



**PSEG Long Island LLC
111 Eighth Avenue, 13th Floor
New York, NY 10011**

December 31, 2013

Mr. John D. McMahon
Chief Operating Officer
Long Island Lighting Company d/b/a/ LIPA
333 Earle Ovington Boulevard, Suite 403
Uniondale, NY 11553

Dear Mr. McMahon:

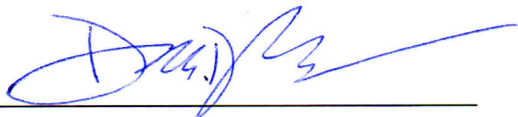
Reference is made to the Amended and Restated Operations Services Agreement dated the date hereof (the "Amended and Restated OSA"), between the Long Island Lighting Company d/b/a LIPA ("LIPA") and PSEG Long Island LLC (the "Service Provider" and, together with LIPA, the "Parties"). Capitalized terms used but not defined in this letter agreement shall have the meanings defined in the Amended and Restated OSA unless otherwise indicated.

The Parties hereby agree that the modified version of the NYPSC Emergency Performance Measures referenced in Appendix 13 to the Amended and Restated OSA shall be the emergency performance measures attached hereto as Appendix A.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has caused this letter agreement to be duly executed on its behalf as of the date first above written.

PSEG LONG ISLAND LLC,

by 

Name:
Title:

Accepted and agreed to as of
the date first above written:

LONG ISLAND LIGHTING COMPANY
D/B/A LIPA,

by

Name:
Title:

[Signature Page to Appendix 13 Letter]

IN WITNESS WHEREOF, the undersigned has caused this letter agreement to be duly executed on its behalf as of the date first above written.

PSEG LONG ISLAND LLC,

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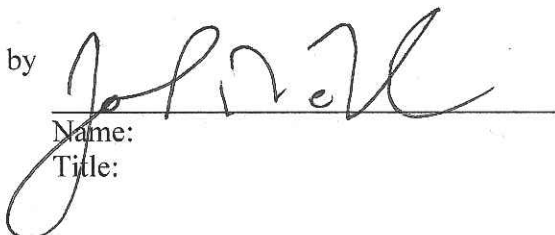
Name:

Title:

Accepted and agreed to as of
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LONG ISLAND LIGHTING COMPANY
D/B/A LIPA,

by

_____

Name:

Title:

[Signature Page to Appendix 13 Letter]

This scorecard will be applied to any event during which the outage duration, as defined below, lasts more than three days:
 Start of Event – The time when more than 5,000 customers are interrupted within a division for more than 30 minutes or more than 20,000 customers are interrupted companywide for more than 30 minutes.
 If the event affects less than the customer counts listed, the start time shall be the earlier of the peak level of interruptions or start of utility restoration.

PREPARATION

Area of Interest	Definition of Measure	Measurement Criteria	Points	Solid Performance (Agreed by PSEG-LI & LIPA)
Event Anticipation	Complete steps to provide timely and accurate emergency event preparation following an alert from NWS or the company's private weather service, in accordance with the company's PSC approved Electric Emergency Plan, for an event expected to impact the company's service territory.	1.1 Employees/Contractors planning	10	10
		1.2 Press Releases issued / text messages / emails sent	15	15
		1.3 Municipal Conference Calls held and highly effective	15	
		Municipal Conference Calls held and effective	10	10
		1.4 LSE customers alerted	10	10
		1.5 Critical Customers notified	10	10
		1.6 Company compliance with Training Program as specified in Commission Approved Emergency Plan	10	10
		1.7 Participation in all pre-event NYMAG calls	10	10
		1.8 Verify Materials / Stockpiles level based on forecast. If materials are not on hand, correct situation within 24 hours	20	20
			100	95

OPERATIONAL RESPONSE

Area of Interest	Definition of Measure	Measurement Criteria	Points	
2 Down Wires	Response to downed wires reported by Municipal Emergency Official.	< 18 hours (3-5 day restoration)	60	
		< 36 hours (> 5 day restoration)		
3 Preliminary Damage Assessment	Completion of preliminary damage assessment	< 36 hours (3-5 day restoration)	30	30
		< 54 hours (> 5 day restoration)		
4 Crewing	80% of the forecast crewing committed to the utility	< 24 hours from start of restoration	30	
		< 48 hours from start of restoration	15	15
5	Publication of Global ETR in accordance with guidelines	< 48 hours from the start of restoration	30	
		< 72 hours from the start of restoration	15	0
Estimated Time of Restoration (Made available by utility on web, IVR, to CSR's, etc)	Publication of Global ETR in accordance with guidelines	Exceeds Expectation < 24 hrs (3-5 day restoration)	60	
		< 36 hrs (> 5 day restoration)		
		Meets Expectation < 36 hrs (3-5 day restoration)	30	30
		< 48 hrs (> 5 day restoration)		
	Publication of Regional/County ETRs in accordance with guidelines	Exceeds Expectation < 24 hrs (regions with 3-5 day restoration)	60	
		< 36 hrs (regions with > 5 day restoration)		
		Meets Expectation < 36 hrs (regions with 3-5 day restoration)	30	0
		< 48 hrs (regions with > 5 day restoration)		
	Publication of Local/ Municipal ETRs in accordance with guidelines	Exceeds Expectation < 36 hrs (3-5 day restoration)	60	
		< 48 hrs (> 5 day restoration)		
Meets Expectation < 48 hrs (3-5 day restoration)		30	0	
< 72 hrs (> 5 day restoration)				

6	ETR Accuracy	Global ETR accuracy as published in accordance with ETR requirement time		Accurate within +/- 24 hours	40	40
				Accurate within +/- 36 hours	20	
		Regional ETR accuracy as published in accordance with ETR requirement time		Accurate within +/- 12 hours (3-5 day restoration)	40	
				Accurate within +/- 24 hours (> 5 day restoration)		
				Accurate within +/- 24 hours (3-5 day restoration)	20	20
				Accurate within +/- 36 hours (> 5 day restoration)		
		Local ETR accuracy as published in accordance with ETR requirement time		Accurate within +/- 12 hours	40	
				Accurate within +/- 24 hours	20	0
7	Municipality Coordination	Coordination w/ Municipalities regarding road clearing, down wires, critical customers, etc.		Execution of Coordination Protocols pursuant to Commission Approved Emergency Plan	20	20
8	County EOC Coordination	Coordination with County EOCs		Execution of Coordination Protocols pursuant to Commission Approved Emergency Plan	20	20
9	Utility Coordination	Electric Utility Coordination with other Utilities (Electric, gas, communications, water)		Execution of Coordination Protocols pursuant to Commission Approved Emergency Plan	20	20
10	Safety	Measure of any employee or contractor injured doing hazard work during storm/ outage and restoration.		Storm Lost Time Accident Rate* (SLTAR) - 50% better than LIPA historical storm LTAR	100	
				Storm Lost Time Accident Rate* (SLTAR) - 25% better than historical SLTAR	50	0
11	Mutual Assistance	Crew requests made through all sources of mutual assistance	Crew requests made within:	36 hrs (3-5 day restoration)	20	20
				48 hrs (> 5 day restoration)		
12	[Item Removed]				---	
					600	215

COMMUNICATION

Area of Interest	Definition of Measure	Measurement Criteria	Points	
13 Call Answer Rates	Customer calls answered by properly staffing call centers (Use of IVR and other technology is an acceptable answer)	90%+ calls answered within 90 sec.	30	
		80% to <90% calls answered within 90 sec.	20	20
14 Municipal Calls	Municipal call must be properly managed and provide, at minimum, baseline information (outages, ETRs, contact information, etc.), road clearing activities, and allow for Q&A.	Municipal calls held and highly effective	30	
		Municipal calls held and effective	20	20
		Successful implementation of an operator assisted calling system	10	
15 Web Availability	Company's web site, specifically the section pertaining to outage impact and restoration, must be available around the clock during a major storm event and information must be updated hourly until final restoration. In the event no new information is available, the web site must display the last time and date that information was updated. The web site and/or section pertaining to outage impact and restoration may be taken offline for a short period during off peak hours to perform system maintenance.	Websites should include the baseline restoration information, all press releases issued during the event, a complete list of safety tips, an outage location map of affected areas, summaries of outages and ETRs by municipality and county, and the locations and times of dry ice distribution.	40	40
16 LSE Customers	LSE customer contact	80% affected LSE customers contacted within 12 hours	15	15
		LSE customers that were unable to be contacted had at least two attempts made within 12 hours	15	15
		100% affected LSE customers contacted or referred to an emergency services agency within 24 hours	20	
17 PSC Reporting	Provide storm event information to PSC in accordance with Electric Outage Reporting System (EORS) guideline requirements	All reporting on time, including at a minimum information required by existing EORS guidelines	40	40
18 Customer Communications	Press releases / text messaging / email / social media	Issue daily messages through the stated communications vehicles for each day of the utility restoration which must include baseline information (outages, ETRs, contact information, etc.)	60	60
19 Outgoing message on telephone line	Recorded message providing callers with outage information is updated within two hours of communication releases.	Message must coincide with communication releases	20	20
20 PSC Complaints	Number of storm/outage related PSC complaints received	≤ 20 per 100,000 customers affected	20	
		≤ 40 per 100,000 customers affected	10	10
			300	240

Storm Lost Time Accident Rate (SLTAR) = # of lost time accidents during storm / (total hours worked in storm / 200,000)

Comments
Scoring on the scorecard is currently not benchmarked
PSEG-LI and LIPA believe the 550 score represents solid performance with these new measures
The 20% increase to the 550 for incentive consideration score was based upon a belief that this would represent a reasonable stretch to first quartile performance
The 25% decrease to the 550 score for termination was based upon a believe that it would represent low 3Q or 4Q performance, with consideration for the significance of termination

	Available	Solid Performance
Preparation	100	95
Operational Response	600	215
Communication	300	240
Total Solid Performance	1000	550

High end performance incentive (Solid Performance + 20%)	660
Termination Performance (Solid Performance - 25%) - 3 points to round to 410	410