

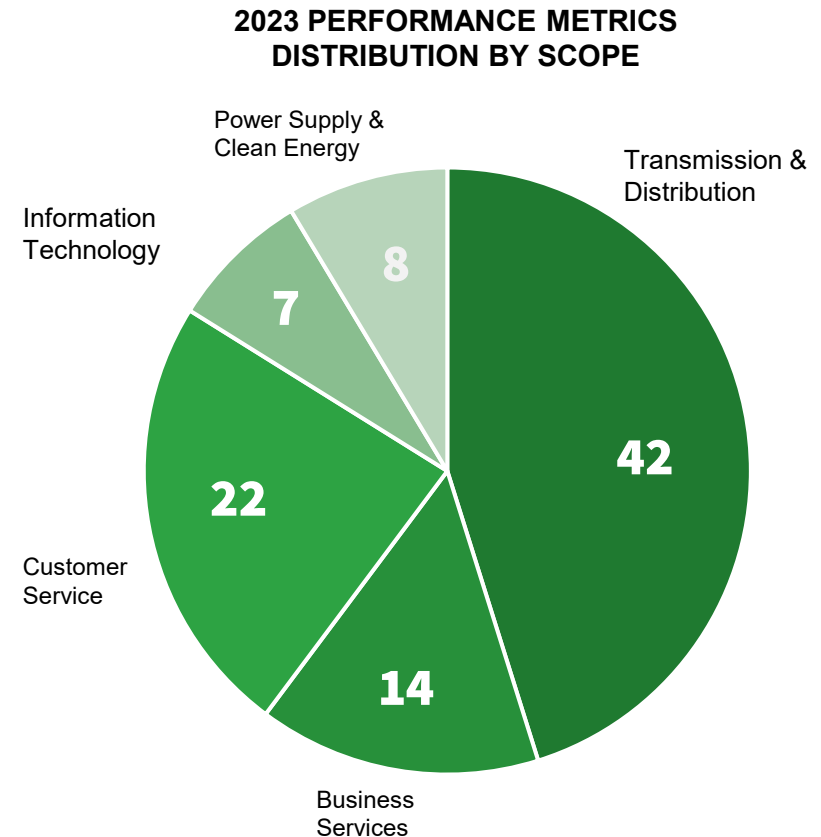


Briefing on Quarterly Report on PSEG Long Island 2023 Performance Metrics, Work Plan and Board Recommendations

September 27, 2023

PSEG LONG ISLAND 2023 METRICS

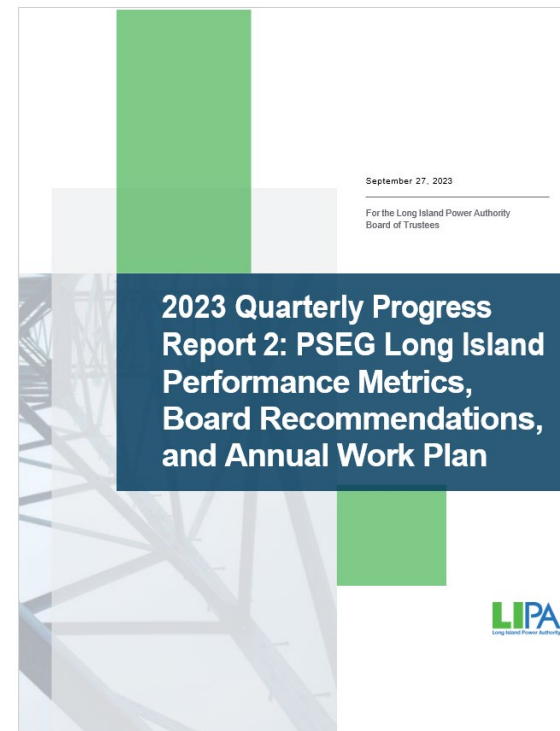
- For 2023, the Board approved **93 [PSEG Long Island Performance Metrics](#)**, distributed across all the management services provided by PSEG Long Island to LIPA and its customers
- Metrics are designed to be reasonably **achievable levels of performance** that are **objectively verifiable**, with **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 September 2023 provides an overview of the status of each 2023 Performance Metric and Board-adopted Recommendation as of **August 15, 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:
 - **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
 - **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

OVERALL STATUS

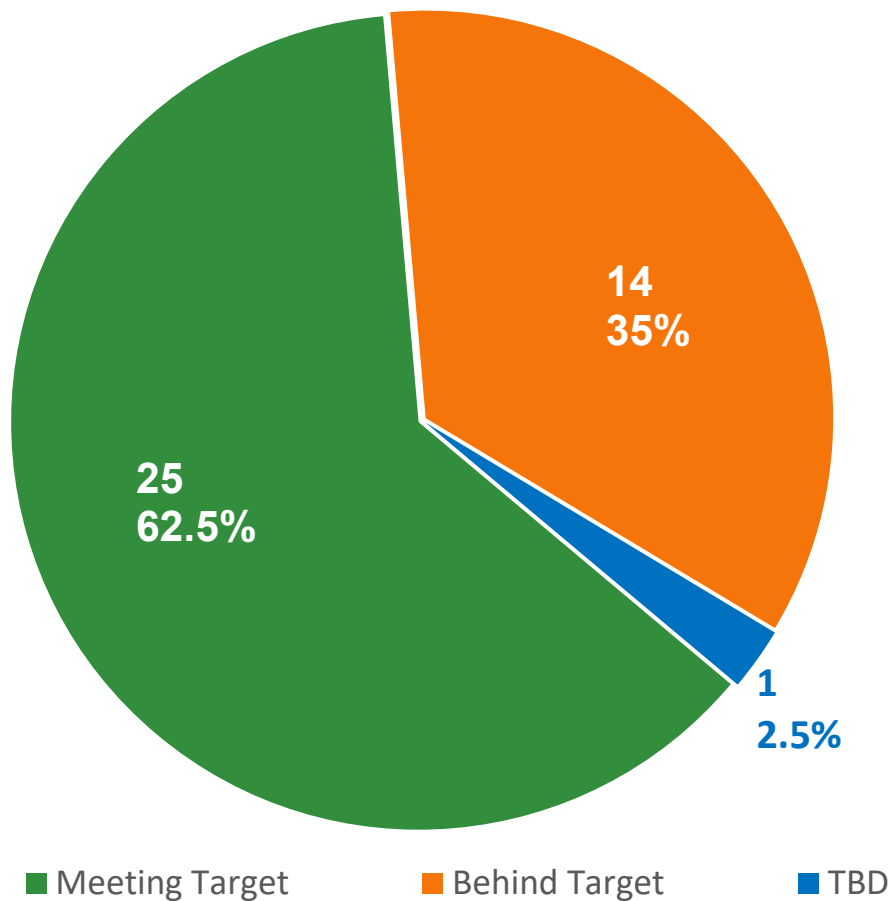
- **In 2022, PSEG Long Island fully met 69% of the Performance Metrics,** ranging from 85% of T&D metrics, 47% of Customer Service metrics, and 29% of IT metrics
- **Current indications suggest that performance trends for 2023 are largely consistent with 2022.** There has been improvement in some areas but deterioration in others
- **Project management continues to be a significant issue, especially in IT-related projects.** Issues include inadequate planning and risk management, schedule overruns, and lack of alignment with objectives
- Inadequate planning and risk management have resulted in avoidable delays. Several deliverables are deficient due to inadequate substantive content and lack of quality control

OVERALL STATUS

- **Despite the challenges, the metrics under the reformed OSA have proven to be a valuable tool for performance management and oversight**
 - In general, there has been an improvement in PSEG Long Island's responsiveness and engagement
 - 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**

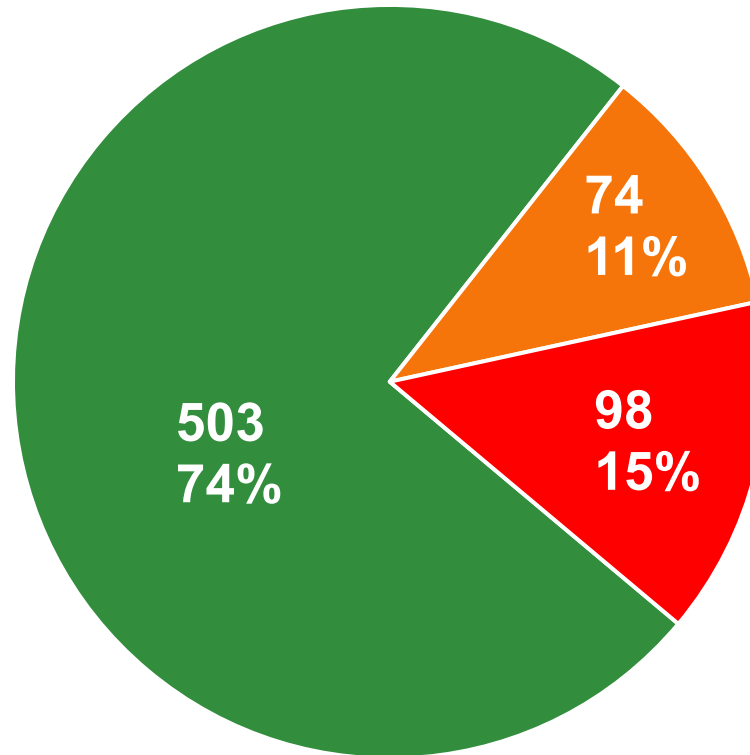
QUANTITATIVE METRICS STATUS YTD

40 Quantitative Metrics in this reporting period



QUALITATIVE METRICS STATUS YTD

The 53 Qualitative Metrics had 675 deliverables due in this reporting period



■ Approved, In Review, and Exception Request Under Review ■ Overdue ■ Declined

PERFORMANCE METRIC EXCEPTIONS

- LIPA grants flexibility against metric requirements if deemed in the best interest of achieving the metric objective. Our primary emphasis is on delivering a favorable result for customers rather than strict enforcement of metric standards
 - Year to date, PSEG Long Island submitted **280** Exception Requests, which sought extensions to **due dates** and changes to project **scopes, requirements, or methodology**. LIPA granted **163** of the Exception Requests, rejected **104**, and **13** are under review
 - LIPA provided PSEG Long Island with **multiple opportunities** for **corrective actions** and **resubmission** of deliverables throughout this reporting period
- Metrics granted exceptions are reported as meeting metric requirements. If evaluated relative to the initial metric, results would be worse than reported
- Managing PSEG Long Island re-work and quality assurance has proven to be an ongoing **substantial burden on LIPA staff time and resources**

SELECTED METRICS: T&D SUCCESSES

- Transmission and Distribution: six **Reliability** metrics and four **Safety** metrics, with targets set to be at or near top decile performance per industry standards, are being met
- Solid progress is being made with the **Physical Security** metric, with the successful mitigation of several areas of deficiency identified by an independent third-party review conducted in 2022
- The eleven metrics spanning **Asset Management**, **Work Management**, and **Storm Hardening** are satisfactorily meeting nearly all targets except for the Enterprise Asset Management System Implementation

SELECTED METRICS: CLEAN ENERGY AND BILLING SUCCESSES

- PSEG Long Island is performing ahead of the YTD schedule for **Energy Efficiency Plan Savings** and is on track to meet the YE Target
- Two of the billing performance metrics, **Billing Exception Cycle Time (CS-09)** and **Estimated Bill % (CS-27)**, are performing well, as Advance Metering Infrastructure (AMI) installations continue to generate operational improvements. All the **billing performance metrics** are on track

SELECTED METRICS: CUSTOMER SERVICE CHALLENGES

- **Customer Service** had some improvement in Q3 but is still facing significant challenges, with only **43%** of the quantitative metrics on target and many of the eight qualitative metrics struggling to deliver expected results
- The **Contact Center as a Service (CCaaS)** project has been significantly hampered by inadequate planning and has encountered repeated delays since its start in early 2022
- The **Transition to New "Standard" Time of Day Residential Rates on an Opt-Out Basis** project is behind schedule, with the IT Release 1 go-live timeline behind schedule
- Despite increased headcount, the **Contact Center's Service Level** metric is projected to miss its yearly target due to the need for further reduction in average handle time and shrinkage

SELECTED METRICS: IT CHALLENGES

- The **Enterprise Asset Management System (EAMS) Implementation (T&D-03)** has experienced significant challenges and delays and has required extensive engagement from LIPA and PSEG Long Island senior leadership to mitigate deficiencies in PSEG Long Island's planning and project management. LIPA management has recommended putting this project on hold until other higher-priority IT projects are completed
- **IT metrics** continue to be hampered by the project management and organizational maturity deficiencies that contributed to performance shortfalls on the 2022 IT metrics. Several projects in the **Project Performance metrics** (IT-05 and IT-06) are significantly delayed. The **System Resiliency** metric also continues to be challenged



BOARD RECOMMENDATIONS

ISAIAS TASK FORCE RECOMMENDATIONS

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

- 59 projects (76%) 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
- 8 projects (10%) 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
August 2023	0 (0%)	11 (14%)	5 (6%)	3 (4%)	59 (76%)	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

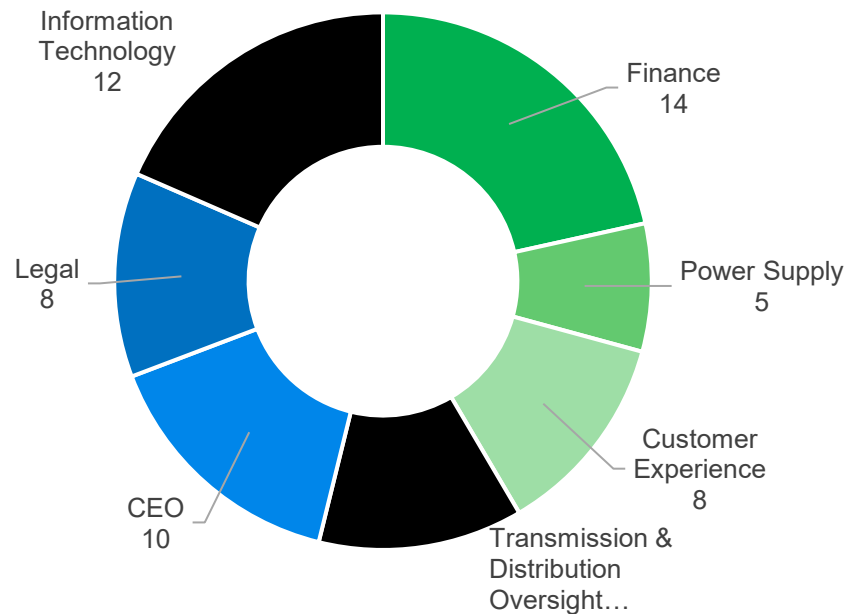
As of	On Schedule	2022 OSA Metric	Delayed	No Approved PIP / PIP Not Due or Deferred	Closed by PSEG LI / Completed	Total
August 2023	0 (0%)	30 (43%)	1 (1.5%)	1 (1.5%)	37 (54%)	69

A low-angle, upward-looking photograph of a complex metal lattice tower, likely a high-voltage power transmission tower. The tower's structure is composed of numerous thick steel beams and cross-braces, creating a dense geometric pattern. The perspective makes the tower appear to converge towards the top of the frame. The background is a clear, solid blue sky. The entire image is overlaid with a semi-transparent blue filter. Two thin white horizontal lines are positioned above and below the main title text.

LIPA WORK PLAN

LIPA WORK PLAN

The 2023 Work Plan includes 65 projects being undertaken by LIPA staff. The projects focus on reliability and resiliency, customer experience, information technology and cybersecurity, clean energy, customer affordability, and fiscal sustainability in our service to LIPA customers in alignment with the Board's key policy objectives.



LIPA WORK PLAN STATUS

Out of a total of 65 projects, three have been completed, while two have been deferred due to emerging priorities. LIPA staff have made significant progress toward completing the remaining 60 projects

As of	In Progress	Deferred	Completed	Total
August 2023	60	2	3	65

Completed projects:

- PSEG Long Island Advance Metering Infrastructure
- LIPA Planning and Budget Management Modernization and Business Process Improvement Initiative
- Conduct Review of PSEG Long Island Cyber Security

More detail is available in the Quarterly Report



Discussion

Questions?

September 27, 2023

For the Long Island Power Authority
Board of Trustees

2023 Quarterly Progress Report 2: PSEG Long Island Performance Metrics, Board Recommendations, and Annual Work Plan

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EXECUTIVE SUMMARY

The LIPA Board of Trustees provides strategic direction to LIPA's Executive Management through a set of governance [policies](#). The Board's policies define LIPA's purpose and vision and set expectations for the strategic outcomes that management will deliver. These governance policies are the basis for [5-Year Roadmaps](#) to deliver specified business objectives that fulfill the Board's objectives. Roadmaps for Customer Experience, Transmission and Distribution, Information Technology, Performance Management, and Finance were reviewed and approved by the Board in 2023, and those for Business Services, Power Supply, and Clean Energy are under development.

The Board's strategic policy objectives and 5-year Roadmaps are then translated annually into PSEG Long Island Performance Metrics and LIPA's Annual Work Plan.

The Performance Metrics ensure that PSEG Long Island's compensation is tied to delivering meaningful results for LIPA's electric customers. These performance standards 1) advance the Board's strategic direction, as outlined in LIPA's 5-Year Strategic Roadmaps; 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. LIPA oversees PSEG Long Island's progress toward achievement of the 93 [2023 Performance Metrics](#) on an ongoing basis. The Board has directed LIPA staff to provide quarterly independent verification and validation (IV&V) reports on the status of PSEG Long Island's execution of the metrics. **Section I of this report is the second such Quarterly Report for 2023 and summarizes the status of the metrics as of August 15, 2023.**

The Board has also 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 been incorporated into the 2022 or 2023 Performance Metrics. **Section II of this report is the second such Quarterly Report for 2023. It summarizes the status, as of August 15, 2023, of the Board Recommendations that were not fully addressed by 2022 or 2023 Performance Metrics.**

LIPA's Annual Work Plan contains the specific projects that LIPA staff undertakes to fulfill the Board's strategic direction and describes LIPA staff's specific objectives and deliverables. The projects in the Work Plan go beyond day-to-day staff responsibilities and include initiatives related to LIPA's direct responsibilities, such as financing, wholesale markets policy, rates and tariffs, and information technology, as well as specific initiatives related to Performance Management of the services provided to LIPA contractually by PSEG Long Island, PSEG Energy Resources and Trade, National Grid, and other providers. LIPA's Executive Committee, comprised of its senior management, meets regularly throughout the year to monitor progress, set quarterly deliverables for each Work Plan, and reprioritize efforts and resources during the year. **Section III of this report summarizes the status of the 2023 Work Plan as of August 15, 2023.**

SECTION I: PSEG LONG ISLAND PERFORMANCE METRICS

2023 PERFORMANCE METRICS OVERVIEW

The Second Amended and Restated Operations Services Agreement (OSA) between 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 Commission.

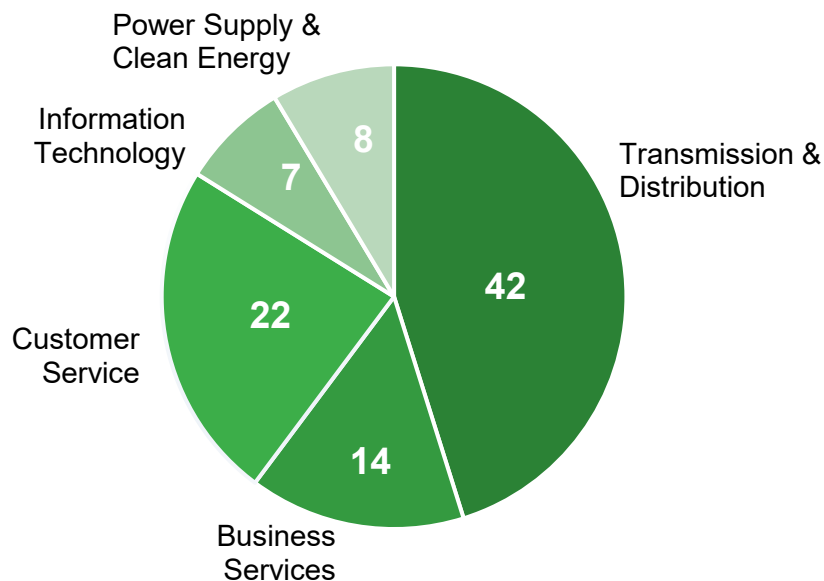
Metrics are designed to be achievable levels of performance that are objectively verifiable. The Board budgets the funds to achieve this performance, tying realistic plans and budgets to measurable outcomes each year. **These performance standards ensure that PSEG Long Island's compensation is tied to delivering meaningful results for LIPA's electric customers.**

PSEG Long Island will submit to LIPA its own evaluation of its performance on each metric within 90 days of the close of the contract year. Under the LIPA Reform Act, LIPA is responsible for IV&V of 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 has the opportunity to utilize dispute resolution procedures when setting performance metrics and budgets at the beginning of each year, as well as in the final dispensation of whether a metric was achieved.

The **93 performance standards** that constitute the [2023 Performance Metrics](#) are distributed across all the management services provided to LIPA and its customers. They include numerous improvements to customer service, reliability, resiliency, information technology, clean energy, and other customer improvements distributed across five major scopes.

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](#).

FIGURE 1: 2023 PERFORMANCE METRICS DISTRIBUTION BY SCOPE



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.

PERFORMANCE METRIC REVIEW PROCESS

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 monitors 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 the appropriate SMEs review each deliverable. The status of each metric is reported to LIPA senior management on an ongoing basis through a dashboard. 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. LIPA provides PSEG Long Island the ability to submit an Exception Request 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).

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:

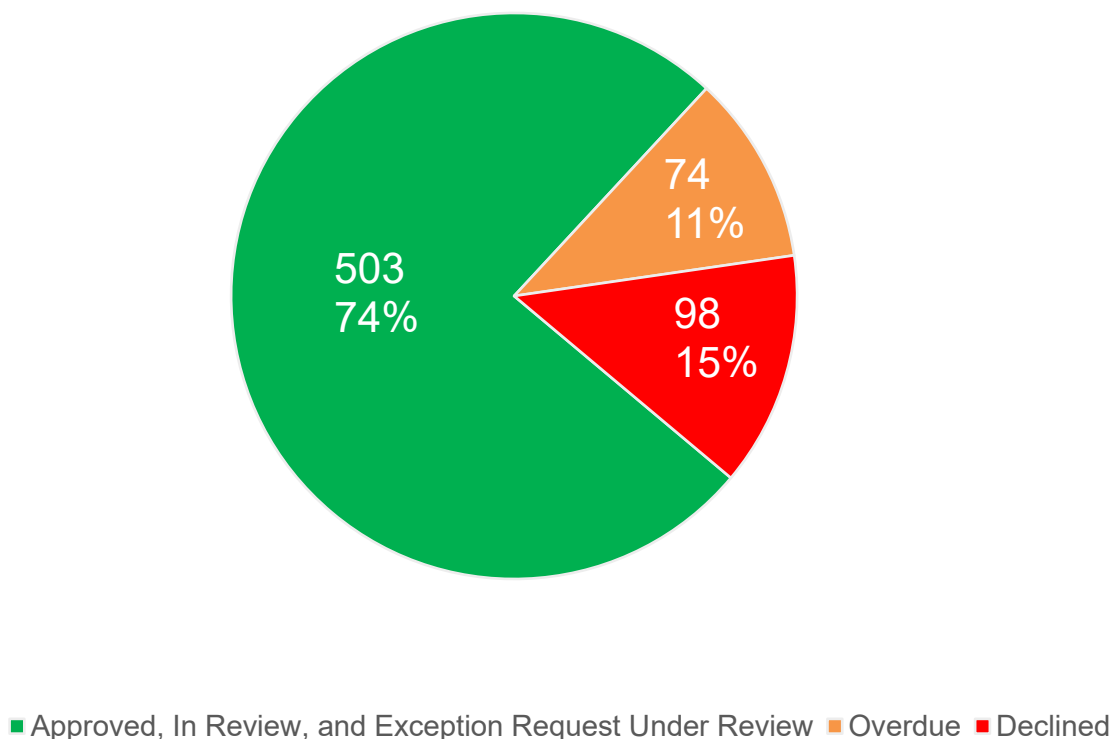
- Meeting Target (YTD)
- Behind Target (YTD)
- Missed Target (i.e., the YTD performance is such that PSEG Long Island cannot make the metric)
- TBD (i.e., the basis of the metric measurement has not yet occurred during the year, or there is a situation where LIPA and PSEG Long Island are reexamining the metric parameters).

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%).⁴

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; there are also areas where it has deteriorated.

Figure 2 summarizes the status, as of August 15, 2023, of the 675 deliverables that were due year-to-date (YTD) for the 53 Qualitative Metrics. YTD, PSEG Long Island has either met or the deliverable remains under review or pending an Exception for approximately 74% of the Qualitative metric deliverables, while 11% of deliverables are overdue and 15% are declined. This includes the effect of approved metric Exceptions⁵ (i.e. if measured relative to the original metric standards, more of the deliverables would be overdue or declined).

FIGURE 2: QUALITATIVE METRICS YTD DELIVERABLES STATUS



⁴ For more information, please see [LIPA's Year-End Report on PSEG Long Island's 2022 Performance Metrics](#).

⁵ For more information, see the section *Performance Metric Exceptions*

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

For instance, the project to implement **Contact Center as a Service (CCaaS)**, a critical customer-facing system, has been significantly hampered by inadequate planning and has encountered **repeated delays since its start in early 2022**. Phase 1 of the project, which in 2022 was granted an extension to May 2023, has now had the go-live again delayed, this time to November 2023.

The Enterprise Asset Management System (EAMS) implementation (T&D-03) is another major project that has experienced significant challenges and delays. LIPA and PSEG Long Island's legal teams spent considerable time and effort attempting to negotiate contracts with two shortlisted bidders. However, they were unable to negotiate a contract on acceptable terms with PSEG Long Island's preferred vendor. Overall, **the EAMS project has required extensive engagement from LIPA and PSEG Long Island senior leadership to mitigate deficiencies in PSEG Long Island's planning and project management in 2022 and 2023. LIPA management has recommended putting this project on hold so as to not divert focus until other higher-priority IT projects are completed.**

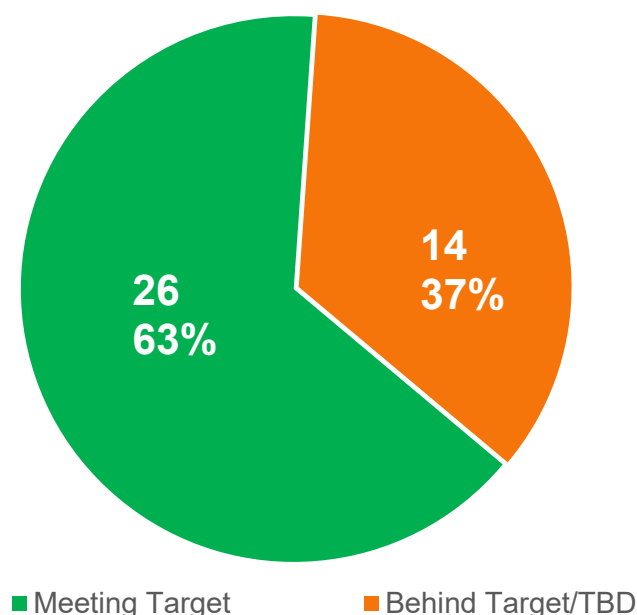
The project to transition to new standard Time of Day Residential Rate on an opt-out Basis (PS&CE-08) has also fallen behind schedule, with the IT Release 1 go-live timeline delayed.

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.**

Figure 3 summarizes the status of the 40 Quantitative Metrics as of August 15, 2023.⁶ **YTD PSEG Long Island is meeting approximately 63% of Quantitative Metrics, while 37% are running behind target or are TBD.**

⁶ The most recently reported quantitative metrics data as of that date was through June 2023.

FIGURE 3: QUANTITATIVE METRICS YTD PERFORMANCE



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 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 without the metrics. Most importantly, the metric management process provides much greater visibility into the progress of projects and initiatives and helps identify specific areas of weakness, providing valuable insights to LIPA and PSEG Long Island management to improve performance. **LIPA strongly advises PSEG Long Island to consider the insights provided by metrics and focus on improving performance.**

LIPA further describes individual metric performance in the following scope sections.

PERFORMANCE METRIC EXCEPTIONS

PSEG Long Island may request an Exception to metric deliverable requirements. **YTD, PSEG Long Island has requested 280 Exceptions. LIPA has approved 163 of the requested Exceptions, 104 have been rejected, and 13 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 T&D scope are progressing well year-to-date. As of the reporting date, the qualitative metrics generally met metric standards. However, **a number of exception requests have been required to adjust deliverable due dates.** Of the quantitative metrics, most are currently meeting target, with four of the 22 behind target, and one with a status that is To Be Determined. **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.

For the 11 metrics spanning Asset Management, Work Management, and Storm Hardening, performance has satisfactorily met nearly all targets in these areas, with the notable exception of **the Enterprise Asset Management System Implementation (T&D-03), which has encountered obstacles and delays. LIPA management has recommended putting this project on hold until other higher-priority IT projects are completed.**

A few metrics, such as Employee Overtime (T&D-23), Construction Cost Estimating Accuracy (T&D-36), 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 several self-reports that occurred earlier in the year. LIPA is currently working with PSEG Long Island to reach a resolution on those self-reports.

Several metrics that had previously encountered hurdles with the development of acceptable Project Implementation Plans have been resolved and are now progressing well. This applies to the Estimated Time of Restoration (ETR) (T&D-42) and Physical Security (T&D-45) metrics. 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 and continue to make good progress against their respective deliverables.

Further discussion of individual metrics appears below.

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; as of the end of July 2023, 15.4% of field verification is done. **Of the 15.4% of field surveys completed, 1.6% have been uploaded into the GIS system. Resolving that backlog will be critical for PSEG Long Island to achieve this metric.**

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. As of the end of July 2023, the updated Strategic Asset Management Plan (SAMP) and the remaining 12 Asset Management Plans (AMPs) have been uploaded and approved by LIPA.

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. LIPA and PSEG Long Island's legal teams spent considerable time and effort attempting to negotiate contracts with two shortlisted bidders but were unable to negotiate a contract on acceptable terms with PSEG Long Island's preferred vendor because of the very challenging contract terms requested by the bidder. Overall, the EAMS project has required extensive engagement from LIPA and PSEG Long Island senior leadership to mitigate deficiencies in PSEG Long Island's planning and project management in 2022 and 2023. LIPA management has recommended putting this project on hold so as to not divert focus until other higher-priority IT projects are completed, including the OSA-mandated System Separation project, the Time of Day (TOD) rate implementation, and cybersecurity enhancements.

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 four mis-operations year-to-date. Inadvertent Operations Events refer to operational errors from human-induced incorrect actions; twelve such events have been reported year-to-date. **Though PSEG Long Island is currently meeting the year-to-date targets, increased scrutiny is warranted, as performance in recent months has not been as strong as in the earlier stages of the year for both 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. Though LIPA and PSEG Long Island have agreed on several deliverable date exceptions, progress remains solid, and **expectations are that the deliverables scheduled for 2023 completion will largely be met.**

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

There are six reliability metrics that encompass system-wide outage frequency and duration performance as well as multiple outages as experienced by our customers. **LIPA's T&D 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 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 areas: Overhead/Underground Lines, Distribution Operations, and Substation/Relay Maintenance. **At present, the Substation/Relay Maintenance area is performing at 38%, which is over (unfavorable) to the target level of 32%.** Successfully achieving overtime target levels in two of the three 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.**

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 40.86 miles of Mainline Storm Hardening through June 2023, which equates to **4.98 miles over (favorable to) the original year-to-date plan of 35.88 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 year-to-date installation plan for this reporting period was 114, with 95 actually installed. 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 62 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 contract due diligence process is completed, while permitting and community engagement activities associated with this purchase are ongoing. The closing on the purchase is expected to be completed in Q1 2024. PSEG Long Island has satisfactorily met all due dates for deliverables up to this point.

Negotiations with National Grid were restarted in the third quarter of 2022 for the potential purchase of certain operations yards. While LIPA and PSEG Long Island remain interested in those discussions, an agreement on the terms and conditions of such sale with National Grid have been elusive. 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 progress 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 93.0% 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 86.3% against a target of 90.0%.** It is too early to ascertain whether the Estimating Accuracy metric is in danger of not being met, as most of the projects in scope for this year are expected to be completed in late Q4.

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% year-to-date, indicating compliance with the metric criteria across the eight 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. 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 7,555 double wood poles, which is higher (unfavorable) than the year-to-date target of 6,153, 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 the most recent meeting held in early August. LIPA is monitoring this metric closely, as at present it would be more likely than not that the year-end target level will not be met.

Estimated Time of Restoration (T&D-42)

The PIP underpinning this metric was completed and approved by LIPA on June 30, 2023. The PIP is focused on implementing a minimum of two factors to operationalize in the everyday customer issuance of initial times of expected restoration (ITR) for unplanned outages under Blue Sky (i.e., Non-Storm) conditions. Based on a data analytics and a benefit analysis that was conducted, the parties agreed to pursue three factors that rated as most impactful in leading to more accurate ITRs. These three factors are: device type, seasonality, and time of day. LIPA and PSEG Long Island have aligned these efforts with the Two-Year Business Driven Roadmap – Data Analytics (IT-06.T1.04.01). PSEG Long Island has now moved on to developing a system test plan that will be sent to LIPA for their review and approval. **This metric is on target to have the operationalization of the three factors completed by the end of October 2023.**

Regulatory Compliance (T&D-44)

This metric is comprised of seven 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. During the most recent reporting period, LIPA and PSEG Long Island agreed to formally remove the self-reporting criteria as it was deemed extraneous. **An open issue that is yet to be resolved is the need for the parties to reach agreement on the standards of recognizing and recording self-reports of potential violations and formal notices of violation for environmental and permitting activities.**

Physical Security (T&D-45)

The metric is structured around an approved PIP that focuses on the findings of a physical security assessment conducted by a LIPA 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. **At present, this metric is on track and expectations are positive that progress will continue through the end of the year.**

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 have been assigned to complete this training.

Year-to-Date Status Details

Qualitative Metrics

The T&D Qualitative Metrics had 137 deliverables due as of the reporting date. Of these, 3 are **overdue**. 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 kick off the EAM System implementation project.	Overdue
T&D-3.5	Executed EAMS solution/implementer contracts verified by LIPA	Overdue

Quantitative Metrics

The status of each T&D Quantitative Metric as of the reporting date is detailed in the following table. **Of the 22 metrics, 17 meet the YTD target, four are behind the YTD target, and one 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	4	13	7	Meeting Target
T&D-05	Transmission & Distribution Inadvertent Operation Events	L	12	26	13	Meeting Target

T&D-07	System Average Interruption Duration Index (SAIDI) Reliability	L	20.5	57.5	22.2	Meeting Target
T&D-08	System Average Interruption Frequency Index (SAIFI) Reliability	L	0.28	0.70	0.31	Meeting Target
T&D-09	Momentary Average Interruption Frequency Index (MAIFI) Reliability	L	0.65	1.70	0.74	Meeting Target
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)	L	19,104	21,000	21,000	Meeting Target
T&D-11	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	L	0	28	14	Meeting Target
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)	L	50,592	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	0.59	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	6.78	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	93.0%	90.0%	90.0%	Meeting Target
T&D-36	Construction - Cost Estimating Accuracy	H	86.3%	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	7,555	5,829	6,153	Behind Target
T&D-41	Program Effectiveness - Vegetation Management	L	-22.3%	-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	4	Meeting Target

Table Note 1: The “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.

INFORMATION TECHNOLOGY

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

Year-to-Date Status Overview

While it is too early to assess the likelihood of PSEG Long Island meeting specific metrics at year-end, performance to date is concerning, and a number of metrics are at risk. The following discussion is focused on our overall assessment of performance on the initiatives and does not judge whether individual metrics will be satisfied.

Weak project management and organizational maturity were major contributors to performance shortfalls on the 2022 IT metrics, and performance to date indicates that those deficiencies persist in 2023. IT metrics will continue to be at risk if PSEG Long Island fails to improve its project performance and organizational maturity. LIPA again encourages PSEG Long Island to leverage the CMMI Maturity Framework to drive genuine performance improvements as it continues its CMMI Maturity Level 3 implementation in accordance with the IT Organizational Maturity metric.

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. **Performance to date in 2023 does not indicate improvements in project management capabilities and organizational maturity, with multiple projects exhibiting deficiencies.** The CCaaS project, which is already significantly delayed and failed to meet the planned May Phase 1 go-live earlier in the year, is now targeting a November Phase 1 go-live. The delays in this project are the result of inadequate project planning and execution, which LIPA has been expressing concerns about since the start of the project in early 2022. In addition to schedule overruns, LIPA has concerns that the project will not satisfy the established project end-state and success criteria once it is finally implemented. **Several other projects are also experiencing significant challenges.** Three of the four in-flight cyber-security projects experienced delays and were granted schedule adjustments earlier in the year, and two of these projects are now significantly behind on the adjusted schedules.

The System Segregation metric (IT-07), which aims to ensure the successful separation of all PSEG Long Island IT Systems serving LIPA from PSEG New Jersey systems in accordance with the OSA, was met in 2022 but is experiencing challenges this year. The Plan called for the separation of the first group of systems (Bundle 1) by the end of 2024Q1; however, the critical step of selecting a System Integrator to conduct the separation is behind schedule.

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 remaining three metrics are progressing. However, the Organizational Maturity (IT-01) and the

System and Software Lifecycle Management (IT-04) metrics heavily depend on year-end deliverables, and any assessment is premature. LIPA delayed the start of the LIPA-conducted organizational study required by the Cyber Security Organization - Structure, Staffing, and Capabilities Review (IT-08) metric to align the scope to evolving needs. PSEG Long Island's performance is currently on track with the adjusted schedule.

IT metrics will remain at risk if PSEG Long Island fails to improve organizational performance meaningfully. LIPA again 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).

Further discussion of individual metrics appears below.

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 again experiencing challenges in 2023.** Initial submissions of the Business Impact Analyses (BIAs), BCPs, and DRPs remain under review and revision while LIPA works with PSEG Long Island to address numerous issues and attempts to bring them to an acceptable level. **Given the importance of these plans, LIPA has granted considerable schedule flexibility, and remains willing to consider further adjustments to the schedule or scope to get acceptable outputs.** However, while progress has been made in addressing some discrete issues, **we are concerned that there remains a fundamental lack of alignment of PSEG Long Island's approach to the metric requirements and objectives.** All the submissions still have fundamental deficiencies that must be addressed to meet the requirements of providing baseline capabilities that ensure that PSEG Long Island can continue to perform its essential functions and deliver core capabilities during and following disruptions to normal operations, and of directing the response and recovery of critical IT systems in the face of systems impacting disruptions.

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 projects⁷ 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 to meet metric requirements, including multiple opportunities for corrective actions and a number of material exceptions for schedule extensions or scope reductions. **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 to date indicate that project management deficiencies persist. For instance, **the already-delayed CCaaS project has continued to experience significant challenges in 2023, including**

⁷ 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.

further schedule slippage. LIPA has been expressing concerns about inadequate planning and the quality of deliverables since the project started in early 2022, but multiple deliverables this year have been submitted late, not submitted, or have not met minimum acceptable quality or completeness standards. Earlier this year, PSEG Long Island moved the already delayed planned Phase 1 go-live to late May, and LIPA expressed concerns about the proximity of the date to the start of storm season. The risk of spillover into storm season was in fact subsequently realized when PSEG Long Island determined that they would not meet the May timeline, and instead proposed to go-live in August, during storm season. After a review of the risks of going live during storm season, including limitations that were identified in system rollback abilities, LIPA and PSEG Long Island concluded that the best course of action to reduce the risk to customers was to move the Phase 1 go-live to November 2023. **In addition to the repeated 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 have also encountered delays. Three of the four projects were granted schedule adjustments earlier in the year, and two of those projects have now had significant additional schedule slippage.

The Standard Data Access Platform Phase 2 and Data Analytics 2023 projects have not made any progress as LIPA has not yet been able to get the planning deliverables aligned to LIPA's objectives and metric requirements.

Overall, many projects have exhibited deficiencies, including schedule overruns and deliverables requiring significant material revisions over multiple review and revision cycles. Additionally, **PSEG Long Island has decided to defer some projects that were planned for 2023 to 2024 due to a lack of resources, a reflection of the deficiencies in weak capacity and resource planning during the budget planning process that LIPA has repeatedly noted.**

System Segregation (IT-07)

In the amended OSA between LIPA and PSEG Long Island effective April 1, 2022, the parties agreed that it would be beneficial for all IT Systems serving LIPA to be separate and distinct from the systems, data, reports, and information of PSEG Long Island and its affiliates. In 2022, as required by the OSA and the 2022 System Segregation metric, a joint LIPA and PSEG Long Island IT Team developed an IT System Separation Plan ("the Plan") to separate all PSEG Long Island IT Systems serving LIPA from PSEG New Jersey systems. The Plan, which has been adopted by the Board, identifies approximately 46 IT systems (including cybersecurity systems) to be separated by the end of 2024, under an aggressive but achievable schedule that has all systems separated, in four prioritized groupings or 'Bundles', by the required date.

The 2023 System Segregation metric, which aims to ensure the successful execution of the Plan, requires completion of all work identified for 2023 in accordance with the Plan. **The metric is currently experiencing challenges, with the critical deliverable to select a System Integrator for separation of the Bundle 1 systems significantly delayed.** While LIPA continues to work with PSEG Long Island to get the System Separation Program on track, the metric is at risk, with little time left in the year to select the System Integrator and complete the Bundle 1 separation work in preparation for planned 2024Q1 go-live.

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 metric requires a Cyber Security Organization study to be performed by LIPA to determine gaps and the appropriate structure, staffing, and capabilities needed to achieve an appropriate PSEG Long Island Cyber Security Organization. LIPA delayed the start of the study, which is now nearing completion, to align the planned scope to evolving needs; but **the metric is currently largely on track within the revised schedule.**

Organizational Maturity (IT-01) and System and Software Lifecycle Management (IT-04)

The Organizational Maturity and the System and Software Lifecycle Management metrics are heavily dependent on year-end deliverables, and it is premature to assess their status. The Organizational Maturity metric, which aims to improve IT capability and performance, requires PSEG Long Island to reach CMMI Maturity Level 3 in all categories of the CMMI Development Model and will be determined by a year-end appraisal by a LIPA consultant. 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 initial deliverables for 2023, an updated Asset Inventory and Two-Year Refresh Plan, have been accepted after multiple review and revision cycles, but success on the metric will be determined by the performance on the required refresh projects for the year.

Year-to-Date Status Details

Qualitative Metrics

The IT Qualitative Metrics had 333 deliverables due as of the reporting date. Of these, 61 are overdue, and 77 did not meet metric standards and were rejected. The remaining deliverables are either approved, under review, or have an exception requested and under review.

The IT 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
	System Resiliency	
IT-03.7	LIPA-approved Disaster Recovery Plans are successfully exercised for each of the Wave 1 critical systems specified in this metric. Successful exercise of a Disaster Recovery Plan is as defined in the Objective section.	Overdue

	Project Performance - In-flight Projects	
IT-05-T1.01.05	GIS - Project Close-out Report	Overdue
IT-05-T1.02(6).01	4.01 - Implementation of Board adopted recommendation (4.01): Business-driven Strategic Technology Plan for Outage Reporting and Communications, as described in the approved Project Implementation Plan, delivered for LIPA approval.	Overdue
IT-05-T1.02.12	DER - Test Results and Artifacts (including test cases, scripts and data) for completed Performance Testing	Overdue
IT-05-T1.03.01	ADMS Roadmap - Functional and Technical Requirements, including use cases that map how information will be used, submitted to LIPA for approval.	Overdue
IT-05-T1.03.02	ADMS Roadmap - Conceptual Grid-Wide Design	Overdue
IT-05-T1.06.04	CCaaS - Functional & Technical Design Documents - Omilia P1 B3	Rejected
IT-05-T1.06.05	CCaaS - Functional & Technical Design Documents - Omilia P1 B4	Rejected
IT-05-T1.06.06	CCaaS - Functional & Technical Design Documents - NICE P1 FL2W	Rejected
IT-05-T1.06.07	CCaaS - Functional & Technical Design Documents - NICE P1 B3	Rejected
IT-05-T1.06.08	CCaaS - Functional & Technical Design Documents - NICE P1 B4	Rejected
IT-05-T1.06.09	CCaaS - Functional & Technical Design Documents - NICE P1 FM	Rejected
IT-05-T1.06.10	CCaaS - Requirements Traceability Matrix - Omilia P1 B1-3	Rejected
IT-05-T1.06.11	CCaaS - Requirements Traceability Matrix - Omilia P1 B4	Rejected
IT-05-T1.06.12	CCaaS - Requirements Traceability Matrix - NICE P1 B2	Rejected
IT-05-T1.06.13	CCaaS - Requirements Traceability Matrix - NICE P1 B3	Rejected
IT-05-T1.06.14	CCaaS - Requirements Traceability Matrix - NICE P1 B4	Rejected
IT-05-T1.06.15	CCaaS - Requirements Traceability Matrix - NICE P1 FM	Rejected
IT-05-T1.06.16	CCaaS - Requirements Traceability Matrix - NICE P1 FL2W	Rejected
IT-05-T1.06.17	CCaaS - Test Results/Artifacts - Omilia P1 B1-3	Rejected
IT-05-T1.06.18	CCaaS - Test Results/Artifacts - NICE P1 B1	Rejected
IT-05-T1.06.19	CCaaS - Test Results/Artifacts - NICE P1 B2	Rejected

IT-05-T1.06.20	CCaaS - Performance/Stress Testing Results Evidence	Rejected
IT-05-T1.06.21	CCaaS - Business rule evaluation	Rejected
IT-05-T1.06.22	CCaaS - Change management and Training plan	Rejected
IT-05-T1.06.23	CCaaS - Communications plan	Rejected
IT-05-T1.06.30	CCaaS - Functional & Technical Design Documents - Phase 2	Rejected
IT-05-T1.06.31	CCaaS - Requirements Traceability Matrix - NICE P1 WFM	Rejected
IT-05-T1.06.32	CCaaS - Requirements Traceability Matrix - NICE P1 QMA	Rejected
IT-05-T1.06.33	CCaaS - Requirements Traceability Matrix - NICE P1 IA	Rejected
IT-05-T1.06.34	CCaaS - Requirements Traceability Matrix - Phase 2	Rejected
IT-05-T1.06.35	CCaaS - Test Results/Artifacts - Omilia P1 B4	Rejected
IT-05-T1.06.37	CCaaS - Test Results/Artifacts - NICE P1 B4	Rejected
IT-05-T1.06.38	CCaaS - Test Results/Artifacts - NICE P1 FM	Rejected
IT-05-T1.06.39	CCaaS - Test Results/Artifacts - NICE P1 WFM	Rejected
IT-05-T1.06.40	CCaaS - Test Results/Artifacts - NICE P1 QMA	Rejected
IT-05-T1.06.41	CCaaS - Test Results/Artifacts - NICE P1 IA	Rejected
IT-05-T1.06.42	CCaaS - Test Results/Artifacts - NICE P1 FL2W	Rejected
IT-05-T1.06.43	CCaaS - Test Results/Artifacts - Phase 2	Rejected
IT-05-T1.06.44	CCaaS - Test Closure Memo - Phase 1	Rejected
IT-05-T1.06.45	CCaaS - Test Closure Memo - Phase 2	Rejected
IT-05-T1.06.46	CCaaS - Regression Test Results Evidence - QMA/IA	Rejected
IT-05-T1.06.47	CCaaS - Regression Test Results Evidence - WFM	Rejected
IT-05-T1.06.48	CCaaS - Regression Test Results Evidence - CXone	Rejected
IT-05-T1.06.49	CCaaS - Penetration Testing Results Evidence	Rejected

IT-05-T1.06.50	CCaaS - System retirement plan	Rejected
IT-05-T1.06.51	CCaaS - Executed Go- live decision checklist for delivery - Phase 1	Rejected
IT-05-T1.06.52	CCaaS - Go Live Phase 1 (NICE, Omilia, NQM, NFM, NWF, Frontline)	Rejected
IT-05-T1.06.53	CCaaS - Executed Go- live decision checklist for delivery - Phase 2	Rejected
IT-05-T1.06.54	CCaaS - Go Live Phase 2 (Webchat & Biometrics)	Rejected
IT-05-T1.06.56	CCaaS - Enhancement decision matrix and roadmap	Overdue
IT-05-T1.08.01	Billing capability for standby rates, to be optional for all commercial customers	Overdue
IT-05-T1.09.03	CDG Automated Billing - Development & Unit Test	Rejected
IT-05-T1.09.06	CDG Automated Billing - System Integration Testing	Rejected
IT-05-T1.09.10	CDG Automated Billing - UAT complete	Rejected
IT-05-T1.09.11	CDG Automated Billing - Go-live Readiness	Rejected
IT-05-T2.02.19	CyberArk for CNI - DSCADA FAT/SAT/System Security Plan	Overdue
IT-05-T2.02.20	CyberArk for CNI - Monthly Reporting of Project Status for the month of July 2023.	Overdue
IT-05-T2.03.06	Cybersecurity Program - SNARE - Requirements Traceability Matrix	Rejected
IT-05-T2.03.07	Cybersecurity Program - SNARE - Detailed design artifacts, functional specifications, system architecture, system security plan	Rejected
IT-05-T2.03.08	Cybersecurity Program - SNARE - Architecture/Security Review & Sign-Off	Rejected
IT-05-T2.03.09	Cybersecurity Program - SNARE - Test Strategy and Test Plans for all planned testing, including Functional, System Integration, UAT and Security testing as applicable.	Rejected
IT-05-T2.03.10	Cybersecurity Program - SNARE - Packaged installation for testing, and test results	Rejected
IT-05-T2.03.11	Cybersecurity Program - SNARE - Deployment Testing test results	Rejected
IT-05-T2.03.12	Cybersecurity Program - SNARE - Full Test Results for all conducted testing	Rejected
IT-05-T2.03.13	Cybersecurity Program - Service Now Operational Enhancements - CMDB Data Model to support ServiceNow Common Service Data Model; Technical Solution Design & Architecture; Governance & Operational Process Model; Use Case & Workflow document; Test Case document	Rejected
IT-05-T2.03.17	Cybersecurity Program - Service Now Operational Enhancements - Test Strategy and Test Plans for all planned	Rejected

	testing, including Functional, System Integration, UAT and Security testing as applicable.	
IT-05-T2.03.19	Cybersecurity Program - Service Now CISO Dashboard - CMDB Data Model to support ServiceNow Common Service Data Model; Technical Solution Design & Architecture; Governance & Operational Process Model; Use Case & Workflow document; Test Case document	Rejected
IT-05-T2.03.20	Cybersecurity Program - Service Now CISO Dashboard - List of prioritized KPIs	Rejected
IT-05-T2.03.21	Cybersecurity Program - Service Now CISO Dashboard - List of data sources and tools to support KPI usage	Rejected
IT-05-T2.03.22	Cybersecurity Program - Service Now CISO Dashboard - List of defined metrics & associated requirements	Rejected
IT-05-T2.03.23	Cybersecurity Program - Service Now CISO Dashboard - List of refinements needed to support Security Operations Enhancements	Rejected
IT-05-T2.03.24	Cybersecurity Program - Service Now CISO Dashboard - Detailed Project Plan	Rejected
IT-05-T2.03.25	Cybersecurity Program - PKI/CA Deployment in PACS - Installation package ready build and test	Overdue
IT-05-T2.03.26	Cybersecurity Program - PKI/CA Deployment in PACS - Test Strategy and Test Plans for all planned testing, including Functional, System Integration, UAT and Security testing as applicable.	Overdue
IT-05-T2.03.27	Cybersecurity Program - PKI/CA Deployment in PACS - Deployment package built and tested with test results; Full test results for all conducted testing	Overdue
IT-05-T2.03.31	Cybersecurity Program - SourceFire Network Security Monitoring Capability Upgrade - Test Strategy and Test Plans for all planned testing, including Functional, System Integration, UAT and Security testing as applicable.	Rejected
IT-05-T2.03.32	Cybersecurity Program - SourceFire Network Security Monitoring Capability Upgrade - Full Test Results for all conducted testing	Rejected
IT-05-T2.03.33	Cybersecurity Program - SourceFire Network Security Monitoring Capability Upgrade - Deployed to all in scope systems	Rejected
IT-05-T2.03.37	Cybersecurity Program - SNARE - Deployed in Disaster Recovery environment (Melville)	Rejected
IT-05-T2.03.38	Cybersecurity Program - SNARE - Deployed to all in scope systems	Rejected
IT-05-T2.03.39	Cybersecurity Program - SNARE - Detailed design and specifications of deployed system; Updated O&M processes, procedures, and policies	Rejected
IT-05-T2.03.40	Cybersecurity Program - SNARE - Project Close-Out Report and Artifacts	Rejected
IT-05-T2.03.44	Cybersecurity Program - Service Now CISO Dashboard - List of Metric Sourced & Dashboards	Rejected
IT-05-T2.03.49	Cybersecurity Program - Service Now CISO Dashboard - User training workshop	Overdue
IT-05-T2.03.50	Cybersecurity Program - PKI/CA Deployment in PACS - Deployed to production systems	Overdue

IT-05-T2.03.51	Cybersecurity Program - PKI/CA Deployment in PACS - Deployment metrics are met	Overdue
IT-05-T2.03.52	Cybersecurity Program - PKI/CA Deployment in PACS - Transition complete	Overdue
IT-05-T2.03.53	Cybersecurity Program - PKI/CA Deployment in PACS - Final system documentation (including updated detailed design and specifications of deployed system); Updated O&M processes, procedures, and policies	Overdue
IT-05-T2.03.58	Cybersecurity Program - Monthly Reporting of Project Status for the month of June 2023.	Overdue
IT-05-T2.03.59	Cybersecurity Program - Monthly Reporting of Project Status for the month of July 2023.	Overdue
IT-05-T2.03.61	Cybersecurity Program - Service Now Operational Enhancements - Post-deployment support	Rejected
IT-05-T2.03.62	Cybersecurity Program - Service Now Operational Enhancements - Detailed design and specifications of deployed system; Updated O&M processes, procedures, and policies	Rejected
IT-05-T2.03.63	Cybersecurity Program - Service Now Operational Enhancements - Project Close-Out Report and Artifacts	Overdue
IT-05-T2.04.01	Dragos for CNI - DSCADA: Acceptance Approval & Sign-off	Rejected
IT-05-T2.04.02	Dragos for CNI - DSCADA: Post Deployment Support / Shadowing / Knowledge transfer (Meeting Minutes)	Rejected
IT-05-T2.04.04	Dragos for CNI - EMS: Security Scan for all Dragos appliances (Deliverable: Tenable Vulnerability Scan report)	Rejected
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-T2.04.09	Dragos for CNI - EMS: Acceptance Approval & Sign-off	Overdue
IT-05-T2.04.10	Dragos for CNI - EMS: Post Deployment Support / Shadowing / Knowledge transfer	Overdue
IT-05-T2.04.11	Dragos for CNI - All Environments: Full Test Results for all conducted testing	Overdue
IT-05-T2.04.12	Dragos for CNI - All Environments: Updated O&M processes, procedures and policies	Overdue
IT-05-T2.04.13	Dragos for CNI - All Environments: Detailed design and specifications documentation of deployed system	Overdue
IT-05-T2.04.17	Dragos for CNI - All Environments: Review overall OT devices monitoring coverage after completion of above deployment (Deliverable: Identify gap in device monitoring coverage)	Overdue
IT-05-T2.04.19	Dragos for CNI - All Environments: Recommend additional appliance (SiteStores & Sensors) to cover identified gap. (Deliverable: High level design of recommended expansion of Dragos monitoring infrastructure)	Overdue
IT-05-T2.04.20	Dragos for CNI - Project Close-Out Report and Artifacts	Overdue

IT-05-T2.04.21	Dragos for CNI - Monthly Reporting of Project Status for the month of July 2023	Overdue
IT-05-T2.07.14	AMI System Enhancements - Manual Meter Reading - Testing completed	Rejected
IT-05-T2.07.17	AMI System Enhancements - Manual Meter Reading - Training completed (Back office Billing, Meter Services)	Overdue
IT-05-T2.07.18	AMI System Enhancements - Manual Meter Reading - Go Live	Overdue
IT-05-T2.07.21	AMI System Enhancements - Manual Meter Reading - Decommission MV-RS (Dependent on Section 3 Go Live)	Overdue
Project Performance – New 2023 Projects		
IT-06.T1.01.03	CaaS Analytics Provide a plan to operationalize CCaaS's advanced analytics and reporting. Plan will utilize all purchased analytics products and address the scenarios defined in #2. Evidence of methodology to include frequency and of pulling, analyzing and consolidating results	Overdue
IT-06.T2.01.01	Customer Comm Tool Double Wood Poles - Develop a project plan to incorporate NJUNS data/pole locations from GIS into the KUBRA platform	Overdue
IT-06.T2.02.01	ADMS Phase 1 - Detailed Project Implementation Plan, to be submitted for LIPA approval	Overdue
IT-06.T2.03.03	CCI - Monthly Reporting of Project Status for the month of June 2023	Overdue
IT-06.T2.03.04	CCI - Monthly Reporting of Project Status for the month of July 2023	Overdue
IT-06.T2.03.06	CCI - Project Execution Plan (PEP) (TP002) and Detailed Project Schedule.	Overdue
IT-06.T2.03.07	CCI - Business Requirements (TP005)	Overdue
IT-06.T2.03.08	CCI - Evidence of CRISP Purchase	Overdue
IT-06.T2.03.09	CCI - Solution Design (TP007)	Overdue
IT-06.T2.03.12	CCI - Validate Agent Deployment - Production	Overdue
IT-06.T2.03.13	CCI - Update WAS Scanning SOP	Overdue
IT-06.T2.03.14	CCI - Update Compliance Instructions/Standards	Overdue
IT-06.T2.03.15	CCI - Include AWS Scan in Scanning SOP	Overdue
IT-06.T2.03.16	CCI - Project Execution Plan (PEP) (TP002) and Detailed Project Schedule.	Overdue
IT-06.T2.03.17	CCI - Business Requirements (TP005)	Overdue
IT-06.T2.03.18	CCI - Alternative Evaluation (TP008)	Overdue

IT-06.T2.03.25	CCI - Project Execution Plan (PEP) (TP002) and Detailed Project Schedule.	Overdue
IT-06.T2.03.26	CCI - Architecture Review	Overdue
IT-06.T2.04.09	SAS - Smart Form Phase: Provide functional & technical design documents	Overdue
IT-06.T2.04.10	SAS - Email Phase: Provide SIT/UAT test results	Overdue
IT-06.T2.04.11	SAS - Email Phase: Provide go/no-go decision with supporting checklist	Overdue
IT-06.T2.04.13	SAS - Email Phase: Provide test closure memo	Overdue
IT-06.T2.06.01	A&IMC - Detailed Project Implementation Plan, to be submitted for LIPA approval	Overdue
IT-06.T2.07.01	Time & Attendance Phase 2 - Detailed Project Implementation Plan, to be submitted for LIPA approval	Overdue
IT-06.T3.02.01	Primavera Upgrade - Detailed Project Implementation Plan, to be submitted for LIPA approval	Overdue
IT-06.T3.04.01	IT Portfolio Planning - Detailed Project Implementation Plan, to be submitted for LIPA approval	Overdue

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

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.

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

However, the **Transition to New "Standard" Time of Day Residential Rates on an Opt-Out Basis (PS&CE-08) project is behind schedule, with the Release 1 go-live timeline at risk**. Multiple deliverables remain open, and system integration testing and user acceptance testing are behind schedule.

The Heat Pump Strategy to Address Barriers to Customer Adoption (PS&CE-13) project has also fallen behind schedule, with a number of interim deliverables delayed.

The Electric Vehicle (EV) Make-Ready (PS&CE-06) metric, which was only partially met in 2022, currently trails the year-to-date targets. As of June 2023, the program has enrolled and energized only 18 and 4 DCFC ports, falling short of the targets of 39 and 36, respectively. The program has enrolled and energized only 135 and 103 Level 2 ports, falling short of the target of 159 and 138. **LIPA believes this metric is at risk unless new strategies are implemented to boost enrollment**.

Further discussion of individual metrics appears below.

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 2023 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. PSEG Long Island's IRP team has made steady progress on the deliverables and expects to deliver them according to scheduled due dates. 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. **PSEG Long Island 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 605,819 MMBtu with a YTD actual Energy Efficiency Savings of 685,729 MMBtu. The programs that are performing ahead of the YTD schedule are Efficient Products, Home Comfort, Home Energy Management, Home Performance with ENERGY STAR, Residential Energy Affordability Partnership (REAP), All Electric Homes, and Multi-Family Homes. Commercial Efficiency is underperforming YTD. PSEG Long Island is on track to meet the YE Target of 900,730 MMBtu.

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

PSEG Long Island is meeting all four target categories and made-up significant ground for multi-family buildings in July, ending the month at 189, as compared to year-end target of 50.

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 18 and 4 respectively, compared to their targets of 54 and 50 respectively. For Level 2 ports, the program actuals for enrolled and energized are 179 and 109 respectively, compared to their targets of 219 and 191 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 Rates on an Opt-Out Basis (PS&CE-08)

The Residential Time-of-Day (TOD) PIP, which covers the full 2.5-year project implementation period and the test management plan were approved after several rounds of feedback. The Release 1 business requirements, requirement traceability matrix, and design documents were also submitted and have not yet been approved. PSEG Long Island is in process of addressing open items. The change management and marketing plans have also undergone multiple rounds of reviews and are anticipated to be finalized in September. **The IT Release 1 build is behind schedule as it extended into the testing phases, affecting both system integration testing and user acceptance testing, which are behind schedule. The Release 1 go-live of September 15 was missed.**

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 replacing the battery solution with a traditional substation transformer solution, which will be reviewed through the PJD process for approval. For 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 – PIPs were approved and are waiting for the next phase of deliverables in the 4th quarter. The Suffolk County Bus make-ready pilot timeline has changed several times due to its dependency on Suffolk County transportation electrification plan. 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 is running behind schedule on interim milestones for the customer-facing third-party application. They have submitted a PIP and a Contractor improvements and customer outreach and marketing plan, which are still unapproved at this time with minor issues to be resolved.

Year-to-Date Status Details

Qualitative Metrics

The Power Supply & Clean Energy Qualitative Metrics had 55 deliverables due as of the reporting date, of which six are overdue.

FIGURE 7: POWER SUPPLY & CLEAN ENERGY PROGRAMS QUALITATIVE METRICS REJECTED AND OVERDUE DELIVERABLES

METRIC #	DELIVERABLE	STATUS
	Heat Pump Strategy to Address Barriers to Customer Adoption	
PS&CE-13.10	Customer Calculator - Submit testing strategy	Overdue
PS&CE-13.5	Customer Calculator - Submit purchase agreement with Apogee	Overdue
PS&CE-13.6	Customer Calculator - Finalize business requirements	Overdue
PS&CE-13.7	Customer Calculator - Finalize project plan	Overdue
PS&CE-13.8	Customer Calculator - Submit configuration and integration documentation	Overdue
PS&CE-13.9	Customer Calculator - Submit customer communication and marketing plan and documentation	Overdue

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 metrics, only two meet the YTD target and one is 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	685,729	900,730	605,819	Meeting Target
PS&CE-5	Beneficial Electrification – Building Electrification	H	100%	100%	100%	Meeting 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 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 57% of the quantitative metrics behind target, and challenges with delivering the expected results for many of the eight 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. **The Billing - Cancelled Rebill (CS-10) metric experienced challenges in March, as the manual enrollment process for over 8,000 new Community Distribution Generation (CDG) subscribers resulted in over 2,800 accounts enrolled beyond the initial billing period and required rebills to pick up the missed period.** As part of the metric exclusions, PSEG Long Island can exercise an exclusion for the highest and lowest performing month, resulting in this metric meeting the target. **All the billing metrics were met in 2022 and if PSEG Long Island does not experience another anomaly month, they 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 year-to-date residential performance in the JD Power Customer Satisfaction Survey (CS-02) is in the 3rd quartile, up four positions and 10 points from 2022 year-end performance. The improvement in ranking is primarily driven by the drop in the East Large Utility segment average by 17 points. JD Power Business Wave 1 scores improved compared to 2022 year-end performance, however, a ranking was not provided due to the small sample size. Unofficially, they are in the 4th quartile tied for 10th place out of 12 utilities. **The JD Power 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) rolling 12-month average remained generally flat during the second quarter, ending the reporting period at the target. CS-14 and CS-19 were met in 2022, and CS-17 was not.

Outage Information Satisfaction (CS-21) results have not improved from 2022 performance. 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 1.9 percentage points in transaction ease over the same period in 2022, despite no changes to the customer payment process year-to-date to drive the improvement.

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 deliverables for the project. PSEG Long Island had expressed interest in replacing the project with another one but failed to provide a suitable replacement project. **The Phase 1**

go-live of the Credit Card Implementation project has been delayed multiple times and is currently past due with no firm release date. 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. Despite missing the planning deliverables, PSEG Long Island moved forward with implementation and has shared that they intend to deploy some of the required improvements by year-end.

Due to concerns with budget overruns, PSEG Long Island decided not to complete the readiness assessment metric deliverables for Customer Information System (CIS) Modernization Phase 1 (CS-04), which will result in a partial metric achievement in 2023, much like 2022. LIPA recommends pausing the CIS Modernization project for 2024, as it requires a high level of commitment from both the customer experience organization and IT for success and has experienced challenges to date.

The other metrics are progressing. Further discussion of individual metrics appears below.

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

PSEG Long Island has four projects included in the CS-1 metric. **Multiple challenges exist with the Credit Card Implementation project. After LIPA approved two date extensions for Phase 1, PSEG Long Island requested a third extension, which LIPA did not approve as the contributing factor was not outside of PSEG Long Island's control.** The due date for the third extension has now passed and switching to the new credit card vendor is still outstanding. PSEG Long Island submitted requirements for Phase 2 of the project, which were rejected by LIPA as they would not achieve the expected outcomes in the approved PIP. **There is not a clear path forward to resolve the challenges of the credit card project.**

LIPA approved an exception to extend the go-live date for the Kiosk project by one month to accommodate delays with the payment processing vendor. Besides this critical dependency, **PSEG Long Island is on-track to deliver the first kiosk by the revised date.** 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. However, they failed to provide a suitable replacement project and failed to deliver the deliverables for the original project. The project is considered missed for 2023 and will be re-established as a metric in 2024.

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

PSEG Long Island's third quarter residential performance was in the 3rd quartile, up four positions and 10 points year-to-date compared to 2022 year-end performance. The 17-point drop in the East Large Utility segment average primarily drove PSEG Long Island's position improvement. JD Power Business Wave 1 scores improved by 25 points, compared to 2022 year-end performance, to 735. However, due to a small sample size, PSEG Long Island's results were not officially ranked among the other East Large utilities. Unofficially, they are in the 4th quartile tied for 10th place out of 12 utilities.

The JD Power metrics were not met in 2022.

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. Due to concerns about budget overruns, PSEG Long Island decided not to complete the readiness assessment metric deliverables. The high-level project milestone and draft budget deliverable did not meet expectations, so LIPA rejected the deliverable. **LIPA recommends pausing the CIS Modernization project for 2024**, as it requires a high level of commitment from both the customer experience organization and IT for success and has experienced challenges to date.

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 still need to be resolved after numerous rounds of discussion. Despite missing the planning deliverables, PSEG Long Island moved forward with implementation and has shared that they intend to deploy some of the required improvements by year-end. 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) year-to-date results of 65% have remained the same as 2022 performance. PSEG Long Island recently deployed an outage communication enhancement to provide customers with the outage cause. However, **making up for the current deficit to the target and achieving 70% overall is unlikely at this point in the year.**

Payment Transaction Ease (CS-24) results have shown organic improvement by 1.9 percentage points in transaction ease over the same period in 2022 despite no changes to the customer payment process year-to-date. Implementing the new credit card vendor later in the year is anticipated to further improve customer satisfaction for this payment method due to expanded capabilities. However, project delays will minimize the impact for the year.

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 the 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 the 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. As part of the metric exclusions, PSEG Long Island can exercise an exclusion for the highest and lowest performing month, resulting in this metric meeting the target. **All the billing metrics were met in 2022 and if PSEG Long Island does not experience another anomaly month, they are on track to meet in 2023.**

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

PSEG Long Island added 39 agents to the Contact Center during the second quarter. This is in addition to the staff who started taking calls in January and February. **Despite the increase in headcount and initial performance improvements in April to 56.5%, the Contact Center Live Agent Service Level (CS-11) metric deteriorated in May and June, ending the quarter at 47.3%. PSEG Long Island will not achieve the target of 80% in 30 seconds for the year. First Call Resolution (CS-13) is slightly below the target at 80.8% versus 81%.** The metric can be negatively impacted by low service level performance and new agents still acclimating to the role. Per the metric language, IVR Containment (CS-25), Q2 results are excluded from the performance measurement. This exemption window was to allow the CCaaS system to stabilize after the previously planned March 2023 deployment. CCaaS is now slated to go live in November, drastically decreasing PSEG Long Island's ability to drive improvements with the current IVR system.

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

As part of the 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 more than 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 of 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 achieved in January 2023. Enrollment has continued to decrease each month since then. PSEG Long Island did not execute the automated matching this year, and there are no 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. They also developed a DPA policy with LIPA's guidance. However, **project success is now at risk as PSEG Long Island informed LIPA they will no longer complete the planned system enhancements due later this year because of competing priorities for the CAS mainframe development team.** For the Life Sustaining Equipment (LSE) Customer Compliance (CS-26) project, PSEG Long Island resolved the outstanding issues with the LSE report that, when originally submitted, did not have the required patient data for 36% of the records. LexisNexis customer data match report was produced, and additional accounts for removal were submitted to DPS for approval.

Move Process Improvement (CS-28)

After a missed first quarter deliverable, LIPA accommodated exceptions for PSEG Long Island to plan a customer move transaction automation project properly. 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. Upon further review, PSEG Long Island reported that no automation could be accommodated within a 2023 timeline. **The project is considered missed for the 2023 performance year and will be re-established 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 the execution of the exclusion clause for the moratorium from January 1 to March 13, 2023. **This metric is currently behind YTD, and getting back on track will be a challenge.** 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) rolling 12-month average remained generally flat during the second quarter, ending the reporting period at the target of 4.2.** New complaints reported during the second quarter of 2023 are 12.5% higher than those in 2022. There needs to be clear initiatives defined to change the current trajectory.

Year-to-Date Status Details

Qualitative Metrics

Customer Service Metrics had 92 deliverables due as of the reporting date, of which one is overdue, and 20 did not meet the metric standards and were rejected. The remaining deliverables are either approved, under review, or have an exception requested and under consideration.

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-01.12	Credit Card Implementation - Go-live - MVP	Rejected
CS-01.2	Accelerated Payment Posting Feasibility Study - Provide objective, evaluation criteria, assessment approach, and report format for study	Rejected
CS-01.69	Credit Card Implementation - Provide business requirements for FINAL phase	Rejected
CS-01.70	Credit Card Implementation - Provide the functional and technical design documents for FINAL phase.	Overdue

	Customer Information System (CIS) Modernization	
CS-04.03	Develop a high-level milestone based project plan including organizational readiness planned activities and draft budget for 2024 and onwards to meet the required budget planning timing.	Rejected
CS-04.11	Conduct Data Quality Assessment (DQA) and provide a quality report identifying gaps in data quality (Accuracy, Consistency, and Integrity).	Rejected
CS-04.12	Provide data cleansing plan for master data attributes to achieve 98% data quality (Accuracy, Consistency, and Integrity)	Rejected
	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
	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-28.10	Move Process Improvement - Provide Requirements Traceability Matrix	Rejected
CS-28.11	Move Process Improvement - Provide operational readiness documentation including business processes/procedures and customer satisfaction hypothesis.	Rejected
CS-28.12	Move Process Improvement - Inform LIPA of go-live decision and submit completed go-live checklist that supports decision.	Rejected
CS-28.6	Move Process Improvement - Provide customer journey mapping document.	Rejected
CS-28.7	Move Process Improvement - Analyze voice of customer transactional survey feedback & obtain best practices from 3 top performers in industry. Compile findings in report to support desired design and submit report to LIPA.	Rejected
CS-28.8	Move Process Improvement - Provide business requirements informed by survey feedback and industry best practices report.	Rejected
CS-28.9	Move Process Improvement - Provide functional design.	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, six are meeting the YTD target and eight are behind the YTD target.**

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	708 & 9 TH	740 OR 10 TH	740 OR 10 TH	Meeting Target
CS-03	J.D. Power – Business	H	735 & Unranked	9 TH RANK	9 TH RANK	Behind Target
CS-09	Billing Exception Cycle Time	H	99.97%	98.5%	98.5%	Meeting Target
CS-10	Billing – Cancelled Rebill	L	0.21%	0.18%	0.18%	Behind Target
CS-11	Contact Center Service Level with Live Agent Calls	H	42.7%	80%	80%	Behind Target
CS-13	First Call Resolution (FCR)	H	80.8%	81%	81%	Behind Target
CS-14	Net Dollars Written Off	L	\$22,379,092	\$29,576,986	\$15,143,201	Behind Target
CS-15	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)	L	60.35%	49.14%	49.14%	Behind Target
CS-17	Low to Moderate Income (LMI) Program Participation	H	40,055	50,000	44,372	Behind Target
CS-19	DPS Customer Complaint Rate	L	4.2	4.2	4.2	Meeting Target
CS-21	Outage Information Satisfaction	H	65.0%	70%	70%	Behind Target
CS-24	Payment Transaction Ease	H	90.2%	90%	90%	Meeting Target
CS-25	Interactive Voice Response (IVR) Containment Rate	H	60.8%	61%	58%	Meeting Target
CS-27	Estimated Bill %	L	0.44%	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 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, but a few significant metrics are experiencing challenges. The following discussion is focused on our overall assessment of performance on the initiatives and does not judge whether the metrics will be satisfied.

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. LIPA submitted its analysis of PSEG Long Island's cost and quality justification, and LIPA is expecting remediation or transition plans to address the analysis later this year, as required by the OSA. 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. 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. 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. They also returned the inventory to the Hauppauge warehouse.

The other metrics are generally progressing on track as of this reporting period. Further discussion of individual metrics appears below.

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, were successfully included in the PSEG Long Island ERM Annual Report, submitted 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 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. LIPA submitted its analysis of PSEG Long Island's cost and quality justification, and LIPA is expecting remediation or transition plans to address the analysis by year end. LIPA and PSEG Long Island will be meeting to discuss next steps on this project. 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. In accordance with the Metric schedule, PSEG Long Island submitted a list of seven major projects that they are recommending for analysis. LIPA is in the process of reviewing the list

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 provided a draft policy and procedure document to ensure continuous reporting is filed to LIPA consistent with the goal of the metric. LIPA is currently reviewing the policy document and **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 and submitted quarterly marketing and spending reports. Together with their vendors, PSEG Long Island has completed data implementation for the

customer intelligence pilot program and will soon begin testing of new segmentation, utilizing artificial intelligence-enhanced segments.

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 performing 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 this metric, PSEG Long Island has successfully garnered faster response times on social media and is performing above the target set for these metrics.

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.

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. PSEG Long Island prepared Hazard Mitigation Plan (HMP) circuit binders for each circuit and delivered such binders to LIPA. LIPA was able to review and approve all binders, which were submitted to FEMA/DHSES before the July 21, 2023 deadline. **PSEG Long Island has successfully met this metric.**

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 first two quarters of 2023.

Consolidate Real Estate Footprint (BS-33)

PSEG Long Island provided a summary of lease termination negotiations for the two customer service centers, removed all assets from these centers including the Uniondale suite, and returned inventory stored at the Hauppauge warehouse. 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 to 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 81 deliverables due as of the reporting date, of which three are overdue and one **did not meet the metric standards and was rejected**. 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
	Complete Affiliate Cost and Quality Justifications	
BS-07.12	PSEG Long Island will submit revised cost and quality justifications based on LIPA's reasonable feedback.	Rejected
BS-07.13	In accordance with OSA Section 5.2(A)(7)(ii), prepare a remediation plan in a LIPA-approved format within 60 days, if LIPA, in its reasonable judgment, determines that the cost and quality justification provided by the Service Provider for the performance or continued performance of the Scope Functions or Scope Sub-Functions by the Affiliate versus performance by a qualified subcontractor or ServCo does not adequately justify moving forward (or continuing to move forward) with the performance of the Scope Functions or Scope Sub-Functions by the Affiliate; AND the Service Provider and LIPA meet to discuss LIPA's concerns and the Service Provider exercises its option to submit a remediation plan to reduce costs or otherwise address LIPA's concerns.	Overdue
	Utility Marketing Effectiveness	
BS-18.7	Submit monthly pilot program report	Overdue
	Update Low and Moderate Income (LMI) Tariff and Billing	
BS-32.5	LIPA Board approval	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 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	64%	30%	30%	Meeting Target
BS-20	Reputation Management – Share of Voice	H	NA	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 Long Island, 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. One previously Delayed recommendation has successfully completed IV&V since the last Quarterly report. **Six recommendations remain Delayed, and four have no approved PIP. The remaining 137 (93%) have either been Completed, Closed pending IV&V, or incorporated into OSA metrics.**

The statuses reported here are based on tracking of the close-out plan activities as of August 15, 2023.

ITF RECOMMENDATIONS

The 85 Isaias Task Force recommendations resulted in 78⁸ PIPs. Figure 13 summarizes the status of the 78 PIPs, of which:

- 59 projects (76%) are closed by PSEG Long Island (some of which remain subject to LIPA IV&V).
- 8 projects (10%) 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 Long Island 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 ⁹	Total
August 2023	0 (0%)	11 (14%)	5 (6%)	3 (4%)	59 (76%)	78

Since the previous Quarterly Report, one additional previously Delayed Isaias Task Force Recommendation has successfully completed IV&V.

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.

⁸ The number of projects requiring PIPs may vary over time as recommendations are combined or split into implementation projects.

⁹ 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 Last Report
3.2.1.3	1	Delayed (Suspended)	<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 Long Island 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 Long Island 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	None
4.03	2	Delayed	For the long term, PSEG Long Island needs to strengthen its voice communications engineering and project management staff.	PSEG Long Island submitted a revised PIP, along with proposed close-out artifacts, which LIPA is currently reviewing.	7/12/2021	9/3/2021	None
5.02 & 5.03	3	Delayed (Reported Closed by PSEG Long Island, 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 Long Island completed the planned 2022 functional exercise cycle. LIPA observed the exercises and provided 332 specific comments and seven overarching recommendations to PSEG Long Island. LIPA will keep this project open until the comments and recommendations provided to PSEG Long Island 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 Last Report
5.04	3	Delayed (Reported Closed by PSEG Long Island, 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 Long Island 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

FIGURE 15: SUMMARY OF CLOSED / COMPLETED ISAIAS TASK FORCE PROJECT IMPLEMENTATION PLANS^{10, 11}

#	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.	Completed 2023 Q2	11/6/2020	2/12/2021	3/23/2023	3/23/2023	None
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.	Completed 2022 Q4	11/17/2020	12/22/2020	8/13/2021	11/15/2022	None
3.2.1.5	1	Completed	PSEG Long Island should develop appropriate capacity monitoring and management processes to support evidence-based demand forecasting and capacity planning.	Completed 2022 Q3	12/4/2020	N/A (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 2022 Q3	9/10/2020	1/19/2021	8/6/2021	8/20/2021	None

¹⁰ Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.

¹¹ 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 2022 Q3	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 2022 Q3	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 2022 Q3	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 2022 Q3	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 2022 Q3	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 2022 Q3	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 2022 Q3	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 2022 Q3	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 2021 Q3 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.	Completed 2022 Q4	2/1/2021	4/1/2022	11/28/2022	11/28/2022	None

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
4.07	2	Completed	Ensure that the Municipal Portal is more resilient and prepare a backup Mode of Operation in case of OMS failure.	Completed 2023 Q1	8/31/2020	8/16/2021	11/21/2022	1/10/2023	None
4.08	2	Completed	Execute a communications plan with local emergency and municipal response officials to confirm municipalities' knowledge of the Municipal Portal and describe efforts to fix its operation from what they experienced during Isaías.	Completed 2022 Q3	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 2022 Q3	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 2022 Q3	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 2022 Q3	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 2022 Q3	N/A (no approved PIP)	N/A (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 2022 Q3	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 2022 Q3	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 2022 Q3	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.	Completed 2023 Q1	N/A (no approved PIP)	N/A (no approved PIP)	-	11/10/2022	None
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 2022 Q3	3/1/2021	4/1/2021	6/30/2021	10/25/2021	None
5.07	1	Completed	Expand the Emergency Assistance Agreement with National Grid to include Generation employees.	Completed 2022 Q4	12/31/2020	2/15/2021	12/01/2022	12/07/2022	None

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
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 2022 Q3	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 2022 Q3	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).	Completed 2022 Q4	Unknown	7/2/2022	12/01/2022	12/07/2023	None
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 2022 Q3	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 2022 Q3	1/20/2021	5/1/2021	6/30/2021	10/25/2021	None
5.14	2	Completed	Develop a backup plan for tiered restoration in large-scale events. Train and exercise for tiered restoration operations.	Completed 2022 Q3	Unknown	3/5/2021	6/16/2021	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
5.15	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 2022 Q3	12/21/2020	2/22/2021	Unknown	N/A	None
5.16	2	Completed	Review restoration verification protocols under “no-OMS” scenarios and ensure 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 2022 Q3	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 2022 Q3	1/4/2021	8/30/2021	N/A	9/28/2021	None
7.01	1	Completed	Appoint a dedicated “turnaround” CIO at PSEG Long Island.	Completed 2022 Q1	N/A	03/31/2021	5/3/2021	8/20/2021	None
7.02	2	Completed	Appoint a dedicated CISO at PSEG Long Island.	Completed 2022 Q2	10/1/2021	3/31/2022	6/27/2022	N/A	None

#	Tier	Status	Recommendation	Status Comments	Start Date	Planned End Date	Actual End Date	Close-Out Artifact Submission Date	Changes This Reporting Period
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 of the contract.	Completed 2022 Q1	N/A	12/15/2021	12/15/2021	N/A	None
7.06	3	Completed	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.	PSEG Long Island appointed a full-time Senior Director of Emergency Preparedness in 2023 Q3. The responsibilities include the preparation and response implementation for emergencies including storms and other external threats; the operational support to division operations as it pertains to the outage management system, electric system performance and reporting; assessment of storm and emergency situations as they pertain to restoration efforts, workforce plans, mutual aid, and more. LIPA will work with PSEG LI to develop a plan regarding best practice peer groups.	9/1/2021	3/31/2022	8/21/2023	8/21/2023	Status changed from Delayed to Completed
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 2022 Q1	N/A	12/15/2021	12/15/2021	N/A	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 ¹²	Total ¹³
August 2023	0 (0%)	30 (43%)	1 (1.5%)	1 (1.5%)	37 (54%)	69

There have been no status changes since the previous Quarterly Report, **one recommendation remains Delayed, and one has no approved PIP**. 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.

¹² Closed projects are subject to IV&V by LIPA staff. Completed projects have been accepted by LIPA as complete.

¹³ The number of projects requiring PIPs may vary over time as recommendations are added, combined or split into separate implementation projects.

FIGURE 18: AFFILIATE SERVICES RECOMMENDATIONS

#	Reported Status ¹⁴	Recommendation	Status Summary	Planned End Date
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

FIGURE 19: STRATEGIC PLANNING RECOMMENDATIONS

#	Reported Status ¹⁵	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,</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 assumed management of the project and 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

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

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

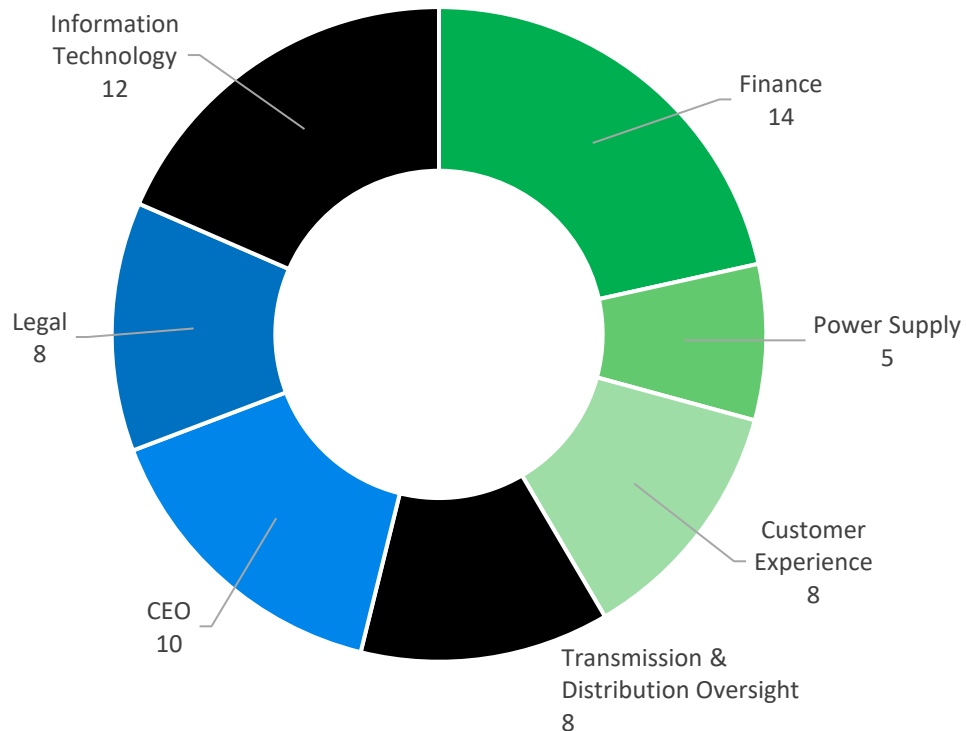
#	Reported Status ¹⁵	Recommendation	Status Summary	Planned End Date
		<p>and legal) to be completed by March 31, 2023.</p> <p>Thereafter, the five-year departmental roadmaps should be updated on a biennial cycle.</p> <p>Roadmaps will be reviewed with, and approved by, the Board as guidance documents for future budget requests. Projects identified on the roadmaps with budgetary implications will be included in the Budget Plan for each year.</p>		

SECTION III: ANNUAL WORK PLAN

OVERVIEW OF 2023 WORK PLAN

The 2023 Work Plan includes 65 projects being undertaken by LIPA staff. The projects focus on reliability and resiliency, customer experience, information technology and cybersecurity, clean energy, customer affordability, and fiscal sustainability in our service to LIPA customers in alignment with the Board's key policy objectives. The distribution of the 2023 Work Plan projects is summarized in Figure 20.

FIGURE 20: 2023 Work Plan Projects by Function



Out of a total of 65 projects, three have been completed while two have been deferred. LIPA staff have made significant progress towards completing the remaining 60 projects, some of which are multi-year and will transition to the 2024 Work Plan at the end of the year. To get a comprehensive overview of all the projects and the progress made so far, please refer to Figure 21.

FIGURE 21: 2023 WORK PLAN PROJECTS – YTD STATUS

Department	CEO
Goal Name	Community College Partnerships for Workforce Development
Goal Description	Establish degree and/or certificate program(s) to develop utility knowledge to support LIPA's efforts to expand workforce opportunities and attract and retain quality, diverse talent. Launch the first year of the LIPA Scholarship and expand the scholarship program to cover the degree/certificate program.
Current Status	In Progress
	LIPA, in collaboration with Nassau Community College (NCC) and Suffolk Community College (SCC), has established a Scholarship Program for up to 10 students from disadvantaged communities. To reach a wider audience, LIPA is working with NCC and SCC to increase the program's visibility and attract potential students. LIPA will also send letters to various high schools and obtain schedules of student events to offer informative materials and, if needed, staff presence to promote the program and increase the number of potential awardees. Furthermore, LIPA is partnering with NCC, SCC, IBEW Local 1049, and PSEG Long Island to create and implement a Line worker Certificate Program. This program aims to provide educational opportunities and enhance the possibility of entry-level utility job prospects. LIPA is finalizing the curriculum, schedule, budget, and student costs.
Goal Name	Create LIPA's Brand Strategy
Goal Description	Develop a well-defined, research-based, long-term brand strategy to enhance LIPA's reputation and clarify LIPA's role on Long Island and the Rockaways, and strategically continue to improve LIPA's reputation.
Current Status	In Progress
	LIPA has recently completed its revised logo, color scheme, and visual identity to more accurately reflect LIPA's story across various platforms. Currently, the team is working on creating digital assets, such as PowerPoint templates, stationery, and website redesigns, as well as developing an overall brand strategy. The project's next phase will involve transitioning to LIPA's new visual identity.
Goal Name	Create the History of LIPA
Goal Description	Develop a narrative of LIPA's history to be used on the website, in communications, and at the Jones Beach Energy and Nature Center. The narrative will promote our brand, educate customers and stakeholders, and create a sense of pride and enthusiasm among employees.
Current Status	In Progress
	LIPA is currently in the process of conducting interviews with potential stakeholders to collect details about its history. The team has already initiated the creation of a history timeline and is gathering relevant historical artifacts, such as old photos of LILCO and articles from Newsday, to be included in the exhibits. Going forward, the team plans to conduct interviews with key stakeholders to gain valuable firsthand insights into LIPA's history.
Goal Name	Enhancement of Internal Audit Methodologies and Performance
Goal Description	Enhance the value proposition of the Internal Audit group and its functions by ensuring methodologies and standards are timely, practical, and applicable and improving the internal audit performance and quality through the development of industry knowledge for all LIPA Internal Audit staff. This will assist Internal Audit's ability to address emerging topics.
Current Status	In Progress
	The audit team members have been assigned the identified Utility training. They have already completed courses in residential and commercial rates and revenue requirements and are scheduled to attend more classes throughout the year. Additionally, revisions to the Internal Audit documentation have been made. The CAE will continue to meet with the LPPC and NYISO CAE groups to gather Utility-specific feedback and share it with the Internal Audit team.

Goal Name	Intro to LIPA Curriculum for Elected Officials
Goal Description	Develop a standard curriculum for elected officials to ensure awareness of LIPA and the energy environment on Long Island and the Rockaways.
Current Status	In Progress
	Finalized educational materials for the first series of trainings and developed a detailed curriculum framework. Training for the NYS Legislature is scheduled for Q4 2023.
Goal Name	PSEG Long Island External Affairs Capital Project Outreach Review
Goal Description	Evaluate PSEG Long Island's External Affairs efforts related to capital projects, determine outreach best practices, and recommend improvements, including changes to the PSEG Long Island External Affairs Handbook.
Current Status	In Progress
	LIPA surveyed LPPC members, regional utilities, and others to develop best practices amongst peer utilities specific to outreach. Additional feedback has been compiled from various elected and appointed stakeholders to assist in developing outreach recommendations that align with local expectations. A 2024 metric has been drafted to include components of the completed survey work and submitted for review by PSEG Long Island and the Department of Public Service. LIPA is working to identify changes in the Capital Project Outreach Handbook to incorporate best practices, and negotiations on the 2024 metrics are underway.
Goal Name	Redesign LIPA Website
Goal Description	Create a new, modern, and easy-to-use website that reinforces LIPA's brand strategy and drives engaging and informative content to customers and stakeholders.
Current Status	In Progress
	LIPA has successfully completed the initial phases of the website development project. Specifically, we have accomplished the discovery, requirement development, and design phases. These phases involved extensive research and planning to ensure the website meets the needs and requirements of all stakeholders. Currently, LIPA is focused on the development phase of the project. This phase involves building and coding the website's features and functionality. After the development phase is complete, LIPA will conduct comprehensive testing to ensure everything works perfectly and meets our high standards before launching the new website.
Goal Name	Transition Planning
Goal Description	Prepare for the PSEG Long Island contract ending on December 31, 2025, including 1) completing an Options Analysis due to the LIPA Board by year-end 2023; 2) bidding strategy, Request for Proposals (RFP), and form of contract for a contract rebid to launch by year-end 2023; and 3) a plan for transition activities to be undertaken in 2024 (excluding those of the IT Transition Plan and the separate ER&T re-bid project).
Current Status	In Progress
	The project is now officially underway, and a steering committee has been established to oversee its progress. The committee will convene on a monthly basis to review and evaluate the advancement made. Moreover, a feedback mechanism has been set up to gather input from business units on a proposed organizational structure. The project team will work hand in hand with business unit subject matter experts to devise and present recommendations for LIPA's organizational model. To assist in identifying prospective vendors for operational services and fuel and energy management services and to provide support in the RFP process, the team has engaged the services of a consultant.

Goal Name	ERM Strategic Roadmap
Goal Description	Track objectives and deliverables for the Enterprise Risk Management (ERM) roadmap for 2023.
Current Status	In Progress
	LIPA completed the PSEG Long Island Risk Assessment, which informed the development of 2024 metrics. LIPA aligned the PSEG Long Island 2023 Risk Profile with the proposed 2024 metrics to highlight the connection and potential impact on the effectiveness of mitigating risks. LIPA also provided feedback and opportunities for improvement related to the 2023 ERM metric, Measuring the Effectiveness of Mitigation Actions. LIPA is working to finalize the enhanced Emerging Risk Identification and Reporting. Q4 deliverables include providing risk training in preparation for the 2024 ERM Risk Assessment, aligning the five strategic roadmaps with the current LIPA and PSEG Long Island Risk Profile, and identifying any new risks related to the objectives and activities.
Goal Name	Update Jones Beach Exhibits
Goal Description	Create engaging and informative exhibits and educational content for the energy side of the Jones Beach Energy & Nature Center to 1) reinforce LIPA's Brand Strategy as the local, not-for-profit owner/custodian of Long Island's electric utility and provide a greater appreciation of LIPA's value-add in the T&D business; 2) educate about electricity basics; 3) inform on hot topics and LIPA's activities in each area; and 4) provide actionable opportunities for customers to engage with LIPA energy efficiency and beneficial electrification programs. Develop KPIs to measure and monitor project success.
Current Status	In Progress
	Exhibit design documents are completed, and the construction services RFP will be issued after an internal Legal review. Cross alignment with the History of the LIPA project has provided synergies between both projects.
Department	Customer Experience
Goal Name	Call Center Improvement Plan
Goal Description	Validate the effectiveness of PSEG Long Island's proposed Call Center Get-Well Plan and the appropriateness of the incremental budget ask. Establish enhanced reporting and monitoring on Call Center performance through the 2023 performance year based on the Get-Well Plan and evaluate the effectiveness of PSEG Long Island recommendations around average handling time, CR productivity monitoring, shrinkage, staffing model and levels (FTE versus OT), call volume forecasting, and future self-service expansion approach.
Current Status	In Progress
	PSEG Long Island brought on board more temporary agents in April to handle the high volume of calls, which resulted in an initial improvement in performance. However, due to increased call volume and attrition, additional full-time agents and a seasoned Call Center resource lead were hired at the end of Q2. PSEG Long Island recently hired a Call Center Director. The next steps involve a deeper dive into training and staffing information and comparing it against best practices, partnering with PSEG Long Island to improve the quantification of tactic improvements measurement and inclusion of dates in the work plan, completing an analysis on Convergent contributions and future plans, and evaluating and monitoring underlying Call Center metric performance in light of Get Well Plan efforts.
Goal Name	Customer Operations - Structure, Staffing and Capabilities Study
Goal Description	Conduct a consultant-led staffing study to identify any PSEG Long Island gaps in organization alignment, headcount, optimal reporting, and support ratios for a fully functional Customer Operations department and determine if organizational changes are needed.
Current Status	In Progress
	Due to the challenges related to Call Center performance, LIPA refined the project scope to focus the 2023 efforts on the Call Center and Billing organizational structures. PSEG Long Island provided recommendations to other segments of the organization, which LIPA is reviewing as part of the 2024 Budget submission. Upcoming deliverables include completing a deep dive review of the proposed organization and staffing, concentrating on alignment to best practices and staffing supported by workload needs, socializing PSEG Long Island's draft recommendations to LIPA leadership for feedback, developing the 2024 budget impact in conjunction with PSEG Long Island recommendations on Call Center, Billing, Customer Office, and other supporting functions, and completing benchmarking against LPPC.

Goal Name	Deploy a New Standard TOD Rate - Residential
Goal Description	Implement and design a residential standard and heating time-of-day (TOD) rate offering to encourage building electrification and ensure engagement with all key stakeholders.
Current Status	<p>In Progress</p> <p>LIPA presented the project scope and timeline for developing the heating TOD rate to NYSEIA and other stakeholders. The plan now is to discuss the non-heating TOD rate rollout further, improve the heating TOD rate design, and set a schedule for future rollout, which is currently slated for 2025. LIPA will also analyze different heat pump payback scenarios based on proposed rate designs and fuel types.</p>
Goal Name	Implement Heat Pump Deployment Roadmap
Goal Description	Develop a 2024 to 2026 heat pump deployment roadmap to reduce customer friction points, achieve next-level deployment, and meet the State's heat pump goals, including the programs dedicated to low- and moderate-income customers. Develop the 2024 PSEG Long Island Performance Metrics and budget associated with the roadmap.
Current Status	<p>In Progress</p> <p>LIPA conducted an analysis of the spending on heat pumps and provided recommendations to improve the LMI Heat Pump Rebate Program. These recommendations included informing LIPA in advance of any changes to the rebate program. LIPA also suggested changes to increase the amount of DAC spending. They have improved the data collection for heat pump rebates to obtain leading indicators for the program outcomes. As part of the 2023 heat pump roadmap performance metric, LIPA is developing additional improvements related to customer tools, outreach, supply chain, and enhancements. Lastly, LIPA analyzed and created profiles for Long Island customers to determine the need and impact of a time-of-day rate for electric heating customers. LIPA will work with NYSERDA and Consolidated Edison to coordinate opportunities and learnings and determine the timing for implementing a heating time-of-day rate.</p>
Goal Name	Long Island Clean Energy Hub
Goal Description	Determine LIPA's vision and objectives for the LI Clean Energy Hub and coordinate with NYSERDA to ensure implementation is consistent with LIPA's objectives.
Current Status	<p>In Progress</p> <p>The most recent version of the Memorandum of Understanding (MOU) has been submitted to the New York State Energy Research and Development Authority (NYSERDA) for review. Once the MOU is approved, and signed LIPA will commence implementation of the MOU.</p>
Goal Name	Meter Inventory Management Redesign
Goal Description	Determine the feasibility of selling excess meters back to L&G based on optimal inventory levels and financially prudent decisions; validate the methodology and inputs used to determine reorder points and 18-month schedule need; confirm a capital labor and meter purchase plan and confirm inventory reorder points are based on revised AMI workload.
Current Status	<p>In Progress</p> <p>After a thorough assessment, LIPA successfully sold our excess meter inventory to L&G. This transaction has been recorded in our financial system. LIPA will assess the meter inventory capital budget for 2024 to ensure it aligns with meter demands.</p>
Goal Name	PSEG Long Island Advance Metering Infrastructure
Goal Description	Review the PSEG Long Island advance metering infrastructure implementation and develop 2024 metrics.
Current Status	<p>Completed</p> <p>Completed independent assessment of the Advanced Meter Infrastructure (AMI) integrations, theft, and collection disconnect process as part of the AMI roadmap, which is part of the 2023 performance metrics. Project completed in Q1. Observation of the 2023 performance metrics, specific to the AMI roadmap, is included in the CS-22 qualitative metric.</p>

Goal Name	EV Make-Ready and Energy Efficiency Program Review
Goal Description	Review program effectiveness and reasonableness of budgets and targets for EV and make-ready program. Prepare a multi-year plan to meet NENY targets, including budgets and performance metrics by year
Current Status	In Progress
	LIPA has secured the expertise of electric vehicle and heat pump specialists to examine the performance metrics for 2022 and 2023 thoroughly. As part of this analysis, LIPA has reviewed the changes to the LMI heat pump rebate and established procedures for corrective action. Going forward, LIPA will notify the organization before any rebate changes and has submitted recommendations on changes, including assessing spending and increasing the amount of DAC spending. The next phase will involve refining the 2024 metrics in order to achieve critical objectives. LIPA will also work closely with DPS and NYSERDA to ensure alignment with opportunity assessments and research. Additionally, LIPA will provide PSEG Long Island with feedback on their Utility 2.0 filing, including a comparison with best practices and other utilities.
Department	Finance
Goal Name	Affiliate Services Remediation Plans
Goal Description	Develop a blueprint for cost accounting/cost management structure, people, systems, and practices by assessing functions provided by PSEG affiliates and explore sourcing alternatives (Payroll & Accounts Payable, Treasury, Procurement, Enterprise Risk Management, Miscellaneous Accounting Services, and Legal).
Current Status	In Progress
	PSEG Long Island submitted its cost and quality justification analysis for its various services to LIPA. However, after reviewing the analysis, LIPA has provided feedback to PSEG Long Island highlighting a number of issues that require immediate attention and is expecting remediation or transition plans to be submitted to address these concerns before year end, per OSA requirements.
Goal Name	Budget Development and Monitoring - Process and Organizational Capability Review and Enhancement Plan
Goal Description	Study the budget department capabilities and capacity (people, processes, and technology) at LIPA and PSEG Long Island to ensure efficient and effective budget development and monitoring strategies and develop an implementation plan to address the study findings.
Current Status	In Progress
	LIPA completed a review and recommended that PSEG Long Island develop a Project Implementation Plan (PIP) to implement budget process improvements. Select key enhancements were incorporated into the 2024 Budget Process. The next steps include agreeing on timelines and deliverables on the PIP to allow PSEG Long Island to implement changes to the budget process to provide greater efficiency and effectiveness.
Goal Name	Capital Project Development, Review, and Update Process
Goal Description	Strengthen the Capital Project review and approval process by implementing a cross-functional review of LIPA and PSEG Long Island's capital project development, review, and approval process; create system requirements for the PJD management system; review the Capital Project Impact Analysis process for effectiveness; and ensure effective and timely review of capital project planning.
Current Status	In Progress
	LIPA is currently hiring expert consultants to assist in conducting a comprehensive review of the development, review, and approval processes for capital projects. The procurement process is expected to be completed soon, after which LIPA will kick off the project.
Goal Name	Close Out Sandy FEMA Claim
Goal Description	Complete physical construction, as required under the Sandy Category F and Category B Emergency Protective Measures and provide remaining support for costs to DHSES/FEMA to enable the release of remaining funds to LIPA. Prepare necessary documents to close out the Sandy FEMA claim.
Current Status	In Progress
	LIPA resubmitted cost substantiations for completed mitigation projects. The team is working to finalize the 2012 Superstorm Sandy Letter of Undertaking (LOU), allowing LIPA to collect the remaining funds due from FEMA. After the FEMA review, LIPA will determine the amount of funds not expended under this LOU and reallocate to other eligible mitigation projects to obtain remaining FEMA funds.

Goal Name	Deploy New Standard TOD Rate - Commercial
Goal Description	Reform the existing rate design for the Mandatory Time-of-Use (TOU) customers to match the new TOD 3-hour peak and improve the transition between commercial rate codes based on size, seasonality, and load factor. Implement the changes in 2024 that can be accomplished within the existing capabilities of the billing system. Develop a plan for further refinements to complete the overall rate plan for commercial customers and create the optional 4-part rate that the IOUs have developed under the PSC's Standby Service Order as a possible alternative path to modernizing the commercial rate design.
Current Status	In Progress Draft recommendations have been received from LIPA's consultant that identifies ten steps LIPA can take to align its commercial rates with industry best practices and improve the opportunities for commercial customers to manage their electric bills and efficiently use resources. LIPA is working to obtain data and perform analyses needed to recommend the future rate path for commercial customers. LIPA will present the proposed commercial rate design changes to the Budget Review Committee once the studies are complete.
Goal Name	Enhanced Analysis of Customer Usage
Goal Description	Expand the resources and capabilities of the service provider and its ability to respond quickly, thoroughly, and professionally to requests from LIPA for analyses that use AMI data and customer information. Supplement the service provider's resources and capabilities with LIPA staffing and expertise to direct the studies and perform additional analyses where appropriate.
Current Status	In Progress Gained agreement from PSEG Long Island on LIPA's expectations to provide ad hoc analysis and reporting of customer data as this data is only obtainable by the service provider. Recommendations are complete for the 2024 PSEG Long Island Performance Metrics and budget resource needs. Next steps include Identification of key drivers of the Mid-Year 2023 Sales forecast and back-up information to support the projected trends as well as establishment of work plans for Load Forecasting, Research and Analysis and Efficiency and Renewables departments to develop supporting information and analyses.
Goal Name	Execute 2023 Plan of Finance
Goal Description	Identify the sources and uses of funds to be employed in 2023 to meet LIPA's operating and capital expenditure needs and realize cost savings from refinancing existing LIPA and UDSA debt to moderate electric rates for customers.
Current Status	In Progress The 2023 Plan of Finance execution is in progress. LIPA Series 2023A, 2023B, Series 2023C, 2023D, and 2023E&F have been issued. UDSA bond issuance is underway and expected to close in early October.
Goal Name	Execute an Energy Prepay Transaction
Goal Description	Execute authorized prepay transactions to reduce power supply costs.
Current Status	In Progress Submitted the proposed contracts for OSC approval. After extended discussions, NYISO agreed to modify its systems to allow Market Purchase Hub Transactions in 2024, facilitating prepay transactions in New York. LIPA will work with OSC to obtain contract approval and support NYISO's system changes.
Goal Name	Identify and Apply for Federal Grants Under the Infrastructure Investment and Jobs Act
Goal Description	Obtain grants under IIJA and IRA to enhance the LIPA transmission and distribution system and reduce customer costs.
Current Status	In Progress LIPA has applied for a DOE grant of \$250 million to enhance the penetration of DER on congested circuits. Additionally, LIPA will review the Grid Resilience and Innovation Partnership (GRIP) grants, which are five-year initiatives, and assess our interest if they align with LIPA's long-term strategic vision. Moreover, LIPA will keep track of other grant websites for any available grants.

Goal Name	Insurance Optimization Study
Goal Description	Complete insurance optimization study of property, casualty, and health care, including examining an owner-controlled insurance program.
Current Status	<p>In Progress</p> <p>LIPA has conducted an assessment and concluded that the project will be divided into three separate areas of focus: (1) enhancing the existing coverage, (2) evaluating the feasibility of an Owner Controlled Insurance Program (OCIP), and (3) evaluating the feasibility of stop-loss insurance. Each area of focus will be handled by different insurance advisors. LIPA is currently preparing the RFP for each area of focus and will share the plan once it is ready.</p>
Goal Name	Obtain FEMA Grant for Storm Resiliency
Goal Description	To secure a FEMA mitigation grant of \$300+ million to storm harden the LIPA transmission and distribution system.
Current Status	<p>In Progress</p> <p>LIPA received \$3.4M for mitigation funds from FEMA and \$5 million from NY DHSES to replace sub-standard poles in LMI communities in Nassau County and the Rockaways. LIPA has responded to NY DHSES inquiries about a similar request for a \$5 million grant for Suffolk County sub-standard pole replacements in LMI communities. In addition, LIPA has submitted to FEMA an additional request for over \$426M of mitigation projects. LIPA presented preliminary engineering on 166 overhead circuits associated with this application and is waiting for DHSES/FEMA to complete their review. LIPA regularly meets with FEMA and NYS to ensure we answer any request for additional information timely to expedite the funding opportunity.</p>
Goal Name	Rate Department Staffing Plan
Goal Description	Increase staffing levels and capabilities with the rates function at LIPA to meet growing needs, support the consistent performance of strategic and policy-making activities by LIPA staff, and enable succession planning and knowledge transfer activities.
Current Status	<p>In Progress</p> <p>The Director of Rates was hired in Q2. A staffing plan has been developed, and additional staff recruitment is underway. The rate succession and knowledge transfer plan has also been completed. Internal rate policies have been updated to reflect responsibilities and staffing plans. Other Q4 deliverables include appointing the Director of Rates to the Power Supply Risk Management Committee.</p>
Goal Name	Storm Cost Management and Billing Process Review
Goal Description	Review end-to-end business processes at LIPA and PSEG Long Island related storm event cost management, review, and billing, and determine actionable recommendations to be incorporated into a PIP, the 2024 Work Plan, and Performance Metrics, as necessary, to enhance the efficiency, timeliness, and effectiveness of the storm cost management process. The scope will include: 1) assess organizational design dedicated to storm event cost management, review, and billing, 2) prioritize the actionable recommendations in a road map, and 3) assess the adequacy of the PIPs, 2024 Performance Metrics or Work Plan projects to address the recommendations ensuring a more robust and value-added cost review and related accounting processes.
Current Status	<p>In Progress</p> <p>Interviews with LIPA and PSEG Long Island stakeholders to identify project scope have been completed. A consultant has been hired to perform an end-to-end business process review of LIPA and PSEG Long Island's storm cost management process, and the project is underway. In Q4, the consultant will issue a final report with specific and actionable recommendations and develop a roadmap to achieve project objectives. LIPA and PSEG Long Island will also deliver a final PIP to address recommendations.</p>

Goal Name	Substation Property Book Value Reporting
Goal Description	To ensure accurate property records are maintained to foster appropriate values in the substation tax reporting.
Current Status	<p>In Progress</p> <p>LIPA completed their review of the substation property records compared to actual sites to ensure that amounts are maintained in a materially appropriate format and that the amounts provided to taxing jurisdictions are accurate as property taxes are assessed on these values. LIPA provided recommendations to PSEG Long Island for improvements. PSEG Long Island provided a Project Implementation Plan to address those recommendations and the upcoming deliverables include completing the review of Q3 and Q4 action items completed by PSEG Long Island.</p>
Department	Innovation and Information Technology
Goal Name	Business Process Optimization Practice
Goal Description	Establish and define the roles and responsibilities of the Business Process Optimization (BPO) team, complete one to two pilot business process reviews (including potentially prior studies on the fleet, fuel and dispatching route optimization, "okay on arrival" truck rolls), overtime, workforce management, vegetation management), begin tracking savings and process improvements from recommendations and business process reviews, and identify BPO priorities for 2024.
Current Status	<p>In Progress</p> <p>LIPA is currently finalizing a project's scope, deliverables, and cost with a vendor who will assist in designing a business process optimization function based on industry best practices. The goal is to start the project by the end of September. The next steps involve establishing the Business Process Optimization (BPO) function, creating the BPO team charter, and defining the organizational structure, resource roles and responsibilities, and governance for the BPO practice.</p>
Goal Name	Conduct Review of PSEG Long Island Cyber Security
Goal Description	LIPA established a cybersecurity default metric for PSEG Long Island under the reformed PSEG Long Island contract, effective April 1, 2022, to achieve and maintain a specific NIST CSF level. LIPA will hire a third-party evaluator to review PSEG Long Island's cyber readiness relative to the metric and conduct an annual independent review of PSEG Long Island's NIST Cyber Security Framework compliance status.
Current Status	<p>Completed</p> <p>LIPA has completed a review of PSEG Long Island's cybersecurity readiness and compliance by a third-party independent consultant based on the Cybersecurity Default Metric using NIST Cybersecurity Framework compliance status. The recommendations report and management readout were sent to PSEG Long Island on May 9, 2023. PSEG Long Island will submit the budget for 2024 and is expected to complete the remediations recommended in the report.</p>
Goal Name	Cyber Security Organization - Structure, Staffing and Capabilities Review
Goal Description	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).
Current Status	<p>In Progress</p> <p>In June, an assessment of the PSEG Long Island cybersecurity organization and design for a future-state, service-based security organization exclusive to the PSEG-LI project was initiated by LIPA. A draft report has been completed, which includes specific recommendations on staffing, capabilities, and future state organization design that will support the cybersecurity program and meet the current and future requirements of PSEG Long Island. The report also contains cost estimates for implementing the recommendations, and will be finalized after completion of management review.</p>

Goal Name	Deploy New LIPA Treasury Management System
Goal Description	Implement a new Treasury Management System for LIPA to modernize treasury management business processes for greater efficiency and efficacy.
Current Status	In Progress
	LIPA has recently accomplished a significant milestone in developing a new Treasury Management System. The procurement, analysis, and design stages have been completed, and we are now focused on developing and configuring the system to meet LIPA-specific needs. The system will improve our treasury processes' control, visibility, and automation. We anticipate that the system will be ready for go-live by the year's end, enabling us to streamline our treasury operations.
Goal Name	Development of Strategic Roadmaps
Goal Description	Develop 5-year Strategic Roadmap that advance the Board Policies for Customer Experience, Transmission & Distribution, Information Technology, Power Supply, Clean Energy Programs, and Business Services (human resources, procurement, external affairs and communications, and legal).
Current Status	In Progress
	In 2022, LIPA commenced developing the 5-year strategic roadmap. Plan Development Activities included reviewing the Board's policies, identifying gaps and potential actions through consultation with LIPA and PSEG Long Island management and staff, peer utilities, and industry experts, and prioritizing and sequencing initiatives considering the risks and benefits. Subsequently, in February 2023, the LIPA Board formally adopted the 5-year roadmaps for Customer Experience, Transmission and Distribution Operations, Information Technology and Cybersecurity, Performance Management, and Finance. The 5-year strategic roadmaps outline the key priorities for LIPA and PSEG Long Island, and these are converted annually into detailed work plans, performance metrics, and budgets. This approach ensures that the priorities are translated into actionable plans and that progress can be monitored and tracked effectively. The 5-year strategic roadmaps for Power Supply, Clean Energy Programs, and Business Services are due to the Board by March 2024.
Goal Name	Development of the Framework for Independent Verification and Validation (IV&V) and Performance Management
Goal Description	Advance the organizational rigor and build the capacity within LIPA to effectively employ performance management mechanisms and standards for deliverables and performance metrics.
Current Status	In Progress
	LIPA has initiated the process of procuring a subject matter expert who will conduct a thorough review of its current Independent Verification and Validation (IV&V) process. This review aims to identify any gaps in the existing system and provide recommendations to improve the overall performance management framework. These recommendations may include developing guidelines, procedures, processes, and training for LIPA employees. Once the SME is selected, LIPA will start the review and anticipate completing it by the end of the year.
Goal Name	IV&V of PSEG Long Island IT Organizational Maturity Metrics
Goal Description	2022: IV&V of 2022 PSEG Long Island IT Organizational Maturity Level Metrics IT-1: Doing and IT-2 Managing, including Product Integration, Technical Solution, Peer Reviews, Process Quality Assurance, Requirement Development and Maintenance, Verification and Validation and Supplier Agreement Management, Risk Management, Organizational Training, Estimating, Monitor and Control, and Planning.
	2023: Appraisal of PSEG Long Island IT Department CMMI Maturity Level by a LIPA consultant, in preparation for a CMMI Benchmark Appraisal by a LIPA-selected consultant in 2024 Q2. The 2022 IT Organizational Metrics required reaching CMMI Maturity Level 3 in the Doing and Managing categories. The 2023 IT Organizational Metric covers the two additional categories, Enabling and Improving, and any remaining gaps to achieve Level 3 in the Doing and Managing categories.
Current Status	In Progress
	LIPA issued two RFQs to hire a consultant for the 2023 PSEG Long Island CMMI assessment but couldn't find a suitable candidate due to unavailability or lack of qualification. The RFQ will be reissued to find a consultant, and the CMMI assessment will be completed once hired.

Goal Name	LIPA Crisis Management Plan Program Improvements
Goal Description	Implement the findings from the after-action items that resulted from the CMT Exercise, create the Primary and Alternate CMT War Rooms, implement CMP enhancements and updates, and create Training Materials and a Tabletop Exercise.
Current Status	In Progress
	LIPA has taken significant steps to ensure it is well-prepared to manage crises. In this regard, LIPA has developed a comprehensive Crisis Management Plan (CMP) that aligns with the current response structure and planning efforts of PSEG Long Island. LIPA has also successfully conducted a tabletop Crisis Management Exercise to test the plan's effectiveness. In the future, LIPA plans to establish a dedicated War Room to provide operational support when the Crisis Management Team (CMT) is activated. Additionally, we will update the Crisis Management policy and conduct training for the LIPA Leadership team to ensure they are well-equipped to handle any crisis.
Goal Name	LIPA Cybersecurity Enhancements
Goal Description	Implement cybersecurity initiatives identified in the 2022 - 2024 roadmap to enhance LIPA's NIST-CSF maturity.
Current Status	In Progress
	The project kicked off on June 1. Drafts of the current state profile, risk register, and target state profile were complete. The vendor has also completed penetration testing, the on-site assessment, and the PII scan. LIPA is reviewing all draft submissions. Development of recommendations from risk assessment, penetration testing, and PII assessment are underway. The vendor is finalizing all deliverables and completing the Final Integrated Report and Management Readout.
Goal Name	LIPA Deployment of Document and Records Management System
Goal Description	Selection, procurement, and phased implementation of an electronic document and records management platform for lifecycle management of LIPA documents and simplified management, retention, and disposition of records in compliance with NYS and federal requirements, including a common platform with PSEG Long Island in accordance with the 2nd A&R OSA.
Current Status	Deferred
	LIPA originally planned to implement Wave 2 in 2023, but due to difficulties finding a qualified project manager and competing priorities, the project has been deferred to 2024.
Goal Name	LIPA Planning and Budget Management Modernization and Business Process Improvement Initiative
Goal Description	Replace existing tools and manual processes with an enterprise planning and budgeting system that provides increased transparency, collaboration, end-to-end budget visibility, and streamlined budget planning and development activities and functions. The goal is to have actuals, budget, forecast, project, and labor data in a centralized system - a single version of the truth.
Current Status	Completed
	LIPA has successfully implemented an advanced Enterprise Planning and Budgeting System that will significantly improve budget planning, development, monitoring, and reporting for both LIPA and PSEG Long Island. This state-of-the-art system and streamlined business process will substantially increase efficiencies and provide advanced analysis capabilities for better decision-making. The new system represents a significant step in modernizing LIPA's operations and enhancing its financial management capabilities.
Goal Name	Performance Monitoring Framework
Goal Description	The project scope was re-evaluated, and it was determined that there was a dependency on completing the Business Process Optimization Practice project before project initiation could begin. Once the BPO function is in place, the team will develop and document the performance monitoring framework and identify multiple high-value opportunities to build a pilot project.
Current Status	Deferred
	Due to competing priorities, project initiation is deferred to next year. The Business Process Optimization Practice project is also a necessary dependency.

Department	Legal
Goal Name	Compensation Benchmarking Study
Goal Description	Complete a consultant-led benchmarking study to support LIPA's efforts to attract and keep quality talent by ensuring competitive compensation. Compensation benchmarking helps control labor costs and will highlight any pay inequities.
Current Status	In Progress
	The Request for Proposal (RFP) to find experienced firms capable of conducting a compensation benchmarking study has been completed. To generate more interest, the RFP was promoted before its official release. The Board will approved the RFP results at its September 2023 meeting.
Goal Name	Create Property Tax Practice
Goal Description	Develop and implement a strategy that regularly reviews tax assessments and challenges over-assessments to ensure LIPA customers pay fair tax bills.
Current Status	In Progress
	The legal and finance departments met to discuss the activities needed to ensure LIPA continues pursuing appropriate property tax treatment. With guidance from legal, the process will be for finance to provide a tax report for identifying over-assessed properties and legal, in conjunction with external affairs and finance, to pursue the assessment challenges. The next steps include filing Notes of Issue on several over-assessed substations to seek settlement or move toward trial and, in Q4, to provide an update on settlement discussions.
Goal Name	Enhance LIPA Procurements
Goal Description	Implement the first phase of the recommendations for improved procurement policies and procedures.
Current Status	In Progress
	Training and onboarding materials were developed to inform staff on the procurement process. The team is developing a plan to improve marketing and awareness of upcoming LIPA procurements to broaden the bidder pool and enhance competition. Upcoming deliverables include the development of a procedure manual outlining the procurement process, the development of an annual procurement plan, the evaluation of technologies to support the management and assessment of existing contractors, and the execution of the vendor marketing plan, including incorporating vendor pre-marketing as a standard RFP/RFQ practice.
Goal Name	Legal Knowledge Library
Goal Description	Develop an internal site to document legal issues encountered by LIPA since its inception that are unique to LIPA, require history and context to understand, and answers cannot be easily obtained through ordinary legal research.
Current Status	In Progress
	LIPA has identified several topics to include in the legal knowledge library, including property taxes, procurement, and governance issues. LIPA's legal department is working to develop substantive descriptions of the problems identified for inclusion in the library and determine the best way to share that knowledge with the rest of LIPA staff. Upcoming deliverables include working to limit access to the legal department to address privilege issues.
Goal Name	Legal Training Videos
Goal Description	Produce mini-training videos to educate staff on key provisions of the reformed OSA or highlight essential changes between the prior contract and the reformed one, including links to relevant provisions of the reformed contract for reference.
Current Status	In Progress
	LIPA has been issuing monthly video-based micro-training on various topics covered in the 2nd A&R OSA to ensure that staff are aware of LIPA and PSEG Long Island's rights and responsibilities under the reformed contract. LIPA will continue to issue these micro-trainings for the remainder of 2023.

Goal Name	LIPA Job Description Review
Goal Description	Ensure LIPA job descriptions capture the salient elements needed to effectively perform and support LIPA's purpose and vision, including leadership and technical components, and provide clear accountabilities for each role.
Current Status	In Progress
	The HR consulting services contracts have received approval from the OSC. An RFQ was issued, and a qualified vendor was selected to conduct the review. The next steps involve finalizing the project's scope of work, schedule, and deliverables with the consultant. Finally, the project's kick-off will take place.
Goal Name	LIPA/LILCO Merger
Goal Description	Merge the subsidiary into the parent company, Long Island Lighting Company, to eliminate confusion and administrative work.
Current Status	In Progress
	LIPA has completed its due diligence review and identified where notices are required of counterparties, and regulatory filings must be made to meet the merger. LIPA will continue to collect bondholder consent for the merger and once obtained, will determine when to finalize the merger. Q4 deliverables include mailing merger notices to bond trustees, credit banks, and counterparties, filing the Certificate of Merger with the Department of State, and closing the merger.
Goal Name	PSEG Long Island's Procurement Life Cycle
Goal Description	Ensure that PSEG Long Island uses prudent utility practices to effectively perform procurements and award contracts as an agent for LIPA, with adequate competition, commercially reasonable contract terms and conditions, and an effective process to monitor compliance with contract terms to confirm receipt of expected value from the contract.
Current Status	In Progress
	LIPA has been reviewing certain high-value legal contracts negotiated by PSEG Long Island as an agent for LIPA to ensure that terms and conditions are commercially reasonable. LIPA is in the process of retaining a consultant to assist with a review of PSEG Long Island's procurement policies, procedures, and practices to compare them with industry best practices and identify areas for improvement. In Q4, the consultant will finalize a report, detailing findings, recommendations, roadmap, and final 2024 Performance Metrics.
Department	Power Supply Oversight
Goal Name	Complete Integrated Resource Plan
Goal Description	Complete the Integrated Resource Plan (IRP) and obtain Board approval.
Current Status	In Progress
	Communications materials for the IRP have been developed based on the analysis completed at year end 2022 and updates to CLCPA goals in 2023. LIPA will be conducting IRP briefings with key stakeholders, Newsday, and other media ahead of IRP and hold in-person and virtual presentations and public comment sessions. LIPA expects the timeline for IRP release to the public to be in October 2023.
Goal Name	CRIS Rights and Power Supply Agreement Extension Beyond 2028
Goal Description	Develop and execute a strategy to maximize the value of CRIS rights, including negotiations with National Grid. Identify desired changes in terms and rate formula and prepare for PSA negotiations with National Grid.
Current Status	In Progress
	LIPA outlined a negotiating strategy and drafted a term sheet reflecting LIPA's preferred terms for transferring Capacity Resource Interconnection Service (CRIS) rights from PSA-generating units anticipated to be phased out to future clean energy projects. Draft form for PSA renewal to be used as a starting point for negotiations is underway. Upcoming deliverables include negotiating the CRIS Rights transfer term sheet with National Grid, negotiating the potential transfer of Barrett ST CRIS rights to Equinor for the Empire Wind 2 project, completing auction documents for 2024 implementation, or conducting bilateral negotiations for the possible transfer of remaining CRIS rights to Equinor, NYSEERDA awardee, and any other eligible parties, and concluding negotiations on PSA amendment and extension.

Goal Name	Develop Large Generator (>20MW) Interconnection Status Tracking System with NYISO and Transmission Owners
Goal Description	Enable LIPA management visibility into the status of interconnection requests within the NYISO queue, including actions pending by relevant parties (developer, PSEG Long Island, NYISO), to facilitate performance assessments and review and implement business process improvements.
Current Status	In Progress
	LIPA established standardized data that PSEG Long Island will track and report. Development of standardized reports is underway. Q4 deliverables include identifying NYISO data sharing requirements and protocols and tariff changes that may be needed to address process improvements.
Goal Name	Meet LIPA's Share of State Battery Storage Goal for 2025 and 2030
Goal Description	Complete the procurement and permitting of LIPA's battery storage RFP to meet 2025 storage goals and the NYSEERDA procurement option for the 2030 storage goal.
Current Status	In Progress
	LIPA and National Grid have agreed on the appraiser's estimate of fair market value to be used for transferring property in West Babylon to LIPA. Contract negotiations with two developers for five battery storage projects at four sites continue. The next steps include completing a "lease with the option to purchase" agreement with National Grid for the property transfer in West Babylon, finalizing contract negotiations with storage developers, gaining Board approval for storage contracts, and obtaining AG and OSC approvals for BESS contracts.
Goal Name	Options Analysis for the ER&T Contract
Goal Description	Create an Options Analysis that evaluates the three alternatives for the PSEG ER&T contract expiring on December 31, 2025. The Options Analysis will determine the costs, benefits, organizational design, IT system requirements, procurement law requirements, and transition risks of three alternatives: 1) rebidding the contract, 2) exploring a joint ownership structure with other sizeable public power utilities, or 3) building the function within ServCo. The outcome will determine the preferred path with supporting analysis by year-end 2023 for execution in 2024. To the extent LIPA moves forward with a ServCo option, the project will also contemplate any needed 2024 Performance Metrics.
Current Status	In Progress
	LIPA re-issued the PSM/FM Option Analysis RFQ and selected a vendor to perform the work. The project kicked off on August 14, 2023. The next steps include conducting the study and circulating the final draft of options for executive review.
Department	T&D Oversight
Goal Name	Develop a Climate Resiliency Plan
Goal Description	Develop a Climate Resiliency Plan (CRP) that meets the resiliency objective of the Board's Transmission and Distribution Operations policy and the scope of the New York State investor-owned utility Climate Vulnerability Studies (CVS) and CRPs. The CRP should drive system and operational performance improvements to achieve at least a 15% improvement in customer minutes interrupted (CMI) within five years for a storm similar to Tropical Storm Isaias. CRP should include: 1) policy, procedures, and system design criteria updates, as needed, to accommodate climate change impacts, and 2) asset-specific plans and resource needs to adapt to climate change, with projections of investments and CMI benefit by year. LIPA will participate in EPRI's Climate READi initiative and Brookhaven National Lab's Climate-Energy-Resiliency Project to further this project through collaboration with partners.
Current Status	In Progress
	LIPA PSEG Long Island met with the Environmental Advisory Group on the CVS and CRP scope and timeline and the EPRI on Climate READi to define the scope, assign team members, and update the planned deliverables. The Board has been updated on LIPA's storm resiliency measures, including the model of actions to provide an 18% reduction in CMI over five years, at the June 28 th Board Meeting. ICF submitted a draft CVS in Q3 and is under review by LIPA and PSEG Long Island. The next steps include incorporating any pending guidance from the PSC order on the scope of study and relevant ClimateREADi guidance into the CVS, briefing the Environmental Advisory Group on the CVS, and presenting the CVS to the Board.

Goal Name	Enhance Grid Operations
Goal Description	Issue RFQ to obtain the services of an independent third party to conduct a technical review of LIPA's current grid operations' technological maturity. The final report from that review will contain findings and actionable recommendations for a future (2024) LIPA-PSEG Long Island working group charged with identifying and implementing technological innovations to enhance grid operations.
Current Status	In Progress LIPA has created an RFQ to analyze the current system protection philosophy, assess the maintenance of existing equipment protection, and suggest recommendations for the transition to future IT systems. We plan to offer the RFQ to eligible firms and select a vendor soon. Once the vendor is selected, they will conduct a technical review and evaluation of the system and report their findings to LIPA and PSEG Long Island.
Goal Name	Enhance LIPA's Physical Security
Goal Description	Conduct an end-to-end review of opportunities to improve physical security, including people, processes, tools, and technology (protection systems and operational practices) against all threats utilizing industry best practices. Develop and implement a physical security program, administrative and technical controls, and technologies to enhance the utility's physical security posture. Further, evaluate new technology that improves compliance with regulatory agency requirements regarding the physical security of facility access for control centers, substations, and operation centers.
Current Status	In Progress LIPA issued an RFQ to hire an individual for the Project Manager (PM) position. Three candidates were interviewed for the role, but LIPA didn't find any candidate with the required skill set and experience to fill the position. As a result, LIPA will revise the existing RFQ to clarify its desired attributes for the PM role. Moreover, LIPA will expand the pool of firms eligible to bid on this role and pre-market the opportunity to them before releasing the updated RFQ.
Goal Name	Enhance PSEG Long Island Emergency Response Plan, Business Continuity Plans, and Functional Exercises
Goal Description	Enhance the Business Continuity Plans (BCP), ERIPs, and associated functional exercises for all critical processes. Make targeted improvements to PSEG Long Island's Emergency Response Plan (ERP) and update the ERP for cyber response per the 2022 Legislative Bill signed by the Governor.
Current Status	In Progress Targeted improvements were made to the 2023 ERP submission and included language for cyber response per the 2022 Legislative Bill signed by the Governor. The 2023 ERP was approved by DPS in June 2023. Functional exercises were also completed. 300+ LIPA recommendations/ observations were forwarded to PSEG Long Island for implementation. LIPA is meeting with PSEG Long Island monthly to verify the progress. LIPA has secured a vendor to aid in the annual review of the 2024 ERP submission. LIPA met with DPS to gain agreement on the planned review/revisions to the ERP. DPS is providing resources who will be part of the project team to move the revision forward. Key next steps also include benchmarking ERPs for other utilities to get the best layout on sections and identifying at least 3 chapters to target for revision. LIPA will finalize a schedule for the 2023 Full Functional Exercises to be conducted in Q4 2023.
Goal Name	Evaluate PSEG Long Island Workforce Management Procedures and Protocols
Goal Description	Improve budgeting and reporting on the workforce in the O&M and Capital budgets and enhance productivity.
Current Status	In Progress RFQ was issued for services related to the review and accuracy of PSEG Long Island's Capability Unit Estimates (CUE). A vendor was selected and is currently evaluating the effectiveness and accuracy of the ten most used CUEs and compliance with the CUE governance control policy. Once the analysis is complete, the vendor will report on their findings and provide recommendations. Additionally, LIPA worked with PSEG Long Island to develop a budget template that links work management models to budgeted headcount for the 2024 budget. The next steps include reviewing PSEG Long Island's workforce analysis and overtime targets by craft through 2030.

Goal Name	Fleet Management
Goal Description	Outline specific actions PSEG Long Island will take over the next three-year period to implement the 2022 PA Consulting Fleet Management Assessment Report recommendations organized around six topics: Fleet Procurement, Fleet Utilization, Fleet Fueling Procedures, Fleet Maintenance, Fleet Renewal and Transition to EVs, and Fleet Management. The project objectives are to continually improve the efficiency and effectiveness of fleet management practices and deliver solutions aligned with PSEG Long Island's Cultural Beliefs of Perfectly Safe, Customer First, and Achieve Excellence.
Current Status	<p>In Progress</p> <p>PSEG Long Island developed a final reporting template and reports monthly on the number of reduced truck rolls resulting from the AMI implementation. PSEG Long Island also drafted a scope of work for soliciting a supplier to conduct the Fleet Renewal EV Transition Study. They solicited bid proposals, evaluated the responses, and awarded the contract to ICF International. Additionally, development was completed for a 2024 metric that outlines a multi-year plan to implement a standardized fleet of one manufacturer by vehicle type, common design for heavy-duty vehicles, hybrid fuel heavy-duty vehicles, and small and light-duty electric vehicles. The next steps include returning 25 remaining COVID rental vehicles, beginning work on the Fleet Renewal EV Transition Study, completing the NYSEDA Concept Paper, and applying for a Vehicle Grid Integration Program grant.</p>
Goal Name	Review and Improve Damage Assessment
Goal Description	Identify areas for marked improvement in damage assessment, including IT innovations and additional staffing, and coordinate planning to complete all damage assessments within 72 hours of restoration.
Current Status	<p>In Progress</p> <p>A benchmark study was recently conducted to recommend process improvements and enhancements that reduce the time required for post-storm damage assessment and speed up overall storm restoration. The final report is being prepared and will include industry best practices and recommendations to improve PSEG Long Island's damage assessment process. The report will cover various areas, such as staffing requirements, organizational changes, necessary technology, and training, to ensure the damage assessment process is more efficient and effective.</p>
Goal Name	Triennial Safety Assessment
Goal Description	Conduct the triennial third-party safety assessment to review and evaluate the appropriateness and effectiveness of the safety initiatives of PSEG Long Island, including its Safety Standards and Procedures.
Current Status	<p>In Progress</p> <p>The LIPA Safety Board Policy and previous Triennial Safety Assessment Final Reports have been assessed. Additionally, the status of prior recommendations and other safety-related issues not covered in previous assessments have also been evaluated. The RFQ process is currently underway, and once a vendor is selected, they will begin to perform a safety review and evaluation. The vendor's report will assess the appropriateness and effectiveness of PSEG Long Island's safety initiatives, standards, and procedures for the Triennial Safety Assessment.</p>

Appendix A: Summary Listing of 2023 Performance Metrics

FIGURE 22: 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 on 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 Long Island 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 23: INFORMATION TECHNOLOGY METRICS

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
INFORMATION TECHNOLOGY – ORGANIZATIONAL PERFORMANCE			
IT-01	Organizational Maturity Level	\$550,000	PSEG Long Island 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 Long Island 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 Long Island Business Impact Analysis and documented in the Business Continuity and Disaster Recovery Plans. The period of time for which</p>

			<p>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 Long Island 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 24: 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 25: 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 26: 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 Long Island'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 Long Island has active "Share of Voice" in media articles.
BS-21 (E&C-6)	Social Media Engagement and Following	\$250,000	Enhance PSEG Long Island'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 Long Island dedicated space in Uniondale.
	Compensation at Risk Based on Performance	\$3,000,000	



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