromised and could result in outages, equipment damages and safety issues; and
- asset management risks including the lack of accurate, historical data resulting in less than optimal decision making to support lifecycle optimization and replacement schedules of aging substation equipment and a lack of a substantive cathodic program for underground transmission cables and fluid tanks.

The major event risk is the highest rated risk in the PSEG Long Island portfolio. To mitigate this risk, LIPA and PSEG Long Island have implemented numerous reliability, vegetation management, and storm hardening initiatives, as further described above. LIPA has concerns about PSEG Long Island’s failure to meet certain 2022 metrics in this area, including System Resiliency (IT-3) and the vegetation management (T&D-24 through T&D-26) metrics. This remains a risk that is not mitigated to the standards set in the performance metrics.

The protection of critical assets risk is also a highly rated risk. To mitigate this risk, there are several substation security upgrade projects which are funded and underway, including measures outlined in performance metric 2023 T&D-45 Physical Security, which is further described above. LIPA will be undertaking a further physical security review during 2023 to continue to advance management of this risk.

The asset management risk has a medium rating and is being mitigated through the development of the Enterprise Asset Management System, as discussed above. As discussed in the Quarterly Board report on performance metrics, LIPA has concerns about the ability

to meet the EAMs metrics. PSEG Long Island did not meet the 2022 EAMS metric T&D-1 and 2023 EAMS metric T&D-3 is behind schedule. This remains a risk that is not mitigated to the standards set in the performance metrics.

Annual Review of the Policy

The Policy was last updated in November 2021, to reflect the Board's strategic direction in this area. LIPA Staff has reviewed the Policy and proposes no changes at this time.

Recommendation

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

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1804. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON TRANSMISSION & DISTRIBUTION OPERATIONS

WHEREAS, the Board Policy on Transmission and Distribution ("T&D") System Reliability was originally approved by the Board of Trustees by Resolution No. 1371, dated July 26, 2017; and

WHEREAS, the last annual review of the Policy was completed in May 2022 and the Board last amended the Policy in November 2021; and

WHEREAS, the amendments to the Policy in November 2021 changed the name of the Policy from T&D System Reliability to T&D Operations; and

WHEREAS, the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that the LIPA has complied with the T&D Operations Policy for the period since the last annual review and approves the annual report to the Board.

Acting Chair Fischl stated that the next item on the agenda was the Board Policy Working Group Discussion to be presented by Eric Douglas of Leading Resources Inc.

Mr. Douglas presented the Board Policy Working Group Discussion and took questions from the Trustees.

Acting Chair Fischl then stated that the final agenda item, Secretary's Report on Board Policies and Communications, would be a written submission only, and available at the Long Island Power Authority website for viewing.

Acting Chair Fischl then announced that the next Board meeting is scheduled for Wednesday, July 26, 2023.

Acting Chair Fischl then asked for a motion to adjourn to Executive Session to discuss litigation matters and announced that no votes would be taken and that the Board would not be returning to Open Session. The motion was duly made and seconded, and the following resolution was adopted:

1805. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing litigation matters.

At approximately 12:31 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session.
