



Date: January 25, 2017
To: Thomas Falcone, Chief Executive Officer
From: John Little, Vice President of Policy and Strategy
Subject: Accomplishment of 2016 Annual Goals

2016 has been a year of significant change and accomplishment for the Authority and its staff. Changes to the executive staff include your appointment as Chief Executive Officer, the appointment of Joe Branca as Chief Financial Officer, and the reorganization of the LIPA staff into five departments: Finance, Financial Oversight, Operations Oversight, Legal and Policy and Strategy. This was also the year in which the Board of Trustees adopted a new governance model built around key policy statements that define the mission and objectives of the Authority and its service provider – PSEG Long Island. In addition, the Authority produced a number of successes in the year and improved its performance in the achievement of its annual goals in many ways; most prominently the upgrade of LIPA’s bond credit ratings by Moody’s Investor Services from Baa1 to A3 – the first upgrade in LIPA’s credit rating by that agency in 11 years.

This report summarizes the Authority’s accomplishments against the annual goals for 2016. The 2016 annual goals were presented to the Finance and Audit Committee in March 2016 and subsequently re-organized by department in the summer of 2016 to reflect the new five department organization structure implemented around that time. LIPA established ten goals in 2016, and in achieving these goals, staff has laid the groundwork for improving its performance in the coming years with a focus on its own operations (primarily financial and legal) and its oversight of PSEG Long Island.

In meeting its commitment to achieve the annual goals for 2016, LIPA achieved many noteworthy accomplishments in the areas of governance, finance, reforming the energy vision, oversight, and legal and administration.

Governance:

- Established board policies on a range of topics that directly support and achieve the Authority’s mission as a not-for-profit, locally owned utility to enable clean, reliable and affordable service to our customers on Long Island and the Rockaways.
- Completed the Authority’s first Operations and Oversight Plan that establishes LIPA’s key goals and themes for the next several years, and its plans to realize the Board-defined mission.
- Completed and documented the implementation of all recommendations from the 2013 Management Audit findings in preparation for the 2017/2018 DPS management audit.
- Developed an expanded training and education program for Trustees and LIPA staff that emphasized governance principals and greater industry involvement in order to learn from and adopt the best practices of other large public power utilities.

Board Policies Adopted in 2016

- Mission Statement
- Regionally Competitive Rates
- Debt and Access to Credit
- Development, Retention and Succession
- Taxes, PILOTs and Assessments
- Purposes and Roles
- Board Governance and Agenda Setting
- Trustee Communications and Conduct

Financial:

- Received first upgrade of LIPA’s bond credit ratings by Moody’s Investor Services in 11 years - from Baa1 to A3.
- Met all three financial targets for 2016 and delivered a 2017 budget that meets higher 2017 targets.
- Generated over \$203 million in savings for customers from refinancing \$1.5 billion of LIPA and Utility Debt Securitization Authority bonds during 2016 bringing total program savings to over \$445 million to date.
- Continued to develop the Authority’s Enterprise Risk Management program and identified further improvements to implement in 2017 based on the 2016 process.
- Enhanced the stability of the Revenue Decoupling Mechanism to moderate the financial impact on customer bills and better align revenues with projected energy sales.
- Settled longstanding Southampton Visual Benefits Assessment litigation in a mutually beneficial manner.

<u>2016 Results:</u>	<u>Target</u>	<u>Actual</u>
Coverage Ratio	1.20x	1.22x
Days Cash Available	120 days	197 days
Capital Funded by Debt	64%	63%

Reforming the Energy Vision (REV):

- Identified key areas for additional scope in PSEG Long Island’s IRP to address emerging State policies on *Reforming the Energy Vision* (REV).
- Developed and received approval for tariff revisions that established LIPA’s REV-related Dynamic Load Management programs and established a recovery mechanism for costs related to compliance with the Clean Energy Standard.
- Introduced additional OSA metrics to address emerging topics of importance to our customers (Percent of Energy Metered with AMI, Distributed Generation Interconnection Cycle Time)

Oversight:

- Completed \$76 million settlement of insurance claims for Sandy damage to flooded substations.
- Completed settlement negotiations with National Grid on Power Supply Agreement that resulted in \$22 million refund and \$13 million per year of annual savings as well as better tracking of future pension and OPEB expense.
- Reached settlement with National Grid in the Long Island gas rate case that saves \$2 million per year by eliminating charge for small daily imbalances.
- Established a collaborative to investigate further improvements to National Grid’s gas balancing service and facilitate negotiated rate discounts for power plants near interstate pipelines (e.g., Northport).
- Introduced a new OSA metric to improve the customer billing process (Long Term Estimates) and proposed significant revisions to the metrics for 2017 to better reflect key areas of focus.
- Completed a review of the Non-Reclose Assurance (NRA) program that validated PSEG Long Island’s outage data.

Oversight Savings	
<u>One Time Settlements</u>	
Substation Damage	\$76 million
Power Supply (PSA)	\$22 million
<u>Ongoing Annual Savings</u>	
Power Supply (PSA)	\$13 million
Gas Rate Case	\$2 million

Legal and Administration:

- Successfully defended attempts by school districts to pierce 2% property tax cap.
- Moved forward with generation tax challenges at the Northport Power Plant.
- Expanded development opportunities for trustees and staff through on-line learning opportunities, site visits, and participation in APPA and LPPC working groups with peers in the public power industry.
- Prepared for the upcoming Department of Public Service management audit by preparing an initial report on the implementation of the 2013 audit recommendations.
- Earned favorable recognition that “overall compliance was good” on the Minority-owned and Woman-owned Business Enterprise (MWBE) Report Card from the Empire State Development Corporation.

LIPA's oversight of PSEG Long Island and other service providers has led to a number of outcomes that supported LIPA's mission to enable Clean, Reliable and Affordable Service, including:

Clean

- South Fork RFP selections completed
- Additional Solar PPAs approved
- Bring Your Own Thermostat, Demand Response, Community Net Metering, and Small Generator Interconnection tariffs approved
- Feed-in Tariffs approved with feature that evaluates benefits from deferral of locational T&D investments
- Innovative Green Bank On-Bill Financing Program proposed that protects customers HEFPA rights and makes third-party financing more achievable

Reliable

- Approximately 100 circuits rebuilt or currently under construction through the FEMA funded storm hardening program with reliability benefits of greater than 50 percent
- Emergency Response Drill assessed with recommendations for future improvement
- Barrett oil deliveries enabled

Affordable

- Reached settlement on NYISO transmission projects that better aligns benefits with obligation to pay for the costs of statewide transmission
- Removed oil taxes from vendor bills
- Established formal process for economic scheduling of generator outages and tests
- Oversaw initiatives that increased insurance coverage at reduced premium
- Implemented improvements to Balanced Billing Program that help to stabilize customer bills within each plan year
- Implemented realignment of all power supply costs to Power Supply Charge for greater transparency and consistency with other New York utilities

The following tables document LIPA's accomplishments and demonstrate Staff's commitment to enabling clean, reliable and affordable service to our customers on Long Island and the Rockaway peninsula. Staff's continuing commitment to achieving LIPA's mission as demonstrated in the Operations and Oversight Plan for 2017 - 2019 will build on these accomplishments and expand the value that public power provides to all of our customers-owners.

2016 Strategic Goals for LIPA

Goal	Achievements
<p>1 Complete the <u>LI Choice Collaborative</u> and implement <u>REV-related rates and tariff initiatives</u> that align LIPA more closely with state policy (except where LIPA’s circumstances dictate a different approach).</p>	<ul style="list-style-type: none"> • Board approved Bring-Your-Own-Thermostat and distribution level demand response tariffs • Board approved Community Net Metering • Realigned all power supply costs to Power Supply Charge in manner similar to rest of state • Board approved improvements to provide greater stability to the Revenue Decoupling Mechanism • Board approved tariff updates to conform Smart Grid Small Generator Interconnection Procedures to statewide standards that expanded eligibility to large facilities and created an on-line interconnection portal for new applicants • Adopted tariff updates to improve Balanced Billing program, providing customers with fewer resets and an option to roll any balance due at year end over to the next payment plan • LI Choice collaborative awaiting resolution of State-wide choice issues; developed report on retail choice for use in proceeding • Began work on a Rate Modernization Roadmap to provide a plan to modernize LIPA’s tariff over the next several years
<p>2 Comprehensively review <u>OSA metrics and contract</u> with PSEG Long Island to learn from the first two years of operations and make adjustments that promote the goals of the LIPA Reform Act of a more customer centered utility on Long Island.</p>	<ul style="list-style-type: none"> • Introduced new metrics in 2016 for AMI installations, interconnection cycle times, and long term billing estimates • Proposed significant revisions to metrics for 2017

2016 Strategic Goals for LIPA

Goal	Achievements
<p>3 Pursue fair and equitable levels of <u>taxes and PILOT payments</u> on electric service for all of LIPA’s customers, including between regions of Long Island and the Rockaways.</p>	<ul style="list-style-type: none"> • Board Policy on Taxes, PILOTs and Assessments approved by Trustees. • Advanced generation tax challenges by gaining assignment of filing authority, filing notices of trial readiness, and establishing a date with the judge to establish schedules for exchange of appraisals in the Northport power plant case. • Successfully defended the attempt by Nassau school districts to exceed the 2% tax cap contained in the LIPA Reform Act.
<p>4 Complete review of the PSEG Long Island Integrated Resource Plan, including consideration of alternative <u>power supply</u> strategies, in a manner that conforms to State policies and appropriately balances reliability, cost and environmental objectives.</p>	<ul style="list-style-type: none"> • Reviewed PSEG initial IRP results and requested expansion of scope to address Clean Energy Standard and REV issues.
<p>5 Establish policies for compliance with the new <u>Clean Energy Standard</u> for implementation by PSEG LI.</p>	<ul style="list-style-type: none"> • Board approved tariff for recovery of Clean Energy Standard costs. • Board approved Zero Emission Credit contract with NYSERDA.
<p>6 Continue enhancement and further development of the Authority’s <u>Enterprise Risk Management</u> program.</p>	<ul style="list-style-type: none"> • Refined ERM process based on 2015 and developed plans for further enhancements during 2017.
<p>7 Promote a <u>continuous improvement</u> mentality for LIPA’s oversight of PSEG-LI as well as our own internal operations.</p>	<ul style="list-style-type: none"> • Released Operations and Oversight Plan for 2017 – 2019, providing a roadmap as to LIPA staff’s key oversight and internal continuous improvement activities over the next three years.
<p>8 Maintain <u>financial performance</u> consistent with the Authority’s new five-year financial plan.</p>	<ul style="list-style-type: none"> • Obtained upgrade from Moody’s from Baa1 to A3 reflecting new financial policies and continued operational improvement • Board Financial Policy approved by Trustees defining fiscally sound levels of long term borrowing and cash on hand. • 2016 results achieved Financial Policy targets. • 2017 budget approved by Trustees consistent with Board Financial Policy targets for 2017.

2016 Strategic Goals for LIPA

Goal	Achievements
<p>9 Expand on LIPA’s <u>human resource</u> strategy to address issues such as succession planning, development and acquisition of talent, and expanded educational and developmental opportunities for the Trustees and employees.</p>	<ul style="list-style-type: none"> • Expanded development opportunities for Trustees and staff through on-line learning opportunities, site visits, and participation in APPA and LPPC working groups with peers in the public power industry. • Board Policy on Annual Agenda Planning approved by Trustees and developed an annual agenda for 2017 that features industry outlooks and greater focus on strategic issues. • Addressed vacancies, departures, and turnover of staff through the recruitment of 11 professional with 275 years of experience in utilities, finance, audit and procurement. • Procured new HR resources for recruiting and development.
<p>10 Complete and document the implementation of Moreland Commission and 2013 management audit recommendations and comprehensively prepare for a successful 2016/2017 <u>management audit</u>.</p>	<ul style="list-style-type: none"> • LIPA and PSEG-LI formed a working group to coordinate the logistics and substantive responses to all in-coming requests for documents and/or interviewers from auditors. • LIPA and PSEG-LI prepared an initial report on the implementation of the 2013 audit recommendations.

2016 DEPARTMENT-SPECIFIC GOALS

No.	Operations Oversight Department Goal Description	2016 Achievements
1	Review and make mutually agreeable refinements to OSA performance metrics to promote continuous improvement and shared vision with the Service Provider	<ul style="list-style-type: none"> • Introduced three new metrics in 2016 addressing advanced metering (AMI), interconnection processing time, and long term estimated customer bills. • Proposed significant revisions to metrics for 2017.
2	Strengthen Oversight Capability through ongoing training in PSEG Long Island information systems and learning about industry and regulator best practices from public power organizations (e.g., APPA) and other State entities (e.g., NYPA and DPS).	<ul style="list-style-type: none"> • Participated in APPA and LPPC working groups and conferences on federal regulatory policies, energy efficiency, customer service, and information technology. • Expanded coordination with DPS and NYPA on oversight and policy matters, including clean energy standard compliance, interconnection policies, customer complaint processing, and public policy transmission planning.
3	Oversee and bring to the Board recommendations for PSEG Long Island acquisition and retirement of resources to meet emerging needs and assure fulfillment of renewable energy goals.	<ul style="list-style-type: none"> • Oversaw procurements for renewable and South Fork resources and negotiations for solar, wind, and storage contracts.
4	Oversee IRP by PSEG Long Island and assist Board in its evaluation.	<ul style="list-style-type: none"> • Reviewed PSEG initial IRP results and requested expansion of scope to address Clean Energy Standard and REV issues.
5	Develop and strengthen initiatives to maximize operational efficiency of service provider through benchmarking with other utilities and identifying opportunities for organizational realignment and process improvements.	<ul style="list-style-type: none"> • Monitoring PSC proceeding on utility staffing and O&M costs, which will conclude in 2017. • Identified areas for greater coordination among PSEG departments to enable integration of REV principles into daily operations in area, such as capital budgeting, tariff development, power procurement, and local area T&D planning.

2016 DEPARTMENT-SPECIFIC GOALS

No.	Operations Oversight Department Goal Description	2016 Achievements
6	Oversee development and implementation of REV initiatives.	<ul style="list-style-type: none"> • Board approved Bring-Your-Own-Thermostat and distribution level demand response tariffs. • Adopted tariff updates to conform Smart Grid Small Generator Interconnection Procedures to statewide standards that extend participation in the expedited process to larger generating units and create an on-line portal for applicants. • Established a Tier 1 metric for initial AMI deployment and cycle times for installation of distributed generation. • Board approved new solar and fuel cell feed-in-tariffs, with fuel cell FITs targeted to locations that provide a T&D deferral benefit.

2016 DEPARTMENT-SPECIFIC GOALS

No.	Finance Department Goal Description	2016 Achievements
1	Make improvements to LIPA's financial reporting to enhance investor confidence in LIPA's financial policies and reporting (completion of audited financials, improved MD&A)	<ul style="list-style-type: none"> • Received the first upgrade of LIPA by Moody's in 11 years, from Baa1 to A3. • Overhauled the 2015 financial statements (CEO's letter, MD&A and footnotes) to better meet investor needs and communicate with financial stakeholders. • Overhauled 2017 budget presentation (CEO letter and discussion of accomplishments and priorities for coming year) to improve stakeholder communication regarding key budget priorities and accomplishments. • Overhauled quarterly financial statements and provided MD&A.
2	Manage debt and liquidity to achieve financial policies and assure investor confidence (LIPA and UDSA debt issuances, liquidity management, bond compliance and reporting)	<ul style="list-style-type: none"> • LIPA achieved the 2016 goal of 1.2 times debt service coverage. • Funded 63% of capital program with debt, slightly better than the target of 64%. • Achieved year end 2016 operating liquidity of 126 days cash on hand and total liquidity including available credit of 197 days, exceeding the policy goal of 120 days. • Saved \$203 million in present value debt service through refunding of \$1.5 billion of UDSA and LIPA bonds in 2016. • Renewed \$350 million bank revolving credit and \$500 million letter of credit facilities to maintain adequate liquidity at lower cost. • Funded 2016 capital plan at record low bond interest rate spreads. • Utilized private placement to reduce cost of \$175 million of variable rate debt by approximately \$1 million (60 bps).

2016 DEPARTMENT-SPECIFIC GOALS

No.	Finance Department Goal Description	2016 Achievements
3	Refine LIPA's risk identification and management processes through implementation of and improvements to the Enterprise Risk Management (ERM) process, management of insurable risks, and continuous refinement of hedging strategies (commodity and interest rates).	<ul style="list-style-type: none"> • Refined ERM in its second year of implementation based on the 2015 process through surveys and interviews and developed an approach to have key risk stakeholders identify mitigation measures and begin codification. • Developed an approach to further enhance ERM for 2017 by delving deeper into key risks through "bow tie" analysis by department. • LIPA and PSEG ER&T continued to refine its commodity risk management program in 2016 with the incorporation of hedge program quarterly bench-marking. • LIPA achieved 6% reduction in premium costs for employee practices liability insurance, D&O insurance (for LIPA and UDSA), and oversaw PSEG LI's achieved \$1 million reductions in costs for property insurance along with higher coverage limits.

2016 DEPARTMENT-SPECIFIC GOALS

No.	Financial Oversight Department Goal Description	2016 Achievements
1	Refine processes to improve budgeting and management reporting and oversight of PSEG-LI financial reporting (revenue, expense, and capital variances)	<ul style="list-style-type: none"> • Collaborative budgeting process enhanced by creation of core team of LIPA and PSEG-LI personnel responsible for data flows, and work paper support, more clearly identified data ownership and significantly reduced the number of versions during development of final product. • Instituted process of utilizing financial systems to better track budget variances and project year-end results. • Variance analysis redesigned to include components of revenue requirement (i.e., debt service; true-ups/deferrals, etc.), not usually covered by periodic variance analyses. • Hired full time resource with budgeting background to focus on budget and variance process.
2	Oversee PSEG LI to ensure recovery of storm costs through FEMA and other sources (insurance claims, other grants, etc.).	<ul style="list-style-type: none"> • Collected \$76 million in insurance related to the flooded substation damage from Sandy. • Implemented documentation practices necessary to support the withdrawal of funds from the “FEMA” account, providing access to funds already received from FEMA and streamlining ability to request additional amounts from FEMA as storm-hardening activities continue.

2016 DEPARTMENT-SPECIFIC GOALS

No.	Financial Oversight Department Goal Description	2016 Achievements
3	Resolve outstanding issues with National Grid (PSA, MSA)	<ul style="list-style-type: none"> • Settled NG PSA dispute relating to 2013, 2014 and 2015 pension and OPEB costs for one-time savings of \$22 million and on-going savings of \$13 million per year. • Refined annual NG reporting requirements for PSA pension and OPEBs for future years to allow better auditing and tracking of costs. • Intervened in National Grid Gas Rate Case to realize savings in power supply costs of \$2 million per year. Settlement also established a collaborative to investigate further improvements in gas balancing services and facilitate rate discounts for power plants near interstate pipelines (e.g., Northport).
4	Successfully track and implement the approved rate mechanisms (RDM, DSA, FPPCA) and Annual Update to the Delivery Rates (debt service, property taxes, and Collective Bargaining Agreement).	<ul style="list-style-type: none"> • All rate mechanisms implemented and favorably reviewed by DPS. • Board approved realigning all power supply costs to the Power Supply Charge. • Board approved improvements to provide greater stability to the Revenue Decoupling Mechanism.
5	Manage the development of the 2 nd Stage Update for rates to be effective in 2017 consistent with the DPS Recommendation for the Three Year Rate Plan.	<ul style="list-style-type: none"> • Second stage update for 2017 successfully implemented and approved for use in 2017 Budget.

2016 DEPARTMENT-SPECIFIC GOALS

No.	Legal Department Goal Description	2016 Achievements
1	Manage and coordinate the preparations for the upcoming Management Audit, including the documentation of LIPA's efforts to address the recommendations from the 2013 management audit.	<ul style="list-style-type: none"> • LIPA and PSEG-LI formed a working group to coordinate the logistics and substantive responses to all in-coming requests for documents and/or interviewers from auditors. • LIPA and PSEG-LI prepared an initial report on the implementation of the 2013 audit recommendations.
2	Promote the Authority's compliance with, and support of, the Minority- and Woman-owned Business Enterprises (MWBE) and Service-Disabled Veteran-Owned Business ("SDVOB") policies promulgated by the State of New York.	<ul style="list-style-type: none"> • Hired an additional procurement specialist to concentrate on Empire State Development Corporation (ESDC) inquiries regarding MWBE and SDVOB compliance. • Formalized MWBE guidelines to document existing practices. • MWBE report card graded a B (on a scale of A to F); received favorable comments ("overall compliance was good") from ESDC.
3	Pursue an equitable level of property tax payments on generating facilities and appropriate level of Payments in-lieu-of Taxes on Authority facilities consistent with the LIPA Reform Act	<ul style="list-style-type: none"> • Pursued reductions in Northport property tax payments by obtaining National Grid assignment of tax grievance cases, filing notices of trial readiness, and obtaining January 19, 2017 conference before the Judge to establish schedule for exchange of appraisals. • Settled challenge by Nassau County School Districts to County implementation of LIPA Reform Act 2% annual cap on increase in T&D property tax payments with acknowledgement of LIPA's format for calculating annual payment cap.

2016 DEPARTMENT-SPECIFIC GOALS

No.	Legal Department Goal Description	2016 Achievements
4	Develop and periodically review the operations manuals, catalogued historical files, and policies and procedures for the Legal Department to ensure compliance with all required legislation and regulation, including the Public Officers Law, the Public Authority Law, NY Business and Corporation Law, the State Administrative Procedures Act, NERC/FERC requirements, and the Authority's bonds and bond covenants (including the UDSA).	<ul style="list-style-type: none"> • Calendar prepared and review on-going.
5	Oversee PSEG Long Island's litigation activities and monitor the PSEG Long Island claims reserve, through development of a quarterly tracking system of PSEG Long Island's claims statistics.	<ul style="list-style-type: none"> • Formed working group between LIPA and PSESG LI and developed quarterly Litigation Claims statistics report.
6	Strengthen oversight of the Tariff for Electric Service to promote fairness, understanding and customer satisfaction.	<ul style="list-style-type: none"> • Rates and Pricing scorecard developed and implemented to track completion of all periodic tariff and pricing activities. • Board approved resolution of Southampton VBA litigation that ended a long-running dispute in a manner that satisfied the Town and was fair to ratepayers outside the VBA designated area.
7	Improve LIPA's performance by developing or modernizing the Authority's: <ul style="list-style-type: none"> • Website • Document management system • E-mail retention policy 	<ul style="list-style-type: none"> • Reviewed all material on website and realigned and improved content. • Website modernization in process for Q12017; first update in over a decade to basic templates and format. • Selected and began pilot testing a new document management system with collaborative tools for full implementation in Q12017.

2016 DEPARTMENT-SPECIFIC GOALS

No.	Legal Department Goal Description	2016 Achievements
8	Organize the development of policies to address emerging LIPA-specific and state-wide initiatives, including: LI Choice and Power Supply Charge Pricing, Dynamic Load Management, Community Net Metering, Low and Medium Income (LMI) policies, REV Track 2 (standby service, Net Metering evolution) and revenue neutral rate design.	<ul style="list-style-type: none"> • Prepared a Rate Modernization Roadmap to be presented in Q1 2017 that identifies plans and initiatives for improving and modernizing LIPA's tariff offerings and rate design. • Board approved policy on regionally competitive rates. • Implemented Community Net Metering tariffs. • Developed report on Retail Choice in connection with DPS proceeding. • Realigned all power supply costs to Power Supply Charge in manner similar to rest of state. • Board approved improvements to provide greater stability to the Revenue Decoupling Mechanism. • Adopted tariff updates to improve Balanced Billing program, providing customers with fewer resets and an option to roll any balance due at year end over to the next payment plan.
9	Provide a Development Program for Trustees and employees that offers training and development opportunities in the continuously evolving areas of municipal utility governance, electricity production and delivery, emerging energy policy, and financial policy and management in order to promote an outward-looking culture that encourages the trustees and expects the executives and professional staff to participate in and learn from industry associations and peer organization.	<ul style="list-style-type: none"> • Board approved Policy on Annual Agenda Planning that improves Trustee focus on mission and goals and provides expanded training and educational opportunities to the Board. • Created opportunities for staff to participate in LPPC and APPA sessions and working groups.

2016 DEPARTMENT-SPECIFIC GOALS

No.	Legal Department Goal Description	2016 Achievements
10	Promote the Authority's Utility IQ and LIPA-specific experience through the execution of policies for the retention and development of LIPA's professional and administrative staff.	<ul style="list-style-type: none"> • Board approved Policy on Development, Retention and Succession to establish expectations and resources towards addressing this key risk to LIPA's continued performance. • 13 employees participated in educational programs to maintain their professional certification. • 11 employees were hired in 2016 with collective 275 years of experience to replace staff departures and vacancies: finance and audit (180 years), utility (57 years), and procurement (38 years).
11	Develop and implement an employee succession program including the identification of qualified and viable internal candidates to backfill or replace all authorized positions through development/promotion, identification of internal gaps in staffing and succession planning and development of a process to mitigate or address identified gaps.	<ul style="list-style-type: none"> • Developed a Staffing and Employment Policy for recommendation to the Board in January that would establish the Board's objectives for employee development and performance evaluation programs, training requirements and opportunities, and updated policies. • Issued and evaluated an RFP for recommendation to the Board in January for human resources expertise to develop industry best-practices regarding leadership development, succession planning, performance management, salary benchmarking, and executive search and recruitment.

2016 DEPARTMENT-SPECIFIC GOALS

No.	Office of the Chief Executive Goal Description	2016 Achievements
1	Develop LIPA’s strategic planning capabilities and results through the development, tracking and reporting on the proposed policy statements, and development of financial modeling capabilities to quantify the intended and expected results from the combination of proposed policies.	<ul style="list-style-type: none"> • 8 board policies approved by Trustees. • 3 board tracking reports implemented covering financial targets; competitive rates; and taxes, PILOTs and assessments. • Long term financial modeling capabilities enhanced.
2	Perform a comprehensive review of the Authority’s Oversight role and develop a 3 year Oversight Plan of the Service Provider.	<ul style="list-style-type: none"> • Released Operations and Oversight Plan for 2017 – 2019, providing a roadmap of LIPA staff’s key oversight and internal continuous improvement activities over the next three years.
3	Ensure LIPA’s financial and operational integrity through the development of continuous auditing processes, software enhancements (Team-Mate, ACL Direct Link, ACL Analytics), the implementation of the multi-year audit plan, and the sharing of expertise, tools and methods with LIPA staff to enhance their oversight capabilities and effectiveness.	<ul style="list-style-type: none"> • Developed continuous auditing processes for Purchase and Storm Card transactions. • Implemented Team-Mate and ACL Analytics software enhancements. • LIPA Internal Audit implemented a multi-year audit plan. 18 audits were scheduled for 2016: 13 are complete, 1 report is pending, 3 are in progress, and 1 was deferred to 2017. • Collaborated with LIPA Staff on cost allocation methodologies, affiliate transaction costs, storm invoicing review, purchase and storm card transaction monitoring, and SAP application training.