

Contract Oversight Committee Charter
Long Island Power Authority
February 26, 2014

Committee Purpose

Under the LIPA Reform Act and the Amended and Restated Operations Services Agreement (“Amended OSA”) with PSEG Long Island (“PSEG LI”), the Long Island Power Authority (the “Authority”) has certain oversight responsibilities related to PSEG LI’s provision of electric service to customers on Long Island and in the Rockaways (the “Service Territory”) as of January 1, 2014. The Amended OSA reflects the requirements and objectives of the LIPA Reform Act, which imposes new substantive obligations on PSEG LI as the service provider, as well as standards of performance intended to achieve, among other things, superior customer service in connection with all aspects of its operations. The Authority’s staff, along with the Long Island branch of the Department of Public Service, has responsibility for overseeing the performance of PSEG LI under the Amended OSA, with the goal of ensuring that customers in the Service Territory receive a safe, reliable, efficient, clean and economical supply of electricity.

To assist LIPA in reaching its goals, the Board of Trustees has established the Contract Oversight Committee (the “Committee”) and assigned to it the oversight responsibilities set forth below.

Committee Membership

The Contract Oversight Committee shall consist of three or more Trustees, who shall be appointed by, and serve at the discretion of, the Chair of the Board of Trustees, including the member designated as its chair (“Committee Chair”). The members shall serve until their resignation, retirement, or removal by the Chair of the Board of Trustees or the Board of Trustees. The Chair of the Board shall serve as an ex-officio, voting member of the Committee.

Committee Meetings

Meetings of the Committee shall be convened by the Committee Chair and are authorized as often as the Committee Chair deems necessary, but not less than four times a year. A majority of the Committee members shall constitute a quorum for the transaction of business.

Meeting agendas will be prepared and provided to the Committee members in advance of the scheduled meeting, along with appropriate materials needed to make informed decisions. The Committee will meet from time to time with such officers and employees of the Authority and PSEG LI as deemed necessary to fulfill its obligations hereunder.

Meetings of the Committee shall be open to the public and governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law, and minutes will be taken and maintained.

Committee Responsibilities

To fulfill its oversight responsibilities the Committee shall, with information supplied by LIPA staff:

- Monitor PSEG LI's performance under the Amended OSA related to: performance metrics; emergency management; transmission and distribution operations; energy efficiency and renewable goals; capital and operating budget expenditures; accounting and reporting activities; communications with stakeholders; power supply and fuel supply management; power markets activities; senior management staffing; presentation of rate cases; and other matters related to PSEG LI's scope of services under the Amended OSA;
- Monitor PSEG LI's compliance with "Contract Standards" as defined in the Amended OSA;
- Monitor performance under PSEG LI's Transition Services Agreement with National Grid;
- Monitor PSEG LI's implementation of recommendations included in the 2013 Management and Operations Audit conducted by Northstar Consulting;
- Review recommendations made by the Department of Public Service related to the Amended OSA;
- Review management's contract oversight process; and
- Report and make recommendations to the Board of Trustees from time to time on the results of its reviews and monitoring of the foregoing, and carry out such other responsibilities consistent with its purpose as may be assigned from time to time by the Chair of the Board of Trustees or the Board of Trustees.