2027 Proposed Budget

LIPA Board of Trustees

November 18, 2026



Discussion Topics

- 2027 LIPA Proposed Budget Overview
- PSEG Long Island Budget Highlights
- 2027 Proposed Performance Metrics
- Public Comment Sessions

Board Objectives for Standards & Service to Customers

Board policies set the objectives that guide the budget and utility operations.

Board Policy	Key Objectives
Transmission & Distribution	Top 10% reliability, stronger circuits, and tested storm restoration plans
Customer Experience	Top 25% satisfaction, easier interactions, and timely customer communications
Information Technology & Cybersecurity	Reliable systems, regular upgrades, and prompt action on vulnerabilities
Clean Energy & Power Supply	A reliable portfolio, progress toward a zero-carbon grid by 2040 and equitable benefits
Customer Value & Affordability	Competitive rates, targeted bill support, and clear explanations of costs
Fiscal Sustainability	Debt-to-asset ratio of 70% or less by 2030, AA-category ratings, and greater use of grants

Full Board policies: lipower.org/strategic-direction



2027 LIPA Proposed Budget Overview

Proposed 2027 Operating Budget

$4,749.1M

Operating revenue
+$448.5M vs. 2026

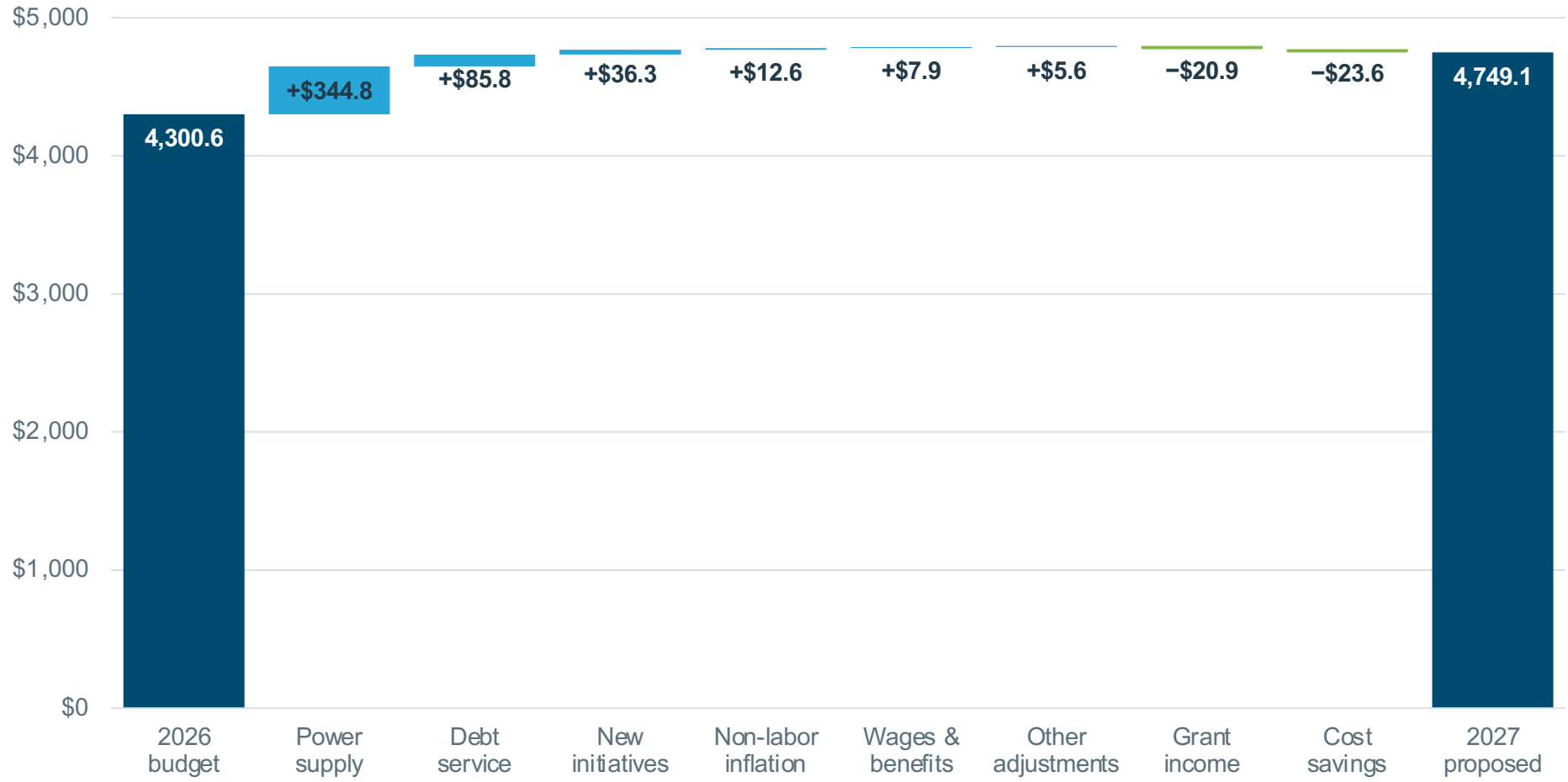
Power supply +$344.8M

Higher commodity and RGGI prices, purchased power costs and no assumed transmission settlement.

Debt service +$85.8M

Grant income and cost-saving initiatives significantly offset $44.5M of increases.

Change in operating revenue ($ millions)



Proposed 2027 Capital Budget

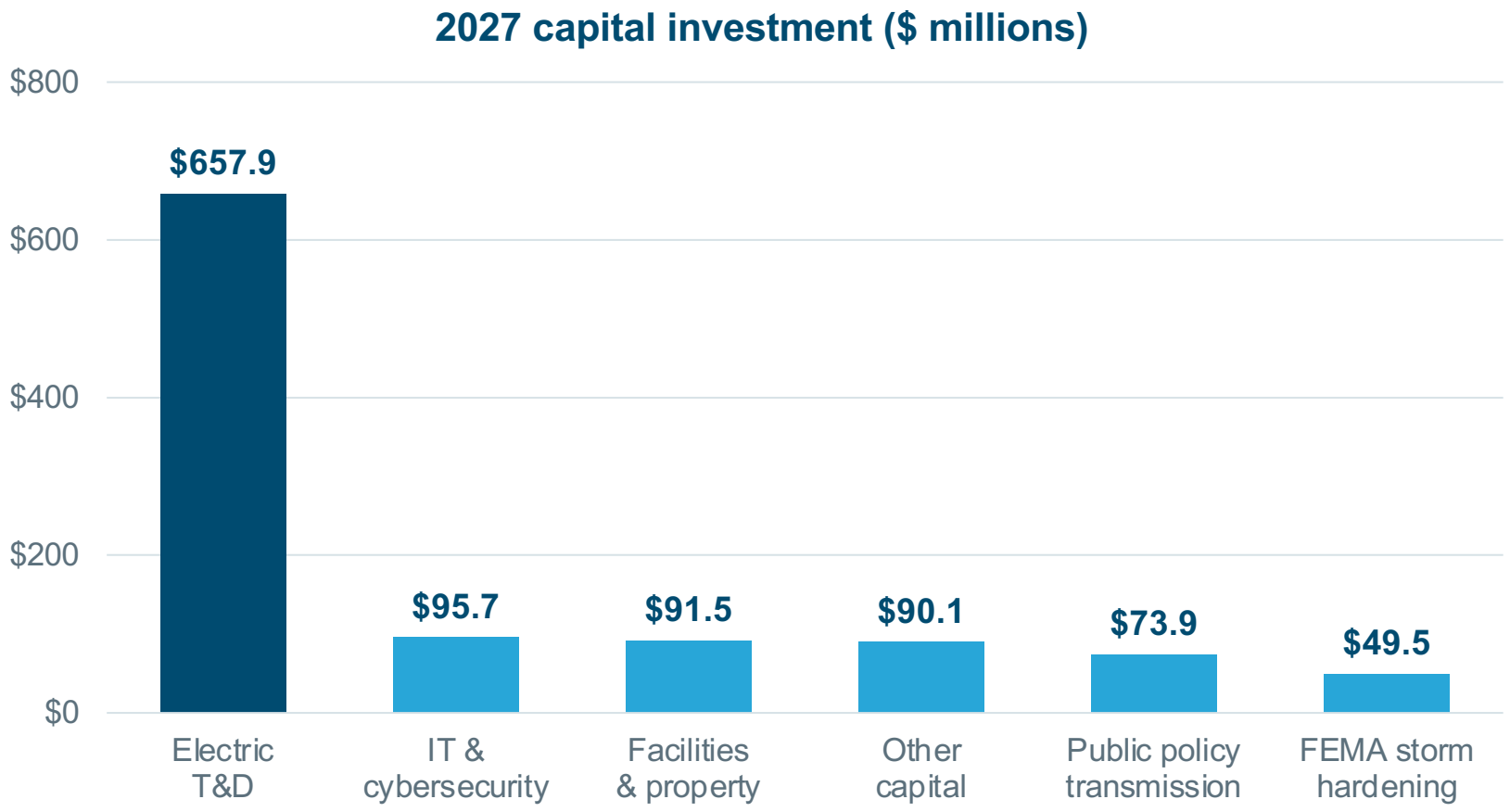
$1.06B

$122M below 2026

Compared with a $1.18B budget in 2026.

Lower spending reflects completion of certain hazard mitigation programs and the Nine Mile Point 2 refueling cycle.

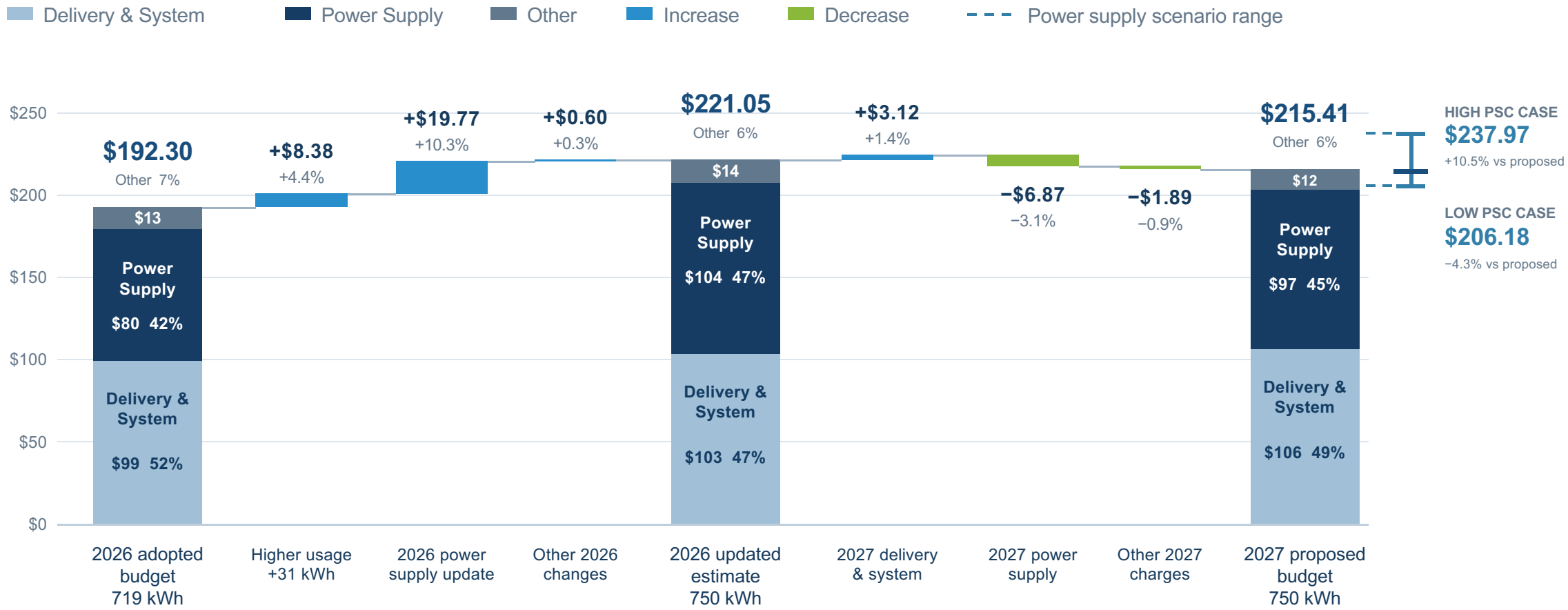
Continued investment includes the operations yard, transmission control room and customer information system.



Electric T&D represents approximately 62% of planned capital investment.

2026–2027 Customer Bill Impact

How usage and cost changes affect the typical residential monthly bill

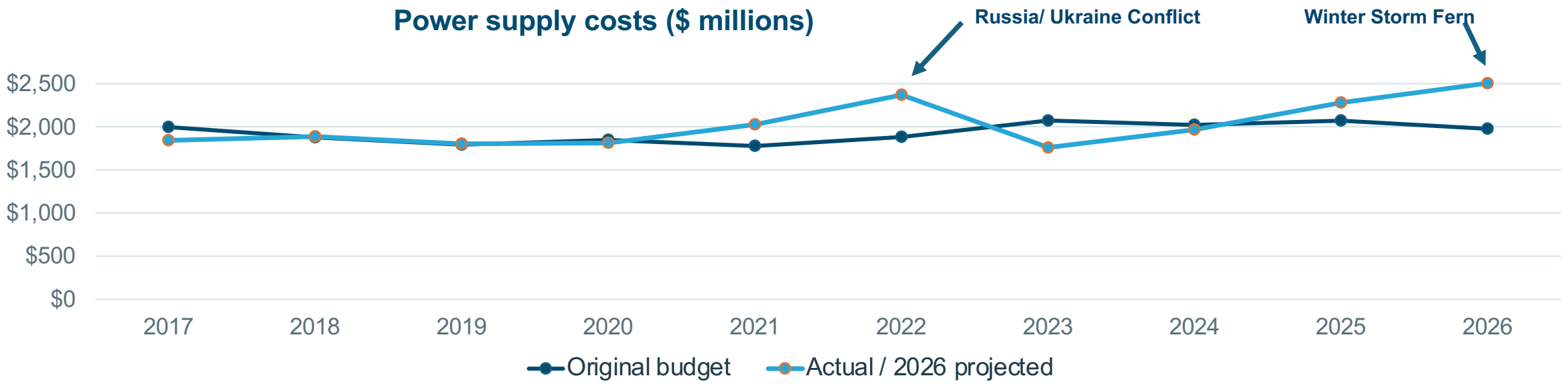


The proposed 2027 bill of $215.41 is $5.64 (2.6%) below the updated 2026 estimate.

It is $23.11 (12.0%) above the 2026 adopted budget at 719 kWh, or $14.73 (7.3%) higher at a consistent 750 kWh.

Power Supply Volatility Over Time

Original power supply budget compared with audited actual costs and the 2026 projected year end

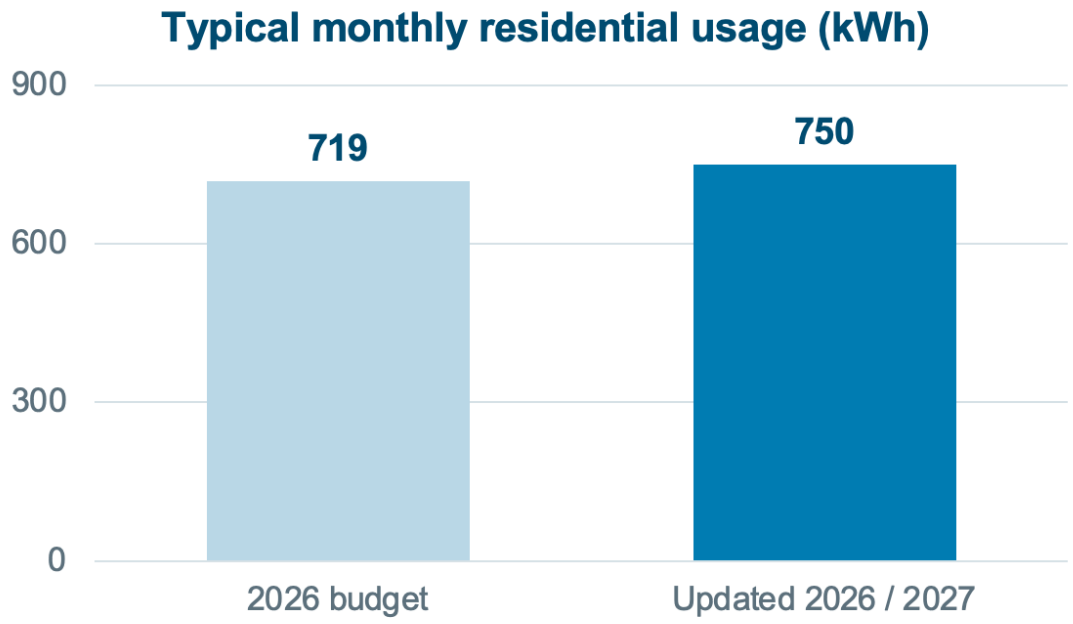


2026 PYE is $2.5 billion, approximately $500 million above the $2.0 billion adopted budget

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Budget	$1,993	$1,877	$1,793	$1,846	$1,776	$1,879	$2,072	$2,019	$2,068	$1,977
Actual / PYE	$1,843	$1,886	$1,800	$1,813	$2,023	$2,370	$1,759	$1,965	$2,281	$2,505
Difference	−$150	+$9	+$6	−$32	+$247	+$490	−$313	−$54	+$212	+$528

Overview of Usage Variance

Even after adjusting for weather, electricity sales exceeded the projection used in the 2026 budget.



+31 kWh

A 4.3% increase in typical usage

Weather

Hot and cold weather affect usage. Weather normalization separates those swings from underlying trends.

Economic growth

Employment was 11,500 higher (+0.8%) and wages and salaries were $2.6B higher (+2.2%) than the earlier outlook.

Beneficial electrification

EV charging, heat pumps and other electric uses can also add to demand.

Customers determine daily usage. LIPA forecasts demand and supplies the electricity to meet it.

Federal Funding Reduces Customer Costs

$2.4B

in federal funding for storm recovery and climate resiliency

LIPA's public power status provides access to storm recovery grants unavailable to for-profit utilities.

The 2027 budget includes $10M for pole replacement in disadvantaged communities and $50M for continued storm hardening.

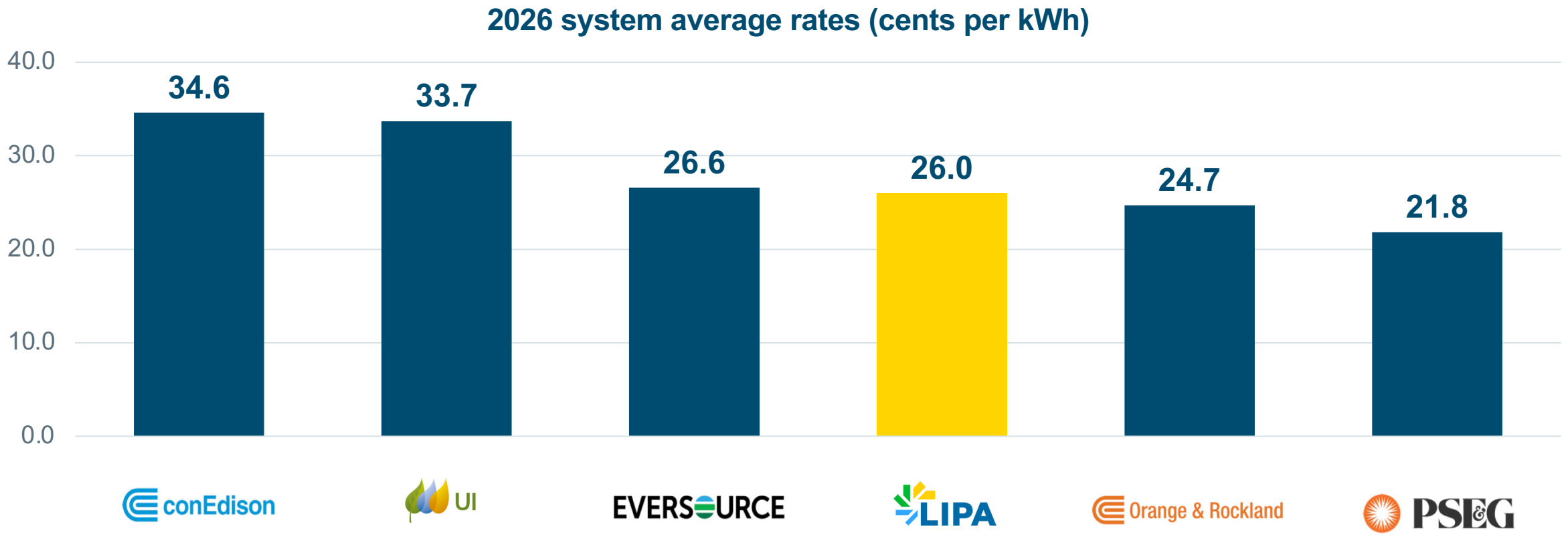
Program Award	Scope of work	Federal award
Superstorm Sandy	Storm hardening for 338 overhead circuits	$772M
Tropical Storm Isaias	Storm hardening for 166 overhead circuits	$423M
Pole replacement	Replace 770 poles in designated low- and moderate-income areas	$10M
Total mitigation awards		$1,205M

Storm restoration grants received: approximately $1.0B against restoration costs of $1.2B.

Sandy: approximately $733M received of the $772M award. Isaias construction runs from 2026 through 2030.

Regionally Comparable Rates

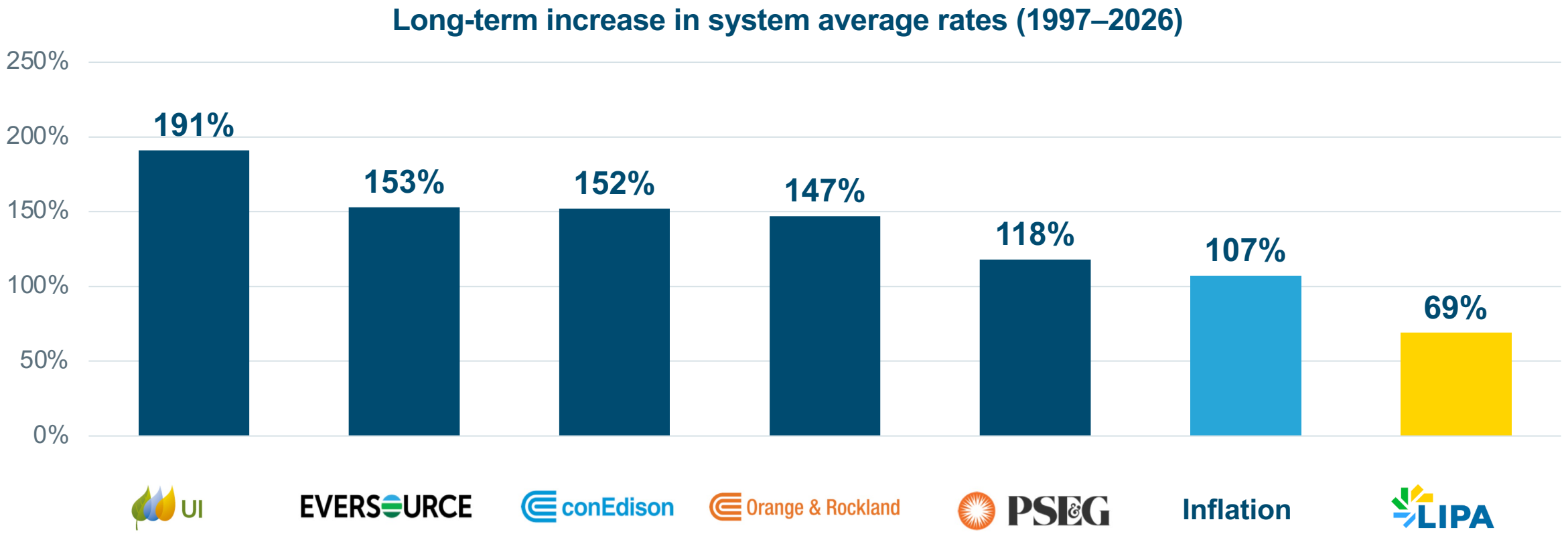
LIPA's 2026 system average rate is 26.0 cents per kWh, 25% below the highest-priced regional utility.



Regional rates reflect the latest available information as of mid-2026.

Rate Increases Remain Lowest in the Region

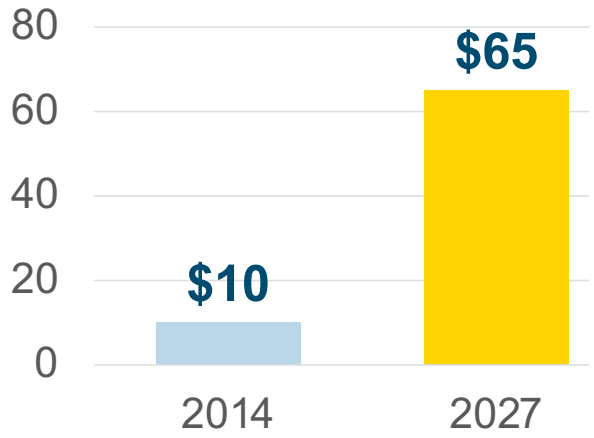
LIPA's system average rates rose 69% from 1997 to 2026, compared with 118%–191% for regional utilities. Inflation increased 107% over the same period.



Helping Low- and Moderate- Income customers

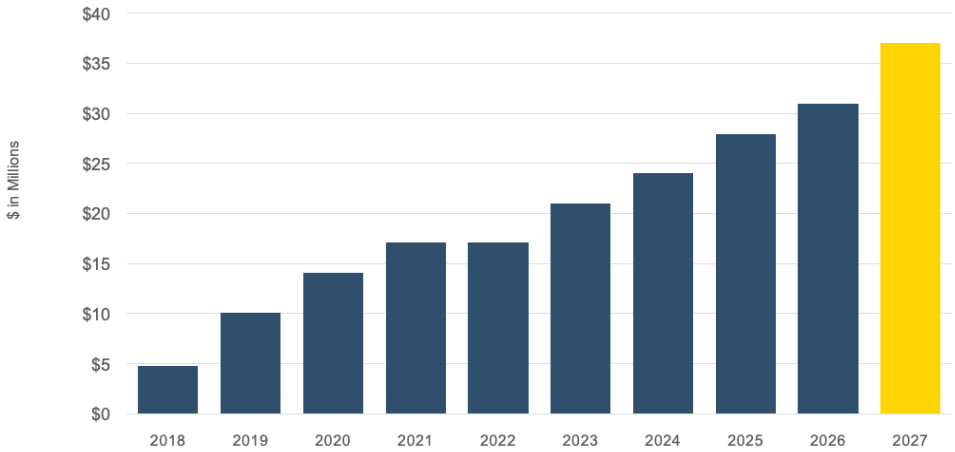
Bill discounts support the goal of keeping energy costs at no more than 6% of household income.

Monthly low-income bill discount



15%
Annual discount increase since 2014

Funding for Low-Income Customer Discounts



$37M
2027 total funding

Expanding Access to Bill Discounts

Year	Customer enrollment
2014	15,000
2026	Over 45,000
2027 metric target	51,000 - 56,000

2027 discount is approximately $65 per month.

Maintaining Fiscal Sustainability

35% lower

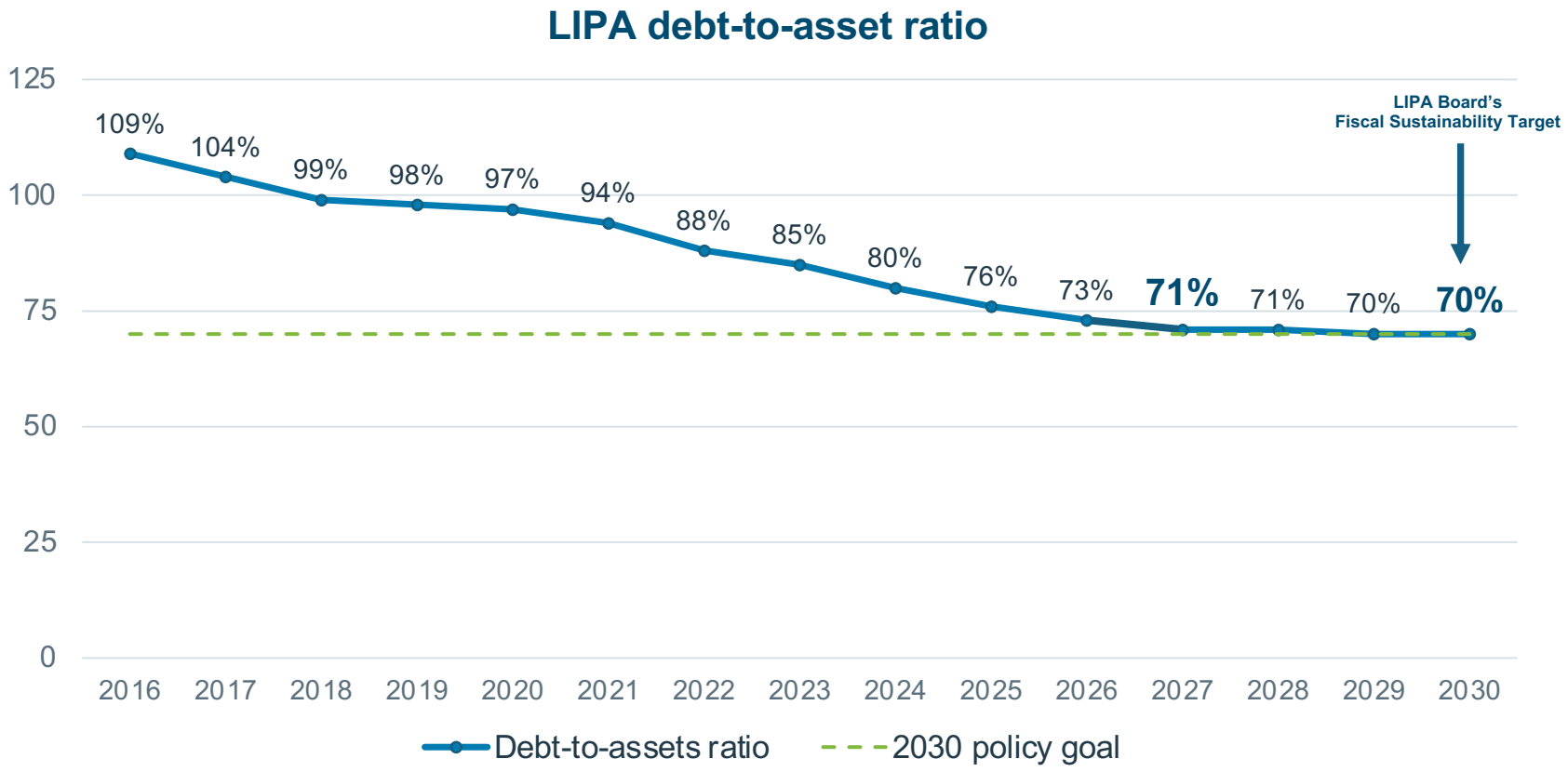
Projected debt-to-asset ratio in 2027 compared with 2016

$653M

Expected borrowing for 2027 capital spending, approximately **62%** of the total

$361M

in cash generated from **coverage** supports capital investments



On schedule to reach the Board's 70% debt-to-assets goal by 2030

Credit Ratings Continue to Improve

Multiple upgrades since 2013 reflect LIPA's stronger financial position.

RATING AGENCY	2013		2026
S&P Global	A- Negative outlook	→	A Stable outlook
FitchRatings	A- Negative outlook	→	A+ Stable outlook
Moody's	Baa1 Negative outlook	→	A2 **Positive outlook**

Moody's: A2 with a Positive outlook

In July 2026, Moody's affirmed A2 and raised the outlook from Stable to Positive, citing stronger financial metrics, disciplined management and progress in reducing debt.



PSEG Long Island Budget Highlights

PSEG LONG ISLAND

PSEG Long Island

2027 Budget Updates

LIPA Board of Trustees Meeting

November 18, 2026

Presenters:

Scott Jennings
President and Chief Operating Officer, PSEG LI

2027 Budget *at a Glance*

Disciplined Cost Control, Investment, and Measurable Customer Value

Operations and Maintenance Budget ($M)

$736M

2027 operating budget; targeted increase in preventative maintenance, vegetation management and programs.

Projected Typical Residential Customer Bill

$215

2027 residential bills for typical customer utilizing 750 kWh monthly. Reduction of $6 compared to 2026 actual.

Capital Budget ($B)

$1B

Core Electric T&D system investment remains the largest investment area and targeted investments in technology modernization are also included.

Customer Affordability

1.8%

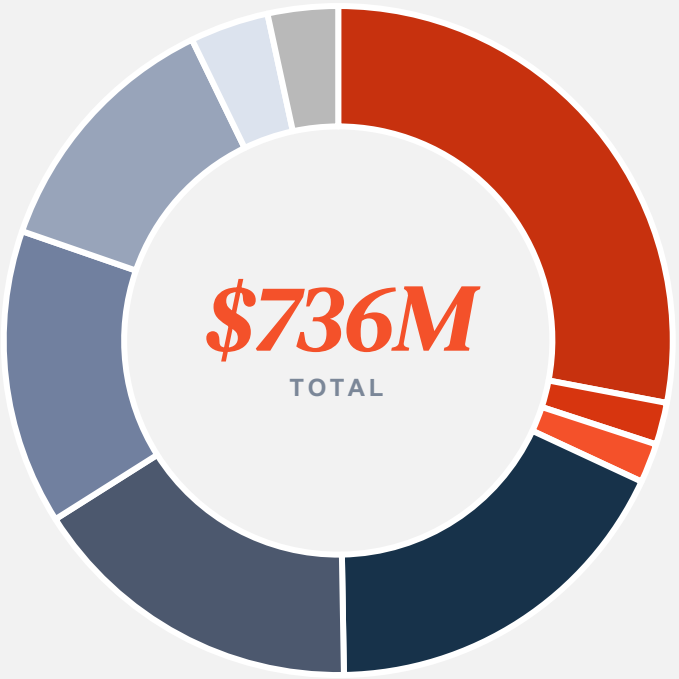
Electric bills represent approximately 1.8% of total household income for customers at median-income level

PSEG Long Island is prepared to execute the 2027 plan with disciplined delivery, transparency and accountability.

2027 Budget by the Numbers *O&M Budget ($M)*

Budgets support the safe, reliable and efficient delivery of electric service

2027 O&M BUDGET



Electric T&D	$206M	28%
Asset Mgmt & Reliability	$15M	2%
Construction & Ops Services	$14M	2%
Customer Services	$131M	18%
Information Technology	$120M	16%
Energy Efficiency + Utility 2.0	$105M	14%
Business Services	$92M	13%
Facilities	$28M	4%
Power System Management	$25M	3%

Where We Invest

Operating expenditures support the safe, reliable, and efficient delivery of electric service across six primary areas:

Electric T&D / Asset Management & Reliability / Construction & Ops Svcs.
System operations, maintenance, asset management, engineering, vegetation management, emergency response, and reliability improvement.

Customer Services
Customer care, consumer advocacy, billing, metering, revenue operations, field support, digital self-service, and continuous customer experience improvement.

Information Technology
Secure and resilient technology services, including system operations, cybersecurity, data management, testing, and business support.

Energy Efficiency + Utility 2.0
Clean energy programs, including energy efficiency, demand response, and distributed energy resources.

Business Services
Enterprise-wide corporate support, governance, financial management, workforce support, procurement, risk management, and communications.

Power System Management
Power supply planning, procurement, and portfolio management to support affordability, reliability, resiliency, and customer value.

Value – *Electric Reliability* while controlling costs

Investments in System Reliability

$ in millions | 2024–2025 actual; 2026 PYE; 2027 plan

O&M – Electric T&D

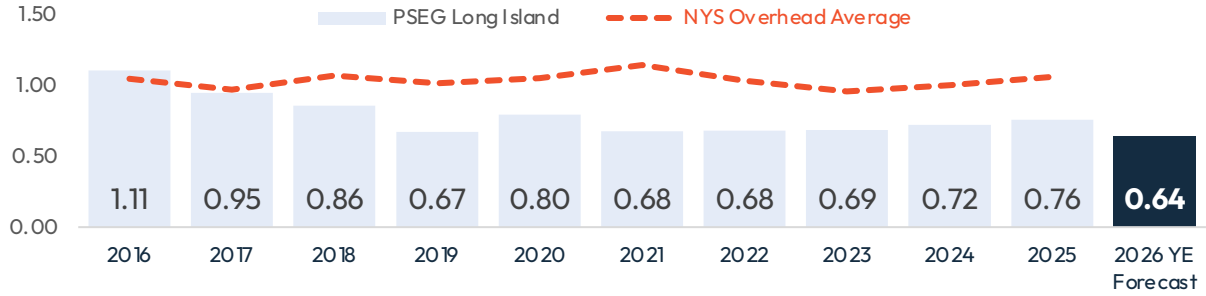
2024	2025	2026 PYE	2027
$202	$219	$197	**$206**

CapEx – Reliability + Storm Hardening

2024	2025	2026 PYE	2027
$382	$368	$388	**$439**

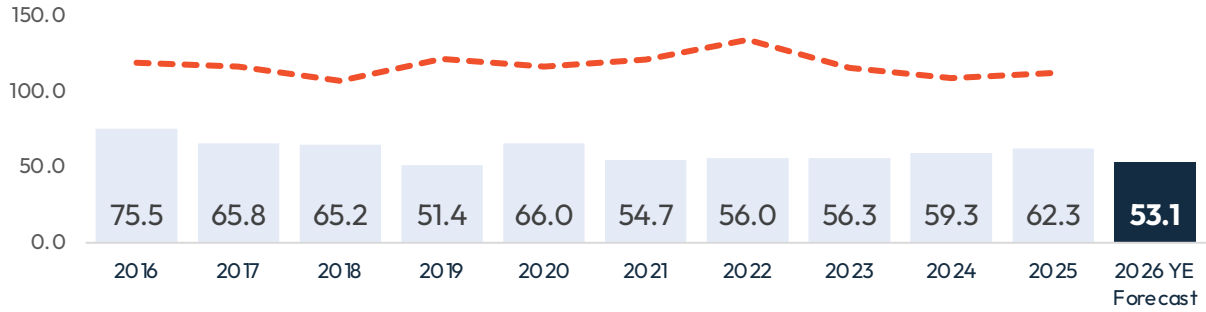
Investment remains disciplined while reliability outcomes improve.

SAIFI *Results* *(Frequency of Outages)*



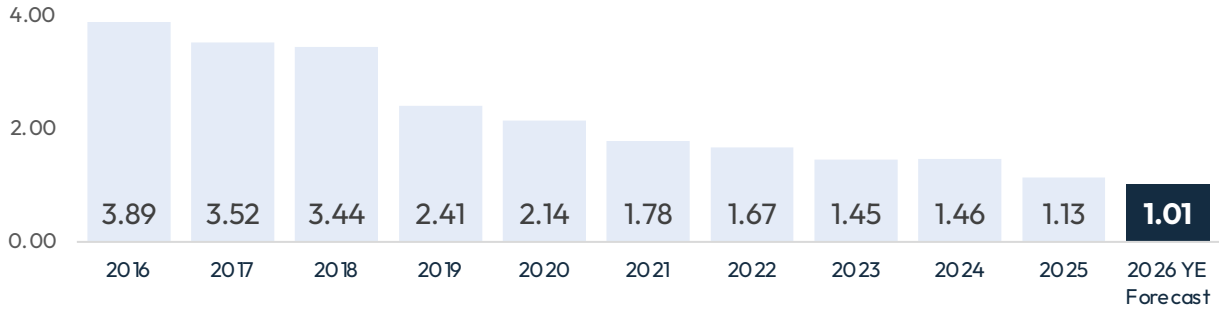
~44% Improvement

SAIDI *Results* *(Average Duration - System)*



~30% Improvement

MAIFI *Results* *(Momentary Outages)*



~74% Improvement

Source:
• NYS Overhead Utility Electric Reliability Data: https://dps.ny.gov/electric-service-reliability-reports

2026 Storm *Response*

↗ Multiple major storm events demonstrated our strong preparedness, system resilience, and operational responsiveness – delivering rapid restoration, and proactive customer support, with costs leading to 2027 storm budget consistent with 2026.



WINTER STORM HERNANDO

Historic blizzard | Feb. 22–24

42K+ CUSTOMERS IMPACTED

Historic storm. Limited impact.

95% within 24 hrs

AVERAGE RESTORATION: 5 HOURS



OTHER WINTER STORMS

Gianna • Fern • Ezra • St. Patrick's Day

RECORD WINTER COLD

Sustained readiness

4 additional events

Consistent response across repeated winter weather



HEAT & JULY 4TH STORM

Severe thunderstorms | Hurricane-force winds

69K+ CUSTOMERS IMPACTED

Multi-wave – heat, wind, rain

95% within 24 hrs

AVERAGE RESTORATION: 6 HOURS



SEPTEMBER NOR'EASTER

2nd-largest storm in PSEG LI history

124K+ CUSTOMERS IMPACTED

Scale met with strong execution

>99.5% within 48 hrs

AVERAGE RESTORATION: 6 HOURS

Energy Efficiency & Utility 2.0

Sustained investment is delivering measurable customer value and advancing clean-energy goals

Equitable Investments in Energy Efficiency

O&M – Energy Efficiency + Utility 2.0

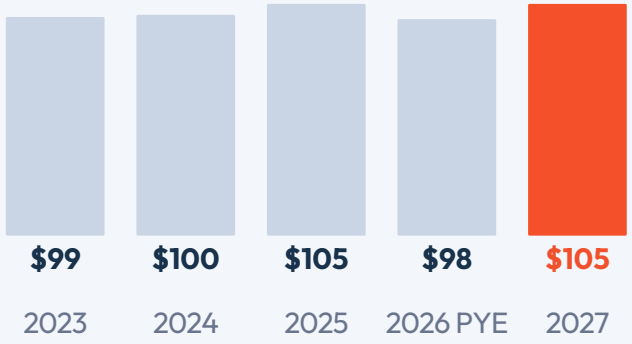
$ in millions | 2023–2025 actual; 2026 PYE; 2027 plan

$105M

2027 Budget
Energy Efficiency + Utility 2.0

1.5%

Average Annual Increase,
Well below inflation, while exceeding state goals



What the investment is delivering

Customer savings • system benefits • electrification • equitable access

Proven Value

11 TBtu
Cumulative savings 2015–2025

122%
of New York state goal

Nearly $4B
Compounded customer savings

BUILDING ELECTRIFICATION

19,540
Dwellings supported with heat pumps through 2026 YTD

EQUITY IN REBATES

66%
2026 YTD DAC / low-income investment share

EV INFRASTRUCTURE

~2,100 ports
Supporting ~90,000 EVs on Long Island

ROOFTOP SOLAR

100K+
Rooftop systems; leading NYS adoption

ENERGY STORAGE

~3,340
Total Storage systems | 44 MW AC

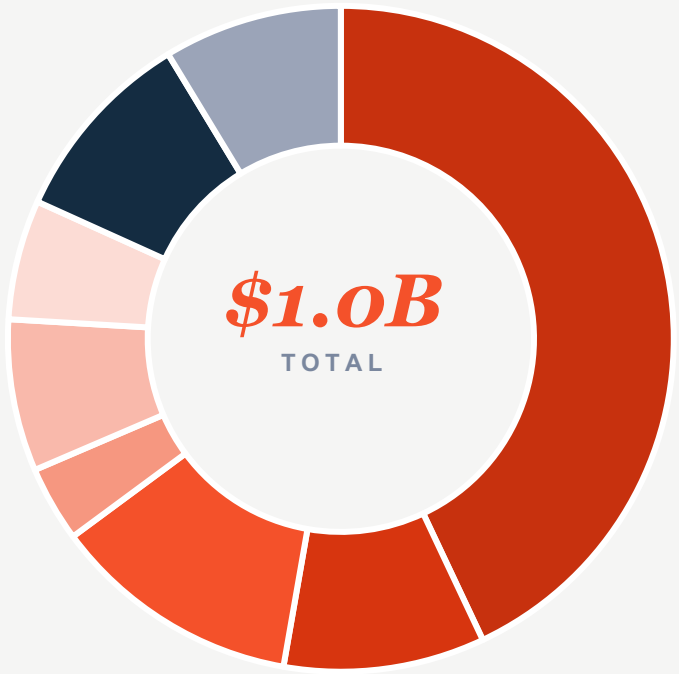
DEMAND RESPONSE

1,200 BYOB
Enrollments; ~5 MW average load reduction when called

2027 Budget by the Numbers *Capital Budget ($M)*

Most capital is directed toward reliability, resiliency and capacity to serve future customer needs

2027 CAPITAL BUDGET



Reliability	$430M	43%
Load Growth	$98M	10%
Other T&D	$121M	12%
Facilities & Property	$37M	4%
Public Policy Transmission	$74M	7%
Storm Hardening	$58M	6%
IT & Cybersecurity	$96M	10%
Other Capital	$87M	9%

Where We Invest

Capital investments modernize and strengthen critical infrastructure, technology and operating capabilities:

Reliability / Load Growth / Other T&D

- Asset replacement, system modernization and targeted reliability improvements
- Capacity and infrastructure expansion to serve new and changing customer demand
- Regulatory-driven work, tools and equipment, economic projects and other system needs.

Facilities & Property

Facilities and property required to support safe, reliable utility operations.

Public Policy Transmission

Transmission investments supporting statewide reliability and clean-energy objectives

Storm Hardening

T&D and FEMA-funded resiliency improvements to strengthen infrastructure against severe weather.

IT & Cybersecurity

Critical platform modernization, cybersecurity and operational technology

Other Capital

Fleet, customer operations, Utility 2.0, storm capitalization and other enterprise capital needs.

Major Capital Projects

2027 Spend is Concentrated in Grid Reliability, Resiliency and Business Transformation

↗ The major-project portfolio combines grid buildout with near-term operational and digital modernization.

21
Major Capital Projects
Projects with total cost > $25M and cashflows in 2027

$2.14B
Total project cost
Full portfolio cost across all years

$194M
2027 cash flow
Execution focus for the 2027 plan

64%
of Major Project 2027 Investment targeting Business Transformation
CIS + WAM + Facilities share of 2027 major-project spend

$683M
Largest project
Eastern Suffolk future grid buildout - total project cost

GRID — 11 projects

Grid Reliability & Capacity

$1.22B
total project cost

VALUE

Strengthens reliability, replaces aging assets, and adds capacity for load growth and constrained load pockets.

RATIONALE

Long-lead substation and circuit work must be sequenced ahead of forecast demand and asset degradation.

Key Projects Highlighted:
- Wainscott: New substation with new express 138kV
- Far Rockaway: New circuit to supply the load pocket
- West Hempstead: Install four 69/13kV 33MVA Transformers
- Elmont: Substation Rebuild and Feeder Conversions

GRID — 4 projects

Policy & Transmission Enablement

$227M
total project cost

VALUE

Expands transfer capability and enables public-policy transmission and regulatory commitments.

RATIONALE

Targeted upgrades align the network with NYISO PPTN needs and future transmission requirements.

Key Projects Highlighted:
- Syosset: Replace UG section of 138-676 circuit to Greenlawn
- Stewart Avenue: Install reactors on circuits 138-462/463
- Northport: Install new 138kV Phase Angle Regulator
- Southampton: Install new 138kV cable to Deerfield

DIGITAL — 6 projects

Operational & Digital Modernization

$687M
total project cost

VALUE

Modernizes facilities, customer systems, asset/work management, outage response, and core technology platforms..

RATIONALE

Foundational investments address obsolescence and create scalable, data-enabled operating capability.

Key Projects Highlighted:
- Facility Operations Replacement: Replace the existing Facility Operations
- Customer Information System (CIS) Transformation
- Work Asset Management Implementation
- Outage Management System Replacement
- Next Generation Data Center



2027 Proposed Metrics

Performance Metrics and Customer Value

Annual standards set what customers should receive and how LIPA holds PSEG Long Island accountable

HOW THE PROGRAM WORKS

01 Define customer outcomes

Set targets for reliable service, bill assistance and efficient operations.

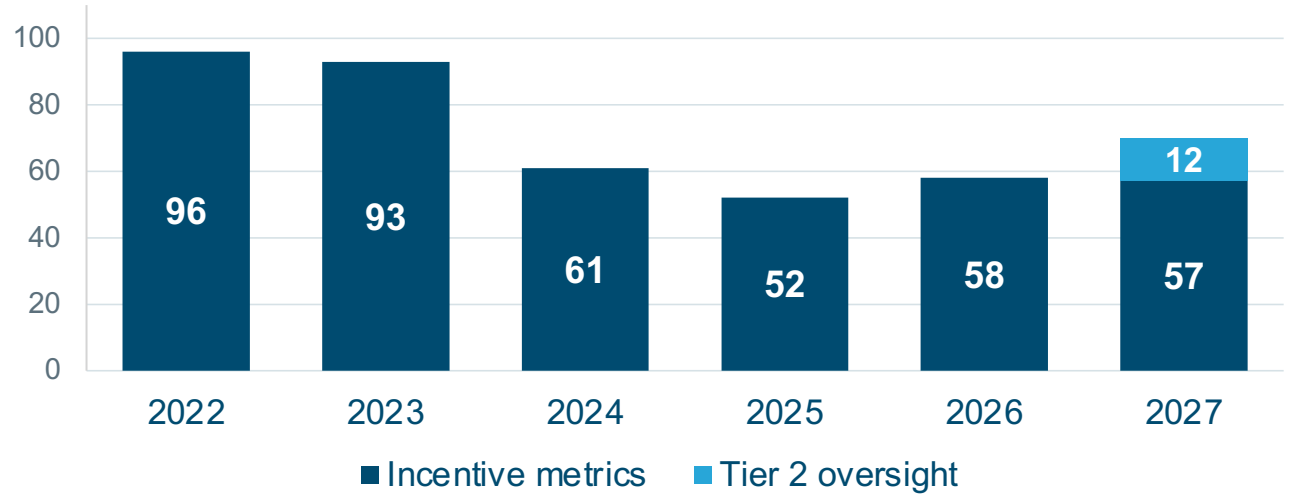
02 Measure and review results

LIPA reviews performance against targets, with independent DPS oversight.

03 Link incentives to results

About $23 million in variable pay depends on results.

Metric counts, 2022–2027



The standards evolve over time. Customer value remains the purpose.

DPS REVIEW **Recommends all LIPA metrics. Storm cost efficiency (T&D-61) moves to Tier 2.**

2027 Targets for Customer Value

Selected targets connect performance to reliable service, bill support and efficient heating

≥10%

Fewer customers with repeated outages

Reduce the customer count in each 4–11 sustained-outage band. Target zero customers with 12 or more outages.

T&D-10

56,000

LMI bill discount enrollment

Retains LIPA's tiered enrollment incentive. Full payout target: 56,000 valid enrollees in any month of 2027.

CS-17

5,543

Heat-pump dwellings

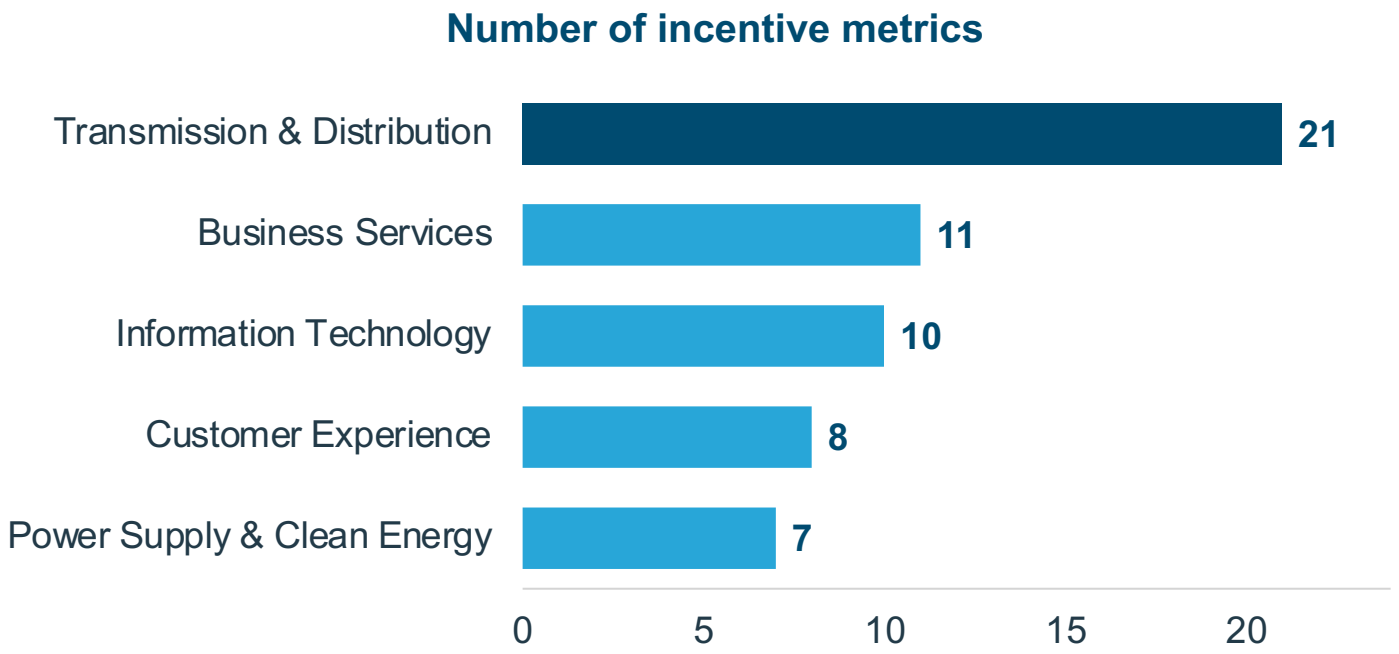
Expand access to efficient heating: 1,458 multifamily and 4,085 single-family dwelling units.

PS&CE-05

Reliability baseline: 2022–2026 average excluding best/worst years. Major storms and qualifying planned interruptions excluded.

Accountability across Five Operating Areas

57 incentive metrics support reliable service, customer assistance and cost discipline



Reliable service

Fewer outages and stronger restoration capabilities.

Customer support

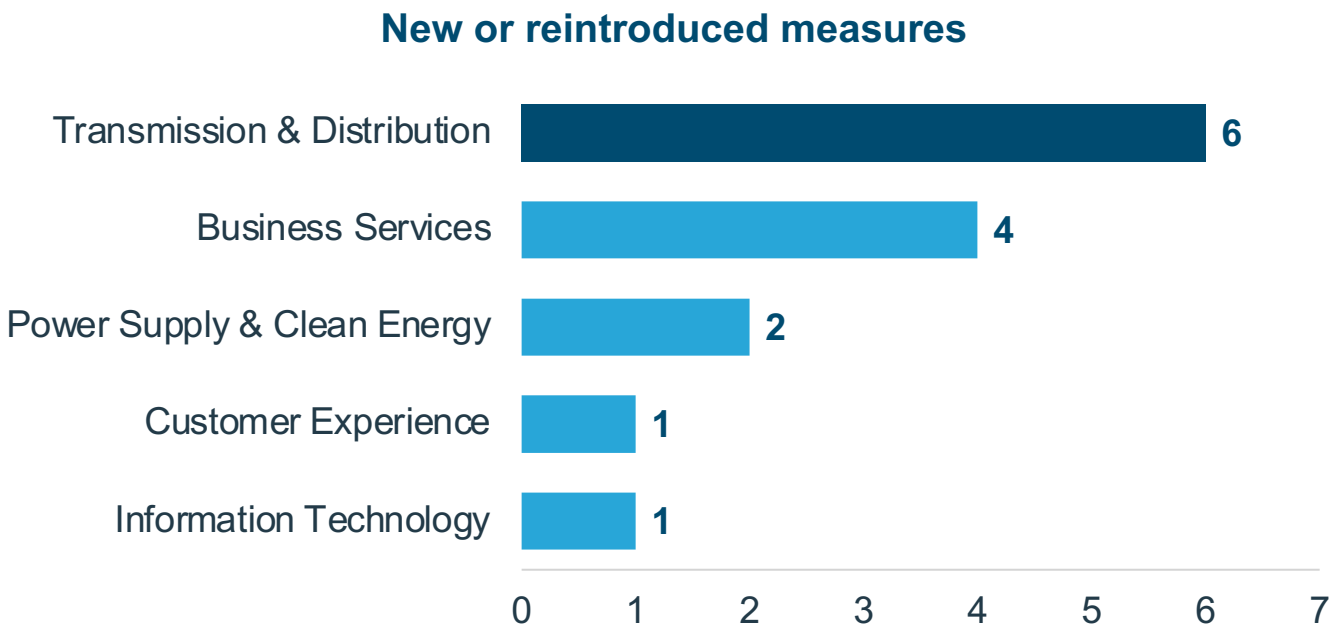
Bill assistance, effective payment plans and better service.

Cost discipline

Control costs and improve the value of customers' investment in the system.

New Measures for Service and Cost Control

14 new or reintroduced measures: 13 incentive metrics and one Tier 2 measure



CUSTOMER VALUE

T&D-61	Review storm response costs (Tier 2)
T&D-59	Reliable service from a modern control room
CS-23	Reduce broken payment agreements
BS-57	Better inventory controls and cost discipline
PS&CE-22	Connect businesses with energy-saving opportunities

Additional Oversight of Service and Costs

Tier 2 adds 12 tracked measures without incentive compensation

5 Customer Experience

- Regulatory complaints
- Arrears more than 90 days past due
- Customer average handle time
- Net dollars written off
- Collection effectiveness index

3 Power Supply & Clean Energy

- Demand management event performance
- Virtual power plant performance
- Program performance data sharing

4 Transmission & Distribution

- Customer interruption duration (CAIDI)
- OSHA days away rate
- Long-duration outages
- Storm ratio analysis
- T&D-61 storm cost efficiency

These measures keep complaints, arrears, outage experience and storm costs in view.

Complete List of New and Reintroduced Metrics

The 14 measures support customer service, efficient operations and energy choices

BUSINESS SERVICES (4)

Cost controls and service coordination

BS-56 Miscellaneous service charges

BS-57 Non-inventory spares controls

BS-58 Communications coordination

BS-59 Walt Whitman facilities management

CUSTOMER EXPERIENCE (1)

More successful payment agreements

CS-23 Deferred payment agreements

INFORMATION TECHNOLOGY (1)

Better access to oversight data

IT-14 Data, application and report access

POWER SUPPLY & CLEAN ENERGY (2)

Helping customers manage energy use

PS&CE-22 Commercial & industrial engagement

PS&CE-23 Direct Customer Investment – Money Out The Door

TRANSMISSION & DISTRIBUTION (6)

Reliable service and efficient storm response

T&D-56 Inspection optimization

T&D-59 Distribution control room migration

T&D-60 Asset mapping

T&D-61 Storm cost efficiency (Tier 2)

T&D-63 Drone program deployment

T&D-65 Advanced analytics and grid technology

What the Standards Mean for Customers

Examples of how LIPA's standards support service, affordability and cost control

Metric	Customer priority	What the standard supports
T&D-07 / 08 / 09	Reliable service	Fewer and shorter interruptions, including momentary outages
T&D-10	Repeated outages	Better service for customers with repeated sustained outages
CS-17	Bill support	Bill discount enrollment, with 56,000 target for full payout
CS-23	Payment plans	Fewer broken agreements and oversight of payment-plan outcomes
PS&CE-05 / 06	Energy choices	More access to efficient heating and EV charging programs
IT-11 / 12	Service efficiency	Reliable systems and better value from technology spending
T&D-50	Storm response	Accountability for storm response and customer communications
T&D-61 (Tier 2)	Cost discipline	Continued review of storm response cost efficiency

Examples of 2027 targets, not achieved results. Reliability exclusions apply as set out in the proposal.

Public Comment Sessions

Upcoming public comment sessions

Attend in person or participate virtually at lipower.org. Submit written comments to tariffchanges@lipower.org by December 1, 2026.

The Board will consider the 2027 budget on December 16.

Date and time	Location
Monday, November 30 10:00 am	H. Lee Dennison Building 100 Veterans Memorial Highway Hauppauge, NY 11788
Monday, November 30 6:00 pm	The OMNI Building 333 Earle Ovington Blvd., 4th Floor Uniondale, NY 11553
Tuesday, December 1 6:00 pm	Rockaway YMCA 207 Beach 73rd Street Queens, NY 11692

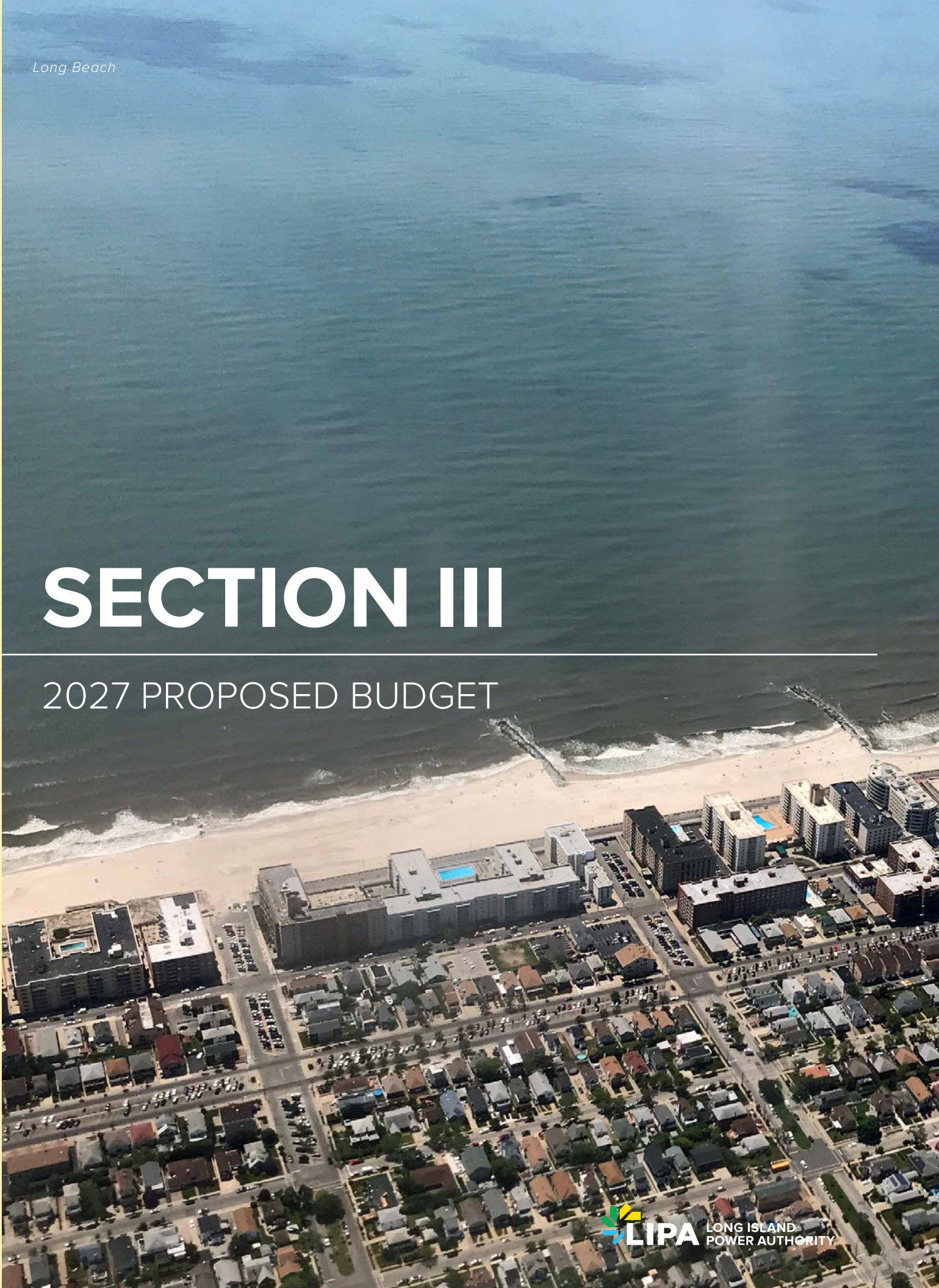

Questions?
LIPA

LIPA LONG ISLAND POWER AUTHORITY

Delivering Value.
Powering Our Communities.

2027
ANNUAL BUDGET REPORT





SECTION III

2027 PROPOSED BUDGET

LIPA LONG ISLAND POWER AUTHORITY


LIPA
LONG ISLAND
POWER AUTHORITY

REVENUE REQUIREMENTS

Long Island Power Authority | 2027-2030 Projected Financial Plan

LIPA's annual revenue requirements are budgeted to increase 10.4% from $4.30 billion in 2026 to $4.75 billion in 2027. This increase is primarily driven by higher power supply costs.

LIPA's revenue requirements are calculated in accordance with the practices of large public power utilities in the United States (the Public Power Model) and reflect the recovery of operating expenses in the current year plus debt and other fixed obligations, including fiscally sound levels of fixed obligation coverage.

LIPA's methodology for calculating revenue requirements and fixed obligation coverage excludes certain non-cash expenses such as depreciation and amortization (the costs of which are generally recovered in revenues through debt service payments).

REVENUE REQUIREMENTS

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
Operating and Managed Expenses							
PSEG Long Island Operating Expenses	$ 706,110	$ 698,000	$ 705,709	**$ 736,001**	$ 731,589	$ 755,767	$ 780,790
PSEG Long Island Managed Expenses	115,946	148,906	160,051	**144,911**	145,280	147,372	150,766
PILOTs - Property-Based Taxes	305,115	310,506	304,829	**316,716**	323,050	329,511	336,101
PILOTs - Revenue-Based Taxes	47,402	46,794	50,698	**49,885**	53,621	55,505	56,945
LIPA Operating Expenses	93,002	108,216	106,995	**113,824**	126,118	130,955	135,152
LIPA Managed Expenses	2,485	13,573	3,000	**7,000**	7,000	7,000	7,000
Total Operating and Managed Expenses	**$ 1,270,061**	**$ 1,325,994**	**$ 1,331,283**	**$ 1,368,337**	**$ 1,386,657**	**$ 1,426,111**	**$ 1,466,754**
Cash Adjustments							
Other Interest Costs	$ 19,247	$ 19,159	$ 22,559	**$ 22,124**	$ 17,625	$ 12,819	$ 7,840
Suffolk Property Tax Settlement (Principal Only)	(45,775)	(44,665)	(49,955)	**(48,326)**	(52,191)	(56,214)	-
Visual Benefits Assessment (Principal Only)	(1,123)	(1,126)	(1,201)	**(1,182)**	(1,194)	(1,225)	(1,264)
Total Cash Adjustments	**$ (27,652)**	**$ (26,633)**	**$ (28,597)**	**$ (27,383)**	**$ (35,760)**	**$ (44,619)**	**$ 6,576**
Other Income							
Other Income and Deductions	$ 92,284	$ 64,969	$ 69,026	**$ 60,200**	$ 57,507	$ 54,690	$ 53,724
Grant Income	22,604	22,037	22,223	**42,785**	21,885	21,885	21,885
Total Other Income	**$ 114,888**	**$ 87,006**	**$ 91,249**	**$ 102,986**	**$ 79,393**	**$ 76,575**	**$ 75,609**
Debt Service							
UDSA Debt Service	$ 392,662	$ 386,435	$ 385,479	**$ 372,595**	$ 361,228	$ 362,497	$ 354,785
LIPA Debt Service	353,919	399,094	389,910	**455,518**	532,264	593,567	602,447
Coverage	380,174	325,419	346,702	**360,907**	401,879	429,460	442,977
Total Debt Service	**$ 1,126,754**	**$ 1,110,949**	**$ 1,122,090**	**$ 1,189,020**	**$ 1,295,371**	**$ 1,385,524**	**$ 1,400,209**
Power Supply Charge	**$ 2,280,593**	**$ 1,977,335**	**$ 2,504,853**	**$ 2,322,149**	**$ 2,446,936**	**$ 2,486,525**	**$ 2,633,151**
Total Revenue Requirements	**$ 4,534,869**	**$ 4,300,638**	**$ 4,838,380**	**$ 4,749,137**	**$ 5,013,812**	**$ 5,176,967**	**$ 5,431,081**

LIPA LONG ISLAND POWER AUTHORITY

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

Long Island Power Authority | 2027-2030 Projected Financial Plan

LIPA's projection of Revenues and Expenses uses the accrual basis of accounting, which results in a Change in Net Position of $383.1 million in 2027 and $442.9 million in 2028. Further information on the components of Revenues and Expenses are included on supplemental pages herein.

The $158.9 million year-over-year increase in the Change in Net Position stems from higher revenue requirements (net of power supply) resulting from revenues generated from coverage as compared to non-cash depreciation and amortization expenses.

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
Revenues	**$ 4,534,869**	**$ 4,300,638**	**$ 4,838,380**	**$ 4,749,137**	**$ 5,013,812**	**$ 5,176,967**	**$ 5,431,082**
Power Supply Charge	2,280,593	1,977,335	2,504,853	**2,322,149**	2,446,936	2,486,525	2,633,151
Revenue Net of Power Supply Charge	**$ 2,254,276**	**$ 2,323,304**	**$ 2,333,527**	**$ 2,426,988**	**$ 2,566,876**	**$ 2,690,442**	**$ 2,797,930**
PSEG Long Island Operating & Managed Expenses							
PSEG Long Island Operating Expenses	$ 706,110	$ 698,000	$ 705,709	**$ 736,001**	$ 731,589	$ 755,767	$ 780,790
PSEG Long Island Managed Expenses	115,946	148,906	160,051	**144,911**	145,280	147,372	150,766
Utility Depreciation	375,791	411,059	404,623	**438,141**	465,735	484,074	473,380
PILOTs - Revenue-Based Taxes	47,402	46,794	50,698	**49,885**	53,621	55,505	56,945
PILOTs - Property-Based Taxes	305,115	310,506	304,829	**316,716**	323,050	329,511	336,101
LIPA Operating Expenses	93,002	108,216	106,995	**113,824**	126,118	130,955	135,152
LIPA Managed Expenses	2,485	13,573	3,000	**7,000**	7,000	7,000	7,000
LIPA Depreciation and Amortization	138,424	100,177	99,917	**1,452**	1,452	1,452	1,452
Interest Expense	367,040	373,321	354,294	**370,350**	385,642	402,286	423,474
Total Expenses	**$ 2,151,316**	**$ 2,210,550**	**$ 2,190,117**	**$ 2,178,280**	**$ 2,239,486**	**$ 2,313,924**	**$ 2,365,060**
Other Income and Deductions	**$ 99,609**	**$ 71,825**	**$ 75,469**	**$ 66,795**	**$ 64,101**	**$ 61,284**	**$ 60,318**
Grant Income	**$ 39,980**	**$ 39,678**	**$ 40,028**	**$ 67,631**	**$ 51,457**	**$ 53,403**	**$ 55,630**
Change in Net Position	**$ 242,549**	**$ 224,256**	**$ 258,907**	**$ 383,134**	**$ 442,949**	**$ 491,205**	**$ 548,818**

SALES AND REVENUE

Revenues are primarily derived from electricity sales to residential and commercial customers, public authorities and street lighting. In accordance with LIPA's Tariff for Electric Service, the Delivery Charge recovers the costs associated with maintaining and improving the transmission and distribution system and serving customers, while the Power Supply Charge recovers fuel and purchased power costs. Additional revenues include surcharges, distributed energy program recoveries, revenue-related PILOTs, pole attachment fees, late payment charges, and other miscellaneous service fees.

(i) The proposed 2027 sales forecast reflects a 1.6% increase over the approved 2026 Budget, driven by 4.6% residential growth from economic activity, partially offset by a 1.3% decline in commercial sales due to energy efficiency and renewable energy programs, and fewer commercial customers.

(ii) The 2027 Revenue Decoupling Mechanism (RDM) is projected to provide $42.8 million in customer refunds due to stronger-than-projected economic conditions and colder-than-expected winter temperatures.

(iii) The 2027 Delivery Service Adjustment (DSA) is projected to provide $13.0 million in customer refunds due to lower-than-projected debt service, pension and OPEB funding costs.

SALES AND REVENUES

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
Sales of Electricity (MWh)							
Residential Sales	9,219,087	8,933,838	9,406,373	**9,347,749**	9,251,678	9,323,744	9,461,871
Commercial Sales	8,751,838	8,950,715	8,750,973	**8,838,826**	8,953,206	9,265,062	9,645,189
Other Sales to Public Authorities/Street Lighting	526,031	510,213	514,527	**509,720**	509,210	508,335	508,061
Total Sales of Electricity (MWh)	**18,496,957**	**18,394,766**	**18,671,873**	**18,696,295**	**18,714,095**	**19,097,142**	**19,615,122**
Revenues by Sector							
Residential	$ 2,445,960	$ 2,320,859	$ 2,664,377	**$ 2,598,504**	$ 2,759,666	$ 2,819,504	$ 2,893,943
Commercial	1,984,374	1,912,184	2,127,456	**2,032,200**	2,190,376	2,295,945	2,417,367
Other Public Authorities/Street Lighting	75,684	69,885	80,177	**76,293**	79,659	79,775	80,789
Other Regulatory Amortizations and Deferrals	(8,882)	(39,656)	(74,223)	**2,047**	(55,962)	(58,425)	(1,284)
Miscellaneous Revenues	37,731	37,365	40,593	**40,093**	40,074	40,169	40,267
Total Revenues	**$ 4,534,869**	**$ 4,300,638**	**$ 4,838,380**	**$ 4,749,137**	**$ 5,013,812**	**$ 5,176,967**	**$ 5,431,082**
Revenue by Component							
Delivery Charge (RDM Target) (a)	$ 2,068,930	$ 2,123,090	$ 2,171,319	**$ 2,214,691**	$ 2,342,663	$ 2,461,266	$ 2,561,917
Merchant Function Charge (RDM Target) (a)	23,355	21,939	22,516	**31,714**	32,556	31,536	32,734
Customer Benefit Contribution (RDM Target) (a), (b)	2,336	3,338	3,852	**4,977**	5,798	6,476	7,224
Power Supply Charge (c)	2,226,518	1,977,335	2,482,142	**2,322,149**	2,446,936	2,486,525	2,633,151
Energy Efficiency and Distributed Energy (DER)	80,253	74,366	76,374	**69,927**	77,025	81,232	84,300
New York State Assessment	10,866	11,215	13,180	**13,367**	13,910	14,257	14,543
Suffolk Property Tax Settlement	57,068	53,628	58,917	**54,785**	55,968	57,176	-
Visual Benefits Assessment (VBA)	1,231	1,202	1,274	**1,222**	1,224	1,249	1,284
Revenue Related PILOTS	47,402	46,794	50,698	**49,885**	53,621	55,505	56,945
RDM Collection/(Refund)	(1,425)	9,982	11,089	**(42,769)**	-	-	-
DSA Collection/(Refund)	(10,517)	(19,962)	(19,351)	**(12,950)**	-	-	-
Other Regulatory Amortizations and Deferrals (d)	(8,882)	(39,656)	(74,223)	**2,047**	(55,962)	(58,425)	(1,284)
Miscellaneous Revenues	37,731	37,365	40,593	**40,093**	40,074	40,169	40,267
Total Revenue Requirements	**$ 4,534,869**	**$ 4,300,638**	**$ 4,838,380**	**$ 4,749,137**	**$ 5,013,812**	**$ 5,176,967**	**$ 5,431,081**

Notes: (a) The Revenue Decoupling Mechanism (RDM) will be measured using the sum of items labeled (a), which total $2.3 billion. (b) Customer Benefit Contribution (RDM Target) recovers funds that support public benefit programs from customers who install Distributed Generation. (c) Due to the timing of collection and accounting deferrals, the actual and projected power supply charge will not match the totals on the Power Supply Charge page. (d) Other Regulatory Amortizations and Deferrals reverses current year deferrals that are incorporated in items listed above.

POWER SUPPLY CHARGE

Long Island Power Authority | 2027-2030 Projected Financial Plan

Power Supply Charges are budgeted at $2.3 billion for 2027, an increase of $344.8 million as compared to the approved 2026 Budget primarily driven by (i) higher Commodity and Regional Greenhouse Gas Initiative (RGGI) costs due to higher market prices and increased on-island generation, (ii) rising purchased power costs due to higher Independent System Operator (ISO) energy market costs driven by higher commodity and RGGI prices and (iii) the absence of the 2026 Pennsylvania–New Jersey–Maryland (PJM) transmission settlement benefit, which was not received in 2026, as expected, and therefore was not incorporated in the 2027 Budget.

Power Supply Charge projections are prepared utilizing a generation economic dispatch model that considers, among other variables, the availability and efficiency of generating resources, energy and fuel prices, and environmental regulatory requirements.

The Power Supply Charge includes the costs of generating, purchasing, and delivering electricity to LIPA's system. These costs include fuel, emissions allowances, LIPA's bilateral contracts with on-island generator, wholesale energy and capacity purchases, third-party transmission facility charges, renewable energy procurement, NYSERDA programs supporting Climate Leadership and Community Protection Act (CLCPA) goals, and power supply and fuel management services. They also include costs associated with LIPA's 18% ownership interest in Nine-Mile Point 2 (NMP2), along with applicable property taxes and PILOT obligations.

Outer-year projections are based on the best available information, including any known cost drivers.

2027 versus 2026 approved budget | Changes in millions

Description	Change	Cause
Capacity	**$37.3**	Higher projected capacity contract costs and market capacity purchase costs.
Purchased Power	**$137.9**	Absence of the 2026 PJM transmission settlement benefit and higher ISO market energy costs due to higher commodity and RGGI prices.
Commodity (Gas & Oil)	**$69.0**	Higher commodity prices and on-island generation coupled with lower Mark-to-Market gains.
Renewables	**$20.6**	2027 includes a full year of Tier 4 Renewable Energy Certificate (REC) costs coupled with higher South Fork Wind costs.
Nine Mile Point 2 Nuclear	**($3.1)**	Higher ZEC revenue from NMP2.
Regional Greenhouse Gas Initiative (RGGI)	**$56.8**	Higher RGGI prices and an increase in on-island generation.
Zero Emission Credit (ZEC)	**$20.7**	Increase in the ZEC price.
Other & Transmission	**$11.2**	Higher Public Policy Transmission Projects costs.
Pass-through Property Taxes	**($5.6)**	Impact of property tax settlements.
Total	**$344.8**	

POWER SUPPLY CHARGE

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
Capacity							
Capacity Charges	$ 358,418	$ 339,434	$ 342,033	**$ 381,739**	$ 393,062	$ 415,030	$ 439,039
National Grid Capacity (PSA)	274,301	284,577	270,092	**279,571**	287,529	294,201	299,516
Total Capacity	**$ 632,719**	**$ 624,011**	**$ 612,126**	**$ 661,310**	**$ 680,591**	**$ 709,231**	**$ 738,554**
Purchased Power							
Purchased Power	$ 594,030	$ 590,349	$ 698,155	**$ 728,253**	$ 815,690	$ 727,621	$ 901,763
Total Purchased Power	**$ 594,030**	**$ 590,349**	**$ 698,155**	**$ 728,253**	**$ 815,690**	**$ 727,621**	**$ 901,763**
Commodity							
Natural Gas	$ 337,925	$ 182,594	$ 436,698	**$ 219,824**	$ 184,081	$ 205,121	$ 120,539
Fuel Oil	96,197	36,182	102,662	**67,997**	55,745	54,784	51,340
Total Commodity	**$ 434,122**	**$ 218,776**	**$ 539,360**	**$ 287,822**	**$ 239,826**	**$ 259,905**	**$ 171,879**
Renewables							
Renewable Power	$ 176,709	$ 196,742	$ 198,297	**$ 217,307**	$ 274,052	$ 291,016	$ 291,911
Total Renewables	**$ 176,709**	**$ 196,742**	**$ 198,297**	**$ 217,307**	**$ 274,052**	**$ 291,016**	**$ 291,911**
Other							
Transmission	$ 37,733	$ 40,486	$ 40,764	**$ 51,816**	$ 71,171	$ 127,052	$ 186,831
Nine Mile Nuclear Fuel	43,649	35,859	47,048	**32,768**	34,116	31,050	34,489
Regional Greenhouse Gas Initiative (RGGI)	112,505	63,253	163,608	**120,101**	105,014	95,406	66,716
Zero Emissions Credits	52,271	39,860	41,143	**60,522**	69,355	77,884	70,099
Fuel and Power Supply Management Services	33,587	12,358	10,738	**11,975**	12,392	12,823	13,270
Other	3,570	3,580	3,506	**3,800**	3,857	3,914	3,973
Total Other	**$ 283,314**	**$ 195,395**	**$ 306,807**	**$ 280,981**	**$ 295,905**	**$ 348,129**	**$ 375,378**
Pass Through Property Taxes							
National Grid (PSA)	$ 146,155	$ 138,225	$ 136,048	**$ 132,332**	$ 126,389	$ 135,731	$ 138,245
Fast Track Units	8,214	8,469	8,491	**8,778**	9,117	9,469	9,835
NMP2	5,329	5,367	5,569	**5,367**	5,367	5,423	5,586
Total Pass Through Property Taxes	**$ 159,699**	**$ 152,062**	**$ 150,109**	**$ 146,476**	**$ 140,872**	**$ 150,623**	**$ 153,666**
Total Power Supply Charge	**$ 2,280,593**	**$ 1,977,335**	**$ 2,504,853**	**$ 2,322,149**	**$ 2,446,936**	**$ 2,486,525**	**$ 2,633,151**

OPERATING EXPENSES

Total Operating Expenses are budgeted at $1.00 billion in 2027 and projected at $1.01 billion in 2028.

Operating Expenses are costs associated with operating and maintaining LIPA's transmission and distribution system and consists of four major categories:

(i) **PSEG Long Island Operating Expenses** (expenses that PSEG Long Island must remain within 2% of budget to earn variable compensation) including costs related to: Transmission & Distribution, Business Services, Customer Services, Energy Efficiency & Distributed Energy Resources (DER), Asset Management, Construction & Operations Services, Power System Management, Information Technology & Cybersecurity, and Utility 2.0 Costs as detailed on page 101.

(ii) **PSEG Long Island Managed Expenses** (expenses which PSEG Long Island manages but are substantially outside of its control) including costs related to New York State assessments, uncollectible accounts, pensions and Other Post Employment Benefits (OPEB) costs, and storm preparation and restoration. The 2027 budget for storm preparation and restoration costs is $82.0 million which is consistent with the 10-year inflation-adjusted average, excluding Tropical Storm Isaias.

(iii) **LIPA's Operating Expenses** includes the PSEG Long Island management fee and costs related to LIPA staff and outside professional services, as detailed on page 103.

(iv) **LIPA's Managed Expenses** primarily includes a corporate reserve for risk and contingency.

OPERATING EXPENSES

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
PSEG Long Island Operating Expenses	**$ 706,110**	**$ 698,000**	**$ 705,709**	**$ 736,001**	**$ 731,589**	**$ 755,767**	**$ 780,790**
PSEG Long Island Managed Expenses							
Uncollectible Accounts	$ 18,101	$ 23,207	$ 23,272	**$ 25,803**	$ 29,661	$ 30,549	$ 31,966
Storm Restoration	52,626	82,000	94,290	**82,000**	77,000	77,000	77,000
NYS Assessment	10,866	11,215	13,180	**13,367**	13,910	14,257	14,543
Accretion of Asset Retirement Obligation	298	318	318	**339**	362	386	411
Pension (PSEG Long Island O&M Expense) (a)	9,418	5,882	3,331	**-**	-	-	-
OPEB (PSEG Long Island O&M Expense)	19,731	21,204	17,385	**17,284**	19,198	21,000	22,633
Miscellaneous	4,907	5,079	8,276	**6,117**	5,148	4,180	4,213
Total PSEG Long Island Managed Expenses	**$ 115,946**	**$ 148,906**	**$ 160,051**	**$ 144,911**	**$ 145,280**	**$ 147,372**	**$ 150,766**
Total PSEG Long Island Operating & Managed Expenses	**$ 822,057**	**$ 846,906**	**$ 865,761**	**$ 880,912**	**$ 876,869**	**$ 903,140**	**$ 931,556**
LIPA Expenses							
Management Fee (incl. Variable Compensation)	$ 82,628	$ 84,383	$ 85,204	**$ 84,383**	$ 96,614	$ 99,512	$ 102,497
Capitalized Management Fee	(35,107)	(36,189)	(34,759)	**(34,625)**	(39,644)	(40,833)	(42,058)
LIPA Operating Expenses	45,482	60,022	56,550	**64,066**	69,148	72,276	74,713
LIPA Managed Expenses	2,485	13,573	3,000	**7,000**	7,000	7,000	7,000
LIPA Operating & Managed Expenses	**$ 95,487**	**$ 121,788**	**$ 109,995**	**$ 120,824**	**$ 133,118**	**$ 137,955**	**$ 142,152**
Total PSEG Long Island & LIPA Operating Expenses	**$ 917,544**	**$ 968,694**	**$ 975,756**	**$ 1,001,736**	**$ 1,009,987**	**$ 1,041,095**	**$ 1,073,708**

Notes: (a) Based on PSEG Long Island's actuary projections, no pension expense is forecasted 2027 - 2030 as pension asset returns are currently forecasted to exceed pension costs.

DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation and Amortization expense is budgeted at $439.6 million in 2027 and projected at $467.2 million in 2028.

PSEG Long Island Managed Utility Depreciation consists of depreciation of transmission and distribution plant, fleet, facilities, information technology, and FEMA storm hardened assets.

Depreciation expense for 2027 is forecasted to increase by $27.1 million, driven by the expansion of the overall depreciable asset base. A contributing factor is the increase in Software-Based Information Technology Arrangement (SBITA) assets, which are depreciated over relatively shorter useful lives.

LIPA Depreciation and Amortization expense is primarily comprised of deferred costs that were amortized over a specific timeframe related to LIPA assets and associated depreciation expense. Those deferred cost amortizations have been fully amortized as of the 2025 and 2026 budget. The remaining LIPA depreciation expense is primarily related to information technology assets and furniture and fixtures.

DEPRECIATION AND AMORTIZATION EXPENSES

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
PSEG Long Island Managed Utility Depreciation	**$ 356,483**	**$ 391,458**	**$ 384,839**	**$ 410,535**	**$ 432,877**	**$ 449,055**	**$ 435,886**
Depreciation Expense Related to FEMA Capital Projects	19,307	19,601	19,784	**27,606**	32,858	35,020	37,494
Total PSEG Long Island Managed Utility Depreciation	**$ 375,791**	**$ 411,059**	**$ 404,623**	**$ 438,141**	**$ 465,735**	**$ 484,074**	**$ 473,380**
LIPA Depreciation and Amortization							
Amortization of Acquisition Adjustment	$ 111,375	$ 98,389	$ 98,389	**-**	-	-	-
Amortization of OPEB & Pension Deferrals	25,014	-	-	**-**	-	-	-
Depreciation - LIPA	2,036	1,788	1,528	**1,452**	1,452	1,452	1,452
Total LIPA Depreciation and Amortization	**$ 138,424**	**$ 100,177**	**$ 99,917**	**$ 1,452**	**$ 1,452**	**$ 1,452**	**$ 1,452**
Total Depreciation and Amortization Expenses	**$ 514,215**	**$ 511,236**	**$ 504,540**	**$ 439,593**	**$ 467,187**	**$ 485,526**	**$ 474,832**

TAXES, PAYMENTS-IN-LIEU OF TAXES AND ASSESSMENTS

Payments-In-Lieu of Taxes (PILOTs) and Assessments are budgeted at $676.0 million in 2027 and projected at $691.2 million in 2028 and comprise approximately 14% of customer bills.

Revenue-based PILOTs are calculated using gross revenues received from the sale of electricity and other sources of revenue and are subject to true up to actual cost through a PILOT payments recovery rider.

Property-based PILOTs are associated with T&D property owned by LILCO in 1998 that are now subject to PILOTs under LIPA ownership.

Property taxes in the Power Supply Charge are property-based taxes and PILOTs on generating assets owned or under contract to LIPA, which are reconciled to actual costs.

(i) Taxes paid directly by LIPA, through the National Grid PSA were budgeted at $138.2 million in 2026, decreasing to $132.3 million in 2027 and $126.4 million in 2028. These projections reflect property tax settlements with municipalities and school districts, including Port Jefferson, Brookhaven, Huntington, East Northport, and Nassau County.

(ii) Property-based taxes associated with the Fast Track Units are budgeted at $8.8 million in 2027, consistent with 2026 levels.

(iii) As LIPA owns 18% of the Nine Mile Point 2 (NMP2) nuclear generating system, it is responsible for paying its share of associated property taxes, which are budgeted at $5.4 million in 2027.

The New York State Assessment recovers costs related to Department of Public Service oversight of LIPA and PSEG Long Island's operations, which are budgeted at $13.4 million in 2027.

Sales taxes are collected by LIPA on behalf of local municipalities in accordance with local municipal law. Sales taxes are recorded as liabilities by LIPA as they are collected on behalf of and transferred to local government jurisdictions. These taxes are estimated at $149.3 million in 2027 and $159.5 million in 2028.

TAXES, PAYMENTS-IN-LIEU OF TAXES AND ASSESSMENTS

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
PILOTs - Revenue-Based Taxes	**$ 47,402**	**$ 46,794**	**$ 50,698**	**$ 49,885**	**$ 53,621**	**$ 55,505**	**$ 56,945**
PILOTs - Property-Based Taxes	**$ 305,115**	**$ 310,506**	**$ 304,829**	**$ 316,716**	**$ 323,050**	**$ 329,511**	**$ 336,101**
Property Taxes in Power Supply Charge							
National Grid (PSA) Property Taxes	$ 146,155	$ 138,225	$ 136,048	**$ 132,332**	$ 126,389	$ 135,731	$ 138,245
Fast Track Units	8,214	8,469	8,491	**8,778**	9,117	9,469	9,835
NMP2 PILOTs	5,329	5,367	5,569	**5,367**	5,367	5,423	5,586
Total Property Taxes in Power Supply Charge	**$ 159,699**	**$ 152,062**	**$ 150,109**	**$ 146,476**	**$ 140,872**	**$ 150,623**	**$ 153,666**
Other Taxes and Assessments							
New York State Assessment	$ 10,866	$ 11,215	$ 13,180	**$ 13,367**	$ 13,910	$ 14,257	$ 14,543
New York State Office of Real Property Services	223	224	258	**232**	232	232	232
Total Other Taxes and Assessments	**$ 11,090**	**$ 11,439**	**$ 13,438**	**$ 13,599**	**$ 14,142**	**$ 14,489**	**$ 14,774**
Total Taxes and Assessments Before Sales Taxes	**$ 523,305**	**$ 520,801**	**$ 519,073**	**$ 526,676**	**$ 531,685**	**$ 550,129**	**$ 561,487**
Sales Taxes	**$ 147,382**	**$ 142,522**	**$ 156,347**	**$ 149,291**	**$ 159,526**	**$ 164,776**	**$ 171,021**
Total PILOTs, Sales, State and Local Taxes and Assessments	**$ 670,687**	**$ 663,322**	**$ 675,421**	**$ 675,967**	**$ 691,211**	**$ 714,905**	**$ 732,508**

OTHER INCOME AND DEDUCTIONS

Other Income and Deductions are budgeted at $66.8 million in 2027 and projected at $64.1 million in 2028.

Other Income and Deductions consists of income and interest generated from LIPA's short- term investments, including the Operating Fund, Rate Stabilization Fund and the Construction Fund, realized earnings on the Nine-Mile Point 2 (NMP2) Nuclear Decommissioning Trust Fund, realized earnings on the OPEB Account, carrying charges accrued on deferred balances related to the Suffolk Property Tax Settlement, and miscellaneous sources of revenues and expenses.

Nine-Mile Point 2 Nuclear Decommissioning Trust Fund . LIPA maintains a required nuclear decommissioning trust fund which is held to meet its obligation with respect to the eventual decommissioning of its 18% interest in the NMP2 nuclear facility. Earnings estimated are based on prevailing interest rates on its investments. This account is not a component of the Delivery Service Adjustment (DSA) as the trust is only available to fund decommissioning obligations.

Projected interest rates on investments are updated to prevailing interest rates annually as part of the budget process and differences between projected and actual interest rates are reconciled annually through the Delivery Service Adjustment.

OTHER INCOME AND DEDUCTIONS

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
Other Income and Deductions							
Short-Term Investment Income Interest Income from:	$ 35,447	$ 24,393	$ 23,848	**$ 22,035**	$ 22,035	$ 22,035	$ 22,035
Suffolk Property Tax Settlement	11,293	8,962	8,962	**6,460**	3,777	962	-
Visual Benefits Assessment	108	76	73	**40**	29	25	20
OPEB Account	29,242	17,959	18,505	**19,484**	19,484	19,484	19,484
PSEG Long Island Funding Accounts	12,467	11,318	11,593	**11,531**	11,531	11,531	11,531
Miscellaneous - LIPA	811	518	2,230	**522**	522	522	522
Miscellaneous - PSEG Long Island	2,916	1,742	3,814	**128**	129	130	132
Subtotal	**$ 92,284**	**$ 64,969**	**$ 69,026**	**$ 60,200**	**$ 57,507**	**$ 54,690**	**$ 53,724**
Nuclear Decommissioning Trust Fund	7,324	6,855	6,443	**6,594**	6,594	6,594	6,594
Total Other Income and Deductions	**$ 99,609**	**$ 71,825**	**$ 75,469**	**$ 66,795**	**$ 64,101**	**$ 61,284**	**$ 60,318**

GRANT INCOME

Grant Income is budgeted at $67.6 million in 2027 and projected at $51.5 million in 2028.

RGGI Funding in the 2027 budget includes two additional items: (i) $10.0 million in FEMA- related grant income for the replacement of utility poles in disadvantaged communities and (ii) LIPA has a memorandum of understanding whereby NYSERDA provides $20.0 million annually to support energy efficiency and electrification programs on Long Island. Furthermore, during 2026, NYSERDA's Operating Plan was amended to provide customer affordability benefits associated with its Regional Greenhouse Gas Initiative (RGGI), whereby 34% of auction proceeds exceeding projected levels over the three-year planning period will be directed toward programs otherwise supported by ratepayer collections. This initiative is intended to reduce costs borne by customers of New York's investor-owned utilities and LIPA. LIPA plans to apply its anticipated allocation to reduce the Distributed Energy Resources (DER) Cost Recovery Rate, providing direct bill relief to Long Island customers. This new initiative will provide a $10.9 million benefit to LIPA customers.

Build America Bonds are also included in Grant Income representing approximately $1.9 million in subsidy payments from the United States Treasury equal to approximately 29% of the interest on LIPA's debt issued as Build America Bonds.

Amortization of Deferred Grant amortizes a FEMA grant that LIPA signed in February 2014 which provided for $730.0 million. To better reflect the nature of this grant it is being amortized to Grant Income in an amount equal to the depreciation expense incurred as a result of the storm hardening program. This amortization is estimated at $24.8 million in 2027 and $29.6 million in 2028.

GRANT INCOME

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
Efficiency & DER - RGGI Funding	$ 20,000	$ 20,000	$ 20,000	**$ 20,000**	$ 20,000	$ 20,000	$ 20,000
Other RGGI Grant Income	-	-	-	**10,900**	-	-	-
FEMA Grant Income	-	-	-	**10,000**	-	-	-
Build America Bonds Subsidy - U.S. Treasury	2,573	2,037	2,209	**1,885**	1,885	1,885	1,885
Other Grant Income	31	-	14	**-**	-	-	-
Subtotal Grant Income	**$ 22,604**	**$ 22,037**	**$ 22,223**	**$ 42,785**	**$ 21,885**	**$ 21,885**	**$ 21,885**
Amortization of Deferred FEMA Grant	17,377	17,641	17,805	**24,845**	29,572	31,518	33,745
Total Grant Income	**$ 39,980**	**$ 39,678**	**$ 40,028**	**$ 67,631**	**$ 51,457**	**$ 53,403**	**$ 55,630**

INTEREST EXPENSE

Interest expense is budgeted at $370.4 million for 2027 and projected at $385.6 million in 2028. The budget is based on forecasted levels of outstanding debt, interest rates, associated fees, and the amortization of previously deferred debt related charges and credits. Actual interest rates on projected bond issues and variable rate debt are updated to prevailing interest rates each year as part of the annual budget process. Differences between projected and actual debt service payments are reconciled annually through the Delivery Service Adjustment ensuring customers pay only actual costs.

Interest expense reflects the accrual of interest on outstanding debt in the calendar year. It can differ from interest payments made to bondholders with respect to timing, but the actual amounts will be the same over the life of the bonds.

INTEREST EXPENSE

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
Accrued Interest Expense on Debt Securities	$ 412,120	$ 426,222	$ 418,840	**$ 435,720**	$ 449,396	$ 464,575	$ 482,496
Amortization of Premium	(80,471)	(78,292)	(81,741)	**(78,340)**	(74,680)	(70,943)	(67,289)
Interest Expense on Debt Securities (Accrued)	**$ 331,649**	**$ 347,931**	**$ 337,099**	**$ 357,380**	**$ 374,716**	**$ 393,632**	**$ 415,207**
Other Interest Expense							
Amortization of Deferred Debt Issuance Costs	$ 1,998	$ 1,862	$ 1,302	**$ 1,073**	$ 933	$ 805	$ 685
Amortization of Deferred Defeasance Costs	6,684	7,606	(6,682)	**(8,584)**	(7,605)	(6,347)	(5,481)
Other Interest Amortizations	(6,342)	(6,081)	(6,081)	**(6,144)**	(6,208)	(4,959)	-
Bond Issuance Costs	11,390	2,844	6,162	**4,502**	6,180	6,335	5,223
Other	2,414	-	(66)	**-**	-	-	-
Other Interest Amortizations (Accrued)	**$ 16,144**	**$ 6,231**	**$ (5,365)**	**$ (9,154)**	**$ (6,699)**	**$ (4,165)**	**$ 427**
Interest Rate Swap Payments	8,996	10,569	12,698	**12,325**	7,786	2,954	(2,051)
Letter of Credit and Remarketing Fees	7,324	7,121	8,248	**8,290**	8,304	8,303	8,300
Interest on Customer Security Deposits	684	430	606	**477**	477	477	477
Bond Administration Costs, Bank Fees and Other	2,243	1,040	1,008	**1,033**	1,059	1,085	1,112
Other Interest Costs (Cash)	**$ 19,247**	**$ 19,159**	**$ 22,559**	**$ 22,124**	**$ 17,625**	**$ 12,819**	**$ 7,840**
Total Interest Expense	**$ 367,040**	**$ 373,321**	**$ 354,294**	**$ 370,350**	**$ 385,642**	**$ 402,286**	**$ 423,474**

DEBT SERVICE REQUIREMENTS

Debt service consists of principal and interest payments due to bondholders. Debt service payments are reported separately for LIPA debt and UDSA debt. LIPA utilizes UDSA financing to reduce borrowing costs and generate savings for customers.

Consistent with the Public Power Model, LIPA recovers fixed obligation coverage. Fixed obligation coverage provides for a portion of LIPA's capital program funded by cash flow in each year rather than by 100% debt funded capital program. Fixed obligation coverage is a ratio based on LIPA's annual debt service payments plus the imputed payments associated with lease obligations such as power supply contracts and office and vehicle leases and subscription-based information technology arrangement (SBITA) payments.

The 2027 budget supports LIPA's Board Policy on Fiscal Sustainability, including:

(i) **Improved Bond Ratings** : LIPA's bond rating is A2 (positive), A (stable) and A (stable) (Moody's, S&P, and Fitch, respectively). LIPA's target is to achieve AA-category ratings by 2030 by reducing LIPA's debt-to-asset ratio to 70% or less. Fitch Ratings upgraded LIPA's bond rating to A in July 2024, citing the Authority's very strong service area and a long-term policy to gradually reduce debt. In July 2026, Moody's rating outlook for LIPA was revised from stable to positive. See Section II for additional information regarding LIPA's ratings.

(ii) **1.40x Fixed Obligation Coverage Target** : LIPA targets a Fixed Obligation Coverage Ratio of no less than 1.40x.

(iii) **150 Day Liquidity Target** : LIPA targets minimum cash-on-hand and available credit of 150 days operating expenses.

DEBT SERVICE REQUIREMENTS

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
LIPA Obligations and Coverage							
Fixed Rate Debt	$ 317,599	$ 357,167	$ 350,783	**$ 412,691**	$ 488,319	$ 549,950	$ 477,827
Variable Rate Debt	36,320	41,927	39,127	**42,827**	43,945	43,617	124,619
Lease Obligations	409,137	414,454	428,433	**446,749**	472,434	480,082	504,997
Coverage	380,174	325,419	346,702	**360,907**	401,879	429,460	442,977
LIPA Obligations and Coverage	**$ 1,143,230**	**$ 1,138,968**	**$ 1,165,045**	**$ 1,263,174**	**$ 1,406,577**	**$ 1,503,108**	**$ 1,550,421**
Projected Coverage Ratio	**1.50 x**	**1.40 x**	**1.42 x**	**1.40 x**	**1.40 x**	**1.40 x**	**1.40 x**
Board Policy Target Coverage Ratio	**1.40 x**	**1.40 x**	**1.40 x**	**1.40 x**	**1.40 x**	**1.40 x**	**1.40 x**
UDSA Debt Service	**$ 392,662**	**$ 386,435**	**$ 385,479**	**$ 372,595**	**$ 361,228**	**$ 362,497**	**$ 354,785**
LIPA and UDSA Obligations and Coverage							
LIPA and UDSA Obligations	$ 1,155,717	$ 1,199,984	$ 1,203,822	**$ 1,274,862**	$ 1,365,926	$ 1,436,146	$ 1,462,229
Coverage	380,174	325,419	346,702	**360,907**	401,879	429,460	442,977
LIPA and UDSA Obligations and Coverage	**$ 1,535,891**	**$ 1,525,403**	**$ 1,550,524**	**$ 1,635,769**	**$ 1,767,805**	**$ 1,865,606**	**$ 1,905,206**
Projected Coverage Ratio	**1.33 x**	**1.27 x**	**1.29 x**	**1.28 x**	**1.29 x**	**1.30 x**	**1.30 x**
Board Policy Target Coverage Ratio	**1.20 x**	**1.20 x**	**1.20 x**	**1.20 x**	**1.20 x**	**1.20 x**	**1.20 x**

CAPITAL EXPENDITURES

Capital Expenditures are budgeted at $1.1 billion in 2027 and are projected at $1.3 billion in 2028.

Transmission and Distribution projects are prioritized through a structured risk and value assessment focused on system reliability, resiliency, load growth and regulatory requirements. Key investments include a new operations facility to enhance system visibility, security and reliability, proactive and reactive reliability initiatives to improve system performance, strategic property acquisitions to support future load growth, and asset replacement programs to modernize critical substation infrastructure and maintain reliable service to LIPA customers.

Information Technology & Cybersecurity (IT) projects focus on modernizing core technology platforms, replacing aging systems, including the Customer Information System (CIS), and enhancing system reliability. Investments also support business priorities through application improvements and technology enhancements across Transmission & Distribution and Corporate Business Areas.

Nine Mile Point 2 Capital Expenditures relates to LIPA's share of capital expenses for the NMP2 nuclear generating station.

PSEG Long Island Pending Project Authorizations are budgeted resources held in LIPA's Budget pending additional project information from PSEG Long Island.

LIPA's Funding Policy goal is to provide clean, reliable, and affordable energy through strategies that prudently manage and safeguard LIPA's assets and result in the lowest long- term cost to customers. As such, LIPA's Fiscal Sustainability Board policy, seeks to decrease its leverage by reducing its debt-to-assets ratio to 70% or less by 2030.

To achieve that goal, LIPA's budget seeks to achieve fixed obligation coverage targets on LIPA- issued debt and lease and subscription-based information technology arrangements (SBITA) payments at a minimum of 1.40x, and 1.20x combined with UDSA-issued debt. The cash generated above those obligations is reinvested in the capital program and reduces the amount of borrowing required. For 2027, approximately $360.9 million in coverage funds about 34% of the capital program; borrowing funds about 62%.

In addition, LIPA's tariff provides for maintaining a Storm Event Reserve Fund up to $75 million. In the event that the Storm Event Reserve Cap exceeds the $75 million, any excess funds should be used to offset future capital spending. During 2025, LIPA's storm costs were lower than budget and the reserve cap threshold was met. As such, LIPA reduced its borrowing for capital expenditures in 2026 by approximately $49 million.

LIPA's Board financial policy also outlines maximizing grants and other low-cost funding sources, which further reduces long-term borrowing costs to customers. LIPA has a memorandum of understanding with the Federal Emergency Management Agency (FEMA) for hazard mitigation work on its T&D system to harden certain assets. LIPA receives 90% reimbursement for these eligible projects which is estimated to recover approximately $45 million in 2027.

CAPITAL EXPENDITURES

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
Transmission and Distribution							
Regulatory Driven	$ 4,188	$ 979	$ 1,389	**$ 3,037**	$ 10,192	$ 21,615	$ 56,171
Load Growth	173,460	142,034	139,221	**97,787**	145,580	186,161	226,858
Reliability	314,284	348,848	386,303	**430,175**	478,071	580,983	493,521
Storm Hardening	53,622	4,839	2,109	**8,676**	9,990	28,124	41,943
Economic, Salvage, Tools, Equipment & Other	43,666	164,273	108,283	**118,218**	50,504	32,080	29,263
Total Transmission and Distribution Projects	**$ 589,221**	**$ 660,973**	**$ 637,305**	**$ 657,892**	**$ 694,337**	**$ 848,963**	**$ 847,756**
Other PSEG Long Island Capital Expenditures							
IT & Cybersecurity	$ 83,692	$ 69,621	$ 52,463	**$ 95,698**	$ 163,971	$ 181,005	$ 176,880
Customer Operations	8,111	8,591	8,453	**9,014**	8,671	9,425	10,128
Other General Plant	5,232	62,419	64,799	**54,683**	44,158	73,463	2,278
Fleet	4,516	27,665	27,757	**23,171**	23,122	23,004	23,202
Public Policy Transmission Projects	14,549	38,179	39,631	**73,874**	90,098	33,874	5,895
FEMA Storm Hardening	18,540	153,008	78,141	**49,545**	130,280	77,666	55,945
Property Acquisition and Development	23,648	40,002	(12,744)	**36,811**	60,200	13,650	14,325
Utility 2.0	10,687	10,193	6,138	**3,508**	2,920	5,000	5,000
Total PSEG Long Island Capital	**$ 758,196**	**$ 1,070,651**	**$ 901,943**	**$ 1,004,196**	**$ 1,217,757**	**$ 1,266,051**	**$ 1,141,409**
Capitalized Management Fee	35,107	36,189	34,759	**34,625**	39,644	40,833	42,058
Storm Capitalization	9,593	8,200	20,708	**9,840**	9,240	9,240	9,240
PSEG Long Island Pending Project Authorizations (a)	-	25,589	-	**-**	-	-	-
Nine Mile Point 2	4,783	34,565	35,427	**6,840**	19,836	4,752	10,494
LIPA - Other	855	5,000	1,900	**3,135**	5,000	5,000	5,000
Estimate for Carry Over Projects	-	-	193,711	**-**	-	-	-
Total Capital Expenditures	**$ 808,533**	**$ 1,180,194**	**$ 1,188,448**	**$ 1,058,636**	**$ 1,291,476**	**$ 1,325,876**	**$ 1,208,201**
Funding for Capital Expenditures							
FEMA Contribution (90% of Project Costs)	$ 16,686	$ 137,708	$ 70,327	**$ 44,590**	$ 117,252	$ 69,900	$ 50,350
Coverage Funded	380,174	325,419	346,702	**360,907**	401,879	429,460	442,977
Excess Delivery Service Adjustment Threshold		-	48,800	**-**	-		
Estimated Borrowing Requirements (not to exceed)	411,673	717,067	528,909	**653,139**	772,345	826,517	714,873
Total Funding for Capital Expenditures	**$ 808,533**	**$ 1,180,194**	**$ 994,738**	**$ 1,058,636**	**$ 1,291,476**	**$ 1,325,876**	**$ 1,208,201**
Projected Percent of Capital Funded from Debt		**61%**	**45%**	**62%**	**60%**	**62%**	**59%**

Notes: (a) The 2027 Budget includes $314.7 million in Pending Project Authorizations.

MAJOR PROJECTS

Projects with total cost greater than $25 million Cash flow ($ millions)

Project / category / purpose	In service	Total project	Through 12/31/26	2027	2028	2029+
North Bellmore: Install 33MVA bank, switchgear and feeders Load Growth | Increase load growth at North Bellmore substation.	2027	$ 32.0	$ 30.4	**$ 1.6**	-	-
Southampton: Install new 138kV cable to Deerfield Load Growth | Increase in projected South Fork load requirements.	2026	50.5	50.3	**0.1**	0.2	-
Facility Operations Replacement: Replace the existing Facility Operations Other | Support future expansion of the LIPA T&D system and maintain a high level of system reliability.	2028	271.4	159.1	**88.3**	24.0	-
West Hempstead: Install four 69/13kV 33MVA Transformers Reliability | Increase reliability at West Hempstead substation by replacing the current degraded assets.	2028	35.7	12.6	**4.8**	18.3	-
Syosset: Replace UG section of 138- 676 circuit to Greenlawn Public Policy Transmission Needs | Part of NYISO PPTN. Project would replace the underground portion of an existing LIPA 138kV line, offering higher capacity.	2028	63.2	6.0	**26.8**	30.0	0.3
Stewart Avenue: Install reactors on circuits 138-462/463 Public Policy Transmission Needs | Part of NYISO PPTN. Project would install new reactors near Stewart Av substation.	2028	30.6	9.6	**13.2**	7.9	-
Elmont: Substation Rebuild and Feeder Conversions Reliability | Increase load growth in Elmont.	2029	38.1	10.7	**6.3**	13.2	7.9
Northport: Install new 138kV Phase Angle Regulator Public Policy Transmission Needs | Part of NYISO PPTN. Project would install a second 138kV PAR at Northport.	2029	53.2	13.4	**4.3**	14.3	21.2
Southampton: Add 3rd 40 MVA, 69/13 kV bank and 69 kV GIS substation Regulatory | Support regulatory needs by expanding the substation footprint west into the LIPA right-of- way.	2030	80.0	-	**0.7**	7.3	72.0
Queens Nassau Transmission Project Reliability | Increase reliability by installing a new 138kV circuit (operated at 69kV) from east of the Far Rockaway area to Far Rockaway, to bring additional resources into the Far Rockaway pocket.	2030	165.1	1.8	**6.4**	11.2	145.8

Major projects continue on the following page.

LIPA LONG ISLAND POWER AUTHORITY

MAJOR PROJECTS - CONTINUED

Projects with total cost greater than $25 million Cash flow ($ millions)

Project / category / purpose	In service	Total project	Through 12/31/26	2027	2028	2029+
Work Asset Management Implementation IT & Cybersecurity | Develop and implement a full-fledged Work Asset Management System (WAM) that can plan, schedule, and track all assets, work, and maintenance.	2030	$ 105.0	-	**$ 5.0**	$ 30.0	$ 70.0
NextGeneration DataCenter - Phase 2 IT & Cybersecurity | Strategic modernization program designed to transform the existing co-located datacenter into a modern, software-defined, hybrid-cloud- enabled platform.	2028	40.0	-	**-**	15.0	25.0
Outage Management System Replacement IT & Cybersecurity | Develop and implement next generation state-of- the-art Outage Management System (OMS).	2031	67.0	-	**1.5**	12.5	53.0
Customer Information System (CIS) Transformation IT & Cybersecurity | Replace outdated system of record for customer account information.	2031	135.0	-	**30.0**	35.0	70.0
Melville: Ruland to Pinelawn 69kV circuit rebuild Reliability | Increase load growth to support Babylon load pocket.	2030	33.9	-	**1.2**	1.3	31.4
Fire Island Pines: Install new 23 kV circuit to Ocean Beach Reliability | Increase reliability to Fire Island.	2031	46.5	4.3	**0.2**	9.5	32.5
Indian Head: Total substation rebuild Reliability | Increase reliability at Indian Head substation by updating end-of-life assets.	2031	58.7	-	**1.0**	2.7	55.0
Centereach: Install 3rd 138/13kV 33MVA distribution bank and feeders Load Growth | Increase load growth in Centereach.	2032	41.7	-	**-**	0.8	40.9
South Farmingdale: Partial substation rebuild Reliability | Increase reliability at South Farmingdale substation by updating end-of-life assets.	2032	37.0	-	**0.7**	1.3	35.0
Facility Operations Replacement: Replace the existing Operations Facility Other | Support future expansion of the LIPA T&D system and maintain a high level of system reliability.	2033	68.9	-	**-**	0.7	68.2
Wainscott: New substation with new express 138kV feed from Edwards Avenue Load Growth | Increase load growth at Township of East Hampton.	2035	682.8	0.2	**1.1**	9.8	671.7
Total Major Projects		**$ 2,136.4**	**$ 298.5**	**$ 193.1**	**$ 244.9**	**$ 1,399.9**

Notes: (a) Amounts may include funding associated risk & contingency (R&C). (b) Projects are funded in accordance with the capital expenditure plan. See funding for Capital Expenditures on page 97.

PSEG LONG ISLAND OPERATING EXPENSES

The PSEG Long Island operating budget, including the Utility 2.0 Program, is budgeted at $736.0 million in 2027 and projected at $731.6 million in 2028.

The 2027 operating budget is increasing $38.0 million as compared to the 2026 Budget driven by $25.6 million in inflation-related cost increases and $39.7 million in additional Transmission & Distribution maintenance, vegetation management, and program investments partially offset by $27.3 million in productivity savings.

PSEG Long Island employs approximately 2,700 personnel to deliver operational services to LIPA under the Operating Services Agreement. Labor and employee benefits represent a significant component of operating expenses. In addition, third-party contractors are utilized to perform certain specialized functions, including vegetation management.

PSEG Long Island Operating expenses are related to the following major areas:

(i) Transmission & Distribution: System operations, maintenance, asset management, engineering, vegetation management, emergency response, and reliability improvement.

(ii) Customer Service: Customer care, billing, metering, revenue operations, field support, digital self-service, community outreach, and continuous customer experience improvement.

(iii) Energy Efficiency & Distributed Energy Resources (DER): Clean energy programs, including energy efficiency, demand response, and distributed energy resources.

(iv) Information Technology: Secure and resilient technology services, including system operations, cybersecurity, data management, testing, and business support.

(v) Power System Management: Power supply planning, procurement, and portfolio management to support affordability, reliability, resiliency, and customer value.

(vi) Business Services – Enterprise-wide corporate support, governance, financial management, workforce support, procurement, risk management, and communications.

PSEG LONG ISLAND OPERATING EXPENSES

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
PSEG Long Island Operating Expenses							
Transmission & Distribution	$ 218,592	$ 188,644	$ 196,985	**$ 205,926**	$ 193,117	$ 199,526	$ 206,160
Business Services	80,148	78,257	83,721	**91,630**	94,872	98,236	101,728
Customer Services	126,384	127,814	126,280	**131,403**	135,908	140,580	145,423
Energy Efficiency & DER	93,225	88,268	85,681	**86,700**	89,329	92,038	94,829
Asset Management	10,282	13,192	11,906	**14,943**	14,417	14,908	15,417
Construction & Operations Services	39,592	46,070	45,761	**41,741**	43,080	44,464	45,895
Power System Management	21,808	22,797	23,824	**25,350**	26,236	27,155	28,108
IT & Cybersecurity	104,704	119,253	119,077	**119,897**	123,677	127,580	131,611
Utility 2.0 Costs	11,375	13,705	12,474	**18,410**	10,953	11,281	11,620
Total PSEG Long Island Operating Expenses (a)	**$ 706,110**	**$ 698,000**	**$ 705,709**	**$ 736,001**	**$ 731,589**	**$ 755,767**	**$ 780,790**

Notes: (a) PSEG Long Island Operating expenses for 2027 may shift between the various lines of business based on potential organizational structure modifications.

LIPA OPERATING & MANAGED EXPENSES

Long Island Power Authority | 2027-2030 Projected Financial Plan

LIPA Operating & Managed Expenses are budgeted at $120.8 million in 2027 and are projected at $133.1 million in 2028. The 2027 budget represents a decrease of $1.0 million as compared to the Approved Budget for 2026 and total Full-Time Employees (FTEs) of 95 and 1 Part-Time Employee.

LIPA Operating Expenses include the PSEG Long Island Management Fee, costs related to LIPA staff, and outside professional services.

LIPA's Managed Expenses include a corporate reserve for risk and contingency.

LIPA has requested regulatory accounting from its Board to defer the $3.6 million collected in the 2026 Budget related to certain New York Research Development Authority (NYSERDA) programs but not expended during 2026.

LIPA OPERATING & MANAGED EXPENSES

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
LIPA Operating Expenses							
PSEG Long Island Management Fee	$ 82,628	$ 84,383	$ 85,204	**$ 84,383**	$ 96,614	$ 99,512	$ 102,497
Capitalized Management Fee	(35,107)	(36,189)	(34,759)	**(34,625)**	(39,644)	(40,833)	(42,058)
Total PSEG Long Island Management Fee	**$ 47,521**	**$ 48,193**	**$ 50,445**	**$ 49,758**	**$ 56,970**	**$ 58,679**	**$ 60,439**
Employee Salaries & Benefits	20,864	24,246	22,778	**24,657**	25,621	26,623	27,664
Pension & OPEBs	1,940	3,165	3,471	**1,624**	2,108	2,686	3,668
Insurance & Claims Reserve	(3,290)	2,956	2,560	**3,016**	3,106	3,199	3,295
Office Rent	1,877	1,965	1,952	**1,988**	2,048	2,109	2,172
Legal	7,181	5,645	6,140	**6,460**	7,654	8,884	9,150
Finance & Audit Services	2,673	3,173	3,111	**3,036**	3,127	3,221	3,318
Information Technology	7,304	9,539	7,427	**9,713**	10,005	10,305	10,614
DPS Management Audit	-	-	-	**-**	1,500	850	-
Outside Services & Consulting Support	5,283	7,182	7,243	**11,590**	11,937	12,295	12,664
Other	1,650	2,152	1,869	**1,983**	2,043	2,104	2,167
Total LIPA Operating Expense	**$ 45,482**	**$ 60,022**	**$ 56,550**	**$ 64,066**	**$ 69,148**	**$ 72,276**	**$ 74,713**
LIPA Managed Expenses							
Clean Energy Initiatives	$ 2,485	$ 6,573	$ 3,000	**-**	-	-	-
Corporate Reserve for Risk & Contingencies	-	7,000	-	**7,000**	7,000	7,000	7,000
Total LIPA Managed Expense	**$ 2,485**	**$ 13,573**	**$ 3,000**	**$ 7,000**	**$ 7,000**	**$ 7,000**	**$ 7,000**
Total LIPA Operating & Managed Expenses	**$ 95,487**	**$ 121,788**	**$ 109,995**	**$ 120,824**	**$ 133,118**	**$ 137,955**	**$ 142,152**

UTILITY DEBT SECURITIZATION AUTHORITY

The UDSA was created by Part B of Chapter 173, Laws of New York, 2013 (the " Securitization Law "), allowing for the retirement of certain outstanding indebtedness of LIPA through the issuance of securitized restructuring bonds (Restructuring Bonds) by the UDSA. UDSA (rated triple-A) provides a lower cost of financing than issuing LIPA bonds. The Restructuring Bonds are to be repaid by an irrevocable, nonbypassable restructuring charge on all LIPA customer bills.

The Securitization Law permitted issuance of UDSA Restructuring Bonds in an amount not to exceed $4.5 billion. LIPA's Board adopted Financing Order No. 1 through Financing Order No. 5 reaching the statutory capacity. Each financing order authorized Restructuring Bonds secured by a separate restructuring charge created pursuant to that financing.

On August 2, 2021, changes to the Securitization Law were authorized to permit the issuance of additional securitized bonds for refinancing LIPA and UDSA bonds and to fund LIPA transmission and distribution system resiliency investments. With these legislative changes, the UDSA may issue an initial par amount of up to $8.0 billion of securitized bonds (inclusive of the bonds already issued). As such, on May 18, 2022, LIPA's Board adopted Financing Order No. 6 through Financing Order No. 9 effective through December 31, 2025, to enable use of the expanded statutory authority. UDSA has issued additional bonds under Financing Order No. 6 through No. 8. The unused Financing Order No. 9 authorization has expired.

A total of $7.4 billion of UDSA Restructuring Bonds have been issued through December 2025. The remaining statutory capacity is approximately $0.6 billion. Since 2013, UDSA Restructuring Bonds have generated total net present value debt service savings of $699 million for LIPA's customers.

UDSA is considered a blended component unit of LIPA as the results of operations are blended with LIPA for financial reporting purposes.

UTILITY DEBT SECURITIZATION AUTHORITY

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2025 Actual	2026 Approved	2026 Projected	2027 Proposed	2028 Projected	2029 Projected	2030 Projected
Revenues	**$ 380,139**	**$ 401,261**	**$ 400,261**	**$ 403,301**	**$ 376,312**	**$ 364,976**	**$ 366,278**
Operating Expenses							
Uncollectible Accounts	$ 1,260	$ 1,988	$ 1,714	**$ 2,108**	$ 1,967	$ 1,908	$ 1,915
General and Administrative Expense							
Ongoing Servicer Fee	$ 2,123	$ 2,123	$ 2,167	**$ 2,020**	$ 2,020	$ 2,020	$ 2,020
Administration Fees	650	600	600	**600**	600	600	600
Bond Administration Fees	403	418	466	**398**	408	418	429
Directors and Officers Insurance	319	343	317	**321**	331	341	351
Accounting, Legal & Misc. Fees	331	211	369	**349**	359	370	381
Total General and Administrative Expense	**$ 3,826**	**$ 3,695**	**$ 3,919**	**$ 3,687**	**$ 3,718**	**$ 3,748**	**$ 3,780**
Amortization of Restructuring Property	**$ 259,626**	**$ 263,819**	**$ 272,260**	**$ 274,222**	**$ 272,229**	**$ 279,373**	**$ 279,591**
Interest Expense	168,240	162,527	157,224	**145,853**	134,542	123,016	111,079
Amortization of Premium	(41,842)	(38,250)	(55,467)	**(50,769)**	(46,772)	(42,583)	(37,911)
Amortization of Deferred Debt Issuance Costs	7,674	1,598	1,080	**925**	792	682	576
Total Interest Expense	**$ 134,072**	**$ 125,875**	**$ 102,837**	**$ 96,009**	**$ 88,562**	**$ 81,115**	**$ 73,744**
Reserve Fund Earnings	**$ 8,230**	**$ 7,239**	**$ 6,094**	**$ 5,513**	**$ 5,513**	**$ 5,513**	**$ 5,513**
Change in Net Position	**$ (10,415)**	**$ 13,123**	**$ 25,626**	**$ 32,786**	**$ 15,350**	**$ 4,345**	**$ 12,760**

CAPITAL STRUCTURE

Long Island Power Authority | 2027-2030 Projected Financial Plan

LIPA expects to fund its capital investments utilizing a combination of grants, short and long-term debt financing, and pay as-you-go funding from revenue (i.e. fixed obligation coverage).

Lease Obligations will grow from $1.0 billion in 2027 to $3.4 billion in 2030. Lease Obligations consist of Purchased Power Agreements (PPAs), property leases, and subscription-based information technology arrangement (SBITA) that reflect the net present value of lease contracts that are considered financing arrangements under Governmental Accounting Standards Board standards. The $2.4 billion increase is due to the expiration and expected renewals of the current PPAs.

Combined debt and lease balances will increase by $3.2 billion, from $10.4 billion at the end of 2027 to $13.6 billion at the end of 2030.

LIPA's Debt to Capital Ratio is projected to decrease from 81.2% in 2027 to 78.2% in 2030.

In accordance with LIPA's Fiscal Sustainability Board policy to decrease its leverage by reducing its debt-to-assets ratio to 70% or less by 2030, the Debt to Asset Ratio is projected to decline from 71.0% in 2027 to 70.0% in 2030.

CAPITAL STRUCTURE

Long Island Power Authority | 2027-2030 Projected Financial Plan

($ in thousands, except ratios and percentages)

Description	2027	2028	2029	2030
Projected LIPA Debt	$ 6,632,497	$ 7,176,255	$ 7,716,532	$ 8,135,343
Projected UDSA Debt	2,761,945	2,535,730	2,296,745	2,053,545
Total Projected Debt	**$ 9,394,442**	**$ 9,711,985**	**$ 10,013,277**	**$ 10,188,888**
Lease Obligations	1,004,032	1,972,049	2,198,199	3,422,602
Total Debt and Lease Obligations	**$ 10,398,474**	**$ 11,684,033**	**$ 12,211,477**	**$ 13,611,490**
Excess of Revenues Over Expenses	**$ 383,134**	**$ 442,949**	**$ 491,205**	**$ 548,818**
Net Position Before Deferred Grants	1,917,415	2,360,363	2,851,568	3,400,386
Deferred Grants (a)	509,996	481,229	450,206	417,561
Net Position	**$ 2,427,411**	**$ 2,841,592**	**$ 3,301,774**	**$ 3,817,947**
Debt to Capital Ratio (b)	**81.2%**	**80.5%**	**78.8%**	**78.2%**
Debt to Asset Ratio (c)	**71.0%**	**71.2%**	**70.0%**	**70.0%**
Debt to Asset Ratio (excl. Lease Obligations) (d)	**68.8%**	**67.2%**	**65.6%**	**63.9%**

Notes: (a) Deferred Grants are a balance of funds received from FEMA for a $730.0 million storm hardening program. (b) Debt to Capital Ratio equals (i) debt and leases dividing by (ii) debt, leases, and Net Position. (c) Debt to Asset Ratio equals (i) debt and leases dividing by (ii) utility plant assets and working capital. (d) Debt to Asset Ratio equals (i) debt dividing by (ii) utility plant assets and working capital.

LIPA'S RELATIONSHIP WITH NEW YORK STATE GOVERNMENT

LIPA is a component unit of New York State. LIPA became the retail supplier of electric service in the Counties of Nassau and Suffolk (with certain limited exceptions) and a portion of Queens County known as the Rockaways (Service Area), on May 28, 1998 by acquiring the transmission and distribution system of the Long Island Lighting Company as a wholly owned subsidiary. LIPA provides electricity through approximately 1.2 million customer meters, serving a population of approximately 3 million people across Long Island and the Rockaway Peninsula in Queens. In order to assist LIPA in providing electric service to its customers, LIPA entered into operating agreements to provide operating personnel and a significant portion of the power supply resources necessary to provide electric service.

Under LIPA's business model, essentially all costs of operating and maintaining LIPA's T&D system incurred by PSEG Long Island are paid for by LIPA.

BUDGET PROCESS

Under the terms of the LIPA Reform Act and the Second Amended and Restated Operations Services Agreement, the LIPA Consolidated Budget and Financial Plan are jointly developed by LIPA and its Service Provider, PSEG Long Island.

The LIPA Consolidated Budget outlines projected spending by major expense and revenue category. The budget reflects the operating and capital costs required to provide electric service in the Service Area.

Budget Development Schedule:

May through October

LIPA and PSEG Long Island develop projections of current year spending and preliminary budget forecasts for the upcoming year and financial plan.

July through August

PSEG Long Island submits an Operating Budget request to LIPA, including base Budget inflation and productivity projections as well as new programmatic funding requests. PSEG Long Island provides LIPA with preliminary Capital project spending projections.

August through October

LIPA conducts a review and analysis of PSEG Long Island budget submission. LIPA provides PSEG Long Island with feedback and budget recommendations. LIPA produces budget schedules for other Operating Expenses, Debt Service, and Investment Income.

October

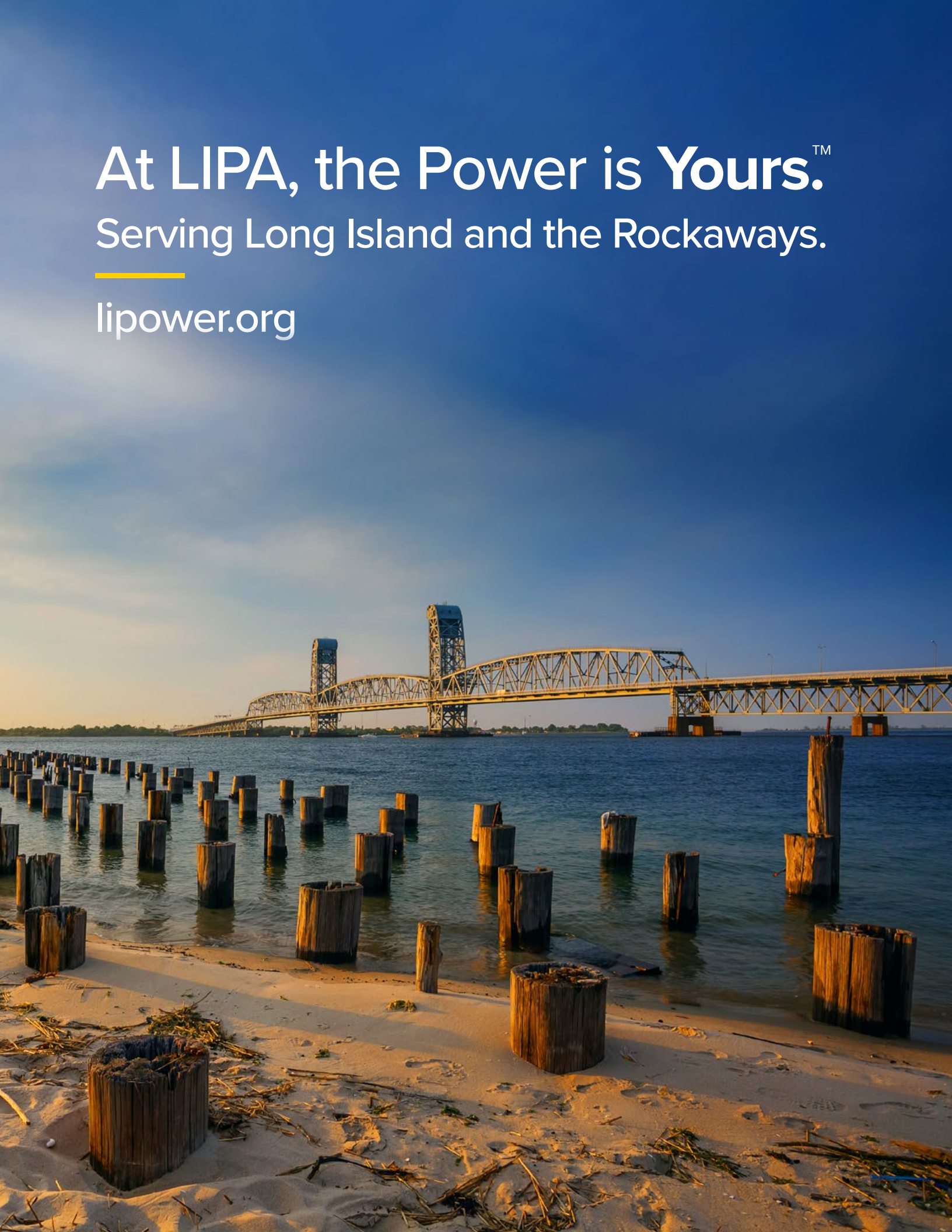
The LIPA Consolidated Budget is reviewed by senior level staff from both LIPA and PSEG Long Island.

November

Public Hearings are held in November to solicit comments from the public. The Board of Trustees is briefed on the budget during regular board meeting. The LIPA Consolidated Budget is approved by LIPA's CEO.

December

The Board of Trustees votes on the adoption of the LIPA Consolidated Budget.


At LIPA, the Power is Yours.™
Serving Long Island and the Rockaways.
lipower.org

NEW YORK STATE | Department of Public Service

KATHY HOCHUL
Governor

RORY M. CHRISTIAN
Chief Executive Officer

November 16, 2026

Via E-mail and U.S. Mail
Honorable Tracey Edwards, Chairwoman
Board of Trustees
Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, New York 11553
boardoftrustees@lipower.org

Re: Matter No. 26-01825: Recommendations Regarding LIPA's Proposed 2027 Final Performance Metrics

Dear Chairwoman Edwards:

I am pleased to provide the recommendations of the New York State Department of Public Service (Department, DPS, or DPS Staff) regarding the Long Island Power Authority's (LIPA's) Final 2027 Performance Metrics proposal (LIPA Final Proposal or Final Metrics Proposal) for PSEG Long Island (PSEG LI or the Company).[1] Pursuant to the requirements of the First Amendment to the Second Amended and Restated Operating Services Agreement (OSA) between LIPA and PSEG LI, LIPA proposed 58 tier 1 metrics and 12 tier 2 metrics covering five scope functions: 1) Transmission and Distribution (T&D); 2) Power Supply & Clean Energy Programs (PS&CE); 3) Business Services (BS); 4) Customer Services (CS); and 5) Information Technology (IT).[2] DPS recommends adoption of 69 metrics as proposed by LIPA without modification and 1 with modification.

Under the terms of the New OSA, LIPA and PSEG LI are required to conduct an annual metrics review process.[3] Initiating this annual process, LIPA sends an initial metrics proposal to PSEG LI for its review and comment. Then, PSEG LI may provide its comments to LIPA and DPS, which LIPA must consider in good faith.[4] After reviewing PSEG LI's comments, LIPA submits a Final Proposal to DPS for its review and recommendation, as well as to PSEG LI for further comment concerning the Final Metrics Proposal. Finally, the Department considers the Final Proposal, along with PSEG LI's comments, and submits its recommendation to the LIPA Board of Trustees (LIPA Board or the Board) for adoption.

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1 LIPA 2027 Proposed PSEG Long Island Performance Metrics (submitted October 7, 2026) (Final Metrics Proposal).
2 First Amendment to The Second Amended and Restated Operations and Services Agreement Between the Long Island Power Authority and PSEG Long Island, LLC, Appendix 4.3(D)(I)(A) (effective January 1, 2026) (OSA).
3 OSA, Appendix 4.3(D)(I)(B).
4 Id.

DPS reviewed LIPA's Final Proposal and recommends adoption of 69 metrics without modification and 1 metric with modification. The attached DPS Staff Memorandum outlines the process undertaken and details the Department's recommendations for adoption of the 70 metrics recommended for approval.

These 70 metrics encompass all five scope functions and ensure that PSEG LI maintains and enhances its performance on behalf of customers. The proposed metrics contain deliverables that further promote building electrification, improve customer experience and call center efficiency, improve reliability, and enhance their IT system resiliency. New metrics seek to utilize modern technology to address existing operational difficulties, further Commercial/Industrial customer participation in available Energy Efficiency & Building Electrification programs and maximize the value of LIPA's clean energy portfolio to customers.

Of the 58 proposed Tier 1 metrics, 15 require perfect, i.e., 100 percent performance to receive any compensation.[5] The rigorous nature of these metrics is important. Many of these metrics mandate PSEG LI provide safe and reliable service, aligning with the Department's and LIPA's mission of ensuring utilities serve their customers on Long Island and in the Rockaways, accordingly. The 2027 Metrics encourage enhanced energy affordability and long-term cost saving strategies thereby benefiting customers. Specifically, enrollment in the Household Assistance Program connects qualifying customers with discounts on their utility bills. Increased enrollment is essential to align with the State's Energy Affordability Program.

While 1 million households statewide are already enrolled in the States' Energy Affordability Program, including customers enrolled in PSEG LI's Household Assistance Program, more households are eligible to enroll for monthly discounts. Depending on household income, PSEG LI's Household Assistance Program can help customers save up to hundreds of dollars per year on utility costs, with discounts set to make a typical utility bill less than six percent of household income.

The 2027 Metrics also include multiple measures that encourage overall efficiency and long-term cost saving strategies, such as lowering the cost of procuring certain goods and services, how PSEG LI budgets for certain programs, tracks productivity, and how PSEG LI can enhance the efficiency of various reoccurring operations. Continuous improvement in these areas ultimately lowers costs for customers.

While efficient operation and continuous improvement are important, Staff raised concerns regarding the appropriateness of tying financial incentives to storm-response cost reductions. There is significant risk involved with incentivizing LIPA's Service Provider to potentially prioritize financial outcomes during emergency response. The unpredictable nature of storms requires utilities to make decisions well before critical information is available and the ultimate impact is measured. Metrics that reward

[5] The 15 metrics requiring 100 percent performance are BS-13, BS-57, CS-11, CS-23, CS-36, CS-40, IT-05, IT-12, T&D-13, T&D-18, T&D-37, T&D-56, T&D-59, T&D-60, and T&D-63.

reductions in storm-response costs may conflict with the objective of restoring service as quickly and safely as possible. Creating financial incentives around emergency response may be counterproductive unless it can be clearly demonstrated that such incentives do not adversely impact emergency response and reliability while also producing meaningful benefits to customers.

The proposed metrics adhere to the performance metric criteria contained in the OSA.[6] These criteria state that metrics must be reasonably achievable and objectively verifiable. Further, the achievement of these metrics should not be based on LIPA's subjective judgment. Finaly, metrics should align with the policies, goals, and strategies outlined by New York State, and by the LIPA Board.

These metrics adequately incentivize and challenge PSEG LI to achieve the level and quality of service expected of utilities in New York State. As such, DPS recommends that the LIPA Board adopt the DPS Recommended Metrics as discussed in the attached DPS Staff Memorandum.

Respectfully Submitted,



Rory M. Christian
Chief Executive Officer

ATTACHMENT

CC: Carrie Meek Gallagher, LIPA Chief Executive Officer
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
Scott Jennings, PSEG LI President and Chief Operating Officer
Hayley Kelch, PSEG LI Vice President
Nicholas Forst, DPS LI Director
Peter Hilerio, DPS LI Counsel

[6] OSA, Appendix 4.3(D)(I)(D).

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE
INTEROFFICE MEMORANDUM

November 16, 2026

TO: Chief Executive Officer Rory Christian

FROM: DPS Staff

SUBJECT: Recommendations Regarding the Long Island Power Authority's Proposal for PSEG Long Island's 2027 Performance Metrics

Introduction

This memorandum is provided to the Chief Executive Officer of the Department of Public Service (DPS or the Department) on behalf of the Department Staff (Staff) team who conducted the review, and herein provide their recommendations regarding LIPA's Final 2027 Performance Metrics proposal (Final Metrics Proposal) for PSEG Long Island (PSEG LI, the Company, or the Utility).[1] Pursuant to the requirements of the current Operations Services Agreement between LIPA and PSEG LI (OSA), LIPA proposed 58 Tier 1 (compensated) and 12 Tier 2 (non-compensated) metrics[2] comprised of the following scope functions: 1) Transmission and Distribution (T&D); 2) Power Supply & Clean Energy Programs (PS&CE); 3) Business Services (BS); 4) Customer Services (CS); and 5) Information Technology (IT).[3]

Under the terms of the OSA, LIPA and PSEG LI are required to conduct an annual metrics review process. As part of this process, LIPA sends an initial metrics proposal to PSEG LI for its review and comment. PSEG LI may provide comments on this initial proposal to LIPA and DPS, which LIPA must consider in good faith.[4] After reviewing PSEG LI's comments, LIPA submits a Final Metrics Proposal to DPS for its review and recommendation. PSEG LI may also provide further comment. Finally, the Department will consider the Final Metrics Proposal, along with PSEG LI's comments, and submit its recommendation to the LIPA Board of Trustees (LIPA Board or Board) for adoption.

Background

Under the terms of the OSA, Appendix 4.3(D)(I)(B)(1) and DPS' statutory responsibilities under Public Service Law §3-b(3)(h), DPS submits its recommendations concerning LIPA's Final Metrics Proposal, i.e., the DPS Recommended Metrics to the LIPA Board. Staff have reviewed LIPA's Final Metrics Proposal, as well as PSEG LI's comments, and recommends the adoption of 69 metrics without modification and 1 metric with modification. Appendix A contains a list of the 69 total metrics Staff recommends for approval. Appendix B lists the 1 metric Staff recommends for modification.

Consistent with the timing of LIPA's budgeting process, LIPA began its 2027 metrics process on July 28, 2026, by submitting a list of proposed metrics to PSEG LI and DPS. From July to October, LIPA and PSEG LI discussed the targets of each metric and exchanged information concerning LIPA's proposed metrics. Throughout the process, PSEG LI provided multiple rounds of edits to LIPA and DPS. Further, DPS monitored the progress of these discussions.

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1 Matter 26-01825, In the Matter of PSEG Long Island 2027 Metrics Review, LIPA 2027 Proposed PSEG Long Island Performance Metrics (submitted October 7, 2026) (LIPA's 2027 Metrics Proposal or Final Metrics Proposal).

2 Non-compensated or Tier 2 metrics have been utilized in past iterations of the Incentive Compensation Metrics to monitor but not compensate performance in certain areas.

3 First Amendment to the Second Amended and Restated Operations Services Agreement Between the LIPA and PSEG LI, Appendix 4.3(D)(I)(B) (effective January 1, 2026), https://www.lipower.org/wp-content/uploads/2025/12/2nd-OSA.pdf (accessed November 4, 2026).

4 Id.

On October 7, 2026, LIPA submitted its Final Metrics Proposal to DPS, reflecting consensus on 56 out of 58 of the proposed Tier 1 metrics and 11 out of 12 of the proposed Tier 2 metrics. PSEG LI also requests that a Tier 2 metric be converted into a compensated Tier 1 metric.

Staff Analysis and Recommendations

Staff have reviewed LIPA's Final Metrics Proposal, as well as PSEG LI's comments, and recommends the adoption of 69 metrics without modification and 1 metric with modification. Staff's recommendations concerning the contested metrics, and our recommendations to modify the T&D-61 metric are below:

CS-17 – Low to Moderate Income (LMI) Program Participation

The Low to Moderate Income (LMI) Program Participation metric incentivizes PSEG LI to increase customer enrollment in its Household Assistance Program (HAP), as part of New York State's Energy Affordability Program (EAP). PSEG LI is eligible to earn incremental compensation for each additional customer enrolled in the LMI program above 51,000 customers.

LIPA proposes a tiered incentive compensation structure that provides incremental payments as cumulative LMI enrollment increases. Under this structure, PSEG LI earns a specified per-customer incentive for each additional customer enrolled within the applicable enrollment tier. The per-customer incentive increases at higher enrollment thresholds, providing progressively greater compensation as overall program enrollment grows.

As such, PSEG LI can earn between $100,000 and $220,000 for achieving enrollment levels between 51,000 and 53,000 customers, with a per-customer incentive of $60 for each additional enrollment above 51,000. For enrollment levels between 53,001 and 55,000 customers, PSEG LI can earn up to $380,000, with a per-customer incentive of $80 per each additional enrollment within this tier. Finally, for enrollment levels between 55,001 and 56,000 customers, PSEG LI is eligible to earn $220 for each additional customer enrolled, up to the maximum available compensation of $600,000 upon reaching 56,000 enrollments. The tiered inventive structure is designed to encourage significantly increased LMI enrollment by providing progressively higher compensation as cumulative enrollment grows, while also allowing PSEG LI to earn partial compensation based on actual enrollment achieved.

In contrast, PSEG LI proposed an alternative incentive structure that provides $150,000, or 25 percent of the total compensation available, upon reaching 51,000 enrollments. Under this approach, PSEG LI would earn an additional $90 for each enrollee above 51,000, up to the maximum available compensation of $600,000 upon reaching 56,000 or more enrollees. PSEG LI argues that adopting LIPA's approach would result in an 80 percent growth in enrollment from 51,000 to 55,000, while limiting the associated

compensation to approximately 17 to 63 percent of the total incentive compensation available. PSEG LI argues that each additional enrollee should be valued equally.

Staff asserts that LIPA's tiered approach, with escalating per-customer incentives, establishes rigorous but reasonably attainable targets, encourages meaningful customer enrollment, and closely aligns with New York State's goal of increasing participation in utility EAP programs. By providing higher per-customer incentives at the greatest enrolment levels, the structure encourages PSEG LI to maximize customer enrollment.

The enrollment targets established under the tiered structure are reasonably attainable as LMI enrollments increased nearly 13 percent over nine months, from 42,543 at the end of December 2025 to 48,282 through September 2026, with the potential for further growth during the remaining three months of the year.[5] Moreover, based on the targets established for PSEG LI's 2026 metrics, PSEG LI exceeded the target for 100 percent compensation at the end of June, only halfway through the year.[6]

Additionally, approximately 1,427 HAP applications were received by PSEG LI over a four-week period in September and October as a result of the Department-led Statewide Energy Affordability Program enrollment drive.[7] PSEG LI also continues to add consumer advocates to enhance and expand outreach for the purpose of addressing LMI enrollment.[8] The Department's continued efforts will support the utilities' initiatives to enroll customers.

PSEG LI, along with the State's other utilities, are in the process of establishing an Application Programming Interface (API) with the New York State Office of Temporary and Disability Assistance (OTDA) for the purposes of automating the identification of affordability program participants.[9, 10] The purpose of this initiative is to automate the matching of utility customer records with individuals receiving benefits through programs such as Home Energy Assistance Program (HEAP), Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), and Temporary Assistance for Needy Families (TANF). This process is intended to confirm customer eligibility, facilitate enrollment, and connect customers with utility discounts designed to ensure that a typical utility bill represents less than six percent of household income. The file-matching system is anticipated to be fully operational in early 2027.

While PSEG LI argues that completion of the OTDA file-matching process is outside its control, the company is actively participating in the initiative and will have an additional tool available to identify eligible customers and facilitate enrollment in 2027. The

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5 See, Case 14-M-0565 Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers, PSEG LI December 2025 EAP Report (filed January 14, 2026) and PSEG LI September 2026 EAP Report (filed October 15, 2026).

6 Id., PSEG LI June 2026 EAP Report (filed July 15, 2026).

7 Case 26-M-0316, 2026 – 2027 Winter Readiness Report, Winter Preparedness 2026 – Informational Item (filed October 20, 2026), p. 20.

8 Final Metrics Proposal, p. 153.

9 Id.

10 Ch. 78 of the Laws of 2024.

implementation of the file-matching system should be viewed as an additional opportunity for PSEG LI to expand enrollment and further its efforts to reach eligible customers.

Although PSEG LI maintains that each customer enrolled in HAP exceeding 51,000 should be valued equally, Staff asserts that the proposed escalating tiered compensation structure proposed by LIPA more accurately reflects the varying levels of efforts and degree of difficulty associated with achieving each successful enrolment target. Increased enrollment is critically important to connect customers with available benefits and aligns with the Department's continuing commitment to the EAP. Accordingly, Staff recommends that metric CS-17 be adopted as proposed by LIPA.

Tier-2 CS-A – Regulatory Complaints

The Tier 2 Regulatory Complaints metric tracks customer complaints filed against PSEG LI, as recorded by DPS.[11] As proposed by LIPA, this Tier 2 metric will measure regulatory complaints, but will not earn incentive compensation.[12] PSEG LI recommends reinstating the Regulatory Complaints metric as a Tier 1 metric, because it provides an objective, peer-based based measure and incentivize actions that improve customer satisfaction.[13]

Prior to the 2027 Final Metric Proposal, the Tier 2 Regulatory Complaints metric was included as a Tier 1 metric, CS-19 DPS Complaint Rate. CS-19 compensated PSEG LI for maintaining low levels of customer complaints. Specifically, CS-19 measured the number of initial complaints, per 100,000 customers, filed in the Quick Resolution System (QRS), as maintained by DPS. The initial complaint rate is also measured for a peer group of all electric and combination electric and gas companies in New York State. The established target for CS-19 incentivized PSEG LI to finish in the top position with the lowest Complaint Rate amongst the group.

PSEG LI proposes to restore CS-19 to Tier 1, as previously defined, to compensate PSEG LI's performance in 2027. PSEG LI claims that maintaining the first-place target ensures that a standard remains in place to compare PSEG LI's performance against other utilities in the state and continues to focus PSEG LI on reducing customer complaints. PSEG LI also claims that Customer Complaint Rate has been utilized as a standard across New York State.[14]

Staff disagrees with PSEG LI and recommends that this metric remain at Tier 2. Further, Staff does not agree with PSEG LI's claim that Customer Complaint Rate has been utilized to incentive performance at utilities across the state. Whereas QRS has been used under CS-19 DPS Complaint Rate to measure PSEG LI's performance as compared to the peer group, the Public Service Commission utilizes escalated complaints tracked in the Standard Resolution System to measure utility performance in which the utility was unsuccessful in resolving initial QRS complaints.

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11 Final Metrics Proposal, p. 45.
12 Final Metrics Proposal, p. 152.
13 Matter 26-01825, supra, 2027 Proposed Performance Metrics PSEG Long Island Comments – CS-19, p. 1.
14 Id., 2027 Proposed Performance Metrics PSEG Long Island Comments, p. 2.

Concerning PSEG LI's performance for the CS-19 metric, PSEG LI is on pace to finish first, again in 2026, in Complaint Rate among the peer group for the fifth consecutive year.[15] Staff strongly believes that incentive compensation is intended to benefit customers by driving improvement in performance. PSEG LI's well demonstrated performance in meeting the target for CS-19, and its sustained first place ranking amongst its peers demonstrates consistently low initial complaints. Given this well-established performance, Staff does not agree with PSEG LI's argument to reinstate Regulatory Complaints as a Tier 1 metric. Doing so, offers limited potential for further performance improvements or additional customer benefits. Therefore, Staff recommends maintaining the Regulatory Complaints as a Tier 2 metric proposed by LIPA.

T&D-61 – Improve Storm Response

LIPA proposes a new T&D-61 Improve Storm Response metric that measures the cost efficiency of PSEG LI's response to applicable storms with customer outage durations under 72 hours. The metric includes four cost measures: (1) cost per customer interrupted, (2) cost per incident, and (3) and (4) cost per storm with and without foreign crews, respectively. These four measures are individually compared against an inflation-adjusted three-year historical average. A total of $600,000 of compensation is allocated to this metric.[16]

While LIPA and PSEG LI agree on the structure of T&D-61, generally, they disagree on how "OK on Arrival" (OOA) jobs are measured in the metric. An OOA job is one where a crew is dispatched to investigate and remediate a customer outage report and finds full power at the meter and no damage or outage conditions on LIPA-owned facilities. LIPA proposes to include the costs of responding to OOA jobs in its calculation of the cost measures, while excluding the OOA jobs from associated job and incident counts. PSEG LI objects to this proposed methodology, asserting that OOA jobs should be treated consistently across both cost and count calculations.[17]

LIPA argues that OOA jobs are truck rolls where no LIPA-system outage requiring restoration is identified, and including the OOA in the job and incident count calculation would inflate the measured outage workload without a corresponding restoration outcome that could artificially reduce the reported cost per incident.[18] LIPA also argues that the volume of OOA jobs is dependent on several internal and external factors such as staffing availability, dispatch practices and customer calls.

During a storm, PSEG LI may dispatch crews to address outages which ultimately turn out to be an OOA job when additional storm staffing is available and may defer them during greater restoration demand, such as following major storm events or other

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15 Matter 19-00950, Consumer Complaint Statistics, Monthly Report on Consumer Complaint Activity – September 2026 (issued October 27, 2026), p. 7.

16 Final Metrics Proposal, p. 155.

17 Matter 26-01825, supra, 2027 Proposed Performance Metrics PSEG Long Island Comments – TD-61.

18 Final Metrics Proposal, p. 157.

widespread outages when available resources must be prioritized towards restoring outages affecting higher number of customers or remediating critical system damage.

LIPA argues that including OOA jobs are an unsuitable measure of PSEG LI's actual storm outage workload based on the reasons stated above. LIPA maintains that excluding OOA from the calculation does not restrict PSEG LI's ability to appropriately respond to customer concerns related to outage reports or safety issues. Further, LIPA argues that PSEG LI remains responsible for assessing whether dispatching crews for these outages is warranted and that PSEG LI is responsible for classifying completed jobs accurately.

PSEG LI argues that OOA jobs are legitimate field responses that require PSEG LI to dispatch crews and allocate staffing resources during a storm, whether or not an active outage is found on arrival.[19] PSEG LI argues that excluding the OOA jobs from the calculation undercounts PSEG LI's actual work during its storm response, and creates an inconsistent basis for evaluating storm performance and further incentivizing efficiency by using a cost-per-incident metric. PSEG LI argues that OOA jobs and their associated costs are included in the historical baseline, and excluding OOA jobs from the 2027 measurement would result in an inconsistent comparison.

The baseline calculation for the targets is based on the average of PSEG LI's storm costs between the start of 2023 to the end of 2025, and targets are measured using based on the four cost-based components. Incentives payments would be awarded based on the level of improvement achieved relative to the baseline. PSEG LI correctly identifies that OOA jobs and their associated costs are included in the historical baseline. LIPA's proposal would exclude OOA jobs from the prospective incident count while continuing to include the costs of responding to them for calculation of 2027 results. Doing so would create an inconsistent method of evaluating results.

Staff agrees with LIPA that including OOA jobs could inflate the measured outage workload without a corresponding restoration outcome, and thus could artificially reduce the reported cost per incident. While this concern may be valid, Staff does not support evaluating performance using a methodology that differs from the methodology used to establish the baseline. Consistency between the baseline and the measurement period is necessary to ensure that any observed changes in performance reflect actual operational differences rather than changes in calculation methods.

LIPA also argues that PSEG LI uses OOA counts when calculating whether PSEG LI meets its storm threshold, i.e., whether a storm is severe enough based on job counts or the total number of customers out to implicate certain storm response related contractual protocols and accounting practices. LIPA argues that qualifying counts should be determined consistently by the nature of the work rather than by whether inclusion of OOA allows an event to meet the storm threshold.

[19] Matter 26-01825, supra, 2027 Proposed Performance Metrics PSEG Long Island Comments - TD-61, p.4.

Inclusion of OOA jobs in calculating whether PSEG LI has met the storm threshold does not support LIPA's argument.[20] The outage job threshold for a Storm Event, as defined in the Operating Services Agreement (OSA), was 150 outage restoration jobs logged within a 24-hour period attributable to a storm through 2025.[21] Beginning in 2026, this threshold was revised to 175 outage jobs within a 24-hour period.[22] Of the 47 storm events from 2023 through 2026 year-to-date, 46 met the applicable job threshold even after excluding OOA jobs. The single storm event that did not meet the job threshold independently met the customer interruption threshold with 18,241 customers affected.[23] Thus all 47 events met the contractual thresholds, regardless of the inclusion of OOA jobs.

Data from 2023 through year-to-date 2026 indicates that OOA jobs represented an average of 4.6 percent of total storm jobs.[24] The proportion peaked at 10.5 percent during 2023. Since 2024, OOA jobs have averaged approximately 3.6 percent of total storm jobs. While this percentage is relatively small, it remains significant when compared with LIPA's proposed target, which seeks a five percent improvement to receive the full incentive payment.

For these reasons, Staff recommends that OOA jobs be treated consistently in both the baseline and performance calculations. Specifically, Staff recommends removing both the costs and the incident counts associated with OOA jobs from the three-year average baseline and from the measurement of 2027 results. This approach addresses LIPA's concern that OOA jobs may inflate measured outage workload while also addressing PSEG LI's concern that results should be evaluated on the same basis as the baseline.

Staff also has broader concerns regarding the appropriateness of tying financial incentives to storm-response cost reduction. Effective storm restoration often requires decisions regarding crew mobilization, pre-staging of resources, mutual assistance requests, and the investigation and resolution of customer-reported outage conditions. These actions impact the overall cost of storm-response but are directly tied to responding to emergencies, the timely restoration and repair of the system, and most importantly addressing customer needs. Metrics that incentivize reductions in storm-response costs may conflict with the objective of restoring service as quickly and safely as possible. Decisions concerning storm-response activities frequently must be made before critical information is known and often depend on factors outside of PSEG LI's control, including the ultimate severity and trajectory of a storm. Staff is concerned that financial incentives tied to storm costs could encourage overly cautious resource deployment or otherwise distort operational decision-making during storm events.

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20 Response to IR DPS-26048.

21 Second Amended and Restated Operations Services Agreement, Appendix 5.3(B), https://www.lipower.org/wp-content/uploads/2021/12/2nd-AR-OSA-Dec-15-2021-execution-version.pdf (accessed November 4, 2026), p. 1.

22 First Amendment to the Second Amended and Restated OSA, https://www.lipower.org/wp-content/uploads/2025/12/2nd-OSA.pdf (accessed November 4, 2026), p. 20.

23 The threshold for customers interrupted to qualify an event as a Storm Event was 15,400 customers through 2025 and was updated to 17,500 customers beginning in 2026.

24 Response to IR DPS-26048.

The Moreland Commission's Interim Report identified a related concern with relying on financial incentives alone. The Moreland Commission observed that emergency preparedness is often not viewed as contributing to short-term profitability, so that key components of preparedness may be deprioritized.[25] It further stated that the Public Service Commission has historically relied on an investor-owned utility's return on equity to reflect incentives and disincentives. That approach works reasonably well where regulation replicates competitive outcomes, but it may not be effective by itself in areas with a potential for catastrophic failure, such as storm response.[26] As stated in the report, "utilities must have the ability, capacity, and will to act quickly and effectively."[27] The same concern applies here, creating financial incentives around emergency response may be counterproductive and may not be the most apt tool to ensure optimal storm preparedness and restoration performance. As discussed as far back as 2012 and as reiterated in the Department's recommendations concerning PSEG LI's ERP, appropriate preparation, coordination, communication, and restoration should drive utility and thus PSEG LI's emergency response practices.[28] Staff supports continued measurement and review of storm costs, however, Staff draws a distinction between measuring and reviewing those costs and incentivizing its Service Provider to potentially prioritize financial outcomes during emergency response.

To implement Staff's recommendations, LIPA and PSEG LI should jointly identify the OOA jobs and associated costs for each storm event measured in the baseline and recalculate the four baseline measures with those jobs excluded, and document an agreed upon baseline and apply the identical method to 2027 results to monitor and measure results. Thus, Staff recommends that the T&D-61 Metric be designated a Tier 2 metric for 2027. As a Tier 2 metric, PSEG LI's performance can be tracked and reported based upon the revised basis, as explained above. As such, PSEG LI's performance would not be financially incentivized. Further, once the agreed upon baseline and calculation have been established, and 2027 results are known, LIPA and PSEG LI can consider whether PSEG LI's performance in 2027 merits promoting this metric to a Tier 1 metric in 2028. Since Staff recommends that T&D-61 be designated a Tier-2 metric which is not compensated, Staff recommends that the LIPA Board direct LIPA to reallocate the associated $600,000 of compensation among the remaining T&D metrics as appropriate, or on a pro rata basis if no alternative allocation is identified.

Conclusion

The proposed 2027 metrics package reflects targets that aim to increase operational efficiency, customer satisfaction, system reliability, and further progress towards the State's clean energy goals. As these targets are incentive based, each goal reflects an expectation of exceptional performance from PSEG LI. Unlike many Investor-Owned Utility (IOU) metrics which contain punitive measures if the target is not met, PSEG LI's performance metrics incentivize improved or top-level performance by providing

[25] Moreland Commission Interim Report on Utility Storm Preparation and Response, p. 38.
[26] Id.
[27] Id., p. 40
[28] Matter 25-02448, PSEG LI 2026 ERP, DPS Recommendation Letter (issued March 23, 2026), p. 4.

compensation for the attainment of the metric targets. Quantitative targets that are comparable to IOU performance are often set at top quartile/decile performance among industry peers. As such, if PSEG LI does not achieve certain metric targets, it is often but not always recognized as an opportunity for improvement as opposed to an area of poor performance.

Based upon its review, Staff recommends that 69 metrics be adopted without modification and 1 metric be adopted with modification. Appendix A contains a list of the 69 metrics recommended for adoption as proposed. Appendix B contains a list of the 1 metric recommended for adoption with modification. DPS Staff's recommendations contained herein should be considered the DPS Recommended Metrics under the terms of the OSA.

Appendix A

Metrics Recommended for Adoption without Modification

Metric #	Metric Title
T&D-06	Primary Transmission Control Center (PTCC) Replacement
T&D-07	System Average Interruption Duration Index (SAIDI) Reliability
T&D-08	System Average Interruption Frequency Index (SAIFI) Reliability
T&D-09	Momentary Average Interruption Frequency Index (MAIFI) Reliability
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)
T&D-13	Safety – Serious Injury Incident Rate (SIIR)
T&D-14	Safety – OSHA Recordable Incidence Rate
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate
T&D-18	Improve Reliability Through Work Management Enhancements - Workforce Management Plans
T&D-24	Improve Reliability Through Vegetation Management Work Plan
T&D-37	Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan
T&D-40	Reduce Double Wood Poles
T&D-50	Storm Outage Response Performance
T&D-54	Storm Crewing Efficiency and Prudency
T&D-56	Inspection Optimization
T&D-57	Improve Underground (UG) Reliability Performance
T&D-59	Next Gen Distribution Control Room Migration
T&D-60	Asset Mapping
T&D-63	Drone Program Deployment
T&D-65	Advanced Analytics, Innovation, and Grid Technology
Tier 2 T&D-A	Customer Average Interruption Duration Index (CAIDI)
Tier 2 T&D-B	Safety – OSHA Days Away Rate
Tier 2 T&D-C	Reduce Occurrences of Long Duration Customer Outages
Tier 2 T&D-D	Storm Ratio Analysis
CS-02	J.D. Power – Residential
CS-03	J.D. Power – Business
CS-11	Contact Center Service Level with Live Agent Calls
CS-13	First Call Resolution (FCR)
CS-17	Low to Moderate Income (LMI) Program Participation
CS-23	Deferred Payment Agreement (DPA) Improvement
CS-36	E-Bill Enrollment
CS-40	Outage Information Satisfaction & Cause Code
Tier 2 CS-A	Regulatory Complaints
Tier 2 CS-C[29]	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)
Tier 2 CS-D	Customer Average Handle Time (AHT)
Tier 2-CS-E	Net Dollars Written Off

[29] Tier 2 CS-B was created and removed before the final draft submission.

Appendix A

Metrics Recommended for Adoption without Modification (Cont.)

Metric #	Metric Title
Tier 2-CE-F	Collection Effectiveness Index (CEI)
PS&CE-05	Beneficial Electrification – Building Electrification
PS&CE-06	Electric Vehicle (EV) Make-Ready
PS&CE-18	Solar Interconnection
PS&CE-19	Building Weatherization
PS&CE-20	Demand Response
PS&CE-22	Commercial & Industrial Engagement
PS&CE-23	Money Out The Door (MOTD)
Tier 2 PS&CE-A	Event Performance Factor
Tier 2 PS&CE-B	Background Virtual Power Plant (VPP) Program Performance
Tier 2 PS&CE-C	Program Performance Data Sharing
IT-03	System Resiliency – Business Continuity Plans and Exercises
IT-04	System and Software Lifecycle Management
IT-05	Project Performance – In-flight Projects
IT-06	New 2027 Projects
IT-09	IT Planning – Ransomware Readiness and Response
IT-10	System Resiliency – Disaster Recovery Plans and Testing
IT-11	System Cost Effectiveness
IT-12	System Reliability
IT-13	IT Service Management
IT-14	Data, Application, and Report DL Access Requests
BS-13	Information Request (IR) Responses
BS-42	Develop Annual Work Based Budget for select Transmission & Distribution category for LIPA's review and approval
BS-45	Develop Methods and Standards for Tracking Productivity Gains and Sharing CapEx and OpEx savings
BS-50	Time to Start
BS-51	HR Cost Efficiency
BS-54	Competitive Transactions
BS-55	Procurement Savings
BS-56	Update Miscellaneous Service Charges in Tariff
BS-57	Controls for Non-Inventory Spares
BS-58	Communications Coordination and Media Relations
BS-59	Facilities Management Walt Whitman Property

Appendix B

Metrics Recommended for Adoption with Modification

Metric #	Metric Title
T&D-61	Improve Storm Response

Carrie Meek Gallagher
Chief Executive Officer

October 7, 2026

Mr. Rory M. Christian
Chief Executive Officer
New York Department of Public Service
125 East Bethpage Road
Plainview, NY 11803

Dear CEO Christian:

Enclosed is LIPA's proposed set of performance metrics for PSEG Long Island for 2027. We submit these metrics for your review and recommendation to the LIPA Board of Trustees.

Significant progress has been made through this year's process, and LIPA appreciates the extensive collaboration among our teams and PSEG Long Island. That work has strengthened the overall metrics package and advanced our shared objective of driving continuous improvement in reliability, affordability, customer service, and operational performance.

At the same time, there are two metrics relating to important areas where continued collaboration has not resulted in a consensus position. These include appropriate accountability for storm-related costs (TD-61) and meaningful incentives to increase enrollment of eligible customers in low- and moderate-income programs (CS-17).

LIPA's perspective on these issues is grounded in a straightforward principle: the performance metrics program should put customers first and create clear accountability for outcomes that directly affect their experience and their bills. Where additional improvement is reasonably achievable, we believe the metrics should provide meaningful incentives for the service provider to achieve it while maintaining fair and measurable standards of performance.

We value the Department's partnership and perspective as we work to finalize the 2027 metrics package. We appreciate your review and look forward to continuing the dialogue with you and your staff.

Sincerely,



Carrie Meek Gallagher
Chief Executive Officer
Long Island Power Authority

Enclosure

2027 Proposed PSEG Long Island Performance Metrics



TABLE OF CONTENTS

2027 Proposed Performance Metrics	
BS-13	Information Request (IR) Responses
BS-42	Develop Annual Zero Based Budget (ZBB) for T&D Cost Categories
BS-45	Develop Methods and Standards for Tracking Productivity Gains
BS-50	Time to Start
BS-51	HR Cost Efficiency
BS-54	Competitive Transactions
BS-55	Procurement Savings
BS-56	Update Miscellaneous Service Charges in Tariff
BS-57	Controls for Non-Inventory Spares
BS-58	Communications Coordination and Media Relations
BS-59	Facilities Management – Walt Whitman Property
CS-02	J.D. Power - Residential
CS-03	J.D. Power – Business
CS-11	Contact Center Service Level with Live Agent Calls
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IT-03	System Resiliency – Business Continuity Plans and Exercises
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PS&CE-06	Electric Vehicle (EV) Make-Ready
PS&CE-18	Solar Interconnection

PS&CE-19	Building Weatherization
PS&CE-20	Demand Response
PS&CE-22	Commercial & Industrial Engagement
PS&CE-23	Money Out The Door (MOTD)
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Tier 2-PS&CE-B	Background Virtual Power Plant (VPP) Program Performance
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T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)
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T&D-14	Safety – OSHA Recordable Incidence Rate
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate
T&D-18	Improve Reliability Through Work Management Enhancements
T&D-24	Improve Reliability Through Vegetation Management Work Plan
T&D-37	Improve Reliability and Resiliency Through Completion of Program Planned Units
T&D-40	Reduce Double Wood Poles
T&D-50	Storm Outage Response Performance
T&D-54	Storm Crewing Efficiency and Prudency
T&D-56	Inspection Optimization
T&D-57	Improve Underground (UG) Reliability Performance
T&D-59	Next Gen Distribution Control Room Migration
T&D-60	Asset Mapping
T&D-61	Improve Storm Response
T&D-63	Drone Program Deployment
T&D-65	Advanced Analytics, Innovation, and Grid Technology
Tier 2-T&D-A	Customer Average Interruption Duration Index (CAIDI)
Tier 2-T&D-B	Safety – OSHA Days Away Rate
Tier 2-T&D-C	Reduce Occurrences of Long Duration Customer Outages
Tier 2-T&D-D	Storm Ratio Analysis

Business Scope	# of Metrics	Allocated Comp (2021 Dollars)
Business Services	11	$3,000,000
Customer Experience	8	$4,000,000
Information Technology	10	$3,000,000
Power Supply & Clean Energy	7	$2,000,000
Transmission & Distribution	22	$8,000,000
Total	58	$20,000,000

Section 1: 2027 Performance Metrics in Agreement

2027 Performance Metrics

BS-13: Information Request (IR) Responses

Board Policy: N/A	**Board PIPs**: N/A
LIPA Exec. Sponsor: Bobbi O'Connor	**LIPA Proj. Mgr**: Lisa Zafonte
PSEGLI Exec. Sponsor: Andrea Elder-Howell	**PSEGLI Proj. Mgr**: Michael Ennis
PSEGLI Director: Kara Krueger	**DPS Contact**: Nicholas Forst
Allocated Compensation (2021 Dollars): $500,000	

Historical Context YE Results (Quantitative Metrics Only)								
2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
90%	95.1%	94%	100%	94%	100%	94%	100%	94%

OBJECTIVE

To respond to information and document requests from LIPA (such information and document requests referred to in this metric as "IRs") from a broad range of areas, including internal audit, for data, records, and information that PSEG Long Island generates or maintains in connection with providing operations services under the First Amendment of the Second A&R OSA, within 10 days of such requests, except where LIPA agrees to exceptions to such response time as described in Targets and Calculations.

TARGETS AND CALCULATIONS

Respond to a minimum of 94% of LIPA IRs with responses that are timely (as defined below) and are reasonably acceptable to LIPA in terms of substance.

IRs fall into the following two categories:

• IRs for documents LIPA believes already exist in some format (e.g., electronic, paper) in PSEG Long Island's records and do not require the generation of new content ("Existing Documents"); and

• IRs for documents that require PSEG Long Island to generate information, in a format that does not currently exist ("Created Documents").

For the avoidance of doubt, requests that PSEG Long Island retrieve documents from IT platforms maintained by PSEG Long Island do not constitute IRs for "Created Documents." In addition, collection of documents from multiple sources does not constitute the generation of "Created Documents." Documents electronically maintained by PSEG Long Island for LIPA under the Second A&R OSA, whether such documents exist and are maintained today or at any time during the remainder of the contract, are "Existing Documents" for purposes of this metric, regardless of whether they are housed on an IT platform dedicated to LIPA documents or on a platform integrated with non-LIPA documents.

BS-13: Information Request (IR) Responses

Targets:

IRs for Existing Documents will be subject to the 10/11-day rule mentioned below, subject to LIPA's discretion to grant extensions on a case-by-case basis.

IRs for Created Documents will be subject to the 10/11-day rule plus an additional 15 days upon 3 days' notice to LIPA with a reasonable explanation of why the document is a Created Document as opposed to an Existing Document. The three days' notice shall be provided prior to the IR's due date calculated under the 10/11-day rule. For Created Documents, additional extensions of time to respond beyond the automatic 15-day extension will be considered on a case-by-case basis consistent with the terms of the metric.

If PSEG Long Island requires additional time to respond to an IR for an Existing Document, a request for an extension of time must be made within 7 days of PSEG Long Island's initial receipt of the IR.

If PSEG Long Island requires additional time to respond to an IR for a Created Document (beyond the additional 15 days permitted above upon notice to LIPA), a request for an additional extension of time must be made within 14 days of the IR with a proposed new due date and a reasonable explanation of why the extension is necessary.

Calculations:

All calculations of "days" are based on calendar days.

For IRs issued by 2:00 PM, a response to such request is expected within 10 days, and for IRs issued after 2:00 PM, a response to such request is expected within 11 days (with the number of days adjusted for Created Documents above).

If a deadline falls on a Saturday, Sunday or holiday, it automatically becomes due on the next business day.

Should an IR need clarification, PSEG Long Island will notify LIPA within 2 days of receiving the IR. Once clarification is received from LIPA, the 10/11 day clock will re-start for the submission of the IR by the required due date. For example, if PSEG Long Island receives an IR on Monday that it reasonably believes requires clarification, it will request such clarification by Wednesday of that week. Calculation of the due date for the IR will begin once PSEG Long Island receives clarification from LIPA. So, if clarification is requested on Wednesday and LIPA provides clarification on Thursday, the clock begins on Thursday.

EXCLUSIONS

Where LIPA has agreed to an exclusion to the above or to a longer time frame, the exclusion or extended time frame will apply.

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island will report monthly to LIPA on the percent of Information Requests substantively responded to within the specified time frame, as tracked through LIPA's SmartSheet system.	Monthly

2027 Performance Metrics

BS-42: Develop Annual Zero Based Budget (ZBB) for select Transmission & Distribution category for LIPA's review and approval

Board Policy: Customer Value & Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Thomas Kelly
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Bhumika Dhirani
PSEGLI Director: Martin Shames	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $450,000	

OBJECTIVE

To ensure the appropriate scope of work is assigned to Transmission and Distribution (T&D) work categories, and there is a comprehensive and auditable justification of the cost basis.

TARGETS AND CALCULATIONS

1. Identify and expand upon the T&D work-based approach to all work categories defined by units in Preventive Maintenance. For Corrective Maintenance and Electric Service Response, utilize a detailed three-year history of work volumes, costs, and relevant drivers to develop a planned budget. **Earn 25%**

2. Productionalize and enhance findings and results from the 2026 pilot program. New work-based categories should include clear cost drivers, supporting documentation for major line items, and justification of any major year-over-year changes. **Earn 45%**

3. Prepare the 2028 T&D budget to reflect continuous improvement efforts, demonstrating efficiency gains and cost avoidance compared to 2026 where achievable, with transparent documentation of cost drivers within overall portfolio budgetary and work management constraints. **Earn 30%**

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.
PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

BS-42: Develop Annual Zero Based Budget (ZBB) for select Transmission & Distribution category for LIPA's review and approval

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Develop a scope document that outlines the approach for piloting work-based budgeting in selected T&D work categories, including roles, responsibilities, and process steps.	2027-05-31
PSEG Long Island to provide a proposed schedule to pilot work-based reviews in the most applicable T&D work categories for LIPA review and feedback.	2027-06-15
PSEG Long Island to provide the draft budget cash flow needed to implement a work-based approach for applicable PM categories	2027-08-15
An evaluation of insights gained from the pilot, along with recommendations for potential refinement or broader application in subsequent budget years.	2027-12-31

2027 Performance Metrics

BS-45: Develop Methods and Standards for Tracking Productivity Gains and Sharing CapEx and OpEx Savings

Board Policy: Customer Value & Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Thomas Kelly
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Bhumika Dhirani
PSEGLI Director: Martin Shames	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $250,000	

OBJECTIVE

To ensure savings opportunities sought from major specific types of capital projects or operational projects are achieved (productivity gains or operational efficiencies resulting in savings) as anticipated, and address the findings of the management audit section XVI-2.

TARGETS AND CALCULATIONS

1. Update Smartsheet/Excel to track anticipated gains and productivity for projects selected in 2026 that will achieve productivity gains or operational efficiencies resulting in savings in the Project Justification Document (PJD) and will be added to Smartsheet tracker developed during 2025 and 2026. **Earn 30% of the allocated incentive compensation.**

2. Select a minimum of two projects based on Total Project Costs in-service by 2026 or before, ~~–~~that mention productivity gains or operational efficiencies resulting in savings on PJD and add to the tracker to monitor savings or productivity gains on a forward-looking basis. Explain hard savings variances of +/- 25%. **Earn 35% of the allocated incentive compensation.**

3. Provide a semiannual report to LIPA to demonstrate savings or productivity gains as tracked in Smartsheet/Excel of 2025 projects identified in 2026 Metric, as well as providing the same reporting for 2026 projects beginning with Q2 data. **Earn 35% of the allocated incentive compensation.**

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long

BS-45: Develop Methods and Standards for Tracking Productivity Gains and Sharing CapEx and OpEx Savings

Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Update process where new capital projects that claim to achieve productivity gains or operational efficiencies resulting in savings in the Project Justification Document (PJD) will be added to the Smartsheet tracker.	2027-05-31
Select a minimum of 2 additional T&D and IT Capital Projects based on Total Project Costs in-service that mention productivity gains or operational efficiencies resulting in savings on PJD and add to the tracker to monitor savings or productivity gains on a forward-looking basis. Explain hard savings variances of +/- 25%.	2027-06-15
Provide the H1 report to LIPA	2027-07-31
Provide the H2 report to LIPA	2028-01-22

2027 Performance Metrics

BS-50: Time to Start

Board Policy: Customer Value and Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Gary Martens
PSEGLI Exec. Sponsor: Jodi Varon	**PSEGLI Proj. Mgr**: Beverly Esposito
PSEGLI Director: Jodi Varon	**DPS Contact**: Jami Nafiul, Seth Johnson, Monique Clarke-Kerr
Allocated Compensation (2021 Dollars): $200,000	

OBJECTIVE

To measure the efficiency of the recruitment and onboarding process and reduce a candidate's Time to Start in position, thereby increasing effectiveness and productivity.

TARGETS AND CALCULATIONS

Time to Start measures the average number of calendar days from the date a job requisition is created in the system to the date a new hire begins work except that for purposes of 2027:

- Candidates who are Senior Managers under the OSA that require LIPA approval will be measured from date a job requisition is created in the system to the date the Senior Manager begins work, minus the number of days between a qualified candidate is presented to LIPA for interview and the day LIPA provides a response to PSEG Long Island's request for approval.
- Candidates who receive offers with future start dates contingent upon graduation (i.e., interns and entry-level engineers contingent upon graduation, military personnel transitioning to civilian employment, candidates honoring prior employment commitments, candidates placed in the next available training class, employees transferring from another business unit with predetermined start dates) will be measured from the date a job requisition is created in the system to the date an offer is accepted by the candidate.
- Candidates for Apprentice Lineperson, Relief Emergency Service, Associate/Electric System Operator, District Operator will be measured from the date a job requisition is created in the system to the date a new hire begins work, but excluding the period of time associated with testing.

2027 Targets:

- 100% of allocated compensation for 3% reduction from the 2026 YE target.
- 50% of allocated compensation if above not achieved for sustaining 2026 YE target plus ≥7% reduction from August 2026 YTD Average in Information Technology (including Cyber Security).

Inclusive of all requisitions closed in 2027 (MAST, Union, Temporary, Full-time)

EXCLUSIONS

Excluding situations or business conditions that arise that LIPA determines or agrees are out of the Service Provider's control.

2027 Performance Metrics

BS-50: Time to Start

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Quarterly Scorecard Reporting Requirement for Time to Start (Elapsed) 2) Any additional supporting documentation as required	Quarterly

2027 Performance Metrics

BS-51: HR Cost Efficiency

Board Policy: Customer Value and Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Gary Martens
PSEGLI Exec. Sponsor: Jodi Varon	**PSEGLI Proj. Mgr**: Beverly Esposito
PSEGLI Director: Jodi Varon	**DPS Contact**: Monique Clarke-Kerr
Allocated Compensation (2021 Dollars): $200,000	

OBJECTIVE

To achieve cost savings by enhancing the efficient use of resources across PSEG Long Island and the Affiliate by delivering reduced HR Costs while delivering agreed-upon HR service outcomes.

TARGETS AND CALCULATIONS

The HR Cost Efficiency metric measures the percentage reduction of the cost of PSEG Long Island and Affiliate HR services from 2026 to 2027.

Calculation: HR Department Director Level Actual 2027 costs minus HR Department Director Level 2026 Plan costs divided by HR Department Director Level 2026 Plan Costs (all costs exclude fringe expenses)

Targets:

- 100% Compensation = ≥7% reduction for the combined PSEG Long Island and Affiliate HR services costs based on year-end actual cost
- 50% Compensation = ≥5% reduction for the combined PSEG Long Island and Affiliate HR services costs based on year-end actual cost

EXCLUSIONS

NONE

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirements for HR Cost Efficiency 2) Any additional supporting documentation as reasonably required	Quarterly

2027 Performance Metrics

BS-54: Competitive Transactions

Board Policy: Procurement	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Joseph LaMotta
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Suzanne Berry
PSEGLI Director: Ehud Cohen	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $350,000	

OBJECTIVE

To encourage the use of competitive contracting and transacting to ensure PSEG Long Island as agent for LIPA can enter into agreements with vendors that ensure the best overall value for LIPA.

TARGETS AND CALCULATIONS

Percent of Procurement Purchase Order (PO) transactions that are classified as competitive (less exclusions) vs. the total number of PO transactions (less exclusions) during that month, along with a calculation that covers YTD.

Formula:

$$\frac{\text{Competitive Transactions Less Exclusions}}{\text{Total Transactions Less Exclusions}}$$

Baseline for 2027: 72.0%

Target improvement for 2027:

- 100% of Compensation for achieving and maintaining competitive transactions at or above 76.0%
- 75% of Compensation for achieving and maintaining competitive transactions at or above 74.5%
- 50% of Compensation for achieving and maintaining competitive transactions at or above 73.0%

EXCLUSIONS

The following transactions will be excluded from both numerator and denominator:

- Emergency transactions will NOT be included because of the need to execute a transaction quickly to resolve a situation that has resulted or would result in an interruption of service, damage or loss of PSEG Long Island assets, presents an imminent health or safety hazard to an employee or the public, or similar scenario as declared by an officer of PSEG Long Island. In such scenarios, competitively bidding a transaction would cause undue delays.
- "Discretionary" transactions will NOT be included as NY State encourages "Discretionary" transactions to provide single sourced options for diverse suppliers in support of NY State's supplier diversity requirements.
- Local Orders will NOT be included as these transactions are processed outside of the Procurement Organization. Local Orders allow the business to purchase low-valued material and services (Up to $20k) on an expedited basis with pre-approved vendors.
- Single/Sole source events where both LIPA and PSEG Long Island mutually agreed that the vendor transaction will provide a strategic benefit to operations will NOT be included.

BS-54: Competitive Transactions

- Non-Procurement Spend will NOT be included: Company transactions that are not managed by PSEG Long Island Procurement Group (e.g. Activities associated with the Office of Chief Executive or Board of Directors, PSEG Treasury transactions or Non-Purchase Order Payments)

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Competitive Transactions 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

BS-55: Procurement Savings

Board Policy: Procurement	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Joseph LaMotta
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Suzanne Berry
PSEGLI Director: Ehud Cohen	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $250,000	

OBJECTIVE

To reduce the cost of goods and services over the next fiscal year by applying industry best-in-class sourcing strategies, supplier negotiations, and the use of procurement process optimization. Cost reduction to be achieved while maintaining or improving the quality and reliability of goods and services.

TARGETS AND CALCULATIONS

The program will be measured by successful achievement of cost savings-cost avoidance targets.

PSEG Long Island cost savings-cost avoidance 2027: YE 2026 **$XX,000.00**

Baseline Savings Target for 2027: YE 2026 **$XX,000.00**

Reporting - Generate and analyze reports on a quarterly basis to assess cost savings-cost avoidance program effectiveness, identify trends, and highlight significant findings. Share insights with stakeholders and use feedback to continuously improve the established cost savings-cost avoidance policy.

Target Compensation – 20% for submission of three (3) cost savings-cost avoidance summary reports to LIPA. Reports are to be submitted on a quarterly basis no later than 10 calendar days from quarter close. The first report is to be submitted no later than 4/10/27.

Savings - Achievement of the annual Procurement Cost Savings/Cost Avoidance target shall be measured based on validated savings documented in accordance with the Procurement Cost Savings/Cost Avoidance Policy. Performance credit will be awarded as follows:

Target Compensation –
100% or greater of target: 80%
90%–99.9% of target: 80%
80%–89.9% of target: 70%
70%–79.9% of target: 55%
60%–69.9% of target: 35%
50%–59.9% of target: 20%
Below 50% of target: 0%

BS-55: Procurement Savings

Exclusions

The cost savings-cost avoidance program will apply to Procurement transactions associated with new competitive sourcing events and single/sole source transactions for all categories. Excluded from the program are Non-Procurement Spend and Company transactions that are not managed by PSEG Long Island Procurement Group (e.g. Activities associated with the Office of Chief Executive or Board of Directors, PSEG Treasury transactions, Local Purchase Orders less than 20,000 handled by the line of business or Non-Purchase Order Payments).

Deliverables

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Quarterly Scorecard Report reporting requirement for Procurement Savings 2) Any additional supporting documentation as required	Quarterly starting 2027-04-09
Cost Savings-Cost Avoidance Achievement	2027-12-31

2027 Performance Metrics

BS-56: Update Miscellaneous Service Charges in Tariff

Board Policy: Customer Value, Affordability and Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: William Wai
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Joseph Trainor
PSEGLI Director: Martin Shames	**DPS Contact**: Sean Walters, Jami Nafiul
Allocated Compensation (2021 Dollars): $300,000	

OBJECTIVE

To align and update the tariff based miscellaneous service charges with actual costs of providing such service.

TARGETS AND CALCULATIONS

1. Create a complete list of miscellaneous services currently offered to LIPA customers. The list shall itemize each service offer with a brief description, applicability, initial offering date if known (tariff statement date if applicable), current charge for the offering, the date when the current charge became effective (if known), and exception to the charge (if any). **(10% of allocated compensation)**
2. Provide tariff based workpapers supporting the current charge related to each tariff based miscellaneous service. **(10% of allocated compensation)**
3. Perform necessary analysis to update charges with the aim of bringing charges of all tariff-based miscellaneous services to the current cost basis. **(30% of allocated compensation)**
4. Update LIPA's tariff and other relevant operating materials with updated charges. **(30% of allocated compensation)**
5. Develop plan for future of non-tariff based charges for potential inclusion in tariff and adjustment of cost basis/rates. **(10% of allocated compensation)**
6. Develop a policy that outlines timeline for updating Charges for Miscellaneous Service on a recurring basis. **(10% of allocated compensation)**

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

BS-56: Update Miscellaneous Service Charges in Tariff

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Create a complete list of miscellaneous services currently offered to LIPA customers. The list shall itemize each service offer with a brief description, applicability, initial offering date if known (tariff statement date if applicable), current charge for the offering, the date when the current charge became effective (if known), and exception to the charge (if any).	2027-03-31
Provide tariff based workpapers supporting the current charge related to each tariff based miscellaneous service.	2027-04-30
Perform necessary analysis to update charges with the aim of bringing charges of all tariff based miscellaneous services to current cost basis.	2027-09-30
Develop plan for future of non-tariff based charges for potential inclusion in tariff and adjustment of cost basis/rates.	2027-10-31
Perform all steps necessary to update LIPA's tariff with updated charges.	2027-12-31
Submit a policy and procedure outlining process to identify which miscellaneous service charges will need updating on a recurring basis.	2027-12-31

2027 Performance Metrics

BS-57: Controls for Non-Inventory Spares

Board Policy: Customer Value & Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Ken Kane
PSEGLI Exec. Sponsor: Sonny Chung, Bob Rowe, John Mccumiskey, Michael Sullivan	**PSEGLI Proj. Mgr**: Tom Stagnitta, Mike Randazzo, Brian Fitzgerald
PSEGLI Director: Anthony Castaldo, Joe Wetzel, Joe Cicalo, Rich Henderson, Abhinav Kumar	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $200,000	

OBJECTIVE

Develop and implement processes and procedures (acceptable to LIPA) that enhance the internal controls over non-inventory/spare equipment and materials, including materials that were not consumed during a project for which they were intended that are being stored for future use (non-inventory spares). The goal of this metric is to ensure accurate locational tracking and recording of all non-inventory "Spares" (capitalized upon receipt) equipment and materials that is stored at any PSEG Long Island location for the purposes of future operational use.

TARGETS AND CALCULATIONS

The 2027 scope will include scope identified below. Shoreham will serve as the initial location for implementation of the enhanced inventory controls, physical verification, reconciliation, and tracking processes established under this metric. The Brentwood operating yard would then subsequently need to be completed for full compensation.

1. **Policy, Process & Cycle Counts:** Develop a draft policy/process for tracking and managing non-inventory spares by February 26, 2027, and finalize by March 31, 2027. The process will establish requirements for timely updates to applicable systems (PowerPlan, SAP Asset Registry, or other systems) when equipment is received, relocated, transferred, deployed, salvaged, or disposed of. The policy will also establish a recurring physical cycle-count cadence. Records will include, as applicable, unique identifier, quantity and location, acquisition date, intended project or "Spare" designation, carrying value, and date of last physical count.
2. **Evaluation and Recommendation of Technology Solution for Spares Management** – PSEG Long Island will evaluate opportunities to leverage identified technology to enhance and streamline spares management. This evaluation will consider a range of technology solutions and system capabilities, including barcoding, inventory tracking, data management, system integration, and other tools that may improve the visibility, accuracy, efficiency, and overall management of spare materials and equipment.
3. **Shoreham Baseline Count:** Complete a baseline physical count of all non-inventory spares at Shoreham by June 30, 2027, and reconcile and update applicable systems and records consistent with the established process and prudent utility practices.
4. **Brentwood Operating Yard Baseline Count:** Complete a baseline physical count of all non-inventory spares at Brentwood by October 31, 2027, and reconcile and update applicable systems and records consistent with the established process and prudent utility practices.
5. **Recommended Disposition Plan**: Reviewed and approved by December 31, 2027 for non-inventory spares counted (or identified) in the Shoreham and Brentwood baseline physical counts, develop an item-level recommended disposition plan identifying possible disposition paths, responsible owner, required approvals, and target timing. Dispositions may include reuse/redeployment, sale, salvage/recycling, write-off, or

BS-57: Controls for Non-Inventory Spares

documented hold with business justification. The proposed disposition plan is to be approved by LIPA prior to PSEGLI taking actions as described above.

6. **Quarterly Inventory Roll-Forward Reporting**: Provide quarterly reporting of non-inventory spare activity, including additions, transfers, physical location changes, completed dispositions, aging, open disposition actions, and write-offs. Reporting should include applicable inventory information established through the policy/process and physical cycle counts. Beginning with the quarter after LIPA agreement with the proposed disposition plan, PSEGLI to provide quarterly roll-forward reporting of inventory activity, location changes, dispositions, aging, open actions, and write-offs.

Target:
100% of the allocated incentive compensation for meeting all deliverables with the prescribed time frames.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

Exclusions

None

Deliverables

Deliverable Name	Target Due Date
Draft Non-Inventory Spares Policy/Process – Develop a draft policy/process, acceptable to LIPA, establishing internal controls for tracking and managing non-inventory spare equipment and materials, including system updates, cycle-count requirements	2027-02-26
Evaluation of Technology Solutions – Evaluate opportunities to leverage technology to enhance and streamline spares management.	2027-03-01

BS-57: Controls for Non-Inventory Spares

Final Non-Inventory Spares Policy/Process – Finalize the agreed-upon policy/process, including the recurring physical cycle-count cadence and requirements for maintaining applicable systems and records (PowerPlan/SAP Asset Registry/Other).	2027-03-31
Shoreham Baseline Physical Count – Complete a baseline physical count of all non-inventory spares at Shoreham and reconcile/update applicable systems and records in accordance with the established policy/process and prudent utility practices.	2027-06-30
Brentwood Operating Yard Baseline Physical Count – Complete a baseline physical count of all non-inventory spares at Brentwood and reconcile/update applicable systems and records in accordance with the established policy/process and prudent utility practices.	2027-10-31
Recommended Disposition Plan: For non-inventory spares counted (or identified) in the Shoreham and Brentwood baseline physical counts, develop an item-level recommended disposition plan identifying possible disposition paths, responsible owner, required approvals, and target timing. Dispositions may include reuse/redeployment, sale, salvage/recycling, write-off, or documented hold with business justification. The proposed disposition plan is to be approved by LIPA prior to PSEGLI taking actions as described above.	2027-12-31
Quarterly Inventory Roll-Forward Reporting: Provide quarterly reporting of non-inventory spare activity, including additions, transfers, physical location changes, completed dispositions, aging, open disposition actions, and write-offs. Reporting should include applicable inventory information established through the policy/process and physical cycle counts.	**Quarterly following LIPA agreement with disposition plan**

2027 Performance Metrics

BS-58: Communications Coordination and Media Relations

Board Policy: N/A	**Board PIPs**: N/A
LIPA Exec. Sponsor: Tom Locascio	**LIPA Proj. Mgr**: Michelle Livingston
PSEGLI Exec. Sponsor: Christoper Hahn	**PSEGLI Proj. Mgr**: Katy Tatzel
PSEGLI Director: Katy Tatzel	**DPS Contact**: Seth Johnson
Allocated Compensation (2021 Dollars): $200,000	

OBJECTIVE

Ensure timely coordination and information sharing between PSEG Long Island Corporate Communications and LIPA regarding media inquiries, press release distribution and outreach, and public communications projects or initiatives that may have reputational, operational, regulatory, or policy implications.

TARGETS AND CALCULATIONS

Calculation:

Compliance Percentage = Number of compliant communications coordination activities/total communications coordination activities subject to review * 100

Target:

Achieve at least 95% compliance with established communications coordination protocols and processes during the performance year.

Compliance will be measured based on adherence to the requirements established under this metric, including the timely notification of media inquiries, advance notice of planned, proactive communications activities, participation in coordination meetings between PSEG Long Island and LIPA, and identification and coordination of responses to issues that could affect LIPA's reputation.

- 25% compensation for Reactive Media Inquiries and Requests LIPA notified within one (1) business day ≥ 95% compliance.
- 25% compensation for Proactive Media Outreach - Advance Notice of Communications Activities: LIPA notified at least one (1) business day in advance ≥ 95% compliance.
- 25% compensation for maintaining a shared log of media inquiries, activities, and responses, and attendance at ≥ 95% of scheduled weekly Communications Coordination meetings.
- 25% compensation for Advance Collaboration on Issues Posing Reputational Risk, including quarterly communications planning meetings.

BS-58: Communications Coordination and Media Relations

1. Reactive Media Requests - Timely Inquiry Notification

PSEG Long Island shall notify LIPA within one (1) business day of receiving any media inquiry from a news outlet that meets the criteria below. The notification should include the reporter's name, media outlet, subject matter of the inquiry, reporter's question, anticipated response deadline, if known, and PSEG Long Island's plan for responding.

All media inquiries that do not meet these criteria will be included in the inquiry log within one (1) business day.

For the purposes of this metric, qualifying inquiries are those received from one of the following:

- Larger regional print news outlets
- Any broadcast news outlet (TV or radio)
- Any national news outlet

2. Planned and Proactive Media Outreach - Advance Notice of Communications Activities

PSEG Long Island shall provide LIPA with notice, at least one (1) business day in advance, of the subject matter and general plan for upcoming external communications activities including press releases, press statements, communications distributed via PR wire or a similar service, and other activities relating to LIPA programs, initiatives, operations, policies, projects, or matters of shared interest. The notice is intended to provide LIPA with awareness of the anticipated topic, timing, and nature of the activity and, if applicable, allow LIPA to coordinate its own media response. Advance notice under this provision does not require PSEG Long Island to provide a draft or final copy of the communication within the notice period, nor does it constitute a requirement for LIPA review or approval prior to release.

If PSEG Long Island is invited to attend or participate in an event or press conference less than one (1) business day before the event and the event may receive media attention, PSEG Long Island shall notify LIPA within three (3) business hours of receiving the request. Other emerging issues shall be addressed under Section 1, Reactive Media Requests.

Covered activities include:

- Press releases
- Media statements
- Press conferences
- Editorial board meetings
- Proactive media outreach
- Major public announcements
- Media tours, interviews, or briefings

3. Communications Coordination Meetings

PSEG Long Island shall participate in weekly communications coordination meetings with LIPA. The purpose of these meetings is to provide status updates and discuss issues that could affect the reputation of either organization.

BS-58: Communications Coordination and Media Relations

Meeting discussions will include:

- Active media inquiries and news coverage
- Upcoming announcements
- Planned media outreach, including press releases, news alerts and media statements
- Emerging communications risks and issues

Any meeting cancelled or postponed at LIPA's request will not be included in the numerator or denominator used to calculate compliance.

4. Communications Planning and Coordination on Issues with Potential Impact on LIPA's Reputation

LIPA and PSEG Long Island will meet quarterly to review the media inquiry log, discuss forward-looking communications planning, and address significant issues that could affect LIPA's reputation. These sessions will provide an opportunity to identify appropriate areas of collaboration on proactive media initiatives and coordinate messaging for forthcoming media activities, as applicable.

EXCLUSIONS

The following are excluded:

- Routine customer communications, marketing, advertising, and program promotion activities.
- Routine customer service, billing, collections, affordability, or individual customer complaint inquiries.
- Routine response to localized outages and restoration plans.
- Routine social media monitoring and responses, and third-party communications not directed or controlled by PSEG Long Island.
- Communications related to Emergency Storm Response.

DELIVERABLES

Deliverable	Due Date
Provide the first draft of the shared media inquiry log template described in this metric.	2027-01-29
Upload the following to the LIPA-designated folder on LIPA's SharePoint site: 1) Monthly Scorecard Report (Media Inquiry Log) covering Reactive Media Inquiry Notification 2) Any additional supporting documentation as required	Monthly
Provide the quarterly Communications Coordination Review and Continuous Improvement Summary described in this metric	Within 15 business days after quarter-end

2027 Performance Metrics

BS-59: Facilities Management Walt Whitman Property

Board Policy: Asset Management	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Kenneth Kane
PSEGLI Exec. Sponsor: Robert Rowe	**PSEGLI Proj. Mgr**: Gregorio Cugliari, Stephen Woska
PSEGLI Director: Pasquale Di Silvestro	**DPS Contact**: Seth Johnson
Allocated Compensation (2021 Dollars): $100,000	

OBJECTIVE

Execute the Project Implementation Plan (PIP) for the purchase and renovation of a new 19 AC – 195,000 SF facility and consolidate PSEGLI administrative functions currently performed at the lease National Grid East Office Building and Bethpage Office – 999 Stewart Ave. – Suite 202 building. Additionally, support the Return to Office (RTO) initiative in 2027.

TARGETS AND CALCULATIONS

Execute all identified and mutually agreed upon 2027 deliverables per the latest project schedule on or before their respective timeframes. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

Target:
PSEG Long Island shall receive **75% compensation** for adhering to occupancy based on the two (2) identified Phases:

- Phase I (1st and 2nd floor) – March 15, 2027
- Phase II (3rd floor) – August 9, 2027

Validation of the Phase I and Phase II employee move-in dates will be completed through visual inspection of the applicable office space and attestation by PSEG Long Island confirming that the applicable space is complete, ready for occupancy, and approved for employees to begin work. PSEG Long Island will provide preliminary and final space plans at the operating unit level for each floor prior to delivery to operations for occupancy and LIPA will be provided with the opportunity to conduct visual inspections of the occupancy.

The remaining 25% compensation shall be allocated based upon the achievement of cost management per the following criteria:

- Achievement of the 2027 cost management target is contingent upon maintaining the forecasted total project cost inclusive of Construction contingency and R&C within 5%. This deliverable will be measured/verified at the end of 2027 through the project spend to date for 2027 measured at project closeout or no later than 3/31/2028.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

2027 Performance Metrics

BS-59: Facilities Management Walt Whitman Property

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined not to meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities to post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Schedule relief may be granted for delays directed or requested by LIPA or for situations/business conditions that LIPA determines or agrees are beyond PSEG Long Island's reasonable control

DELIVERABLES

Deliverable Name	Target Due Date
Phase 1 Preliminary Space Plan – PSEG Long Island will provide a preliminary space plan at the operating unit level for each floor prior to delivery to operations for occupancy.	2027-02-01
Phase 1 Final Space Plan – PSEG Long Island will provide a final space plan at the operating unit level for each floor prior to delivery to operations for occupancy.	2027-03-01
Phase 1 employee move-in – First and second floor office space approved for employees to begin work.	2027-03-15
Phase 2 Preliminary Space Plan – PSEG Long Island will provide a preliminary space plan at the operating unit level for each floor prior to delivery to operations for occupancy.	2027-07-01
Phase 2 Final Space Plan – PSEG Long Island will provide a space plan at the operating unit level for each floor prior to delivery to operations for occupancy.	2027-07-26
Phase 2 employee move-in – Third floor office space approved for employees to begin work. PSEG Long Island will provide a space plan at the operating unit level for each floor prior to delivery to operations for occupancy.	2027-08-09

2027 Performance Metrics

CS-02: J.D. Power – Residential

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Edyta Keppler
PSEGLI Director: Mike Presti	**DPS Contact**: Chris Ronacher
Allocated Compensation (2021 Dollars): $450,000	

Historical Context YE Results (Quantitative Metrics Only)								
2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
#13	#14	#10 | 740	#09 | 702	#5	#10	#5	#11	#5/1st Quartile

OBJECTIVE

Drive toward achievement of top quartile customer satisfaction within J.D. Power Residential East Large segment.

TARGETS AND CALCULATIONS

Definition: Measures PSEG Long Island's position in the overall J.D. Power and Associates Annual Electric Utility Customer Satisfaction Study for Residential Customers for the "East Region, Large Segment."

Calculation: PSEG Long Island's relative performance for J.D. Power Customer Satisfaction Survey (Residential) 2027 year-end syndicated as reported by J.D. Power for "East Region, Large Segment." This year-end syndicated position represents results fielded in 2027 and will be the final year-end results publicly reported by J.D. Power. PSEG Long Island's performance will be measured by either:

- the percentile placement, determined by the utilities' year-end scores, or
- the position improvement over PSEG Long Island's 2025 year-end syndicated results

Incentive to be allocated as follows:

- 100% if achieve 25.0 percentile (top quartile) performance, or
- 75% if achieve 37.5 percentile (upper half of second quartile) performance or a 4-position improvement from 2026 year-end syndicated results, or
- 50% if achieve 50 percentile (bottom half of second quartile) performance or a 3-position improvement from 2026 year-end syndicated results

PSEG Long Island will not be compensated for any position improvement if the 2027 syndicated result is below 62.5 percentile (top half of third quartile).

CS-02: J.D. Power – Residential

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island submits 2027 targets based on JD Power's 2026 results.	2027-01-15
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Scorecard reporting requirement for J.D. Power - Residential (aligned to quarterly J.D. Power reporting) 2) Any additional supporting documentation as required.	Quarterly

2027 Performance Metrics

CS-03: J.D. Power – Business

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Edyta Keppler
PSEGLI Director: Mike Presti	**DPS Contact**: Chris Ronacher
Allocated Compensation (2021 Dollars): $450,000	

Historical Context YE Results (Quantitative Metrics Only)								
2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
#9	#12	#9	#9	#9	#11	#3	#1	#3/1St Quartile

OBJECTIVE

Drive toward achievement of top quartile customer satisfaction within J.D. Power Business East Large segment.

TARGETS AND CALCULATIONS

Definition: Measures PSEG Long Island's position in the overall J.D. Power and Associates Annual Electric Utility Customer Satisfaction Study for Business Customers for the "East Region, Large Segment."

Calculation: PSEG Long Island's relative performance for J.D. Power Customer Satisfaction Survey (Business) 2027 year-end syndicated as reported by J.D. Power for "East Region, Large Segment." This year-end syndicated position represents results fielded in 2027 and will be the final year-end results publicly reported by J.D. Power. PSEG Long Island's performance will be measured by either:

- the percentile placement, determined by the utilities' year-end scores, or
- the position improvement over PSEG Long Island's 2025 year-end syndicated results

Incentive to be allocated as follows:

- 100% if achieve 25.0 percentile (top quartile) performance, or
- 75% if achieve 37.5 percentile (upper half of second quartile) performance or a 3-position improvement from 2026 year-end syndicated results, or
- 50% if achieve 50 percentile (bottom half of second quartile) performance or a 2-position improvement from 2026 year-end syndicated results

PSEG Long Island will not be compensated for any position improvement if the 2027 syndicated result is below 75 percentile (third quartile).

CS-03: J.D. Power – Business

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island submits 2027 targets based on JD Power's 2026 results	2027-01-15
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Scorecard Reporting requirement for J.D. Power - Business (aligned to Bi-Annual J.D. Power reporting) 2) Any additional supporting documentation as required	Biannually

2027 Performance Metrics

CS-11: Contact Center Service Level with Live Agent Calls

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Brian Merkle, Lorraine Barrucco
PSEGLI Director: Jessica Tighe	**DPS Contact**: Mike Sherman
Allocated Compensation (2021 Dollars): $500,000	

Historical Context YE Results (Quantitative Metrics Only)								
2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
80%	29.2%	80%	41.8%	77%	41.3%	77%	78.1%	77%

OBJECTIVE

Measure response of Customer Service Representatives to customer calls to promote efficient staffing and customer satisfaction.

TARGETS AND CALCULATIONS

Definition: The Contact Center Service Level is the percent of Main Campaign inbound calls answered (i.e. handled) by a representative within the following parameters:
- Within 30 seconds during blue sky days and any storms defined as “non-major,” and
- Within 90 seconds during “major storms"*

*A major storm is defined as any storm which causes service interruptions of at least ten percent of customers in an operating area, or if the interruptions last for 24 hours or more.

Calls that abandon within 30 seconds after transferring to a representative are not included in the count of offered (i.e. queued) calls.

Calculation:
Service Level % = (Major storm day inbound calls handled in 90 seconds + non-storm inbound calls handled in 30 seconds) / (Total queued calls – queued calls abandoned within 30 seconds)

Target:
- ≥ 77% of calls answered within service level for the contract year

Rounding protocols using the second significant digit will be implemented for target measurement purposes.

CS-11: Contact Center Service Level with Live Agent Calls

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Contact Center Service Level with Live Agent Calls 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

CS-13: First Call Resolution

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Brian Merkel, Regina Pizzonia, Rob Carroll
PSEGLI Director: Jessica Tighe, Nick Nolau	**DPS Contact**: Mike Sherman
Allocated Compensation (2021 Dollars): $500,000	

Historical Context YE Results (Quantitative Metrics Only)								
2022		**2023**		**2024**		**2025**		**2026**
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
80.0%	79.4%	81.0%	80.6%	N/A	80.1%	81.0%	80.9%	81.0%

OBJECTIVE

Measure and improve call center proficiency in satisfactorily resolving customer issues and questions at the time of initial call.

TARGETS AND CALCULATIONS

1. **Qualitative –** Conduct a structured First Call Resolution (FCR) fact-finding, recommendation, planning, and implementation initiative to identify root causes of repeat customer contacts and implement targeted solutions to improve FCR and the overall customer experience **(50% of the allocated compensation)**

The following deliverables will be included as part of the project:

- Fact Finding and Analysis
  - Conduct a comprehensive deep-dive analysis of the multifaceted drivers impacting First Call Resolution and repeat customer contacts.
  - Identify, document and validate root causes contributing to repeat contacts, and translate key findings into actionable insights to inform improvement recommendations.
- Recommendations Based on Findings
  - Develop and present recommendations based on the fact-finding and analysis results, identifying opportunities expected to improve First Call Resolution and reduce repeat customer contacts.
    - Recommendations should consider, as applicable, process improvements, workflow redesign, customer communications, policy or business-rule changes, training and knowledge resources, escalation and ownership practices, automation or system integration, and self-service capabilities.
    - Include additional FCR improvement opportunities identified through the analysis, including opportunities to improve agent tools, knowledge accessibility, call handling consistency, transfer/escalation practices, and closed-loop monitoring of repeat contacts.

CS-13: First Call Resolution

- Project Plan
  - Prioritize recommendations based on customer impact, expected FCR improvement, feasibility, system readiness, and implementation timing.
  - Develop a detailed project plan to implement recommendations, including key activities, owners, implementation timelines, budget (if applicable) and expected outcomes.
- Go-Live / Implementation
  - Implement the mutually agreed upon recommendations that are determined to be feasible, within budgetary constraints and ready for implementation in 2027.

Target: 100% of the 2027 Qualitative deliverables in this metric are submitted by the specified due date and subsequently accepted by LIPA.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

2. First Call Resolution Rate (50% of the compensation)

Survey immediately after calls from residential and commercial customers to measure whether the customer issue was handled on the first call. The question used for the calculation of this metric is Question #5 in the Customer Rep SAT Survey.
V2: "Was this the first time you contacted us to resolve this issue?" for the Main Campaign.

Calculation: Blended (Residential + Commercial calls) for issues handled on the first call / total number of responses

Target: >= 81.0% overall First Call Resolution performance.

There is no rounding protocol.

CS-13: First Call Resolution

EXCLUSIONS

Quantitative Component - In the event of a storm that produces 100,000 or more outages, FCR results will be excluded up to 3 additional days after the active outages fall below 100,000.

DELIVERABLES

Deliverable Name	Target Due Date
Qualitative – 50% Compensation	
Provide Fact-Finding / Analysis Summary detailing FCR performance, repeat-contact drivers, root causes, and improvement opportunities.	2027-03-31
Present recommendations based on Q1 findings, including prioritized additional opportunities to improve FCR.	2027-06-30
Provide Project Plan detailing prioritized recommendations, key activities, owners, dependencies, implementation timeline, and IT assessment of system feasibility.	2027-09-30
Go-live with recommendations that are feasible and ready for implementation in 2027; document implemented items and disposition/path forward for deferred recommendations.	2027-12-15
Quantitative – 50% Compensation	
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for First Call Resolution 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

CS-23: Deferred Payment Agreement (DPA) Improvement

Board Policy: Customer Experience, Customer Value & Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Erin Mullen
PSEGLI Exec. Sponsor: Lou Debrino	**PSEGLI Proj. Mgr**: Kim Soreil
PSEGLI Director: Brigitte Wynn	**DPS Contact**: Heather Sullivan
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

Leverage data analytics and DPA reporting to develop comprehensive monitoring metrics that evaluate agreement performance, identify trends, measure portfolio impact, and provide actionable insights to enhance collections strategies and business outcomes.

TARGETS AND CALCULATIONS

1. Utilize current tracking and reporting on DPAs. Include the following reports monthly:
   - Create DPA dashboard by the first quarter 2027 to include the following data:
     - # of DPA's created by customer channel (phone/IVR, My Account, Mobile App, Kiosk) – created monthly
     - Residential DPA's Made $/# (created during current month)
     - Residential DPA's Broken $/# (broken during current month)
     - Active Residential DPA's $/# (cumulative active at the end of the current month)
     - Agreements by type (standard, above standard) completed during the current month.

2. The data provided must match the reporting source. (ie. Pagecenter). Provide program reporting source and access if not currently in place.

3. Improve the broken agreement rate at year-end 2027 by a minimum 0.10%, using the year-end 2026 results as the baseline.
   a. The calculation will be based off of PSEG Long Island's monthly report to NYS DPS CASE 91-M-0744:
      i. Calculation: (6d. Deferred Payment Agreements Defaulted divided by 6a. Active DPA's At the End of This Month)

Target: 100% compensation when all three components of this metric are completed and approved by LIPA. The metric will be prorated by 33.33% for each component.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA

CS-23: Deferred Payment Agreement (DPA) Improvement

believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Provide Monthly DPA reporting	Monthly
Determine YE 2026 DPA rate	2027-01-31
Create a DPA Dashboard	2027-03-31
Monthly progress meetings regarding DPA KPI's	2027-04-01

2027 Performance Metrics

CS-36: E-Bill Enrollment

Board Policy: Customer Experience; Customer Value, Affordability & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Michelle Somers, Nayan Parikh
PSEGLI Director: Mike Presti	**DPS Contact**: Mike Sherman
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

Operationalize paperless billing to ensure timely bill receipt and improve affordability by reducing postage costs.

TARGETS AND CALCULATIONS

Develop and implement an E-bill Policy to default new accounts to paperless billing. The following deliverables will be included as part of this project:

- E-bill Policy – Draft a policy and associated processes detailing default criteria, channel experience, customer communications, opt-out criteria, and exemption practices/special considerations.
- Project Plan
    - Provide detailed descriptions of key milestones, including technology enhancements, required to operationalize the E-bill policy implementation and any process documents for associated procedural trainings
    - Include implementation timeline for each key milestones
- Deployment and operationalization of E-Bill Policy enhancements no later than November 19, 2027.
- Reporting – On a monthly basis, and for tracking purposes only (no metric targets), report the following measurements:
    - E-bill Enrollment %
        - Calculation: Number of active accounts with Third-party e-bill enrollment or Kubra e-bill enrollment / Total number of active residential and commercial accounts
    - E-bill Enrollment % by Move-in Month
        - Calculation: Number of active move-in accounts with Third-party e-bill enrollment or Kubra e-bill enrollment by month / Total number of active move-in accounts by month

Target:

- 100% of the allocated incentive compensation for meeting all deliverables within the prescribed time frames.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are

CS-36: E-Bill Enrollment

determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

Exclusions

Following the development of the policy, PSEG Long Island will finalize the scope of enhancements required to implement the proposed changes. If the resulting level of effort and associated costs are determined to be significantly higher than originally anticipated, PSEG Long Island and LIPA will jointly evaluate the available options. The parties will discuss and agree on the best course of action for proceeding, taking into consideration the applicable constraints.

Deliverables

Deliverable Name	Target Due Date
Submit draft of E-Bill policy and associated processes	2027-03-31
Provide project plan detailing activities and timeline to implement and operationalize the E-Bill policy and processes	2027-04-30
Confirm completion of all activities to operationalize the E-Bill policy/processes	2027-11-19
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Low to Moderate Income (LMI) Program Participation 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

CS-40: Outage Information Satisfaction & Cause Code

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino; Mike Sullivan	**PSEGLI Proj. Mgr**: Edyta Keppler; Jason Goldsmith
PSEGLI Director: Mike Presti; Larry Torres	**DPS Contact**: Chris Ronacher
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

Improve customer satisfaction with PSEG Long Island's proficiency in providing information for customers who experience an outage.

TARGETS AND CALCULATIONS

Research, plan and implement customer outage information improvements that will yield positive customer experience to achieve the following expected outcomes:

- Reduce latency between outage restoration and customer restoration notification
- Better align cause code with actual root cause (e.g. review cause code mapping and hierarchy, designate Weather cause when applicable, create Heat-related cause)
- Provide more detail in customer-facing cause description (e.g. differentiate intentional outages (emergency vs planned), clarify cause of Under Investigation (Unknown Cause))
- Customize messaging for different scenarios in which customer research will yield a positive customer experience (e.g. long outages, multiple/nested outages, partial outages, false restorations)
- Increase percent of customers receiving notifications (e.g. update contact information, verify “unverified” contacts, reconfirm “do not disturb” preferences, improve move-in auto-enrollment)
- Increase customer awareness regarding notifications and information that require intervention by field and impact on timing of customer receipt

The below deliverables will be included as part of this project:

- Research Summary
  - Review individual customer journeys related to outage information and notifications, sampled from customer feedback surveys and customer outage contacts/interactions. Identify root causes of outage information process and customer satisfaction shortcomings.
  - Perform research to identify customer preferences to inform enhancement designs and optimize customer satisfaction.
- Project Plan
  - Provide detailed descriptions of identified process improvements, system enhancements, and message modifications, informed by the research above to achieve the expected outcomes.
  - Include implementation timeline for solutions identified to be operationalized in 2027
- Go-live – Implement the final solution by November 19, 2027, using a phased approach to deliver individual solutions earlier in the year as they are ready.
- Measure – On a monthly basis, report the following measurements – measurements have no targets and will be for tracking purposes only.
  - % of Satisfied Customers: Overall satisfaction with the information received during outage

CS-40: Outage Information Satisfaction & Cause Code

        - Calculation: Outage Survey Reponses with a Rating of 6-10 for the Target Question / Total Number of 1- 10 Responses to the Target Question
    - % of Satisfied Customers: Overall satisfaction with letting you know what caused the outage
        - Calculation: Outage Survey Reponses with a Rating of 6-10 for the Target Question / Total Number of 1-10 Responses to the Target Question
    - % of Customer Accounts Receiving Outage-related Notifications by Outage Incident
        - Calculation: Number of Distinct Accounts by Outage Incident that Received Both New or Active Outage and Restore Notifications / Total Number of Distinct Customer Accounts by Outage Incident
    - % of Cause Code
        - Calculation: Number of accounts per outage incident with a cause code restoration notification / Total accounts per outage incident with a restoration notification

All deliverables must be completed within the prescribed time frames to be eligible for 100% of the allocated incentive compensation.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

CS-40: Outage Information Satisfaction & Cause Code

EXCLUSIONS

NONE

DELIVERABLES

Deliverable Name	Target Due Date
Provide Research Summary detailing research conducted, root cause analysis, and customer preference findings	2027-03-31
Provide Project Plan detailing initiatives and implementation timeline	2027-04-30
Go-Live with Solution(s)	2027-11-15
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for CSAT Outage Information, CSAT Cause Code, Outage Notification %, and Cause Code % 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2-CS-A: Regulatory Complaints

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Edyta Keppler
PSEGLI Director: Michael Presti	**DPS Contact**: Chris Ronache

OBJECTIVE

Measure PSEG Long Island's categorical customer complaints registered with the NY Department of Public Service.

TARGETS AND CALCULATIONS

Calculation: Number of complaints by the following categories:

- Billing Related
- Competition
- Credit Related
- Hotline
- Miscellaneous (Exclude Storms)
- Safety
- Service Related
- Storms
- Tariff Related

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirements for Regulatory Complaints 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2–CS-C: Arrears Aging Percent > 90 Days Past Due (Arrears %>90)

Board Policy: Customer Value, Affordability, & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Kim Soreil, Lynda Thompson
PSEGLI Director: Balaji Ambriyath, Brigitte Wynn	**DPS Contact**: Mike Sherman

Historical Context YE Results (Quantitative Metrics Only)										
2021		2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	68.3%	N/A	65.63%	48.03%	55.82%	48.58%	50.18%	51.91%	46.82%	47.04%

Objective

Effective management for aged receivables > 90 days to maintain a solid financial position.

Targets and Calculations

Definition: Accounts receivable (AR) > 90 days measures the percent of past-due AR that have aged more than 90 days (i.e. excluding current AR).

Calculation:
AR aging % YTD = Rolling 12-month total dollars outstanding more than 90 days/ Rolling 12-month total dollars outstanding 30 and more days past due.

Exclusions

None

Deliverables

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Arrears Aging Percent > 90 Days Past Due (Arrears %>90) 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2-CS-D: Call Average Handle Time (AHT)

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Brian Merkle; Lorraine Barrucco
PSEGLI Director: Jessica Tighe	**DPS Contact**: Mike Sherman

Historical Context YE Results (Quantitative Metrics Only)*								
2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	433	N/A	438	376	471*	433	426**	433

*Excluded TOD calls. 472 with TOD

**Represents July – December. 436 for full year

OBJECTIVE

Improve agent efficiency in responding to customer inbound phone inquiries.

TARGETS AND CALCULATIONS

Definition: The AHT for this metric is the average duration of calls answered by the Call Center reps in the Main Campaign as tracked in the PSEG Long Island Call Center Daily Monthly YTD Summary report.

Calculation: AHT = The sum of the call duration (Active talk time + Conference time + Hold time + After call work time) in seconds of rep answered calls / Total number of representative-answered calls

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Call Average Handle Time 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2–CS-E: Net Dollars Written Off

Board Policy: Customer Value, Affordability, & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Kim Soreil
PSEGLI Director: Brigitte Wynn	**DPS Contact**: Mike Sherman

Historical Context YE Results (Quantitative Metrics Only)								
2022		2023*		2024*		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
0.77%	0.55%	$29,576,986	$34,315,841	$20,836,630	$20,403,370	0.51%	0.42%	0.42%

Objective

Actively manage the receivables and associated write-offs and recoveries to maintain a solid financial position.

Targets and Calculations

Definition: Net Write-Offs as a % of revenue measures the effectiveness of recovery efforts of uncollectible revenue. It is an overall measure of the possibility of the business incurring bad debts.

Measured as the total net dollars written off for January 1, 2027, to December 31, 2027.

Calculation: The total amount of write-offs / by the total revenue and multiplied by 100

Exclusions

None

Deliverables

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Net Write-Offs 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2–CS-F: Collection Effectiveness Index (CEI)

Board Policy: Customer Value, Affordability, & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Kim Soreil, Lynda Thompson
PSEGLI Director: Balaji Ambriyath, Brigitte Wynn	**DPS Contact**: Mike Sherman

OBJECTIVE

Effective management of PSEG Long Island's accounts receivable to maintain a solid financial position.

TARGETS AND CALCULATIONS

Definition: CEI measures how efficient the collection of accounts receivable is, showing the percentage of total collectible cash successfully recovered over a specific period.

Calculation: Collection Effectiveness Index (CEI) = Beginning AR + Revenue – Ending Total AR / Beginning AR + Revenue – Current AR x 100. The CEI will be calculated each month to monitor current collection performance, but the target will be the annual average.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Collection Effectiveness Index 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

IT-03: System Resiliency - Business Continuity Plans and Exercises

Board Policy: Information Technology and Cyber Security	**Board PIPs**: 5.02: ERP and BCP Training and Exercises, 5.04: Develop Rigorous BCPs
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Greg Flay
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Lauren Hill
PSEGLI Director: Anthony Raffaelli	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

The objective of this metric is to have an effective business continuity program that is well-designed, robust, and tested.

In 2027, PSEG Long Island shall continue to enhance its business continuity management program by completing the open elements of the nine Business Continuity Plans and Functional Drills Recommendations ("BCP and Functional Drills Recommendations" or "Recommendations") contained in the final report of the Burns & McDonnell 2024 PSEG Long Island System Resiliency Assessment ("IT System Resiliency Report"). This includes scope that was not included in the 2026 metric, remediation of any gaps identified in the 2026 gap-closure assessment and year-end metric closeout, and any scope/work that was planned for but not completed in 2026. PSEG Long Island shall develop and submit a PIP (Project Implementation Plan) to fully implement this scope, with the mutually agreeable and LIPA-approved 2027 PIP to provide associated deliverables and due dates.

The following Recommendations are planned to be fully implemented in 2026. Remediation of any gaps identified in the 2026 gap-closure assessment and year-end metric closeout process will be included in the 2027 scope.

Recommendation	Finding Summary[1] (2024 IT System Resiliency Report)	Risk Rating	Status
RC.GV3.MR1	The lack of formalized and disseminated BIA reports is a critical oversight.	High	Planned for Completion in 2026 Subject to Gap Closure Assessment
RC.GV3.IP2	The absence of a structured improvement plan poses a significant risk to the resilience program.	High	Planned for Completion in 2026 Subject to Gap Closure Assessment
RC.CI3.ECO6	Absence of Centralized Exercise Management Strategy and Oversight.	High	Planned for Completion in 2026 Subject to Gap Closure Assessment
RC.GV3.PF6	Lack of Formal Business Continuity Policy Undermining Program Effectiveness and Organizational Resilience.	Medium	Planned for Completion in 2026 Subject to Gap Closure Assessment
RC.GF3.RR8	Lack of Defined Roles for Business Unit Business Continuity Coordinators in Governance Documentation.	Low	Planned for Completion in 2026 Subject to Gap Closure Assessment

[1] This table lists the summary findings. The full Recommendations to be implemented are detailed in Section 3.2.1 of the IT System Resiliency Report and are incorporated herein by reference.

2027 Performance Metrics

IT-03: System Resiliency - Business Continuity Plans and Exercises

The following Recommendations were not planned to be fully implemented in 2026, and the remaining scope will be included in the 2027 metric. Remediation of any gaps identified for the 2026 scope of these Recommendations in the 2026 gap-closure assessment and year-end metric closeout will also be included in the 2027 scope.

Recommendation	Finding Summary[2] (2024 IT System Resiliency Report)	Risk Rating	Status
RC.RA3.BI3	The exclusion of conducted interviews in the BIA process poses a significant risk.	High	Defined 2027 Scope – Class 2 Business Process Lead interviews identified from the 2026 BIA refresh (IT-03 PIP Section 2.3)
RC.SP3.PD4	The Business Continuity Plans (BCPs) currently in place lack several critical sections, as outlined in ISO 22332.	High	Defined 2027 Scope – BC Plans for the Class 1 business processes that utilize critical systems not in scope for the 2026 metric
RC.CI3.E5	Enhance Exercise Realism.	High	Defined 2027 Scope – execution of the 2027 BC Exercise Schedule using the enhanced exercise materials delivered in 2026 (IT-03 PIP Section 2.5)
RC.SP3.TA7	Lack of a comprehensive tool to automate critical processes such as completing Business Impact Analyses (BIA), Business Continuity Plans (BCPs), mapping processes, and identifying dependencies.	Medium	Defined 2027 Scope – Completion of mutually agreed upon scope within the 2027 PIP. (IT-03 PIP Section 2.8)[3]

[2] This table lists the summary findings. The full Recommendations to be implemented are detailed in Section 3.2.1 of the IT System Resiliency Report and are incorporated herein by reference.

[3] The Recommendation requires an automated business continuity management tool that is fully operational and integrated into the business continuity program. PSEG Long Island has proposed progressive implementation starting with a pilot prior to proceeding with full operationalization, with the 2027 scope to be defined and mutually agreed to in the PIP.

The improvements will leverage guidance from ISO standards such as 22301:2019 or others as applicable. BC documents that are subject to annual review per the LIPA-approved Business Continuity Policy should be reviewed and updated in 2027 and included as deliverables in the 2027 PIP for approval by LIPA as part of the first annual review cycle. The program should be successfully and thoroughly exercised through exercises designed to closely simulate real-world emergency scenarios, including disabling critical systems and infrastructure, for 100% of the in-scope Class 1 business processes identified in the LIPA-approved 2027 PIP, each exercised at least once in 2027.

The 2027 metric targets the Class 1 business processes impacted by the loss of the critical systems that were not in scope for the 2026 metric. The in-scope Class 1 business processes shall be identified from the latest BIA data, using the mapping of Class 1 business processes to their supporting applications maintained in the BIA Application and Systems Master List and Business Value Ranking. PSEG Long Island shall submit for LIPA approval, as part of the 2027 PIP, the proposed lists of in-scope critical systems and the associated impacted Class 1 business processes to be addressed in 2027, including re-confirmation of the 2026 basis for exclusion of MuleSoft and PI Historian against the latest BIA.

IT-03: System Resiliency - Business Continuity Plans and Exercises

Note: this list of Critical Systems not addressed in 2026 is based on the LIPA-approved IT-10 PIP and may require adjustments to align with the 2027 environment. The list will be reviewed and updated in consultation with PSEG Long Island and the final list will be included in the 2027 PIP.

- CCaaS
- CAS
- EBO
- PAGECENTER
- EGIS/GIS
- MyAccount
- Public Website
- SAS
- Agent Desktop
- Kubra Muni Portal
- Kubra Outage Map
- OCS
- Advance Metering Infrastructure - AMI

Background

For 2026, the metric targeted the critical "Class 1" business processes impacted by the loss of the following "Grid-Critical" critical systems:

- DSCADA
- EMS
- OMS/CAD

The PI Historian and MuleSoft systems were considered for the 2026 metric but deemed to not require any action on the stated basis that PI Historian does not support any Class 1 processes, and the loss of data flowing through MuleSoft results in impaired functionality for the three systems included in scope, thus loss of those systems would already be covered in the BC planning for processes using those systems.

The 'Business-Critical' systems, which are critical to business operations but carry less stringent RTO/RPO requirements than the 'Grid-Critical' systems, were not in-scope for 2026 and will be targeted in 2027.

TARGETS AND CALCULATIONS

A. PSEG Long Island to submit for LIPA approval a 2027 PIP with the proposed deliverables and due dates to cover the scope of the 2027 metric. It shall include (i) the proposed final lists of in-scope critical systems and the associated impacted Class 1 business processes, based on the BIA mapping as described above, (ii) the schedule for submission to LIPA of the revised BIAs and BCPs associated with the identified critical processes to be exercised in 2027, (iii) the schedule for submission to LIPA of the exercise documents for each exercise , in advance of the exercise, and for the functional exercising of the revised BCPs associated with the specified critical processes, including how the 2026 After-Action Report action items and LIPA's 2026 exercise feedback are incorporated into the 2027 exercises, (iv) the schedule for remediation of any gaps identified in the 2026 gap-closure assessment, (v) the schedule for the Class 2 Business

IT-03: System Resiliency - Business Continuity Plans and Exercises

Process Lead interviews identified from the 2026 BIA refresh (RC.RA3.BI3), (vi) the specific 2027 component deliverables for RC.RA3.BI3, RC.SP3.PD4, RC.CI3.E5 and RC.SP3.TA7, and (vii) a Recommendation Implementation Map: a table listing, for each Recommendation, each element of the recommendation text in Section 3.2.1 of the IT System Resiliency Report and identifying the PIP deliverable(s) that will implement that element and their due dates. LIPA's approval of the 2027 PIP will include approval of the Recommendation Implementation Map.

B. All planned scope and work for 2027, for which a reasonable and supported budget is approved and funded, will be completed in 2027 in accordance with the LIPA approved 2027 PIP. PSEG Long Island is responsible for requesting appropriate budget in accordance with the established schedule for the 2027 budget cycle.

C. Any planned 2026 IT-03 scope of work not completed in 2026 will be completed in 2027. Associated deliverables will be added to this metric after the year-end closeout of the 2026 IT-03 metric. PSEG Long Island to submit proposed due dates for any such deliverables for LIPA's review and approval, failing which the Due Date will default to 3/31/2027, unless a later date is approved through an exceptions request.

D. PSEG Long Island to fully participate in a gap-closure assessment by a LIPA representative or LIPA-engaged third-party consultant, to be conducted in Q4 2027. The assessment will include reviewing the BC Program documents and witnessing exercises for the Class 1 business processes that utilize the critical systems identified in the LIPA-approved 2027 PIP. LIPA's approval of the deliverables will be based on the consultant's recommendations resulting from this assessment. All BCP and Functional Drills Recommendations of the 2024 IT System Resiliency Report that have not already been determined to have been fully met by a LIPA representative or LIPA-engaged third-party Consultant pursuant to the 2026 IT-03 metric will be assessed for gap-closure.

E. PSEG Long Island to capture lessons learned from the exercises and put them into After-Action Reports in accordance with approved guidelines. PSEG Long Island is to submit to LIPA as metric deliverables the After-Action Reports for each exercise and the Structured Improvement Plan reflecting tracking to closure of the action items, as well as any BCPs and BIAs that have been updated to incorporate any of the lessons learned.

Expected outcomes for 2027:

- As determined by a LIPA representative or LIPA-engaged third-party consultant in a gap closure assessment, the nine Recommendations of the 2024 IT System Resiliency Report have been fully implemented.
- BC program documents related to the critical systems and their associated Class 1 business processes have been reviewed by a LIPA representative or LIPA-engaged third-party consultant and have been accepted by LIPA under the Deliverables provisions of this metric.
- BC program documents provide clear and concrete direction for maintaining critical functions and processes in realistic disaster scenarios, including unplanned partial or complete loss of one or more critical systems and/or infrastructure.
- BC program documents and the design of the exercises are in accordance with the recommendations of the 2024 IT Systems Resiliency Report.

IT-03: System Resiliency - Business Continuity Plans and Exercises

- BC program documents have been successfully updated and exercised for the critical systems and their associated critical business processes, with the exercises executed per the 2027 BC Exercise Schedule, and witnessed by a LIPA representative or LIPA-engaged third-party consultant, and their success assessed by a LIPA representative or LIPA-engaged third-party consultant. The success of the exercises will be assessed by the LIPA representative or consultant on the basis of: (a) the After-Action Report for each exercise, including the identified issues, resolution times; (b) evidence that action items from the 2026 After-Action Reports and LIPA's 2026 exercise feedback were incorporated into the 2027 exercises; and (c) the improvement in exercise realism demonstrated between the 2026 and 2027 After-Action Reports.

Target:
Minimum Baseline Target for receiving compensation requires:
(i) PSEG Long Island has fully participated in the gap-closure assessment, including making all relevant PSEG Long Island personnel available as needed for interviews, meetings, etc., and providing all requested information and data in a timely manner.

(ii) 2027 deliverables in the mutually agreed upon and LIPA-approved 2027 PIP or in this metric, are submitted by the specified due dates and subsequently accepted by LIPA.

If the Minimum Baseline Targets are met, incentive will be allocated based on the determination of the gap-closure assessment of the BCP and Functional Drills Recommendations of the 2024 IT Systems Resiliency Report, as follows:

• 70% of compensation for successful completion of the High-Priority Recommendations, as determined by the 2027 gap-closure assessment against the Recommendation Implementation Map in the LIPA-approved 2027 PIP, comprising both the 2027 scope and the remediation of any gaps identified in the 2026 gap-closure assessment:
High priority – RC.RA3.BI3, RC.SP3.PD4, and RC.CI3.E5 plus any of RC.GV3.MR1, RC.GV3.IP2, or RC.CI3.ECO6 determined not fully met in the 2026 gap-closure assessment.

• 20% of compensation for successful completion of the Medium Priority Recommendations, as determined by the 2027 gap-closure assessment against the Recommendation Implementation Map in the LIPA-approved 2027 PIP, comprising both the 2027 scope and the remediation of any gaps identified in the 2026 gap-closure assessment:
Medium priority – RC.SP3.TA7, plus RC.GV3.PF6 if determined not fully met in the 2026 gap-closure assessment.

• 10% of compensation for successful completion of the Low Priority Recommendations, as determined by the 2027 gap-closure assessment against the Recommendation Implementation Map in the LIPA-approved 2027 PIP:
Low priority - RC.GF3.RR8, only if determined not fully met in the 2026 gap-closure assessment (the allocated 10% of compensation will be equally re-allocated to the High and Medium priority recommendations if there are no gaps to be remediated in 2027).

For the purposes of the tiers above, a recommendation is successfully completed when all deliverables mapped to it in the Recommendation Implementation Map have been completed and the 2027 gap-closure assessment confirms (i.e. accepted by LIPA) that they meet the elements of the Recommendation to which they are mapped. Where the assessment identifies a gap in an element of a Recommendation that no deliverable in the LIPA-approved 2027 PIP was mapped to, and all mapped deliverables have been completed and accepted, the gap will be recorded in the assessment

IT-03: System Resiliency - Business Continuity Plans and Exercises

and carried forward as a remediation deliverable and will not reduce the compensation allocated to that Recommendation.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Schedule relief may be granted for i) delays directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
2027 PIP to implement the BCPs and Functional Drills 2027 scope	60 days after receiving the final 2026 gap-closure assessment report.
All 2027 Deliverables in the mutually-agreed upon and LIPA-approved PIP	Per LIPA-approved PIP
Successful completion of exercises identified, as specified in the LIPA-approved PIP.	Per LIPA-approved PIP and no later than 2027-10-29
AARs, Structured Improvement Plan, and any updated BIAs/BCPs, per Target E	Per LIPA-approved PIP and no later than 2027-12-31
PSEG Long Island has fully participated in the gap-closure assessment	2027-12-31

2027 Performance Metrics

IT-04: System and Software Lifecycle Management

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: Maurice Johnson
PSEGLI Director: Irving Landesbaum	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $100,000	

OBJECTIVE

All IT and OT applications and technology assets managed by PSEG Long Island on behalf of LIPA, including computers, communications equipment, networking equipment, hardware, software, and storage systems, are within their active service life and under general or extended support from the product vendor.

TARGETS AND CALCULATIONS

% of defined systems within the vendor's general or extended support lifecycle, weighted by the tiered approach utilizing Recovery Time Objectives (RTO) to assign weights based on the priority of the application or technology defined below.

Tiered Approach:
Systems and applications will be categorized into tiers based on RTO ranges:

Tier	Tier Name	RTO Range	Description in Utility Context
Tier 0	Critical	0-4 hours	Mission-critical systems requiring near-immediate recovery
Tier 1	High	5-8 hours	High-priority systems essential for core operations. Recovery must be swift to avoid significant disruptions.
Tier 2	Moderate	9-24 hours	Important but non-immediate systems. Tolerable for short-term interruptions without catastrophic effects.
Tier 3	Low	>24 hours	Supportive or low-impact systems. Extended recovery is acceptable with minimal business repercussions.

Weighting by Tiers (Multipliers reflect business risk/priority in overall metric calculation)	Tier Name	Associated Weighting Factor
Tier 0	Critical	10 x
Tier 1	High	5 x
Tier 2	Moderate	3 x
Tier 3	Low	1 x

2027 Performance Metrics

IT-04: System and Software Lifecycle Management

Calculation:

$$\text{System and Software Lifecycle Management \% Achievement} = \frac{\Sigma\ (\text{Units Within Vendor Support x Multiplier})}{\Sigma\ (\text{Maximum Possible Points})}$$

Units for inclusion for calculation purposes will only include the following:

1. Production Systems
2. Disaster Recovery Environments
3. Q/A environments where they exist.

Report Format:

The report spreadsheet will have two tabs: one for detail and one for summary information.

The detailed tab should have the following fields for each asset:

- Vendor
- Product
- Version/Model
- Currently Supported Version/Model
- Within Vendor Support (Y/N)
- Tier

The summary tab should include the fields shown in the calculation example below. Snapshot of the inventory will be taken within 30 days of the report due date.

Calculation Example:

					= tier factor x units	*= weighted units / total number of weighted units*	*= weight % x total target incentive*	*= (units within vendor support / total units) x target incentive*
App	**Tier**	**Tier Factor**	**Units**	**Units within Vendor Support**	**Weighted Units**	**Weight %**	**Incentive at Risk**	**Incentive Earned**
Technology 1	3	1	10	8	10	2.13%	$2,127.66	$1,702.13
Technology 2	3	1	5	5	5	1.06%	$1,063.83	$1,063.83
Technology 3	3	1	10	9	10	2.13%	$2,127.66	$1,914.89
Technology 4	3	1	1	1	1	0.21%	$212.77	$212.77
Application 1	2	3	15	14	45	9.57%	$9,574.47	$8,936.17
Application 2	0	10	24	24	240	51.06%	$51,063.83	$51,063.83
Application 3	0	10	15	10	150	31.91%	$31,914.89	$21,276.60
Application 4	3	1	9	7	9	1.91%	$1,914.89	$1,489.36
Total			**89**	**78**	**470**	**100%**	**$100,000.00**	**$87,659.57**

IT-04: System and Software Lifecycle Management

Exclusions

SaaS systems will not be included. Units that don't meet the above-defined inclusion criteria.

Deliverables

Deliverable Name	Target Due Date
Submit a report on the current IT and OT asset inventory, as specified in this metric.	2027-01-29
Submit a midyear report on IT and OT asset inventory, as specified in this metric.	2027-06-30
Submit a final report on IT and OT asset inventory, as specified in this metric.	2028-01-31

2027 Performance Metrics

IT-05: Project Performance - In-flight Projects

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Brian Rudowski, Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: Multiple
PSEGLI Director: Irving Landesbaum, Joseph Jacko, Larry Rocha, Lavanya Myneni	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $100,000	

OBJECTIVE

IT Projects are conducted in a structured manner with strong and rigorous project planning, monitoring, and controls, as demonstrated by:

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 in a LIPA-approved format and 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.

TARGETS AND CALCULATIONS

This metric includes all in-flight 2026 IT Project Performance Metrics (IT-05) projects that have LIPA-approved PIPs and LIPA-approved work plans for 2027, with the Deliverables and Due Dates as specified in the LIPA-approved PIPs.

Any approved Exception Request for a 2026 IT-05 project that moves a Deliverable Due Date from 2026 to 2027 will automatically result in that Deliverable being incorporated into this metric and will move the associated project in-scope if previously out-of-scope. Additionally, any 2026 Deliverables for IT-05 projects that are not completed in 2026 will be automatically incorporated into this metric for remediation even if the Due Date is not officially adjusted through the Exception process.

The in-scope Projects and Deliverables listing will be compiled and updated through 2026 year-end closeout and the projects that meet the criterion for inclusion are determined. The final Deliverables and Due Dates for the metric will be as specified in the LIPA-approved PIPs for the projects, with any applicable adjustments resulting from the Exception Request process or as determined by LIPA for deliverables that have been incorporated for remediation without approved Exception Requests.

All submitted deliverables shall be clear, comprehensive, and substantive.

Target:

100% of the in-scope projects meet the following targets:

- 100% of the 2027 Deliverables specified in the LIPA-approved PIP or in this metric are submitted by the specified due date and subsequently accepted by LIPA.
- 100% of the planned 2027 work specified in the LIPA-approved PIP or in this metric is completed in 2027.
- Projects completed in 2027 satisfy the End State and Success Criteria detailed in the LIPA-approved PIP.

IT-05: Project Performance - In-flight Projects

Incentive will be awarded as follows:

- The incentive will be based on the allocated portion of in-scope projects that are completed in 2027 in alignment with the planned 2027 work specified in the LIPA-approved PIP.
- No incentive if the target is met for less than 50% of in-scope projects.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

Any exceptions sought for a deliverable must be submitted by PSEG Long Island, via the standard Metric Exception Request process, within ten business days of the deliverable due date.

Any requests by PSEG Long Island to remove a project from the in-scope projects list must be submitted by PSEG Long Island, via the standard Metric Exception Request process, within ten business days of the first deliverable due date.

DELIVERABLES

Deliverable Name	Target Due Date
2027 Deliverables from LIPA-approved PIPs for all in-scope projects	Per LIPA-approved PIPs
List of projects in scope for 2027	2027-01-31

2027 Performance Metrics

IT-06: New 2027 Projects

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Brian Rudowski, Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: Multiple
PSEGLI Director: Irving Landesbaum, Kirankumar Ramayanam, Lavanya Myneni	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $600,000	

OBJECTIVE

IT/Cyber Capital Projects completed on time, on budget, with full scope and high quality, as demonstrated by:

- Project durations (go-live) that are equal to the duration specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error of (+/- 31 days).
- Project costs that are equal to the estimated cost specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error (+20%/-15%).
- Quality of Project Execution as measured through a defined grading rubric to capture delivered project scope and quality.

TARGETS AND CALCULATIONS

The incentive for each eligible in-scope project is allocated from the total for IT-06 by its approved SGP Stage Gate 5 Capital budget for 2027. The total compensation for each project is divided into components for cost, schedule, scope, and quality.

- **Cost (40%)**: Project costs, that are equal to the estimated cost specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error (+20%/-15%).
- **Schedule (30%)**: Project schedules, that are equal to the duration (actual project start through deployment/go-live) specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error of (+/- 31 days).
  Quality (30%): Project Quality, as measured through a defined grading rubric which captures delivered project scope and quality. The rubric provides a defined methodology for assigning grades, corresponding to incentive allocation as follows: A – 100%, B – 85%, C – 70%, F – 0%

This metric includes all IT/Cyber Projects at or over $1 million in Capital Budget project lifecycle costs that have an approved 2027 Capital Budget, with exceptions defined in the Exclusions section. Projects will only be eligible for incentive if they are planned per the SGP Stage Gate 5 estimates to close during the 2027 performance period. Projects that are planned to close in subsequent years will be required to submit all required 2027 deliverables but will be evaluated for incentive in the performance period in which they close out.
Projects that were included in the 2026 IT-06 metric based on initial duration estimates but were subsequently dropped because they extended into 2027 based on SGP Stage Gate 5 estimates will be included in the 2027 IT-06 metric.
The in-scope project list will initially be compiled based on the Board-approved 2027 PSEG Long Island IT/Cyber Capital Budget. Projects will be added or removed from the metric if eligibility changes based on the SGP Stage Gate 5 approved total project budget.

IT-06: New 2027 Projects

Target:

- 100% of the in-scope projects delivered on time, on budget, with full scope and high quality. Payout is proportional to the allocated value of projects based on the SGP Stage Gate 5 approved budget for the project.

Quality Grading Rubric:

A – ORR accepted, TP088 scope accepted (including any approved scope changes), and no post-delivery Severity 1 (SEV1) or Severity 2 (SEV2) incidents during the warranty period following deployment/go-live.

B – ORR accepted, 85% of TP088 scope accepted, up to one SEV2 incidents, no SEV1 incidents.

C – ORR accepted, 70% of the scope accepted per TP088, and one SEV1 incident, no SEV2 incidents.

F – Either: ORR not accepted, or < 70% scope accepted, or two or more SEV1/SEV2 incidents.

Example Calculation:

		Project 1	Project 2	Project 3	Project 4	Total
Budget	**Allocations**	$1,000,000	$2,000,000	$5,000,000	$10,000,000	**$18,000,000**
Weight		*6%*	*11%*	*28%*	*56%*	***100%***
Target Incentive (2021 Dollars)	***100%***	$38,889	$77,778	$194,444	$388,889	**$700,000**
Cost Within Tolerance		Yes	No	Yes	Yes	
Cost Incentive	**40%**	$15,556	$0	$77,778	$155,556	
Schedule within Tolerance		No	No	Yes	Yes	
Schedule Incentive	**30%**	$0	$0	$58,333	$116,667	
Quality Score		C	F	B	A	
Quality Incentive	**30%**	$8,167	$0	$49,583	$116,667	
Total Incentive Earned		**$23,722**	**$0**	**$185,694**	**$388,889**	**$598,306**

EXCLUSIONS

IT/Cyber Projects that are already covered under separate IT metrics that extend into 2027 will not be included in IT-06. Schedule and/or cost relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.
Any exceptions sought for a deliverable must be submitted by PSEG Long Island, via the standard Metric Exception Request process, within ten business days of the deliverable due date.

IT-06: New 2027 Projects

DELIVERABLES

To be submitted for each in-scope project

Deliverable Name	Target Due Date
Project Implementation Plan (PIP)	60 days after URB approval (and LIPA approval if required)
PSEGLI Definitive Estimate (DE)	10 days after URB approval (and LIPA approval if required) of DE
Project Monthly Status Report and PQA Status Report	10th of Every Month
Project Closure Report	Within 30 Days of Project Closeout

2027 Performance Metrics

IT-09: IT Planning – Ransomware Readiness and Response

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Brian Rudowski
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: N/A
PSEGLI Director: Irving Landesbaum, John Kupcinski	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $600,000	

OBJECTIVE

Development and Implementation of Ransomware Readiness and Response plans to ensure that any suspected or confirmed ransomware incidents are responded to consistently, controlled, and effectively.

TARGETS AND CALCULATIONS

All planned scope and work for 2027 in the LIPA-approved Ransomware Readiness and Response Project Implementation Plan (PIP) and in any subsequent LIPA-approved detailed plans developed according to the PIP, for which reasonable and supported budget is approved and funded, will be completed in 2027 in accordance with the plans.

Any planned 2026 IT-09 deliverables or scope of work not completed and accepted by LIPA in 2026 will be completed in 2027. Associated deliverables will be added to this metric after the year-end closeout of the 2026 IT-09 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval, failing which the Due Date will default to 3/31/2027.

Any gaps identified in the gap-closure assessment conducted by a LIPA-engaged third-party Consultant pursuant to the 2026 IT-09 metric shall be remediated in 2027. Any open deliverables or action items that arise from the 2026 testing of the restoration of backups and exercise of the Ransomware Response and Recovery Plan will be completed in 2027. Associated deliverables will be added to this metric after the year-end closeout of the 2026 IT-09 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval, failing which the Due Date will default to 3/31/2027.

All Recommendations of the 2024 Ransomware Readiness and Response Roadmap that are planned to be completed in or prior to 2027 per the LIPA-approved PIP, and that have not already been determined to have been fully met by a LIPA-engaged third-party Consultant pursuant to the 2025 or 2026 IT-09 metrics, will be assessed for gap-closure and determined to be fully met by a LIPA-engaged third-party Consultant in 2027.

Restoration of backups for all priority systems/subsystems (on-premise and cloud) will be successfully tested in 2027, with incorporation of lessons learned/action items from the 2026 testing. If testing the full restoration of backups is not feasible for a given system, PSEG Long Island may test the restoration of a representative subset of the backups to demonstrate that the backups were completed successfully and are viable. The testing approach for each system will be provided in Test Plans, which will be submitted to LIPA for review and approval before the system is tested.

2027 Performance Metrics

IT-09: IT Planning – Ransomware Readiness and Response

The Ransomware Response and Recovery Plan will be exercised from incident through resumption to normal in 2027, in accordance with the Plan. Lessons learned from the exercise will be incorporated into the Ransomware Response and Recovery Plan or added as deliverables/actions into a revised PIP. Revisions to the Ransomware Response and Recovery Plan or the PIP will be submitted to LIPA for review and approval in 2027. The exercise will be observed by LIPA and/or a LIPA-engaged third-party Consultant.

Expected End State outcomes after full implementation per LIPA-approved PIP:

i) A written LIPA-approved Recovery Readiness Plan is in effect, providing detailed processes and procedures for regular data backups that are consistent with NIST/NCCOE Recommendations. Each of the priority systems/subsystems is explicitly addressed.

ii) All identified priority systems/subsystems are regularly backed up in accordance with the Recovery Readiness Plan. Backups may be conducted at system-specific or infrastructure levels as long as all essential components of all priority systems/subsystems are fully covered. For SaaS systems, vendors have provided documentation on their current backup and restore processes, which has been analyzed for potential gaps under ransomware attack scenarios. Remediation plans from vendors have been requested/negotiated for any identified gaps, and all gaps have been either closed or addressed with contingency plans in the Ransomware Response and Recovery Plan. If any vendors have been unwilling or unable to provide sufficient documentation or adequate remediation plans, PSEG Long Island will follow its risk management process for third parties.

iii) Restoration of backups for priority systems/subsystems are tested annually. For SaaS systems, requirements to ensure that uncontaminated data can be restored in case of contamination are documented for each system, and the vendor provides written evidence/assurance that the requirements are met, including, at a minimum, clearly defined SLAs for data recovery, backups, and restoration (RTO, RPO). If any vendors have been unwilling or unable to provide sufficient documentation or adequate evidence/assurance, PSEG Long Island will follow its risk management process for third parties.

iv) A written LIPA-approved Ransomware Response and Recovery Plan consistent with NIST/NCCOE Recommendations is in effect, addressing assessment and validation of attack vectors and level of breach, containment of breach; incident command and stakeholder communications; approach to business continuity, recovery, and resumption to normal; recovery of systems; and regular, periodic testing of the response from incident through resumption to normal for the entire organization.

v) The Ransomware Response and Recovery Plan provides a Business Response Playbook/Runbook that delivers policies and procedures for plan activation, internal executive communication (including LIPA), external communication, coordination, business continuity until systems are restored/recovered, and procedures and process for resumption to normal including input of any manually captured data. The Business Response Playbook/ Runbook can be similar to the Storm ERIP but more limited in scope.

vi) The Ransomware Response and Recovery Plan provides a Technical Response Playbook/Runbook that provides step-by-step procedures to guide validation and assessment, containment, data recovery, post-recovery data integrity assessment, and resumption of services. Procedures are detailed for priority systems and subsystems,

IT-09: IT Planning – Ransomware Readiness and Response

including communication and coordination with vendors for SaaS systems.

vii) Thorough testing of the response is planned to be conducted annually.

viii) Requirements for annual testing of the restoration of backups and annual exercise of the Ransomware Response and Recovery Plan as per this metric are documented and are consistent across all relevant documentation, including the Ransomware Framework.

ix) Programmatic documentation, instructions, and runbooks are consistent across the Ransomware, Business Continuity, and Disaster Recovery programs.

In 2027, a LIPA-engaged third-party Consultant will conduct a gap-closure assessment of the Ransomware Readiness Assessment conducted by a LIPA-engaged third-party Consultant (Ernst & Young) in 2024. The 2027 assessment will evaluate closure of the recommendations that are planned to be completed in or prior to 2027 per the LIPA-approved PIP and that have not already been determined to have been fully met by a LIPA representative or LIPA-engaged third-party Consultant pursuant to the 2025 or 2026 IT-09 metrics.

Incentive will be awarded as follows:

- **20% of allocated incentive compensation** for completion of the 2027 LIPA-observed annual exercise of the Ransomware Response and Recovery Plan and incorporation of Lessons Learned into the Ransomware Response and Recovery Plan or revised PIP, as specified in this metric, with deliverables submitted by the specified due dates and subsequently accepted by LIPA. 'LIPA-observed' means observed by LIPA and/or a LIPA-engaged third-party Consultant.

- **80% of allocated incentive compensation** for meeting the following targets:
    - 100% of 2027 deliverables in the LIPA-approved PIP or in this metric are submitted by the specified due dates and subsequently accepted by LIPA, excluding the deliverables for the 2027 annual exercise of the Ransomware Response and Recovery Plan and the incorporation of Lessons Learned into the Ransomware Response and Recovery Plan or revised PIP.
    - 100% of any 2026 Deliverables that are added to this metric for completion after the year-end closeout of the 2026 IT-09 metric are submitted by the specified due date and subsequently accepted by LIPA.
    - PSEG Long Island has fully participated in the gap-closure assessment, including making all relevant PSEG Long Island personnel available as needed for interviews, meetings, etc., and providing all requested information and data in a timely manner.
    - 100% of the Recommendations of the 2024 Ransomware Readiness and Response Roadmap that are planned to be completed in or prior to 2027 per the LIPA-approved PIP, and that have not already been determined to have been fully met by a LIPA representative or LIPA-engaged third-party Consultant pursuant to the 2025 or 2026 IT-09 metrics, are determined to be fully met by a LIPA-engaged third-party Consultant in 2027.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear,

IT-09: IT Planning – Ransomware Readiness and Response

comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

Exclusions

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

Deliverables

Deliverable Name	Target Due Date
Monthly progress reports and status briefing	Monthly
All 2027 deliverables in the LIPA-approved PIP	Per LIPA-approved PIP
Any deliverables arising from the 2026 gap-closure assessment or year-end metric closeout, as per this metric	2027-03-31, or as mutually agreed
Test plans and results for testing the restoration of backups for all priority systems/subsystems identified in the PIP	2027-09-30
Annual exercise of the Ransomware Response and Recovery Plan and Lessons Learned	2027-10-31
Revised PIP with additional after-actions from the exercise	2027-11-15
Close-out Report	2027-12-01
PSEG Long Island has fully participated in the gap-closure assessment, including making relevant personnel available and providing requested information and data and access to relevant systems, in a timely manner.	2027-12-31

2027 Performance Metrics

IT-10: System Resiliency - Disaster Recovery Plans and Testing

Board Policy: Information Technology and Cyber Security	**Board PIPs**: 5.02: ERP and BCP Training and Exercises, 5.04: Develop Rigorous BCPs
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: Tikka Singh
PSEGLI Director: Irving Landesbaum	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Well-designed and robust IT System Resiliency Planning that includes Disaster Recovery Plans (DRPs) that are annually reviewed, updated, approved by LIPA, and successfully and thoroughly exercised, for all critical systems. Plans should be developed and implemented using guidance from ISO 22301:2019, as applicable.
The 2025 and 2026 IT-10 metrics targeted full implementation of the eleven Disaster Recovery Plans and Testing recommendations of the 2024 IT Systems Resiliency Report, in accordance with the LIPA-approved IT-10 PIP, as determined by a LIPA-engaged third-party Consultant in a gap-closure assessment.
In 2027, PSEG Long Island shall sustain and complete these improvements, and continue to enhance its Disaster Recovery program. The scope will include any scope/work that was planned for but not completed in 2026, remediation of any gaps identified in the 2026 gap-closure assessment and year-end metric closeout, the annual DRP cycle, and additional mutually agreed-to enhancements. The 2027 annual DRP cycle is the first full annual sustainment cycle following the phased build-out under the LIPA-approved PIP of Grid-Critical Systems in 2025 and Business-Critical Systems in 2026 and shall encompass the complete critical-application inventory (Grid Critical and Business Critical systems).

TARGETS AND CALCULATIONS

A. Any planned 2026 IT-10 scope of work not completed in 2026 will be completed in 2027, including any work that was deferred or exempted from the 2026 scope by Exception Requests (excluding any administrative exemptions for invalid deliverables). Associated deliverables will be added to this metric after the year-end closeout of the 2026 IT-10 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval, failing which the Due Date will default to 3/31/2027.

B. PSEG Long Island shall remediate any gaps identified in the 2026 Q4 gap-closure assessment; and shall complete any deliverables that arise from the 2026 DR tests and After-Action Reports (AAR) either via a revised PIP submitted in 2026 or open action items documented in the AAR adjudication review. Associated deliverables will be added to this metric after the year-end closeout of the 2026 IT-10 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval, failing which the Due Date will default to 3/31/2027.

C. PSEG Long Island shall submit for LIPA-approval a Deliverables Schedule for the 2027 Annual DRP Cycle. The schedule shall encompass all critical systems (Grid-Critical and Business-Critical), and include submission of revised DRPs, test plans, and after-action reports for each system. PSEG Long Island shall complete the review,

IT-10: System Resiliency - Disaster Recovery Plans and Testing

update, LIPA approval, successful testing of the DRPs, and development of after-action reports, in accordance with the LIPA-approved schedule.

D. PSEG Long Island shall submit for LIPA-approval a Deliverables Schedule for mutually-agreed to 2027 enhancements to the Disaster Recovery program. The enhancements shall include (i) incorporation of additional systems that are not currently covered by the DR program, with the system list to be provided by PSEG Long Island, (ii) planning and preparation for a full Data Center DR test, with execution of the test targeted for 2028 Q1 or earlier, and (iii) any enhancement recommendations from the 2026 gap-closure assessment that are mutually agreed-to for completion in 2027. In addition, PSEG Long Island shall provide a high-level roadmap for those enhancement recommendations that will be targeted for 2028 or later.

E. PSEG Long Island to fully participate in a gap-closure assessment by a LIPA representative or LIPA-engaged third-party consultant, to be conducted in Q4 2027. All DRP and Testing Recommendations of the 2024 IT Systems Resiliency Report that have not already been determined to have been fully met by a LIPA-engaged third-party Consultant pursuant to the 2025 or 2026 IT-10 metric will be assessed for gap-closure. The assessment will also include the 2027 Annual DRP Cycle, and the mutually agreed-to 2027 Enhancements.

F. PSEG Long Island to capture lessons learned from the testing and put them into an After-Action Report. PSEG Long Island is to submit a revised PIP for LIPA approval with additional deliverables arising from the After-Action Report and their due dates, as well as any DRPs that have been updated to incorporate any of the lessons learned.

G. All planned scope and work for 2027 pursuant to this metric, for which a reasonable and supported budget is approved and funded, will be completed in 2027 in accordance with the approved schedules. PSEG Long Island is responsible for requesting budget in accordance with the established schedule for the 2027 budget cycle.

Expected outcomes for 2027:

- The Future State Roadmap's Disaster Recovery Plans and Testing recommendations have been fully implemented, as determined by a LIPA-engaged third-party Consultant in a gap-closure assessment.
- DRPs for the critical systems identified in the mutually agreeable and LIPA-approved PIP have been reviewed by the third-party Consultant and approved by LIPA based on the Consultant's recommendation. The DRPs provide clear and concrete direction for recovery and restoration of the systems in realistic disaster scenarios, including unplanned partial or complete loss of one or more critical systems and/or infrastructure components.
- The DRPs and the design of the tests are in accordance with the recommendations of the 2024 IT Systems Resiliency Assessment.
- LIPA-approved DRPs have been successfully exercised for the critical systems identified in the mutually agreeable and LIPA-approved PIP, with the tests witnessed, and their success assessed, by a LIPA-engaged third-party Consultant.
- The 2027 scope of the mutually agreed-to 2027 Enhancements has been completed in accordance with the LIPA-approved schedule.

IT-10: System Resiliency - Disaster Recovery Plans and Testing

Target:

Minimum Baseline Target for receiving compensation requires:

(i) PSEG Long Island has fully participated in the gap-closure assessment, including making all relevant PSEG Long Island personnel available as needed for interviews, meetings, etc. and providing all requested information and data in a timely manner.

(ii) 2027 deliverables in the LIPA-approved Deliverables Schedules, or in this metric, are submitted by the specified due dates and subsequently accepted by LIPA.

If the Minimum Baseline Targets are met, incentive will be allocated based on the determination of the 2027 gap-closure assessment, as follows:

- 20% of compensation for successful completion of any open recommendations of the 2024 IT Systems Resiliency Report, as determined by the gap-closure assessment
- 40% of compensation for successful completion of 2027 Annual DRP Cycle, as determined by the gap-closure assessment
- 40% of compensation for successful completion of the planned 2027 scope of the mutually agreed to 2027 Enhancements in accordance with the LIPA-approved Deliverables Schedule.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

IT-10: System Resiliency - Disaster Recovery Plans and Testing

DELIVERABLES

Deliverable Name	Target Due Date
Deliverables Schedule for the 2027 Annual DRP Cycle	2027-03-31
Deliverables Schedule for 2027 Enhancements	2027-03-31
All 2027 Deliverables in the LIPA-approved Deliverables Schedule, or arising from the 2026 gap-closure assessment/year-end closeout	Per LIPA-approved schedules
Successful exercise of LIPA-approved DRPs as specified in the LIPA-approved PIP	2027-12-15
Lessons Learned from the exercises and a revised PIP incorporating the lessons learned	2027-12-15
PSEG Long Island has fully participated in the gap-closure assessment, including making relevant personnel available and providing requested information and data and access to relevant systems, in a timely manner.	2027-12-31

2027 Performance Metrics

IT-11: System Cost Effectiveness

Board Policy: Information Technology and Cyber Security	**Board PIPs:** N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr:** Omar Shareef
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr:** N/A
PSEGLI Director: Multiple IT Directors	**DPS Contact:** John Goench
Allocated Compensation (2021 Dollars): $300,000	

OBJECTIVE

The 2027 metric will use the Total Cost of Ownership (TCO) baseline established in 2026 to identify, prioritize, and develop actionable IT and Cyber cost-reduction opportunities for implementation beginning in 2028. The focus in 2027 is on analysis, prioritization, and implementation readiness.

The initiative targets the applications and technologies responsible for the majority of PSEG-LI IT and Cyber O&M costs. The 2026 baseline covers 17 key applications and technologies, expected to represent at least 80% of total IT and Cyber O&M spend. If coverage is below 80%, additional systems will be incorporated in 2027 to support the 2028 IT-11 System Cost Effectiveness performance metric.

In-scope applications and technologies include the following:

- Advanced Meter Infrastructure (AMI)
- Citrix
- Cyber Tools
- Data Analytics and Data Visualizations
- DSCADA (Components: DSCADA, SecurID RSA Authentication Manager)
- Energy Management System (EMS)
- GIS (Components: GIS Mapview, EGIS ArcFM)
- KUBRA Outage Map
- M365
- Mainframe (Components: CAS, CAS Web, CAS with EBO)
- MyAccount
- NICE CCaaS (Components: CXOne, CCaaS)
- Outage Management System (Components: OMS, Mobile Dispatch CAD)
- SAN Storage
- SAP (Components: SAP Enterprise, SAP HR, SAP XI)
- SAS (Components: SAS Visual Analytics)
- VMware

2027 Performance Metrics

IT-11: System Cost Effectiveness

TARGETS AND CALCULATIONS

The final 2026 TCO baseline for the in-scope applications and technologies will serve as the starting point for 2027 planning.

PSEG Long Island will use the baseline to develop a prioritized portfolio of potential cost-reduction opportunities for implementation in 2028.

1. Cost Reduction Opportunity Assessment
Identify, evaluate, and prioritize actionable cost-reduction opportunities across the in-scope IT and Cyber applications and technologies. Identified opportunities will include estimated annualized savings and sufficient assessment of implementation costs, operational impacts, dependencies, risks, and implementation complexity to support prioritization.

2. 2028 TCO Cost Reduction Implementation Plan
Develop and obtain LIPA approval of an actionable 2028 implementation plan that supports the following cumulative TCO targets across the in-scope IT and Cyber applications and technologies. The approved plan will identify the selected cost-reduction initiatives, accountable owners, key milestones, required budget and procurement actions, expected annualized savings, and the methodology for measuring realized savings in 2028.

The compensation payment will be based on below:

- 100% Compensation: Approved implementation plan targeting a 10% reduction in cumulative TCO.
- 50% Compensation: Approved implementation plan targeting flat cumulative TCO (0% reduction).
- Straight-Line Scaling: Compensation will be scaled on a straight-line basis between 50% and 100% based on the level of cumulative TCO reduction targeted by the approved implementation plan.

Target

Incentive compensation will be earned based on the milestone weights and performance levels described above, subject to completion of both deliverables by the prescribed due dates and LIPA acceptance. Each deliverable represents 50% of the total allocated incentive compensation, with the compensation earned for each deliverable determined by the applicable cumulative TCO reduction target and straight-line scaling methodology.
For purposes of establishing a comparable basis for measuring future savings, the 2028 implementation plan may normalize the 2026 TCO baseline for material changes in scope, volume, contractual terms, technology, or accounting treatment, when mutually agreed upon by LIPA and PSEG Long Island.

IT-11: System Cost Effectiveness

EXCLUSIONS

Schedule relief may be granted for delays directed or requested by LIPA or for situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
Submit the 2028 Cost Reduction Opportunity Assessment, including prioritized opportunities, estimated annualized savings, one-time implementation costs, operational impacts, dependencies, risks, and implementation complexity.	2027-06-30
Submit the final LIPA-approved 2028 TCO Cost Reduction Implementation Plan, including selected initiatives, accountable owners, milestone dates, required budget/procurement actions, expected annualized savings which are included in 2028 planning, and the 2028 savings measurement methodology. – Metric outcome will be evaluated based on the identified savings in alignment with above	2027-10-29

2027 Performance Metrics

IT-12: System Reliability

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgrs**: Sidney Shelton and Brian Rudowski
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgrs**: N/A
PSEGLI Director: Irving Landesbaum, John Kupcinski	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $100,000	

Objective

The objective of this metric is to ensure that PSEG Long Island maintains reliable systems by measuring uptime and system availability.

Targets and Calculations

Reliability is measured as aggregate uptime for major applications and technologies, weighted by the tiered approach utilizing Recovery Time Objectives (RTO) to assign weights based on the priority of the application or technology defined below. The target for 2027 is 99% or higher reliability and will be based on a defined list of systems.

Tiered Approach:
Systems and applications will be categorized into tiers based on RTO ranges:

Tier	Tier Name	RTO Range	Description in Utility Context
Tier 0	Critical	0-4 hours	Mission-critical systems requiring near-immediate recovery
Tier 1	High	5-8 hours	High-priority systems essential for core operations. Recovery must be swift to avoid significant disruptions.
Tier 2	Moderate	9-24 hours	Important but non-immediate systems. Tolerable for short-term interruptions without catastrophic effects.
Tier 3	Low	>24 hours	Supportive or low-impact systems. Extended recovery is acceptable with minimal business repercussions.

Below is a sample calculation utilizing the above methodology for a month. Results will be reported monthly, and cumulative YE results will be the basis of whether the result was achieved to earn incentive compensation:

Report Format

App	Tier	Points	Weight %	Downtime Minutes	Uptime Minutes	Total Minutes	Uptime %	Aggregate %
Application 1	0	10	22.22%	0	44,640	44,640	100.0%	22.2%
Application 2	0	10	22.22%	0	44,640	44,640	100.0%	22.2%
Application 3	0	10	22.22%	15	44,625	44,640	100.0%	22.2%
Application 4	1	5	11.11%	45	44,595	44,640	99.9%	11.1%
Application 5	1	5	11.11%	150	44,490	44,640	99.7%	11.1%

IT-12: System Reliability

App	Tier	Points	Weight %	Downtime Minutes	Uptime Minutes	Total Minutes	Uptime %	Aggregate %
Application 6	2	3	6.67%	15	44,625	44,640	100.0%	6.7%
Application 7	3	1	2.22%	450	44,190	44,640	99.0%	2.2%
Application 8	3	1	2.22%	45	44,595	44,640	99.9%	2.2%
Aggregate Reliability %		**45**	**100.00%**					**99.9%**

Target:
The target for 2027 is 99% or higher reliability and will be based on a defined list of systems.

Exclusions

Unplanned outage minutes attributable to carrier-related events shall be excluded from the metric calculation.

Deliverables

Deliverable Name	Target Due Date
List of defined systems in scope	2027-01-31
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting for Unplanned Outage/Uptime Report 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

IT-13: IT Service Management

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: N/A
PSEGLI Director: Irving Landesbaum	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $100,000	

Objective

This metric's objective is to ensure that the PSEG-LI IT/Cyber team adequately meets the technology service management needs of the PSEG-LI operating company as measured by meeting or exceeding service level targets.

Targets and Calculations

This metric consists of several measures:

- **30% of Incentive Compensation - Incident Response**, as measured by the % of tickets responded to within SLA.
  - 100% of incentive compensation for performance ≥ 95%.
  - 75% of incentive compensation for performance ≥ 90% but < 95%
  - 0% of incentive compensation for any performance < 90%
- **30% of Incentive Compensation - Incident Resolution**, as measured by the % of tickets resolved within SLA.
  - 100% of incentive compensation for performance ≥ 95%.
  - 75% of incentive compensation for performance ≥ 90% but < 95%
  - 0% of incentive compensation for any performance < 90%
- **10% of Incentive Compensation - Service Request Completion SLA**, as measured by the % of tickets resolved within SLA
  - 100% of incentive compensation for performance ≥ 95%
  - 75% of incentive compensation for performance ≥ 90% but < 95%
  - 0% of incentive compensation for any performance < 90%
- **30% of Incentive Compensation - Customer Satisfaction**, as measured by the Moment of Truth metric.
  - 100% of incentive compensation for performance ≥ 3.80
  - 75% of incentive compensation for performance ≥ 3.74 but < 3.80
  - 0% of incentive compensation for any performance < 3.74

Exclusions

None

Deliverables

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) PSEGLI IT Monthly SteerCo PowerPoint Presentation – results will also be reported in the monthly PSEG LI OSA scorecard within a dashboard	Monthly
Provide final report for January-December 2027 for Service Request Service Level Agreement (SLA) via ServiceNow System	2028-01-31

2027 Performance Metrics

IT-14: Data, Application, and Report DL Access Requests

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: N/A
PSEGLI Director: Lavanya Myneni	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $200,000	

OBJECTIVE

Measures the team's ability to complete access requests to existing and new data in the data lake, direct system access, and report distribution lists (DL). This metric reflects operational reliability, customer satisfaction, audit readiness, and data governance maturity. It also evaluates performance across the full end-to-end request fulfillment process, including:

1. Initiating requests through the PSEG-LI Help Desk or new portal,
2. Conducting timely follow-up with LIPA requesters to collect required details,
3. Executing the requested access or data/report deliverable,
4. Verifying completion with LIPA staff,
5. Closing out the original ticket, and
6. Providing monthly reporting on ticket status through Smartsheet.

TARGETS AND CALCULATIONS

The monthly performance criteria will be tracked throughout the year, and each month's results will contribute to a cumulative annual average that determines the final 2027 performance percentage. Compensation will be awarded on a sliding scale, ensuring partial payments when portions of the outlined goals are met rather than an all-or-nothing outcome. As performance improves, the corresponding compensation increases according to the thresholds in the table, allowing progressively higher payouts for consistent achievement over the reporting period. This structure promotes sustained performance, rewards incremental progress, and provides clear visibility into how monthly results translate into year-end compensation.

Tiered Approach:

100% Compensation Awarded
Criteria
≥ **95%** of direct access requests to existing data in the data lake within 5 business days.
≥ **95%** of direct system access requests fulfilled within 5 business days.
≥ **95%** of report DL updates within 5 business days.
≥ **95%** of direct access requests to new data in the data lake within a timeframe as mutually agreed to in the Data Governance Committee.

IT-14: Data, Application, and Report DL Access Requests

90% Compensation Awarded
Criteria
≥ **85%** of direct access requests to existing data in the data lake within 5 business days.
≥ **85%** of direct system access requests fulfilled within 5 business days.
≥ **85%** of report DL updates within 5 business days.
≥ **85%** of direct access requests to new data in the data lake within a timeframe as mutually agreed to in the Data Governance Committee.

80% Compensation Awarded
Criteria
≥ **75%** of direct access requests to existing data in the data lake within 5 business days.
≥ **75%** of direct system access requests fulfilled within 5 business days.
≥ **75%** of report DL updates within 5 business days.
≥ **75%** of direct access requests to new data in the data lake within a timeframe as mutually agreed to in the Data Governance Committee.

Monthly Ticket SLA Status Report	
Ticket ID	System-generated ticket ID
Ticket Title	Title entered into the ticketing system
Short Description	Description entered into the ticketing system
Category	Existing Data Access, Direct System Access, Report DL Update, New Data Access
Date Opened	Date ticket was opened
Date Closed	Date ticket closed (all tasks complete)
SLA met?	Y/N

Calculation Example:

Performance Tier	Percentage Awarded	Compensation Earned
100% Tier	100%	$200,000
90% Tier	90%	$180,000
80% Tier	80%	$160,000
Does not meet 80% Tier	0%	$0

IT-14: Data, Application, and Report DL Access Requests

DELIVERABLES

Deliverable Name	Target Due Date
Submit the previous month's results starting in February 2027 and continuing through January 2028	2027-02-15 to 2028-01-15
Submit the previous month's 2027 results	15th of every month
Close out report	2028-03-01

2027 Performance Metrics

PS&CE-05: Beneficial Electrification – Building Electrification

Board Policy: Clean Energy and Power Supply	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: TBD
PSEGLI Director: Alex Valentino	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $320,000	

OBJECTIVE

Achieve the Beneficial Electrification targets from the Utility 2.0 filing

TARGETS AND CALCULATIONS

The target is to achieve all the following implementation targets by December 31, 2027:

- 1,458 Multifamily WHHP Dwelling Units (Allocated Compensation: $144,000) – 45% of compensation
- 4,085 Single Family WHHP Dwelling Units (Allocated Compensation: $144,000) – 45% of compensation

Tiered compensation will be allocated according to the table below for the above allocations:

% of Target Complete	% of Incentive	Incentive Earned
92%	60%	$86,400
96%	80%	$115,200
100%	100%	$144,000

The remaining 10% of compensation ($32,000) will be scaled for overachievement of targeted WHHP once the threshold for both Multifamily WHHP and Single Family WHHP has been achieved. Any WHHP dwelling will contribute to the target. Allocated incentive compensation will be interpolated to a maximum of 100% of the compensation for achieving 106% of the targeted plan (5,876 units). For example, if the multifamily and single-family targets are both achieved above and an incremental 267 units are achieved (5,810 total) then PSEG LI will be compensated for 80.2% of the remaining $32,000 of incentive compensation. The compensation for overachievement will follow the work papers submitted.

PSEG Long Island will submit a monthly Tier 1, Tier 2, and TRC KPI report, which includes measures and costs, and meet with LIPA to present results. PSEG Long Island will also submit raw data to support IV&V of this metric.

EXCLUSIONS

If a building code change effective in 2027 materially impacts PSEG Long Island's ability to achieve any target, the parties will renegotiate the affected target(s) in good faith within one (1) month of the change becoming effective.

PS&CE-05: Beneficial Electrification – Building Electrification

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report reporting requirement for Beneficial Electrification 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

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

Board Policy: Clean Energy & Power Supply	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Paul DiBenedetto
PSEGLI Director: Alex Valentino	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Achieve EV Make-Ready Targets, including any post-filing adjustments to those goals agreed to between LIPA and PSEG Long Island.

TARGETS AND CALCULATIONS

Achieve the following implementation targets

- 25% of compensation allocated to this metric for "plugs energized" Level 2: 100
- 45% of compensation allocated to this metric for "plugs energized" Level 3: 125
- 15% of tiered compensation allocated to this metric for the successful deployment of regular operational data* sharing from Level 3 chargers installed from January 1, 2021, to December 31, 2026**. Tiering is outlined in the table below:

% of Level 3 chargers sharing regular operational data with PSEGLI**	% Payment	Total Payment
40%	50%	$30,000
50%	70%	$42,000
60%	90%	$54,000
70%	100%	$60,000

- 15% of tiered compensation allocated to this metric for the successful deployment of regular operational data* sharing from Level 3 chargers installed after January 1, 2027. Tiering is outlined in the table below:

% of Level 3 chargers sharing regular operational data with PSEGLI	% Payment	Total Payment
60%	50%	$30,000
70%	70%	$42,000
80%	90%	$54,000
90%	100%	$60,000

When calculating percentage complete, if a target results in a fraction, the fraction is rounded to the nearest whole number.

2027 Performance Metrics

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

Energize = Total population of DCFC and Level 2 ports that have a meter set and put into service in 2026 or made operational if tied into an existing meter.

Enrollment = PSEG Long Island commits funds to a make-ready project

* Operational data from Level 3 chargers should include

Data Field	Definition
Unique Data Source ID	Charger serial number
Port ID	If a charger has 2 or more ports, this field should indicate if the data provided is associated with Port 1, 2, etc.
Physical Plug-In timestamp	Date and time the vehicle plugged into the charger
Physical Plug-Out timestamp	Date and time the vehicle unplugged from the charger
Charging Start timestamp	Date and time the charging session began
Charging End timestamp	Date and time the charging session ended
Charge Duration	Number of minutes spent charging (to nearest hundredth, eg. 0.01)
Energy Delivered	Total kWh delivered during charging session (to nearest hundred thousandth, eg. 0.00001)
Peak Power	Maximum instantaneous power (kW) delivered during charging session (to nearest hundred thousandth, eg. 0.00001)
Operating Status	Indicate whether the charger is online, available to customers, and reporting data. Active/Online means that the EV charger is available for customers to use. Inactive/Offline means that the EV charger is unavailable due to an issue. Decomissioned means that the charger is no longer connected to the network service provider and/or the charger is non-functioning/removed from the property.
Outage Duration	Length of outage (minutes)

** The Level 3 chargers included in this analysis would include any that received a PSEG Long Island financial incentive within the last five years.

****Targets are subject to ongoing discussion on program design between PSEG Long Island and LIPA.*

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

EXCLUSIONS

Any additional data requirements not listed above that are requested by the New York State Department of Public Service would require a reevaluation of the metrics to ensure compliance.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Electric Vehicle (EV) Make-Ready 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

PS&CE-18: Solar Interconnection

Board Policy: Clean Energy and Power Supply	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino, Curt Dahl	**PSEGLI Proj. Mgr**: Don Mathew, Robert Argiro
PSEGLI Director: Alex Valentino, Iram Iqbal, Balaji Ambriyath	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $520,000	

OBJECTIVE

To reduce barriers to solar interconnection identified in the June 10, 2026, PSEG Long Island report titled "Opportunities and Challenges in Advancing Distributed Energy Resources."

TARGETS AND CALCULATIONS

PSEG Long Island will implement solutions for several of the challenges identified in the "2026 Performance Metric – Opportunities and Challenges in Advancing Distributed Energy Resources" report, delivered on June, 10, 2026, as part of PS&CE-18.

Solar Interconnection Timeline Adherence. PSEG Long Island will measure the following to track adherence to Interconnection Cycle time in alignment with regulatory guidelines. **30% of the allocated compensation**

1. Interconnection Cycle Time (<50kW) **(15% of the allocated compensation)**: Interconnection Cycle Time measures the ability of PSEG LI to meet the designated time frames set forth for the SGIP Process. Each step will be measured individually versus measuring each application's three steps as one.
    a. Calculation: Measurement of SGIP timeline for Application technical approval (10 Business Days), Meter Set (10 Business Days) and Application Close out (10 Business Days) within LIPA's SGIP timeline
    b. Target: 95%
2. Interconnection Cycle Time (>50kW) **(15% of the allocated compensation)**: measures the ability of PSEG LI to meet the designated timeframes set forth for the SGIP Program for projects greater than 50kW. This metric will measure each process step individually rather than at the project level. Project start end date will reflect the most recent timeline for existing projects if revaluation/restudy/rescreening is requested. Process steps required will vary depending on project size and scope.
    a. Calculation: [Total process steps completed within their respective SGIP timelines] / [Total process steps completed
    b. Target: 90%

Assume Verizon SCADA accounts for Government Customers. PSEG Long Island is working on ways to begin assuming control of government accounts and should complete its pilot within 2-3 months of developer's mechanical completion and energization of developer's switchgear. PSEG Long Island assumed full control of the Verizon SCADA accounts for government entities for all the applications submitted after July 1, 2026. PSEG Long Island will write a brief memo to LIPA explaining the new process by the end of 2027. If PSEG Long Island meets the deadline, PSEG Long Island will earn **30% of the allocated compensation.**

Approve meter socket adaptors. Meter socket adaptors (MSAs) are a critical cost-saving measure for several energy solutions LIPA would like to see increased deployment of. PSEG Long Island has proposed a robust pilot program

PS&CE-18: Solar Interconnection

to secure real-world data and understand any potential installation or operational risks related to MSAs by the end of 2026. In 2027, PSEG Long Island should complete the following steps:

1. Provide a public report on the findings of their MSA pilot
2. Work with LIPA on a set of clear rules and guidelines for MSA deployment in PSEG Long Island territory (including any internal training plans and data collection needs)
3. Publish clear rules and guidelines for MSA deployment in PSEG Long Island territory and give industry stakeholders an opportunity to ask clarification questions.
4. Write a brief memo on the impacts of MSA approval. This should include any safety incidents as well as information on how many projects utilized MSAs in PSEG Long Island territory in 2027.

If PSEG Long Island completes these steps on time, PSEG Long Island will earn **40% of the allocated compensation.**

Compensation Summary Table

Metric Element	Total Compensation
Solar Interconnection Timeline Adherence	$156,000
Assume Verizon SCADA accounts for Government Customers	$156,000
Approve meter socket adaptors	$208,000

EXCLUSIONS

Interconnection timeline delays shall exclude any delays caused by factors outside of the PSEG Long Island's control, including but not limited to missing, incomplete, or inaccurate documentation from the developer or customer.

Delays related to the installation of a net meter shall also be excluded when caused by substandard conditions, customer refusal, situations where an appointment with the customer is required, new construction, or meter access issues.

Additionally, any period during which personnel are reassigned to storm response, emergency restoration activities or delay due to interconnection online portal issues shall be excluded from interconnection timeline calculations.

DELIVERABLES

Deliverable Name	Target Due Date
Solar Interconnection Timeline Adherence (30% of the Compensation)	
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Interconnection Cycle Time 2) Any additional supporting documentation as required	Monthly
Assume Verizon SCADA accounts for Government Customers (30% of the Compensation)	
Memo demonstrating PSEG Long Island ownership of all government SCADA accounts (1-2 pages)	2027-12-31
Approve Meter Socket Adaptors (40% of the Compensation)	
Provide a public report on the findings of their MSA pilot	2027-02-15

PS&CE-18: Solar Interconnection

Work with LIPA on a set of clear rules and guidelines for MSA deployment in PSEG Long Island territory (including any internal training plans and data collection needs).	2027-03-01
Publish clear rules and guidelines for MSA deployment in PSEG LI territory and give industry stakeholders an opportunity to ask clarification questions.	2027-03-15
Write a brief memo on the impacts of MSA approval. This should include any safety incidents as well as information on how many projects utilized MSAs in PSEG Long Island territory in 2027.	2027-12-31

2027 Performance Metrics

PS&CE-19: Building Weatherization

Board Policy: Clean Energy and Power Supply	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Daniel Zaweski
PSEGLI Director: Alex Valentino	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $260,000	

OBJECTIVE

Achieve the building weatherization targets from the Utility 2.0 filing, including any post-filing adjustments to those goals based on past performance data.

TARGETS AND CALCULATIONS

Target for 2027 will be determined by Utility 2.0 which is filed on July 1, 2026. The tables below lay out a tiered payment structure to PSEG Long Island for achieving different levels of home weatherization and MMBTU savings targets by December 31, 2027.

Homes Weatherized* – Target: 2,464. Allocated Compensation: $130,000

% of Target Complete	% Payment	Total Payment
92%	50%	$65,000
96%	70%	$91,000
100%	90%	$117,000
103%	95%	$123,500
106%	100%	$130,000

MMBTU Savings – Target: 28,447. Allocated Compensation: $130,000

% of Target Complete	% Payment	Total Payment
92%	50%	$65,000
96%	70%	$91,000
100%	90%	$117,000
103%	95%	$123,500
106%	100%	$130,000

*Homes Weatherized is defined as a customer participating in Tier 1 of the Building Weatherization program. This includes the following measures and minimum requirements.

- Attic/Ceiling Insulation – R-41 or Fill Cavity
- Rim Joist Insulation – R-21 or Fill Cavity
- Air Sealing – ACH50 Target – 10 ACH

When calculating percentage complete, if a target results in a fraction, the fraction is rounded to the nearest whole number.

PS&CE-19: Building Weatherization

For the purposes of the building weatherization metric, dwellings (total of single-family and multi-family) do not have to be served by whole house heat pump systems to qualify. The dwellings target identified may be modified to be commensurate with the LIPA approved energy efficiency budget and plan.

PSEG Long Island to submit a monthly Tier 1, Tier 2, and TRC KPI report, which includes measures and costs, and meet with LIPA to present results. PSEG Long Island will also submit raw data to support IV&V of this metric.

EXCLUSIONS

Homes Weatherized definition is established based on National Grid's draft program structure, any changes to the definition will require a reevaluation of metrics.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report reporting requirement for Building Weatherization 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

PS&CE-20: Demand Response

Board Policy: Clean Energy and Power Supply	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Robert Boerner
PSEGLI Director: Alex Valentino	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $170,000	

OBJECTIVE

To ensure that PSEG Long Island's Dynamic Load Management (DLM) program is targeted and effective. This metric addresses both Smart Saver enrollment and ensuring that DLM resources are being sited in LSRV zones.

TARGETS AND CALCULATIONS

DLM LSRV zone enrollment – Target: Increase year-over-year enrollment of DLM programs in LSRV zones by 50%.* Allocated Compensation: $85,000

*2027 target to be determined after 2026 summer season is concluded and results are calculated.

Smart Saver Enrollment – Target: 90% of incentivized thermostats enrolled. Allocated Compensation: $85,000

What % of thermostats rebated through the PSEG Long Island marketplace in 2027 are enrolled in the Smart Savers Thermostat Program by year end? While it is LIPA's goal to have as many smart thermostats as possible enrolled in the Smart Savers program, for simplicity of reporting, we will focus this metric only on new thermostats purchased in 2027.

If at least 80% of thermostats are enrolled in the Smart Savers program, PSEG Long Island will receive 50% of the allocated compensation ($42,500).

If at least 85% of thermostats are enrolled in the Smart Savers program, PSEG Long Island will receive 75% of the allocated compensation ($63,750).

If at least 90% of thermostats are enrolled in the Smart Savers program, PSEG Long Island will receive 100% of the allocated compensation ($85,000).

When calculating percentage complete, if a target results in a fraction, the fraction would be rounded to the nearest whole number.

EXCLUSIONS

Any impact regarding the implementation or design of the Excelsior Power Programs may result in a re-evaluation of the Demand Response metric.

PS&CE-20: Demand Response

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report reporting requirement for Demand Response 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

PS&CE-22: Commercial & Industrial Engagement

Board Policy: Clean Energy and Power Supply	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Daniel Zaweski
PSEGLI Director: Alex Valentino	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $130,000	

OBJECTIVE

LIPA seeks increased engagement with Commercial & Industrial customers to improve participation in available energy efficiency and electrification programs.

TARGETS AND CALCULATIONS

PSEG Long Island will evaluate the demand savings potential of LIPA-territory C&I spaces, including (but not necessarily limited to):

- Commercial office buildings
- Healthcare facilities
- Higher education campuses
- Government buildings and schools
- Hotels
- Manufacturing
- Warehouses (including refrigerated warehouses)
- Agricultural buildings
- Small Retail

PSEG Long Island will use this analysis to build out demand management programs and outreach strategies designed for specific building types (i.e. Office Buildings, Schools, Healthcare) and/or building structures (Agricultural, Industrial, Commercial). PSEG Long Island will then **identify 90 target customers** across these three areas and develop a brief strategy to proactively engage them on energy-saving opportunities.

Calculation:

The completeness of this metric will be determined by approval of deliverables and C&I project application reporting.

Target:

1. If PSEG Long Island completes its analysis of the demand savings potential of industries and identifies the top 200 target customers, it will receive **20% of the allocated compensation**.
2. If PSEG Long Island designs and releases a demand management program that includes technologies such as, but not limited to, building controls, thermal storage, or other technology not including solar/battery storage, it will receive **20% of the allocated compensation.**
3. If PSEG Long Island identifies the top 90 target customers and completes a strategy to engage them, it will receive **an additional 20% of the allocated compensation**. *Note*, that this compensation will not be available unless Step 1 has been deemed to be completed.

PS&CE-22: Commercial & Industrial Engagement

4. IF PSEG Long Island secures projects or project commitments with any 30 customers in the three target areas, it will receive an ***additional* 20% of the allocated compensation**. *Note*, that this compensation will not be available unless step 2 has been deemed to be completed.

5. If PSEG Long Island enables 5 MW of incremental demand reduction capability through its engagement efforts, it will receive an **additional 20%of the allocated compensation.** The MW of incremental demand reduction will be the sum of the peak demand reduced from energy efficiency and the demand reductions enabled via building controls based on the tests conducted on site post-installation.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Analysis of LIPA-territory C&I space types and their energy saving potential.	2027-03-01
Design and release Commercial Demand Management Program	2027-04-01
Proactively engage 90 potential C&I customers	2027-12-31
Secure 30 project commitments within the Demand Management Program	2027-12-31
Enables 5 MW of incremental demand reduction capability	2027-12-31
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report reporting requirement for C&I Engagement – new C&I customer projects committed or completed 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

PS&CE-23: Money Out The Door (MOTD)

Board Policy: Clean Energy and Power Supply	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: TBD
PSEGLI Director: Alex Valentino	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $200,000	

OBJECTIVE

The Department of Public Service has directed all New York Utilities to meet an 80% "money out the door" (MOTD) target. The PSEG Long Island target in the Utility 2.0 plan is 76% of the BEE budget money out the door. This metric rewards PSEG Long Island for meeting a 76% target across its entire clean energy portfolio, while incentivizing efforts to achieve the 80% target that the rest of the NY utilities will meet.

TARGETS AND CALCULATIONS

MOTD tracks the percent of program expenditures allocated to directly benefit customers. Under this framework, MOTD reflects funds deployed into the market in support of program delivery, including customer incentives, contractor payments, and other direct, customer-facing expenditures. DPS has specifically directed utilities to achieve 80% MOTD, but has not provided detailed clarification around the definition of what can be included as "money out the door." The DPS order also only mentions a focus on the *energy efficiency* portions of the portfolio. LIPA cares about program efficacy across all of its clean energy activities. To simplify calculations and reflect all that LIPA is concerned with, this metric will not isolate building efficiency but instead cover our entire clean energy portfolio.

Calculation:

To determine the MOTD percentage achieved, PSEG Long Island will use the following ratio (with detailed descriptions below):

$$\frac{Direct\ Incentives\ to\ customers\ \&\ contractors + cost\ of\ training\ for\ customers\ \&\ contractors\ *}{Total\ clean\ energy\ program\ expenditures\ **}$$

*This line will include:

- Incentive dollars paid to customers (residential, commercial, etc).
  - Incentives include PSEG Long Island rebates, but not rebates provided directly by other organizations like NYSERDA.
- Incentive dollars paid to contractors
- The cost to deliver training to customers or contractors (both in staff time, travel costs, space fees, etc.). Note, this would include costs for things like the annual contractor conference.
- It will NOT include:
  - Staff time to administer programs (at either PSEG LI or TRC)
  - Staff time for planning and strategic direction
  - Staff time to develop training or plan events
  - Office or travel costs for staff

PS&CE-23: Money Out The Door (MOTD)

** This line will include the entirety of the associated budget for the following programs:

- Energy efficiency and weatherization
- Building electrification
- Transportation electrification
- Distributed energy resources (including all behind the meter renewables)
- Dynamic load management
- It will NOT include:
  - Cost of implementing projects not covered under any of the categories above (i.e. TOD programs)
  - Staff time to develop Utility 2.0 filing or requested reporting/meetings unrelated to the direct implementation of programs

The data source is PSEG Long Island's reporting on budget expenditures and incentives paid out.

Target:

- If PSEG Long Island achieves **80.0% MOTD target**, they will receive **100%** of the allocated compensation.
- If PSEG Long Island achieves **76.0% MOTD target**, they will receive **50%** of the allocated compensation.

For achievement levels between 76.0% and 80.0%, PSEG Long Island will receive scaled compensation, ranging proportionally from 50% of the allocated compensation at 76.0% achievement to 100% of the allocated compensation at 80.0% achievement.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Data reporting that includes PSEG Long Island's expended customer incentives as well as their clean energy-related administrative costs. 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2–PS&CE-A: Event Performance Factor

Board Policy: Clean Energy and Power Supply	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Robert Boerner
PSEGLI Director: Alex Valentino	**DPS Contact**: Ed Wilkowski

OBJECTIVE

Report and track event performance for the Bring Your Own Battery, Direct Load Control, and CSRP/DLRP programs. This reporting is designed to inform PSEG Long Island and LIPA around how actively enrolled resources are contributing to dynamic load management. An event is any time PSEG Long Island chooses to activate these resources.

TARGETS AND CALCULATIONS

BYOB - % battery participation for each event (load reduction in kW vs. total enrolled discharge capacity)

DLC - % participation for each event (number of devices called vs. total enrolled devices)

CSRP/DLRP - % target for event performance (load reduction in kW vs. total enrolled capacity)

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report reporting on the calculations provided above (BYOB, DLC, CSRP/DLRP) 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2–PS&CE-B: Background Virtual Power Plant (VPP) Program Performance

Board Policy: Clean Energy and Power Supply	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Robert Boerner
PSEGLI Director: Alex Valentino	**DPS Contact**: Ed Wilkowski

OBJECTIVE

Provide monthly reporting on outcomes of the new Background Virtual Power Plan program, establish benchmarks for evaluating program performance in the future.

TARGETS AND CALCULATIONS

Report and track KPI performance for enrollment, MW savings, and cost.

Monthly Retention Rate = $100\ x\ (\frac{Total\ customers\ enrolled\ at\ month\ start - Total\ customers\ opted\ out\ during\ month}{Total\ customers\ enrolled\ at\ month\ start})$

Monthly Enrollment Rate = 100 x $(\frac{Total\ customers\ enrolled}{Total\ eligible\ customers})$

MW saved per month

Cost per MW saved = $\frac{Total\ MW\ saved\ due\ to\ VPP\ program}{Total\ cost\ to\ adminsiter\ VPP\ program}$

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report reporting on the four calculations provided above (Retention Rate, Enrollment Rate, MW saved, Cost per MW) 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2-PS&CE-C: Program Performance Data Sharing

Board Policy: Clean Energy and Power Supply	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Daniel Zaweski
PSEGLI Director: Alex Valentino	**DPS Contact**: Ed Wilkowski

OBJECTIVE

Increase data transparency by routinely sharing operational data for initiatives outside of the OSA metric scope.

TARGETS AND CALCULATIONS

Provide monthly reporting on the below criteria:

- DAC Spend %
- Residential TOD Participation

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report reporting requirement for the above 2 criteria (DAC Spend, Residential TOD Participation) 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-06: Primary Transmission Control Center (PTCC) Replacement

Board Policy: Transmission & Distribution Operations	**Board PIPs**: RE-02: PTCC and ATCC Strategy
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Nick Caracciola, Pete Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Christopher Pezzino
PSEGLI Director: Paul Simmons	**DPS Contact**: Qin Shi
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Execute the Project Implementation Plan (PIP) containing the key milestones for the construction of the Primary Transmission Control Center (PTCC).

TARGETS AND CALCULATIONS

For 2027, 100% of the allocated compensation is distributed across the milestone categories below. Each milestone earns the stated allocation when the milestone is completed by the scheduled target completion date with the supporting evidence and the associated deliverable is accepted by LIPA.

- Below is a summary of the Key Project Milestones and allocated cost component:
  - Construction – 60% of Allocated Compensation
  - Technology – 20% of Allocated Compensation
  - Cost Management – 20% of Allocated Compensation
    - 2027 Project budget shall not exceed 2.5% above the September 2026 URB-approved total amount, including Base and R&C.*
      - For 100% of the allocated compensation for Cost Management, the 2027 project budget should fall within 0.0% deviation spend versus budgeted from the September 2026 URB-approved total amount (including the use of any Construction contingency or Risk and Contingency).
      - If the 2027 Project budget falls within >0.1-2.5% deviation spend versus budgeted from the September 2026 URB-approved total amount, (including the use of any construction contingency or Risk and Contingency), then 50% compensation would be received for Cost Management.
      - Greater than 2.5% deviation over budget would result in zero compensation for Cost Management.

*An increase for 2027 above September URB-approved total amount is permitted, only when the total project cost remains unchanged from the September URB/LIPA approved amount, the incremental funding is reallocated from 2028 to 2027, and the change provides a clear project benefit. For example, an optimized schedule may accelerate work, shift funding from 2028 into 2027, and advance the Project in-service date without increasing the total project cost. Deviation below the 2026 Budget would not result in any penalty to Cost Management compensation.

T&D-06: Primary Transmission Control Center (PTCC) Replacement

Category	Milestone / Deliverable	Weight	Compensation (2021 Dollars)
Construction (60% of the Allocated Compensation)	1. Building is weathertight	10.0%	$40,000
	2. Major electrical systems are delivered and ready for installation (generators and switchgear)	10.0%	$40,000
	3. Major mechanical systems are delivered and ready for installation (chillers and pumps)	10.0%	$40,000
	4. Permanent power is complete	10.0%	$40,000
	5. Major mechanical systems are installed and ready for temporary use	10.0%	$40,000
	6. Technology rooms, including (data centers, IDF, MDF, and the control room - are ready for technology installation work)	10.0%	$40,000
Technology (20% of the Allocated Compensation)	1. Design work is 90% complete – (90% of identified 55 IT/OT systems)	5.0%	$20,000
	2. Pre-staging of Energy Management System (EMS) equipment is complete - including configuration of all servers, DIGIS, firewalls, and switches in Hicksville.	5.0%	$20,000
	3. Pre-staging of corporate network is complete – Includes configuration of routers and switches	5.0%	$20,000
	4. Installation of Wide Area Network (WAN) for corporate network complete	5.0%	$20,000
Cost Management (20% of the Allocated Compensation)	Details above: For full compensation - 2027 Project budget shall not exceed 0.0% deviation above the September 2026 URB-approved total amount, including Base, Construction Contingency, and R&C	20%	$80,000
	Details above: For 50% compensation - 2027 Project budget shall not exceed >0.1% - 2.5% deviation above the September 2026 URB-approved total amount, including construction contingency and R&C	***OR*** 10%	***OR*** $40,000
Total	**100% of allocated compensation**	**100.0%**	**$400,000**

- Each milestone is independently weighted; the stated compensation amount is the maximum amount associated with that milestone component.
- All submitted deliverables are subject to LIPA review and approval, consistent with the existing T&D-06 provisions. Deliverables should be clear, comprehensive, and substantive, with timely LIPA review and reasonable opportunities for resubmission.
- Each construction deliverable is linked to a Turner Construction Company schedule task or milestone.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined not to meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required

T&D-06: Primary Transmission Control Center (PTCC) Replacement

revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

Automatic metric failure and the full compensation of the 2027 metric will be forfeited if the forecasted total project cost as submitted as part of the September 2026 URB documents exceeds 5.0%, inclusive of Construction contingency and R&C. This deliverable will be measured/verified at the end of 2027 through the project spend to date for 2027 and the required 2028 budget submittal in Q3 of 2027.

EXCLUSIONS

Schedule relief may be granted for delays
i) directed or requested by LIPA or
ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable	Due Date
Construction (60% Compensation)	
Building is weathertight	2027-03-31
Major electrical systems are delivered and ready for installation (generators and switchgear)	2027-06-15
Major mechanical systems are delivered and ready for installation (chillers and pumps)	2027-07-01
Permanent power is complete	2027-08-20
Major mechanical systems are installed and ready for temporary use	2027-12-15
Technology rooms, including data centers, IDF, MDF, and the control room, are ready for technology installation work	2027-12-31
Technology (20% Compensation)	
Design work is 90% complete	2027-08-31
Pre-staging of Energy Management System (EMS) equipment is complete	2027-09-21
Pre-staging of corporate network and the configuration of routers and switches is complete	2027-08-31
Installation of Wide Area Network (WAN) for corporate network complete	2027-12-31
Cost (20% of Compensation)	
Delivery of Project Spend to Evaluate Cost Management (after close of 2027 financials)	2028-02-16

2027 Performance Metrics

T&D-07: System Average Interruption Duration Index (SAIDI) Reliability

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Pete Mladinich, Nicholas Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $325,000	

Historical Context YE Results (Quantitative Metrics Only)								
2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
59	56	57.5	56.3	56.5	59.3	56.5	62.3	56.0

OBJECTIVE

Continuous improvement of SAIDI (System Average Interruption Duration Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

TARGETS AND CALCULATIONS

Total duration of sustained interruption (>= 5 minutes) for the average customer during each Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.2.

SAIDI = Σ(ri * Ni) / NT – (measured in minutes); where:
Σ = Summation function.
ri = Restoration time, minutes.
Ni = Total number of customers interrupted 5 minutes or more.
NT = Total number of customers served (fixed at beginning of the Contract Year).

Target:

1. For 100% of the allocated incentive compensation, achieve a SAIDI of ≤ 56.0 minutes
2. For 75% of the allocated incentive compensation, achieve a SAIDI of ≤ 58.0 minutes
3. For 50% of the allocated incentive compensation, achieve a SAIDI of ≤ 59.0 minutes

Rounding protocols using two significant digits will be implemented for target measurement purposes.

All metric targets are based on the anticipation that all 2027 reliability-based program spending will be aligned with 2026 approved budgets. If budgets are reduced, targets will be revisited.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

T&D-07: System Average Interruption Duration Index (SAIDI) Reliability

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for SAIDI 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Pete Mladinich, Nicholas Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $325,000	

Historical Context YE Results (Quantitative Metrics Only)								
2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
0.76	0.68	0.7	0.69	0.67	0.72	0.68	0.76	0.68

OBJECTIVE

Continuous improvement of SAIFI (System Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

TARGETS AND CALCULATIONS

Frequency of sustained interruption (>= 5 minutes) within a Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.1.

SAIFI = Σ(Ni) / NT; where:
Σ = Summation function.
Ni = Total number of customers interrupted 5 minutes or more.
NT = Total number of customers served (fixed at beginning of the Contract Year).

Target:

1. For 100% of the allocated incentive compensation, achieve a SAIFI of ≤ 0.68
2. For 75% of the allocated incentive compensation, achieve a SAIFI of ≤ 0.70
3. For 50% of the allocated incentive compensation, achieve a SAIFI of ≤ 0.72

Rounding protocols using two significant digits will be implemented for target measurement purposes.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for SAIFI 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-09: Momentary Average Interruption Frequency Index (MAIFI) Reliability

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Pete Mladinich, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $200,000	

Historical Context YE Results (Quantitative Metrics Only)								
2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
1.89	1.67	1.70	1.45	1.50	1.46	1.53	1.13	1.34

Objective

The continuous improvement in MAIFI (Momentary Average Interruption Frequency Index) reflects significant ongoing investments in programs and projects that will improve T&D system performance.

Targets and Calculations

Frequency of momentary interruptions (less than 5 minutes) within a Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.1.

MAIFI = Σ(Ni) / NT; where:
Σ = Summation function
Ni = Total number of customers interrupted less than five (5) minutes
NT = Total number of customers served (fixed at beginning of the Contract Year)

Target:

1. 1. For 100% of the allocated incentive compensation, achieve a MAIFI of ≤ X.XX (Better than 2025-2026 Average)
2. 2. For 75% of the allocated incentive compensation, achieve a MAIFI of ≤ X.XX (Better than 2024-2026 Average)
3. 3. For 50% of the allocated incentive compensation, achieve a MAIFI of ≤ X.XX (Better than 2023-2026 Average)

Rounding protocols using two significant digits will be implemented for target measurement purposes.

Exclusions

Excludes only Major Storms as defined by the NY Department of Public Service and NYCRR 97.1.

T&D-09: Momentary Average Interruption Frequency Index (MAIFI) Reliability

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for MAIFI 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-10: Reduce Sustained Multiple Customer Outages (S-MCOs)

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Pete Mladinich, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $300,000	

Historical Context YE Results (Quantitative Metrics Only)						
2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
21000	23730	100%	75%	100%	0%	100%

OBJECTIVE

Improve performance for customers with the worst interruption experience, as measured by Sustained Multiple Customer Outages (S-MCOs), by continuing to improve overall system performance.

TARGETS AND CALCULATIONS

Provide a level of reliability for each customer that is within a reasonable variance from the system average conditions.

S-MCOs:
The metric measures the number of customers that have experienced the following levels of S-MCOs (outages greater than or equal to 5 minutes in duration) over a rolling 12-month period, as of December 31, 2027:

A) A level of ≥ 4 < 6 S-MCOs
B) A level of ≥ 6 < 8 S-MCOs
C) A level of ≥ 8 < 10 S-MCOs
D) A level of ≥ 10 < 12 S-MCOs
E) A level of ≥ 12 S-MCOs

S-MCOs are stated in number of customers and computed in accordance with IEEE Standard 1366, Section 4.2.1.

Targets: Achieve an S-MCO performance, as of December 31, 2027:
A) For ≥ 4 < 6 S-MCOs: Achieve 10% or better than average of 2022-2026 performance (excluding best and worst years).
B) For ≥ 6 < 8 S-MCOs: Achieve 10% or better than average of 2022-2026 performance (excluding best and worst years).
C) For ≥ 8 < 10 S-MCOs: Achieve 10% or better than average of 2022-2026 performance (excluding best and worst years).
D) For ≥ 10 < 12 S-MCOs: Achieve 10% or better than average of 2022-2026 performance (excluding best and worst years).
E) For ≥ 12 S-MCOs: Equal to 0 customers

T&D-10: Reduce Sustained Multiple Customer Outages (S-MCOs)

Compensation:

- Successfully achieving 1 of the 5 criteria = 20% of the allocated incentive compensation.
- Successfully achieving 2 of the 5 criteria = 40% of the allocated incentive compensation.
- Successfully achieving 3 of the 5 criteria = 60% of the allocated incentive compensation.
- Successfully achieving 4 of the 5 criteria = 80% of the allocated incentive compensation.
- Successfully achieving 5 of the 5 criteria = 100% of the allocated incentive compensation.

Alternate path to earn incentive compensation:

For 10% compensation, improve the worst S-MCO by 2 positions from 2026 YE performance. In no case can total incentive compensation achieved exceed 100% of the allocated amount for this metric.

EXCLUSIONS

Major Storms as defined by NY Department of Public Service and NYCRR 97.1

Exclusion for planned intentional interruptions taken to affect improvements to system associated with these customers to improve reliability.

Outages shall be counted at an incident level due to forced outage restoration multistep recording as with predominantly underground areas.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for S-MCOs 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-12: Reduce Momentary Multiple Customer Outages (M-MCOs)

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Pete Mladinich, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $200,000	

Historical Context YE Results (Quantitative Metrics Only)										
2021		2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
	73677	92500	72198	76300	50502	54000	52461	54000	32472	36000

OBJECTIVE

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.

TARGETS AND CALCULATIONS

Provide a level of reliability for each customer that is within a reasonable variance from the system average conditions. The metric measures the number of customers that have experienced 6 or more momentary interruptions (<5 minutes in duration) over a rolling 12-month period.

M-MCO = Total count of customers experiencing 6 or more interruptions of <5 minutes in the last 12 months.

The M-MCO metric is stated in number of customers.

Computed in accordance with IEEE Standard 1366, Section 4.2.1.

Target:

- For 100% incentive compensation, achieve an M-MCO of ≤ XX,XXX (Better than 2025-2026 Average)
- For 75% incentive compensation, achieve an M-MCO of ≤ XX,XXX (Better than 2024-2026 Average)
- For 50% incentive compensation, achieve an M-MCO of ≤ XX,XXX (Better than 2023-2026 Average)

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

T&D-12: Reduce Momentary Multiple Customer Outages (M-MCOs)

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for M-MCOs 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

Board Policy: Safety	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Pete Mladinich, Nicholas Caracciola
PSEGLI Exec. Sponsor: Bob Rowe	**PSEGLI Proj. Mgr**: Theodore Kern
PSEGLI Director: Daniel Rogers	**DPS Contact**: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): $450,000	

Historical Context YE Results (Quantitative Metrics Only)								
2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
0.11	0.03	0	0.06	0	0.14	0	0.03	0

Objective

To safely maintain, construct, and operate the Electric T&D system without risk of serious injuries and/or fatalities.

Targets and Calculations

The prevention of fatalities and serious life-altering injuries to a contractor employee or a PSEG Long Island employee associated with the operation, construction and/or maintenance of the Long Island Electric T&D System that are within the control of the contractor/employee (i.e. PSEG Long Island employee or contractor employee) in performance of their duties and/or the employer.

Fatalities and life-altering injuries in accordance with the EEI established criteria shown in the supporting documentation.

Injuries will be reported timely, using the PSEG Long Island Incident Alert process and internal guidelines for reporting and recording safety events, no later than seven (7) days from notification to PSEG Long Island of an event as required by the OSHA recordkeeping rule.

Serious Injury Incidence Rate (SIIR) for the calendar year of the OSA Contract.

The Serious Injury Incidence Rate (SIIR) is calculated using the formula (# cases x 200,000/exposure hours), where exposure hours equal the total of PSEG Long Island employee and contractor hours worked.

Target: A Serious Injury Incidence Rate (SIIR) of 0.00. Any qualifying life-altering serious injury or fatality that occurs to an employee or contractor working on the system would constitute an automatic failure of this metric. All incidents that meet the criteria will be reviewed with LIPA.

Exclusions

LIPA will review qualifying incidents on a case-by-case basis and at their discretion, grant exclusions for up to two non-life-altering injuries (e.g., simple fractures and other milder injuries) that occur during the Contract Year.

This metric excludes all non-work-related events consistent with the OSHA exceptions for non-recordable cases, i.e. https://www.osha.gov/laws-regs/interlinking/standards/1904.5(b)(2).

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

The following are examples of non-work-related events consistent with the OSHA exceptions for non-recordable cases and are not considered exclusions for the two non-life-altering injuries referenced above:

Injuries that occur on company property or while the worker is engaged in a work activity but would have occurred at the same time and at the same level of severity even if the employee was not engaged in a work activity (epileptic seizure, diabetic seizure, heart attacks, sudden joint failure, etc.).
• Injuries that are related to commuting to or from a place of employment outside of work hours.
• Injuries that result solely from normal body movements unrelated to work (sneezing, coughing, bending over to tie a shoe, walking, etc.).
• Injuries that result solely from personal tasks performed outside of assigned work hours (retrieving ice for personal use, holding community meeting at employer premises, etc.).
• Injuries that occur in a travel hotel unrelated to work.
• Injuries that occur where the employee is present at the site as a member of the general public, unrelated to his or her employment status.
• Injuries that result from voluntary participation in wellness, medical, or fitness programs, or recreational activity (teambuilding events).
• Injuries where symptoms surface at work from a known non-work-related event or exposure (yard work, sporting events, etc.).
• Injuries that result from eating/drinking or preparing food/drink for personal consumption (food/drink not provided by employer).
• Injuries that result from personal grooming, self-medication for a non-work-related condition, or intentionally self-inflicted injuries.
• Injuries that result from non-preventable vehicle accidents.
• The illness is a mental illness. Mental illness will not be considered work-related unless the employee voluntarily provides the employer with an opinion from a physician or other licensed health care professional with appropriate training and experience (psychiatrist, psychologist, psychiatric nurse practitioner, etc.) stating that the employee has a mental illness that is work-related.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for SIIR 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-14: Safety – OSHA Recordable Incidence Rate

Board Policy: Safety	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Nick Caracciola
PSEGLI Exec. Sponsor: Bob Rowe	**PSEGLI Proj. Mgr**: Theodore Kern
PSEGLI Director: Daniel Rogers	**DPS Contact**: Umar Sultan
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Continuous improvement in employee safety as recorded by OSHA recordable incidents in alignment with LIPA Board of Trustees policy seeking top decile performance. 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.

TARGETS AND CALCULATIONS

Total illness and injury rate. The total OSHA (Occupational Safety and Health Administration) recordable injury and illness cases based on the exposure of 100 full-time workers, using 200,000 hours as the equivalent. This metric includes hearing loss.

Calculation:
Number of OSHA cases x 200,000 hours / Total hours worked (Note: 200,000 = 100 employees x 2,000 hours per employee per year).

Target:

- 100% - Achieve an OSHA Incidence Rate that is two (2) incidents better than the average of the 3-year top decile performance (2023-2025 performance benchmarks)
- 85% - Achieve an OSHA Incidence Rate that is 1 incident better than the average of the 3-year top decile performance (2023-2025 performance benchmarks)

70% - Achieve an OSHA Incidence Rate that is in the average of the 3-year top decile performance (2023-2025 performance benchmarks). Rounding protocols will be applied for target setting and actual performance consistent with this metric's stated significant digits.

Note: This metric is applicable to the entire business, not solely the T&D area.

EXCLUSIONS

None

T&D-14: Safety – OSHA Recordable Incidence Rate

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for OSHA RIR 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-16: Safety – Motor Vehicle Accident (MVA) Rate

Board Policy: Safety	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Pete Mladinich, Nicholas Caracciola
PSEGLI Exec. Sponsor: Bob Rowe	**PSEGLI Proj. Mgr**: Theodore Kern
PSEGLI Director: Daniel Rogers	**DPS Contact**: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

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.

TARGETS AND CALCULATIONS

The rate compares the total number of motor vehicle accidents relative to the total number of miles driven for a given period of time. This number is inclusive of all motor vehicle accidents. The year-end performance records all miles driven and accidents that have occurred over the Contract Year.

(Total Number of MVAs) x 1,000,000 / Miles Driven

Two data points will be leveraged in setting the targets for both MVA components:

1. 3-Year Average Performance MVA Rate– All MVAs
2. 3-Year Average Performance MVA Preventable Incident Rate – Preventable MVAs

Target:

50% of compensation for Motor Vehicle Accident (MVA) Rate at Company Level

- 100% of allocated compensation for achieving an improvement over the 3-Year Average Performance MVA Rate (2024-2026)

50% of incentive compensation allocated to the reduction of preventable incidents

- 100% of allocated compensation for achieving a 10% reduction over the 3-Year Average Performance MVA Preventable Incident Rate (2024-2026)

Rounding protocols for both targets will be applied for target setting and actual performance consistent with this metric's stated significant digits.

Note: This metric is applicable to the entire business, not solely the T&D area.

EXCLUSIONS

None

T&D-16: Safety – Motor Vehicle Accident (MVA) Rate

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for MVA Rate 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-18: Improve Reliability Through Work Management Enhancements - Workforce Management Plans

Board Policy: Transmission & Distribution Operations	**Board PIPs**: WM PIPs
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Fritz Ferdinand, Jenna Roberts, Daniel Mayberry
PSEGLI Director: John Mccumiskey, Joseph Cicalo	**DPS Contact**: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): $300,000	

OBJECTIVE

Develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime in support of the scheduled T&D work.

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified dates, including achieving all elements of the LIPA- approved 2027 Workforce Management Plan by December 31, 2027.

The Workforce Management Plan includes:
1. Histogram by labor source (in-house / Contractor) and functional area (Divisions, P&C)
2. Histogram by settlement (Capital, O&M)
3. Hours by High-Level Settlement
4. Hours by Low-Level Settlement
5. Monthly work plan at a division level (for each of the four divisions) providing planned units for proactive blankets and programs and planned hours for reactive (emergent) programs (includes monthly actual units completed for variance purposes)

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

T&D-18: Improve Reliability Through Work Management Enhancements - Workforce Management Plans

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Workforce management plans are limited to the following major workforce groups:
- Overhead, Underground, Substation Maintenance, Relay, Distribution Design, Transmission Engineering, Substation Engineering, Protection Engineering, and Substation Maintenance Civil.

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island holds Q1 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD – Planned Vs. Forecast Units Complete PYE	2027-04-26
PSEG Long Island holds Q2 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2027-07-27
Initial submission of 2028 Workforce Management Plan for LIPA approval (approval not be unreasonably withheld). The Workforce Management Plan shall include monthly and annual resource plans for all Capital and O&M work to be completed.	2027-08-31
PSEG Long Island holds Q3 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2027-10-26
Final submission of 2028 Workforce Management Plan for LIPA approval (approval not be unreasonably withheld). The Workforce Management Plan shall include monthly and annual resource plans for all Capital and O&M work to be completed	2027-11-16
Successfully deliver all elements of the LIPA-approved 2027 Workforce Management Plan	2028-01-28
PSEG Long Island holds Q4 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2028-01-26
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting for Work Plan Variance for 2027 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-24: Improve Reliability Through Vegetation Management Work Plan

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Mark Cerqueira
PSEGLI Director: Pat Hession	**DPS Contact**: Jami Nafiul, Reshma Mathew
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

Develop and execute Vegetation Management Work Plans and budgets.

TARGETS AND CALCULATIONS

The Distribution Vegetation Programs are inclusive of three distinct programs:

1. Cycle Trim
2. Trim-to-Sky
3. Hazard Tree Removal

The metric will measure the following:

1. Completion of 2027 Planned Units – By December 31, 2027, execution of 100% of the work identified in the 2027 Vegetation Management Work Plan approved in August of 2026. For Cycle Trim and Trim-to-Sky to be considered trimmed and count towards metric achievement, 100% of a circuit must be trimmed per the Vegetation Management Specification (includes mainline trim-to-sky and substation, as per the 2027 Vegetation Management Work Plan) in the year. For Hazard Tree completion of the associated identified number of trees and limbs, as per the 2027 Vegetation Management Work Plan.

2. Budget Adherence – Actual spending that is within up to +5% of the Board-approved program level targets for cycle trim, trim-to-sky, and hazard tree program at the programmatic level. PSEG Long Island will have the ability to reallocate the funding at the program level if needed.

3. 2028 Work Plan Development – The Vegetation Work Plans for Cycle Trim and Trim-to-Sky shall identify the minimum of ¼ of the overhead distribution system (which equates to approximately 2,200 miles) and budgets. The work plans will be provided to LIPA for approval, which shall not be unreasonably withheld, by August 27, 2027.

   Hazard tree and limb units include storm hardening and base vegetation budgets. Work plans shall include annual and monthly work and resource plans. Work plans should be coordinated with maintenance and construction work plans, where possible.

Targets:

- Each program will be worth 1/3 of the applicable incentive compensation. To achieve the incentive compensation for the specific program PSEG Long Island must complete 100.0% of the work identified in the

T&D-24: Improve Reliability Through Vegetation Management Work Plan

program and actual spending must be within +5% of the Board-approved program level targets for cycle trim, trim-to-sky and hazard tree program at the programmatic level.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

1. Schedule relief may be granted for:
   i) delays directed or requested by LIPA or
   ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.
2. Vegetation trimmed as part of a storm response will not be included in completion count if charged to the storm account.
3. LIPA will consider an optimized work plan for 2027 and the development of the 2028 Vegetation Management Work Plan if PSEG Long Island successfully implements its proposed vegetation intelligence technology (AI Dash) and provides LIPA with a proof of concept, by the end of Q1 2027, demonstrating that the results support modification of the existing work plan requirements. If the proof of concept does not support such modifications, completion of the approximately 2,200 miles identified in the approved 2027 Vegetation Management Work Plan shall be required to achieve the metric and receive the associated compensation.

T&D-24: Improve Reliability Through Vegetation Management Work Plan

DELIVERABLES

Deliverable Name	Target Due Date
Submit January report of work completed vs. schedule and budget at the monthly meeting.	2027-02-15
Submit February report of work completed vs. schedule and budget at the monthly meeting.	2027-03-15
Proof of concept of a revised 2027 work plan based on vegetation intelligence technology (AI Dash)	2027-03-31
Submit March report of work completed vs. schedule and budget at the monthly meeting.	2027-04-16
Submit April report of work completed vs. schedule and budget at the monthly meeting.	2027-05-14
Submit May report of work completed vs. schedule and budget at the monthly meeting.	2027-06-18
Submit June report of work completed vs. schedule and budget at the monthly meeting.	2027-07-16
Submit July report of work completed vs. schedule and budget at the monthly meeting.	2027-08-19
The 2028 Vegetation Work Plan shall identify the minimum of 1/4 of the overhead distribution system (which equates to approximately 2,200 miles) and budgets and be provided to LIPA for approval, which shall not be unreasonably withheld.	2027-08-27
Submit August report of work completed vs. schedule and budget at the monthly meeting.	2027-09-17
Submit September report of work completed vs. schedule and budget at the monthly meeting.	2027-10-15
Submit October report of work completed vs. schedule and budget at the monthly meeting.	2027-11-15
Submit November report of work completed vs. schedule and budget at the monthly meeting.	2027-12-17
Submit the 2027 YE closeout report of work completed vs schedule and budget	2028-01-25

2027 Performance Metrics

T&D-37: Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan

Board Policy: Transmission & Distribution Operations	**Board PIPs**: WM PIPs
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Pete Mladinich
PSEGLI Exec. Sponsor: Bob Rowe	**PSEGLI Proj. Mgr**: Shaun Jeter
PSEGLI Director: Joe Cicalo	**DPS Contact**: Jami Nafiul, Qin Shi
Allocated Compensation (2021 Dollars): $300,000	

Historical Context YE Results (Quantitative Metrics Only)						
2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
100%	100%	100%	100%	100%	100%	100%

OBJECTIVE

Adherence to Targeted Program planned units and unit costs.

TARGETS AND CALCULATIONS

Targeted Programs, distinct and separate from Projects, must include units of work to be completed within one year. Units of work must be deemed as complete to count as a completed unit.

By December 31, 2027, complete program planned units/miles within prescribed cost range consistent with Program Workplan PJDs for the following Targeted Programs:

1. Distribution Circuit Improvement Program (CIP) (SOS-1293) – 450 miles at cost of $15,960 /mile.
2. Tie Point Automation (SOS-1293) – 75 locations/units at cost of $82,000/location/units.
3. Transmission breaker replacement (SOS-1452) – 15 units at cost of $342,733/breaker.
4. Underground distribution cable upgrades (SOS-1283) – 88,750 feet at cost of $200/foot.
5. Upgrade Supervisory Controller for Capacitor Banks (SOS-1183) – 30 units at a cost of $27,300/unit.
6. Residential underground cables (SOS-1291) – 93,421 feet at cost of $190/foot.
7. Replacement of non-restorable distribution pole rejects (SOS -2124) – 900 units at cost of $16,412/pole.
8. Transformer Monitoring (SOS-1250) – 40 units at cost of $116,500/unit.
9. Automatic Circuit Recloser (SOS-2449) – 15 locations at a cost of $82,000/location
10. FEMA Isaias Hazard Mitigation Project (SOS-2386) – 125 miles at a cost of $XXX,XXX.XX/mile (Costs to be finalized in January of 2027 as ongoing procurement activity will have an impact on unit pricing)

Note: Volumetric and cost targets to be based on PJDs submitted in September 2026. The final measurement for this will be based on the latest LIPA-approved PJD.

T&D-37: Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan

Achievement for volumetric elements will be calculated as the difference between the planned units/jobs/miles/feet and the actual units/jobs/miles/feet achieved by December 31, 2027, divided by the planned units/jobs/miles/feet.

Achievement for cost elements will be calculated as the difference between the planned per unit and per foot costs and the actual per unit and per foot costs achieved by December 31, 2027, divided by the planned per unit and per foot costs.

Target: For the volumetric elements, complete ≥ 92.0% of the planned units/miles within the established target and based on the latest LIPA-approved PJD documentation. For the cost elements, achieve +/-5% of the planned per unit and per-mile costs within the established target and based on the latest LIPA-approved PJD documentation.

EXCLUSIONS

Schedule relief may be granted for delays
i) directed or requested by LIPA or
ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
Finalize cost/mile for FEMA Isaias Hazard Mitigation Project (SOS-XXXX)	2027-01-31
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Completion of Program Planned Units Per Workplan. 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-40: Reduce Double Wood Poles

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Tyler Pearsall, William Moir
PSEGLI Director: Richard Henderson	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $300,000	

Historical Context YE Results (Quantitative Metrics Only)										
2021		2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
9110	6295	6295	6477	5289	7567	6810	7680	7296	9129	8673

OBJECTIVE

As a safety and system reliability matter, continue to manage the amount of Double Wood Poles on the T&D system.

TARGETS AND CALCULATIONS

Amount of double wood poles, as recorded in the National Joint Utilities Notification System (NJUNS), on December 31, 2027. Targets will be measured and stated in pole counts in the format of #,###.

Target: Achieve the following Double Wood Pole year-over-year performance criteria as of December 31, 2027:

1. For 75% of the allocated incentive compensation, achieve a PSEG Long Island Next-To-Go (NTG) that is 10% lower than the 2026 YE level.
2. For 100% of the allocated incentive compensation, successfully achieve the target stated in criterion #1 and also achieve an overall Double Wood Pole count that is >= 5% lower than the 2026 YE level.

Note: Discrete 2027 pole count target numbers will be calculated for each of the above two criteria after the close of 2026, reflecting performance as of December 31, 2026.

EXCLUSIONS

None

T&D-40: Reduce Double Wood Poles

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Double Wood Poles 2) Documentation demonstrating NJUNS timely data-entry of all Double Wood Poles identified during the physical asset verification project. 3) Any additional supporting documentation, as required, including meeting minutes of bi-monthly meetings with external stakeholders.	Monthly

2027 Performance Metrics

T&D-50: Storm Outage Response Performance

Board Policy: Transmission & Distribution Operations	**Board PIPs**: 3.2.2.3: CGI Outage Management System
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Jason Goldsmith
PSEGLI Director: Larry Torres, Pat Hession, Richard Henderson	**DPS Contact**: Mohammed Hasan, Qin Shi
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

Measure and improve the overall outage management and response effectiveness during storms with customer outage durations of >=24 hours and < 48 hours.

TARGETS AND CALCULATIONS

Demonstrate excellent performance as reflected in the Small Storm Scorecard ("Scorecard") for OSA storms of >=24 hours and < 48 hours in length. This includes all storms, both forecasted and non-forecasted.

The Scorecard is based on a total maximum score of 1,000 points. Note: certain elements of the Scorecard will not be applicable for all storms. In those cases, a maximum eligible score of less than 1,000 points will result and be applicable to that specific storm. The % achievement calculations for that specific storm will then be calculated in the normal fashion on the lower point basis.

Each qualifying storm will be scored by PSEG Long Island within 15 business days from the end of the storm. LIPA will then perform IV&V and will render its own score within 15 business days of receiving the Scorecard from PSEG Long Island. In the event of an overall score discrepancy, the Parties will meet to discuss and reconcile. If full resolution does not occur, the final (original or modified) LIPA score shall serve as the official score for metric purposes.

Official reporting monthly as part of the T&D Balanced Scorecard monthly report and meeting between LIPA, PSEG Long Island, and DPS is required. Timely meetings to be held between the Parties within 10 business days after storm scorecards have been submitted by both PSEG Long Island and LIPA to conduct in-depth discussions specific to the qualifying storm.

The rating period will be for storms that commence on or after 12:00 a.m. EST on January 1, 2027, through storms ending on or before midnight December 31, 2027.

The elements and maximum point values of the Scorecard are shown below, with line-item detail and calculations contained in a Scorecard provided by LIPA (See Scorecard Structure in Figures 1-4 below):

1) PREPARATION AND CLOSE-OUT (**15% of Total – 150 Points**)
   a. Event Anticipation
   b. Technology Performance
   c. Storm Close Out

T&D-50: Storm Outage Response Performance

2) OPERATIONAL RESPONSE (**55% of Total – 550 Points**)

- a. Storm CAIDI
- b. Down Wires
- c. Estimated Time of Restoration (ETR)
  - i. ETR Changes (measured by total ETRs provided to customer(s) on the incident, includes 0 ETR incidents energized in 0 -2 hours
  - ii. ETR Accuracy (measured by final ETR to Restored time, includes 0 ETR incidents energized in 0 -2 hours)
- d. County EOC Communication
- e. Utility Communication
- f. Safety
  - i. Measure of any employee or contractor serious injury doing hazard work during storm/ outage and restoration (in accordance with SIIR metric)
  - ii. Preventable Motor Vehicle Accidents (in accordance with the prior MVA rate metric)

3) COMMUNICATION (**30% of Total – 300 Points**)

- a. Call Answer Rates (For non-predicted storms in which SIA was <175 incidents, measurement will coincide with Start of Restoration)
- b. Web Availability
- c. Customer Communications
- d. Social Media Engagement

Note: For applicable Storm Scorecard line items, the baseline will be established as soon as practicable after December 31, 2026. The Parties will then review and reach an agreement on the baseline levels applicable to be measured against for qualifying 2027 storms.

Target:

Incentive compensation will be awarded, based on the average point score for all qualifying storms over the course of the rating period, as follows:

1) 100% of the allocated incentive compensation awarded for an average score of ≥ 80.0% attainment of all eligible points for the rating period.
2) 50% of the allocated incentive compensation awarded for an average score of ≥ 70.00% of all eligible points for the rating period.
3) 0% incentive compensation awarded for an average score of < 70.0% attainment of all eligible points for the rating period.

Further, an automatic metric failure will occur if any qualifying **predicted event** during the rating period receives a score below 50.0% of the total maximum achievable points for that event. In such case, incentive compensation allocated to this metric will be reduced by 100%.

T&D-50: Storm Outage Response Performance

For unpredicted events with an SIA prediction of fewer than 175 jobs, the first occurrence during the rating period in which the event receives a score below 50.0% of the total maximum achievable points will result in a 50% reduction of the incentive compensation allocated to this metric. A second such occurrence during the rating period will result in a 100% reduction of the incentive compensation allocated to this metric.

If there are no qualifying storms that occur in 2027, the full allocated incentive compensation will be reallocated on a pro-rata basis among the Electric T&D Scope Function

EXCLUSIONS

1) Storms that occur in whole or in part outside the established metric rating period
2) Planned (Scheduled) Outages
3) If a second storm occurs during the 5-day restoration period, then the Storm Brief and SAS report for the first storm will be due 10 business days after the end date of the second storm. The Storm Brief and SAS report due date for the second storm will not change and will be required as described in the definition of Measure in the Scorecard.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Storm Outage Response Performance (Small Storm Scorecard) 2) Any additional supporting documentation as required	15 business days after a qualifying event
For each qualifying storm, the Parties will meet and discuss within 15 business days after both PSEG Long Island and LIPA have provided storm scorecards to the other Party.	15 business days after Storm Scores have been provided by both parties

Storm Scorecard:



TD50 - 24 Hour Less
48 Hour Minor Storr

2027 Performance Metrics

T&D-54: Storm Crewing Efficiency and Prudency

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Donald Schaaf, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Matt Otto
PSEGLI Director: Pat Hession, Rich Henderson	**DPS Contact**: Qin Shi, Umar Sultan
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

To achieve safe, efficient, and cost-effective restoration for our customers. This will be accomplished by ensuring that staffing levels for each recognized storm are within the latest LIPA/DPS approved ERP Storm Resource Matrix Guidelines submitted and approved by LIPA and DPS annually.

TARGETS AND CALCULATIONS

PSEG Long Island is to provide a copy of the crewing emergency storm report and the completed LIPA Storm Staffing Spreadsheet within 20 calendar days of the end of the storm declaration.
Eligible storms are those events that qualify under the definition contained in the First Amendment to the 2nd Amended & Restated (A&R) Operations Services Agreement (OSA).

For 100% of the allocated incentive compensation, PSEG Long Island is to:

1) 1a. Demonstrate utilization of qualified High Voltage (HV) 2-man distribution crews, which should account for a minimum of 60% of the HV restoration staffing performing work as 2-person crews. Staffing being measured is limited to internal PSEG Long Island Overhead (OH) HV crews, On-Island OH HV contractors, and OH HV mutual aid crews. This metric is to be measured based on how PSEG Long Island sets up crews for a storm event (60% 2-man) and utilizing 25% of this population as a 2-man crew with a minimum of 1 distinct job completed per crew per shift. An OH HV 2-man distribution crew is defined as a crew containing no more than 2 people and 1 truck; 2 OH HV FTE's (inclusive of one working foreman (lead) and a second qualified OH HV FTE) with one distribution aerial bucket. All apprentices are considered part of the total crew make-up. **(40% Total Compensation)**
2) Demonstrate a minimum of **90%** compliance with the ERP Storm Resource Matrix Guidelines. **(10% Total Compensation)**
3) Enhance Internal Restoration Crew Technology Utilization, Information, and Performance: During Storm Restoration OH HV crews and On-Island OH HV contractor crews are expected to be en-route to their first job within 1 hour from the start of their scheduled shift, or the first job is dispatched within 1 hour of start of scheduled shift, or the first job is dispatched within 2 hours of the emergency call in start time, then crews are expected to be en-route within 1 hour from dispatched time. Demonstrate a 70% success rate to achieve full award of the metric.

- The criteria for OH is: scheduled pre-established shifts, job is dispatched prior to shift start time, or the first job is dispatched within 1 hour from shift start time, the vehicle must be within a designated yard, and it is measured by the crew leader.
    - The measurement is the yard geo-fence exit time minus the shift start time, or job OMS dispatched time if after start of shift.

T&D-54: Storm Crewing Efficiency and Prudency

- The criteria for the On-Island Contractors is: scheduled pre-established shift times, job is dispatched prior to shift start time, or the first job is dispatched within 1 hour from shift start time, or the first job is dispatched within 2 hours of the emergency call in start time, and the lead crew job status of en-route in CAD.
    - The measurement is the CAD lead crew en-route time minus shift start time, or the first job dispatched time if after start of shift. **(30% Total Compensation)**

4) Damage Assessment Performance:
    a) Complete 100% damage assessment on all locked out OH transmission circuits within 24 hours of the start of restoration. **(10% Total Compensation)**
    b) Complete 100% damage assessment of the 3-Phase mainline and unfused branchline of all OH distribution breaker locked out circuits within 48 hours of the start of restoration. **(10% Total Compensation)**

Calculations:

1) Calculation to be predicated on total qualified OH HV crews comprising 2-man crews divided by total OH HV crews. This is to be calculated on a cumulative basis for LIPA declared storms that occur in calendar year 2027.

2) The success rate will be determined by dividing the total points achieved by the total points available for the Storm Resource Matrix. Success rate will be measured on a cumulative basis for LIPA declared storms during the calendar year 2027.
    a) On-Island OH High Voltage (HV) FTEs (includes on-island contractors): 30% weighting
    b) Non-PSEG LI HV Line FTEs (Mutual Aid): 30% weighting
    c) Line Clearance FTEs (includes off-island contractors): 20% weighting
    d) Damage Assessment (includes contractors): 5% weighting
    e) Wire Watch (WW) (includes contractors): 5% weighting
    f) Low Voltage (LV) (includes contractors): 5% weighting
    g) Make Safe to Clear (MSTC) (includes contractors): 5% weighting

Note: For storms that are deemed not to require mutual aid, Item 2a. will carry a weighting of 60%, and correspondingly, Item 2b. will not be applicable and will carry a weighting of 0%.

3) The success rate shall be calculated as the overall total occurrences that met the stated “enroute” 1-hour criteria divided by the total “enroute” occurrences recorded for all OSA storms during the measurement period. This is to be calculated on a cumulative basis for the year 2027.
4) Damage Assessment Performance:
    a. Cumulative total # of transmission lockouts that were Damaged Assessed within 24 hours divided by the total # of transmission lockouts during 2027 OSA storms.

    b. Cumulative total # of distribution lockouts that were Damaged Assessed within 48 hours divided by the total # of distribution lockouts during 2027 OSA storms.

100% of all deliverables delivered by the specified date in the deliverables section.

Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG Long Island and DPS.

T&D-54: Storm Crewing Efficiency and Prudency

EXCLUSIONS

"Ok on Arrival" & "Planned Intentional" jobs for 2-man OH HV are not calculated for this metric

When a DPS Scorecard is required, this metric does not apply.

Relief may be granted for delays
i) directed or requested by LIPA or
ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: PSEG Long Island will complete "Summary of Staffing Levels" spreadsheet and provide an Excel worksheet that summarizes crew composition to support the 2-man OH High Voltage (HV) crews supported by documentation such as crew transfer sheets, crew rosters, etc., for every qualifying storm that occurs in calendar year 2027. PSEG Long Island will also supply an Excel Resource Matrix Compliance worksheet for each OSA 2027 storm. PSEG Long Island will supply documentation that validates damage assessment performance for Transmission Lockouts within 24 hours and Distribution Lockouts within 48 hours for each OSA 2027 storm. PSEG Long Island will produce a detailed report that shows job activities for all 2-man crews. The report, at a minimum, should show crew identifier, job assigned, date, time, completion time and any comments if they are added. If a 2-man crew was added to another crew, it should show which crew they were added to plus the same data detail. If added to another crew, it does not satisfy criteria. The totals for the 2-man crew should demonstrate the 25% minimum target of criterion 1b that shows the 2-man crew was utilized. (The above is applicable to Metric criteria 1, 2, and 4)	Within 20 calendar days of storm end declaration
PSEG Long Island will complete a report that demonstrates the stated enroute criteria as calculated in the metric (Criterion #3) for every OSA storm occurring in the year of 2027.	Within 20 calendar days of storm end declaration

2027 Performance Metrics

T&D-56: Inspection Optimization

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Pete Mladinich, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Dan Strahan
PSEGLI Director: Abhinav Kumar	**DPS Contact**: Qin Shi
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Maximize the performance of the inspection workforce resources within the constraints of existing planned inspection work.

TARGETS AND CALCULATIONS

100% of Compensation for meeting all deliverables within the prescribed timeframe

1. Incorporate safety inspections and stray voltage testing called out in the NYS Electric Safety Standard into existing Asset Management planned inspections and cycles, utilizing the existing workforce to their greatest potential.
2. The annual performance target for inspections shall be reported by Asset Management.
3. Incorporate safety inspections and stray voltage testing into existing Asset Management planned inspection cycles:
    a) Circuit Improvement Program (Annual)
    b) Underground Transmission Manhole Inspections (2-Year Cycle)
    c) Wood Pole Condition/Restoration Inspection Program (Annually – 10-Year Cycle)
    d) Underground Distribution Transformers (Periodic)
    e) Substation Fence Contact Voltage Inspections (5-Year Cycle / 50 Stations per year)

EXCLUSIONS

Facilities that are inaccessible and which pose no risk to public health and safety will not be considered in the determination of whether the target has been achieved.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Inspections Complete as a % of plan. 2) Any additional supporting documentation as required.	Monthly
The annual performance target for the inspection program shall be reported by Asset Management.	2028-01-04
Modify Asset Management Program: 1) Update Asset Management Plan to incorporate stray/contact voltage testing and visual inspections into existing asset management plans for wood poles (AMP)	2027-07-01
Institute Training Schedule for: 1) Distribution Engineering & Design (DE&R) Planning group to perform contact voltage testing	2027-03-01

T&D-56: Inspection Optimization

Institute Training Schedule for: 1) Substation Operations Multi-Station Operators (MSO) to perform Substation Fence Contact Voltage Testing	2027-05-01
Institute Training Schedule for: 1) Substation Maintenance crews to perform Contact Voltage Testing during Underground Network Protector Maintenance inspections.	2027-09-01

2027 Performance Metrics

T&D-57: Improve Underground (UG) Reliability Performance

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr:** Pete Mladinich, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Improve Underground (UG) system reliability as measured against the historical 3-year average number of incidents and CAIDI specific to UG-related outages.

TARGETS AND CALCULATIONS

Implement AC VLF Cable Proof Testing (acceptance testing) for new primary cable installations, cable replacements, and cable repairs in accordance with the engineering guidelines. Perform 30% of cable proof testing using the AC VLF proof testing method in lieu of DC-Hi Pot proof testing.

Mainline

1. Number of UG Incidents – Target: <= (2024-2026) average [10%]
2. UG CAIDI – Target: <= (2024-2026) average [10%]

Branch Line

3. Number of UG Incidents – Target: <= (2024-2026) average [10%]
4. UG CAIDI – Target: <= (2024-2026) average [10%]

An amount of 60% of the overall allocated metric compensation will be awarded for successfully complying with the cable acceptance testing procedure, and 40% for meeting the Mainline and Branch Line stated components.

All metric targets are based on the anticipation that all 2027 reliability-based program spending will be aligned with 2027 approved budgets. If budgets are reduced, targets will be revisited.

EXCLUSIONS

Excludes only Major Storms as defined by the NY Department of Public Service and NYCRR 97.1.

T&D-57: Improve Underground (UG) Reliability Performance

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Underground (UG) Reliability Performance 2) Monthly report on the percentage of VLF tests performed in lieu of DC Hi-Pot and the results for each category (Cable installations, cable replacements, cable repairs).3) Any additional supporting documentation as required.	Monthly

2027 Performance Metrics

T&D-59: Next Gen Distribution Control Room Migration

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Pete Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Sunil Katwala, Ryan Miceli
PSEGLI Director: Larry Torres, Patrick Hession	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Implement the Project Implementation Plan for the Next Gen Distribution Control Room.

TARGETS AND CALCULATIONS

1. Phase 2 FLISR Implementation (50% of allocated incentive compensation):
    a. Delivery of After-Action Report (AAR) for initial 42 Circuits implemented and;
    b. Successfully implement FLISR on mutually agreed upon additional circuits.
2. NextGen Distribution Control Room (50% of allocated incentive compensation): PSEG Long Island will start implementation for the NextGen Distribution Control Room, based on the blueprint delivered in the 2026 metric. PSEG Long Island must complete all 2027 deliverables from the listed deliverables that include:
    - Define the future-state responsibilities for the Distribution Control Room personnel and support organizations.
    - Develop a future-ready operator training curriculum framework grounded in job task analysis that can be adapted as new technologies, systems, and operating procedures are introduced.

Targets for 2027:

- Compensation for successful completion of all elements of programs listed above and detailed in the deliverables below for allocated compensation.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

T&D-59: Next Gen Distribution Control Room Migration

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Schedule relief may be granted for delays
i. directed or requested by LIPA or
ii. situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

NOTE: THE IT/OT COMPONENT OF THE PLAN WILL BE ADDRESSED UNDER THE IT AREA/METRIC(S).

DELIVERABLES

Deliverable Name	Target Due Date
Phase 2 FLISR Implementation	
Review FLISR on the 42 Circuits implemented, and develop an after-action review of the completed implementation, including process changes and electronic mapping requirements.	2027-03-31
LIPA and PSEG Long Island will collaborate to establish a mutually agreed-upon additional number of circuits for FLISR implementation for the remainder of 2027.	2027-05-28
Complete 100% of mutually agreed-upon circuits to be completed in 2027.	2027-12-31
NextGen Distribution Control Room	
Define the future-state responsibilities for the Distribution Control Room personnel and support organizations.	2027-06-30
Develop a future-ready operator training curriculum framework grounded in job task analysis that can be adapted as new technologies, systems, and operating procedures are introduced.	2027-09-30

2027 Performance Metrics

T&D-60: Asset Mapping

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Ken Kane	**LIPA Proj. Mgr**: Nick Caracciola, Pete Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Joseph Cicalo, Bob Bradley
PSEGLI Director: John Mccumiskey	**DPS Contact**: Qin Shi
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Maintain accurate and up-to-date records of LIPA's T&D Assets in EGIS.

TARGETS AND CALCULATIONS

100% compensation for meeting all deliverables within the prescribed timeframes.

1. Revise the Corporate procedure for "Management of Completed Historical Changes to Long Island Power Authority (LIPA) Facilities" (GO104) to include expected time frames for work to progress through the mapping lifecycle
2. Identify the critical diagrams and maps utilized by the Distribution Control Centers to provide operating functions, working clearances, and permits, in order to identify pending operating map updates. Complete backlog analysis for asset mapping.
3. Update the System Mapping Procedure for Maintenance of GIS map, associated map data, timelines, and Operational map products (GO10119),
4. By the end of the second quarter, identify potential enhancements designed to reduce the GIS mapping backlog and develop a plan to address the identified backlog by the mutually agreed-upon date, with implementation beginning in the second half of 2027.
5. Report quarterly on results detailing the mapping backlog for all assets.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

T&D-60: Asset Mapping

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Revise the Corporate procedure for "Management of Completed Historical Changes to Long Island Power Authority (LIPA) Facilities" (GO104) to include expected time frames for work to progress through the mapping lifecycle	2027-03-15
Provide a critical diagrams and maps report (including backlog analysis)	2027-03-15
Update the System Mapping Procedure for Maintenance of GIS map, associated map data, timelines, and Operational map products (GO10119)	2027-06-15
Identify potential enhancements to reduce the GIS mapping backlog and develop a plan to address the identified backlog by the mutually agreed-upon date, with implementation beginning in the second half of 2027.	2027-06-30
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report reporting requirement for Asset Mapping backlog 2) Any additional supporting documentation as required	Quarterly (Beginning end of Q2)

2027 Performance Metrics

T&D-63: Drone Program Deployment

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Pete Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: TBD
PSEGLI Director: Abhinav Kumar, Larry Torres	**DPS Contact**: Qin Shi
Allocated Compensation (2021 Dollars): $250,000	

OBJECTIVE

Maximize the performance of the inspection workforce resources utilizing robotic technology to conduct inspections of Transmission and Distribution Assets.

TARGETS AND CALCULATIONS

100% of Compensation for meeting all deliverables within the prescribed timeframe.

- Create comprehensive Roadmap detailing the strategic expansion of the drone program including all aspects (People, Process, Technology, Training).
    - Submit PJD Documents for 2028 installations and program extension.
- Create a construction standard/specification including civil, electrical, telecom, and permitting for standardizing Drone-in-a-Box installations.
- Install and operationalize one Drone-in-a-Box for 2027 (capital funding approval required) and one additional drone for training and manual flights.
- Develop and implement comprehensive processes from mission creation, deployment, to repairs.
- Report the quarterly results of drone deployments associated with different missions for any drone-in-a-Box locations and any manual flights conducted.
- Provide a report assessing the feasibility of using drones to perform inspections of the following programs:
    - Circuit Improvement Program (Annual)
    - Transmission Line Patrols (Annual)
    - Visual Pole Inspection Program (Annually – 10-Year Cycle)
    - Transmission & Distribution Infrared Inspection Program (Annual)
    - Steel Pole / Tower Inspections (Periodic)
    - Substation Inspections (Periodic)
    - Easement Maintenance Inspection
    - Safety Inspections

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

T&D-63: Drone Program Deployment

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

- Capital funding to be approved to provide- additional Drone-in-a-Box installation
- Additional Drone-in a-box installation completion date subject to Skydio Delivery schedule once funding is approved and order is submitted.

DELIVERABLES

Deliverable Name	Target Due Date
Create Drone-in-a-Box Construction/design standard	2027-03-15
Install and Operationalize Drone at one additional location	2027-08-15
Prepare Roadmap for strategic expansion of UAS (Drone) Program	2027-05-30
Quarterly Mission Report	Quarterly
Feasibility report for specific Inspection programs	2027-05-15
Develop and implement comprehensive processes from mission creation, deployment, to repairs.	2027-10-01

2027 Performance Metrics

T&D-65: Advanced Analytics, Innovation and Grid Technology

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Saba Khalid
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $150,000	

OBJECTIVE

Develop and apply advanced analytics, AI, automation, and intelligent field technologies to solve high-value T&D operational challenges to improve reliability, resiliency, efficiency, safety, customer experience, and operational excellence through a structured use case development and deployment process.

TARGETS AND CALCULATIONS

1) Future Grid Architecture Roadmap and Governance Process:
   a) Review the current T&D grid architecture to establish baseline conditions and support the development of forward-looking plans.
   b) In coordination with LIPA, develop the detailed SOW for the development of the T&D future Grid architecture and innovation plan aligned with the strategic roadmap.
   c) In coordination with LIPA develop a joint governance process for evaluating, prioritizing, and tracking innovation initiatives and products with monthly executive reviews.

2) In collaboration with the LIPA/PSEGLI Data Governance Committee, develop a jointly approved list of T&D technology projects utilizing Artificial Intelligence to streamline business processes and enable continuous improvement. The list should identify projects with prioritization for the next 3 years. For the 2028 projects, develop and submit PJDs.

3) Implement 2027 T&D initiatives jointly identified, approved and budgeted by the Data Governance Committee.

4) Deploy and operationalize modern and intelligent field devices.

Targets for 2026:
25% Compensation for each deliverable that is completed.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring

T&D-65: Advanced Analytics, Innovation and Grid Technology

the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Schedule relief may be granted for delays
i. directed or requested by LIPA or
ii. situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
Review the current T&D grid architecture to establish baseline conditions and support the development of forward-looking plans.	2027-03-15
Develop the detailed SOW for the development of the T&D future Grid architecture and innovation plan aligned with the strategic roadmap.	2027-04-30
Collaborate with LIPA and establish a governance process for evaluating, prioritizing, and tracking innovation initiatives	2027-04-15
In collaboration with the LIPA/PSEGLI Data Governance Committee, develop a jointly approved list of T&D technology projects utilizing Artificial Intelligence to streamline business processes and enable continuous improvement. The list should identify projects with prioritization for the next 3.	2027-07-28
For the 2028 projects, develop and submit PJDs.	2027-08-27
Implement 2027 T&D initiatives jointly identified, approved and budgeted by the Data Governance Committee.	2027-12-10
Quarterly executive reviews for established governance process	Quarterly
Deploy, integrate, and evaluate IND.T field sensors as part of the pilot project	2027-08-25

2027 Performance Metrics

Tier 2–T&D-A: Customer Average Interruption Duration Index (CAIDI)

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Pete Mladinich, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John McCumiskey	**DPS Contact**: Justin Koebele, Qin Shi

OBJECTIVE

As a measure of T&D system and customer performance, maintain the Customer Average Interruption Duration Index (CAIDI) within a reasonable range of recent performance history.

TARGETS AND CALCULATIONS

Average time per customer to restore service, computed in accordance with IEEE Standard 1366, Section 4.2.3.

CAIDI = Σ(ri * Ni) / Σ(Ni) – (measured in minutes); where:
Σ = Summation function.
ri = Restoration time, minutes.
Ni = Total number of customers interrupted 5 minutes or more.

Maintain CAIDI within a reasonable range of PSEG Long Island's 3-year (2024-2026) average performance.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirements for CAIDI 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2-T&D-B: Safety – OSHA Days Away Rate

Board Policy: Safety	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Nick Caracciola
PSEGLI Exec. Sponsor: Bob Rowe	**PSEGLI Proj. Mgr**: Theodore Kern
PSEGLI Director: Daniel Rogers	**DPS Contact**: Umar Sultan

OBJECTIVE

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.

TARGETS AND CALCULATIONS

The severity of OSHA (Occupational Safety and Health Administration) incidents that have occurred as measured by the number of lost workdays that can be attributed to an OSHA incident.

Calculation:
Total number of Lost Time Days due to injury x 200,000 / Total hours worked. (Note: 200,000 = 100 employees x 2,000 hours per employee per year).

Note: This metric is applicable to the entire business, not solely the T&D area.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: 1) Monthly Scorecard Reporting Requirement for OSHA DAFW 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2-T&D-C: Reduce Occurrences of Long Duration Customer Outages

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Umair Zia	**LIPA Proj. Mgr**: Pete Mladinich, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi

OBJECTIVE

Reduce the frequency of overhead primary outage occurrences that deviate significantly from the system average performance. The baseline will be the 3-year average (2023-2025) performance.

TARGETS AND CALCULATIONS

Calculation:
Final performance will be assessed based on reported outage data as of December 31, 2027. The % reduction will be calculated by taking the average number of outages over the 2023-2025 period that meet or exceed 10 hours of duration for all reportable overhead outages. This will then be compared to the 2027 actual outage performance, using the same methodology as is applied to the 2023-2025 baseline.

EXCLUSIONS

Only applicable to Overhead Primary Outages, all Underground Outages are excluded from this metric.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1)Monthly Scorecard Reporting Requirement for Reduce Occurrences of Long Duration Customer Outages 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

Tier 2-T&D-D: Storm Ratio Analysis

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Tim Lupski
PSEGLI Director: Larry Torres, Pat Hession, Richard Henderson	**DPS Contact**: Mohammed Hasan, Qin Shi

Objective

Tracking operational and customer-impact data to monitor overall storm-response effectiveness storm ratios of PSEG Long Island's response to applicable LIPA storms involving customer outage durations of < 72 hours.

Targets and Calculations

Demonstrate excellent performance and continued response improvement for applicable LIPA storms of <72 hours. All storm-related LIPA outage data from both minor and major storms will be included in calculations.

The baseline will be the average of 3-year historical storm data, based on invoices received by LIPA. For 2027, the 3-year average will encompass all storms within the calendar years of 2023, 2024, and 2025.

These Tier 2 storm ratios will be calculated and provided in the monthly scorecard for storms that commence on or after 12:00 a.m. EST on January 1, 2027 through storms ending on or before midnight on December 31, 2027 and will be for tracking purposes only.

- 3-year Average Incidents per Storm (Incident/Storm)

Baseline - Incidents/Storm	2027 Actuals
321	

- 3-year Average Customer Interrupted per Storm (CI/Storm)

Baseline - CI/Storm	2027 Actuals
16,301	

- 3-year Average Customer Interrupted per Incident (CI/Incident)

Baseline - CI/Incident	2027 Actuals
51	

2027 Performance Metrics

Tier 2-T&D-D: Storm Ratio Analysis

- 3-year Average Customer Minutes Interrupted per Storm (CMI/Storm)

CMI/Storm	2027 Actuals
1,988,110	

- 3-year Average Customer Minutes Interrupted per Incident (CMI/Incident)

CMI/Incident	2027 Actuals
6,191	

- 3-year Average Customer Minutes Interrupted per Customer Interrupted

CMI/CI	2027 Actuals
122	

EXCLUSIONS

LIPA storms where a customer outage exceeds 72 Hours.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirements for Storm Ratio Analysis 2) Any additional supporting documentation as required	Monthly

Section 2: 2027 Performance Metrics in Disagreement

2027 Performance Metrics

CS-17: Low to Moderate Income (LMI) Program Participation

Board Policy: Customer Value, Affordability, & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Kim Soreil
PSEGLI Director: Brigitte Wynn	**DPS Contact**: Denise Prestinari
Allocated Compensation (2021 Dollars): $600,000	

Historical Context YE Results (Quantitative Metrics Only)										
2021		2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
35000	46917	55000	42528	50000	41933	50000	38716	40000	42543	47500

OBJECTIVE

Increase the Low to Moderate Income (LMI) program customer enrollment in the Household Assistance Rate (HAR).

TARGETS AND CALCULATIONS

Definition: Count the number of unique valid LMI program enrollees in any month during the calendar year 2027.

Target and Calculation: Meet stated LMI program enrollees in any month during the calendar year 2027 for allocated compensation as follows:

- ≥56,000 LMI enrolled customers = 100% of incentive compensation
- ≥55,000 LMI enrolled customers to < 56,000 LMI enrolled customers $220/customer
- ≥53,000 LMI enrolled customers to < 55,000 LMI enrolled customers $80/customer
- ≥51,000 LMI enrolled customers to < 53,000 LMI enrolled customers $60/customer

# of LMI program enrollees	Total Payment
≥56,000 LMI enrolled customers	$600,000
55,500 LMI enrolled customers	$490,000
55,000 LMI enrolled customers	$380,000
54,000 LMI enrolled customers	$300,000
53,000 LMI enrolled customers	$220,000
52,000 LMI enrolled customers	$160,000
51,000 LMI enrolled customers	$100,000

*The per customer payments are incremental above each threshold.

CS-17: Low to Moderate Income (LMI) Program Participation

EXCLUSIONS

Customers who have not met the 18-month renewal process.

The CS-17 metric will be revisited if program(s) used to enroll customers in the LMI rate program are eliminated, temporarily modified through NYS directive, or changed.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Low to Moderate Income (LMI) Program Participation 2) Any additional supporting documentation as required	Monthly

LIPA's Final Position Summary
This metric is in alignment with the Governor's Office and DPS' position on affordability. There is a push by the DPS to educate customers on EAP, thereby increasing applications and potentially enrollment. With the last push, we saw ~700 applications. The metric proposed by LIPA is tiered, utilizing current poverty rates for Nassau and Suffolk County against the number of residential electric meters in each county. There are many factors that were also considered in building the metric, including: 1) No customers were de-enrolled from the program, which will continue through November 2026, building a strong enrollment base in a historic DPS decision. 2) The HEAP income guidelines increased over the 2025-2026 HEAP season, with a family of 4, an annual salary of $80,000 would qualify for the benefit. Therefore, more customers will be eligible for the benefit. 3)The HEAP program is not in jeopardy as it was in the prior heating season. 4) Data Matching is occurring with Nassau County, providing another base of customers who may qualify, as well as the OTDA data matching process that is expected to go live at the YE 2026. 5) There are no discussions about restricting benefits, only looking to add additional qualifiers to the program to allow for higher enrollment. 6) Four additional FTEs for bi-lingual consumer advocates will enable PSEG Long Island to expand their reach to customers as well as strategically operationalize outreach efforts. 7) Customer representatives will be able to focus on educating customers on our programs; thereby potentially increasing participation. We believe that the stepped compensation structure is appropriate because the later stages of enrollment will require greater effort and coordination, including additional outreach and data matching. The back loaded incentive is therefore intended to motivate PSEG Long Island to pursue the harder to reach eligible customers and maximize overall program participation, rather than simply compensate for each enrollment equally.

CS-17: Low to Moderate Income (LMI) Program Participation

The metric levels for 2027 were created with all the data points highlighted above in a clear calculation method. Current enrollment is 48,000 and will continue to grow as new enrollments and customers are automatically renewed through November 2026. PSEG Long Island also typically sees a larger push at the end of the year due to data matching agreements going live. We anticipate PSEG Long Island to end the year at 51,000 or more.

2027 Performance Metrics

T&D-61: Improve Storm Response

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Tim Lupski
PSEGLI Director: Larry Torres, Pat Hession, Richard Henderson	**DPS Contact**: Mohammed Hasan, Qin Shi
Allocated Compensation (2021 Dollars): $600,000	

OBJECTIVE

Measure and improve the cost efficiency of PSEG Long Island's response to applicable LIPA storms involving customer outage durations of < 72 hours.

TARGETS AND CALCULATIONS

Demonstrate excellent performance and continued response improvement for applicable LIPA storms of <72 hours. All storm-related LIPA outage data from both minor and major storms will be included in calculations.

The cost of "OK on Arrival" will be included in the calculation of costs but will not be included in the # of jobs or incident counts, as this metric is only measuring performance based on LIPA-related storm outages.

The baseline will be the average of 3-year historical storm data, based on invoices received by LIPA, adjusted for inflation as noted below[1]. For 2027, the 3-year average will encompass all storms within the calendar years of 2023, 2024, and 2025.

The rating period for Baseline 1 will be storms that commence on or after 12:00 a.m. EST on January 1, 2027 through storms ending on or before midnight on June 30, 2027. This baseline will target a defined improvement over the 3-year historical average.

[1]The 3-year average baselines will be adjusted for inflation consistent with the CPI index and methodology applicable to the Phase III Management Services Fee under Section 6 of the First Amendment to the Second Amended and Restated Operations Services Agreement, including the CPI adjustment methodology set forth in Section 5.1(C)(1) of the OSA, as amended. All values will be presented in 2027 Dollars using the January 2027 Consumer Price Index for All Urban Consumers (CPI-U), New York–Northern New Jersey–Long Island (1982–84 = 100), as the basis for the applicable CPI adjustment.

Baseline 1 – Per Cost

- **3-year Average Cost per Customer Interrupted($/CI) [$150,000]** – excluding storms with foreign crew participation of ≥50 HV OH FTE line personnel (25 crews). No other FC resources will be includable in the qualifier, such as Tree Trimmers, wire watchers, damage assessors, etc.

$/CI	2027 Target	Percent Compensation
$XXX.XX	>= 5.0% Improvement	100%
$XXX.XX	2.51%-4.99% Improvement	50%
$XXX.XX	0%-2.50% Improvement	0%

2027 Performance Metrics

T&D-61: Improve Storm Response

- **3-year Average Cost per Incident ($/Incident) [$150,000] –** excluding storms with foreign crew participation of ≥50 HV OH FTE line personnel (25 crews). No other FC resources will be includable in the qualifier, such as Tree Trimmers, wire watchers, damage assessors, etc.

$/Incident	2027 Target	Percent Compensation
$XX,XXX.XX	>= 5.0% Improvement	100%
$XX,XXX.XX	2.51%-4.99% Improvement	50%
$XX,XXX.XX	0%-2.50% Improvement	0%

- **3-year Average Cost per Storm without foreign crews ($/Storm) [$200,000]**

$/Storm	2027 Target	Percent Compensation
$X,XXX,XXX.XX	>= 5.0% Improvement	100%
$X,XXX,XXX.XX	2.51%-4.99% Improvement	50%
$X,XXX,XXX.XX	0%-2.50% Improvement	0%

- **3-year Average Cost per Storm with foreign crews ($/Storm) [$100,000]**

$/Storm	2027 Target	Percent Compensation
$XX,XXX,XXX.XX	>= 5.0% Improvement	100%
$XX,XXX,XXX.XX	2.51%-4.99% Improvement	50%
$XX,XXX,XXX.XX	0%-2.50% Improvement	0%

Target:

- Incentive compensation will be based solely on the four cost measures under Baseline 1. Each measure will be evaluated independently against its applicable three-year historical average (as adjusted for inflation), with lower costs representing improved performance:
    - Cost per Customer Interrupted – excluding storms with foreign crews: $150,000
    - Cost per Incident – excluding storms with foreign crews: $150,000
    - Cost per Storm without foreign crews: $200,000
    - Cost per Storm with foreign crews: $100,000

- For each cost measure:
    - 100% of the allocated compensation will be awarded for an improvement of 5.0% or greater.
    - 50% will be awarded for an improvement of 2.51% through 4.99%.
    - 0% will be awarded for an improvement of less than 2.51%, including no improvement or performance above the historical baseline.

2027 Performance Metrics

T&D-61: Improve Storm Response

EXCLUSIONS

1) Storms that occur in whole or in part outside the established metric rating period.

2) LIPA storms where a customer outage exceeds 72 Hours.

DELIVERABLES

Deliverable Name	Target Due Date
Establish the baseline measurement targets no later than February 26, 2027, following the release of the January 2027 CPI.	2027-02-26
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirements for Improve Storm Response 2) Any additional supporting documentation as required 3) SIA Storm Prediction Model used for storm preparation and staffing decisions	**Reliability Data** - 15 business days after a qualifying event **Final Storm Cost Data** – PSEG LI storm financial data will be reported within a reasonable timeline from the end of the event to allow for IV&V and confirmation of results

LIPA's Final Position Summary
LIPA's final position is to retain the exclusion of "OK on Arrival" jobs from qualifying job and incident counts. **"OK on Arrival" Jobs** T&D-61 measures the efficiency and effectiveness of response to storm-related outages on LIPA's system. "OK on Arrival" jobs represent truck rolls where no LIPA-system outage requiring restoration is identified. Including these jobs would inflate the measured outage workload without a corresponding restoration outcome and could artificially reduce the reported cost per incident. LIPA's position does not restrict appropriate responses to customer concerns or compromise customer satisfaction. PSEG Long Island remains responsible for assessing whether dispatch is warranted, using available information to verify whether the reported service issue persists, and accurately classifying the completed job. PSEG Long Island has indicated that these jobs may be dispatched when additional storm staffing is available and outage activity is limited, while being deferred during periods of greater restoration demand. Their volume, therefore, reflects staffing availability and dispatch practices, as well as customer calls, making them an unsuitable measure of the actual storm-outage workload. PSEG Long Island has also stated that it uses these counts when needed to meet the storm threshold. Qualifying counts should be determined consistently by the nature of the work, rather than whether their inclusion allows an event to meet the threshold.

Appendix A

Newly Proposed or Reintroduced Metrics in 2027

Metric Title	Metric #	Objective
Update Miscellaneous Service Charges in Tariff	BS-56	To align and update Miscellaneous Service Charges with the actual costs of providing such service.
Controls for Non-Inventory Spares	BS-57	Develop and implement processes and procedures to enhance internal controls over non-inventory/spare equipment and materials. The goal of this metric is to ensure accurate locational tracking and recording of all non-inventory “Spares” equipment and materials that are stored at any PSEG Long Island location for the purposes of future operational use.
Communications Coordination & Media Relations	BS-58	Ensure timely coordination and information sharing between PSEG Long Island and LIPA regarding responses to media inquiries, press release distribution and outreach, public communications projects and initiatives with potential reputational, operational, regulatory, or policy implications.
Facilities Management Walt Whitman Property	BS-59	Execute the Project Implementation Plan (PIP) for the purchase and renovation of a new 19 AC – 195,000 SF facility and consolidate PSEGLI administrative functions currently performed at the lease National Grid East Office Building and Bethpage Office – 999 Stewart Ave. – Suite 202 building. Additionally, support the Return to Office (RTO) initiative in 2027.
Deferred Payment Agreement (DPA) Improvement	CS-23	Leverage data analytics and DPA reporting to develop comprehensive monitoring metrics that evaluate agreement performance, identify trends, measure portfolio impact, and provide actionable insights to enhance collections strategies and business outcomes.
Data, Application, and Report DL Access Requests	IT-14	Measures the team’s ability to complete access requests to existing and new data in the data lake, direct system access, and report distribution lists (DL). This metric reflects operational reliability, customer satisfaction, audit readiness, and data governance maturity.
Commercial & Industrial Engagement	PS&CE-22	LIPA seeks increased engagement with Commercial & Industrial customers to improve participation in available energy efficiency and electrification programs.
Money Out The Door (MOTD)	PS&CE-23	The Department of Public Service has directed all New York Utilities to meet a “money out the door” (MOTD) target. PSEG Long Island has included a target in its Utility 2.0 plan.
Inspection Optimization	T&D-56	Maximize the performance of the inspection workforce resources within the constraints of existing planned inspection work.

Next Gen Distribution Control Room Migration	T&D-59	Implement the Project Implementation Plan for the Next Gen Distribution Control Room.
Asset Mapping	T&D-60	Maintain accurate and up-to-date records of LIPA's T&D Assets in EGIS.
Improve Storm Response	T&D-61	Measure and improve the cost efficiency of PSEG Long Island's response to applicable LIPA storms involving customer outage durations of < 72 hours.
Drone Program Deployment	T&D-63	Maximize the performance of the inspection workforce resources utilizing robotic technology to conduct inspections of Transmission and Distribution Assets.
Advanced Analytics, Innovation, and Grid Technology	T&D-65	Develop and apply advanced analytics, AI, automation, and intelligent field technologies to solve high-value T&D operational challenges to improve reliability, resiliency, efficiency, safety, customer experience, and operational excellence through a structured use case development and deployment process.

Appendix B

2026 Performance Metrics Eliminated in 2027

Metric Title	Metric #	Justification
Timely, Accurate, and Supported Storm Event Invoicing	BS-22	The storm event invoices will be tracked under T&D-61: Improve Storm Response.
Implement Standards and Methods to Reduce Project Variances	BS-43	This metric was intended to improve capital project estimating and reporting of variances to ensure prudent planning for capital projects and address concerns in the management audit. The process improvements consistent with the NorthStar audit will be completed by December 31, 2026.
Establish Annual Assessment Allocation Model for LIPA's Approval with Quarterly Selected Work Orders Audits	BS-44	The process improvements to address the management audit finding in section IV-2 will be completed by December 31, 2026, ensuring overheads are appropriately allocated in accordance with valid causation principles.
Strategic Supplier MSAs	BS-48	PSEG Long Island has developed a comprehensive plan to establish Master Service Agreements (MSAs) for strategic spend categories. This involved analyzing procurement spend, collaborating with internal business units to understand long-term requirements, conducting a supplier market analysis, and implementing a strategic sourcing plan for MSAs.
Non-Utility Billing Collections	BS-53	By December 31, 2026, PSEG Long Island will have completed this project and substantially decreased the number of non-utility billing invoices.
Net Dollars Written Off	CS-14	Net Dollars Written Off will be a Tier 2-CS-E for 2027.
Arrears Aging Percent > 90 Days Past Due (Arrears %>90)	CS-15	Arrears Aging Percent > 90 Days Past Due will be a Tier 2-CS-C for 2027.
DPS Customer Complaint Rate	CS-19	This metric will be replaced with Tier 2-CS-A: Regulatory Complaints, which will measure PSEG Long Island's categorical customer complaint rates registered with the NY Department of Public Service relative to other NYS peer group electric and combination companies. As PSEG Long Island has been #1 in New York State among their cohort since 2022, shifting this metric to a non-compensable benchmark is a strategic decision. LIPA prefers to incentivize continuous growth and will continue to monitor the performance throughout the year as a Tier 2 metric.
Call Average Handle Time (AHT)	CS-31	Customer Average Handle Time (AHT) will be Tier 2-CS-D for 2027.

Self-service Containment Enhancements	CS-37	This metric is being eliminated due to the new Customer Information System (CIS), which will be implemented in 2028.
Transportation Strategic Initiatives	PS&CE-14	The objective of this metric was to develop a large-scale residential active managed charging pilot. The vendor has been selected, and the pilot is underway.
Residential Time-of-Day Participation Rate	PS&CE-16	The Time-of-Day participation rate remains high at 95%. Offering incentive compensation is no longer appropriate.
Disadvantaged Communities – Spend %	PS&CE-17	PSEG Long Island has consistently overachieved this metric and has spent more than 35% of its rebate, incentive, and direct services spending on customers who meet the criteria for low income or live in designated DACs.
Large Loads Performance Requirements	PS&CE-21	PSEG Long Island will complete this work by December 31, 2026.
Distribution System Automation and Advanced Operations.	T&D-58	PSEG Long Island has completed the Feeder Coordination Study and operationalized the ACRVs. The remaining projects will be tracked under T&D-59: Next Gen Distribution Control Room Migration.

Appendix C

Performance Metric Historical Analysis

BS SCOPE	Metric Title	2022	2023	2024	2025	2026	2027
BS-01	Enterprise Risk Management (ERM) Report	X	X				
BS-02	ERM Key Risk Indicators (KRIs)	X					
BS-03	Employee Engagement - Participation Rate	X					
BS-04	Employee Engagement Score	X					
BS-05	Full Time Vacancy Rate	X	X	X			
BS-06	Contract Administration Manual (CAM) Completion	X					
BS-07	2022 Affiliate Cost Benefit Justification 2023 Complete Affiliate Cost and Quality Justifications 2024 Implement Affiliate Service Remediation Plans and Transition Plans	X	X	X			
BS-08	2022 Capital Project Impact Analysis 2023 Improve the Capital Project Impact Analysis and Tracking Process	X	X				
BS-09	Substation Property Tax Report	X					
BS-10	2022 Substation Property Tax Module Plan 2023 Improve Annual Substation Property Tax Reports	X	X				
BS-11	Long Island Choice Reform	X					
BS-12	Advanced Metering Infrastructure (AMI) Opt Out Fees	X					
BS-13	Information Request (IR) Responses	X		X	X	X	X
BS-14	Legal Staffing	X					
BS-15	Contractor Performance Evaluation System	X					
BS-16	Government & Legislative Affairs	X					
BS-17	Project Outreach	X					
BS-18	2022 Customer Segmentation 2023 Utility Marketing Effectiveness	X	X				

BS SCOPE	Metric Title	2022	2023	2024	2025	2026	2027
BS-19	Reputation Management and Positive Media Sentiment	X	X				
BS-20	Reputation Management – Share of Voice	X	X				
BS-21	Social Media Engagement and Following	X	X				
BS-22	Timely, Accurate, and Supported Storm Event Invoicing		X	X	X	X	
BS-23	FEMA Tropical Storm Isaias Grant -- Engineering to Support Grant Application		X				
BS-24	Improve the Accuracy of Asset Records for Outside Plant		X				
BS-32	Update Low and Moderate Income (LMI) Tariff and Billing		X				
BS-33	Consolidate Real Estate Footprint		X				
BS-34	Improve Budgeting, Billing, and Collection Efforts for Reimbursable Projects			X			
BS-35	Implement Budget Process Improvements			X			
BS-38	Improve the Rate and Tariff Change Implementation Process			X			
BS-40	Implement Improvements to Budget Process Using New Budget System			X			
BS-41	PJD and Capital Budget Process Improvements			X			
BS-42	Develop Annual Zero Based Budget (ZBB) for each "Affiliate Cost" category for LIPA's review and approval				X	X	X
BS-43	Implement standards and methods to reduce project variances including risk and contingency management (IV-1)				X	X	
BS-44	Establish Annual Assessment Allocation Model for LIPA's approval with quarterly selected work orders audits (IV-2)				X	X	
BS-45	Develop methods and standards for tracking productivity gains and sharing CapEx and OpEx savings (XVI-2)				X	X	X
BS-48	Strategic Supplier MSAs				X	X	
BS-50	Time to Start				X	X	X
BS-51	HR Cost Efficiency				X		X
BS-52	Unit Price Contract Reassessment				X		

BS SCOPE	Metric Title	2022	2023	2024	2025	2026	2027
BS-53	Non-Utility Billing Collections					X	
BS-54	Competitive Transactions					X	X
BS-55	Procurement Savings					X	X
BS-56	Update Miscellaneous Service Charges in Tariff						X
BS-57	Controls for Non-Inventory Spares						X
BS-58	Communications Coordination and Media Relations						X
BS-59	Facilities Management Walt Whitman Property						X
CS SCOPE	**Metric Title**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
CS-01	Delivery of Strategic Customer Experience & Billing Projects	X	X	X			
CS-02	J.D. Power – Residential	X	X	X	X	X	X
CS-03	J.D. Power – Business	X	X	X	X	X	X
CS-04	Customer Information System (CIS) Modernization	X	X				
CS-05	Customer Transactional Performance Measurement & Analysis	X	X	X			
CS-06	Billing - Inactive Accounts Long-Term Estimates (LTEs)	X					
CS-07	Billing - Active Accounts Long-Term Estimates (LTEs)	X					
CS-08	Unauthorized Use/Advanced Consumption Resolution	X					
CS-09	Billing Exception Cycle Time	X	X				
CS-10	Billing – Cancelled Rebill	X	X	X			
CS-11	Contact Center Service Level with Live Agent Calls	X	X	X	X	X	X
CS-12	Customer Email Closure Rate	X					
CS-13	First Call Resolution (FCR)	X	X		X	X	X
CS-14	Net Dollars Written Off	X	X	X	X	X	

CS SCOPE	Metric Title	2022	2023	2024	2025	2026	2027
CS-15	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)	X	X	X	X	X	
CS-16	Days Sales Outstanding	X					
CS-17	Low to Moderate Income (LMI) Program Participation	X	X	X	X	X	X
CS-18	Low to Moderate Income (LMI) Program Automation	X					
CS-19	DPS Customer Complaint Rate	X	X	X	X	X	
CS-21	Outage Information Satisfaction		X	X			
CS-22	Advanced Metering Infrastructure Roadmap and 2023 Improvements		X				
CS-23	Deferred Payment Agreement (DPA) Improvement		X				X
CS-24	Payment Transaction Ease		X				
CS-25	Interactive Voice Response (IVR) Containment Rate		X	X	X		
CS-26	Life Sustaining Equipment (LSE) Customer Compliance		X				
CS-27	Estimated Bill %		X				
CS-28	Move Process Improvement		X	X			
CS-29	AMI Meter Validation, Estimation, Editing Enhancements and Data Reporting		X				
CS-30	Optimize Contact Center Resource Utilization			X			
CS-31	Call Average Handle Time (AHT)			X	X	X	
CS-36	E-Bill Enrollment				X	X	X
CS-37	Self-Service Expansion					X	
CS-40	Outage Information Satisfaction & Cause Code					X	X
IT SCOPE	**Metric Title**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
IT-01	Organizational Maturity Level – Doing	X	X	X			

IT SCOPE	Metric Title	2022	2023	2024	2025	2026	2027
IT-02	Organizational Maturity Level – Managing	X					
IT-03	System Resiliency - Business Continuity Plans and Functional Drills	X	X	X	X	X	X
IT-04	System and Software Lifecycle Management	X	X	X	X	X	X
IT-05	Project Performance – In-flight Projects	X	X	X	X	X	X
IT-06	New 2027 Projects	X	X	X	X	X	X
IT-07	System Segregation	X	X	X	X		
IT-08	2023 Cyber Security Organization - Structure, Staffing and Capabilities Review 2024 Cyber Security Organization - Implementation		X	X			
IT-09	IT Planning - Ransomware Readiness and Response			X	X	X	X
IT-10	System Resiliency - Disaster Recovery Plans and Testing			X	X	X	X
IT-11	System Cost Effectiveness					X	X
IT-12	System Reliability					X	X
IT-13	IT Service Management					X	X
IT-14	Data, Application, and Report DL Access Requests						X
PS&CE SCOPE	**Metric Title**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
PS&CE-01	2022 Long Range Planning Studies – Integrated Resource Plan (IRP) 2023 Complete Integrated Resource Plan (IRP) Follow-on Activities 2024 Complete Integrated Resource Plan (IRP) Follow-on Activities	X	X	X			
PS&CE-02	2022 Long Range Planning Studies – Energy Storage Request for Proposal (RFP) 2023 Complete Energy Storage Request for Proposal (RFP) Follow-on Activities	X	X				
PS&CE-03	Energy Efficiency Plan Savings	X	X	X			

PS&CE SCOPE	Metric Title	2022	2023	2024	2025	2026	2027
PS&CE-04	Utility 2.0 – Distributed Energy Resources (DER) Hosting	X					
PS&CE-05	Beneficial Electrification – Building Electrification	X	X	X	X	X	X
PS&CE-06	Electric Vehicle (EV) Make-Ready	X	X		X	X	X
PS&CE-07	Distributed Energy Resources (DER) Interconnection Process	X					
PS&CE-08	2022 Time of Use (TOU) Pricing Options - Space Heating and Large Commercial 2023 Transition to New "Standard" Time of Day Residential and Small Business Rates on an Opt-Out Basis 2024 Transition to New "Standard" Time of Day Residential Rates on an Opt-Out Basis	X	X	X	X		
PS&CE-09	Time of Use Pricing Pilot - Year 1 Marketing	X					
PS&CE-11	Implementation of Utility 2.0 Projects		X				
PS&CE-13	Heat Pump Strategy to Address Barriers to Customer Adoption		X	X	X		
PS&CE-14	Transportation Electrification Strategic Initiatives			X	X	X	
PS&CE-16	Residential Time-of-Day Participation Rate				X	X	
PS&CE-17	Disadvantaged Communities (DACs) - Spend %				X	X	
PS&CE-18	Solar Interconnection					X	X
PS&CE-19	Building Weatherization					X	X
PS&CE-20	Demand Response					X	X
PS&CE-21	Large Loads Performance Requirements					X	
PS&CE-22	Commercial & Industrial Engagement						X
PS&CE-23	Money Out The Door (MOTD)						X
T&D SCOPE	**Metric Title**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
T&D-01	Asset Management Program Implementation – Asset Inventory	X	X	X	X		
T&D-02	Asset Management Program Implementation – Asset Management Governance	X	X				
T&D-03	Enterprise Asset Management System (EAM) Implementation Plan	X	X				
T&D-04	Transmission and Distribution System Relay Mis-Operations	X	X				

T&D SCOPE	Metric Title	2022	2023	2024	2025	2026	2027
T&D-05	Transmission & Distribution Inadvertent Operation Events	X	X				
T&D-06	PTCC/ATCC Replacement	X	X	X	X	X	X
T&D-07	System Average Interruption Duration Index (SAIDI) Reliability	X	X	X	X	X	X
T&D-08	System Average Interruption Frequency Index (SAIFI) Reliability	X	X	X	X	X	X
T&D-09	Momentary Average Interruption Frequency Index (MAIFI) Reliability	X	X	X	X	X	X
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)	X	X	X	X	X	X
T&D-11	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	X	X				
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)	X	X	X	X	X	X
T&D-13	Safety – Serious Injury Incident Rate (SIIR)	X	X	X	X	X	X
T&D-14	Safety – OSHA Recordable Incidence Rate	X	X			X	X
T&D-15	Safety – OSHA Days Away Rate	X	X				
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate	X	X			X	X
T&D-17	Work Management Enhancements - Enhancements to Short-Term Scheduling	X	X				
T&D-18	Improve Reliability Through Work Management Enhancements - Workforce Management Plans	X	X	X	X	X	X
T&D-19	Work Management Enhancements - Improve Planning and Tracking of Work	X					
T&D-20	Work Management Enhancements - Improve and Standardize Compatible Unit Estimating (CUEs)	X					
T&D-21	Work Management Enhancements - Work Management KPIs and Dashboards	X	X				
T&D-22	Work Management Enhancements - Clarify and Rationalize Work Management Roles	X					
T&D-23	Employee Overtime	X	X				
T&D-24	2027 Improve Reliability Through Vegetation Management Work Plan	X	X	X	X	X	X
T&D-25	Vegetation Management Work Plan – Trim to Sky (TTS) Circuits	X	X				
T&D-26	2024 Improve Reliability Through Vegetation Management Work Plan – Hazard Tree Removal	X	X	X			

T&D SCOPE	Metric Title	2022	2023	2024	2025	2026	2027
T&D-27	Storm Hardening Work Plan - Overhead Hardening	X	X				
T&D-28	Storm Hardening Work Plan - Underground Hardening	X	X				
T&D-29	2022 Storm Hardening Work Plan - Transmission Load Pockets 2023 T&D System Enhancements	X	X				
T&D-30	2024 Improve Resiliency Through Storm Hardening Work Plan - ACRV Commissioning Program	X	X	X			
T&D-31	2024 Improve Resiliency Through Storm Hardening Work Plan - LT5H (ASUV) Program	X	X	X			
T&D-32	Estimated Time of Restoration (ETR)	X					
T&D-33	2022 Real Estate Strategy 2023 Execute Real Estate Strategy on (i) purchase of a property in Medford for a new operations yard and (ii) National Grid Properties.	X	X				
T&D-34	Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)	X	X				
T&D-35	Construction - Project Milestones Achieved	X	X				
T&D-36	Construction - Cost Estimating Accuracy	X	X	X	X		
T&D-37	Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan	X	X	X	X	X	X
T&D-38	Program Unit Cost Variance	X	X				
T&D-39	Project Completion Consistent with Project Design	X	X				
T&D-40	Reduce Double Wood Poles	X	X	X	X	X	X
T&D-41	Program Effectiveness - Vegetation Management		X	X	X		
T&D-42	Estimated Time of Restoration (ETR) Process Enhancements		X				
T&D-44	Regulatory Compliance		X	X			
T&D-45	Physical Security		X				
T&D-46	Root Cause Analysis (RCA) Execution and Compliance		X	X			
T&D-48	Program Effectiveness - Storm Hardening		X				
T&D-49	Work Management Effectiveness			X			

T&D SCOPE	Metric Title	2022	2023	2024	2025	2026	2027
T&D-50	Storm Outage Response Performance			X	X	X	X
T&D-52	Triennial Safety Assessment			X			
T&D-53	Capital Project Process Enhancements				X		
T&D-54	Storm Crewing Efficiency and Prudency				X	X	X
T&D-56	Inspection Optimization						X
T&D-57	Improve Underground (UG) Reliability Performance					X	X
T&D-58	Distribution System Automation and Advanced Operations					X	
T&D-59	Next Gen Distribution Control Room Migration						X
T&D-60	Asset Mapping						X
T&D-61	Improve Storm Response						X
T&D-63	Drone Program Deployment						X
T&D-65	Advanced Analytics, Innovation, and Grid Technology						X

Appendix D

2027 DPS Required Performance Metrics

Customer Average Interruption Duration Index (CAIDI) Reliability	Tier 2-T&D-A	PSEG Long Island will track and report the Customer Average Interruption Duration Index (CAIDI) as a Tier 2 metric in 2027.
System Average Interruption Frequency Index (SAIFI) Reliability	T&D-08	SAIFI is a standard utility metric that measures the average number of sustained interruptions of five minutes or more for each customer served.
Outage Notification Incentive Mechanism	T&D-50, CS-40	This metric requires the utility to provide communications to customers, the public, and other external interested parties during electric service outage events. ETR is part of T&D-50: Storm Outage Response Performance and CS-40: Outage Information Satisfaction & Cause Code.
J.D. Power - Residential	CS-02	The IOUs report the outcome of their customer satisfaction surveys to DPS yearly. LIPA utilizes the J.D. Power and Associates Annual Electric Utility Customer Satisfaction Study for the “East Region, Large Segment” to measure customer satisfaction.
J.D. Power - Business	CS-03	The IOUs report the outcome of their customer satisfaction surveys to DPS yearly. LIPA utilizes the J.D. Power and Associates Annual Electric Utility Customer Satisfaction Study for the “East Region, Large Segment” to measure customer satisfaction.
Contact Center Service Level with Live Agent Calls	CS-11	Measures the response of customer service representatives to customer calls to promote efficient staffing and customer satisfaction. It is the percent of calls answered within 30 seconds during blue sky days and within 90 seconds during “major storms”
Net Dollars Written Off	Tier 2-CS-E	Actively manage the receivables and associated write-offs and recoveries to maintain a solid financial position.
DPS Complaint Rate	Tier 2-CS-A	Measure PSEG Long Island’s categorical customer complaint rates registered with the NY Department of Public Service relative to other NYS peer group electric and combination companies
Arrears Aging Percentage Greater than 90 Days	Tier 2-CS-C	Effective management for aged receivables > 90 days to maintain a solid financial position.
Appointments Kept and Missed Appointment Credits	N/A	We do not have a metric for this function.
Billing - Canceled Rebill	N/A	CS-10: Billing – Canceled Rebill was eliminated in 2025 due to the implementation of AMI meters in the field, which drove the improvement. With this new technology, there was minimal room for improvement, and therefore, offering incentive compensation was no longer appropriate

Appendix E

2027 Tier 2 Non-Compensable Performance Metrics

Tier 2 metrics are non-compensable performance metrics that track achievement levels LIPA deems valuable. These metrics may become Tier 1 metrics in the following year or were previously Tier 1 metrics that require continuous monitoring.

Regulatory Complaints	Tier 2-CS-A	Measure PSEG Long Island's categorical customer complaint rates registered with the NY Department of Public Service relative to other NYS peer group electric and combination companies.
Arrears Aging Percent > 90 Days Past Due (Arrears %>90)	Tier 2-CS-C	Effective management for aged receivables > 90 days to maintain a solid financial position.
Customer Average Handle Time (AHT)	Tier 2-CS-D	Improve agent efficiency in responding to customer inbound phone inquiries.
Net Dollars Written Off	Tier 2-CS-E	Actively manage the receivables and associated write-offs and recoveries to maintain a solid financial position.
Collection Effectiveness Index (CEI)	Tier 2-CS-F	Effective management of PSEG Long Island's accounts receivable to maintain a solid financial position.
Event Performance Factor	Tier 2-PS&CE-A	Report and track event performance for the Bring Own Battery, Direct Load Control, and CSRP/DLRP programs. This reporting is designed to inform PSEG Long Island and LIPA about how actively enrolled resources are contributing to dynamic load management. An event is any time PSEG Long Island chooses to activate these resources.
Background Virtual Power Plant (VPP) Program Performance	Tier 2-PS&CE-B	Provide monthly reporting on the outcomes of the new Virtual Power Plant program and establish benchmarks to evaluate program performance going forward.
Program Performance Data Sharing	Tier 2-PS&CE-C	Increase data transparency by routinely sharing operational data for initiatives outside of the OSA metric scope.
Customer Average Interruption Duration Index (CAIDI)	Tier 2-T&D-A	As a measure of T&D system and customer performance, maintain the Customer Average Interruption Duration Index (CAIDI) within a reasonable range of recent performance history.
Safety – OSHA Days Away Rate	Tier 2-T&D-B	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.
Reduce Occurrences of Long Duration Customer Outages	Tier 2-T&D-C	Reduce the frequency of overhead primary outage occurrences that deviate significantly from the system average performance. The baseline will be the 3-year average (2023-2025) performance.
Storm Ratio Analysis	Tier 2-T&D-D	Tracking operational and customer-impact data to monitor overall storm-response effectiveness storm ratios of PSEG Long Island's response to applicable LIPA storms involving customer outage durations of < 72 hours.

Scott Jennings
President & Chief Operating Officer, PSEG Long Island

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October 7, 2026

Mr. Rory M. Christian
Chief Executive Officer
New York Department of Public Service
125 East Bethpage Road
Plainview, NY 11803

Dear CEO Christian –

I am pleased to report that the negotiations for the 2027 performance metrics have resulted in substantial alignment between PSEG Long Island and LIPA. The process has been marked by collaboration, transparency, and a shared commitment to our mission of providing safe, clean, reliable, and affordable energy to our customers.

Altogether, there are 58 proposed metrics, and we have reached alignment on 56 of them, a testament to the breadth of agreement across the overall package and setting a strong foundation and alignment for 2027 focus areas.

I highlight several points regarding the agreed upon metrics. The targets for these metrics would generally result in record performance for Utility performance on Long Island and generally would be the highest performance for all overhead electric providers in New York State. Specifically, these targets lead to industry top decile performance in safety, highest performance in reliability, top quartile customer satisfaction, record customer participation in payment assistance on Long Island and in the Rockaways, and many other stretch goals. Further, these results would be achieved with an annual growth rate in our budgets of only ~1% over the past three years, a testament to our focus on Affordability and continuoulsy improving productivity and efficiency. We are proud of our performance to deliver strong results for LIPA, the State and our customers and are dedicated to continuing to deliver those strong results. Finally, we appreciate that LIPA has agreed with our recommendation to move two collection related metrics to Tier 2, non-compensable metrics. While we do not believe that these metrics adversely affected our engagement with customers, their removal eliminates any possible perception of a financial incentive related to collections activities, including service shut-offs for non-payment.

There remain three open items for the metrics where we request DPS consideration.

Summary of Unresolved Metrics:

1. **T&D-61 Improve Storm Response:** PSEG Long Island and LIPA are substantially aligned on the overall T&D-61 metric language and structure. The remaining issue is LIPA's proposed exclusion of "OK on Arrival" outage jobs from the job and incident counts. These outage jobs originate from customer-reported outage or storm-related conditions where, based on the information available at the time, after an initial review of the AMI data a truck roll was determined to be necessary. Excluding "OK on Arrival" outage jobs can effectively penalize necessary truck rolls, even when dispatching a crew is the appropriate action to ensure customers receive timely, reliable, and safe service. PSEG Long Island recommends these outage jobs should continue to be treated consistently with the historical methodology:
    - **Metrics should not penalize the right operational decision:** Customer-reported outages and potentially unsafe conditions must be evaluated. Excluding OK on Arrival outage jobs that result from

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prudent operational responses from the metric job count would effectively penalize appropriate actions taken to protect safety and maintain customer satisfaction.

- **Apples and oranges:** OK on Arrival outages jobs were included in the 2023 - 2025 baseline. Removing them prospectively creates a different measure than the one used to establish the baseline. Simply stated, while there are not a great number of these jobs, this would be bad math as LIPA's proposal would unnecessarily result in comparing oranges and apples, with the result being penalizing us by excluding these jobs in the current period. We illustrate that in the attached package.

PSEG Long Island therefore recommends maintaining the historical treatment of OK on Arrival outage jobs. This preserves consistency with the historical baseline, supports appropriate response to customer outage reports, and ensures storm response performance is measured on a like-for-like basis. The parties are otherwise significantly aligned on T&D-61.

2. **Customer Complaint Rate:** PSEG Long Island also recommends reinstating Customer Complaint Rate per 100,000 Customers as a 2027 performance metric, benchmarked against peer utilities across New York State, with a target of achieving a first-place ranking among the peer group. This metric provides a clear, objective measure of the customer experience and reinforces our commitment to delivering industry-leading service. Establishing a first-place target creates a meaningful standard of excellence based on direct comparison with other NYS utilities performance and ensures continued focus on reducing customer complaints and delivering positive customer outcomes. This has been a Tier 1 metric for a number of years, is standard reporting across NYS and provides incentive for actions that lead to positive customer experiences. When adding this metric back in, we would have a reasonable amount of customer metrics and could simply proportionately reallocate $ from the few current customer metrics.

3. **CS-17 Low-to-Moderate Income Program Participation:** PSEG Long Island strongly believes in the importance of this metric to support our customers who are eligible for these programs.

   Some context is important here – we enrolled the following number of customers in these programs over the past three years – 2024 = 38,716; 2025 = 42,543; 2026 September YTD = 48,282. That is a 10% annual increases in enrollment from 2024 to 2025 and 13% from 2025 to 2026, demonstrating our commitment, focus and execution to deliver. The target range that LIPA proposes for this metric in 2027 is 51,000 to 56,000. The top end is a 17% increase from this year's enrollment. Altogether, that is a 40% increase from 2024!

   While there are real challenges in achieving this range, we believe so strongly in the importance of aiming high on this metric that we accept the targeted range and will dedicate resources and focus to striving to achieve it. However, we believe that the mechanics that LIPA proposes to calcuate the incentive within the range is not reasonable. Unlike other metrics where the low end of the targeted range is often 50% of target compensation, in this case LIPA recently proposed it to be ~17%. Also, unlike other metrics, the payment rate changes based on where you are within that range. We believe that every customer counts equally and that the payout range should reflect that. Therefore, we propose that the payout factor is simply a straight line from the bottom of the range to the top of the range. This supports incentive to enroll each and every customer regardless of where we are in the range, not some levels more or less than others. It is also a

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simpler calculation less prone to potential disputes. In the LIPA proposed metric, increasing enrollment from 51,000 to 55,000 customers represents 80% of the customer growth needed to achieve the maximum target, but only ~63% of the available incentive opportunity. This disconnect is particularly significant given that the proposed target already represents an a ambitious stretch and the size of the remaining eligible customer population is limited and uncertain. Additionally, achievement of the stretch levels is highly dependent on the timely implementation and demonstrated effectiveness of the OTDA electronic matching process which is outside of PSEG Long Island's control. We greatly appreciate DPS' support to advance this process so we can help more of our customers and have a reasonable opportunity to achieve this target.

Notwithstanding these remaining items, the significant level of alignment achieved reflects the dedication of both PSEG Long Island and LIPA to engage openly and thoughtfully, as well as our mutual recognition that these metrics serve as critical guideposts for advancing operational excellence and customer value.

The metrics developed through this process positions us well to meet the challenges ahead while staying true to our mission of delivering safe, reliable, affordable and clean energy that our customers deserve.

Thank you again for your partnership,

Scott Jennings
President and Chief Operating Officer
PSEG Long Island

Cc: Carrie Meek Gallagher, Chief Executive Officer – Long Island Power Authority
Nicholas Forst, Director – DPS Long Island Office

2027 Performance Metrics

CS-17: Low to Moderate Income (LMI) Program Participation

Board Policy: Customer Value, Affordability, & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Kim Soreil
PSEGLI Director: Brigitte Wynn	**DPS Contact**: Denise Prestinari
Allocated Compensation (2021 Dollars): $600,000	

Historical Context YE Results (Quantitative Metrics Only)										
2021		2022		2023		2024		2025		2026
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
35000	46917	55000	42528	50000	41933	50000	38716	40000	42543	47500

OBJECTIVE

Increase the Low to Moderate Income (LMI) program customer enrollment in the Household Assistance Rate (HAR).

TARGETS AND CALCULATIONS

Definition: Count the number of unique valid LMI program enrollees in any month during the calendar year 2027.

Target and Calculation: Meet stated LMI program enrollees in any month during the calendar year 2027 for allocated compensation as follows:

- ≥56,000 LMI enrolled customers = 100% of incentive compensation
- ≥51,000 LMI enrolled customers = 25% of the incentive compensation =
- Compensation between 51,000 and 56,000 customers will be scaled evenly on a per customer basis. Every additional customer >51,000 will receive $90/customer capped at 56,000 customers or 100% of allocated compensation.

# of LMI program enrollees	Total Payment
≥56,000 LMI enrolled customers	$600,000
55,500 LMI enrolled customers	$550,000
55,000 LMI enrolled customers	$510,000
54,000 LMI enrolled customers	$420,000
53,000 LMI enrolled customers	$330,000
52,000 LMI enrolled customers	$240,000
51,000 LMI enrolled customers	$150,000

CS-17: Low to Moderate Income (LMI) Program Participation

EXCLUSIONS

Customers who have not met the 18-month renewal process.
CS-17 metric will be revisited if program(s) are eliminated, temporarily modified through NYS directive or changed that (is) are used to enroll customers in the LMI rate program.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Low to Moderate Income (LMI) Program Participation 2) Any additional supporting documentation as required	Monthly

LIPA Final Position Summary
[To be filled in by LIPA]

PSEG Long Island Final Position Summary
PSEG Long Island strongly supports the objective of increasing participation in programs serving eligible low-to-moderate income customers. Our performance demonstrates that commitment: enrollment increased from 38,716 customers in 2024 to 42,543 in 2025 and reached 48,282 as of September 2026 YTD. Current enrollment is approximately 24.7% above 2024 and 13.5% above 2025 year-end. PSEG Long Island accepts the bookends of LIPA's October 5 proposal: a 51,000-customer threshold, a 56,000-customer stretch target, and a $600,000 maximum incentive. These are ambitious targets. From the current record-high enrollment level, reaching 51,000 requires another 5.6% increase and reaching 56,000 requires another 16.0% increase. Achievement of 56,000 would represent approximately 31.6% growth over 2025 and 44.6% growth over 2024. The remaining disagreement is limited to the incentive methodology between those bookends. Under LIPA's proposed methodology, achievement of the 51,000 threshold provides only approximately 17% of the maximum incentive, compared with approximately 50% threshold compensation commonly used for other metrics. The methodology also significantly back-loads compensation: moving from 51,000 to 55,000 represents 80% of the incremental customers required to reach the maximum target but earns only approximately 63% of the available incentive opportunity within the range. This disproportionately concentrates incentive value in the final 1,000 customers. PSEG Long Island proposes a straight-line methodology between 51,000 and 56,000. Every additional eligible customer enrolled advances the same policy objective and should therefore be recognized consistently. Every customer counts

CS-17: Low to Moderate Income (LMI) Program Participation

equally. A proportional approach maintains incentive throughout the entire performance range while also providing a simpler, more transparent methodology that is less susceptible to differing interpretations or disputes.

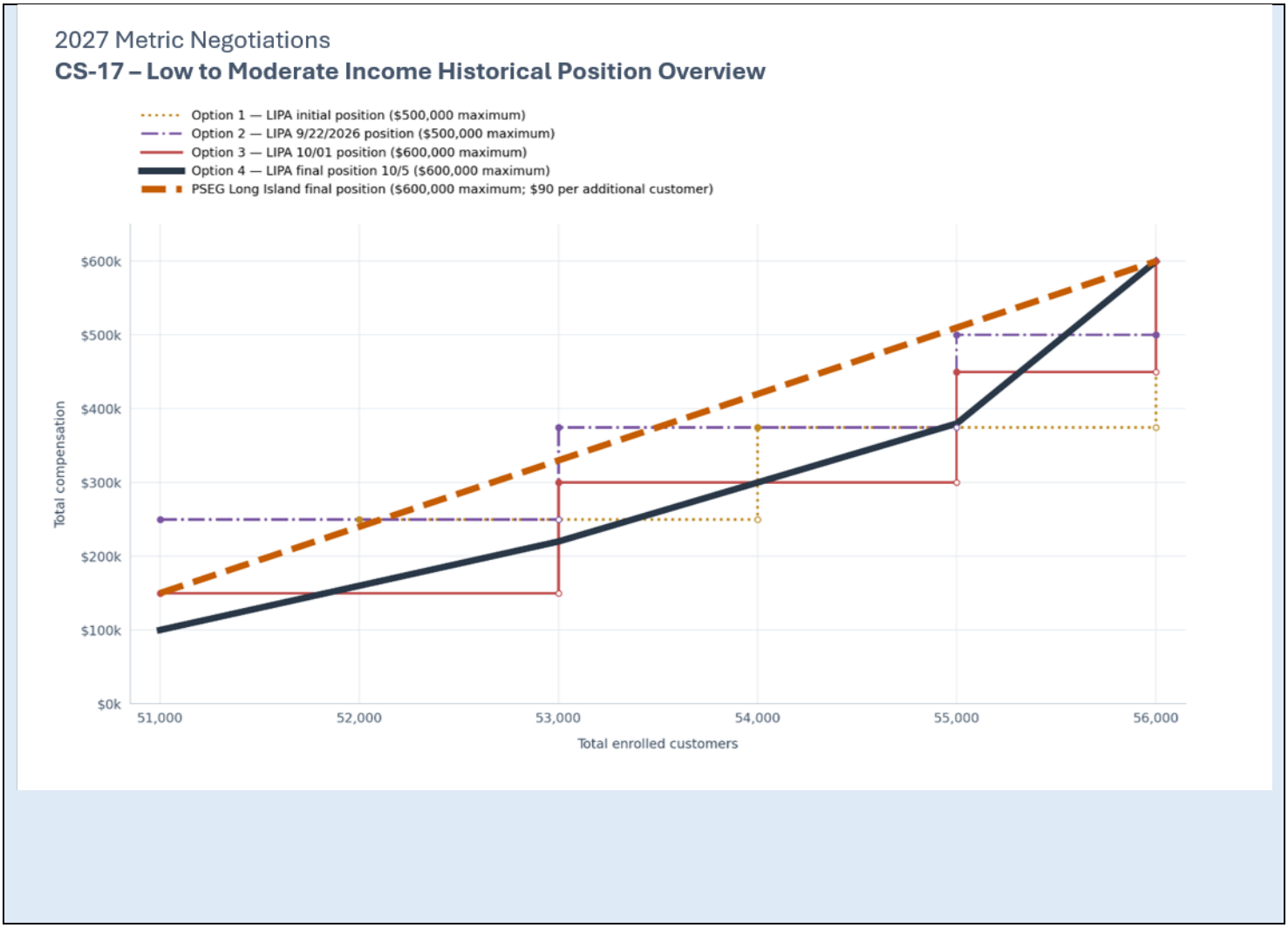
This treatment is particularly appropriate because the size of the remaining eligible, unenrolled customer population is uncertain. Achievement of the upper end of the range is also materially dependent on the timely implementation and demonstrated effectiveness of the OTDA electronic matching process, which is outside PSEG Long Island's control. Because the number of additional eligible customers that may ultimately be identified remains unknown, compensation should not be disproportionately concentrated in the final portion of the enrollment range. PSEG Long Island appreciates DPS's continued support in advancing this process to help identify and enroll additional eligible customers.

The negotiating history also provides important context. Through September 22, the parties had been working within a $500,000 maximum incentive framework and a substantially aligned 51,000-to-55,000 range, with payouts of 50% at 51,000, 75% at 53,000, and 100% at 55,000. LIPA subsequently increased the maximum incentive by 20% to $600,000, increased the maximum performance requirement to 56,000 customers, and, on October 5, introduced a substantially more back-loaded incentive structure. These changes followed PSEG Long Island's identification of concerns regarding the assumptions underlying the proposed performance expectations, including uncertainty regarding the remaining addressable population and the availability of additional customers through the OTDA matching process, which had not been resolved before the requirements were further increased and restructured.

PSEG Long Island's proposal preserves the rigor of LIPA's metric. We accept the 51,000 threshold, the aggressive 56,000 stretch target, and the $600,000 maximum incentive. We propose only that compensation between those bookends increase proportionately with actual customer enrollment. This appropriately recognizes each incremental customer served, ensures that every customer counts equally, maintains incentive across the full performance range, and avoids unnecessarily concentrating compensation in a small portion of the range where the availability of additional eligible customers remains uncertain and may depend on factors outside of PSEG Long Island's control.

The accompanying graphic illustrates the evolution of the performance requirements and incentive economics throughout the negotiation process and compares those positions with PSEG Long Island's recommended final approach.:

CS-17: Low to Moderate Income (LMI) Program Participation



2027 Performance Metrics

CS-19: DPS Customer Complaint Rate

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Suzanne Brienza	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Edyta Keppler
PSEGLI Director: Mike Presti	**DPS Contact**: Chris Ronacher
Allocated Compensation (2021 Dollars): $XXX,XXX.XX	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
6.5 |NA	11.8 | #6	5.0 |NA	2.0 |#1	4.2 | N/A	3.3 | #1	#1	#1	#1

OBJECTIVE

Keep customer regulatory complaints to a minimum.

TARGETS AND CALCULATIONS

Definition: Total number of initial customer complaints registered with the NY Department of Public Service, Public Service Commission

Calculation:
- Monthly: Initial Complaint Rate = (Initial Complaints Total / Customer Population) * 100,000 Customers
- YTD: Rolling 12-month Initial Complaint Rate = [(Rolling 12-Month Initial Complaints Total / 12) / Customer Population] * 100,000 Customer

Target: Achieve the top position (#1) for Rolling 12-month Initial Complaint Rate for electric and combination companies within the peer group at yearend. The peer group will include all electric and combination companies in New York State, which includes the below:
- Central Hudson Gas & Electric Corp.
- Con Edison of New York
- National Grid-Upstate
- New York State Electric & Gas Corp.
- Orange & Rockland
- Rochester Gas & Electric Corp.

EXCLUSIONS

None

CS-19: DPS Customer Complaint Rate

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for DPS Customer Complaint Rate 2) Any additional supporting documentation as required	Monthly

2027 Performance Metrics

T&D-61: Improve Storm Response

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Robert Frenna	**LIPA Proj. Mgr**: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Tim Lupski
PSEGLI Director: Larry Torres, Pat Hession, Richard Henderson	**DPS Contact**: Mohammed Hasan, Qin Shi
Allocated Compensation (2021 Dollars): $600,000	

OBJECTIVE

Measure and improve the cost efficiency of PSEG Long Island's response to applicable LIPA storms involving customer outage durations of < 72 hours, while tracking operational and customer-impact data to monitor overall storm-response effectiveness.

TARGETS AND CALCULATIONS

Demonstrate excellent performance and continued response improvement for applicable LIPA storms of <72 hours. All storm-related LIPA outage data from both minor and major storms will be included in calculations.

The baseline will be the average of 3-year historical storm data, based on invoices received by LIPA, adjusted for inflation as noted below[1]. For 2027, the 3-year average will encompass all storms within the calendar years of 2023, 2024, and 2025.

The rating period for Baseline 1 will be storms that commence on or after 12:00 a.m. EST on January 1, 2027 through storms ending on or before midnight on June 30, 2027. This baseline will target a defined improvement over the 3-year historical average.

[1]The 3-year average baselines will be adjusted for inflation consistent with the CPI index and methodology applicable to the Phase III Management Services Fee under Section 6 of the First Amendment to the Second Amended and Restated Operations Services Agreement, including the CPI adjustment methodology set forth in Section 5.1(C)(1) of the OSA, as amended. All values will be presented in 2027 Dollars using the January 2027 Consumer Price Index for All Urban Consumers (CPI-U), New York–Northern New Jersey–Long Island (1982–84 = 100), as the basis for the applicable CPI adjustment.

Baseline 1 – Per Cost

- **3-year Average Cost per Customer Interrupted($/CI) [$150,000]** – excluding storms with foreign crew participation of >=50 HV OH FTE line personnel (25 crews). No other FC resources will be includable in the qualifier, such as Tree Trimmers, wire watchers, damage assessors, etc.

$/CI	2027 Target	Percent Compensation
$XXX.XX	>= 5.0% Improvement	100%
$XXX.XX	2.51%-4.99% Improvement	50%
$XXX.XX	0%-2.50% Improvement	0%

- **3-year Average Cost per Incident ($/Incident) [$150,000] –** excluding storms with foreign crew participation of >=50 HV OH FTE line personnel (25 crews). No other FC resources will be includable in the qualifier, such as Tree Trimmers, wire watchers, damage assessors, etc.

DRAFT

2027 Performance Metrics

T&D-61: Improve Storm Response

$/Incident	2027 Target	Percent Compensation
$XX,XXX.XX	>= 5.0% Improvement	100%
$XX,XXX.XX	2.51%-4.99% Improvement	50%
$XX,XXX.XX	0%-2.50% Improvement	0%

- **3-year Average Cost per Storm without foreign crews ($/Storm) [$200,000]**

$/Storm	2027 Target	Percent Compensation
$X,XXX,XXX.XX	>= 5.0% Improvement	100%
$X,XXX,XXX.XX	2.51%-4.99% Improvement	50%
$X,XXX,XXX.XX	0%-2.50% Improvement	0%

- **3-year Average Cost per Storm with foreign crews ($/Storm) [$100,000]**

$/Storm	2027 Target	Percent Compensation
$XX,XXX,XXX.XX	>= 5.0% Improvement	100%
$XX,XXX,XXX.XX	2.51%-4.99% Improvement	50%
$XX,XXX,XXX.XX	0%-2.50% Improvement	0%

Target:

- Incentive compensation will be based solely on the four cost measures under Baseline 1. Each measure will be evaluated independently against its applicable three-year historical average (as adjusted for inflation), with lower costs representing improved performance:
  - Cost per Customer Interrupted – excluding storms with foreign crews: $150,000
  - Cost per Incident – excluding storms with foreign crews: $150,000
  - Cost per Storm without foreign crews: $200,000
  - Cost per Storm with foreign crews: $100,000

- For each cost measure:
  - 100% of the allocated compensation will be awarded for an improvement of 5.0% or greater.
  - 50% will be awarded for an improvement of 2.51% through 4.99%.
  - 0% will be awarded for an improvement of less than 2.51%, including no improvement or performance above the historical baseline.

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2027 Performance Metrics

T&D-61: Improve Storm Response

EXCLUSIONS

1) Storms that occur in whole or in part outside the established metric rating period.

2) LIPA storms where a customer outage exceeds 72 Hours.

DELIVERABLES

Deliverable Name	Target Due Date
Establish the baseline measurement targets no later than February 26, 2027, following the release of the January 2027 CPI.	2027-02-26
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirements for Improve Storm Response 2) Any additional supporting documentation as required 3) SIA Storm Prediction Model used for storm preparation and staffing decisions	**Reliability Data** - 15 business days after a qualifying event **Final Storm Cost Data** – PSEG LI storm financial data will be reported within a reasonable timeline from the end of the event to allow for IV&V and confirmation of results

LIPA Final Position Summary
[To be filled in by LIPA]

PSEG Long Island Final Position Summary
PSEG Long Island and LIPA are substantially aligned on T&D-61. The remaining issue is LIPA's proposal to exclude "OK on Arrival" outage jobs/incidents from the metric. PSEG Long Island disagrees because the proposed treatment would be inconsistent when measuring when PSEG Long Island achieved the 5% efficiency targets as they are part of the baseline (cost and jobs/incidents) and LIPA is proposing to include only the costs but exclude the actual work (jobs/incidents). "OK on Arrival" jobs originate from customer-reported outage (web-no power, text-no power, or Customer Call) or AMI related outage (AMI-no power) based on the information available at the time – including AMI data checks – warrant investigation and dispatch. Their ultimate disposition as "OK on Arrival" does not change the fact that PSEG Long Island appropriately committed resources to investigate the reported condition. These jobs therefore represent actual storm workload, including evaluation, dispatch, travel, field investigation, and closeout. Excluding them understates the resources required to respond to a storm and could create an unintended disincentive for prudent dispatch decisions that support customer safety, reliability, timely response, and customer satisfaction. AMI checks performed during both blue-sky and storm events have helped reduce unnecessary truck rolls by validating outage conditions prior to dispatching field resources. By leveraging AMI data to remotely confirm customer outage status, crews can be deployed more efficiently and focused on locations requiring field intervention. From 2022 through 2026 YTD, AMI checks have avoided approximately 36,300 truck rolls, including 6,704 in 2022,

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T&D-61: Improve Storm Response

5,989 in 2023, 8,623 in 2024, 8,342 in 2025, and 6,632 in 2026 YTD, demonstrating the continued value of AMI in improving outage response and operational efficiency.

"OK on Arrival" jobs/incidents and their associated costs are included in the historical baseline. LIPA's proposal would exclude these jobs/incidents from the prospective denominator while continuing to include the costs incurred to respond to them in the numerator. This changes the methodology after the baseline has been established and creates an apples-to-oranges comparison for the same storm event.

For example:

	Example Baseline Storm (2023-2025)	**LIPA Proposed Methodology** (Example 2027 event)
Storm Cost	$1,500,000	$1,500,000
Incidents	200	200
OK on Arrival Incidents	10	10
Incidents Used in Calculation	200	190
Cost per Incident	$7,500.00	$7,894.74
"Apparent Increase"	—	**5.3%**

Under LIPA's proposed methodology, the same $1.5 million storm with the same operational activity would appear 5.3% more costly per incident solely because 10 incidents were removed from the denominator. There is no actual increase in storm cost or decrease in operational efficiency. The data needs to be normalized within this data for comparative purposes.

The impact is further compounded by the metric's 5% efficiency requirement. Under the historical methodology, achieving a 5% improvement from $7,500 per incident requires a $375 reduction per incident, to $7,125. Under LIPA's proposed methodology, PSEG Long Island would need to reduce the calculated $7,894.74 per incident to the same $7,125 target—an effective reduction of approximately $769.74 per incident. In effect, changing the denominator more than doubles the required cost reduction in this example without any corresponding change in the work performed.

PSEG Long Island's position is straightforward. "OK on Arrival" jobs/incidents represent legitimate storm-response workload that required evaluation, dispatch, travel, field investigation, and closeout based on the information available at the time. These jobs/incidents and their associated costs are included in the historical baseline used to establish the metric. Excluding them from future incident counts while continuing to include the associated costs changes the methodology after the baseline has been established and creates an inconsistent comparison that can distort measured performance without any actual change in operational efficiency. Just as importantly, these dispatch decisions support customer safety, reliability, and customer satisfaction by ensuring reported outage conditions are appropriately investigated. PSEG Long Island has already demonstrated a strong commitment to affordability and operational efficiency through the use of AMI, which has avoided more than 36,000 truck rolls since 2022. The metric

T&D-61: Improve Storm Response

should therefore measure true improvements in storm-response efficiency through a normalized, like-for-like comparison between baseline and performance years, not mathematical variances created by changes in methodology. PSEG Long Island recommends maintaining the historical treatment of all outage jobs/incidents during the applicable storm period. The parties are otherwise substantially aligned on T&D-61.

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