



2025 Proposed Budget and Metrics

November 13, 2024



Discussion Topics



Budget Highlights



Budget by the Numbers



2025 Proposed Metrics



Public Comment Sessions



Budget Highlights

Board Objectives for Standards and Service to Customers

- The LIPA Board provides strategic direction through a set of governance policies.
- These policies define our purpose and vision and set expectations for the strategic outcomes in all areas of utility operations.
- The budget process starts with the objectives set by the Board as reflected in LIPA's policies.
- For a full list of the key policy objectives, visit: lipower.org/strategic-direction.

Key Policy Objectives



TRANSMISSION & DISTRIBUTION OPERATIONS

- Top 10% reliability among peer utilities
- Improve circuit conditions that cause repeated customer outages
- Invest in system resiliency to reduce the number and duration of outages and assure timely and accurate communications to customers regarding restoration times from severe weather
- Independently verify that emergency restoration plans are complete and tested



CUSTOMER EXPERIENCE

- Deliver top 25% customer satisfaction in J.D. Power studies
- Continual improvement in ease of customer interaction, as measured by customer surveys
- Invest in technology to enhance the convenience of billing, payments, appointments, emergency restorations, etc.
- Effectively target communications across customer segments and socioeconomic groups, with particular attention to low-income and disadvantaged communities



INFORMATION TECHNOLOGY & CYBERSECURITY

- Ensure the capacity of the information technology organization to deliver reliable, robust, and resilient systems (measured against industry-standard frameworks)
- Regularly upgrade information and operational technology systems to maintain all systems within their active service life and under general support from the product vendor
- Conduct quarterly internal vulnerability assessments, annual third-party vulnerability assessments, and penetration testing of all information and operational technology systems and promptly mitigate vulnerabilities



CLEAN ENERGY & POWER SUPPLY

- Achieve a zero-carbon electric grid by 2040
- Demonstrate innovation and be recognized among the leading utilities in reducing economy-wide greenhouse gas emissions through energy efficiency and beneficial electrification
- Improve equity for disadvantaged communities
- Plan for a power supply portfolio that meets or exceeds industry standards for reliability



CUSTOMER VALUE, AFFORDABILITY, & RATE DESIGN

- Prioritize investments for customers to balance cost and service quality
- Communicate the benefits and cost drivers of any rate increases to customers
- Maintain competitive electric rates, as compared to the system average rates of those regional electric utilities that most closely resemble the costs, electric supply, and policy goals
- Offer programs to low-income and disadvantaged customers to maintain electric bills that are a reasonable percentage of household income



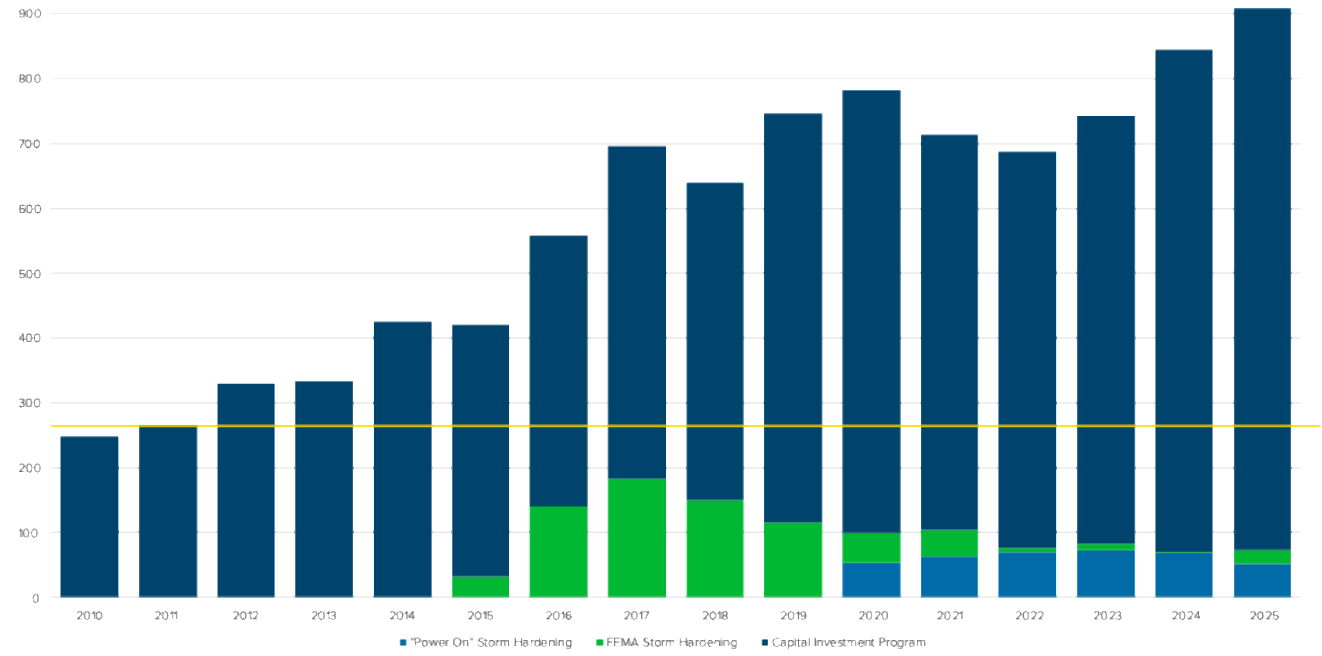
FISCAL SUSTAINABILITY

- Achieve AA-category credit ratings by reducing LIPA's debt-to-assets ratio from 92% to 70% or less by 2030
- Maximize grants and low-cost funding sources
- Develop budgets and financial plans that maximize customer value and aggressively manage costs
- Provide customers and investors with timely, transparent, accurate, and useful information to evaluate LIPA's financial performance and plans

Investing in a **Reliable and Resilient Electric Grid**

- LIPA has invested a record **\$9.4 billion** since 2010 – over three times the pace of investment of a decade ago to achieve industry-leading reliability, improve resiliency, and leverage modern system design and technology to provide value to customers.

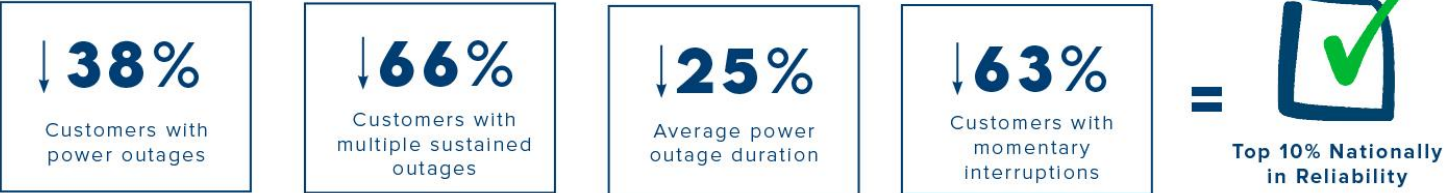
Capital Investments in the Long Island and Rockaways Electric Grid Are Up Over 270%



Reliability Improvements Are Tangible

- LIPA's investment in reliability has led to significantly improved outcomes, including a 38% reduction in customers experiencing power outages.

Results of Reliability Investments



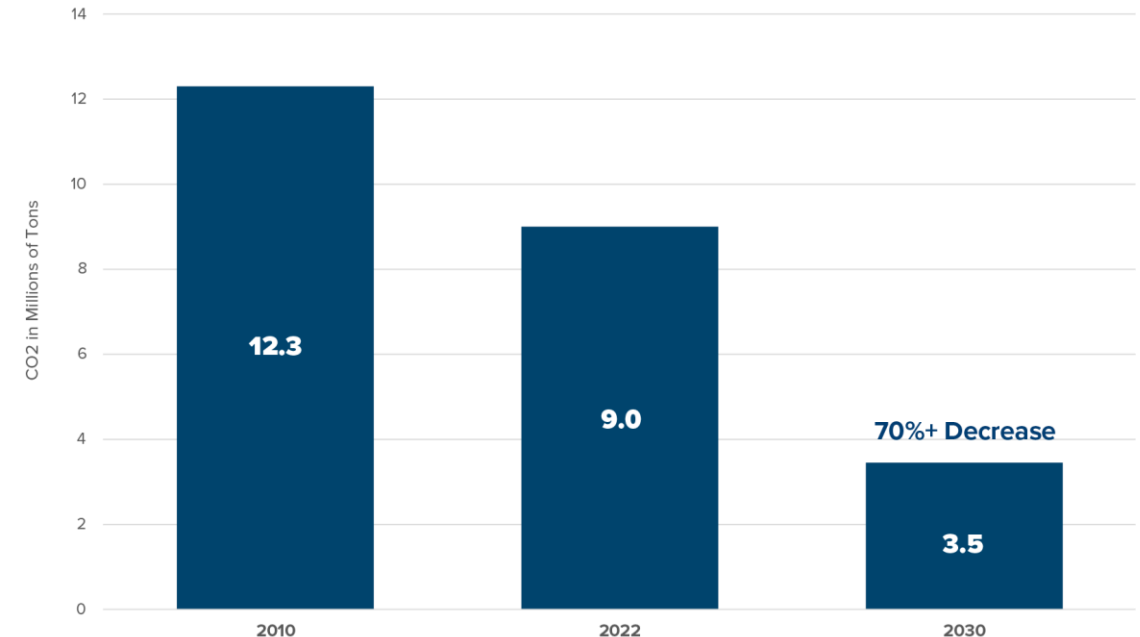
Transitioning to a Carbon-Free Electric Grid

- By 2030, Long Island’s clean energy will total about 4,229+ MW, assuming projects in development reach commercial operation.
- These additions will reduce LIPA’s carbon footprint by over 70% by 2030.

Long Island Clean Energy Projects in Service by the Early 2030s

Solar (1,419 MW)	Size (MW_{AC})	In-Service (Est./Act.)
Long Island Solar Farm	32	2011
Eastern Long Island Solar Project	11	2013
Shoreham Solar Commons	25	2018
Riverhead Solar	20	2019
Kings Park Solar 1 and 2	4	2019
Solar Feed-in Tariffs I-III	89	2021-2022
LI Solar Calverton	23	2021
Behind-the-Meter	1,200	2030
Solar Communities (FIT V)	15	2025
Offshore Wind (2,056+ MW)	Size (MW_{AC})	In-Service (Est./Act.)
South Fork Wind Farm	132	2024
Sunrise Wind	924	2026
Future Offshore Wind Additions	1,000+	2030s
Energy Storage (754 MW)	Size (MW_{AC})	In-Service (Est./Act.)
East Hampton & Montauk Storage	10	2018 & 2019
2023 RFP Awards (Pending)	179	2028
Future Storage Additions	565	2030
TOTAL	4,229+ (MW_{AC})	

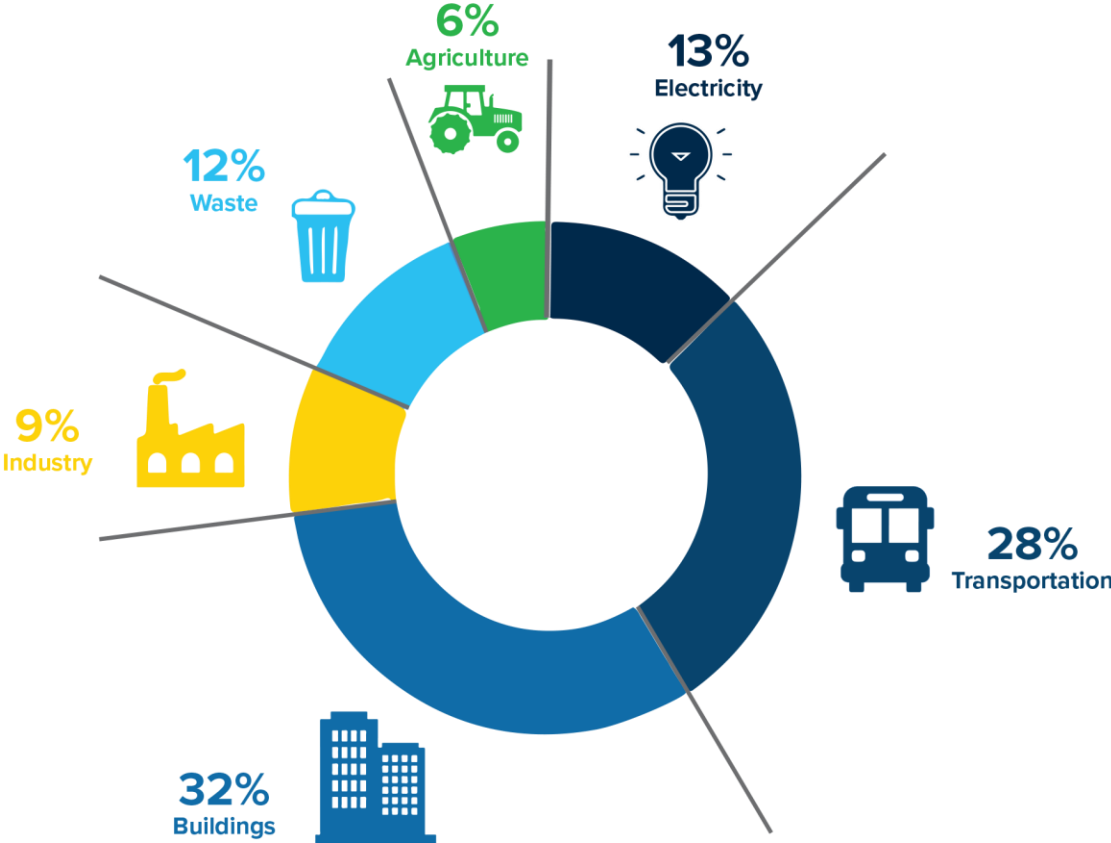
Carbon Emissions Footprint for LIPA’s Power Supply from 2010 to 2030



Reducing Carbon Emissions

- Buildings and transportation produce the majority of New York’s carbon emissions.
- LIPA’s proposed 2025 Budget will fund initiatives to reduce Long Island’s carbon footprint, including the electrification of transportation and heat and hot water in buildings and homes.

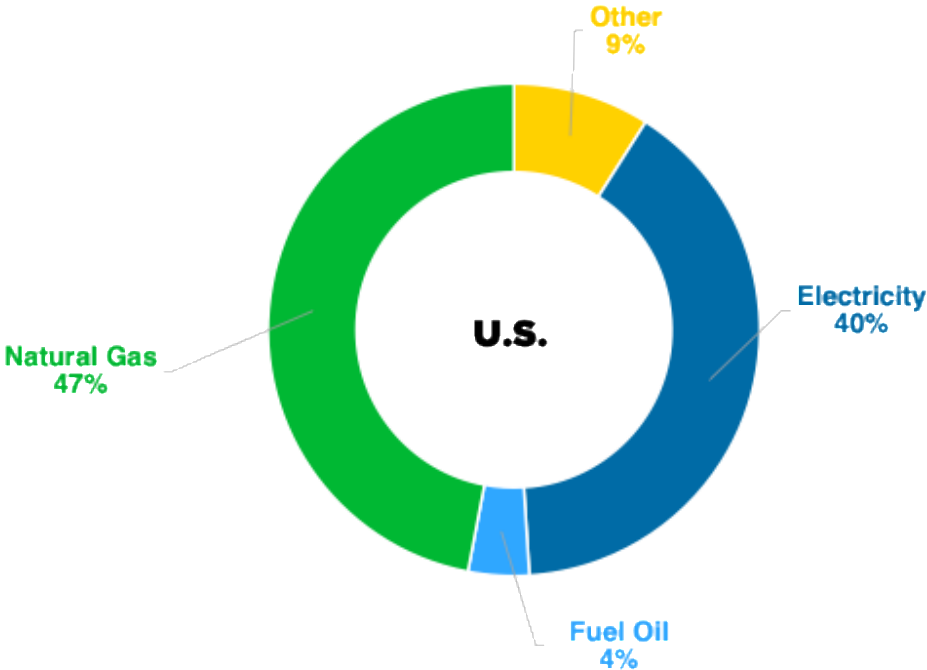
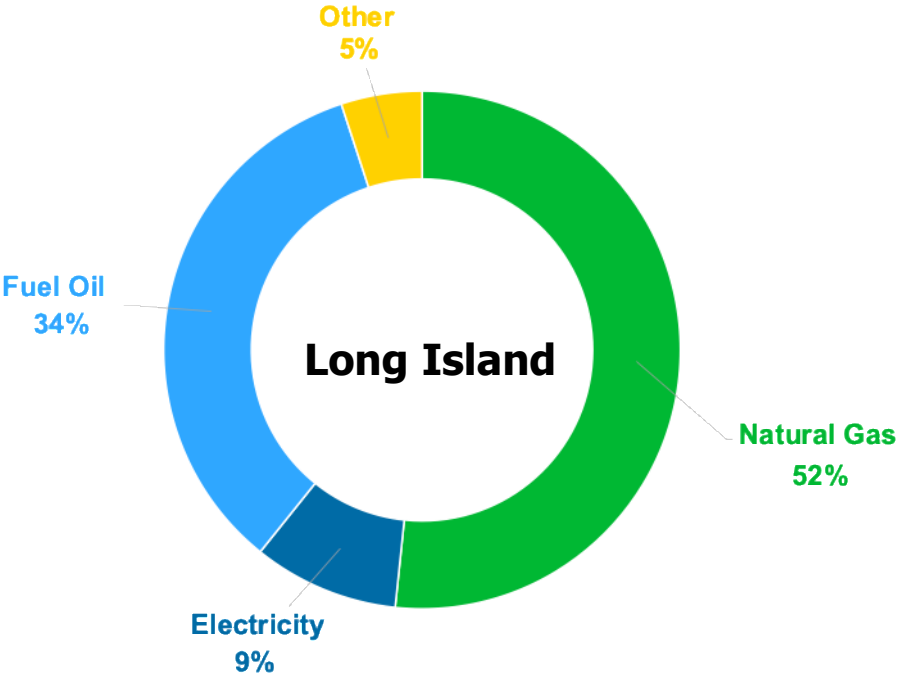
New York State Carbon Emission Sources



Electrification of Buildings

- LIPA is particularly focused on the electrification of heat because Long Island and the Rockaways are an ideal market for heat pumps – 34% of homes heat with oil.
- Cold climate heat pumps can help customers save on both carbon and money with LIPA rebates, administered by PSEG Long Island, along with federal tax credits.

Long Island Homes Heat with Oil at Ten Times the National Average



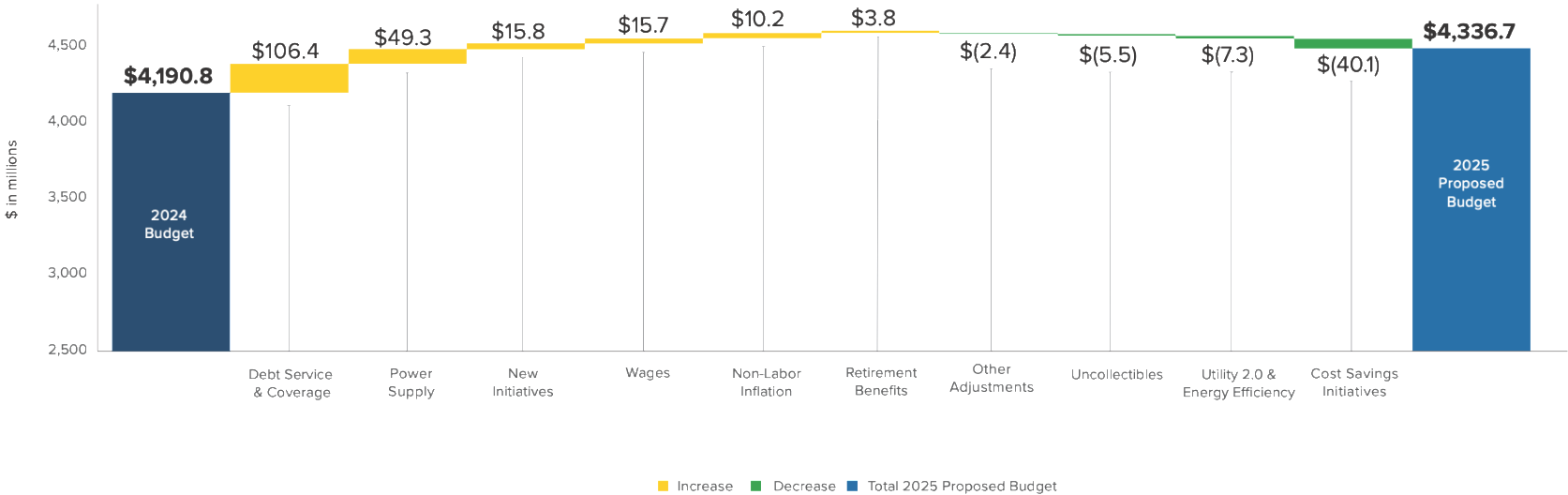


Budget by the Numbers

Proposed 2025 Operating Budget

- Despite increases in labor costs and overall inflation, productivity and other cost savings initiatives provided offsets to remain relatively flat while ensuring sufficient funding to maintain and operate the system in a manner that meets LIPA’s Board of Trustee policy objectives.
- However, due to increased debt service requirements and power supply costs, total operating revenue will increase to \$4.3 billion, an increase of \$146 million (3.5%) compared to 2024.

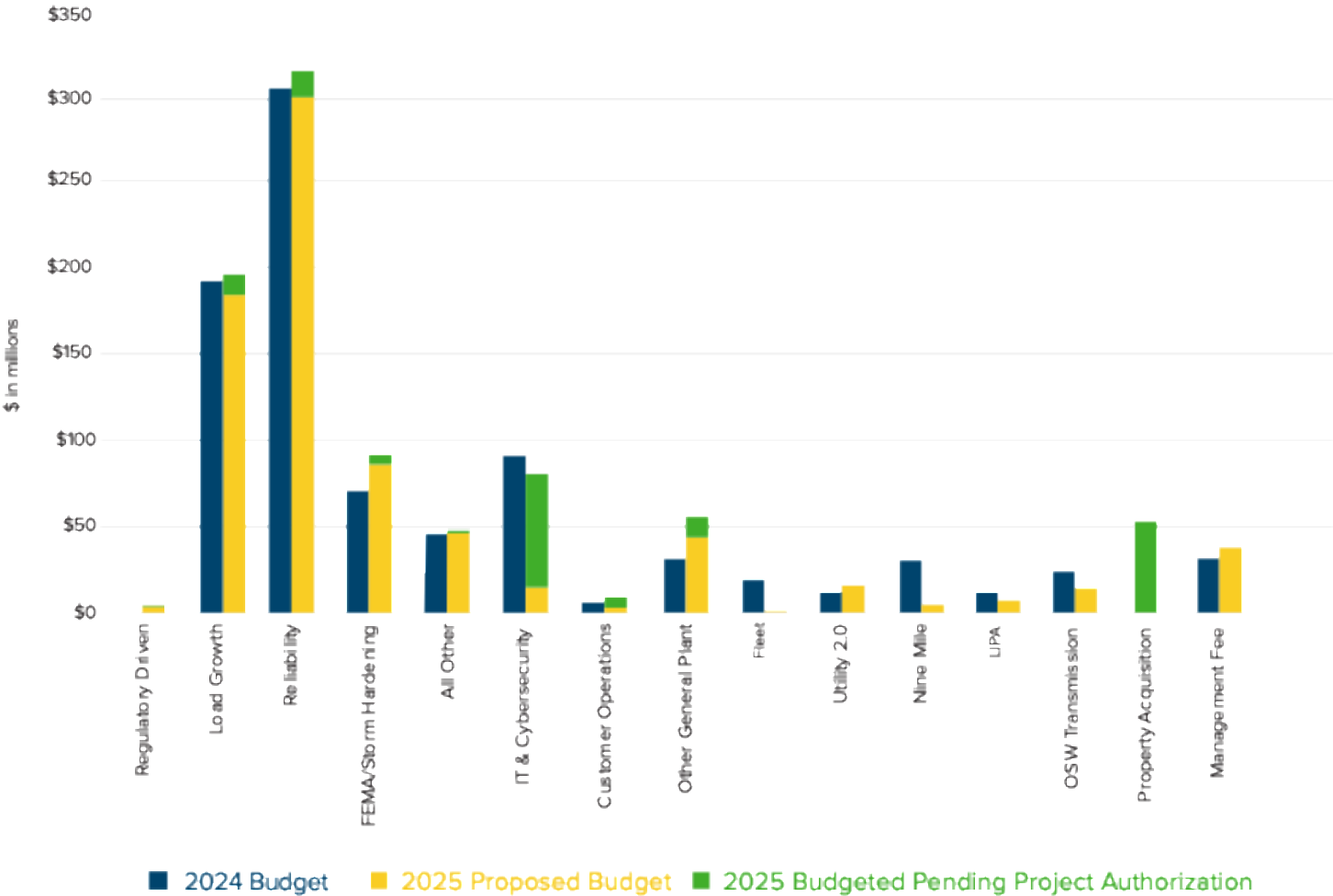
Proposed 2025 Operating Budget as Compared to 2024



Proposed 2025 Capital Budget

- The proposed 2025 Capital Budget is \$928 million, an increase of \$22 million as compared to the 2024 Budget of \$905 million.
- The 2025 Capital Budget will continue significant investments in the electric grid including the addition of transmission projects for offshore wind and development of a new operations yard.

Changes in the 2025 Capital Budget as Compared to 2024

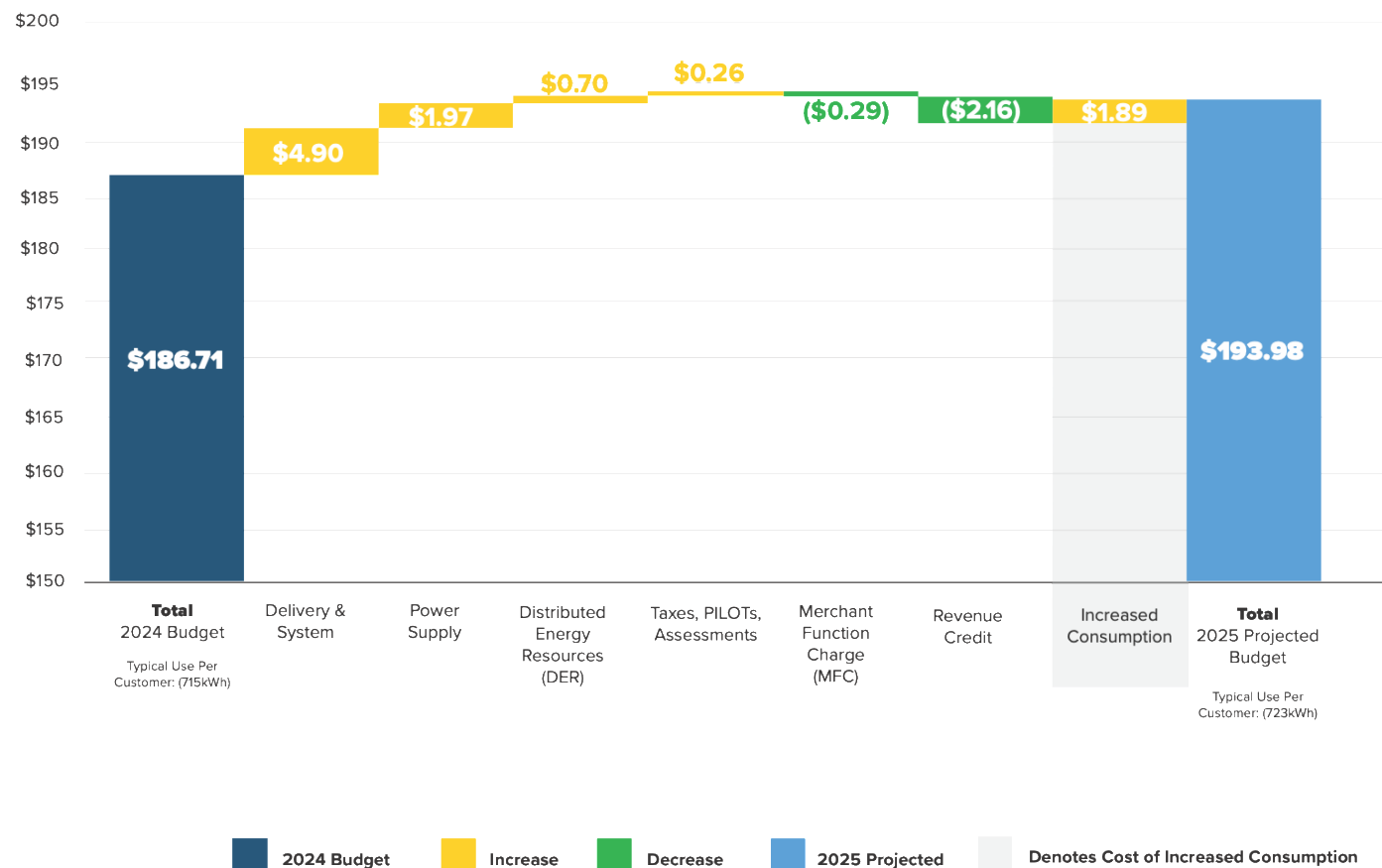


Projected Change in Typical Residential Customer Bill in 2025

Typical residential bills are projected at **\$7.27 (3.9%)** higher in 2025 than budgeted in 2024 due to:

- Higher debt service requirements and related coverage are projected to increase by \$106 million (~\$4.40).
- Higher power supply costs of \$49 million (~\$1.97) compared to the 2024 Approved Budget.
- An estimated increase in average electricity use per residential customer (~\$1.89 or 1.1%).

Projected Change in the Typical Residential Customer Bill in 2025



Power Supply Costs

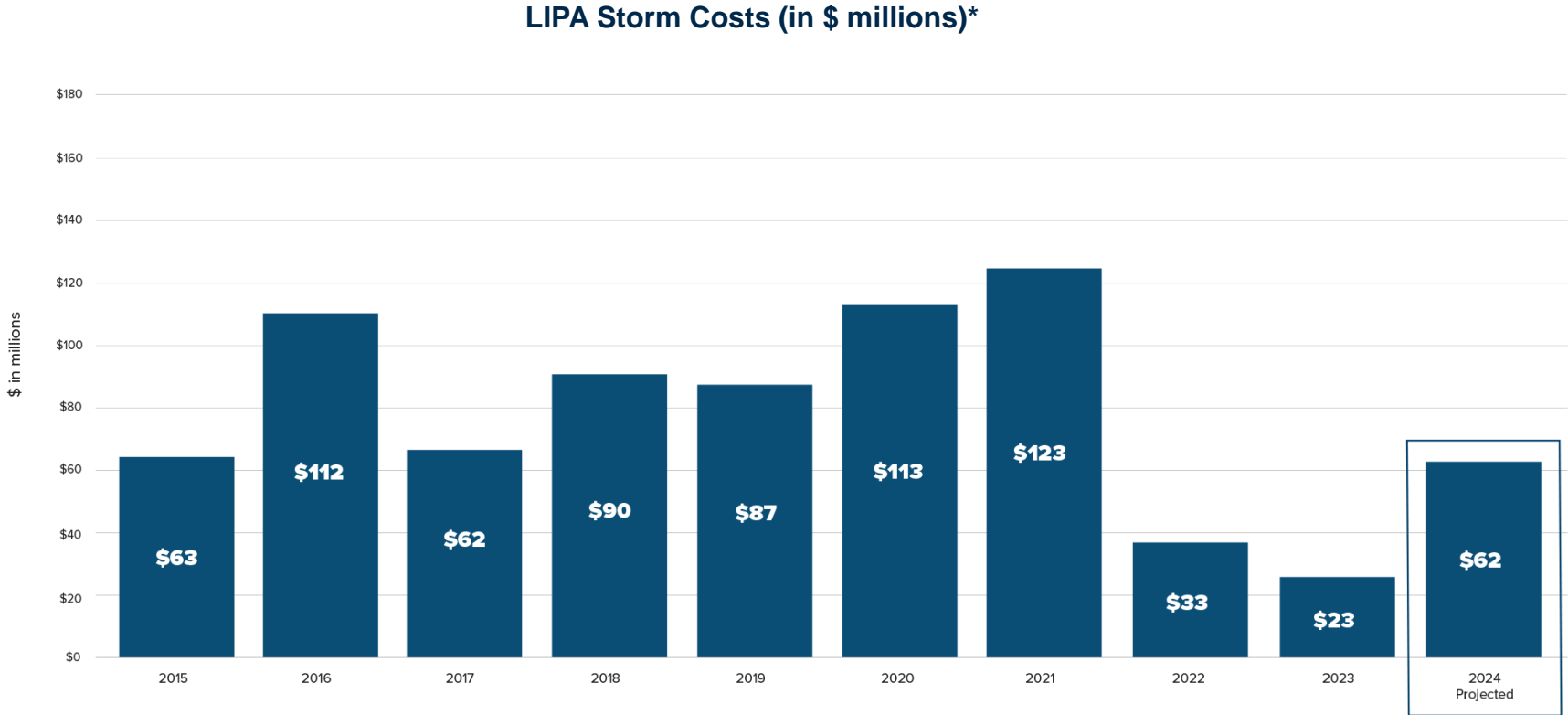
2025: LIPA is projecting higher power supply costs next year, contributing \$1.97 to the monthly bill impact. Factors contributing to the \$49 million increase in power supply costs include:

- \$86 million increase to secure Regional Greenhouse Gas Initiative allowances driven by a significant increase in market prices.
- \$17 million increase in purchases of zero-emission credits.
- \$9 million increase related to renewable energy.

These increases are partially offset by a \$24 million decrease in pass-through property taxes on power plants due to continuing benefits of tax settlements and a \$33 million reduction in purchased power and commodity cost including an estimated savings of approximately \$4 million for LIPA's first prepaid energy transaction.

Planning for Extreme Weather Events

- LIPA’s storm budget funds the preparation, response, and repairs necessary to restore electric service after major storms.
- The proposed 2025 Storm Budget of \$84 million remains unchanged from 2024.



Utilizing Status as a Public Power Utility

- LIPA’s status as a public power utility makes it eligible for storm recovery federal grants not available to for-profit utilities. LIPA has received multiple grants to help offset the costs of storm recovery and climate resiliency for its customers totaling \$2.4 billion.
- In 2024, LIPA was awarded a \$425 million mitigation grant related to Tropical Storm Isaias to continue its storm-hardening program, and FEMA provided a \$10 million mitigation grant to replace utility poles in disadvantaged communities.

Summary of FEMA Grants for Storm Recovery Costs and Hardening Programs

\$ in millions

	LIPA Storm Costs	Federal Grants Awarded or Pending
Tropical Storm Irene (2011)	\$170	\$170
Superstorm Sandy (2012)	\$656	\$700
Sandy Mitigation – 428	--	\$730
Winter Storm Nemo	\$17	\$11
Winter Storm Stella (2017)	\$14	\$4
Tropical Storm Isaias (2020)	\$309	\$277
Isaias Mitigation – 406	--	\$425
Isaias Mitigation – 406	--	\$38*
COVID-19 Pandemic	\$26	\$6
COVID-19 Mitigation (2020-2022) – 404	--	\$10*
Tropical Storm Ida (2021)	\$9	\$7
Winter Storm Elliott (2022)	\$4	\$2*
Total	\$1,205	\$2,380

*Applied for–LIPA waiting for FEMA decision



Minimizing Costs to Customers

- The LIPA Board has tasked staff with aggressively managing costs to minimize the burden on customers.
- The savings from operating lean for the 2025 Budget, which are the cumulative effects of many decisions and initiatives since 2014.
- The **\$1.3 billion** of cost savings in 2025 equals 30% of electric bills, or about \$56 per month for a typical residential customer.

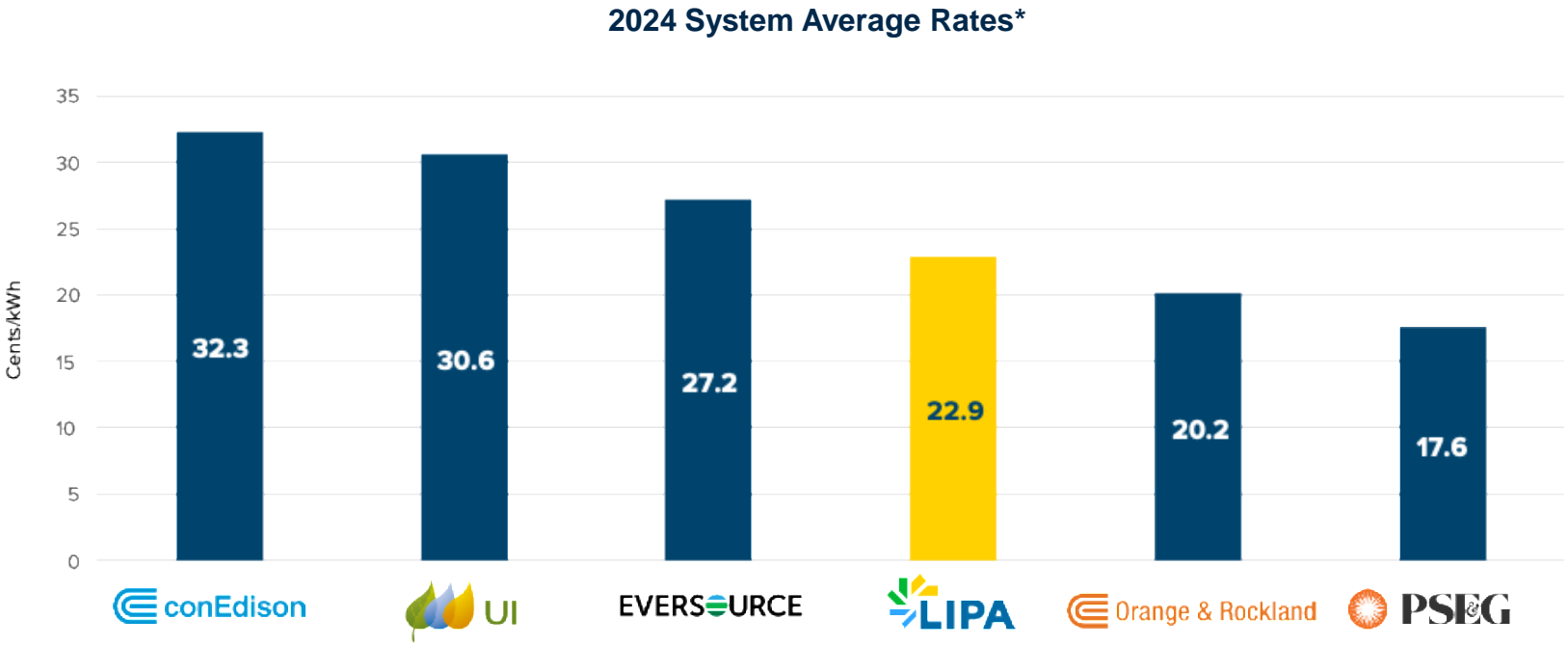
Saving Customers Over a Billion Dollars in 2025 from Operating Lean

	(in \$millions)
LIPA Reform Act 2% Tax Cap	\$503
Discontinued Investments in Combined Cycle Plants	\$355
Power Plant Property Tax Savings	\$89
Renegotiating Expiring Power Purchase Agreements	\$75
Reduction to Wholesale Market and Off-Island Transmission	\$58
Operating Savings, Cost Avoidance, and Productivity	\$57
Refinancing Existing Debt and Debt Service Savings	\$49
Investing in Cost-Effective Energy Efficiency	\$35
Smart Meter Savings	\$24
Power Supply Pension and Retirement Savings	\$8
Total (in \$ millions)	\$1,253.0



Regionally Comparable Rates

- LIPA’s system’s average electric rate is 22.9 cents in 2024 – 29% below the highest-priced regional utility.
- The system’s average electric rates of the regional utilities range from 17.6 to 32.3 cents per kWh.

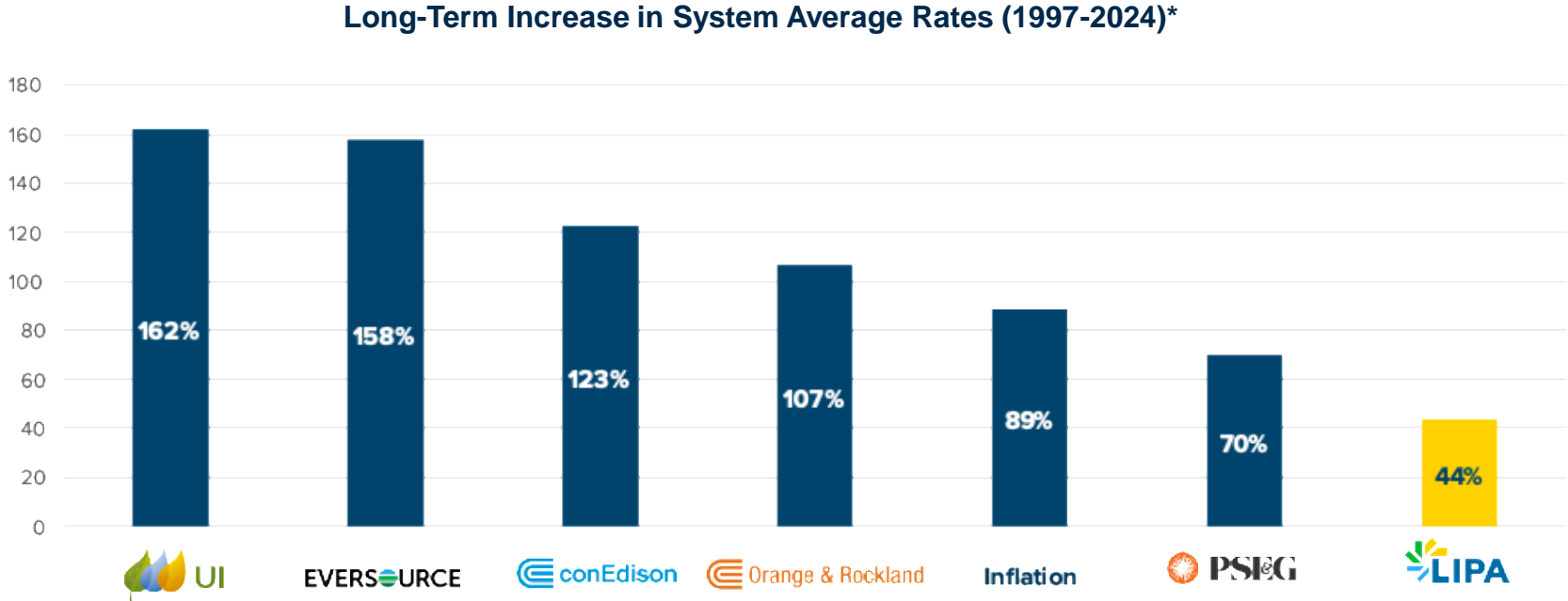


*Regional utility rates include the latest available information as of mid-2024.



Rate Increases Remain **Lowest** in Region

- LIPA’s system average rates have been competitive on a long-term basis, having risen slower than most other regional utilities.
- Since taking over the electric system, LIPA’s rates increased 44%, compared to a range of 70% to 162% for the other utilities.



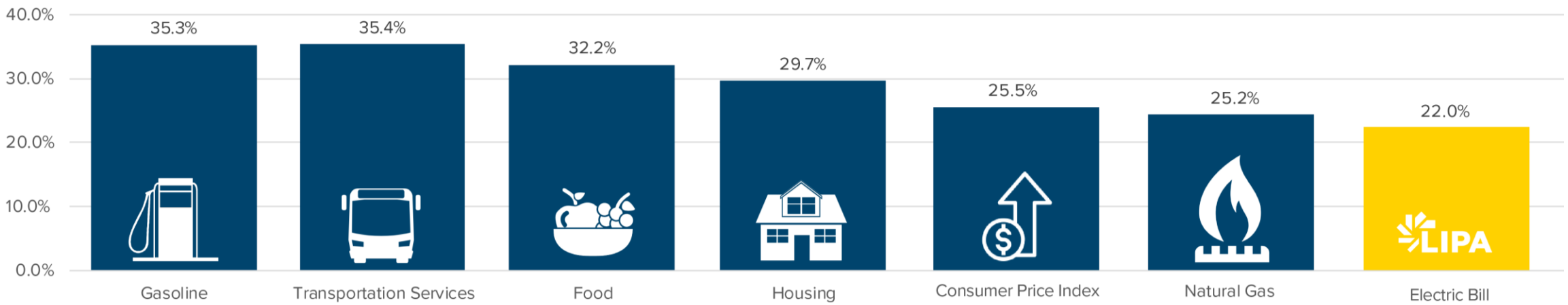
*Regional utility rates include the latest available information as of mid-2024



Electricity Prices Remain **Below Inflation**

- As the price of goods and services throughout the country has gone up, so have utility bills.
- Despite these challenges, LIPA remains committed to providing electricity at the lowest possible cost for customers.

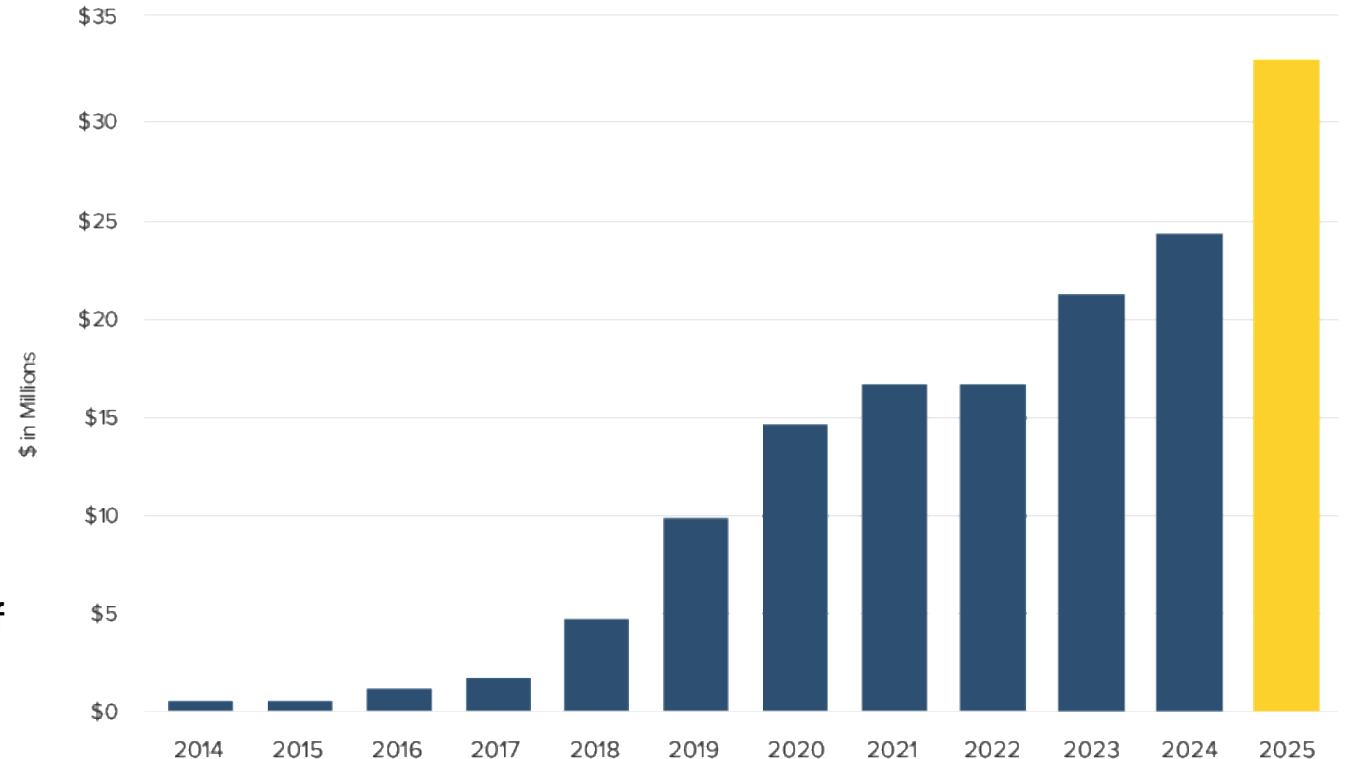
Rising Costs of Goods and Services Since 2018



Helping Low- to Moderate-Income Customers

- LIPA offers electricity bill discounts to low- and moderate-income customers with the goal that energy bills should be no greater than 6% of household income.
- In January 2024, LIPA's low-income customers received an additional \$4 million of funding (9%) through a 3.8% increase in the annual discount, which will continue in 2025.
- LIPA also offers enhanced heat pump incentives of up to \$11,000 for low-income households. These enhanced rebates are complemented by new federal tax incentives of up to \$8,000 for low-income households installing heat pumps.



Funding for Low-Income Customer Discounts



2025 Proposed Budget Maintains Fiscal Sustainability

- Since 2013, LIPA has received five credit rating upgrades, with the latest in July 2024 from FitchRatings.
- During 2024, FitchRatings **upgraded** LIPA to an A+ rating with a stable outlook, noting LIPA's improved leverage ratio, stating it has decreased over the past five years and is expected to further decline in future years – ***an improvement that is supported by strategic budgeting and higher fixed-obligation coverage.***

LIPA Continues to Receive Credit Rating Upgrades

	2013 Ratings (Outlook)	2024 Ratings (Outlook)
	A- (Negative)	A (Stable)
	A- (Negative)	A+ (Stable)
	Baa1 (Negative)	A2 (Stable)



2025 Proposed Metrics

Accountability for Performance

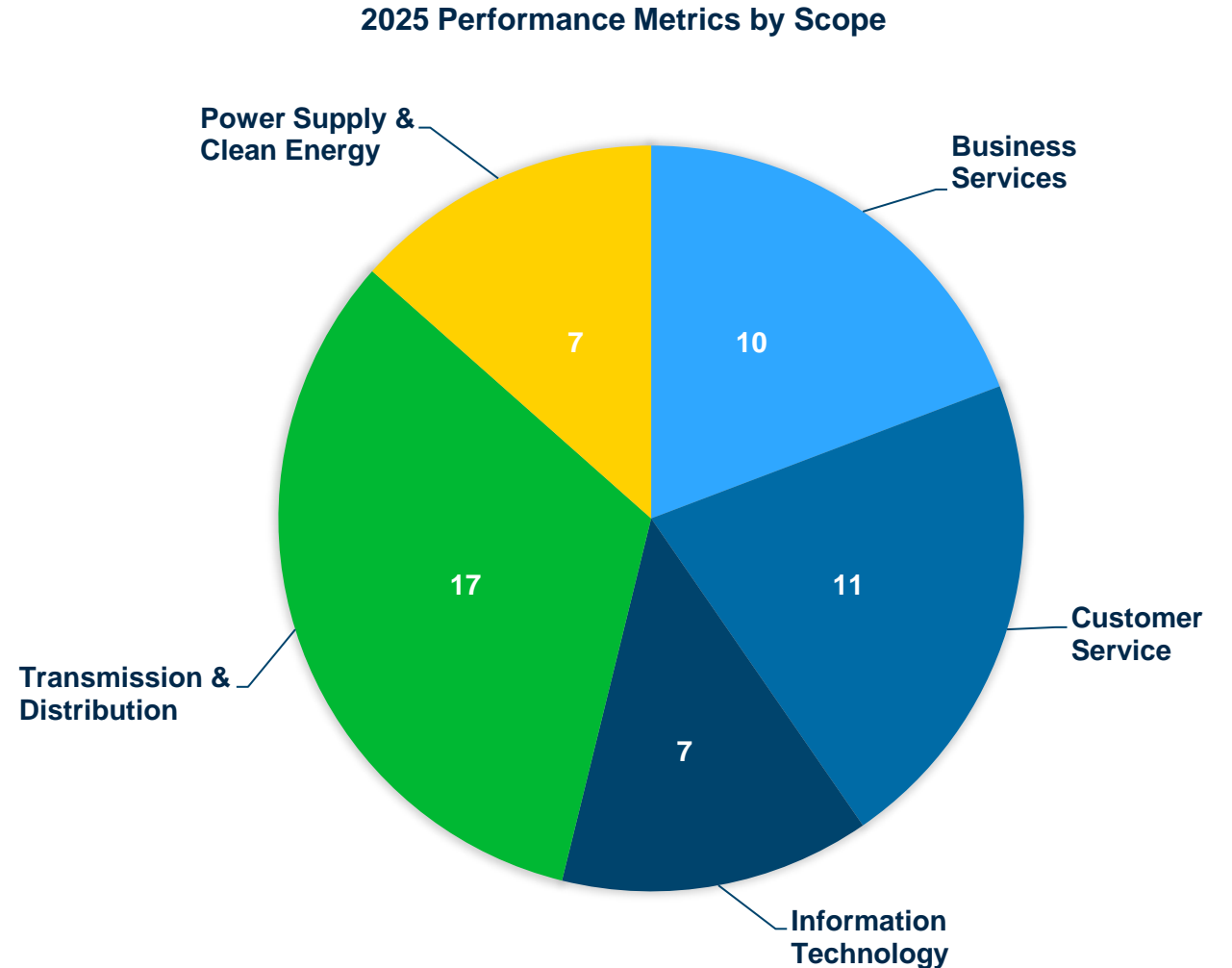
- For 2025, LIPA has proposed **52 Performance Metrics**, which the Department of Public Service independently reviewed and recommended to the LIPA Board.
- The metrics are distributed across all the management services provided to LIPA and its customers.
- Metrics are designed to be achievable, objectively verifiable performance levels, with budgeted funds to achieve them.
- **~\$23.7 million*** of **Variable Compensation** is at risk based on these 2025 Performance Metrics.

**Based on the September 2024 Consumer Price Index (CPI). The actual 2025 Management Fee compensation will be based on the January 2025 CPI.*

2025 Performance Standards – Summary

The 2025 Performance Metrics proposal includes **52 metrics (13 new)** and includes:

- Core utility metrics
- Metrics to address Management Audit Recommendations
- Metrics to set expectations for providing clean, affordable, reliable energy to our customers



New Performance Metrics for 2025

Metric Title	Metric #	Board Policy
Develop Annual Zero-Based Budget for each “Affiliate Cost” category for LIPA's review and approval	BS-42	Fiscal Sustainability
Implement standards and methods to reduce project variances including risk and contingency management	BS-43	Fiscal Sustainability
Establish Annual Assessment Allocation Model for LIPA's approval with quarterly selected work order audits	BS-44	Fiscal Sustainability
Develop methods and standards for tracking productivity gains and sharing CapEx and OpEx savings	BS-45	Fiscal Sustainability
Strategic Supplier MSAs	BS-48	Procurement
Time to Start	BS-50	Staffing & Employment
HR Cost Efficiency Per Employee	BS-51	Staffing & Employment
Unit Price Contract Reassessment	BS-52	Procurement
E-Bill Enrollment	CS-36	Customer Experience
Residential Time-Of-Day Participation Rate	PS&CE-16	Resource Planning and Clean Energy; Customer Value, Affordability, & Rate Design
Disadvantaged Communities	PS&CE-17	Customer Value & Affordability
Capital Project Process Enhancements	T&D-53	Fiscal Sustainability
Storm Crewing Efficiency & Prudency	T&D-54	Transmission & Distribution Operations

2025 Performance Metrics – Selected Highlights

Focus Area	Selected Performance Metrics	Customer Benefit
Reliability & Resiliency	Top Decile Reliability: achieve reliability metrics within the top 10% of peer utilities	Industry-leading reliability for customers
	Emergency Preparations and Response: continue our investment in the 5-year resiliency programs	Measure and improve the overall outage management and response effectiveness during storms
	Transmission Control Center Replacement: develop a modern grid control room and a modern backup facility	Provide more resilient grid operations and integrate high penetration of renewables
Customer Experience	Transition to Time-of-Day (TOD) Rates: launch marketing, outreach, IT, and customer tools to educate customers about savings opportunities in the transition to TOD rates and achieve an 85% participation rate	More dynamic and lower cost electric grid, lower carbon emission, and customer bill savings opportunities
	Customer Satisfaction: improve J.D. Power Residential and Business customer satisfaction towards the first quartile	Improvements to customer experience as measured by customers
	Reduce Call Center Wait Times: improve customer wait time so that 77% of calls are answered within 30 seconds	Greatly reduced customer wait time when calling
Clean Energy	Heat Pump Strategy: implement new customer and contractor tools, marketing, and an enhanced contractor network to help customers transition to clean heat	Improved customer experience, reduced carbon footprint, and lower customer energy bills
	Transportation Electrification Strategy: implement programmatic changes to address barriers to customer transportation electrification targeted by segment and aligned with industry best practices	Improved customer experience, reduced carbon footprint, and lower customer energy bills
	Beneficial Electrification: achieve targets from the Utility 2.0 filing, including alignment with the LIPA portion of the 2 million home clean energy goals for whole home electrification	Meet LIPA's share of the state's energy efficiency and electrification goals

2025 Performance Metrics – Selected Highlights

Focus Area	Selected Performance Metrics	Customer Benefit
Information Technology	IT System Separation: execute the Board-approved plan to separate Long Island IT systems from PSEG New Jersey affiliate companies	Strengthen Long Island IT and prepare for the end of PSEG Long Island's contract in 2025
Safety	Minimize Injuries: operate the electric grid in a safe manner, including implementing the findings of a LIPA triennial safety review	Minimize workplace and customer injuries from the operation of the electric grid
Affordability	Low- to Moderate-Income (LMI) Bill Discounts: increase customer enrollment in the discounted rate for LMI customers	Improve affordability for customers with the greatest need
	Disadvantaged Communities Spend %: ensure that we achieve our statewide goal of at least 35% of the rebate, incentive and direct services spending, benefits customers who meet the criteria of being in a designated disadvantaged community	Equitable implementation of New York's ambitious Climate Leadership and Community Protection Act
Cost Effective Operations	Improve Budgets and Monitoring: improve budget development and monitoring to ensure efficient service delivery	Minimize the cost to provide high quality service to customers
	Storm Crewing Efficiency and Prudency: ensure that staffing levels for each storm are within established guidelines to achieve safe, efficient, and cost-effective storm restoration for our customers	Manage the cost for our customers and efficiently manage storm restoration
	Procurement Improvements: develop strategies to improve cost savings using more favorable price structures by renegotiating contract terms or executing new sourcing events along with reviewing our Master Service Agreements	Managing the procurement spend and processes to reduce costs for our customers



Public Comment Sessions

Upcoming Public Comment Sessions

How can the public participate in LIPA’s budget and planning processes?

- There are opportunities to attend and/or speak at the public comment sessions listed below. To participate virtually, visit lipower.org.
- Submit written comments on the proposed budget to tariffchanges@lipower.org by November 29, 2024.
- The LIPA Board of Trustees will vote on the 2025 Budget at its last meeting of the year on December 18.

<p>Public Comment Session #1 Monday, November 25, 2024 – 10 AM</p>	<p>H. Lee Dennison Building, 100 Veterans Memorial Highway, Hauppauge, NY 1178</p>
<p>Public Comment Session #2 Monday, November 25, 2024 – 6 PM</p>	<p>The OMNI Building 333 Earle Ovington Blvd., 4th Floor, Uniondale, NY 11553</p>
<p>Public Comment Session #3 Tuesday, November 26, 2024 – 6 PM</p>	<p>Rockaway YMCA 207 Beach 73rd Street Queens, New York 11692</p>



Questions?



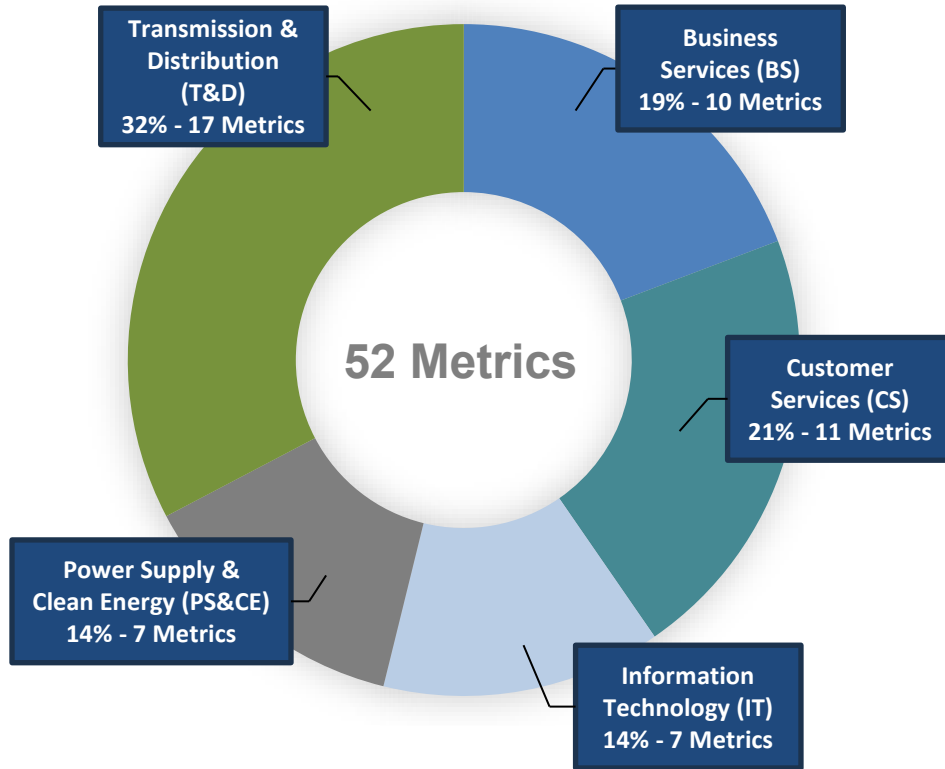


Department
of Public Service

DPS Long Island

2025 Metrics Recommendations Overview

LIPA 2025 Proposed Performance Metrics



* Based on LIPA's submission on 10/04/2024

Allocated Compensation* by Metric Scope Functions

BS	\$3.0M
CS	\$4.0M
IT	\$3.0M
PS&CE	\$2.0M
T&D	\$8.0M
Total	\$20M

*Compensation is in 2021 dollars and not adjusted for inflation

Contested Metrics

- IT-07: System Separation
- T&D-07: System Average Interruption Duration Index (SAIDI) Reliability
- T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

DPS Recommendation

Staff recommends the adoption of 52 of 52 metrics

Staff recommends the adoption of IT-07, T&D-07, and T&D-08
as proposed by LIPA



2025


PROPOSED
ANNUAL
BUDGET
REPORT

A wide-angle photograph of a wooden boardwalk with a railing, extending over a lush green marshland. In the background, a body of water and distant hills are visible under a clear sky.

 **PROTECTING OUR ISLAND**

Celebrating **25+ years** of dedicated service to Long Island and the Rockaways

At LIPA, the Power is **Yours**.™
Proudly serving Long Island and the Rockaways for over 25 years.



At LIPA, our commitment is to serve you with dedication and integrity. We provide the essential resources our customers need to excel. We take pride in delivering **clean, reliable, and affordable** energy, empowering our communities today and for the future.

Together, we're not just preparing for storms; we're tackling our Island's energy challenges for generations to come.

With a team of innovators, visionaries, and doers, we are driving progress and embracing the solutions needed for positive change.

Because on Long Island and the Rockaways, the power is **yours**.™

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ABOUT LIPA

The Long Island Power Authority (LIPA) is the third largest public power utility in the United States, serving 1.2 million customers across Long Island and the Rockaway Peninsula. Our purpose is to deliver clean, reliable, and affordable energy to our community.

LIPA owns the electrical transmission and distribution system serving our community; however, we contract for most of the management services and power supply used to operate the electric grid. Since 2014, LIPA has contracted with PSEG Long Island for management services, and LIPA provides service to customers under the PSEG Long Island brand name. LIPA contracts with National Grid for 3,500 megawatts of generating capacity and additionally contracts with other providers for 2,300 megawatts of on-Island generation and 990 megawatts of transmission intertie capacity to facilitate purchases from electric markets in New England and the mid-Atlantic states.

The LIPA Board of Trustees approves contracts with vendors; sets policy, strategy, and performance metrics for PSEG Long Island's service to our customers; finances the infrastructure investments necessary for a reliable electric grid; and leads Long Island's transition to a clean energy future.

Jones Beach Energy & Nature Center | Wantagh, New York



PURPOSE

LIPA's purpose is to serve our customers and community by providing clean, reliable, and affordable energy to Long Island and the Rockaways. As a not-for-profit utility, LIPA is a value-driven organization that puts our customers first in every action and decision.

VISION

LIPA's vision is to be our customers' trusted energy partner.

To achieve our vision, LIPA will:

- Actively engage with our customers and the communities we serve.
- Respond to our customers' needs and exceed their expectations.
- Be a recognized innovator in our industry to better serve our customers.
- Be known as a steward of our environment and community.

VALUES

Service: Our work is service. Everything we do is for the benefit of our customers.

Collaboration: Operate as one LIPA team. Everyone is included.

Excellence: One plan with relentless implementation. Clear performance goals.



FAST FACTS

Customers

Residential Customers: 1,028,432
Commercial Customers: 138,545

Energy Requirements

19,884,053 megawatt-hours

Generating Capacity

~5,800 megawatts

Transmission System

Miles overhead: 1,000
Miles underground: 500

Distribution System

Miles overhead: 9,000
Miles underground: 5,000
Transformers: 189,000

Substations

Transmission: 30
Distribution: 152

2024 Peak Demand

4,985 megawatts

Historic Peak Demand

5,915 megawatts (2011)

2025 Proposed Budget

Operating: \$4.4 Billion
Capital: \$928 Million

OUR ELECTRIC GRID

LIPA's service territory spans Nassau and Suffolk Counties on Long Island and the Rockaway Peninsula in Queens County, serving over three million people. Jutting out off the coast, Long Island is at the tail end of New York State's electric grid. Long Island's electric resources consist of seven major interconnection cables to regional energy markets, dozens of fossil-fueled power plants, one offshore wind farm, five solar farms, and two battery energy storage systems. There are additional power supply and transmission projects under development that will interconnect into the LIPA grid, including the Sunrise Wind farm and two new interties from the Propel New York project.

---○ Transmission Cable

ISO-NE (108 Million MWh)
(Independent System Operator New England)

Port Jefferson Power Station (498 MW)
Port Jefferson, New York



Northport to Norwalk Cable
300 MW

Cross Sound Cable
330 MW

NYISO (142 Million MWh)
(New York Independent System Operator)
Y49/Y50 Cable (900 MW net)

Kings Park Solar Farm (4 MW)
Kings Park, New York



Northport Power Station (1,564 MW)
Fort Salonga, New York



E.F. Barrett Power Station (670 MW)
Island Park, New York



Neptune Cable
660 MW

PJM (787 Million MWh)
(Pennsylvania, New Jersey, Maryland)

Calverton Solar Energy Center (22.9 MW)
Calverton, New York



Montauk Energy Storage Center (5 MW)
Montauk, New York



Shoreham Solar Commons (25 MW)
Brookhaven, New York



South Fork Wind Farm (132 MW)
35 miles off Montauk, New York



Long Island Solar Farm (32 MW)
Upton, New York



East Hampton Energy Storage Center (5 MW)
East Hampton, New York



BOARD OF TRUSTEES

LIPA is governed by a local Board of Trustees. The Board supervises, regulates, and sets policy for the utility. The Board consists of nine Trustees: five appointed by the Governor, two by the Temporary President of the State Senate, and two by the Speaker of the State Assembly.

The Trustees serve for staggered four-year terms. All Trustees reside on Long Island or in the Rockaways and have relevant utility, corporate board, or financial experience. Trustees are not compensated for their service.



Tracey Edwards
Chair



Valerie Anderson Campbell
Vice Chair



Vanessa Baird-Streeter
Trustee



Drew Biondo
Trustee



Dominick Macchia
Trustee



Mili Makhijani
Trustee



David Manning
Trustee



Claudia Lovas
Trustee

Women in Energy Event & Panel Discussion | October 2024

Chairwoman Edwards provides opening remarks at a C3E Women in Clean Energy and Women in Communications and Energy New York event.

STRATEGIC DIRECTION

The LIPA Board provides strategic direction through a set of governance policies. The Board's policies define LIPA's purpose and vision and set expectations for the strategic outcomes that management will deliver in the areas of reliability, customer experience, clean energy, affordability, information technology, and fiscal sustainability. The Board reviews each of its policies annually, and LIPA management reports to the Board on outcomes for each policy. Figure 1 summarizes the key policy objectives set by the Board.

For a complete list of the LIPA Board of Trustees' key policy objectives, visit lipower.org/strategic-direction.



North Shore Rail Trail | Wading River, New York

Figure 1: Key Policy Objectives



TRANSMISSION & DISTRIBUTION OPERATIONS

- Top 10% reliability among peer utilities
- Improve circuit conditions that cause repeated customer outages
- Invest in system resiliency to reduce the number and duration of outages and assure timely and accurate communications to customers regarding restoration times from severe weather
- Independently verify that emergency restoration plans are complete and tested



CUSTOMER EXPERIENCE

- Deliver top 25% customer satisfaction in J.D. Power studies
- Continual improvement in ease of customer interaction, as measured by customer surveys
- Invest in technology to enhance the convenience of billing, payments, appointments, emergency restorations, etc.
- Effectively target communications across customer segments and socioeconomic groups, with particular attention to low-income and disadvantaged communities



INFORMATION TECHNOLOGY & CYBERSECURITY

- Ensure the capacity of the information technology organization to deliver reliable, robust, and resilient systems (measured against industry-standard frameworks)
- Regularly upgrade information and operational technology systems to maintain all systems within their active service life and under general support from the product vendor
- Conduct quarterly internal vulnerability assessments, annual third-party vulnerability assessments, and penetration testing of all information and operational technology systems and promptly mitigate vulnerabilities



CLEAN ENERGY & POWER SUPPLY

- Achieve a zero-carbon electric grid by 2040
- Demonstrate innovation and be recognized among the leading utilities in reducing economy-wide greenhouse gas emissions through energy efficiency and beneficial electrification
- Improve equity for disadvantaged communities
- Plan for a power supply portfolio that meets or exceeds industry standards for reliability



CUSTOMER VALUE, AFFORDABILITY, & RATE DESIGN

- Prioritize investments for customers to balance cost and service quality
- Communicate the benefits and cost drivers of any rate increases to customers
- Maintain competitive electric rates, as compared to the system average rates of those regional electric utilities that most closely resemble the costs, electric supply, and policy goals
- Offer programs to low-income and disadvantaged customers to maintain electric bills that are a reasonable percentage of household income



FISCAL SUSTAINABILITY

- Achieve AA-category credit ratings by reducing LIPA's debt-to-assets ratio from 92% to 70% or less by 2030
- Maximize grants and low-cost funding sources
- Develop budgets and financial plans that maximize customer value and aggressively manage costs
- Provide customers and investors with timely, transparent, accurate, and useful information to evaluate LIPA's financial performance and plans

EXECUTIVE MANAGEMENT

LEADING WITH EXPERIENCE

The LIPA management team is proud to serve our customers. Our leadership brings extensive utility experience to the organization in all core business functions, including transmission and distribution operations, power supply, customer experience, information technology, finance, legal, strategy, performance management, communications, and external affairs.

Visit lipower.org/leadership for more information on each member of LIPA's management team.



John Rhodes
Acting Chief Executive Officer



Bobbi O'Connor
General Counsel; Secretary to the Board of Trustees



Donna Mongiardo, CPA
Chief Financial Officer



Werner Schweiger
Acting Chief Operating Officer



Brian Rudowski
Acting Chief Information Officer



Kenneth Kane, CPA
Senior Vice President, Investment Planning



Billy Raley
Senior Vice President, Transmission & Distribution



Gary Stephenson
Senior Vice President, Power Supply



Barbara Ann Dillon, Esq., PHR
Vice President, Human Resources and Administration



Tom Locascio
Vice President, Corporate Affairs and Chief of Staff



Jennifer Hayen
Director of Communications



John Rhodes
Vice President
John B. Pomeroy, Jr. School of Business

Peter Rose
Senior Professor of Marketing, Hofstra University
Frank G. Zarr School of Business

Robert Moses Causeway | Babylon, New York

SECTION I: OUR PROGRESS



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CEO LETTER



Every year, our team creates a budget that focuses on resources and works on the investments and activities that are the highest priority. It lays the foundation for our financial planning and is vital in achieving our mission to provide clean, reliable, and affordable energy to our customers.

LIPA's annual budget starts with our priorities, which flow from the strategic initiatives and policy goals set by our Board of Trustees and from our duty as a public authority to deliver the highest value to our customers. It builds on accurate estimates, well-supported and transparent assumptions, and a concrete assessment of the work to be done and how best to do it. It serves as a roadmap to guide our actions for the coming year (and sets us up for the years ahead) and ultimately ensures that the projects and initiatives we need and our customers want are adequately funded.

When I joined the organization in March 2024, we set very specific goals that needed to be achieved at LIPA. Looking ahead to the next year, I want to highlight two things.

Management Contract

LIPA operates under a unique business model within the electric utility sector. While we own the electrical transmission and distribution system serving our community, we contract for most of the management services and power supply used to operate it. As I write this, our current management contract with PSEG Long Island is set to expire on December 31, 2025. LIPA has already evaluated responses from our Services Operations Request for Proposals and is undergoing contract negotiations with the finalists. In March 2025, our Board is set to approve a new management contract.

Our Mission: Clean, Reliable, Affordable

Day in and day out, our focus remains steady – provide our 1.2 million customers on Long Island and the Rockaways with clean, reliable, and affordable electric service. To achieve these goals, we need to work towards several key initiatives, including:

- Operating a highly reliable electric grid. Our performance is within the top 10 percent of peer electric utilities, equivalent to fewer than one power outage per year per customer or 99.99 percent reliability.
- Delivering outstanding customer satisfaction among the top 25 percent of electric utilities, as measured by a third party.
- Achieving the goals of New York's Climate Act, including 70 percent renewable energy by 2030 and a carbon-free electric grid by 2040.
- Providing electric service at the lowest possible cost, with rates comparable to or below our neighboring utilities.

This budget provides a transparent look at our business operations and our efforts to continuously improve the value we provide to our customers. This budget message includes information on many topics, including updates on LIPA's financial performance, storm preparedness, progress on our new Time-of-Day rate initiative, clean energy projects coming onto the grid, and our continued investments in resilience and reliability.

LIPA has a clear mission and a highly professional and dedicated team. We look forward to working with our partners to provide even more value to our customers.

Sincerely,



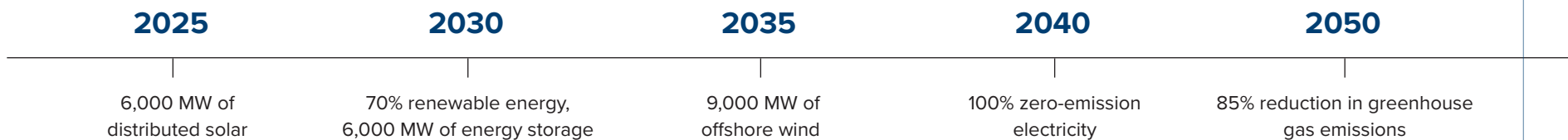
John Rhodes
Acting Chief Executive Officer

NEW YORK STATE CLIMATE ACT

New York’s ambitious clean energy targets are outlined in the New York State Climate Leadership and Community Protection Act (Climate Act), enacted in 2019. This landmark legislation stands out as one of the most progressive in the nation, aiming to facilitate a just transition to a clean energy economy. The Climate Act is designed to tackle climate change to protect our environment, grow economic opportunities, improve the quality of life for all New Yorkers, and ensure equity and inclusion.

The Climate Act establishes a comprehensive set of time-bound goals, including stringent targets for reducing greenhouse gas emissions from electricity generation, increasing the adoption of zero-emission vehicles, reducing fossil fuel use in building heating systems, and setting resource-specific mandates for distributed solar, renewable energy, energy storage, and offshore wind. These objectives are pivotal to New York’s strategy for sustainable development and environmental stewardship.

Climate Act targets include:



In October 2024, Governor Hochul announced that 6 gigawatts of distributed solar have been installed across New York, marking the early achievement of the state’s Climate Act statutory goal a year ahead of schedule. The solar power generation, which benefits homes, business owners, and off-takers of community solar projects, is enough to power more than a million homes, underscoring New York’s leadership in growing one of the strongest distributed solar markets in the nation.

For more details, please visit climate.ny.gov.

CLEAN

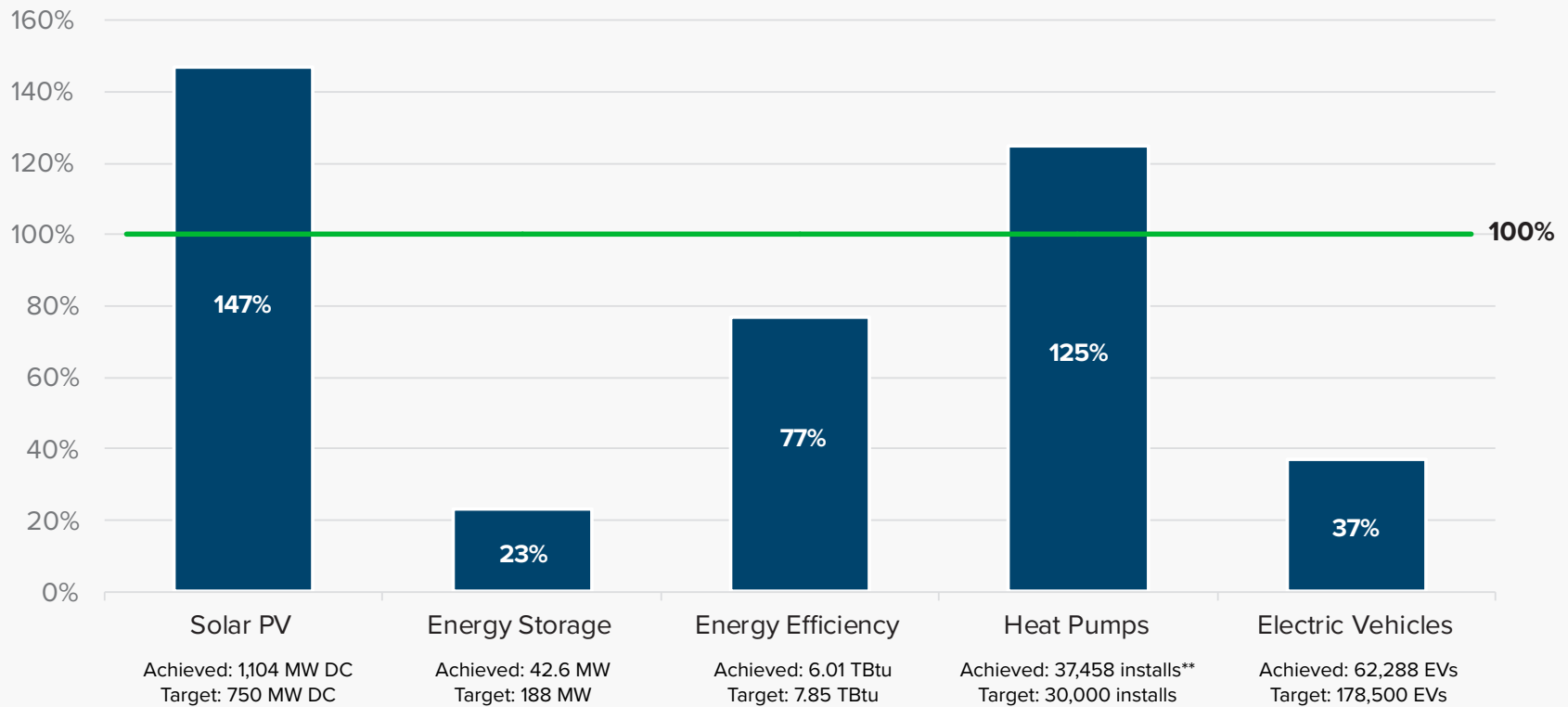


Calverton Solar Energy Center | Calverton, New York

CLEAN ENERGY PROGRESS

LIPA has initiatives underway that directly contribute to the state’s clean energy goals in such areas as solar, storage, offshore wind, energy efficiency, electric vehicles (EVs), and building decarbonization, as described in the sections below. Figure 2 shows progress towards Long Island’s portion of the state’s Climate Act goals.

Figure 2: Progress Towards Long Island’s Portion of New York State’s 2025 Clean Energy Goals*



* As of Q3 2024

** This target refers to individual heat pump installations and may include heat pumps used for other purposes. LIPA has since recalibrated its focus to whole-home heat pump installations to align with the state’s goals for electrified or electrification-ready homes by 2030.

Actual % Target %

Demonstrated in Figure 3 are other clean energy projects under development that will be added to the Long Island and Rockaways electric grid by the early 2030s:

- **1,419 MW of customer-owned solar and local solar farms**
- **2,056+ MW of offshore wind**
- **754 MW of battery storage**

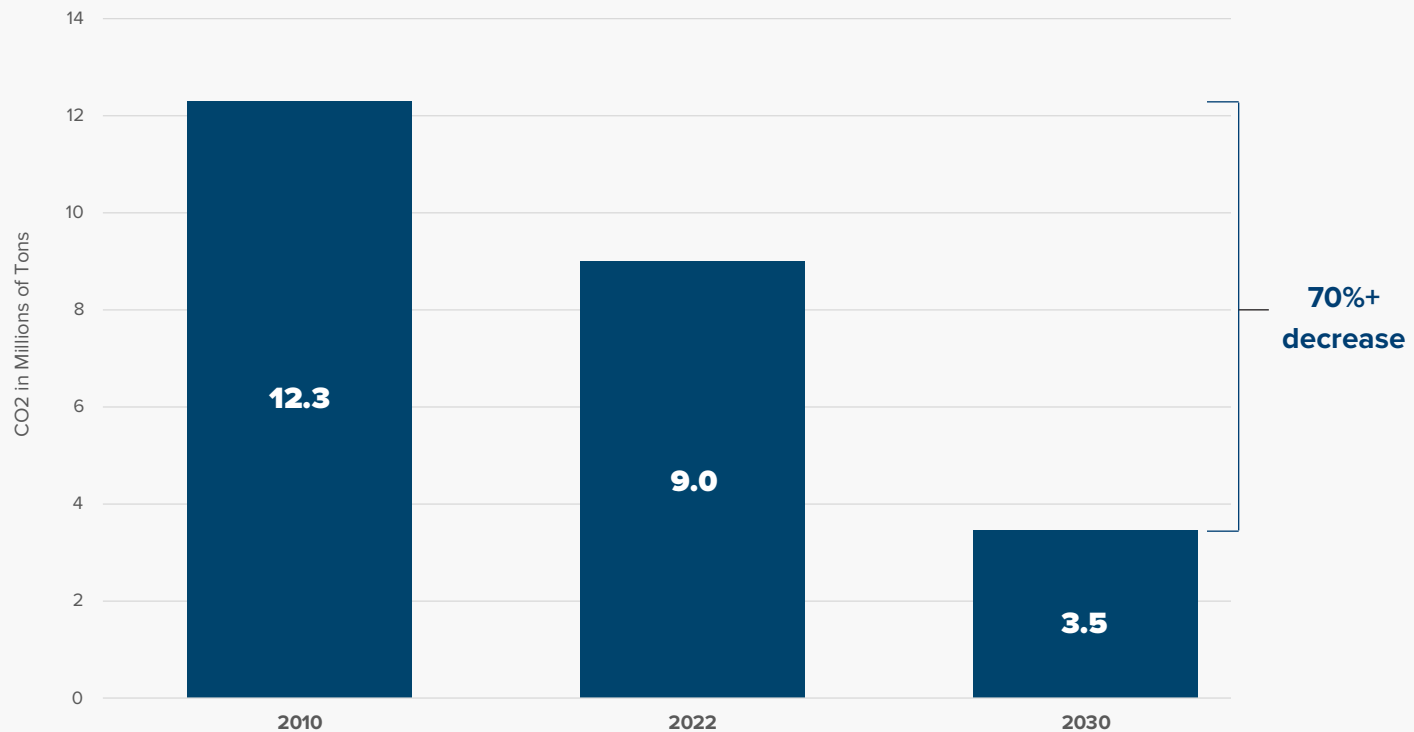
Figure 3: Long Island Clean Energy Projects in Service by the Early 2030s

Solar (1,419 MW)	Size (MW_{AC})	In-Service (Est./Act.)
Long Island Solar Farm	32	2011
Eastern Long Island Solar Project	11	2013
Shoreham Solar Commons	25	2018
Riverhead Solar	20	2019
Kings Park Solar 1 and 2	4	2019
Solar Feed-in Tariffs I-III	89	2021-2022
LI Solar Calverton	23	2021
Behind-the-Meter	1,200	2030
Solar Communities (FIT V)	15	2025
Offshore Wind (2,056+ MW)	Size (MW_{AC})	In-Service (Est./Act.)
South Fork Wind Farm	132	2024
Sunrise Wind	924	2026
Future Offshore Wind Additions	1,000+	2030s
Energy Storage (754 MW)	Size (MW_{AC})	In-Service (Est./Act.)
East Hampton & Montauk Storage	10	2018 & 2019
2023 RFP Awards (Pending)	179	2028
Future Storage Additions	565	2030
TOTAL	4,229+ (MW_{AC})	

Assuming these clean energy projects reach commercial operation, Long Island’s clean energy will total about 4,229+ MW, which is sufficient to reduce LIPA’s carbon footprint by over 70% by 2030, as shown in Figure 4.

These emissions reductions will enable LIPA to further advance the goals of the Climate Act to achieve economy-wide carbon neutrality – a balance between how much carbon we emit and how much can be absorbed from the atmosphere.

Figure 4: Carbon Emissions Footprint for LIPA’s Power Supply from 2010 to 2030



SOUTH FORK WIND

In March 2024, New York State Governor Kathy Hochul, United States Secretary of the Interior Deb Haaland, and other elected officials announced the completion of the landmark South Fork Wind project. With all 12 offshore wind turbines constructed, the wind farm has been successfully delivering power to Long Island and the Rockaways.

The project's completion marked a historic milestone as New York became home to America's first utility-scale offshore wind farm. The South Fork Wind project is the result of a LIPA-led initiative to meet the growing energy needs of Long Island's South Fork.

South Fork Wind was one of 21 projects proposed in response to a 2015 LIPA Request for Proposals. In January 2017, the LIPA Board of Trustees approved a power purchase agreement to buy energy from the project, the first offshore wind farm to be contracted in federal waters. The project was developed jointly by Ørsted and Eversource.¹

South Fork Wind was initially proposed as a 90-megawatt project, but in November 2018, LIPA agreed to purchase an additional 40 MW of clean energy from the project – more power available from the improving turbine technology.

After years in the making, the final project approval was granted by the U.S. Department of the Interior's Bureau of Ocean Energy Management in January 2022. Other significant milestones include:

- **Groundbreaking** – February 2022
- **Onshore cable installation** – May 2023
- **First monopile foundation** – June 2023
- **Offshore wind substation installation** – July 2023
- **Onshore substation completion** – August 2023
- **First turbine installation** – November 2023
- **Commercial Operation** – January 2024

The South Fork Wind Farm consists of 12 wind turbine generators, each with a blade length of 318 feet and a rotor diameter of over 656 feet – about the length of two football fields. Located 35 miles east of Montauk Point, South Fork Wind delivers power to the local substation in the Town of East Hampton through undersea and underground transmission cables from the offshore wind farm.

¹ In October 2024, Skyborn, a German-based Global Infrastructure Partners portfolio company, acquired the remaining 50% stake relented by Eversource.

Photo Credit: Ørsted

South Fork Wind Farm | 35 miles off the coast of Montauk, New York



The approximately 132 MW wind farm will generate enough renewable energy to power approximately 70,000 homes at full capacity. It will eliminate up to 6 million tons of carbon emissions over the life of the project, the equivalent of taking 60,000 cars off the road for the next twenty years.

Hundreds of U.S. workers and various Northeast ports supported South Fork Wind's construction, helping to set up the foundations of a new domestic supply chain that's creating local union jobs across the Northeast and beyond.

South Fork Wind's turbines were staged and assembled by local union workers at State Pier in New London, Connecticut. Local union workers at Ørsted and Eversource's fabrication hub at ProvPort in Rhode Island completed the project's advanced foundation components. Its crew vessels and crew change helicopter are based in Quonset Point, Rhode Island. South Fork Wind includes the first U.S.-built offshore wind substation, built by more than 350 U.S. workers across multiple states, with New York union workers supporting its installation offshore.



“When I broke ground on the South Fork project, I made a promise to build a cleaner, greener future for all New Yorkers. I’m keeping to that promise and South Fork Wind is now delivering clean energy to tens of thousands of homes and businesses on Long Island.”

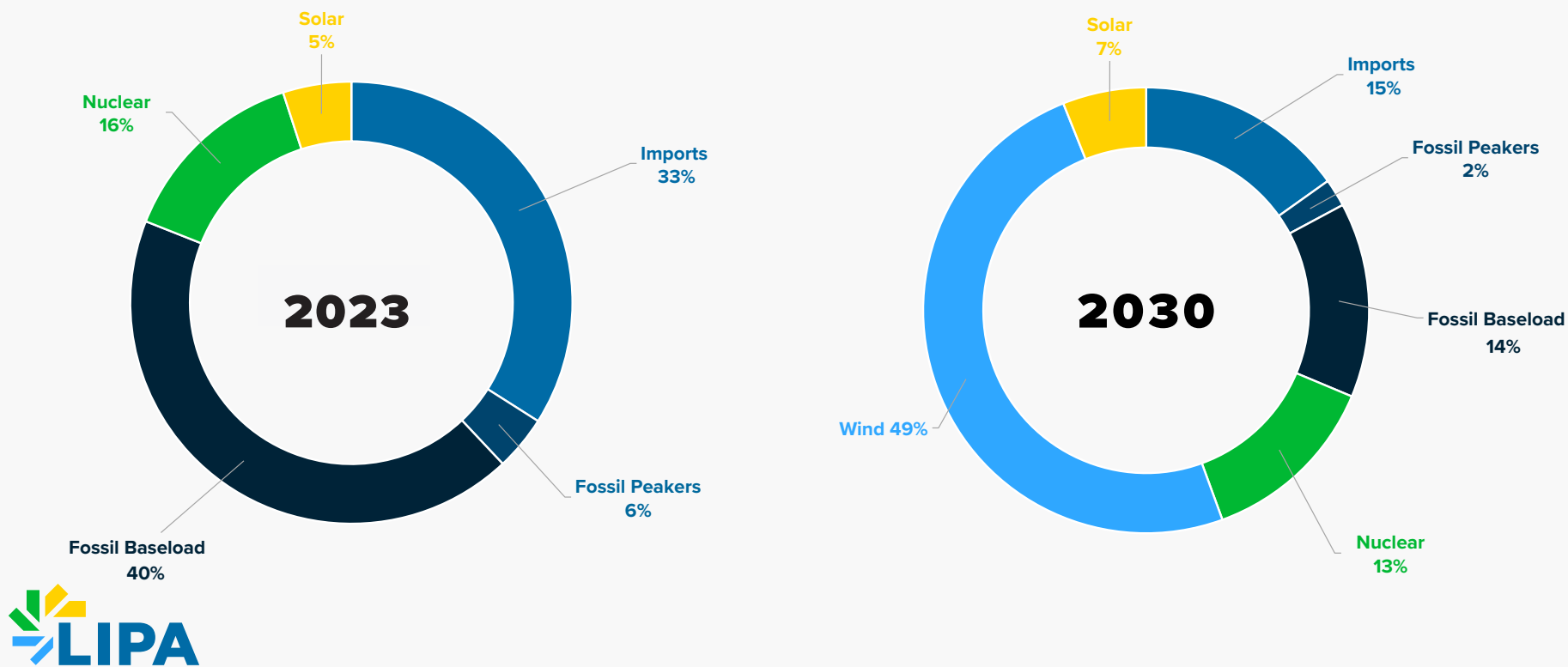
- New York State Governor Kathy Hochul

New York State Governor Kathy Hochul and U.S. Secretary for the Interior Deb Haaland celebrate the completion of the South Fork Wind Farm.

Offshore wind will be Long Island's largest source of clean energy

The Climate Act sets a goal of 9,000 MW of offshore wind energy by 2035, enough to power 6 million homes, and contracting and development activities are currently on track to meet this goal. Figure 5 shows that offshore wind is poised to become the most significant energy source for Long Island and the Rockaways by 2030.

Figure 5: Sources of Long Island Electricity Production in 2023 Compared to 2030



SUNRISE WIND

In July 2024, the country's largest offshore wind farm project began construction. Sunrise Wind will provide 924 MW – enough to power over 600,000 New York homes once complete in 2026.

Sunrise Wind has already completed all major federal and state permitting milestones and received approval of its Construction and Operations Plan from the U.S. Department of the Interior's Bureau of Ocean Energy Management.

Located approximately 30 miles off of Montauk, adjacent to the existing South Fork Wind Farm, Sunrise Wind will connect to LIPA's transmission and distribution system at its Holbrook Substation. The underground cable will land at Smith Point County Park and run north along William Floyd Parkway. The route has been approved by the New York Public Service Commission, ensuring minimal impact on the environment and surrounding communities.

EMPIRE WIND 1

In addition to Sunrise Wind, Empire Wind 1 is also in active development and began construction at its South Brooklyn Marine Terminal in June 2024. The Empire Wind 1 offshore wind project, developed by Norwegian energy company Equinor, is projected to produce 810 MW of renewable wind energy and power 1 million New York homes.

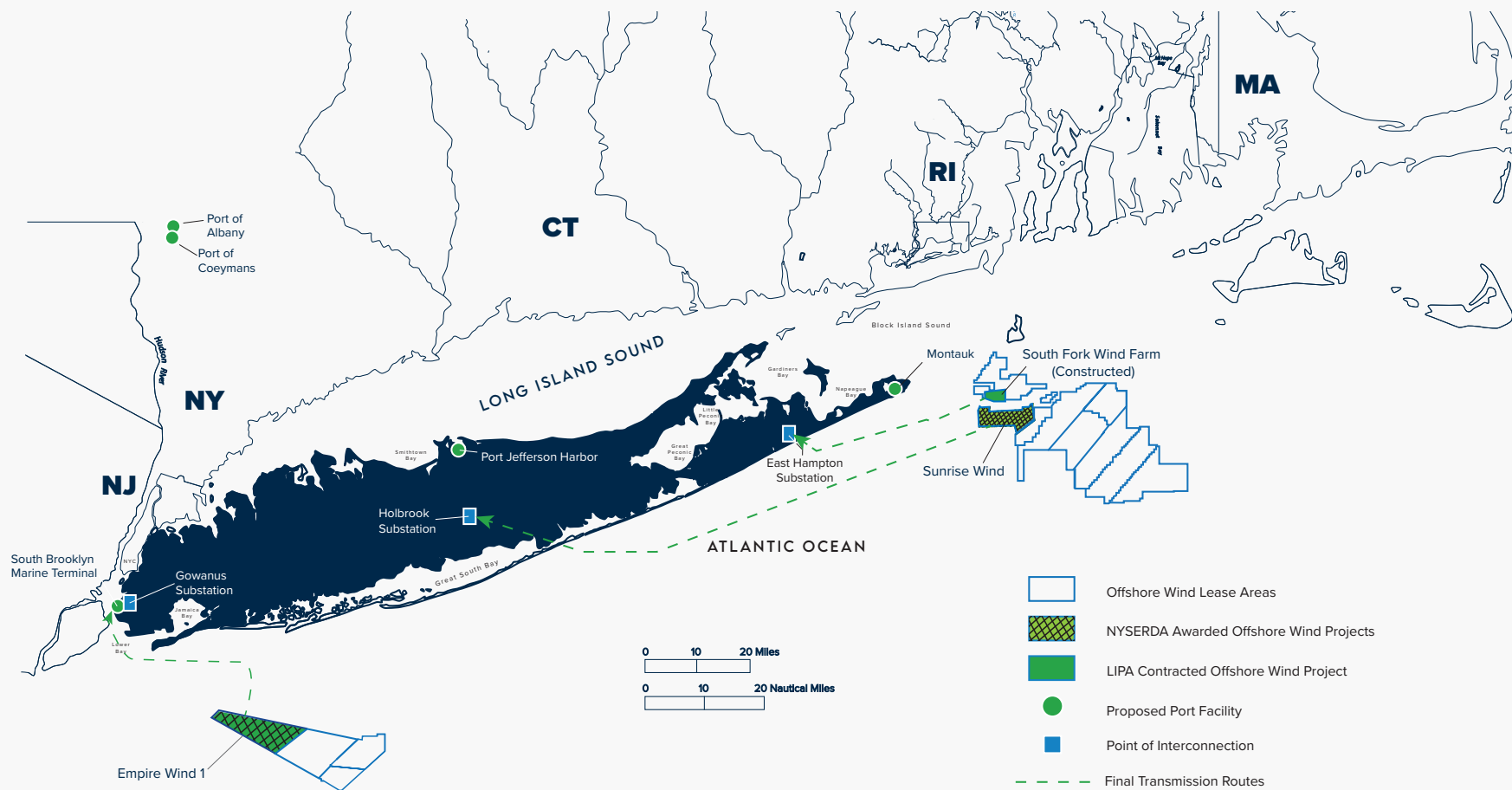
At its closest point, the project is located 14 miles off of Jones Beach State Park and will connect at the Gowanus Substation in Brooklyn. Between onshore construction and its new staging site and future operations and maintenance center at the South Brooklyn Marine Terminal in Sunset Park, Brooklyn, the project is anticipated to create over 1,000 jobs annually in the region.

Completed prefab components for Sunrise Wind at the Port of Coeymans, New York



Photo Credit: NYSERDA

Figure 6: Long Island Offshore Wind Interconnection Map



THE ELECTRIC GRID WILL POWER NEW YORK’S LOW-CARBON ENERGY FUTURE

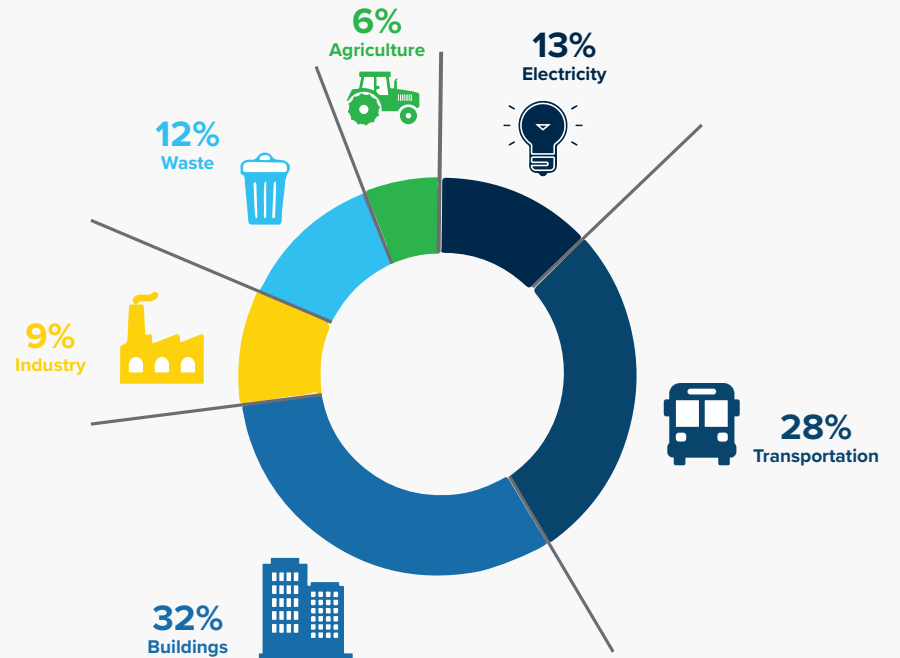
Electric vehicles and heat pumps are critical elements of the state’s policy to achieve an 85% reduction in economy-wide greenhouse gas emissions by 2050. Most of New York’s carbon emissions come from transportation and the heating of residential and commercial buildings. New York aims to achieve a zero-carbon electric grid by 2040 and then use that grid to power the future for transportation and heating.

New York is preparing for the growth in adoption of electric vehicles, and studies show that one to two million New York homes will need to be electrified with heat pumps by 2030, including new single-family, low-rise residential buildings, and 10-20% of commercial space heating, to meet Climate Act objectives.

DID YOU KNOW?

LIPA participated in New York State’s Get There Green initiative for the first time this year. This program encourages full-time employees at New York State agencies and authorities to use sustainable modes of transportation for the month of September as part of a collective effort to lead by example in New York State’s clean energy transition.

Figure 7: New York State Carbon Emission Sources²



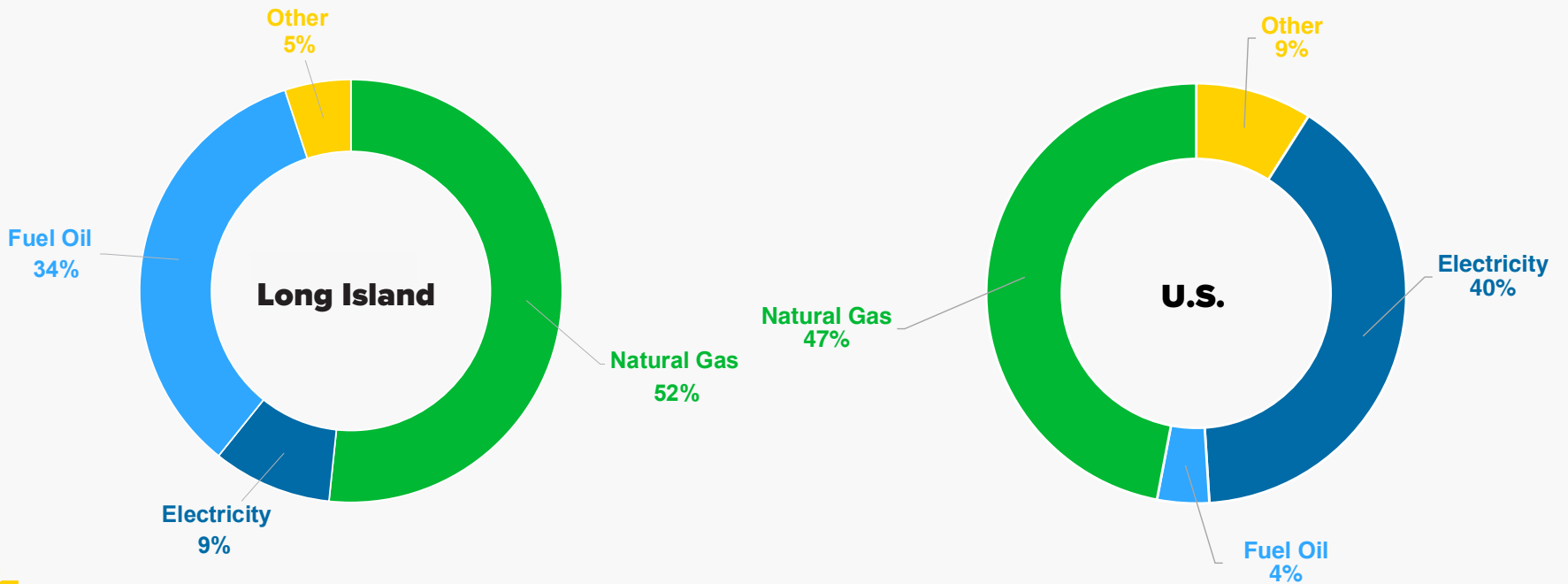
² New York State Department of Environmental Conservation 2023 Statewide GHG Emission Report

BUILDING DECARBONIZATION

LIPA is particularly focused on the electrification of heat because Long Island and the Rockaways are an ideal market for heat pumps – 34% of homes heat with oil, as shown in Figure 8. That’s about ten times the national average, and these homes could potentially save a lot of money by switching to a heat pump.

Meanwhile, 40% of homes nationally are heated with electricity. With LIPA rebates and new federal tax credits, LIPA estimates that between 330,000 and 360,000 Long Island and Rockaways households could save money by installing a cold climate heat pump. This presents an extraordinary opportunity to help customers save money and accelerate New York’s decarbonization. These savings opportunities are primarily available when customers replace existing air conditioning or heating equipment or for new construction.

Figure 8: Long Island Homes Heat with Oil at Ten Times the National Average



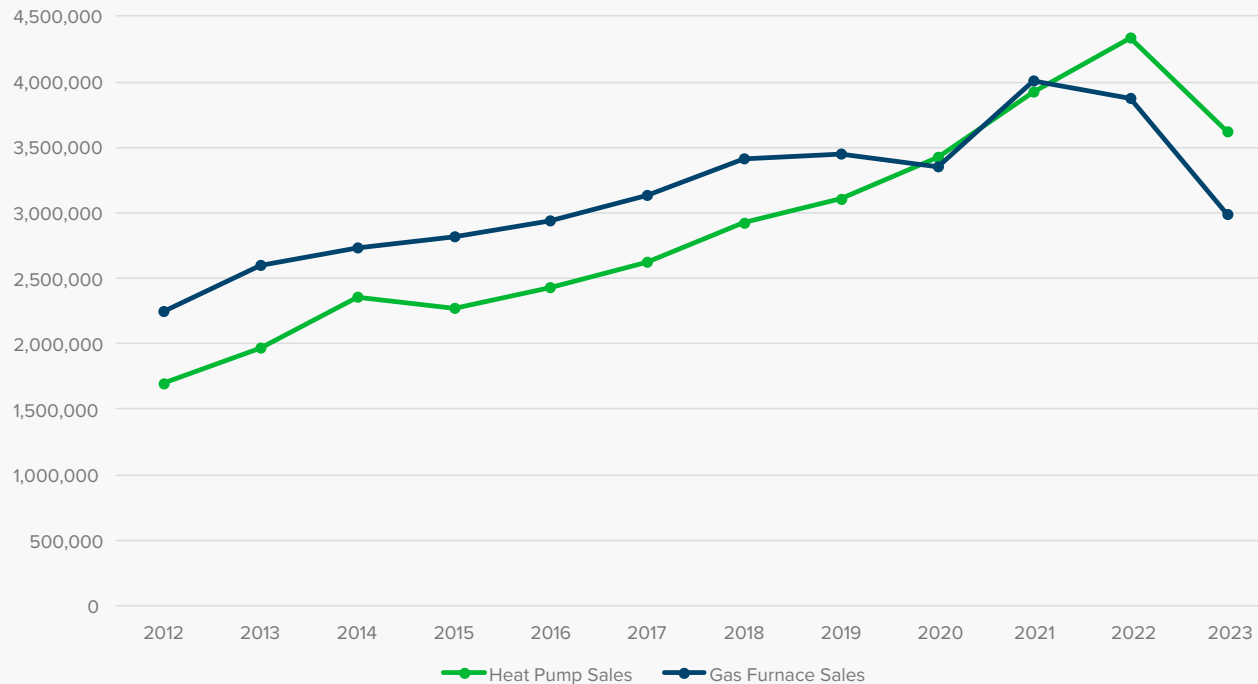
ELECTRIC HEAT PUMPS

In 2022, more than 36,000 workers were employed in efficient HVAC and clean heating and cooling in New York. And this sector is poised for significant growth. Heat pumps have outsold gas furnaces for two consecutive years, and New York State has seen a 23% increase in installations from 2021 to 2023.³

For a typical Long Island single-family home that heats with fuel oil and needs to replace an aging central air conditioning unit, a cold climate heat pump could reduce heating costs by approximately \$2,300 per year and reduce carbon emissions by 46%. Additional incentives are available for low-income households, making the switch to heat pumps even more financially appealing.

With LIPA rebates, administered by PSEG Long Island, along with federal tax credits, the upfront savings from the heat pump are approximately \$4,700, and the annual savings are \$931. For a more detailed assessment of your home, see PSEG Long Island’s heating comparison calculator at psegliny.com.

Figure 9: Heat Pumps Outselling Gas Furnaces



³ Source: New York State Energy Research and Development Authority

ELECTRIC VEHICLES

Reducing greenhouse gas emissions, such as carbon dioxide and methane, is essential to combatting climate change and creating cleaner, healthier communities. Electric vehicles and heat pumps are key pillars of the state’s policy to achieve an 85% reduction in economy-wide greenhouse gas emissions by 2050.

More than half of New York’s greenhouse gas emissions come from the heating of residential and commercial buildings and transportation, while other leading emissions sources include power generation, waste, industry, and agriculture. New York aims to achieve a zero-carbon electric grid by 2040 to fuel the electrified future of transportation and heating.

New York is phasing out the sale of most internal combustion engine cars by 2035. Long Island and the Rockaways have 60,000⁴ battery electric and plug-in hybrid electric vehicles registered on Long Island, representing 28% of currently registered electric vehicles in New York state compared to approximately 13% of the state’s electric load. With new federal tax credits, limited maintenance requirements, and low fuel costs, lifetime ownership costs of electric vehicles are on par with internal combustion engine vehicles, while the price of batteries, a significant component of electric vehicles, will continue to decline with improved technology and the maturity of the supply chain. LIPA anticipates that electric vehicle adoption will increase significantly and is planning for and supporting that transition by its customers.

LIPA has a variety of programs and activities to support electric vehicles, including:

- Offering customers saving opportunities through Time-of-Day rates, which provide discounted rates to encourage nighttime charging for additional savings for electric vehicle customers.
- Electric vehicle hosting capacity maps to assist developers in finding suitable locations for fast charging.
- Incentives and rebates for developers to install Level 2⁵ and fast chargers.

LIPA has an estimated \$230 million plan to build the infrastructure for more than 14,435 chargers across Long Island and the Rockaways by 2031 to support nearly 290,000 expected electric vehicles in the region. LIPA’s electric vehicle incentives include rebates for Level 2 chargers and fast chargers, with higher support for chargers in disadvantaged communities. LIPA continues to study the electric vehicle charging market and enhance programs to support transportation electrification.

Figure 10: **Publicly Available Electric Vehicle Chargers in LIPA’s Service Territory**

PORT TYPE	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTAL
	ACTUAL	ACTUAL	ACTUAL	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	
LEVEL 2	0	81	231	293	789	752	1,433	2,018	2,639	3,105	2,311	13,652
DC FAST CHARGER	48	100	10	54	89	92	82	82	82	82	62	783
TOTAL	48	181	241	347	878	844	1,515	2,100	2,721	3,187	2,373	14,435

⁴ Source: EValueNY – Atlas Public Policy

⁵ Level 2 chargers, widely used in homes, workplaces, and public spaces, employ alternating current (AC) with a 208-240V, delivering 7 kW to 22 kW of power. This charging method provides a moderate charging speed suitable for various EV models.



BATTERY STORAGE

Energy storage is essential to delivering reliable and affordable power as we increasingly switch to renewable energy sources and electrify our buildings and transportation systems. Integrating storage in the electric grid, especially in areas with high energy demand, will allow clean energy to be available when and where it is most needed.

As New York continues to invest and build a cleaner grid, energy storage will allow us to use existing resources more efficiently and phase out power plants with the highest emissions. This transition will help New York meet its greenhouse gas emission reduction goals, improve public health, and mitigate the future impacts of climate change.

Types of Storage

Residential Storage

Primarily used for home resilience to deliver backup power, these systems can also shift energy consumption to off-peak hours and integrate home solar for a low-cost, clean energy supply. Residential storage systems may be eligible for Inflation Reduction Act tax credits.

Commercial (Retail) Storage

Businesses can install storage systems onsite or separate from building loads, like a community solar project. These systems can be paired with solar, provide backup power, and earn compensation from utilities for delivering grid benefits.

Grid-Scale (Bulk) Storage

These grid-connected storage projects (usually greater than a few MW of storage capacity) enable increased integration of renewable energy sources while ensuring a resilient and reliable power supply when and where it's needed most.

Montauk Energy Storage Center | Montauk, New York



TIME-OF-DAY RATES

LIPA is now the first utility in New York State to adopt a standard, time-based rate structure for residential customers. The new Time-of-Day (TOD) rate became the standard residential rate in January 2024 and provides customers the opportunity to save money and promotes the efficient use of the electric system, thereby reducing costs to all customers and carbon emissions.

With the new TOD rates, customers will pay different rates for electricity based on when they use it. Electric rates will be higher on weekdays from 3 p.m. to 7 p.m. (“peak” hours) but lower all other hours and on weekends and holidays.

This rate structure also allows customers to choose an optional flat rate or a super off-peak TOD rate. Most customers will transition to this new TOD rate in 2025.

Most customers (more than 80 percent) will pay the same or less on the new TOD rates without changing how or when they use electricity. That’s because most customers already use most of their energy off-peak. Customers who make small changes in their daily routines can save even more.

Notably, customers with electric vehicles can save approximately \$274 per year by charging at night with the off-peak rate instead of during peak hours. TOD rates are also favorable for customers who use heat pumps, where energy consumption is higher overnight. Developing and implementing these new electric rates are crucial to managing the sales growth and peak demand from the electrification of transportation and heating.

This new rate encourages further decarbonization, as power generated during peak demand hours emits up to 50% more carbon than electric generation outside those hours. The generating units that run during peak hours are significantly less efficient.

LIPA is also offering eligible customers a Bill Protection Guarantee for the first year on the TOD rate. LIPA will automatically credit the difference if a customer’s electric bill on the TOD rate is higher than it would have been on the flat rate after 12 months.

For more information or to opt into the TOD rate, visit psegliny.com.

Peak Rate
benefit of
with a discount of
Flat Rate. It's a great
electric vehicle charging.

Peak Hours:
3 PM to 7 PM, Monday – Friday
(except federal holidays).

Off-Peak Hours:
All other weekday hours, all weekends
and federal holidays.

Super Off-Peak Hours:
Available to customers on the Super Off-Peak
Rate only, 10 PM to 6 AM, 7 days a week.

RELIABILITY INVESTMENTS

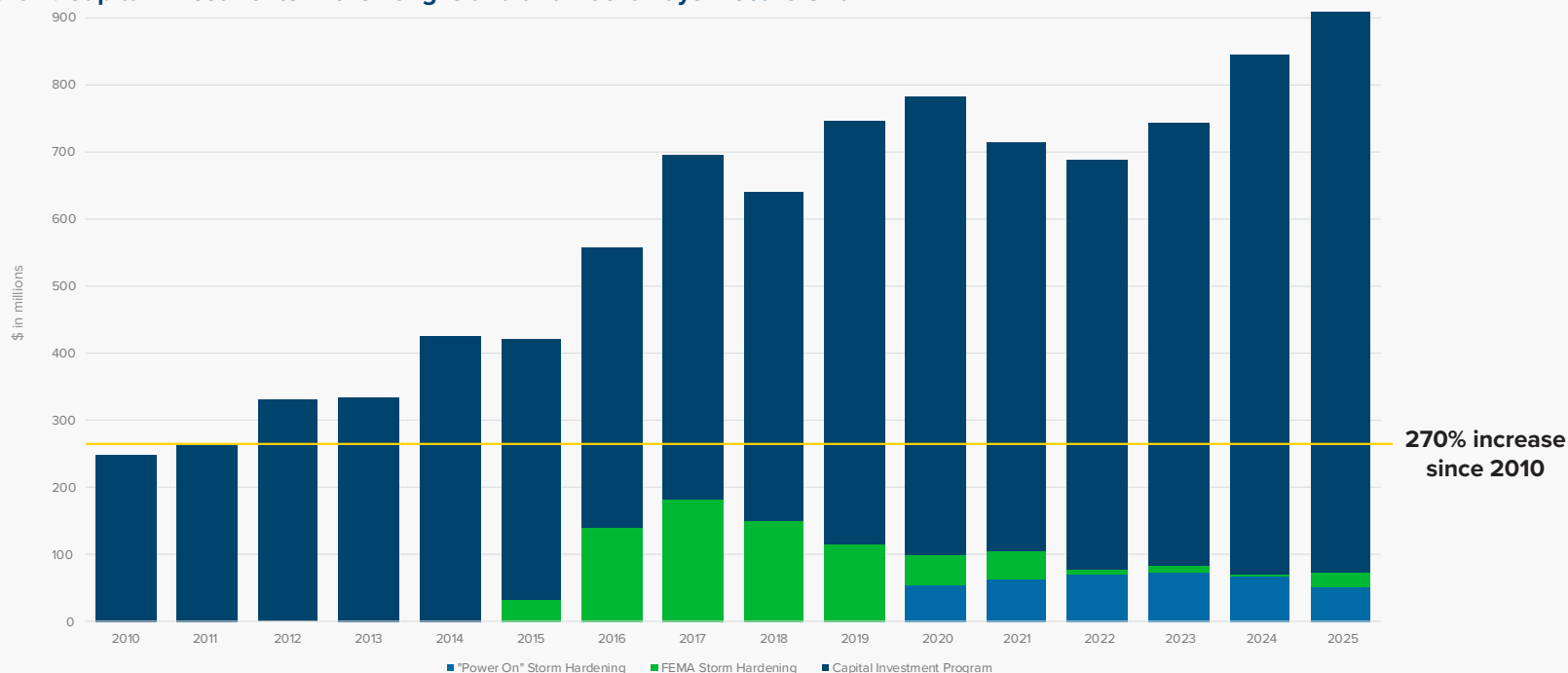
Above all, customers prioritize and deserve reliable and resilient electric service, and the LIPA Board has established ambitious goals to meet these needs.

Reliability is the electric grid’s capacity to deliver consistent and dependable power, even during frequent, low-impact events. The Board aims to achieve top 10% reliability among its peers while enhancing circuit conditions to ensure that no customer experiences significantly worse reliability than the average.

Resilience is the grid’s ability to endure and recover from infrequent, high-impact events. The Board’s resiliency goal focuses on countering the effects of climate change through multi-year initiatives designed to decrease both the frequency and duration of outages following major storms.

Since 2010, LIPA has committed a record \$9.4 billion – more than triple the investment rate from a decade ago, as illustrated in Figure 11. This unprecedented investment is driving improvements in reliability, boosting resilience, and integrating cutting-edge system designs and technologies to deliver exceptional value to customers.

Figure 11: Capital Investments in the Long Island and Rockaways Electric Grid

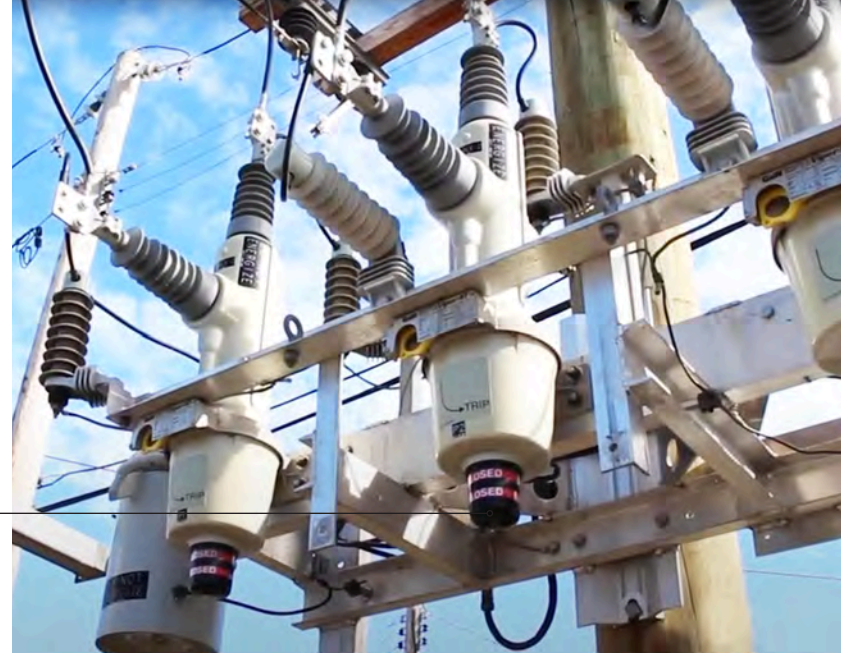


RELIABLE

RELIABILITY ACHIEVEMENTS

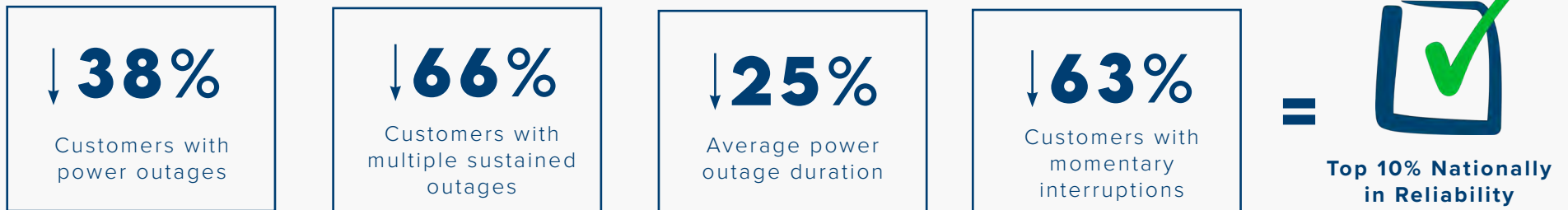
LIPA's investment in reliability has led to significantly improved outcomes, including a 38% reduction in customers experiencing power outages, as shown in Figure 12.

Over 900 smart switches have been installed to the LIPA system, limiting the amount of customers impacted during a fault in the system, enabling field operators to isolate the interruption and safely charge or discharge lines.



Reliability Investments = Real Results

Figure 12: **System Reliability Results**



LIPA and its service provider, PSEG Long Island, are committed to providing safe and reliable power within its service territory. Increasingly, however, extreme weather events such as storms and floods are threatening the electrical system. Long Island has already experienced challenges with customer service disruptions and electrical asset damage due to extreme weather events. Climate change increases certain chronic stressors of the system and is likely to increase both the frequency and severity of these events, further stressing the system.

In the last decade, the electric transmission and distribution system has been updated to better prepare for significant weather impacts. Following Superstorm Sandy in 2012, almost 1,400 miles of mainline distribution have been hardened to withstand stronger sustained winds and hurricane conditions. LIPA has also elevated equipment in several substations and installed protective floodwalls at three substations to protect utility assets against future flood risk.

As climate change continues to increase the frequency and severity of environmental hazard events, LIPA and PSEG Long Island are committed to investing in Long Island’s electric system to withstand current and projected climate impacts. This past year, PSEG Long Island completed a Climate Vulnerability Study, the findings of which guided the Climate Vulnerability Plan outlining necessary steps to protect against severe weather and climate change. Furthermore, LIPA is making multi-year investments in system resiliency, such as vegetation management and distribution hardening.

LIPA’s current five-year resiliency plan is expected to reduce customer outage minutes from a major storm by approximately 18% by 2025, as shown in Figure 13.

This plan includes:

- Hardening the worst-performing distribution circuits.
- Increasing hazard tree removal.
- Limiting the number of customers affected behind each smart switch to less than 500.
- Hardening transmission supply to every substation in a load pocket.⁶

Figure 13: Storm Resiliency Plan (2021-2025)

Program	2021	2022	2023	2024	2025	% System
	Units Completed	Units Completed	Units Completed	Units Planned	Units Planned	
Power On! Mainline Distribution Circuit Hardening	111.01	80.41 miles	51.76 miles	53 miles	37 miles	46.01%
Hazardous Tree and Large Limb Removal Program	7,115 trees	14,060 trees	11,000 trees	14,000 trees and large limbs	2,000 trees and large limbs	96.35%
New Trim-to-Sky Distribution Tree Trim Program	10 miles	215 miles	207 miles	198 miles	233 miles	98.38%
Deploying Smart Switches on Circuits	154 switches	149 switches	156 switches	150 switches	75 switches	100%
Decrease in Incidents/Mile on Hardened Portions of System Compared to Non-Hardened						48.0%

⁶ A load pocket is an area with high energy demand that is supplied by electric generation either within or outside the region.



Please
**KEEP OFF
THE
DUNES**

AMERICAN PUBLIC POWER ASSOCIATION AWARD

Each year, the American Public Power Association (APPA) recognizes excellence in electric utility operations and leadership with numerous awards and honors in public power. At its 2024 National Conference, LIPA was awarded the E.F. Scattergood System Achievement. This utility services award recognizes a community-owned utility that has enhanced the prestige of public power through outstanding service to customers. APPA is a not-for-profit organization, representing community-owned utilities that power 2,000 towns and cities nationwide.

To learn more visit, publicpower.org.



FEDERAL EMERGENCY MANAGEMENT AGENCY GRANTS

As a state authority, LIPA has access to federal grants for storm recovery and programs that fund eligible long-term mitigation projects that reduce the impact of disasters in the future. As provided under the Stafford Act, LIPA is eligible for two types of grants from the Federal Emergency Management Agency (FEMA). These include:

Public Assistance Grants: Provides supplemental grants to state, tribal, territorial, and local governments, and certain types of private non-profits so communities can quickly respond to and recover from major disasters or emergencies.

Hazard Mitigation Grants: Provides funding for eligible long-term solutions that reduce the impact of disasters in the future. Mitigation planning and actions break the cycle of disaster damage, reconstruction, and repeated damage.

LIPA continues to actively seek grant opportunities to alleviate the costs associated with storm recovery and climate resiliency for our customers. These grants are not available to for-profit utilities.

LIPA has received multiple grants from FEMA, including Public Assistance grants for recovery costs and Hazard Mitigation grants for system hardening. Following Superstorm Sandy (2012) and Tropical Storm Isaias (2020), LIPA received public assistance grants to reimburse costs associated with recovery efforts, and it successfully sought a hazard mitigation grant after Superstorm Sandy.

After Tropical Storm Isaias in 2020, LIPA filed for another Hazard Mitigation grant. In 2024, LIPA was awarded approximately \$425 million to continue its successful storm-hardening program. LIPA is also awaiting approval of an additional \$37.5 million Hazard Mitigation grant for Tropical Storm Isaias.

FEMA also awarded LIPA \$10 million in mitigation grants to replace utility poles in disadvantaged communities across its service territory. These and other pending grants are reducing the costs that would otherwise be paid by customers, totaling \$2.4 billion, as shown in Figure 14.

Billy Raley, LIPA's Senior Vice President of Transmission & Distribution, accepts the E.F. Scattergood System Achievement Award at the APPA National Conference in June 2024.

Figure 14: Summary of FEMA Grants for Storm Recovery Costs and Hardening Programs

\$ in millions

	LIPA Storm Costs	Federal Grants Awarded or Pending
Tropical Storm Irene (2011)	\$170	\$170
Superstorm Sandy (2012)	\$656	\$700
Sandy Mitigation – 428	--	\$730
Winter Storm Nemo	\$17	\$11
Winter Storm Stella (2017)	\$14	\$4
Tropical Storm Isaias (2020)	\$309	\$277
Isaias Mitigation – 406	--	\$425
Isaias Mitigation – 406	--	\$38*
COVID-19 Pandemic	\$26	\$6
COVID-19 Mitigation (2020-2022) – 404	--	\$10*
Tropical Storm Ida (2021)	\$9	\$7
Winter Storm Elliott (2022)	\$4	\$2*
Total	\$1,205	\$2,380

*Applied for - LIPA waiting for FEMA decision

CLIMATE CHANGE

Across the globe, extreme weather events are becoming more frequent and severe. According to the National Oceanic and Atmospheric Administration (NOAA), 2024 is poised to be another record-setting year for weather and climate disasters in the U.S., with costs running into billions of dollars for repairing affected communities and the tragic loss of human life. Notable events this year include wildfires, extreme rainfall events, devastating Hurricanes, record flooding, near-record warm ocean temperatures in the Atlantic, and a series of tornadoes across the central U.S. These occurrences illustrate the significant challenges that a changing climate poses to the resilience of our electric grid.

Year after year, we're witnessing record-setting temperatures, with July 2024 being the hottest month on record, according to NOAA's 175-year climate record. Global ocean temperatures also reached their second-highest levels ever recorded. This persistent heat underscores the growing urgency to address climate change. The rise in global temperatures is accompanied by significant impacts on weather patterns, sea levels, and ecosystems.

Home to over three million residents, Long Island is a peninsula in the Northeast, encompassing 1,600 miles of shoreline. Its geographical location makes it particularly vulnerable to the impacts of climate change, including rising sea levels, increased storm intensity, and coastal erosion.

In response to these challenges, LIPA and PSEG Long Island are actively involved in collaborative efforts through the New York Independent System Operator, the New York State Reliability Council, and the Electric Power Research Institute. These partnerships focus on integrating climate science into energy planning and enhancing best practices to build a more resilient and adaptable electric grid.

LIPA is also proactively implementing a range of strategies informed by the latest climate science, including:

- Implementation of a five-year storm hardening and resiliency plan.
- Incorporating temperature rise into load forecasting.
- Designing the electric grid for higher peak temperatures and Category 3 hurricane winds.
- Elevating flood-prone substations.
- Providing incentives for customer-owned energy storage systems.

Satellite image of Hurricane Milton forming over the Gulf of Mexico prior to making landfall on the Florida peninsula | September 2024

CLIMATE CHANGE VULNERABILITY STUDY AND RESILIENCE PLAN

Human-caused climate change is contributing to more severe weather here in New York and around the globe. Understanding the latest climate science and forecasts is critical to creating a more adaptable and resilient electric grid. With the completion of a Climate Change Vulnerability Study, we analyzed infrastructure and operational vulnerabilities predicted in the years ahead with climate hazards, including extreme heat, cold temperatures, extreme precipitation, coastal and inland flooding, high wind, and ice.

Subsequently, on behalf of LIPA, PSEG Long Island has developed a Climate Change Resilience Plan to identify actionable and cost-effective investment options that address the impacts of climate change on the electric system. The investments described in this plan are based on the latest, most relevant climate science reviewed for the Climate Change Vulnerability Study.

For more information, visit, psegliny.com.



PROPEL NEW YORK

With the influx of new clean energy from offshore wind, state policymakers recognize that our region’s transmission backbone must be expanded for offshore wind and other clean energy. In 2020, LIPA and Con Edison conducted technical studies to assess the need for system expansion and, based on the results of the study, recommended to the New York State Public Service Commission (PSC) that additional transmission capacity would be needed to enable offshore wind to be transmitted from Long Island to the rest of the state.

In 2021, the PSC declared a Public Policy Transmission Need and directed the New York Independent System Operator (NYISO) to procure the necessary transmission capability, with costs shared by electric customers statewide.

In June 2023, the NYISO selected the New York Power Authority and New York Transco through a competitive process to strengthen parts of the electric transmission network on Long Island, in New York City, and across Westchester County.

The transmission system is the network of lines and substations that carry electricity long distances from where it is generated to the local distribution systems that supply our homes and businesses. These improvements will enhance reliability and resiliency and help deliver more clean energy, including offshore wind, into the statewide electric grid.

Project features will include:

- Two new high-voltage interties connecting Long Island to New York City and Westchester County.
- Corresponding increases in transfer capability between Long Island and the rest of the state for import and export of energy.
- Capacity to handle the full output of 3,000+ MW of offshore wind interconnected to Long Island without curtailment.
- Improved system operational flexibility.

For more information visit, propelnyenergy.com



Figure 15: Propel New York Project Map



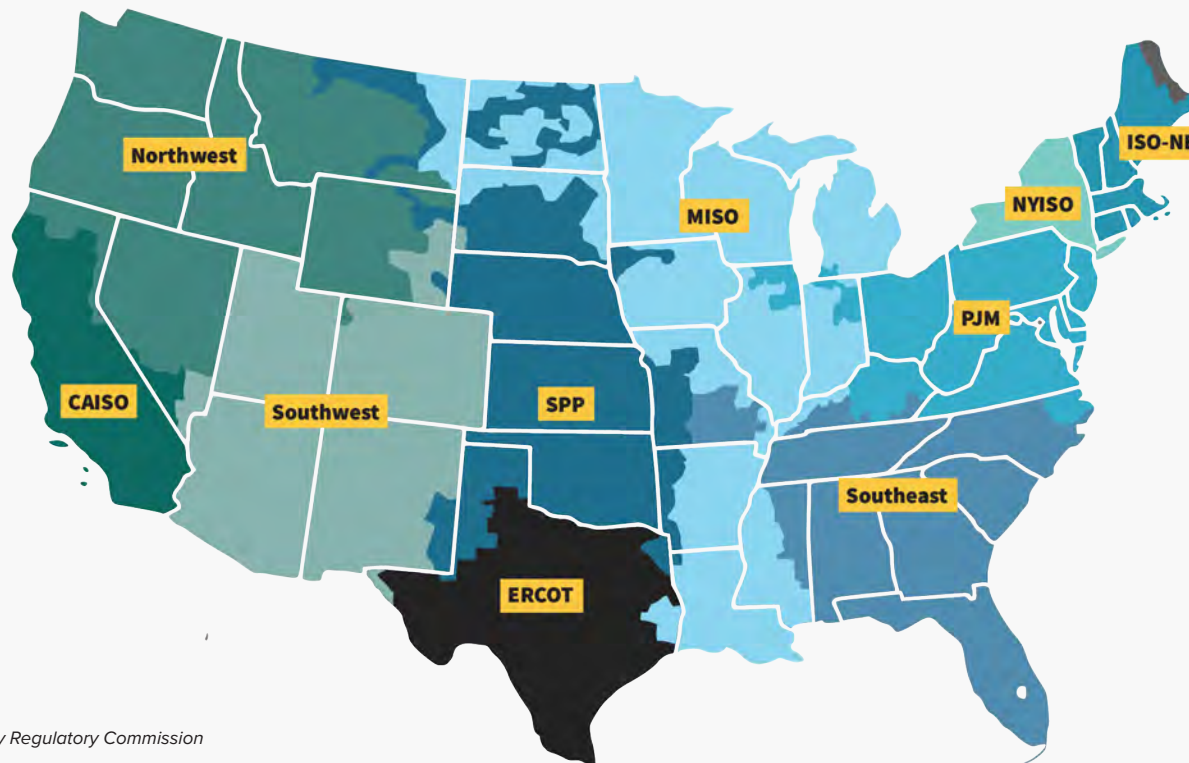
NEW INITIATIVE | POWER SUPPLY PRE-PAY TRANSACTION

LIPA recently executed a power purchase agreement (PPA) with the Southeast Energy Authority (SEA), a not-for-profit governmental public corporation based in Alabama. Starting in 2025, LIPA can purchase power in the PJM market representing a small portion (approximately 4%) of its retail customers' annual energy requirements at a significant discount – approximately \$5 per MWh.

Annual savings to LIPA customers are expected to be approximately \$4.5 million, for a **total initial savings of approximately \$32 million over the term.**

AFFORDABLE

Figure 16: Electric Power Markets⁵



⁵ Source: Federal Energy Regulatory Commission

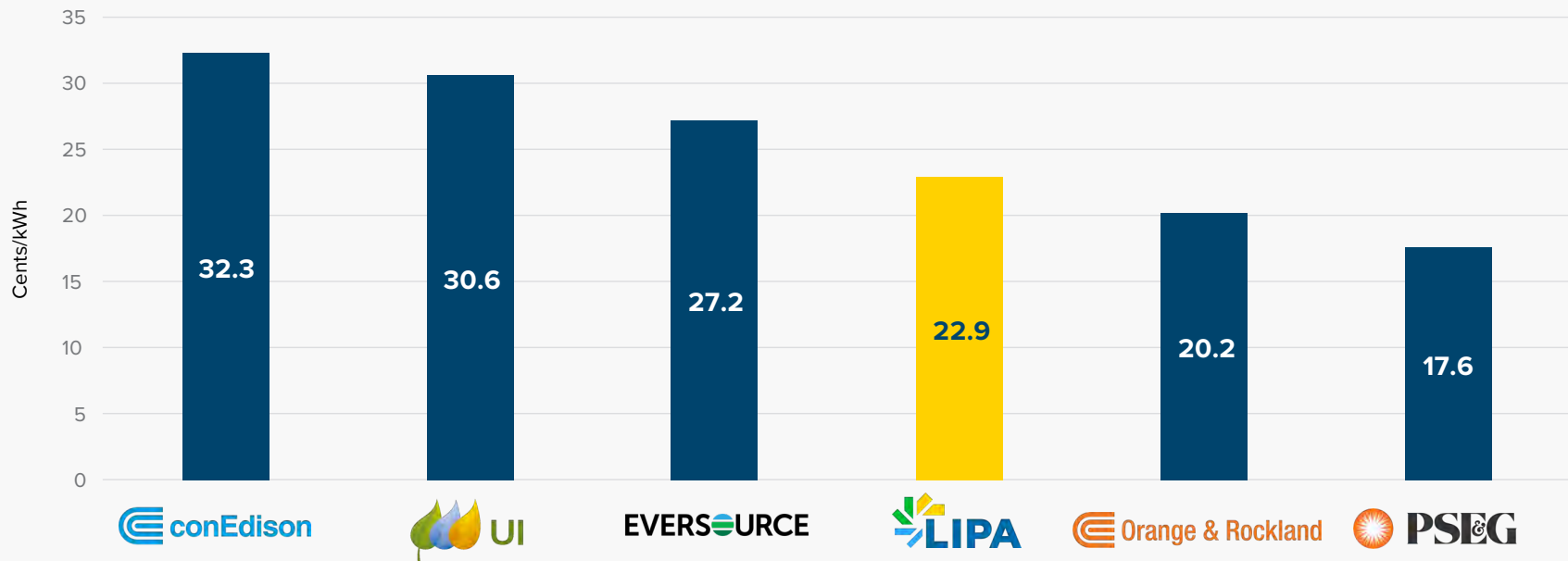


REGIONALLY COMPARABLE RATES

LIPA's vision for customer value and affordability is to maintain competitive electric rates compared to other regional utilities while transitioning to a zero-carbon electric grid, achieving industry-leading reliability, resiliency, and customer experience, and meeting the energy needs of low-income customers. And our goal for rate design is to provide customers with fair electric rates that are as simple as possible and that include opportunities for customers to save money.

LIPA's system's average electric rate was 22.9 cents in 2024, which is 29% below the highest-priced regional utility. The system's average electric rates of the regional utilities range from 17.6 to 32.3 cents per kWh, as shown in Figure 17.

Figure 17: 2024 System Average Rates⁶

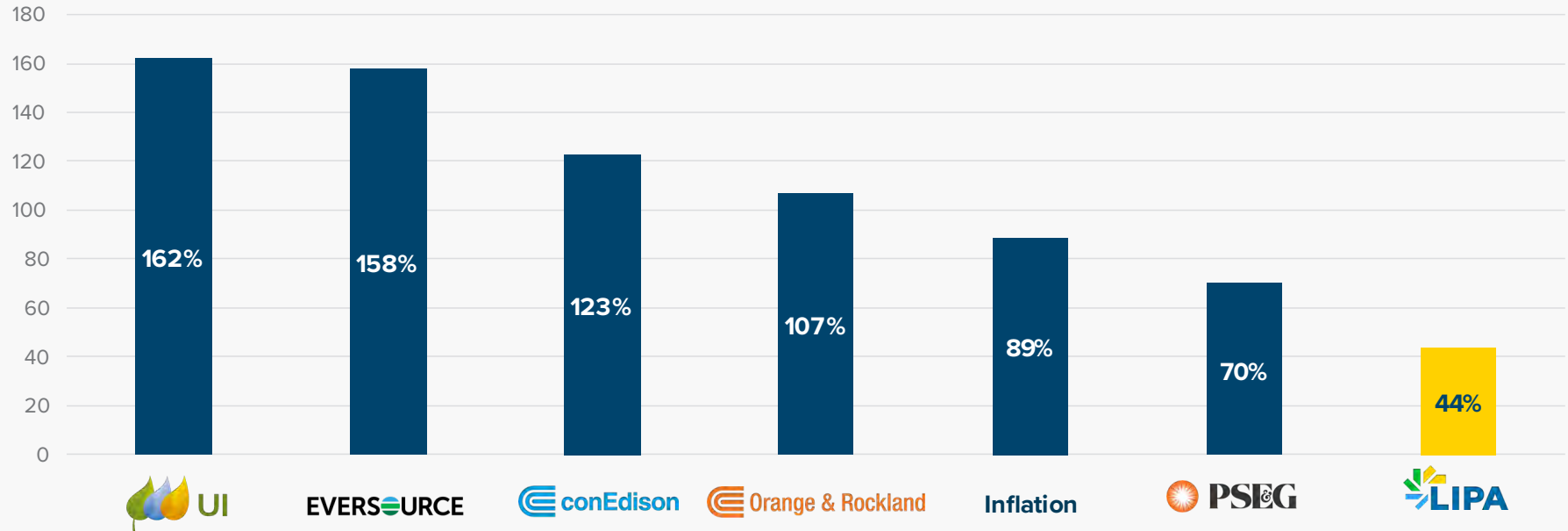


⁶ Due to significant regional differences, LIPA's policy is to benchmark against the five utilities surrounding its service territory rather than utilities in other regions. The New York metropolitan area has above-average labor, land, tax, and commodity costs and highly seasonal weather (i.e., electricity is used for cooling in the summer while other fuels are used for heating in the winter) causing the per kilowatt-hour electric rates to be above the national average of 12.7 cents per kilowatt-hour in 2023, according to the U.S. Energy Information Agency.

RATE INCREASES REMAIN LOWEST IN REGION

LIPA's system average rates have been competitive on a long-term basis, having risen slower than most other regional utilities during LIPA's stewardship of Long Island, as shown in Figure 18. LIPA's rates increased 44% since LIPA took over the Long Island grid, compared to a range of 70% to 162% for the other utilities. The consumer price index, a standard measure of inflation, increased 89% during this period.

Figure 18: Long-Term Increase in System Average Rates (1997-2024)⁷



⁷ Regional utility rates include the latest available information as of mid-2024.

ASSISTANCE FOR VULNERABLE CUSTOMERS

LIPA offers electricity bill discounts to low- and moderate-income customers with the goal that energy bills should be no greater than 6% of household income. We routinely assess and update our energy affordability discounts. In January 2024, LIPA's low-income customers received an additional \$4 million of funding (9%) through a 3.8% increase in the annual discount, which will continue in 2025. LIPA's Board also approved the expanded eligibility for the low-income program to align program qualifications with the other utilities across the state through Energy Affordability Programs. LIPA has set a goal for expanding participation from just under 40,000 participants to 50,000 participants by the end of 2025.

LIPA also offers enhanced heat pump incentives up to \$11,000 for low-income households. New federal tax incentives up to \$8,000 for low-income households installing heat pumps complement these enhanced rebates. LIPA also provides enhanced support for low-income households to improve the energy efficiency of their homes. Households can receive personalized energy audits and free or discounted energy-efficient appliances.

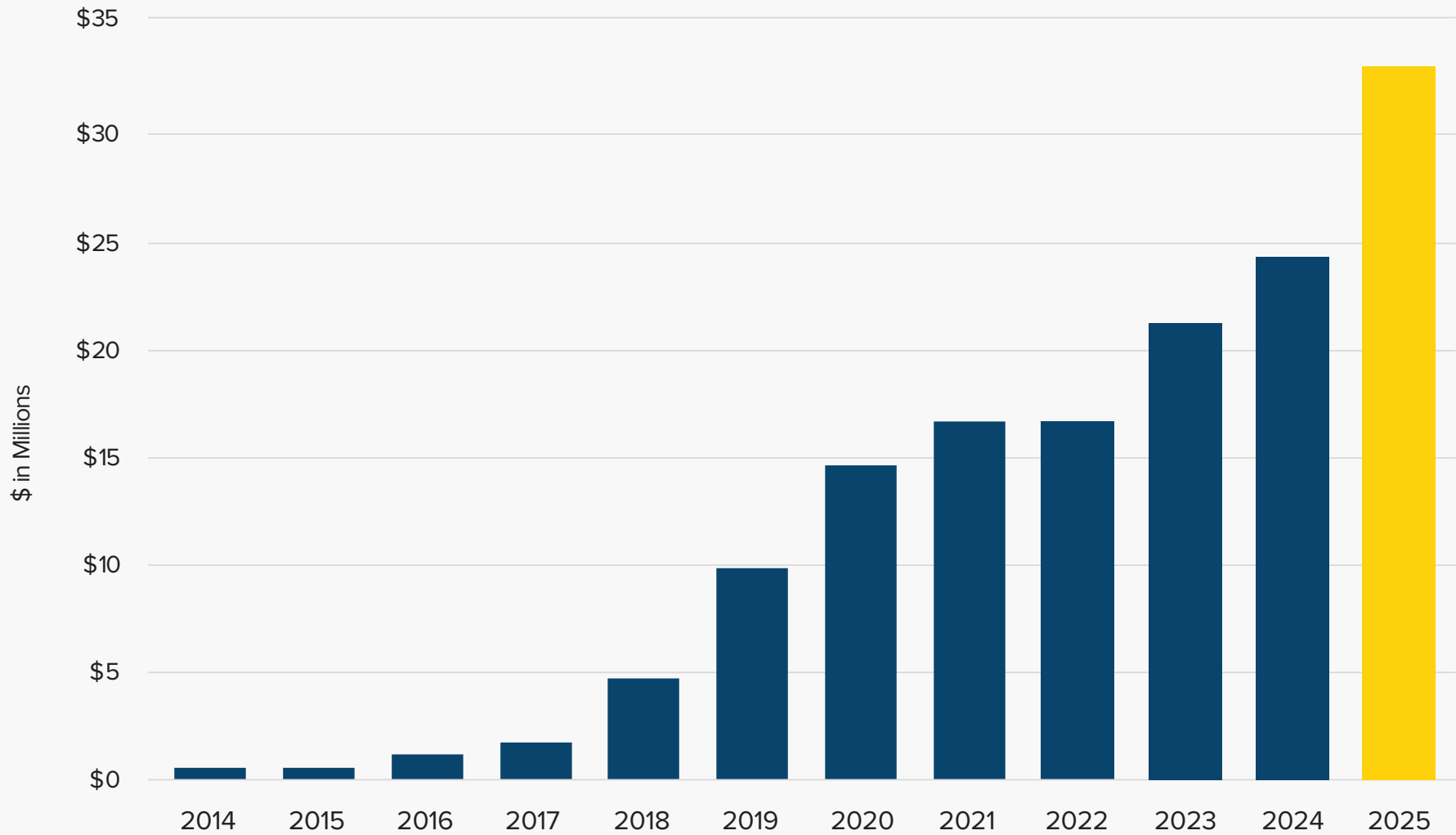
LIPA's proposed 2025 Budget includes \$5.95 million to support weatherization projects for low-income households. These projects will lower heating and cooling bills and provide extra comfort by eliminating leaks and drafts. In addition to this support, low-income households are eligible to participate in the Residential Energy Affordability Partnership program, which will offer an expanded menu of weatherization measures for low-income households in 2025.

For more information on the 2025 Proposed Budget, see Section III.

Additional initiatives include:

- Expanding the eligibility qualifications for the low-income rate discount program and extending the validity of program enrollment from 12 months to 14 months.
- Automating the enrollment of customers in the low-income rate discount program who have received a Home Energy Assistance Program and/or Supplemental Nutrition Assistance Program awards.
- Continuing participation in the Department of Public Service's Energy Affordability Policy Working Group.
- Allowing bill credits for low-income customers participating in the Solar Communities program.
- Increasing the whole-home heat pump rebate budget for low-income customers by 70% with an additional \$3.73 million, bringing LIPA's 2025 budget for whole-home heat pumps for low-income customers to just over \$9 million.

Figure 19: **Funding for Low-Income Customer Discounts**



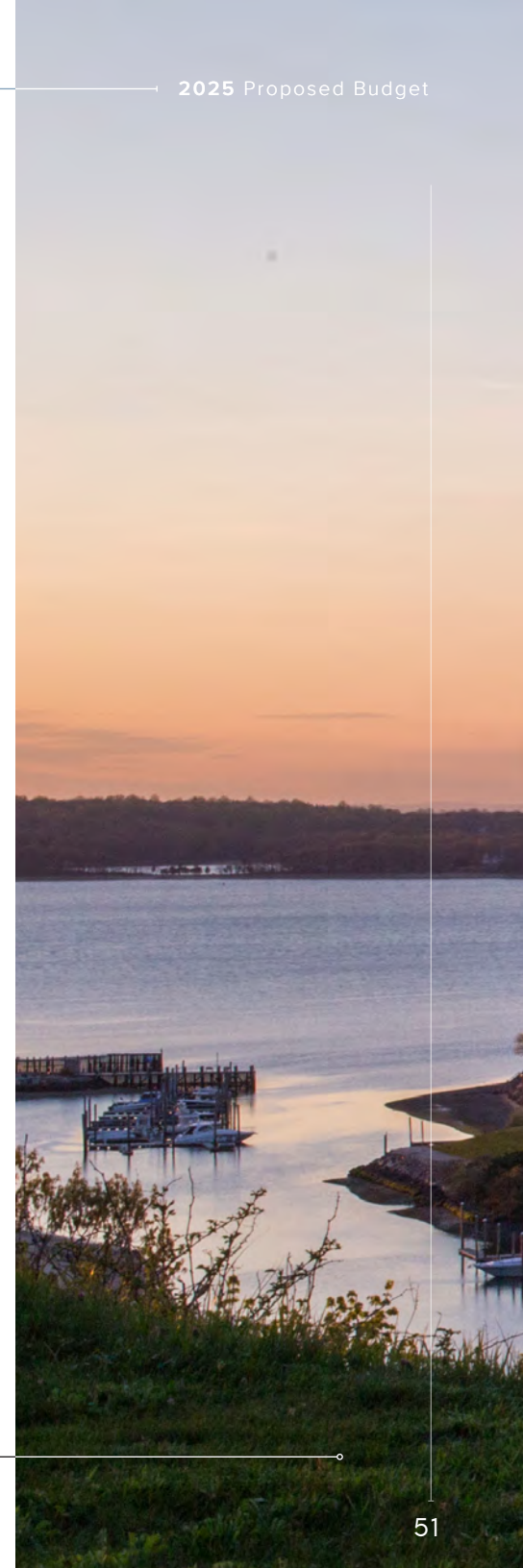
COMMUNITY

As a public authority, LIPA's purpose is to serve our customers and community. Under the direction of our Board, we put our customers first in all our actions, including by supporting community events, educational programs, and selected grants that further our mission to provide clean, reliable, and affordable energy for Long Island and the Rockaways.

Highlights of LIPA's community-based initiatives in this section include:

- Long Island Clean Energy Hub
- Ascend Long Island
- New York's Clean Transportation Prizes Initiative
- Jones Beach Energy & Nature Center

A scenic overlook in Asharoken, Long Island





LONG ISLAND CLEAN ENERGY HUB

LIPA is committing up to \$2 million over the next two years to support the Long Island Clean Energy Hub. This Hub is operated by the Cornell Cooperative Extension of Nassau County in collaboration with Molloy University, Hofstra University, United Way of Long Island, Renewable Energy Long Island, and the Cornell Cooperative Extension of Suffolk County.

The Long Island Clean Energy Hub represents a strategic partnership, funded in part by LIPA in collaboration with NYSERDA, with the goal of advancing clean energy education, accessibility, and economic development across Long Island. Managed by staff at the Cornell Cooperative Extension of Suffolk and Nassau County, the Hub is composed of a coalition of experienced, community-based organizations that provide critical resources and guidance to residents, small businesses, and affordable housing owners. These partners bring expertise in clean energy, energy efficiency, workforce development, home weatherization, health, housing, and other vital areas.

The Long Island Clean Energy Hub empowers communities to navigate and benefit from the clean energy economy, reducing energy costs, and fostering more sustainable practices. Key support from staff at the Hub includes:

- **Educating on the Clean Energy Economy:** Simplifies the concept of a clean energy economy, helping communities understand its relevance and potential benefits, particularly as New York State transitions to a more sustainable future.
- **Workforce and Economic Development:** Connects Long Islanders with job training and employment opportunities in the clean energy sector, supporting economic growth and workforce readiness for emerging clean energy industries.
- **Energy Efficiency Guidance:** Advises on the importance of home energy assessments, helping individuals and businesses identify ways to reduce energy use and costs. Staff also assist with applications for free energy assessments, ensuring that economic limitations don't prevent access to energy-saving opportunities.
- **Access to Incentives and Rebates:** Residents and business owners can learn about various incentives available for clean energy upgrades such as heat pumps, and building weatherization measures. Additionally, the Hub helps customers learn about making the transition to EV ownership.
- **Support for Clean Energy Upgrades:** Facilitates clean energy improvements in homes and businesses, promoting safer, energy-efficient environments by connecting consumers with qualified contractors.

LIPA's support of the Long Island Clean Energy Hub underscores its commitment to building resilient, sustainable communities by leveraging local expertise and fostering connections. Through these collaborative efforts, the Hub brings essential clean energy resources directly to Long Islanders and ensures that all residents have the tools to participate in New York's clean energy transition.

To learn more about the Long Island Clean Energy Hub, visit lismartenergychoices.org.

ASCEND LONG ISLAND PROGRAM

LIPA is a proud supporter of Ascend Long Island, a respected initiative that builds the capacity of diverse local businesses to access large corporate supply chains. Now in its sixth year, Ascend provides crucial training in management, marketing, finance, and networking, preparing minority-owned businesses to compete for contracts with major organizations such as JPMorgan Chase, Northwell Health, National Grid, and others.

Through Ascend, more than 60 Long Island businesses have gained key skills, with some achieving significant growth and Minority and Women-Owned Business Enterprise certification, enhancing their ability to secure larger contracts. Additionally, smaller businesses benefit from “Ascend Prep,” a foundational track offering essential skills for future growth.

LIPA's support of Ascend aligns with its commitment to diversity and inclusion, helping to grow a resilient, diverse economy. As Long Island transitions toward clean energy, this partnership is also preparing minority-owned businesses to support the region's clean energy goals, ensuring that historically underserved communities share in the economic benefits of the green energy transition. This collaboration is a strategic investment in Long Island's inclusive and sustainable future.

NEW YORK'S CLEAN TRANSPORTATION PRIZES INITIATIVE

Underserved communities are most at risk for the effects of climate change. Awarded in 2022, the New York State Energy Research and Development Authority (NYSERDA) administered a Clean Transportation Prizes Initiative, giving more than \$85 million toward community-level projects that innovate clean transportation solutions across the state. With a \$7 million contribution to the initiative, LIPA ensured that communities on Long Island and in the Rockaways would benefit. Circuit Transit, Inc., a leading provider of electric vehicle mobility solutions, was one of ten winners of the Prizes announced in November 2022 in the Electric Mobility Challenge category.

This exciting initiative directly benefits disadvantaged communities and the varied solutions will help New Yorkers reach destinations more easily, more affordably, and in better health. They directly serve the state's nation-leading goal to reduce greenhouse gas emissions by 85% by 2050 – with a focus on improving mobility options, job opportunities, and air quality in the historically disadvantaged communities where the projects will be located.

Circuit's 'Rockaway Rides' and 'BrentwoodGo' programs are now providing convenient and affordable connections aimed at closing the last-mile gap and reducing carbon emissions from the transportation sector.



BENEFITS OF E-MOBILITY

E-mobility, or electromobility, refers to the use of electrified vehicles for transportation purposes. Public transit agencies, businesses, municipalities, and community-based organizations across New York State can help advance e-mobility in their communities and service territories. E-mobility can promote a variety of environmental, health, and economic benefits, including:

- Improved air quality and public health from reduced tailpipe emissions.
- Reduced road congestion by increasing the use of shared mobility and micro-mobility options.
- Expanded access to affordable transportation options like e-bikes and e-scooters.
- Fewer greenhouse gas emissions in communities and from fleet and transit operations.
- Lower operation and maintenance costs than gas-powered vehicles.
- Increased connectivity between public transit stops and the first and last leg of commuter trips.

Circuit uses battery-electric vehicles and operates in collaboration with community partners, bringing affordable transportation services to communities that need them the most. It offers an eco-friendly, on-demand option, similar to Lyft and Uber, that creates local jobs and enhances our local communities.

Since December 2023, Circuit has provided Rockaways residents with over 5,000 rides. And, in September 2024, Circuit launched its program in Brentwood at no cost, before transitioning to a flat fare of \$2.50.

For more information, visit ridecircuit.com/service.

Gary Stephenson, LIPA's Senior Vice President of Power Supply, and the LIPA team celebrates the launch of Circuit's new on-demand electric transportation service for the Brentwood community in October 2024.



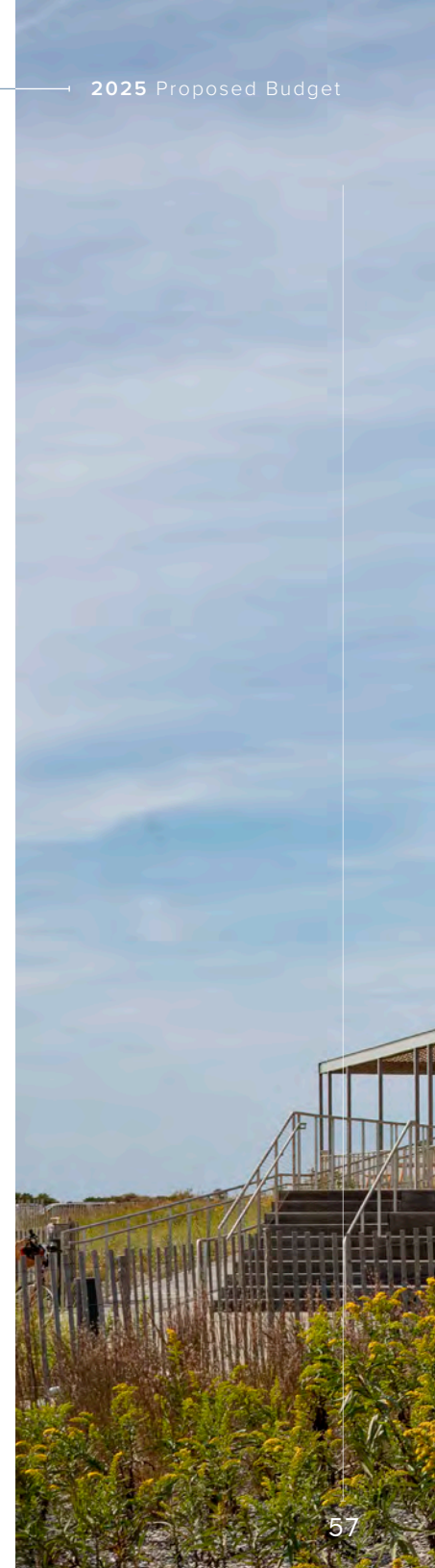
JONES BEACH ENERGY & NATURE CENTER

In September 2020, LIPA, together with New York State Parks, Recreation and Historic Preservation, opened a new Energy and Nature Center at Jones Beach State Park. The center serves a unique role in engaging the public around one of LIPA's most important priorities – transitioning to a clean, low-carbon energy future for Long Island and the Rockaways.

Located on the beachfront of one of Long Island's iconic barrier islands and one of the most visited state parks, the 12,000-square-foot complex is a net-zero energy building. Through a variety of hands-on and accessible indoor and outdoor exhibits, educational programming, and public events, the center showcases ways to be a conscientious steward of our environment and a smart energy consumer – creating a more resilient and sustainable future.

The facility is made possible through a partnership between LIPA, New York State Parks, Recreation and Historic Preservation, and a consortium of public and private partners.

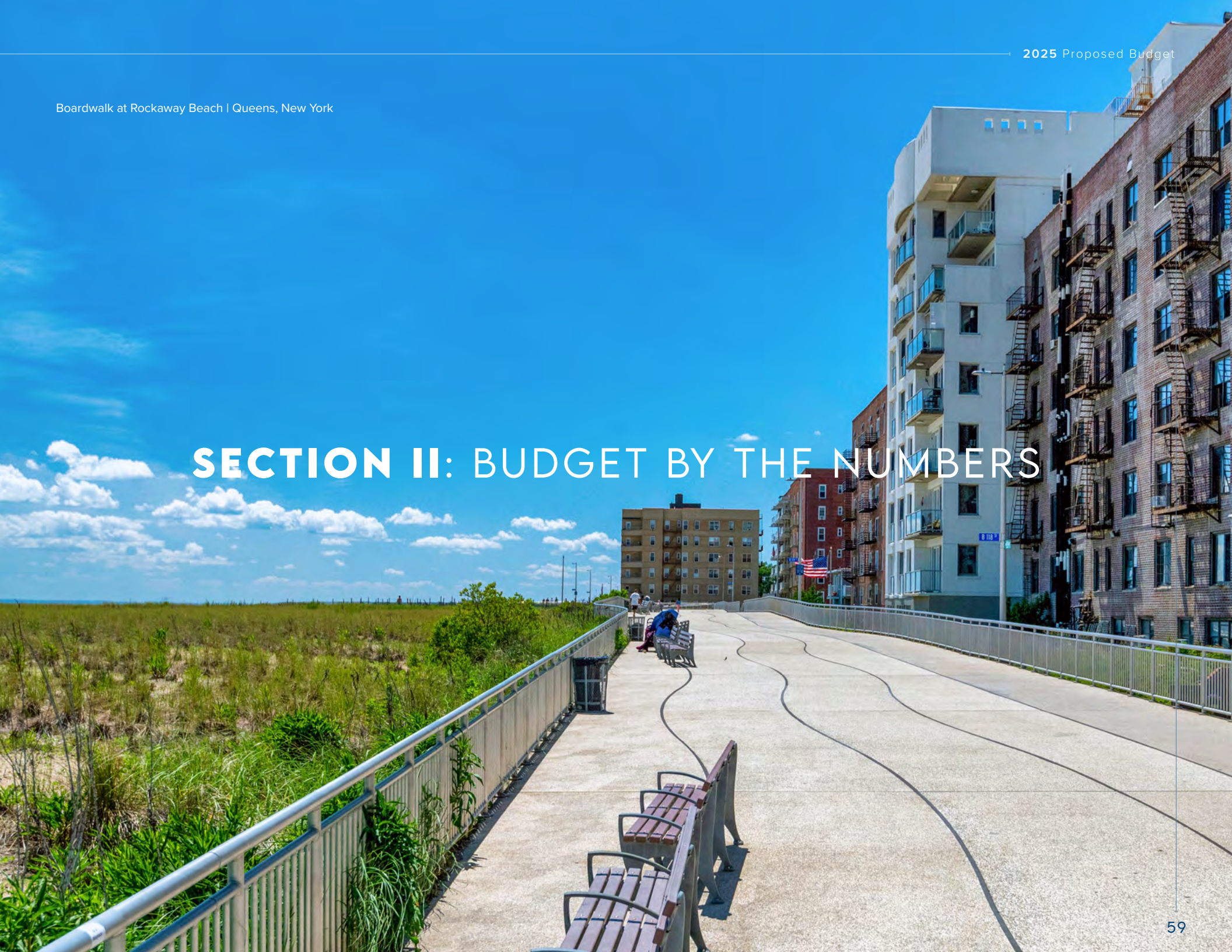
For more information, visit jonesbeachenc.org.





Boardwalk at Rockaway Beach | Queens, New York

SECTION II: BUDGET BY THE NUMBERS





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HOW BUDGETS ARE DEVELOPED

The development of LIPA's budget starts with our Board of Trustees, who define our purpose and vision and set expectations for the strategic outcomes that management is expected to deliver in the areas of reliability, customer experience, clean energy, affordability, information technology, and fiscal sustainability. The process also sets financial targets to ensure that the budget will achieve the Board's key financial metrics policy and a Fixed-Obligation Coverage Ratio of at least 1.40x.

The Board's strategic outcomes are incorporated into [5-Year Strategic Roadmaps](#), which prioritize our efforts and resources toward initiatives that will most significantly benefit our customers. Each year, those initiatives are translated into granular work plans, performance metrics, and budgets for the Board's review and approval.

Our annual planning and budgeting process draws from extensive and rigorous reviews to define performance metrics and make tradeoffs of cost and business benefits, yielding the right-sized solutions that demonstrate stewardship of customer resources.

The proposed 2025 Budget reflects months of effort by LIPA and PSEG Long Island staff, starting with initial budget and performance metric proposals reviews and resulting in detailed line-item and project-level reviews. Wherever possible, staff works to identify cost savings and seeks external grant funding to help fund various initiatives to reduce the impact on customers.

The process results in a budget and performance metric proposal to the LIPA Board in November, with an independent recommendation by the Department of Public Service for the Board's consideration in December, following public hearings. Throughout this entire process, LIPA serves as our customers' representatives. As a not-for-profit public power utility, we put our customers first in our actions and decisions.

2025 PROPOSED BUDGET

The 2025 Budget consists of an **Operating Budget of \$4.43 billion** and a **Capital Budget of \$928 million**.

The Operating Budget, shown in Figure 20, funds the delivery and power supply costs, energy efficiency and distributed energy programs, taxes, and debt service (and related coverage). The Capital Budget, shown in Figure 21, funds long-life infrastructure investments such as transmission lines, substations, poles, wires, and storm hardening as well as information technology, vehicle fleet, and other assets.

Figure 20: **Proposed 2025 Operating Budget**

2025 Proposed Operating Budget (\$ thousands)	
Operating Revenues	4,336,664
Grant & Other Income	89,735
Total Revenue & Income	4,426,399
Power Supply Costs	1,905,359
Delivery Costs	940,925
PILOTs, Taxes & Fees	513,982
Interest Payments	428,299
Debt Reduction	637,834
Operating Budget	4,426,399
Fixed Obligation Coverage	
LIPA Debt Plus Leases	1.40x
LIPA & UDSA Plus Leases	1.26x

Figure 21: **Proposed 2025 Capital Budget**

2025 Proposed Capital Budget (\$ thousands)	
Capital Projects	841,800
Storm Hardening	85,934
Capital Budget	927,734
Funding from Operating Budget	304,835
FEMA Grants	29,881
Debt Issued to Fund Projects	593,018
Funding Sources	927,734
Percent of Capital Projects Funded from Debt	64%



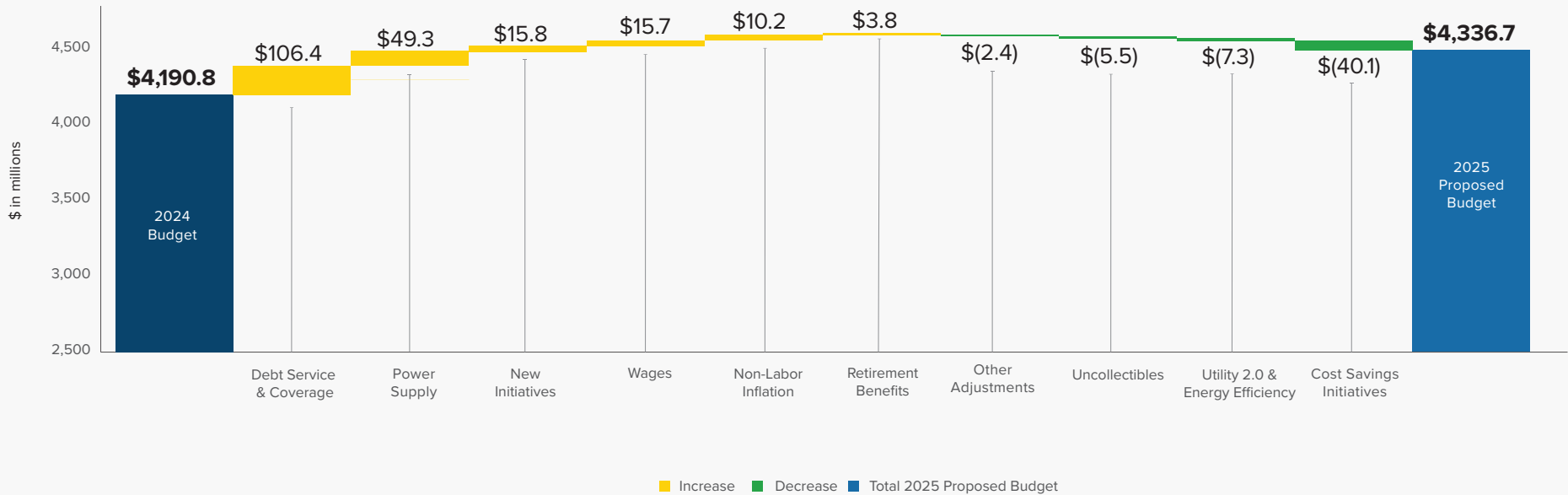
WHAT IS AN OPERATING BUDGET?

LIPA's Operating Budget funds delivery and power supply costs, energy efficiency and distributed energy programs, taxes, and debt service.

Operating Budget Changes

Despite increases in labor costs and overall inflation, productivity and other cost savings initiatives provided offsets to allow LIPA to remain relatively flat in operating costs while ensuring sufficient funding to maintain and operate the electric system in a manner that meets LIPA's Board of Trustee policy objectives. However, due to increased debt service requirements and power supply costs, total operating revenue will increase to \$4.3 billion, an increase of \$146 million (3.5%) compared to 2024.

Figure 22: 2025 Proposed Operating Budget as Compared to 2024 Budget



CHANGES IN OTHER MAJOR CATEGORIES OF THE OPERATING BUDGET

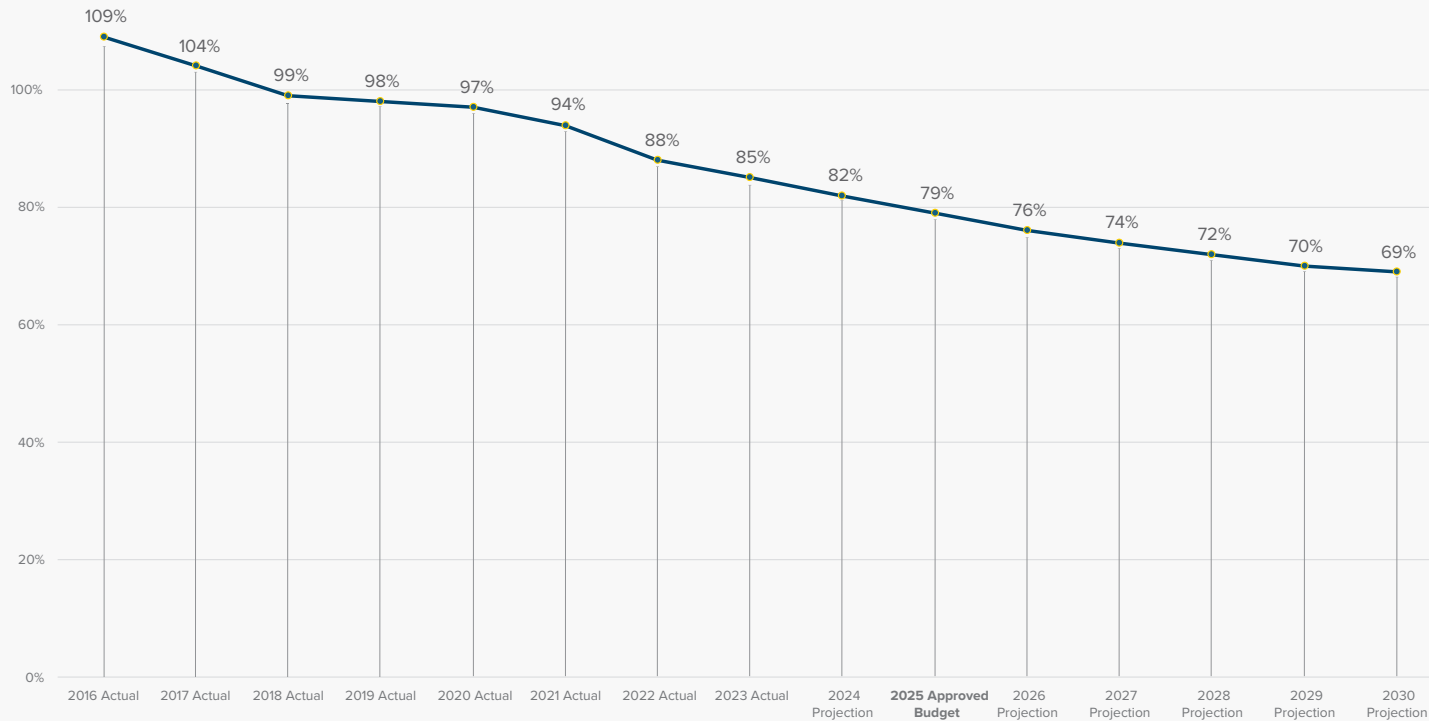
Debt Service Requirements and Coverage	Debt service payments and related coverage (i.e., the cash contribution to capital projects in lieu of issuing debt) are budgeted to increase by \$106 million (12%) in 2025. This is comprised of an increase in debt service payments of \$73 million, a corresponding increase in associated fixed-obligation coverage (i.e., cash contributions to capital projects) of \$23 million, and higher interest costs of \$4 million. Also contributing to the increase is lower estimated investment earnings of \$7 million.
Non-Labor Inflation	Based on projected inflation, non-labor expenses are budgeted to increase by \$10.2 million (3.1%) in 2025.
Retirement Benefits	Retirement benefits for PSEG Long Island employees (including pensions and post-employment benefits) are budgeted to increase by \$3.8 million. Amounts are calculated on an actuarial basis (updated annually) and can be volatile due to market conditions. As such, these costs are subject to reconciliation under LIPA's Delivery Service Adjustment.
Wages	Wages are projected to increase by \$15.7 million (3.5%) in 2025.
New Initiatives	New initiatives are budgeted at \$15.8 million for 2025, including investments to improve management and the reliability of the electric grid, cybersecurity initiatives, continued support for the transition to Time-of-Day rates, and planning for new information technology systems. To learn more about these initiatives, see LIPA's report on 2025 Performance Metrics.
Storm Budget	LIPA's storm budget funds the preparation, response, and repairs necessary to restore electric service after major storms. For 2025, the storm budget of \$84 million remains unchanged. As shown in Figure 25, storm costs can vary significantly from year to year, depending upon the severity of weather events.
Utility 2.0 & Energy Efficiency	Utility 2.0 and Energy Efficiency funding supports programs designed to promote energy efficiency, clean energy, and beneficial electrification. The budgets are based on an annual filing made by PSEG Long Island with LIPA and the Department of Public Service in July of each year. The Utility 2.0 and Energy Efficiency budget will decrease by \$2 million, or 2%, in 2025. However, more funding is being allocated to residential programs. An additional \$5 million collected in the 2024 Budget related to certain New York State Energy Research and Development Authority programs will be deferred for use in 2025, resulting in a decrease to the 2025 Budget.
Uncollectibles	Lower projected Uncollectible expenses by \$6 million (19%) in 2025.
Cost Savings Initiatives	PSEG Long Island will maintain its operating expenses at \$686 million in 2025 through productivity and other cost-saving initiatives.

IMPROVING LIPA'S CREDIT RATINGS

In 2013, LIPA had the lowest credit ratings among large public power utilities and was paying higher interest rates and bank credit costs than other utilities.

In 2015, the LIPA Board adopted a policy on **Fiscal Sustainability** – a financial plan to reduce LIPA's leverage and financing costs to industry levels. The Board's plan will reduce LIPA's debt-to-assets ratio from 110% in 2016 to 70% by 2030. By comparison, LIPA's debt-to-assets ratio was over 230% upon the acquisition of the Long Island Lighting Company in 1998, primarily because of the legacy of the Shoreham Nuclear Power Plant. A 70% debt ratio, along with other credit strengths, should allow LIPA to achieve the AA-category credit ratings typical for large public power utilities.

Figure 23: LIPA's Improved Debt-to-Asset Ratio



This plan has proven successful, allowing LIPA to achieve five credit rating upgrades, the latest from Fitch Ratings in July 2024. Fitch upgraded LIPA to an A+ rating with a stable outlook, noting LIPA’s improved leverage ratio, which has decreased over the past five years and is expected to decline further in future years. **This improvement is supported by strategic budgeting and higher fixed-obligation coverage.** Standard and Poor’s and Moody’s also affirmed LIPA’s bonds at A and A2 with stable outlooks, respectively.

Additionally, in 2024, LIPA offered two new bonds exceeding \$1 billion (Series 2024A and Series 2024B) to support system improvements, storm hardening, and debt refinancing efforts. These included:

- Series 2024A:** ~\$717 million in electric system general revenue bonds.
- Refunded certain Series 2014A Bonds for present value debt service savings of \$62M.
 - Funded \$400M of system improvements.

Series 2024B: ~\$288 million electric system general revenue bonds (fixed rate mandatory tender bonds).

Figure 24: **LIPA Continues to Receive Credit Rating Upgrades**

	2013 Ratings (Outlook)	2024 Ratings (Outlook)
S&P Global	A- (Negative)	A (Stable)
FitchRatings	A- (Negative)	A+ (Stable)
MOODY’S	Baa1 (Negative)	A2 (Stable)

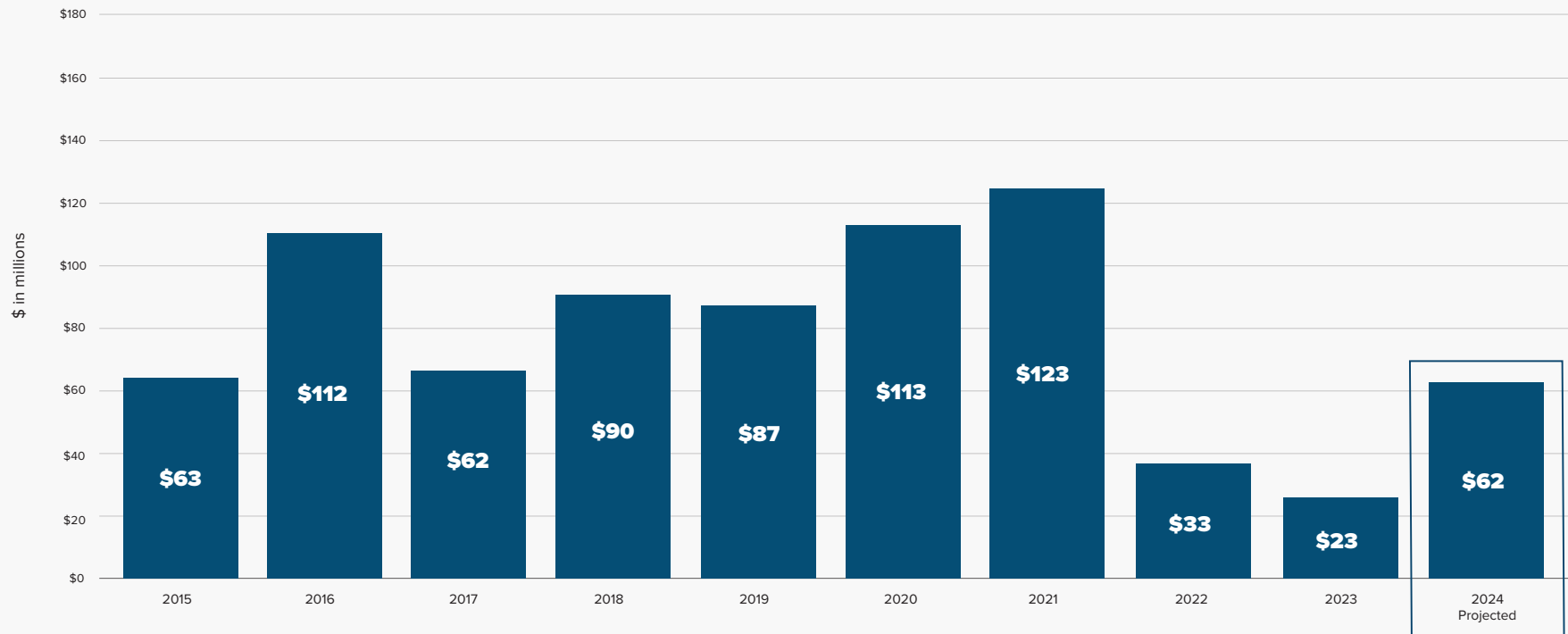
REDUCING COSTS THROUGH THE UTILITY DEBT SECURITIZATION AUTHORITY

In 2021, LIPA was successful in obtaining a bill in the New York State Legislature authorizing the issuance of additional Utility Debt Securitization Authority (UDSA) securitized bonds to refinance certain bonds and to fund investments in transmission and distribution system resiliency. UDSA bonds have triple-A credit ratings and provide a lower cost of funding than issuing LIPA bonds for the same purpose. With these legislative changes, UDSA may issue an initial par amount of up to \$8.0 billion of securitized bonds (inclusive of the bonds already issued).

Since 2013, UDSA has successfully refinanced approximately \$6.2 billion of LIPA and UDSA bonds, achieving \$579 million in net present value debt service savings. UDSA also funded \$241 million of storm-hardening investments through the sale of “green bonds.” UDSA has approximately \$1.7 billion in statutory capacity remaining for the additional issuance of UDSA bonds to achieve further savings for our customers.

For more information, visit lipower.org/finance/udsa.

Figure 25: **LIPA Storm Costs (in \$ millions)***



* Excludes storm costs that were reimbursed by FEMA grants.

WHAT IS A CAPITAL BUDGET?

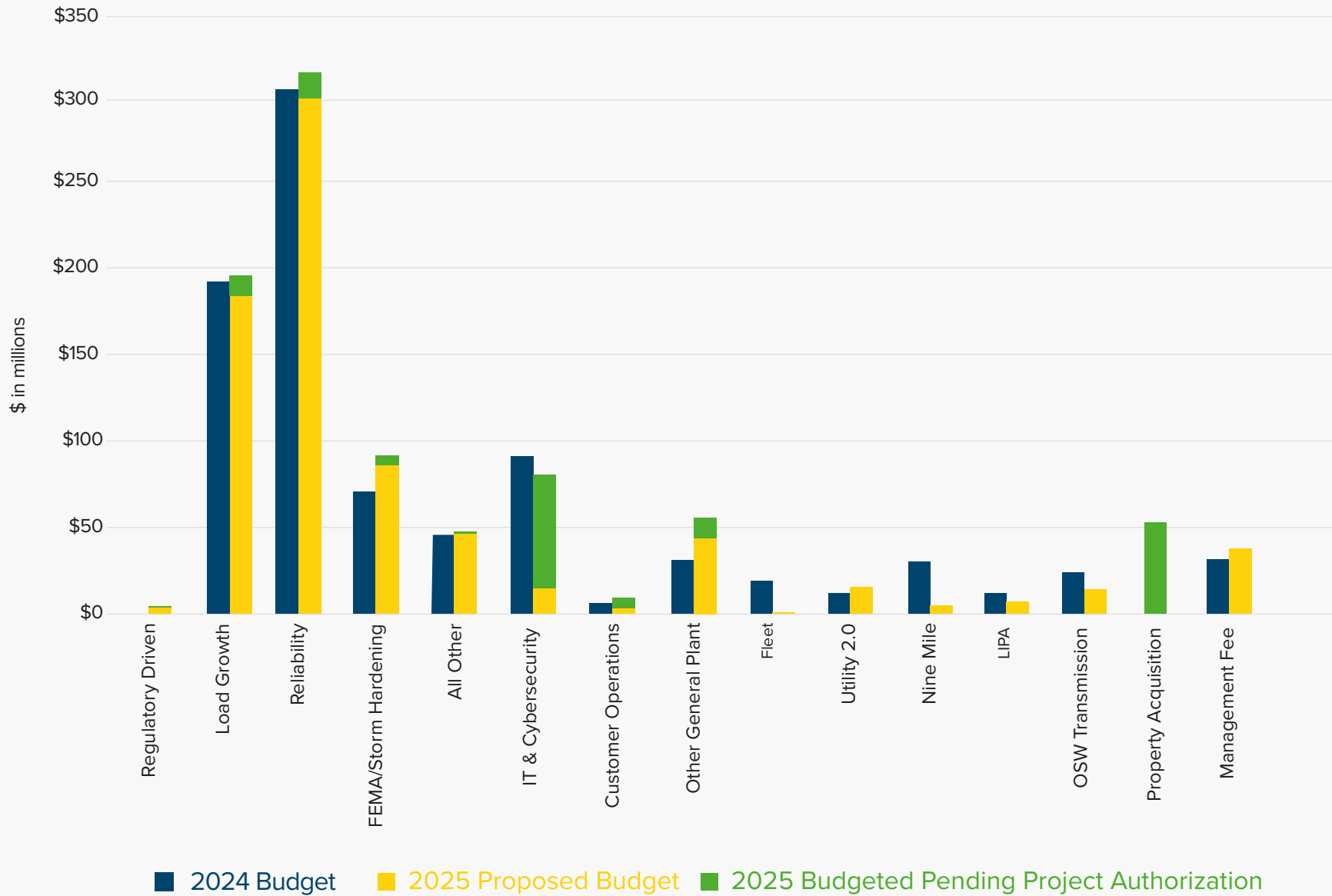
LIPA's Capital Budget funds long-life infrastructure investments such as transmission lines, substations, poles, wires, and storm hardening, as well as information technology, fleet, and other assets. LIPA's Board Policy on Fiscal Sustainability ensures budgeting a 1.40 fixed-obligation coverage ratio that will generate sufficient cash flow from revenues to achieve a 70% debt-to-asset ratio by 2030. As a result, a portion of LIPA's capital spending is funded with revenue generated from coverage, while the balance is financed primarily with tax-exempt general revenue bonds.

Capital Budget Changes

As shown in Figure 26, the proposed 2025 Capital Budget is \$928 million, an increase of \$22 million (2.5%) compared to the 2024 Budget of \$905 million.

The proposed 2025 Capital Budget continues significant investments in the electric grid to enhance reliability, resiliency, and information technology systems. Significant items for 2025 include the addition of transmission projects for offshore wind and funds to develop a new operations yard. The budget includes \$174 million for pending project authorizations, which are budgeted resources held outside of the PSEG Long Island Capital Budget, pending additional project information. These primarily relate to transmission and distribution system initiatives (\$33 million), information technology projects (\$58 million), cybersecurity (\$3 million), and customer service projects (\$6 million), as detailed in Section III.

Figure 26: 2025 Proposed Capital Budget as Compared to 2024



WHAT MAKES UP YOUR ELECTRIC BILL?

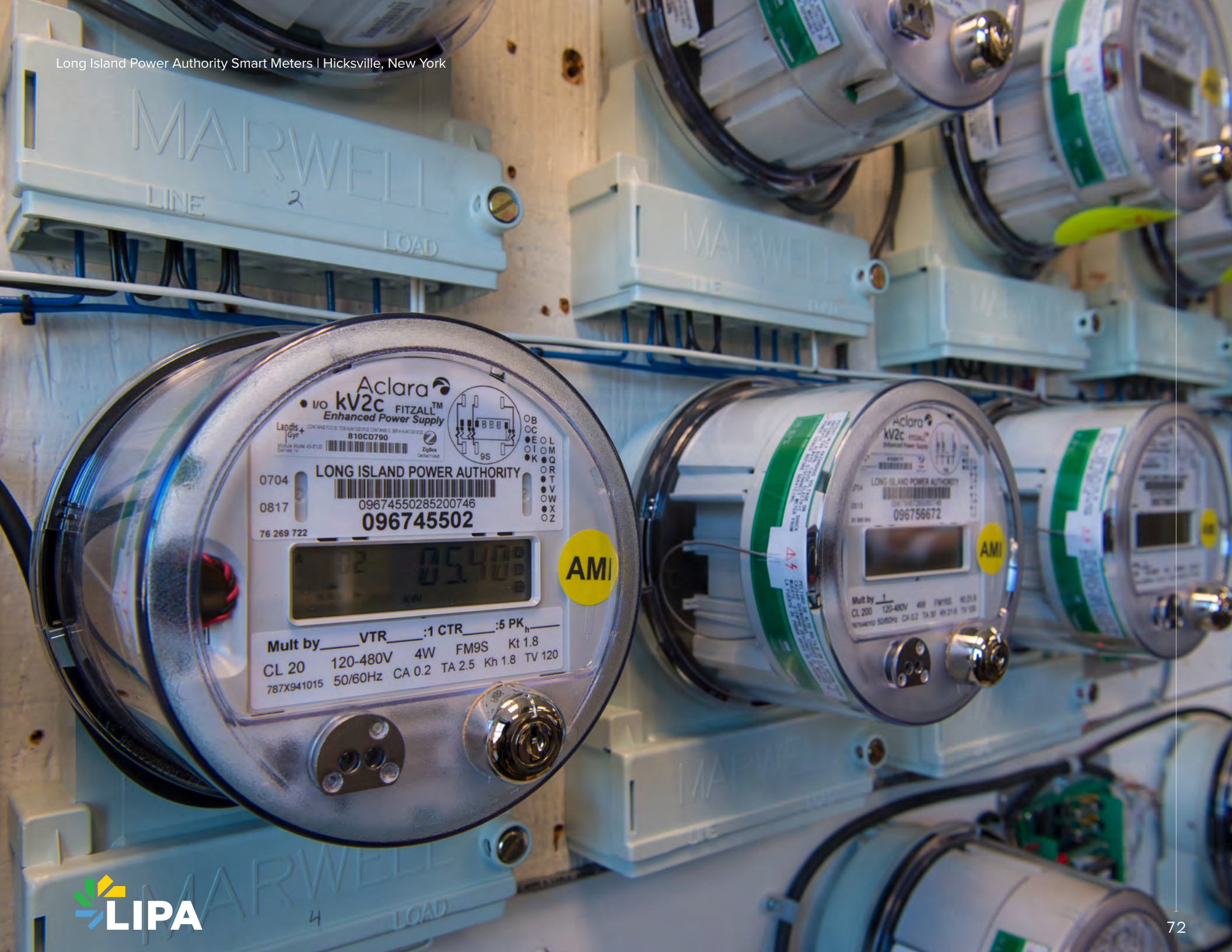
The Residential Bill consists of multiple charges that recover various costs. Charges are based on:

- usage (kWh or days) times price (\$/kWh, \$/day); or
- percent of other charges (e.g., revenue and sales taxes).

The Board approves rates for Delivery Service and all other rates are based on Board-approved formulas that recover specific costs. Bills depend on actual usage and electricity costs while the budget uses forecasts.

Figure 27: **Components of a Residential Bill**

Charge	Costs Recovered	Billing Factor
Delivery Service	PSEG Long Island O&M plus LIPA O&M plus T&D property taxes plus debt service minus other income	kWh and number of days
Power Supply	Power supply capacity, commodity, and renewables	kWh
Merchant Function Charge (MFC)	Other costs related to the power supply (bad debt, collections expenses, procurement and, working capital)	kWh
Distributed Energy Resources (DER)	Energy Efficiency and Utility 2.0 program expenses	kWh
Delivery Service Adjustment (DSA)	Variances in debt service, storm expense, pensions and OPEBs, and bad debt	Percent of Delivery Revenues
Revenue Decoupling Mechanism (RDM)	Variances in revenues	Percent of Delivery Revenues
New York State Assessment (NYSA)	Department of Public Service and other government assessments	Percent of Delivery Revenues
Suffolk Property Tax Adjustment (SPTS)	Settlement Costs from Suffolk County customers	Percent of above charges
Revenue-Based PILOTS	Revenue taxes are assessed by state and local municipalities.	Percent of above charges
Sales Tax	Collected on behalf of New York State and three Counties.	Percent of above charges



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LONG ISLAND POWER AUTHORITY

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AMI

Mult by VTR :1 CTR :5 PK
CL 20 120-480V 4W FM9S Kt 1.8
787X941015 50/60Hz CA 0.2 TA 2.5 Kh 1.8 TV 120

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LONG ISLAND POWER AUTHORITY

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AMI

Mult by 1
CL 200 120-480V 4W FM100 Kt 2.0
787X941015 50/60Hz CA 0.2 TA 3.0 Kh 2.0 TV 120

PROJECTED ELECTRIC BILLS FOR 2024

Projected 2024 typical residential bills are estimated at \$0.27 higher per month (0.1%) than budgeted in 2024, primarily due to increased customer usage due to the weather. The 2024 Budget projected that an average residential customer would use 715 kilowatt-hours (kWh) of electricity per month in 2024. However, the actual average usage was 734 kWh due to a warmer-than-normal summer. LIPA budgeted \$186.71 and expects 2024 typical residential bills to be \$186.98.

PROJECTED ELECTRIC BILLS FOR 2025

In 2025, operating revenues will increase by 3.5% compared to the 2024 Approved Budget. The typical residential customer bill in 2025 is projected to be \$7.27 (3.9%) higher than budgeted in 2024, as shown in Figure 28. Approximately \$1.89 (1.1%) is due to an estimated increase in average electricity use per typical residential customer.

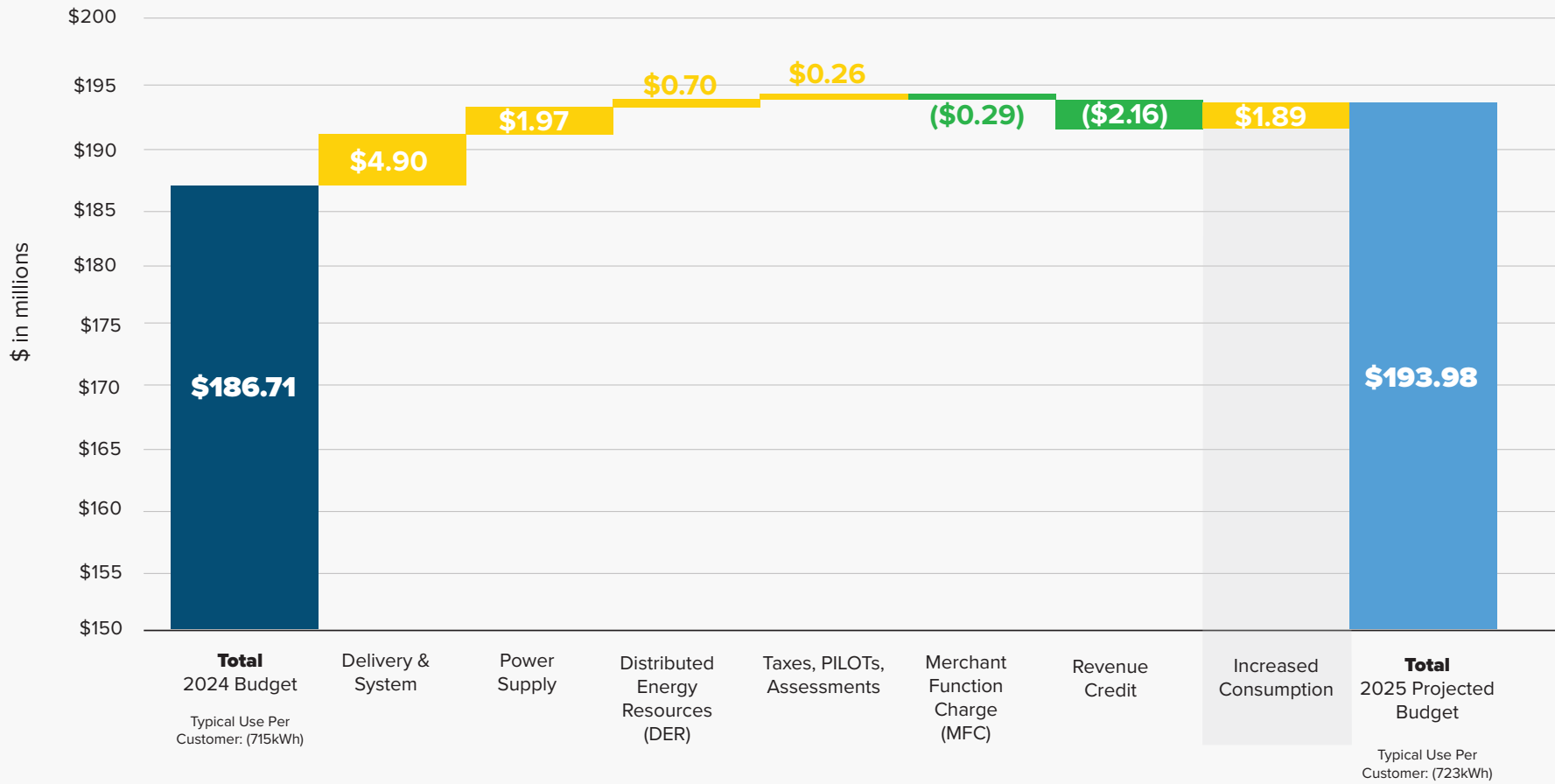
The 2025 Budget projects that a typical residential customer will use 723 kilowatt-hours (kWh) of electricity per month in 2025 compared to 715 kWh in 2024 due to improved economic assumptions and beneficial electrification, including the adoption of electric vehicles and heat pumps. Assuming no increased usage by a typical residential customer, the projected bill is estimated to increase by \$5.38 or 2.80%.

Delivery & System

Higher debt service requirements and related coverage are driving a significant portion of the projected increase. These funds are used to support capital investments. The debt service requirements related to capital improvement financings and the related coverage obligations are increasing by approximately \$106 million in 2025.

Annually, LIPA issues general revenue bonds to finance a portion of its system improvements. The revenue generated by these bonds is supplemented with operating revenue, from its fixed-obligation coverage factor. Utilizing coverage to support capital investments in long-term system improvements affirms LIPA's commitment to reduce its debt-to-asset ratio and ensure its financial plans include prudent levels of borrowing.

Figure 28: Projected Change in the Typical Residential Customer Bill in 2025



POWER SUPPLY COSTS

LIPA is projecting higher power supply costs in the 2025 Budget which is contributing \$1.97 to the monthly bill impact. LIPA purchases electricity, natural gas, and fuel oil to meet customer needs. LIPA budgets for power supply costs at prevailing market prices, which are reconciled to actual costs through a Power Supply Charge that changes each month and appears as a separate line item on customer bills, ensuring our customers only pay for the actual power supply costs.

The largest factors contributing to the \$49 million increase in power supply costs in 2025 are (i) a \$86 million increase to secure Regional Greenhouse Gas Initiative allowances driven by an approximate 80% increase in market price; (ii) a \$17 million increase in purchases of zero-emission credits; and (iii) a \$9 million increase related to renewable energy. These increases are partially offset by (i) a \$24 million decrease in pass-through property taxes on power plants due to continuing benefits of tax settlements (see discussion on Power Plant Tax Settlements) and (ii) a \$33 million reduction in purchased power and commodity cost including an estimated savings of approximately \$4 million for LIPA's first prepaid energy transaction.

In October 2024, LIPA executed a prepaid power purchase agreement with the Southeast Energy Authority that will allow LIPA to purchase 100 MWh of market-based energy at a fixed discount to daily market prices in 2025. Annual savings will be passed directly to LIPA customers through lower power supply charges.

Regional Greenhouse Gas Initiative

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort among eleven eastern states to reduce carbon dioxide emissions from power plants. The participating states include Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. The RGGI program was developed to allow for a mechanism to invest in energy efficiency and clean energy projects.

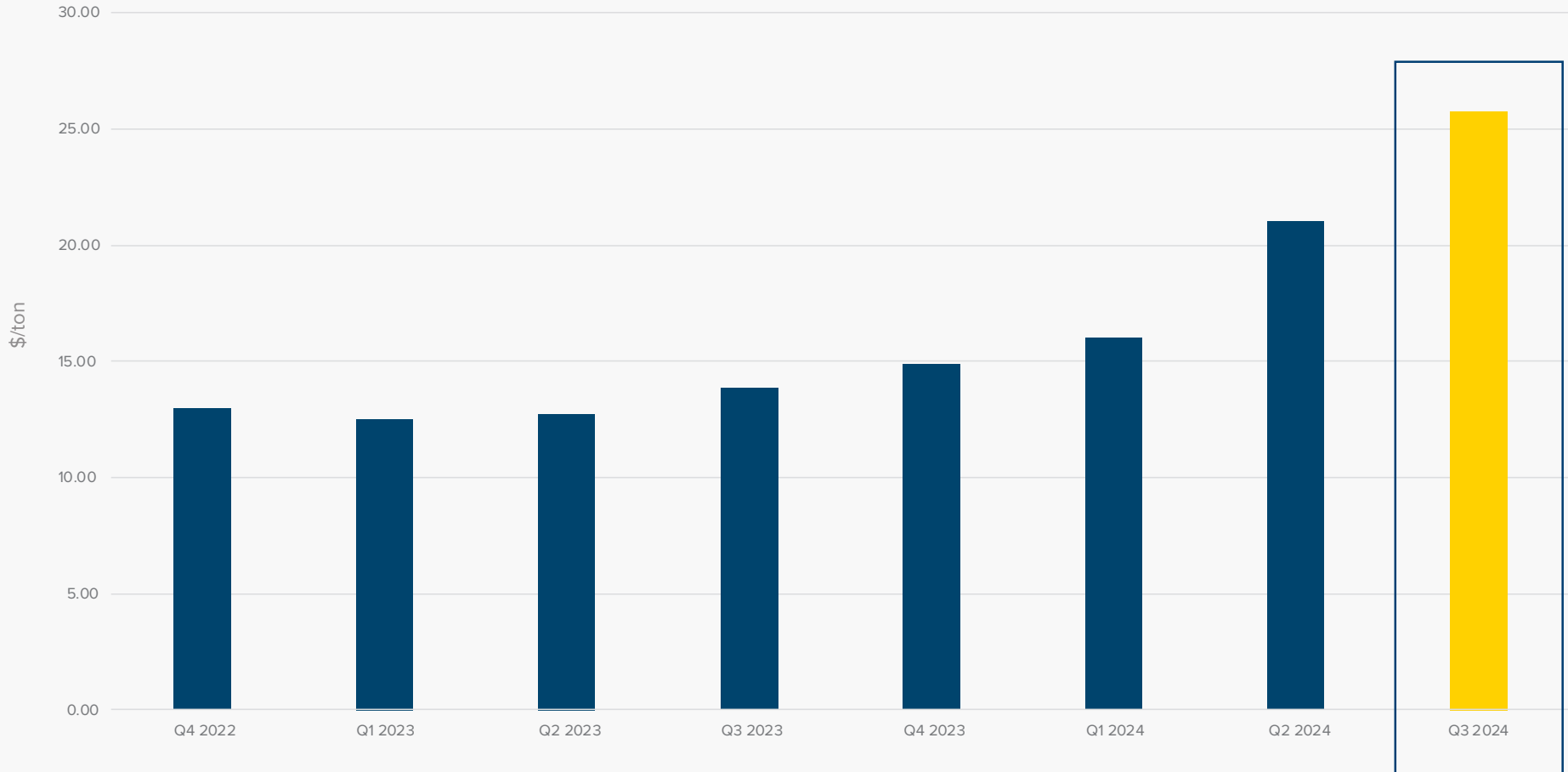
Within the RGGI states, fossil-fueled electric power generators with a capacity of 25 megawatts⁸ or greater (regulated sources) are required to hold allowances equal to their carbon emissions over a three-year control period. Although LIPA does not own any emitting generation, it is under contract with such regulated sources through purchase power agreements (PPAs). LIPA pays such RGGI costs to its PPA counterparties.

RGGI auctions stand as a crucial mechanism for curbing carbon emissions and charging power plants for their climate pollution. Within the applicable RGGI states, allowances are distributed at quarterly auctions, where they can be purchased by power plants and other entities. Some states hold a limited number of allowances in set-aside accounts to sell at a fixed price or otherwise distribute outside of the auction process. In 2024, RGGI costs increased to historically high levels due to supply reductions. Higher allowance pricing in the RGGI market provides an incentive for the power sector to reduce carbon emissions from fossil fuel facilities.

The 2025 Power Supply Budget is forecasted to continue at the 2024 market values and is estimated to increase by \$86 million.

⁸ Source: Regional Greenhouse Gas Initiative, www.rggi.org.

Figure 29: **Regional Greenhouse Gas Initiative Clearing Price (\$/ton)**



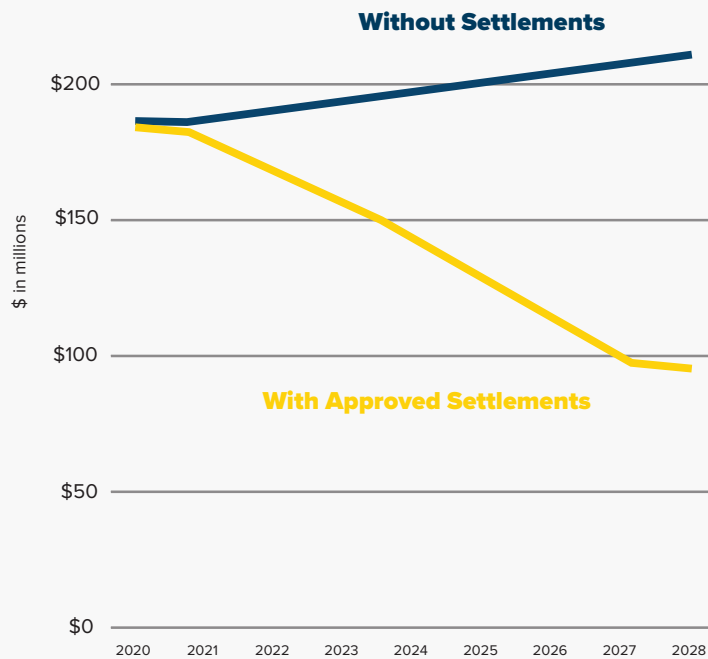
Power Plant Tax Settlements Will Save Customers \$554 Million Through 2028

Taxes are LIPA's second-largest expense at \$672 million or approximately 15% of customer bills. While property taxes fund valuable public services, including schools, public safety, and transportation, the taxes paid on older power plants are disproportionately high due to overassessments that have raised the costs of power for Long Island electric customers for nearly three decades.

To improve affordability and fairness for our customers, LIPA focused on lowering the tax bills on the four highest-taxed properties: vintage, fossil-fueled power plants located in Northport, Port Jefferson, Island Park, and Glenwood Landing. Between 2018 and 2022, LIPA finalized four settlements related to these power plants, closing the chapter on a decades-old issue and saving customers \$554 million through 2028, as shown in Figure 30.

The fair compromises assist local communities in adjusting to a more sustainable tax base over several years, guarantee continued tax payments to the host school districts through 2027, and protect local taxpayers from hundreds of millions of dollars of refund liability for past tax overassessments.

Figure 30: **\$554 Million in Power Plant Tax Savings Through 2028***



* Cumulative annual property tax savings for customers





Distributed Energy Resource

LIPA's Distributed Energy Resource charge will increase by \$0.70 for a typical residential customer in 2025 as more funding for energy efficiency programs is targeted at residential customers.

Revenue Credits

LIPA's Revenue Decoupling Mechanism and Delivery Service Adjustments will provide credits to customers in 2025 of \$2.16 per month from higher-than-budgeted sales and higher earnings related to certain investments in 2024. The annual reconciliation compares budgeted sales for each customer class and budgeted debt service, net of investment income, to actual experience. If residential sales exceed the budget or if the cost of debt service, net of investment income, is favorable and under budget, as they were in 2024, the excess revenue is credited back to customers in the following year.

KEEPING COSTS LOW FOR CUSTOMERS

The LIPA Board has tasked staff with managing costs to minimize the burden on customers. Operating lean means balancing cost and service to get the most out of every dollar.

The \$1.3 billion of savings from operating lean for the 2025 Budget, which equals 30% of electric bills – the equivalent of about \$56 per month for a typical residential customer, as shown in Figure 31. These are the cumulative effects of many decisions and initiatives since 2014.

While we are seeing an increase in 2025 proposed electric bills, LIPA continues to maintain competitive electric rates within its region for its typical residential customers. Furthermore, as a public power utility, LIPA does not profit from any of its operations.

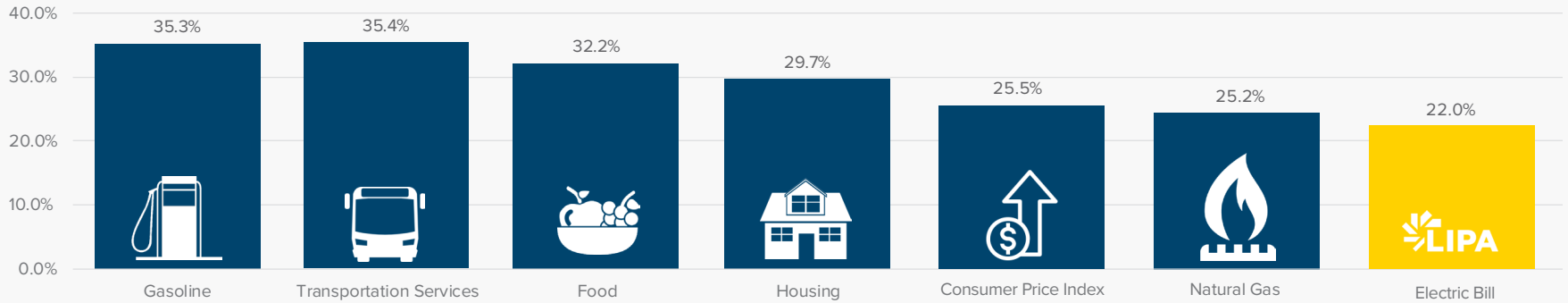
Figure 31: **Saving Customers Over a Billion Dollars in 2025 from Operating Lean**

	(in \$ millions)
LIPA Reform Act 2% Tax Cap	\$503
Discontinued Investments in Combined Cycle Plants	\$355
Power Plant Property Tax Savings	\$89
Renegotiating Expiring Power Purchase Agreements	\$75
Reduction to Wholesale Market and Off-Island Transmission	\$58
Operating Savings, Cost Avoidance, and Productivity	\$57
Refinancing Existing Debt and Debt Service Savings	\$49
Investing in Cost-Effective Energy Efficiency	\$35
Smart Meter Savings	\$24
Power Supply Pension and Retirement Savings	\$8
Total (in \$ millions)	\$1,253

LIPA Electricity Prices Remain Below the Rate of Inflation

As the price of goods and services throughout the country have increased, so have utility bills. Despite these challenges, LIPA remains committed to providing customers with electricity at the lowest possible cost. Electric bill increases remain below the rate of inflation, as shown in Figure 32.

Figure 32: Rising Costs of Goods and Services Since 2018





PROUDLY SERVING LONG ISLAND AND THE ROCKAWAYS

For over 25 years, LIPA has been proud to serve our local communities on Long Island and in the Rockaways. We are dedicated to being the utility our customers deserve. Year after year, we are making continuous improvements in all areas of our business. This work has tangible results, as demonstrated in this report.

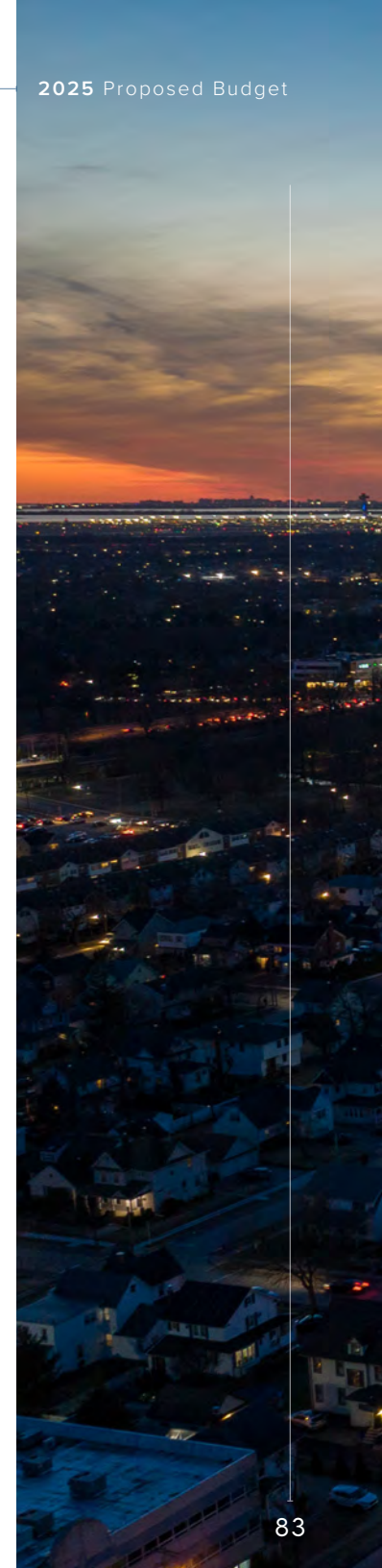
It is a privilege and an honor to serve as your Acting Chief Executive Officer. However, all our work wouldn't be possible without the dedicated support of our workforce. Thank you to the LIPA and PSEG Long Island staff for your service. Looking ahead to 2025, I am excited about all that we will accomplish together on behalf of our customers.

Sincerely,



John Rhodes

Acting Chief Executive Officer





The image is a full-page background featuring a vast, deep blue ocean stretching to the horizon. The sky is a pale, clear blue with a few wispy white clouds near the horizon line. The text is centered in the lower half of the image.

SECTION III: 2025 PROPOSED BUDGET



Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Revenue Requirements

LIPA's annual revenue requirements are budgeted to increase 3.5% from \$4.19 billion in 2024 to \$4.34 billion in 2025. This increase is primarily driven by higher debt service costs and higher power supply costs offset by slightly lower operating expenses.

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).

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
(\$ in thousands)

Revenue Requirements							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Operating and Managed Expenses							
PSEG Long Island Operating Expenses	\$ 638,050	\$ 686,217	\$ 679,580	\$ 686,000	\$ (217)	\$ 714,132	\$ 28,132
PSEG Long Island Managed Expenses	118,255	157,625	130,683	156,242	(1,383)	155,977	(265)
PILOTs - Property-Based Taxes	302,465	306,366	301,862	304,941	(1,425)	309,204	4,262
PILOTs - Revenue-Based Taxes	39,123	44,578	44,110	45,965	1,387	48,430	2,464
LIPA Operating Expenses	93,104	112,400	105,778	108,265	(4,135)	114,795	6,530
LIPA Managed Expenses	1,481	20,360	12,500	19,000	(1,360)	20,000	1,000
Total Operating and Managed Expenses	1,192,478	1,327,547	1,274,513	1,320,414	(7,133)	1,362,538	42,124
Cash Adjustments							
Other Interest Costs	12,820	10,252	12,026	13,733	3,481	13,742	9
Suffolk Property Tax Settlement (Principal Only)	(25,673)	(37,922)	(37,595)	(41,201)	(3,279)	(44,665)	(3,464)
Visual Benefits Assessment (Principal Only)	(1,041)	(1,067)	(1,091)	(1,113)	(45)	(1,150)	(37)
PSEG Long Island OPEB Expenses (a)	(19,514)	-	-	-	-	-	-
Total Cash Adjustments	(33,409)	(28,738)	(26,660)	(28,581)	157	(32,074)	(3,493)
Other Income							
Other Income and Deductions	98,677	74,691	86,028	67,403	(7,288)	62,717	(4,686)
Grant Income	24,137	22,945	22,942	22,333	(613)	17,333	(5,000)
Total Other Income	122,815	97,637	108,970	89,735	(7,901)	80,050	(9,686)
Debt Service							
UDSA Debt Service	449,199	383,075	383,971	392,662	9,586	376,818	(15,843)
LIPA Debt Service	234,857	305,364	309,382	368,637	63,273	427,451	58,814
Coverage	268,137	282,078	315,645	304,835	22,757	323,355	18,519
Total Debt Service	952,193	970,517	1,008,999	1,066,134	95,617	1,127,624	61,490
Power Supply Charge	1,759,470	2,019,085	1,937,754	2,068,435	49,350	2,103,197	34,762
Total Revenue Requirements	\$ 3,747,918	\$ 4,190,774	\$ 4,085,636	\$ 4,336,664	\$ 145,890	\$ 4,481,235	\$ 144,571

Notes:

(a) In 2024, Other Post Employment Benefits (OPEBs) was phased into revenue requirements at 100%.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Consolidated Statement of Revenues, Expenses, and Change in Net Position

LIPA's projection of Revenues and Expenses use the accrual basis of accounting, which results in a Change in Net Position of \$173.9 million in 2025 and \$208.7 million in 2026. Further information on the components of Revenues and Expenses are included on supplemental pages herein.

The \$90.9 million year-over-year reduction in the Change in Net Position stems from higher revenue requirements driven by an increase in debt service as compared to non-cash depreciation and amortization expenses remaining essential flat.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
(\$ in thousands)

Consolidated Statements of Revenues, Expenses, and Changes in Net Position							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Revenues	\$ 3,747,918	\$ 4,190,774	\$ 4,085,636	\$ 4,336,666	\$ 145,892	\$ 4,481,235	\$ 144,569
Power Supply Charge	1,759,470	2,019,085	1,937,754	2,068,435	49,350	2,103,197	34,762
Revenue Net of Power Supply Charge	1,988,448	2,171,689	2,147,882	2,268,231	96,543	2,378,039	109,807
PSEG Long Island Operating & Managed Expenses							
PSEG Long Island Operating Expenses	638,050	686,217	679,580	686,000	(217)	714,132	28,132
PSEG Long Island Managed Expenses	118,255	157,625	130,683	156,242	(1,383)	155,977	(265)
Utility Depreciation	309,433	382,340	340,605	374,821	(7,519)	432,426	57,605
PILOTs - Revenue-Based Taxes LIPA	39,123	44,578	44,110	45,965	1,387	48,430	2,464
PILOTs - Property-Based Taxes	302,465	306,366	301,862	304,941	(1,425)	309,204	4,262
LIPA Operating Expenses	93,104	112,400	105,778	108,265	(4,135)	114,795	6,530
LIPA Managed Expenses	1,481	20,360	12,500	19,000	(1,360)	20,000	1,000
LIPA Depreciation and Amortization	138,620	138,429	138,670	138,669	240	100,669	(38,000)
Interest Expense	363,393	363,361	362,375	374,203	10,842	377,628	3,425
Total Expenses	2,003,925	2,211,678	2,116,163	2,208,107	(3,571)	2,273,262	65,155
Other Income and Deductions	103,791	82,635	94,776	74,104	(8,531)	69,217	(4,887)
Grant Income	41,773	40,412	40,325	39,719	(694)	34,713	(5,006)
Change in Net Position	\$ 130,090	\$ 83,059	\$ 166,820	\$ 173,947	\$ 90,888	\$ 208,706	\$ 34,759



Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Sales and Revenue

Revenues are derived primarily from retail sales of electricity to residential and commercial customers. Also included are revenues from electric sales to public authorities and street lighting. In accordance with LIPA's Tariff for Electric Service (the Tariff), LIPA's Delivery Charge recovers the costs associated with maintaining and improving the transmission and distribution system and serving customers. LIPA recovers costs associated with purchasing and producing electric energy (fuel and purchased power) through the Power Supply Charge. LIPA also has various surcharges and non-electric service charges, such as those to recover costs associated with its distributed energy programs, assessments, revenue-related PILOTs, fees for pole attachments, late payment charges to customers whose bills are in arrears, and other miscellaneous service fees.

PSEG Long Island's proposed sales forecast for 2025 projects an overall 1.2% increase from the approved 2024 Budget, reflecting a 1.1% increase in residential sales and a 1.3% increase in the commercial sales. The changes are due in part to growth expected in employment and gross metro product. The 2025 Revenue Decoupling Mechanism (RDM) has resulted in a refund to customers totaling \$0.9 million due to higher residential sales driven by warmer than expected weather offset by lower commercial sales based on economic factors. The Delivery Service Adjustment (DSA) is projected to refund approximately \$12.0 million due to lower uncollectible costs.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
(\$ in thousands)

Sales and Revenues							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Sales of Electricity (MWh)							
Residential Sales	8,878,605	8,845,598	9,031,958	8,946,679	101,080	8,859,487	(87,191)
Commercial Sales	8,625,359	8,897,503	8,814,582	9,012,686	115,182	9,146,149	133,463
Other Sales to Public Authorities/Street Lighting	503,188	513,958	517,378	513,628	(330)	513,373	(255)
Total Sales of Electricity (MWh)	18,007,152	18,257,059	18,363,919	18,472,992	215,933	18,519,010	46,017
Revenues by Sector							
Residential	\$ 2,006,711	\$ 2,223,489	\$ 2,229,842	\$ 2,304,301	\$ 80,812	\$ 2,392,712	\$ 88,411
Commercial	1,686,982	1,941,388	1,840,785	1,960,184	18,796	2,038,313	78,129
Other Public Authorities/Street Lighting	62,395	71,343	66,427	72,570	1,227	73,218	648
Other Regulatory Amortizations and Deferrals	(45,231)	(81,782)	(88,416)	(34,458)	47,324	(56,558)	(22,101)
Miscellaneous Revenues	37,061	36,335	36,998	34,069	(2,266)	33,551	(518)
Total Revenues	\$ 3,747,918	\$ 4,190,774	\$ 4,085,636	\$ 4,336,666	\$ 145,892	\$ 4,481,235	\$ 144,569
Revenue by Component							
Delivery Charge (RDM Target)	(a) \$ 1,836,593	\$ 1,966,799	\$ 1,971,203	\$ 2,064,025	\$ 97,226	\$ 2,154,255	\$ 90,230
Merchant Function Charge (RDM Target)	(a) (b) 23,880	25,802	25,781	23,131	(2,671)	25,672	2,541
Customer Benefit Contribution (RDM Target)	(a) (c) -	-	-	2,644	2,644	3,657	1,013
Power Supply Charge	(d) 1,800,410	2,019,085	1,916,446	2,068,435	49,350	2,103,197	34,762
Energy Efficiency and Distributed Energy (DER)	67,125	77,463	78,965	79,833	2,370	95,059	15,226
New York State Assessment	11,160	11,840	9,887	12,237	396	12,497	260
Suffolk Property Tax Settlement	41,155	51,386	51,058	52,495	1,109	53,628	1,133
Visual Benefits Assessment (VBA)	1,217	1,211	1,235	1,223	12	1,226	3
Revenue Related PILOTS	39,123	44,578	44,110	45,965	1,387	48,430	2,464
RDM Collection/(Refund)	(63,053)	25,949	26,272	(889)	(26,838)	6,622	7,511
DSA Collection/(Refund)	(1,522)	12,107	12,097	(12,044)	(24,151)	-	12,044
Other Regulatory Amortizations and Deferrals	(e) (45,231)	(81,782)	(88,416)	(34,458)	47,324	(56,558)	(22,101)
Miscellaneous Revenues	37,061	36,335	36,998	34,069	(2,266)	33,551	(518)
Total Revenue Requirements	\$ 3,747,918	\$ 4,190,774	\$ 4,085,636	\$ 4,336,666	\$ 145,892	\$ 4,481,235	\$ 144,569

Notes:

- (a) These three items comprise the Revenue Decoupling Mechanism (RDM) target totaling \$2.090 billion in 2025.
- (b) The Merchant Function Charge (RDM Target) was applicable to customers receiving supply from LIPA beginning in 2023.
- (c) Customer Benefit Contribution (RDM Target) recovers funds that support public benefit programs from customers who install Distributed Generation.
- (d) 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.
- (e) Other Regulatory Amortizations and Deferrals reverses current year deferrals that are incorporated in items listed above.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Power Supply Charge

Power Supply Charges are budgeted at \$2.1 billion for 2025, an increase of \$49.3 million as compared to the approved Budget for 2024. The increase is mainly attributable to higher projected prices for Regional Greenhouse Gas Initiative (RGGI) allowances. The increase in RGGI costs is partially offset by lower Purchased Power and Pass-through Property Taxes.

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.

In addition to the costs for gas and oil consumed in the generation of electricity, Power Supply Charges include the cost of emission allowances, charges under LIPA's bilateral contracts with on-Island generators, transmission usage charges for third-party owned transmission facilities, energy and capacity purchases from the New York, New England and PJM independent system operators (ISOs), electric power wheeling, Zero Emission Nuclear Production Credit program, Zero Emissions Credits, services received under the power supply and fuel management agreements, fuel hedging program costs, economy energy purchases, energy from renewable resource as well as LIPA's 18% share of the Nine Mile Point 2 nuclear generating station, the National Grid Power Supply Agreement (PSA), and certain PILOTs.

Description	2025 vs 2024 Budget Net Change	Cause
Capacity	(\$2.5)	Decrease is due to lower market capacity purchases which are partially offset by the increase in the PSA capacity costs.
Purchased Power	(\$33.0)	Decrease is associated with lower ISO energy purchase costs.
Commodity (Gas & Oil)	\$3.6	Increase due to higher on-island generation.
Renewables	\$9.1	Higher costs due to an increase in generation from renewable resources.
Nine Mile Point 2 Nuclear	(\$6.0)	Decrease reflects additional ZEC revenue related to LIPA's 18% ownership share of Nine Mile Point 2.
Regional Greenhouse Gas Initiative (RGGI)	\$86.5	Higher costs due to an increase in projected RGGI pricing.
Zero Emission Credit (ZEC)	\$16.8	Higher costs due to an increase in the projected ZEC price for the compliance year that begins April 1, 2025.
Other & Transmission	(\$1.0)	Decrease is due to various miscellaneous items.
Pass-through Property Taxes	(\$23.9)	Decrease reflects the impact of the property tax settlements.
Total	\$49.3	

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

Power Supply Charge							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Capacity							
Capacity Charges	\$ 391,484	\$ 365,496	\$ 368,619	\$ 352,672	\$ (12,825)	\$ 348,111	\$ (4,560)
National Grid Capacity (PSA)	232,092	263,461	263,232	273,789	10,328	282,862	9,073
Total Capacity	623,576	628,957	631,851	626,461	(2,497)	630,974	4,513
Purchased Power							
Purchased Power	389,591	571,364	487,845	538,353	(33,011)	614,169	75,815
Total Purchased Power	389,591	571,364	487,845	538,353	(33,011)	614,169	75,815
Commodity							
Natural Gas	298,707	225,250	272,426	247,685	22,435	196,259	(51,426)
Fuel Oil	35,039	55,358	29,918	36,477	(18,881)	22,101	(14,376)
Total Commodity	333,746	280,608	302,344	284,162	3,554	218,360	(65,802)
Renewables							
Renewable Power	83,107	161,882	143,592	170,978	9,096	240,903	69,925
Total Renewables	83,107	161,882	143,592	170,978	9,096	240,903	69,925
Other							
Transmission	53,607	44,369	25,807	42,435	(1,934)	44,677	2,241
Nine Mile Nuclear Fuel	24,370	343	7,606	(5,658)	(6,002)	3,513	9,172
Regional Greenhouse Gas Initiative (RGGI)	55,621	48,336	81,718	134,810	86,474	119,910	(14,901)
Zero Emissions Credits	63,050	71,228	68,870	88,046	16,818	55,740	(32,306)
Fuel and Power Supply Management Services	21,413	21,460	21,937	22,159	699	20,927	(1,231)
Other	3,428	3,519	3,555	3,613	94	3,667	54
Total Other	221,489	189,254	209,493	285,405	96,151	248,434	(36,971)
Pass Through Property Taxes							
National Grid (PSA)	95,283	174,211	149,406	149,944	(24,267)	137,607	(12,338)
Fast Track Units	7,537	7,922	7,883	8,195	274	7,666	(529)
Nine Mile	5,141	4,886	5,339	4,936	50	5,084	148
Total Pass Through Property Taxes	107,961	187,018	162,629	163,076	(23,943)	150,357	(12,719)
Total Power Supply Charge	\$ 1,759,470	\$ 2,019,085	\$ 1,937,754	\$ 2,068,435	\$ 49,350	\$ 2,103,197	\$ 34,762



Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Operating Expenses

Total Operating Expenses are budgeted at \$969.5 million in 2025 and projected at \$1.0 billion in 2026.

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 102% of budget to earn variable compensation) including costs related to: Transmission and Distribution, Customer Services, Business Services, Information Technology & Cybersecurity, Energy Efficiency Programs, Construction and Operations Services, Power System Management, and Asset Management & Reliability as detailed on Section III Page 29.
- (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 budget for storm preparation and restoration costs is \$83.5 million for 2025 to align with inflation adjusted five-year average of storm expenses.
- (iii) **LIPA's Operating Expenses** including the PSEG Long Island management fee and costs related to LIPA staff and outside professional services, as detailed on Section III Page 31.
- (iv) **LIPA's Managed Expenses** including a corporate reserve for risk and contingency, clean energy initiatives, and pending PSEG Long Island project authorizations.

Long Island Power Authority
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(\$ in thousands)

Operating Expenses							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
PSEG Long Island Operating Expenses	\$ 638,050	\$ 686,217	\$ 679,580	\$ 686,000	\$ (217)	\$ 714,132	\$ 28,132
PSEG Long Island Managed Expenses							
Uncollectible Accounts	49,086	28,917	18,934	23,412	(5,504)	24,292	880
Storm Restoration	23,033	83,500	62,026	83,500	-	83,500	-
NYS Assessment	11,241	11,840	9,887	12,237	396	12,497	260
Accretion of Asset Retirement Obligation	263	281	280	298	17	318	20
Pension (PSEG Long Island O&M Related Expense)	15,420	14,368	16,841	11,377	(2,991)	8,883	(2,494)
OPEB (PSEG Long Island O&M Related Expense)	19,064	15,593	20,035	22,252	6,660	23,312	1,060
Miscellaneous	150	3,126	2,679	3,166	40	3,175	9
Total PSEG Long Island Managed Expenses	118,255	157,625	130,683	156,242	(1,383)	155,977	(265)
Total PSEG Long Island Operating & Managed Expenses	756,305	843,843	810,264	842,242	(1,601)	870,110	27,868
LIPA Expenses							
Management Fee (incl. Variable Compensation)	76,686	82,329	80,760	83,310	982	90,187	6,877
Capitalized Management Fee	(32,401)	(31,163)	(34,028)	(35,102)	(3,939)	(38,000)	(2,898)
LIPA Operating Expenses	48,820	61,235	59,046	60,057	(1,177)	62,608	2,551
LIPA Managed Expenses	1,481	20,360	12,500	19,000	(1,360)	20,000	1,000
LIPA Operating & Managed Expenses	94,585	132,760	118,278	127,265	(5,495)	134,795	7,530
Total PSEG Long Island & LIPA Operating Expenses	\$ 850,891	\$ 976,603	\$ 928,541	\$ 969,507	\$ (7,096)	\$ 1,004,905	\$ 35,398

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Depreciation and Amortization Expenses

Depreciation and Amortization expense is budgeted at \$513.5 million in 2025 and projected at \$533.1 million in 2026.

PSEG Long Island Managed Utility Depreciation consists of depreciation of transmission and distribution plant, information technology, and FEMA storm hardened assets. The budgeted Utility Depreciation for 2025 reflects a decrease of \$7.5 million primarily driven by delays in new capital spend that would add to the depreciable asset base deferred to future years.

LIPA Depreciation and Amortization consists primarily of the amortization of the Acquisition Adjustment at \$111.4 million annually. The Acquisition Adjustment is an intangible asset resulting from the merger with the Long Island Lighting Company in 1998. The Acquisition Adjustment ends October 2026. Also included is the amortization of certain regulatory assets related to pension and OPEB expenses for the former National Grid and current PSEG Long Island employees that directly served LIPA's customers. These retirement benefit expenses are a contractual obligation of LIPA and are being amortized to align to the remaining life of the contract, December 31, 2025. See LIPA's audited financial statements for more information.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

Depreciation and Amortization Expenses								
Description	2023	2024		2025		2026		
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year	
PSEG Long Island Managed Utility Depreciation	\$ 289,839	\$ 362,932	\$ 321,290	\$ 355,503	\$ (7,429)	\$ 413,115	\$ 57,612	
Depreciation Expense Related to FEMA Capital Projects	19,595	19,408	19,315	19,318	(90)	19,311	(6)	
Total PSEG Long Island Managed Utility Depreciation	309,433	382,340	340,605	374,821	(7,519)	432,426	57,605	
LIPA Depreciation and Amortization								
Amortization of Acquisition Adjustment	111,375	111,375	111,375	111,375	-	98,389	(12,985)	
Amortization of OPEB & Pension Deferrals (a)	25,014	25,014	25,014	25,014	-	-	(25,014)	
Depreciation - LIPA	2,231	2,040	2,281	2,280	240	2,280	-	
Total LIPA Depreciation and Amortization	138,620	138,429	138,670	138,669	240	100,669	(38,000)	
Total Depreciation and Amortization Expenses	\$ 448,053	\$ 520,770	\$ 479,275	\$ 513,490	\$ (7,280)	\$ 533,095	\$ 19,606	

(a) Amortization of OPEB & Pension Deferrals has been completed in 2025.



Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Taxes, Payments-in-Lieu of Taxes and Assessments

Payments-In-Lieu of Taxes (PILOTs) and Assessments are budgeted at \$671.8 million in 2025 and projected at \$671.7 million in 2026 or approximately 15% 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.

LIPA also incurs property-based taxes and PILOTs associated with generating assets owned or under contract to LIPA. These costs, as with all power supply costs, are reconciled to actual costs. Taxes related to generating units under contract to LIPA that are paid directly by LIPA, through the National Grid PSA were budgeted at \$174.2 million in 2024. The 2025 and 2026 projected taxes are \$149.9 million and \$137.6 million, respectively. These projected taxes include the impact of the property tax settlements concluded by LIPA with the Village of Port Jefferson, the Town of Brookhaven, the Town of Huntington, the Northport - East Northport school district, Nassau County, and the Island Park school district.

The property-based PILOTs related to the Fast Track Units are budgeted at \$8.2 million in 2025.

As LIPA owns 18% of the Nine Mile Point 2 nuclear power plant, it is also responsible for paying a share of the property taxes. LIPA's share of these taxes are budgeted at approximately \$4.9 million in 2025.

The New York State Assessment recovers costs related to Department of Public Service oversight of LIPA and PSEG Long Island's operations. This cost is \$12.2 million in 2025.

LIPA collects sales taxes on behalf of local municipalities. Those taxes are estimated at \$145.4 million in 2025 and \$151.0 million in 2026.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

Taxes, Payments-in-Lieu of Taxes and Assessments							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
PILOTs - Revenue-Based Taxes	\$ 39,123	\$ 44,578	\$ 44,110	\$ 45,965	\$ 1,387	\$ 48,430	\$ 2,464
PILOTs - Property-Based Taxes	302,465	306,366	301,862	304,941	(1,425)	309,204	4,262
Property Taxes in Power Supply Charge							
National Grid (PSA) Property Taxes	95,283	174,211	149,406	149,944	(24,267)	137,607	(12,338)
Fast Track Units	7,537	7,922	7,883	8,195	274	7,666	(529)
Nine Mile PILOTs	5,141	4,886	5,339	4,936	100	5,084	148
Total Property Taxes in Power Supply Charge	107,961	187,018	162,629	163,076	(23,943)	150,357	(12,719)
Other Taxes and Assessments							
New York State Assessment	11,241	11,840	9,887	12,237	396	12,497	260
New York State Office of Real Property Services	229	229	217	225	(4)	225	-
Total Other Taxes and Assessments	11,470	12,069	10,105	12,461	392	12,722	260
Total Taxes and Assessments Before Sales Taxes	461,018	550,032	518,705	526,444	(23,588)	520,712	(5,732)
Sales Taxes	(a) 125,908	146,702	133,633	145,356	(1,345)	150,960	5,603
Total PILOTs, Sales, State and Local Taxes and Assessments	\$ 586,926	\$ 696,733	\$ 652,338	\$ 671,800	\$ (24,933)	\$ 671,672	\$ (129)

Notes:

(a) Sales tax revenue is collected by LIPA 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.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Other Income and Deductions

Other Income and Deductions are budgeted at \$74.1 million in 2025 and projected at \$69.2 million in 2026.

Other Income and Deductions consists of income and interest generated from LIPA's short-term investments, including the Rate Stabilization Fund and the Construction Fund, realized earnings on the Nine Mile Point 2 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.

Projected interest rates on short-term 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.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

Other Income and Deductions							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Short-Term Investment Income	\$ 45,729	\$ 36,243	\$ 40,783	\$ 27,747	\$ (8,495)	\$ 26,915	\$ (832)
Interest Income from:							
Suffolk Property Tax Settlement	15,482	13,464	13,464	11,293	(2,170)	8,962	(2,331)
Visual Benefits Assessment	176	144	143	110	(34)	76	(34)
OPEB Account	17,317	13,074	14,832	13,248	174	12,850	(397)
PSEG Long Island Funding Accounts	11,582	9,355	12,842	13,389	4,033	12,447	(942)
Miscellaneous Income and Deductions - LIPA	3,968	427	2,375	400	(27)	388	(12)
Miscellaneous Income and Deductions - PSEG Long Island	4,424	1,984	1,589	1,215	(769)	1,077	(137)
Subtotal Other Income and Deductions	98,677	74,691	86,028	67,403	(7,288)	62,717	(4,686)
Nuclear Decommissioning Trust Fund	5,114	7,944	8,748	6,701	(1,243)	6,500	(201)
Total Other Income and Deductions	\$ 103,791	\$ 82,635	\$ 94,776	\$ 74,104	\$ (8,531)	\$ 69,217	\$ (4,887)

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Grant Income

Grant Income consists of a grant of \$20.0 million from NYSERDA from Regional Greenhouse Gas Initiative (RGGI) funds to support energy efficiency and electrification programs and subsidy payments totaling \$2.3 million from the United States Treasury equal to approximately 29% of the interest on LIPA's debt issued as Build America Bonds.

LIPA pays for RGGI allowances as part of its Power Supply Charge. This RGGI grant represents the return of a portion of those funds to support programs on Long Island.

In February 2014, LIPA signed a Letter of Undertaking with FEMA that provides for \$730.0 million of grant funding for storm hardening measures. 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 \$17.4 million in 2025 and \$17.4 million in 2026.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

Grant Income								
Description	2023	2024		2025		2026		
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year	
Build America Bonds Subsidy - U.S. Treasury	\$ 3,102	\$ 2,945	\$ 2,942	\$ 2,333	\$ (613)	\$ 2,333	\$ -	
Efficiency & DER - RGGI Funding	20,000	20,000	20,000	20,000	-	15,000	(5,000)	
Other Grant Income	1,035	-	-	-	-	-	-	
Subtotal Grant Income	24,137	22,945	22,942	22,333	(613)	17,333	(5,000)	
Amortization of Deferred FEMA Grant	17,635	17,467	17,383	17,386	(81)	17,380	(6)	
Total Grant Income	\$ 41,773	\$ 40,412	\$ 40,325	\$ 39,719	\$ (694)	\$ 34,713	\$ (5,006)	

Long Island Power Authority
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Interest Expense

Interest expense is budgeted at \$374.2 million for 2025 and projected at \$377.6 million in 2026. 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.

Long Island Power Authority
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 (\$ in thousands)

Interest Expense								
Description	2023	2024		2025		2026		
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year	
Accrued Interest Expense on Debt Securities	\$ 409,612	\$ 414,652	\$ 422,567	\$ 428,299	\$ 13,648	\$ 434,834	\$ 6,535	
Amortization of Premium	(79,697)	(79,202)	(82,866)	(81,163)	(1,961)	(79,759)	1,404	
Interest Expense on Debt Securities (Accrued)	329,915	335,450	339,701	347,136	11,686	355,075	7,939	
Other Interest Expense								
Amortization of Deferred Debt Issuance Costs	2,765	2,573	2,226	2,038	(534)	1,931	(108)	
Amortization of Deferred Defeasance Costs	14,403	15,886	9,188	7,459	(8,427)	8,243	784	
Other Interest Amortizations	(5,896)	(5,957)	(5,957)	(6,018)	(62)	(6,081)	(63)	
Bond Issuance Costs	9,386	5,157	5,191	9,855	4,698	4,719	(5,136)	
Other Interest Amortizations (Accrued)	20,658	17,660	10,648	13,334	(4,325)	8,812	(4,523)	
Interest Rate Swap Payments	4,939	3,022	3,830	6,423	3,401	6,368	(54)	
Letter of Credit and Remarketing Fees	6,316	5,296	6,289	5,364	68	5,399	34	
Interest on Customer Security Deposits	700	657	792	803	146	803	-	
Bond Administration Costs and Bank Fees	864	1,276	1,115	1,143	(133)	1,172	29	
Other Interest Costs (Cash)	12,820	10,252	12,026	13,733	3,481	13,742	9	
Total Interest Expense	\$ 363,393	\$ 363,361	\$ 362,375	\$ 374,203	\$ 10,842	\$ 377,628	\$ 3,425	

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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 has issued debt through the UDSA to provide net present value savings to customers.

Consistent with the Public Power Model, LIPA recovers “fixed obligation coverage.” Fixed obligation coverage is the portion of LIPA’s capital program funded by cash flow in each year rather than by new borrowings. 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 2025 budget supports the LIPA’s Board Policy on Fiscal Sustainability, including:

- (i) **Improving Bond Ratings:** LIPA’s bond rating is A2 (stable), 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.
- (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.

Long Island Power Authority
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 (\$ in thousands)

Debt Service Requirements							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
LIPA Debt Service							
LIPA Debt Service on Fixed Rate Debt	\$ 188,821	\$ 259,318	\$ 257,529	\$ 317,642	\$ 58,323	\$ 374,022	\$ 56,380
LIPA Debt Service on Variable Rate Debt	46,036	46,046	51,853	50,995	4,949	53,429	2,434
Total LIPA Debt Service	234,857	305,364	309,382	368,637	63,273	427,451	58,814
UDSA Debt Service	449,199	383,075	383,971	392,662	9,586	376,818	(15,843)
LIPA Lease Obligations	415,001	399,831	406,629	393,451	(6,379)	380,936	(12,515)
Coverage - LIPA Obligations							
LIPA Debt Service	234,857	305,364	309,382	368,637	63,273	427,451	58,814
LIPA Lease Obligations	415,001	399,831	406,629	393,451	(6,379)	380,936	(12,515)
Coverage	268,137	282,078	315,645	304,835	22,757	323,355	18,519
LIPA Obligations and Coverage	\$ 917,995	\$ 987,273	\$ 1,031,656	\$ 1,066,923	\$ 79,650	\$ 1,131,741	\$ 64,818
<i>Projected Coverage Ratio on LIPA Obligations</i>	1.41 x	1.40 x	1.44 x	1.40 x		1.40 x	
<i>Board Policy Target Coverage Ratio on LIPA Obligations</i>	1.40 x	1.40 x	1.40 x	1.40 x		1.40 x	
Coverage - LIPA and UDSA Obligations							
LIPA and UDSA Obligations	1,099,057	1,088,270	1,099,982	1,154,750	66,480	1,185,205	30,455
Coverage	268,137	282,078	315,645	304,835	22,757	323,355	18,519
LIPA and UDSA Obligations and Coverage	\$ 1,367,194	\$ 1,370,349	\$ 1,415,628	\$ 1,459,585	\$ 89,236	\$ 1,508,559	\$ 48,975
<i>Projected Coverage Ratio on LIPA & UDSA Obligations</i>	1.24 x	1.26 x	1.29 x	1.26 x		1.27 x	
<i>Board Policy Target Coverage Ratio on LIPA & UDSA Obligations</i>	1.20 x	1.20 x	1.20 x	1.20 x		1.20 x	



Long Island Power Authority
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Capital Expenditures

Capital Expenditures are budgeted at \$927.7 million in 2025 and are projected at \$1.0 billion in 2026.

Transmission and Distribution projects are prioritized using a Value and Risk Evaluation protocol. The projects in the plan will support system reliability and resiliency as well as meet system load and regulatory requirements. The continuation of the Storm Hardening Distribution Circuit Program as well as several reliability improvement programs such as the Multiple Customer Outage Program and the Branchline Re-closer Program will address customers with poor service reliability and improve the overall performance of the system. Also included are investments for property acquisition and other future growth.

Information Technology (IT) projects include investments in operational areas and replacement of end of life technologies. In 2025, planned IT Capital Expenditures represent investments in new functionality and application upgrades in Customer Information and Billing, Transmission and Distribution, and System Separation. IT System Separation is an initiative to separate certain IT systems and applications that are currently PSEG systems.

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

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
(\$ in thousands)

Capital Expenditures							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Transmission and Distribution							
Regulatory Driven	\$ -	\$ -	\$ 77	\$ 4,095	\$ 4,095	\$ 5,299	\$ 1,204
Load Growth	153,484	188,945	167,571	180,287	(8,658)	167,516	(12,772)
Reliability	321,047	307,744	327,983	300,466	(7,278)	391,593	91,128
Storm Hardening	73,899	66,600	68,607	52,732	(13,868)	9,739	(42,994)
Economic, Salvage, Tools, Equipment & Other	59,070	42,079	60,445	42,242	163	103,324	61,082
Total Transmission and Distribution Projects	607,500	605,368	624,682	579,822	(25,545)	677,470	97,648
Other PSEG Long Island Capital Expenditures							
Information Technology	52,952	71,279	78,683	18,318	(52,962)	25,423	7,105
Information Technology - Cyber Security	9,430	17,117	14,258	500	(16,617)	-	(500)
Customer Operations	8,541	8,195	8,286	3,244	(4,950)	9,326	6,081
Other General Plant	4,420	31,738	17,386	43,574	11,836	27,479	(16,095)
Fleet	6,864	19,669	7,752	1,283	(18,386)	43,867	42,584
Utility 2.0	3,331	10,755	3,427	13,237	2,483	15,486	2,249
Total T&D and Other Projects	693,037	764,120	754,474	659,978	(104,142)	799,051	139,073
Offshore Wind Transmission	-	22,870	16,373	11,889	(10,981)	31,076	19,187
FEMA Storm Hardening	9,564	5,140	2,188	33,202	28,062	116,471	83,270
Storm Capitalization	2,807	3,479	7,397	3,340	(139)	3,340	-
Total PSEG Long Island Capital Budget	705,408	795,609	780,431	708,409	(87,200)	949,939	241,530
Nine Mile Point 2	4,254	29,926	28,791	4,268	(25,658)	31,204	26,936
LIPA - Other	1,821	10,000	2,073	6,000	(4,000)	5,000	(1,000)
PSEG Long Island Pending Project Authorizations (a)	-	38,663	-	173,955	135,291	-	(173,955)
Capitalized Management Fee	32,401	31,163	34,028	35,102	3,939	38,000	2,898
Total Capital Expenditures	\$ 743,884	\$ 905,361	\$ 845,323	\$ 927,734	\$ 22,373	\$ 1,024,143	\$ 96,409

Notes:

(a) PSEG Long Island Pending Project Authorizations are budgeted resources held outside the PSEG Long Island Budget pending additional project information. In 2024, LIPA released \$20.4 million for IT projects, \$9.0 million for Cyber projects and \$31.7 million for Other General Plant.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

Capital Expenditures							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Funding for Capital Expenditures							
FEMA Contribution (90% of Project Costs)		\$ 4,626	\$ 1,969	\$ 29,881	\$ 25,256	\$ 104,824	\$ 74,943
Coverage from Operating Revenue							
Total Coverage		282,078	315,645	304,835	22,757	323,355	18,519
Funding Required from Debt		618,656	527,709	593,018	(25,638)	595,964	2,947
Total Funding for Capital Expenditures		\$ 905,361	\$ 845,323	\$ 927,734	\$ 22,373	\$ 1,024,143	\$ 96,409
Percent of Capital Funded from Debt:							
Projected Percent of Capital Funded from Debt		68%	62%	64%		58%	

MAJOR PROJECTS
(Projects with a total cost greater than \$25 million)

Description	Justification	In Service Date	Cash Flow (\$millions)				
			Total Project Cost Estimate (a)	Project to Date through 12/31/24	2025	2026	2027 and Beyond
Belmont: Convert substation from 33 kV to 69 kV	Support continued expansion of the Belmont Arena complex.	2025	\$ 51.4	\$ 38.7	\$ 12.8	\$ -	\$ -
Bridgeton - Buell: Install a new 69kV underground cable	Load growth in the South Fork.	2025	63.1	10.2	42.6	0.1	-
System Separation: Identify intermingled systems and appropriate LI data and separate same from PSEG-NJ	Required in post-Tropical Storm Isaias second amended and restated OSA reformed contract. Requires implementation of newly dedicated systems and infrastructure, transfer of LI data, and establishment of technical support roles on LI to manage the systems following separation.	2025	75.5	33.9	11.9 (b)	-	-
North Bellmore: Install 33MVA bank, switchgear and feeders	Increase load growth at North Bellmore substation.	2026	26.1	3.9	7.2	9.4	-
Southampton: Install new 138kV cable to Deerfield	Increase in projected South Fork load requirements.	2026	68.5	4.3	5.9	57.8	0.4
Transmission Operations Control Room Facility Replacement: Replace the existing Transmission Operations control room	Support future expansion of the LIPA T&D system and maintain a high level of system reliability.	2027	124.4	4.2	14.1	73.0	26.9
West Hempstead: Install four 69/13kV 33MVA Transformers	Increase reliability at West Hempstead substation by replacing the current degraded assets.	2027	37.1	0.3	1.0	11.0	24.8
Rockville Centre Load Pocket: Install new 33KV underground line between Valley Stream and Ocean Avenue	Improve storm resiliency and blue-sky performance of Rockville Centre load pocket.	2028	36.7	-	-	0.7	35.9
Elmont: Substation Rebuild and Feeder Conversions	Support increase load growth in Elmont.	2028	71.0	-	0.5	25.5	44.9
North Bellport: Eastport 23kV conversion	Improve storm resiliency and blue-sky performance of North Bellport - Eastport 23KV load pocket.	2028	50.5	-	-	1.0	49.5
Lindbergh: Substation Expansion	Support increase load growth at Lindbergh substation.	2028	60.0	-	-	10.0	50.0
Stewart Avenue – Uniondale Hub: Install reactors on circuits 138-462/463	Part of NYISO PPTN. Upgrade Stewart Avenue – Uniondale Hub substation to support offshore wind transmission.	2028	33.5	9.0	1.7	3.5	19.4
EAM/Maximo Implementation: Implement a full-fledged EAMS	Required in post-Tropical Storm Isaias second amended and restated OSA reformed contract. Includes capabilities in work mgmt, maintenance mgmt and inventory mgmt including a full-featured asset database that can accommodate all utility operational assets, comprehensive asset health monitoring, and predictive maintenance capabilities.	2029	80.4	4.4	-	5.0	71.0
Fire Island Pines: Install new 23 kV circuit to Ocean Beach	Increase reliability to Fire Island.	2029	47.1	3.1	1.1	6.6	36.2
Arverne: New Wavecrest substation and conversion and reinforcement	Support increased load growth in Arverne.	2030	80.8	-	0.0	0.7	80.0
Syosset: Replace UG section of 138-676 circuit to Greenlawn	Part of NYISO PPTN. Project would replace the underground portion of an existing LIPA 138kV line, offering higher capacity.	2029	115.0	2.9	0.7	3.8	105.9
Newbridge: Convert 138kV Ckt SAUH-Ruland 138-467/567 to 345kV	Part of NYISO PPTN. Project would convert existing LIPA 138kV lines to 345kV, offering higher capacity.	2030	45.0	0.4	1.4	3.7	38.7
Northport: Install new 138kV Phase Angle Regulator	Part of NYISO PPTN. Project would install a second 138kV PAR at Northport.	2030	46.7	1.1	2.3	1.8	40.5
Barrett: Expand 138kV Substation and Interconnect New Lines	Part of NYISO PPTN. Project would expand the interconnection facilities for Oceanside offshore wind with additional rungs and create terminals for two new 138kV circuits from the developer.	2030	87.7	-	-	3.0	84.8
Fire Island Pines: Substation relocation	Improve reliability at Fire Island by building a new substation protected from erosion by a sea wall.	2030	40.3	-	0.4	0.6	39.3
Garden City Park: Convert substation from 33/4kV to 69/13kV	Support continued expansion of the Garden City Park area.	2030	35.0	-	-	0.2	34.8
Total Major Projects (c)			\$ 1,275.8	\$ 116.4	\$ 103.7	\$ 217.4	\$ 783.1

Notes:

- (a) Total project cost estimate may exceed the sum of project to date expenditures and future year budgets in instances where full risk and contingency is not utilized.
- (b) System Separation excludes PSEG Long Island Pending Project Authorization and carry over funds that are held outside the PSEG Long Island budget pending additional information.
- (c) Amounts may include funding associated risk & contingency (R&C).



Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

PSEG Long Island Operating Expenses

PSEG Long Island Operating Expenses are related to the following major areas: Transmission and Distribution, Customer Services, Business Services, Information Technology & Cybersecurity, Energy Efficiency Programs, Construction and Operations Services, Power System Management and Asset Management & Reliability. Total operating expenses are budgeted at \$686.0 million in 2025, excluding \$10.0 million held in LIPA's Budget and are projected at \$714.1 million in 2026.

The PSEG Long Island 2025 operating budget, including the Utility 2.0 Program is flat to 2024. Productivity savings of \$38.5 million are offsetting inflationary and new initiative increases.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

PSEG Long Island Operating Expenses								
Description	2023	2024		2025		2026		
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year	
PSEG Long Island Operating Expenses								
Transmission & Distribution	\$ 191,352	\$ 205,659	\$ 211,518	\$ 199,153	\$ (6,506)	\$ 205,781	\$ 6,628	
Business Services	80,663	72,521	82,111	70,283	(2,238)	72,672	2,389	
Customer Services	120,940	122,932	120,155	126,014	3,081	130,298	4,285	
Energy Efficiency & DER	94,788	97,153	90,910	95,903	(1,250)	98,896	2,993	
Asset Management	7,318	10,177	8,211	9,501	(676)	9,816	315	
Construction & Operations Services	35,104	40,268	39,091	47,607	7,339	49,138	1,531	
Power System Management	16,756	23,092	21,236	23,406	314	24,209	803	
IT & Cybersecurity	86,204	99,660	96,513	100,423	763	103,666	3,243	
Utility 2.0 Costs	4,926	14,754	9,836	13,710	(1,044)	19,656	5,946	
Total PSEG Long Island Operating Expenses	(a) (b) \$ 638,050	\$ 686,217	\$ 679,580	\$ 686,000	\$ (217)	\$ 714,132	\$ 28,132	

Notes:

(a) PSEG Long Island Operating expenses for 2025 may shift between the various lines of business based on potential organizational structure modifications.

(b) In 2024, LIPA transferred \$8.2 million (\$5.0 million for T&D, \$2.7 million for Customer Service and \$0.5 million for IT) to PSEG Long Island Operating Expense that was originally designated "Pending Project Authorization" in the LIPA-Approved Budget.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

LIPA Operating & Managed Expenses

LIPA Operating & Managed Expenses are budgeted at \$127.3 million in 2025 and are projected at \$134.8 million in 2026. The 2025 budget represents a decrease of \$5.5 million as compared to the Approved Budget for 2024.

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

LIPA's Managed Expenses including a corporate reserve for risk and contingency, clean energy initiatives, and amounts held pending for PSEG Long Island project authorizations.

LIPA has requested regulatory accounting from its Board to defer the \$5.0 million collected in the 2024 Budget related to certain New York Research Development Authority programs but not expended during 2024; as a result, LIPA has lowered its 2025 Budget to fund \$2.0 million committed for the Clean Energy Hub.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
(\$ in thousands)

LIPA Operating & Managed Expenses								
Description	2023	2024		2025		2026		
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year	
LIPA Operating Expenses								
PSEG Long Island Management Fee	\$ 76,686	\$ 82,329	\$ 80,760	\$ 83,310	\$ 982	\$ 90,187	\$ 6,877	
Capitalized Management Fee	(32,401)	(31,163)	(34,028)	(35,102)	(3,939)	(38,000)	(2,898)	
Total PSEG Long Island Management Fee	44,284	51,166	46,732	48,208	(2,958)	52,187	3,979	
Employee Salaries & Benefits	15,828	19,777	21,326	23,562	3,785	24,268	707	
Pension & OPEBs	2,245	2,764	2,360	2,888	124	3,768	880	
Insurance & Claims Reserve	1,321	3,176	2,755	3,156	(20)	3,250	95	
Office Rent	1,668	1,656	1,727	1,681	25	1,731	50	
Engineering	1,575	1,250	1,176	1,020	(230)	1,051	31	
Legal	3,362	4,995	4,944	4,700	(295)	4,841	141	
Financial Services and Cash Management	1,425	1,428	1,607	1,428	-	1,471	43	
Accounting Services	1,614	2,608	2,067	2,236	(373)	2,289	53	
Information Technology	11,047	9,855	10,794	9,758	(97)	10,051	293	
DPS Management Audit	1,129	425	551	-	(425)	-	-	
Outside Services & Consulting Support	6,214	10,973	7,993	7,460	(3,514)	7,653	194	
Other	1,391	2,328	1,747	2,171	(157)	2,236	65	
Total LIPA Operating Expense	48,820	61,235	59,046	60,057	(1,177)	62,608	2,551	
LIPA Managed Expenses								
Clean Energy Initiatives	1,481	7,000	7,000	2,000	(5,000)	5,000	3,000	
PSEG Long Island Pending Project Authorizations	(a) (b) -	7,860	-	10,000	2,140	10,000	-	
Corporate Reserve for Risk & Contingencies	(c) -	5,500	5,500	7,000	1,500	5,000	(2,000)	
Total LIPA Managed Expense	1,481	20,360	12,500	19,000	(1,360)	20,000	1,000	
Total LIPA Operating & Managed Expenses	\$ 94,585	\$ 132,760	\$ 118,278	\$ 127,265	(5,495)	\$ 134,795	7,530	

Notes:

- (a) In 2024, LIPA transferred \$8.2 million (\$5.0 million for T&D, \$2.7 million for Customer Service and \$0.5 million for IT) to PSEG Long Island Operating Expense that was originally designated "Pending Project Authorization" in the LIPA-Approved Budget.
- (b) The 2025 PSEG Long Island pending project authorization includes \$10.0 million associated with system separation and customer service initiatives.
- (c) LIPA reclassified \$1.5M of Corporate Reserve to LIPA Operating Expenses to be used on certain Energy Efficiency projects conducted by LIPA in 2024 but unbudgeted in its Operating Budget.



Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

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). 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.

A total of \$6.3 billion of UDSA Restructuring Bonds have been issued through December 2023. The remaining statutory capacity is approximately \$1.7 billion.

Since 2013, UDSA Restructuring Bonds have generated total net present value debt service savings of \$579 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.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

Utility Debt Securitization Authority							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Revenues	\$ 395,354	\$ 378,366	\$ 382,747	\$ 383,941	\$ 5,575	\$ 392,551	\$ 8,610
Operating Expenses							
Uncollectible Accounts	4,440	2,781	1,911	1,929	(851)	1,973	43
General and Administrative Expense							
Ongoing Servicer Fee	2,743	2,125	2,165	2,123	(2)	2,123	-
Administration Fees	600	600	600	600	-	600	-
Bond Administration Fees	368	507	465	475	(32)	487	12
Directors and Officers Insurance	345	347	326	343	-	360	17
Accounting, Legal & Misc. Fees	354	194	270	250	55	262	12
Total General and Administrative Expense	4,411	3,773	3,826	3,791	17	3,832	41
Amortization of Restructuring Property	297,527	238,348	251,361	262,034	23,686	263,819	1,785
Interest Expense	184,298	170,858	178,771	168,230	(2,628)	157,029	(11,201)
Amortization of Premium	(42,952)	(40,727)	(48,373)	(42,984)	(2,257)	(38,250)	4,734
Amortization of Deferred Debt Issuance Costs	5,419	2,149	1,849	1,732	(416)	1,272	(460)
Total Interest Expense	146,765	132,279	132,247	126,978	(5,301)	120,052	(6,927)
Reserve Fund Earnings	10,745	7,036	9,487	5,020	(2,016)	4,769	(251)
Change in Net Position	\$ (47,044)	\$ 8,221	\$ 2,890	\$ (5,772)	\$ (13,992)	\$ 7,644	\$ 13,416

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Projected Borrowing Requirements and Bank Facilities

LIPA will fund \$897.9 million of infrastructure investments in 2025 with projected debt issuances of \$602.9 million, or approximately 64% debt financing. The balance of capital expenditures will be pay-as-you-go funded from fixed obligation coverage. LIPA expects to generate fixed obligation coverage from operations of \$304.8 million and \$323.4 million in 2025 and 2026, respectively.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

Projected Borrowing Requirements and Bank Facilities							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Total Capital Expenditures	\$ 743,884	\$ 905,361	\$ 845,323	\$ 927,734	\$ 22,373	\$ 1,024,143	\$ 96,409
FEMA Contribution	(8,607)	(4,626)	(1,969)	(29,881)	(25,256)	(104,824)	(74,943)
Net Capital Expenditures	735,277	900,735	843,354	897,853	(2,883)	919,319	21,466
Net Coverage Funding of Capital Expenditures	(268,137)	(282,078)	(315,645)	(304,835)	(22,757)	(323,355)	(18,519)
Carryover Bond Proceeds	-	(190,324)	-	-	190,324	-	-
Projected Borrowing Requirements	467,140	428,333	527,709	593,018	164,684	595,964	2,947
Projected Cost of Issuance on Borrowing Requirements	9,386	5,157	5,191	9,855	4,698	4,719	(5,136)
Projected Borrowing Requirements with Cost of Issuance	(a) 476,526	433,490	532,900	602,873	169,382	600,683	(2,190)
Series 2015 GR-1A/B	-	-	-	200,000	200,000	-	(200,000)
Series 2015 GR-2A/B	-	-	-	150,000	150,000	-	(150,000)
Series 2015 GR-3A/B	100,000	-	-	-	-	100,000	100,000
Series 2015 GR-4A/B	-	200,000	200,000	-	(200,000)	-	-
Series 2015 GR-5A/B	-	-	-	100,000	100,000	-	(100,000)
Series 2015 GR-6A/B	-	250,000	250,000	-	(250,000)	-	-
Series 2022C - Floating Rate Notes	-	-	-	150,000	150,000	-	(150,000)
Series 2023A-2	-	-	-	-	-	43,845	43,845
Series 2023B	-	-	-	-	-	145,880	145,880
Series 2023C	-	-	-	-	-	63,000	63,000
Bonds Subject to Mandatory Refinancing & Bank Facilities	\$ 100,000	\$ 450,000	\$ 450,000	\$ 600,000	\$ 150,000	\$ 352,725	\$ (247,275)

Notes:

(a) The Projected Borrowing amount is a calculated value. Actual borrowing level may differ due to premium and other considerations.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Capital Structure

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).

After funding \$3.5 billion in infrastructure investments from 2023 through 2026, total projected debt outstanding for LIPA and UDSA will rise approximately \$254.8 million.

Lease Obligations will decrease by \$1.1 billion, from \$1.8 billion in 2023 to \$775.2 million in 2026. Lease Obligations and subscription-based information technology arrangement (SBITA) reflect the net present value of lease contracts that are considered financing arrangements under Governmental Accounting Standards Board standards.

Combined debt and lease balances will decrease by \$802.8 million, from \$11.0 billion at the end of 2023 to \$10.2 billion at the end of 2026.

LIPA's Debt to Capital Ratio is projected to decline from 88.7% in 2023 to 84.3% in 2026. The Debt to Asset Ratio is projected to decline from 84.8% in 2023 to 75.6% in 2026. Both ratios are expected to continue to decline over time to achieve the Board's policy target of a 70.0% Debt to Asset Ratio by 2030.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

Capital Structure							
Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
UDSA Long Term Debt Outstanding	\$ 3,656,345	\$ 3,451,555	\$ 3,451,555	\$ 3,227,590	\$ (223,965)	\$ 3,004,580	\$ (223,010)
LIPA Long Term Debt Outstanding	5,212,111	5,140,612	4,444,668	5,086,389	(54,223)	5,448,195	361,806
LIPA Short Term Debt Outstanding	345,000	300,000	345,000	356,251	56,251	414,767	58,517
Total LIPA Debt Outstanding	5,557,111	5,440,612	4,789,668	5,442,640	2,028	5,862,962	420,322
LIPA Long Term Debt To Be Issued (a)	-	433,490	532,900	602,873	169,382	600,683	(2,190)
Projected UDSA Debt	3,656,345	3,451,555	3,451,555	3,227,590	(223,965)	3,004,580	(223,010)
Projected LIPA Debt	5,557,111	5,874,102	5,322,568	6,045,512	171,410	6,463,645	418,133
Total Projected Debt	9,213,456	9,325,657	8,774,123	9,273,102	(52,555)	9,468,225	195,123
Lease Obligations (b)	1,832,755	1,442,559	1,472,250	1,128,868	(313,692)	775,158	(353,710)
Total Debt and Lease Obligations	11,046,211	10,768,216	10,246,373	10,401,970	(366,246)	10,243,383	(158,587)
Excess of Revenues Over Expenses	130,090	83,059	166,820	173,947	90,888	208,706	34,759
Net Position Before Deferred Grants	827,421	906,973	994,241	1,168,188	261,216	1,376,895	208,706
Deferred Grants (c)	585,775	573,374	571,526	552,208	(21,166)	532,897	(19,311)
Net Position	\$ 1,413,196	\$ 1,480,347	\$ 1,565,767	\$ 1,720,396	\$ 240,050	\$ 1,909,792	\$ 189,395
Debt to Capital Ratio (d)	88.7%	87.9%	86.7%	85.8%	-2.1%	84.3%	-2.0%
Debt to Asset Ratio (e)	84.8%	85.6%	81.2%	78.5%	-7.1%	75.6%	-3.0%

Notes:

- (a) Long-term debt to be issued reflects projected borrowing requirements to fund Capital Expenditures excluding carry over proceeds from the prior year, bond premium, and bond refinancing.
- (b) Lease obligations includes subscription-based information technology arrangement (SBITA).
- (c) Deferred Grants are funds received from FEMA for a \$730.0 million storm hardening program. LIPA has deferred recognition of the grant income to align the grant receipts with the associated depreciation expense of the assets funded through the grant.
- (d) Debt to Capital Ratio is calculated by taking (i) debt and leases and dividing by (ii) debt, leases, and Net Position.
- (e) Debt to Asset Ratio is calculated by taking (i) debt and leases and dividing by (ii) utility plant assets and working capital.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

**2025 Proposed and 2026 Projected Capital Expenditures
 Transmission & Distribution**

Location	Investment Description	In Service Date	Project to Date			
			Total Project Cost	through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Various	Install cascade facility ratings software	Aug-25	\$ 1,055	\$ 485	\$ 496	\$ -
Northport	Install concrete mattresses cables	Jun-26	1,069	519	550	-
Shore Rd Substation	Install 138kV 80MVAR reactor	Dec-26	8,475	81	3,049	5,299
Total Regulatory Driven Projects			\$ 10,599	\$ 1,085	\$ 4,095	\$ 5,299
Locust Grove	T-Mobile load addition upgrades	Nov-24	2,523	2,285	238	-
Elwood	Conversion and reinforcement	Dec-24	11,884	11,764	120	-
Woodmere	Conversion & reinforcement feeder extension	Dec-24	2,842	2,749	93	-
Bridgehampton	Install new 3rd bank and switchgear	Mar-25	13,465	12,728	649	-
Hither Hills	Upgrade substation 9HH from 23kV to 33kV	May-25	20,664	14,229	5,964	-
Arverne	New feeder, Edgemere development C&R phase 2	Jun-25	4,639	1,539	2,724	-
Belmont	Convert substation from 33kV to 69kV	Jun-25	51,448	38,672	10,863	-
Arverne	East development new feeder C&R phase 1	Jun-25	3,093	627	1,850	-
Syosset	New UG 13.2 kV feeder & OH reconductoring	Aug-25	8,459	874	6,869	28
Tech Park	New feeder 7S-8H3	Dec-25	12,132	664	10,406	27
Miller Place	Install 3rd 138/13kV 33MVA distribution bank and feeders	Dec-25	19,653	7,941	10,404	472
Bridgehampton	Install new 69kV circuit to Buell substation	Dec-25	63,072	10,196	39,107	87
East Hampton Village	4kV to 13kV conversion	Dec-25	18,254	3,895	12,174	1,383
Ocean Beach	Conversion and reinforcement	Dec-25	8,416	4,453	3,381	31
North Bellmore	Install 33MVA bank, switchgear and feeders	Jun-26	26,143	3,864	7,168	9,445
Southampton	Install new 138kV cable to Deerfield	Dec-26	68,484	4,348	5,939	57,802
Port Jefferson	Install new 13kV distribution feeder	Dec-26	13,314	289	589	12,352
Locust Grove	New feeder	Jun-27	2,300	-	-	1,150
Moriches	Install series reactor on 69kV circuit to south manor	Jun-27	2,099	-	181	365
Deerfield	Reconfigure 69kV double circuit to Canal substation	Jun-27	2,976	866	160	316
East Hampton Village	4kV to 13kV conversion circuits 9L-782 & 9E-991	Jun-28	13,079	-	555	4,231
Arverne	East development, new feeder C&R phase 2	Jun-28	6,734	385	175	1,191
New South Road	Expand 69/13kV substation & distribution cables	Jun-28	20,820	6,485	332	475
Lindbergh	Substation expansion	Jun-28	60,000	-	-	10,000
Wildwood	Replace 14 MVA bank with a 33 MVA bank and add switchgear	Jun-29	17,735	-	-	3,000
Quogue Substation	2-33 MVA 69kV banks, switchgear and C&R	Jun-29	24,847	-	-	876
Peconic	Upgrade existing distribution transformers from 14 MVA to 33 MVA	Jun-29	13,397	-	-	1,139
Arverne	New Wavecrest substation and conversion and reinforcement	Jun-30	80,775	-	39	691
Various	Residential/commercial underground development (RUD/CIPUD)	Program	-	-	17,390	17,390
Various	Distribution facilities to serve new business	Blanket	-	-	42,917	45,063
Total Load Growth Projects			\$ 593,247	\$ 128,853	\$ 180,287	\$ 167,516

Notes:

- a) Project to date expenditures includes projects that began prior to 2024.
- b) Excludes PSEG Long Island Pending Project Authorizations that are held outside the PSEG Long Island budget pending additional information.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
(\$ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Transmission & Distribution

Location	Investment Description	In Service Date	Total	Project to		Projected 2026
			Project Cost	Date through 12/31/24 (a)	Proposed 2025 (b)	
Uniondale	Stewart Avenue - Uniondale hub switchgear replacement	Dec-24	\$ 19,187	\$ 18,934	\$ 253	\$ -
Far Rockaway	Cap banks installation	Dec-24	2,393	2,339	53	-
Reynolds Channel	Reconductor 33-315 submarine cable	Jun-26	6,583	386	706	5,490
Fire Island Pines & Bayport	Replace exposed land cable of 23-748	Jun-26	14,450	-	500	10,100
Huntington village	Substation supply hardening - Huntington Village	Jun-27	6,981	-	358	2,918
West Hempstead	Install four 69/13kV 33MVA transformers and associated work	Dec-27	37,120	254	1,027	11,030
Various	Substation control house replacements	Dec-27	3,819	86	880	1,227
Various	Distribution automation cellular network upgrade	Dec-27	500	-	-	250
Rocky Point	Two-way radio coverage improvement	Dec-27	1,800	-	-	900
Various	Telecom site on wheels (SOW)	Dec-27	2,375	-	-	2,240
Elmont	Substation rebuild and feeder conversions	Jun-28	70,969	-	524	25,504
Rockville Centre	Load pocket	Jun-28	36,681	-	-	745
North Bellport	23kV conversion to Eastport	Dec-28	50,540	-	-	992
Bayport	Load pocket	Dec-28	21,055	-	-	1,193
Fire Island Pines	Install new 23 kV circuit to Ocean Beach substation	Apr-29	47,070	3,104	1,106	6,625
Garden City Park	Conversion from 33/4kV to 69/13kV	Jun-30	35,005	-	-	225
Various	Branch line reclosers	Program	-	-	-	17,515
Various	System spares	Program	-	-	17,401	12,650
Various	Underground distribution cable replacement	Program	-	-	19,420	20,420
Various	Distribution circuit improvement program (CIP)	Program	-	-	16,800	17,640
Various	Residential underground cables upgrade	Program	-	-	16,608	17,608
Various	Transmission wood pole replacement on the LIRR right-of-way	Program	-	-	14,500	-
Various	Substation transformers replacements	Program	-	-	14,713	21,439
Various	Transmission wood pole replacement on public/LIPA right-of-way	Program	-	-	11,621	-
Various	Distribution switchgear replacements	Program	-	-	6,600	7,350
Various	Transformer major component replacements	Program	-	-	5,250	1,750
Various	Public works	Program	-	-	5,930	8,950
Various	Transmission breaker replacement program	Program	-	-	4,400	4,400
Various	Remote terminal unit (RTU) replacement/upgrade program	Program	-	-	4,000	3,500
Various	Transmission protection and controls upgrade program	Program	-	-	3,750	3,400
Various	Upgrade supervisory controllers for capacitor banks	Program	-	-	3,550	4,550
Various	ACRV - automatic circuit recloser viper install/convert	Program	-	-	-	-
Various	Distribution voltage remediation program	Program	-	-	3,000	3,000
Various	Transformer monitoring	Program	-	-	2,400	4,300
Various	Replace 13 trailer mounted cap banks with fixed banks	Program	-	-	2,100	2,878
Various	Upgrade corrosion protection system for pipe type cable	Program	-	-	2,125	1,700
Various	Transmission pipe type cable pump house upgrade / replacement	Program	-	-	1,060	1,060
Various	Pipe type cable terminal pressure monitoring upgrade program	Program	-	-	-	905



Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

**2025 Proposed and 2026 Projected Capital Expenditures
 Transmission & Distribution**

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Various	Telecom radio tower & subscriber battery program	Program	-	-	835	-
Various	Distribution breaker replacements	Program	-	-	930	832
Various	Protection lease line upgrade program	Program	-	-	800	400
Various	Cap and pin insulator replacements	Program	-	-	800	800
Various	Substation lightning & grounding upgrades	Program	-	-	790	790
Various	Two-way radio substation local control	Program	-	-	710	-
Various	Distribution automation repeater site alarm monitoring system	Program	-	-	650	240
Various	Pipe type cable low pressure trip	Program	-	-	683	1,366
Various	Mechanical relay replacements	Program	-	-	650	800
Various	Underground transmission cable upgrades	Program	-	-	500	20,000
Various	Annunciator replacement	Program	-	-	500	458
Various	Transmission cables cathodic replacements	Program	-	-	480	374
Various	Substation battery relocation	Program	-	-	1,020	1,402
Various	Distribution automation repeater network and site upgrades	Program	-	-	400	400
Various	Distribution automation repeater antenna & cable replacement program	Program	-	-	330	368
Various	Network protectors electromechanical relay replacement	Program	-	-	320	320
Various	Substation control power transformer replacements	Program	-	-	300	300
Various	Distribution pole mounted switches and RTU replacements	Program	-	-	300	300
Various	Substation battery replacement program	Program	-	-	240	162
Various	Transformer load tap changer replacement program	Program	-	-	-	690
Various	Distribution system improvements - services, branch lines & customer requests	Blanket	-	-	44,300	44,300
Various	Distribution transformers - add/replace	Blanket	-	-	21,588	22,668
Various	Distribution pole replacements	Blanket	-	-	14,054	14,757
Various	Replacement of non-restorable distribution wood pole rejects	Blanket	-	-	12,540	12,916
Various	Accidents	Blanket	-	-	11,550	12,128
Various	Distribution multiple customer outages (MCO)	Blanket	-	-	8,101	8,506
Various	Substation equipment failures	Blanket	-	-	8,000	8,000
Various	Transmission & distribution wood pole reinforcement	Blanket	-	-	5,002	5,221
Various	Transmission system failures	Blanket	-	-	1,654	1,736
Various	Transmission pole replacements	Blanket	-	-	1,654	1,736
Various	Climate driven distribution pole replacements	Blanket	-	-	-	1,194
Various	Climate driven distribution pad mount switchgear program	Blanket	-	-	-	625
Various	Two way radio system operations center dispatch communications equipment	Blanket	-	-	150	175
Various	Climate driven transmission pole replacements	Blanket	-	-	-	3,175
Total Reliability Projects			\$ 356,527	\$ 25,104	\$ 300,466	\$ 391,593

Notes:

- a) Project to date expenditures includes projects that began prior to 2024.
- b) Excludes PSEG Long Island Pending Project Authorizations that are held outside the PSEG Long Island budget pending additional information.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

**2025 Proposed and 2026 Projected Capital Expenditures
 Transmission & Distribution**

Location	Investment Description	In Service Date	Project to			
			Total Project Cost	Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Ocean Beach	Raise select equipment	Dec-26	10,081	-	881	9,136
Fire Island Pines	Substation relocation	Dec-30	40,256	-	352	603
Various	Storm Hardening Program (Power On)	Program	-	-	51,500	-
Total Storm Hardening Projects			50,337	-	52,732	9,739
South Shore Mall	Network protector transformer replacement	Mar-25	1,715	487	1,157	-
Glenwood	Landing substation structural modifications	Mar-25	21,430	18,691	2,738	-
Various	Vacuum excavation project - additional vehicles	Jun-26	850	-	-	850
Various	Transmission operations control room facility replacement (PTCC)	Mar-27	124,376	4,218	14,090	72,979
Various	Radio device management system	Dec-28	3,804	-	-	2,092
System wide	Wireless communications roadmap implementation	Dec-30	16,600	-	-	3,300
Various	LIRR program	Program	-	-	5,002	9,081
Various	Substation security upgrades program	Program	-	-	5,000	-
Various	Substation distribution circuit relay upgrade	Program	-	-	775	757
Various	Minor capital substation improvements	Program	-	-	1,000	1,000
Various	Transfer distribution facilities to new telephone poles	Blanket	-	-	10,780	10,564
Various	Capital tools	Blanket	-	-	2,200	3,200
Various	Salvage	Blanket	-	-	(500)	(500)
Total Economic, Salvage, Tools, Equipment & Other			168,775	23,397	42,242	103,324
Grand Total Transmission & Distribution			\$ 1,179,486	\$ 178,439	\$ 579,822	\$ 677,470

Notes:

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Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures Information Technology					
Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
OMS CAD System Enhancements Program	2024	\$ 2,111	\$ 1,450	\$ -	\$ -
CG Concentrator Replacement	2025	6,676	3,164	-	-
DER to DSCADA Communications Upgrade	2025	2,894	369	-	-
OMS CAD Oracle Database Upgrade LCP	2025	511	1,042	-	-
OMS-CAD Environments Management Enhancements	2025	1,122	983	-	-
GE PowerOn Reliance Upgrade	2025	1,575	6,354	-	-
Cyber Security Tools for Energy Management System (EMS)	2025	9,350	4,888	-	-
E2E Storm Restoration - Resource Allocation and Tracking	2025	3,479	-	-	-
Case Management System Physical Security	2025	715	253	-	-
Access Control Replacement Project	2025	4,244	2,268	-	-
ADMS Network Model and Roadmap - 2025	2025	2,000	-	-	-
ESRI Utility Network Migration	2027	11,250	-	-	5,250
EAM/Maximo Implementation	2029	80,357	4,357	-	5,000
Total Transmission & Distribution		126,285	25,129	-	10,250
Community Distribution Generation Billing Automation (CDG)	2024	3,294	2,794	-	-
AMI & MDM Enhancements - 2024	2024	4,934	4,904	30	-
Kubra Enhancement 2024	2025	436	251	185	-
Move In-Move Out (MIMO) Process Improvement Project	2025	1,267	917	-	-
Multi Factor Authentication	2025	850	-	-	-
GRC Tool Deployment	2025	2,910	525	-	-
Kubra Enhancement 2025	2025	900	-	-	-
PEP+ Replacement Including NACHA Bank Account Validation	2025	800	-	-	-
Customer Accounting System (CAS) Enhancements 2025	2025	500	-	-	-
Replace Sonic ESB with Mulesoft	2025	6,150	5,150	1,000	-
Business intelligence & Analytics 2025	2025	1,800	-	430	-
CCaaS 2025 Continuous Improvement	2025	1,500	-	1,500	-
CCaaS Copilot and CXOne Expert Implementation	2025	1,100	-	550	-
Time of Day (TOD) Default Rate - 2025	2025	3,100	-	-	-
AMI & MDM Enhancements - 2025	2025	600	-	600	-
Standard Data Platform 2025	2025	2,100	-	-	-
2026 - Annual Customer Rate - Tariff Change	2026	500	-	350	150
Customer Insights and Home Energy Management	2026	1,137	907	-	-
Annual Customer Rate - Tariff Change (Rate change product Enhancement) 2026	2026	500	-	-	500
Business analytics future	2026	11,200	-	-	1,600
Total Customer Service		45,578	15,448	4,645	2,250

**2025 Proposed and 2026 Projected Capital Expenditures
 Information Technology**

Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
System Separation (IT-7)	2025	75,493	33,917	11,905	-
Team Center Replacement	2025	519	415	-	-
VOIP Phones LCP	2025	200	-	200	-
Verizon TLS Routers LCP - 2025	2025	1,200	-	-	-
JMUX HW Equipment LCP-2025	2025	857	407	150	150
Switch/Router LCP 2025	2025	300	-	300	-
InfoBlox LCP	2025	2,000	-	-	-
F5 LCP	2025	1,100	-	-	-
Windows 11 upgrade	2025	750	125	-	-
Laptop LCP 2025	2025	3,060	-	-	-
MDT LCP 2025	2025	2,160	-	-	-
Workstation LCP 2025	2025	360	-	-	-
Mainframe LCP 2025	2025	368	-	368	-
Ransomware: File Integrity Management Tool	2025	850	-	250	-
Ransomware: Enterprise Offline Backup	2025	3,000	-	500	-
Laptop LCP 2026	2026	1,130	-	-	1,130
Mainframe LCP 2026	2026	368	-	-	368
Oracle 19c Upgrade	2026	1,000	-	-	325
Storage LCP SAN Switch Replacement	2026	3,500	-	-	3,500
Switch/Router LCP 2026	2026	2,700	-	-	2,700
Windows Server 2016 Upgrade	2026	1,000	-	-	1,000
JMUX Replacement	2027	7,000	750	-	2,000
Ransomware: Network Segmentation	2027	1,600	-	-	1,000
Total Information Technology		111,265	35,614	13,673	12,923
IT Risk and Contingency	2025	20,000	-	-	-
Total LIPA Reserve for Risk and Contingency		20,000	-	-	-
Grand Total Information Technology Projects		\$ 303,128	\$ 76,191	\$ 18,318	\$ 25,423

Notes:

- a) Project to date expenditures includes projects that began prior to 2024.
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Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

**2025 Proposed and 2026 Projected Capital Expenditures
 Information Technology - Cyber Security**

Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Cybersecurity Continuous Improvement for CNI	2024	\$ 2,506	\$ 2,456	\$ -	\$ -
Cybersecurity Continuous Improvement	2024	3,415	2,993	-	-
Cybersecurity NIST-CSF Tier 3 implementation	2025	10,202	9,902	-	-
CyberArk for CNI	2025	7,233	4,968	-	-
Ransomware: SOC 24/7 Availability	2025	400	-	-	-
Sailpoint Access Control	2025	4,871	2,721	500	-
NIST CSF 2024 Assessment Response	2025	3,000	-	-	-
CCI for CNI 2025 P1: Enterprise SailPoint Expansion into OT	2025	1,500	-	-	-
Grand Total Information Technology - Cyber Security Projects		\$ 33,127	\$ 23,040	\$ 500	\$ -

Notes:

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Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

**2025 Proposed and 2026 Projected Capital Expenditures
 Utility 2.0**

Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025	Projected 2026
Electric Vehicle (EV) Program	2026	\$ 2,945	\$ 823	\$ 2,010	\$ 113
Electric Vehicle (EV) Make-Ready Phase II	2026	14,199	1,546	6,361	6,292
Fleet Make Ready Program	2026	4,489	539	1,470	2,480
IEDR Platform	2026	5,378	381	3,396	1,601
New Program Funding		-	-	-	5,000
Total Utility 2.0 Projects		\$ 27,012	\$ 3,289	\$ 13,237	\$ 15,486

Notes:

a) Project to date expenditures includes projects that began prior to 2024.

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures All Other						
Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
	Purchase Electric Meters	Blanket	\$ -	\$ -	\$ 2,890	\$ 2,841
	Meter Services Capital Labor	Blanket	-	-	-	5,550
	Tools/Equipment - Meter Services	Blanket	-	-	-	550
	Solar Battery Backup Kit	Blanket	-	-	354	385
	AMI Network Capacity Project	Program	-	-	-	-
Total Customer Service Projects			-	-	3,244	9,326
	Facilities Leasehold Improvements	Blanket	-	-	-	2,186
	New Operation Yard	Dec-26	82,930	16,651	43,574	22,705
	Property Strategy - Riverhead ACQ & DEV	Aug-28	89,988	-	-	2,588
Total Other General Plant Projects			172,918	16,651	43,574	27,479
	Fleet	Program	-	-	1,283	43,867
Total Fleet Projects			-	-	1,283	43,867
Total T&D and Other Projects			\$ 1,715,671	\$ 297,610	\$ 659,978	\$ 799,051

Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

**2025 Proposed and 2026 Projected Capital Expenditures
 All Other**

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Shoreham	Construction of 50MW battery energy storage system	Dec-25	2,308	434	1,874	-
Valley Stream	Upgrade relays at 138kV substation (Q#1289-upgrade)	Mar-27	1,226	20	116	694
Newbridge	Replace 138kV breaker 1460 (Q#1289-upgrade)	Jun-27	9,962	59	430	2,342
Ruland	Install reactors on 138-561/562 circuits to Newbridge (Q#1289-upgrade)	Jun-27	8,075	92	807	3,000
Valley Stream	Install reactor on circuit 138-262 (Q#1289-upgrade)	Jun-27	15,719	80	1,003	5,909
Lake Success	Upgrade relays at 138kV substation (Q#1289-upgrade)	Jun-27	6,113	17	323	1,506
Stewart Avenue - Uniondale Hub	Upgrade 138kV Relays (Q#1289-UPGRADE)	Dec-27	1,606	16	115	334
Stewart Avenue - Uniondale Hub	Install reactors on circuits 138-462/463 (Q#1289-upgrade)	May-28	33,543	8,957	1,705	3,483
Barrett	Upgrade relays at 138kV substation (Q#1289-upgrade)	Jun-28	2,232	19	165	70
Holbrook	Replace 138kV switch 1322 with a breaker (Q#1289-upgrade)	Jun-28	5,895	45	462	954
Northport	Replace 138kV breakers PPTN (Q#1289-NUF)	May-29	11,214	21	320	350
Pilgrim	Replace 138kV breakers PPTN (Q#1289-NUF)	May-29	4,389	20	121	200
Syosset	Replace UG section of 138-676 circuit to Greenlawn (Q#1289-upgrade)	Dec-29	114,959	2,944	667	3,757
Newbridge	Convert 138kV Ckt SAUH-Ruland 138-467/567 to 345kV (Q#1289-upgrade)	May-30	45,029	446	1,440	3,678
Barrett	Interconnect to New Barrett 138/345kV sub (Q1289-NUF)	May-30	87,726	-	-	2,967
Northport	Install new 138kV phase angle regulator (Q#1289-upgrade)	May-30	46,739	1,141	2,341	1,832
Offshore Wind Transmission			396,736	14,311	11,889	31,076
FEMA Grant: Storm Hardening			-	-	33,202	116,471
Storm Capitalization			-	-	3,340	3,340
Total PSEG Long Island Capital Budget			\$ -	\$ -	\$ 708,409	\$ 949,939

Notes:

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Long Island Power Authority
 2025 Proposed and 2026 Projected Budgets
 (\$ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures Pending Authorization		
Location	Investment Description	2025 Pending Authorization
Various	Branch line reclosers	17,515
Various	Transmission wood pole replacement on the LIRR right-of-way	500
Various	ACRV - automatic circuit recloser viper install/convert	2,092
Various	Capital tools	1,000
Various	T&D R&C	11,552
Total Transmission & Distribution		32,659
	GE PowerOn Reliance Upgrade	2,996
	E2E Storm Restoration - Resource Allocation and Tracking	2,894
	OMS-CAD Environments Management Enhancements	139
	Cyber Security Tools for Energy Management System (EMS)	1,788
	Case Management System Physical Security	462
	Access Control Replacement Project	1,976
	ADMS Network Model and Roadmap - 2025	2,000
	ESRI Utility Network Migration	500
	Kubra Enhancement 2025	900
	PEP+ Replacement Including NACHA Bank Account Validation	800
	CCaaS Copilot and CXOne Expert Implementation	550
	Time of Day (TOD) Default Rate - 2025	2,200
	Standard Data Platform 2025	2,000
	Windows 11 upgrade	375
	Laptop LCP 2025	3,060
	MDT LCP 2025	2,160
	Workstation LCP 2025	360
	InfoBlox LCP	2,000
	F5 LCP	1,100
	Verizon TLS Routers LCP - 2025	1,200
	JMUX Replacement	2,000
	Ransomware: File Integrity Management Tool	600
	Ransomware: Enterprise Offline Backup	2,500
	Ransomware: Network Segmentation	1,600
	IT R&C	20,000
Total Information Technology		58,260

2025 Proposed and 2026 Projected Capital Expenditures Pending Authorization		
Location	Investment Description	2025 Pending Authorization
	CyberArk for CNI	1,183
	Sailpoint Access Control	1,500
	Ransomware: SOC 24/7 Availability	400
IT - Cybersecurity		3,083
	Meter Services Capital Labor	5,260
	Tools/Equipment - Meter Services	500
	AMI Network Capacity Project	158
Total Customer Service		5,918
	Facilities Leasehold Improvements	2,231
	Property Strategy - Riverhead ACQ & DEV	12,650
Total Other General Plant		14,881
Various	FEMA Grant: Storm Hardening	8,042
Total FEMA		8,042
Various	Property Acquisition	51,112
Total Property Acquisition		51,112
Total Pending Project Authorization		\$ 173,955

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

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 electric delivery service in the Service Area, which includes approximately 1.2 million customers. The population of the Service Area is approximately 2.9 million. 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 and September
 - 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.
 - LIPA provides PSEG Long Island its portion of the Consolidated Budget.
- October
 - PSEG Long Island produces a LIPA Consolidated Budget.
 - The LIPA Consolidated Budget is reviewed by senior level staff from both LIPA and PSEG Long Island.
 - The LIPA Consolidated Budget is approved by LIPA's CEO.
- November:
 - The Board of Trustees is briefed on the budget during regular board meeting.
 - Public Hearings are held in November to solicit comments from the public.
- December: The Board of Trustees votes on the adoption of the LIPA Consolidated Budget.

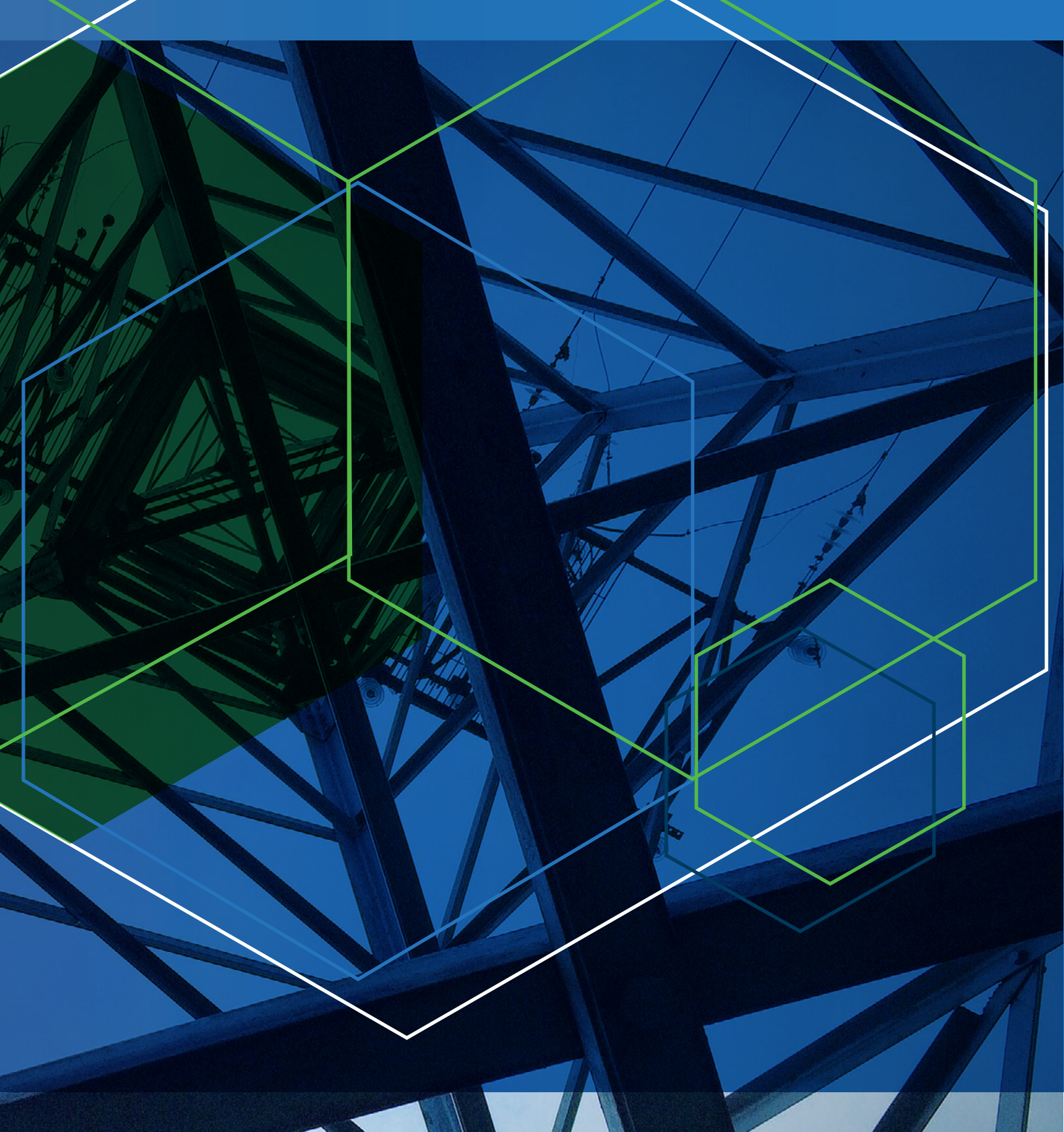
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Proposed 2025 Performance Metrics

November 13, 2024



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November 4, 2024

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. 24-02176: Recommendations Regarding LIPA's Proposed 2025 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 2025 Performance Metrics proposal (LIPA Final Proposal) for PSEG Long Island (PSEG LI or the Company).¹ Pursuant to the requirements of the Second Amended and Restated Operating Services Agreement (the New OSA) between LIPA and PSEG LI, LIPA proposed fifty-two (52) metrics covering all 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 These recommendations constitute the DPS Recommended Metrics pursuant to Appendix 4.3(C) of the New OSA.

Under the terms of the New OSA, LIPA and PSEG LI are required to conduct an annual metrics review process.³ As part of this process, LIPA sends an initial metrics proposal to PSEG LI for its review and comment. Then, 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 Proposal to DPS for its review and recommendation, as well as to PSEG LI for further comment concerning the Final Proposal. Finally, the Department considers the Final Proposal, along with

¹ LIPA 2025 Proposed Performance Metrics for DPS Review and Recommendation (filed October 4, 2024).

² Second Amended and Restated Operations and Services Agreement Between the Long Island Power Authority and PSEG Long Island, LLC, Appendix 4.3(C)(I)(B) (in effect April 1, 2022) (New OSA).

³ New OSA, Appendix 4.3(C)(I)(B).

⁴ Id.

PSEG LI's comments, and submits its recommendation to the LIPA Board of Trustees (LIPA Board or the Board) for adoption.

Staff has reviewed LIPA's Final Proposal and recommends adoption of all 52 metrics as proposed by LIPA, without modification. The attached DPS Staff Memorandum outlines the process undertaken and details the Department's recommendations for adoption of the 52 metrics recommended for approval. The DPS Staff Memorandum outlines each metric where PSEG LI and LIPA disagreed and provides a corresponding explanation for DPS Staff's recommendation.

These 52 metrics encompassing all five scope functions, T&D, PS&CE, CS, BS, IT, and critical operation services such as reliability, vegetation management, and safety, will aid in ensuring that PSEG LI maintains and enhances its performance on behalf of customers. Specifically, these metrics will help PSEG LI improve its performance by reducing the amount of time that customers experience outages, decreasing serious injuries to employees, and increasing the efficiency of its vegetation management work.

Staff also recommends adoption of several metrics that pertain to PSEG LI's targets to achieve compliance with the goals of the Climate Leadership and Community Protection Act (CLCPA). These metrics contain deliverables to achieve set Energy Efficiency savings, incentivize residential customers to install heat pumps, promote electric vehicle adoption on Long Island, and realize investments in disadvantaged communities. Additionally, Staff recommends adoption of metrics that will directly target improvements in areas that impact customers' experience and will require PSEG LI to increase the efficiency for live agent customer calls and achieve a low customer complaint rate. Staff also recommends the adoption of metrics that will require PSEG LI to improve its cybersecurity readiness.

The proposed metrics adhere to the performance metric criteria contained in the New OSA.⁵ 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. DPS stresses that it is critically important in creating metrics that their reasonableness and objectively verifiable nature be considered. Also, the metrics should be clearly defined to ensure that there is no confusion concerning what is required to achieve the goals of each metric. Finally, metrics should align with the policies, goals, and strategies outlined by New York State, and by the LIPA Board.

⁵ New OSA, Appendix 4.3(C)(I)(D).

The DPS Recommended Metrics are intended to ensure that PSEG LI provides Long Island residents with improved service across all five scope functions, with particular focus on service reliability, customer satisfaction, and progress towards reaching the goals of the CLCPA. These metrics adequately incentivize PSEG LI to achieve the level and quality of service expected of a utility 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: John Rhodes, LIPA Acting Chief Executive Officer
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
Dave Lyons, PSEG LI Interim President and Chief Operating Officer
Andrea Elder-Howell, PSEG LI Vice President Legal Services
Carrie Meek Gallagher, DPS LI Director
Nicholas Forst, DPS LI Deputy Director
Peter Hilerio, DPS LI Counsel

2025 Performance Metrics

T&D-01: Asset Management Program Implementation – Asset Inventory

Board Policy: Asset Management	Board PIPs: AM-1: Asset Management Framework, AM-2: Asset Management Inventory
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Joseph Cicalo, Robert Bradley, Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Sean Walters
Allocated Compensation (2021 Dollars): \$850,000	

OBJECTIVE

To implement an effective Enterprise Asset Management (EAM) Program consistent with both the ISO 55000 principles and the Asset Management Recommendations adopted by the LIPA Board of Trustees (AM-1 and AM-2).

TARGETS AND CALCULATIONS

PSEG Long Island to provide LIPA with quarterly updates on the data collection effort. LIPA to verify via an audit, the field survey completion and GIS record accuracy of the Outside Plant (OSP) T&D assets in 2025.

For 100% of the allocated incentive compensation, PSEG Long Island is to have collected 100% of the total OSP T&D assets and successfully field verified and updated in EGIS by December 31, 2025, with at least 98.0% accuracy.

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.

“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
Submit 1st Quarter status report of Asset Inventory collected and uploaded to EGIS by April 15, 2025	2025-04-15
Submit 2nd Quarter status report of Asset Inventory collected and uploaded to EGIS by July 15, 2025	2025-07-15
Submit 3rd Quarter status report of Asset Inventory collected and uploaded to EGIS by October 15, 2025	2025-10-15

2025 Performance Metrics

T&D-01: Asset Management Program Implementation – Asset Inventory

Capture the desired asset attributes for each asset class as established in Recommendation No. AM-2. QA/QC the new asset data, and timely update validated asset information in EGIS.	2025-12-13
Submit 4th Quarter status report of Asset Inventory collected and uploaded to EGIS by December 31, 2025	2025-12-31

2025 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: Billy Raley	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Christopher Pezzino
PSEGLI Director: Paul Simmons	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars): \$500,000	

OBJECTIVE

Execute the project implementation plan containing the key milestones for the construction of the Primary Transmission Control Center (PTCC).

TARGETS AND CALCULATIONS

Execute all identified and mutually agreed upon 2025 deliverables from the multi-year PTCC PIP approved in 2023, as amended by the Parties 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.

Parties agree to refine the 2025 deliverables and target due dates by January 15, 2025, to reflect the current up-to-date overall project schedule at the close of 2024.

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be reasonably coherent, error free, well structured, consistent with all deliverable requirements, and aligned with achieving the metric objectives.

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. 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

2025 Performance Metrics

T&D-06: Primary Transmission Control Center (PTCC) Replacement

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
PTCC Video Wall Display System in Service	QTR 1
Information Technology (IT) / Operational Technology (OT) Transition & Implementation Plan - update with additional detail & scope	QTR 2
Commissioning Agent Contract Award	QTR 3
Detailed Design Documents Phase 1 & 2	QTR 3
Design Estimate & P6 Schedule	QTR 3
Construction Design Documents Phase 1	QTR 4
Construction Commencement	QTR 4

2025 Performance Metrics

T&D-07: System Average Interruption Duration Index (SAIDI) Reliability

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$525,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
59	54.7	59	56	57.5	56.3	56.5

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 = $\sum (r_i * N_i) / NT$ – (measured in minutes); where:

Σ = Summation function

r_i = Restoration time, minutes

N_i = Total number of customers interrupted five (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 <= 56.5 minutes
2. For 75% of the allocated incentive compensation, achieve a SAIDI of <=PSEG LI’s 3-year performance average (2022-2024 actuals)
3. For 50% the allocated incentive compensation, achieve a SAIDI of <= PSEG LI’s 5-year performance average (2020-2024 actuals)

Rounding protocols using two significant digits will be implemented for target measurement purposes.

2025 Performance Metrics

T&D-07: System Average Interruption Duration Index (SAIDI) Reliability

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: <ol style="list-style-type: none">1. Monthly Scorecard Reporting Requirement for SAIDI2. Any additional supporting documentation as required	Monthly

2025 Performance Metrics

T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$425,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
0.76	0.68	0.76	0.68	0.7	0.69	0.67

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 = $\Sigma(N_i) / NT$; where:

Σ = Summation function

N_i = 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 <= PSEG LI's 3-year performance average (2022-2024 actuals)
3. For 50% the allocated incentive compensation, achieve a SAIFI of <= PSEG LI's 5-year performance average (2020-2024 actuals)

Rounding protocols using two significant digits will be implemented for target measurement purposes.

2025 Performance Metrics

T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

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 Requirement for SAIFI 2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

T&D-09: Momentary Average Interruption Frequency Index (MAIFI) Reliability

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$350,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
2.56	1.78	1.89	1.67	1.7	1.45	1.5

OBJECTIVE

Continuous improvement of MAIFI (Momentary Average Interruption Frequency Index) reflecting ongoing significant investments to 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 = $\Sigma(N_i) / NT$; where:

Σ = Summation function

N_i = 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. For 50% of the allocated incentive compensation, achieve a MAIFI of \leq the PSEG Long Island 5-year average (based on 2020-2024 actuals)
2. For 75% of the allocated compensation, achieve a MAIFI of \leq the midpoint performance between the 50% and 100% levels
3. For 100% of the allocated incentive compensation, achieve a MAIFI of \leq the average of PSEG Long Island's three best individual performance years over the 5-year period of 2020-2024

Rounding protocols using two significant digits will be implemented for target measurement purposes.

All metric targets are based on the anticipation that all 2025 reliability-based program spending will be aligned with 2024 approved budgets. If budgets are reduced, targets will be revisited.

2025 Performance Metrics

T&D-09: Momentary Average Interruption Frequency Index (MAIFI) Reliability

EXCLUSIONS

Excludes only Major Storms as defined by the 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 Requirement for MAIFI 2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

T&D-10: Reduce Sustained Multiple Customer Outages (S-MCOs)

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$350,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
				21000	23730	100%

OBJECTIVE

Improve performance for customers with the worst interruption experience, as measured by Sustained Multiple Customer Outages (“S-MCO” or “S-MCOs”), by continuing to improve overall system performance.

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 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, 2025:

- A) A level of ≥ 6 S-MCOs
- B) A level of ≥ 8 S-MCOs
- C) A level of ≥ 10 S-MCOs
- D) A level of ≥ 12 S-MCOs

The S-MCO metric is 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, 2025:

- A) Equal to $\leq 2,275$ of customers with ≥ 6 S-MCOs
- B) Equal to ≤ 350 of customers with ≥ 8 S-MCOs
- C) Equal to ≤ 25 of customers with ≥ 10 S-MCOs
- D) Equal to 0 customers with ≥ 12 S-MCOs

- Successfully achieving 1 of the 4 criteria = 25% of the allocated incentive compensation
- Successfully achieving 2 of the 4 criteria = 50% of the allocated incentive compensation
- Successfully achieving 3 of the 4 criteria = 75% of the allocated incentive compensation

2025 Performance Metrics

T&D-10: Reduce Sustained Multiple Customer Outages (S-MCOs)

- Successfully achieving 4 of the 4 criteria = 100% of the allocated incentive compensation

An alternate path to achieving 100% of the allocated incentive compensation can be accomplished if BOTH of the following conditions are met, as of December 31, 2025:

1. Successfully achieving a level of $\leq 2,000$ of customers with ≥ 6 S-MCOs identified in targets; and
2. Successfully achieving a level of 0 customers with ≥ 10 S-MCOs.

All metric targets based on anticipation that all 2025 reliability-based program spends are aligned with 2024 approved budgets. If budgets are reduced targets will be revisited.

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

2025 Performance Metrics

T&D-12: Reduce Momentary Multiple Customer Outages (M-MCOs)

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$350,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
	73677	92500	72198	76300	50502	54000

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:

1. For 100% of the allocated incentive compensation, achieve an M-MCO of <= the current 2024 OSA target level of 54,000 customers
2. For 75% of the allocated compensation, achieve an M-MCO of <= the PSEG Long Island 3-year average (based on 2022-2024 actuals)
3. For 50% of the allocated compensation, achieve an M-MCO of <= 10% higher than the PSEG Long Island 3-year average (based on 2022-2024 actuals)

2025 Performance Metrics

T&D-12: Reduce Momentary Multiple Customer Outages (M-MCOs)

Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA and PSEG Long Island.

All metric targets are based on the anticipation that all 2025 reliability-based program spending will be aligned with 2024 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.

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 (6 or More) 2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

Board Policy: Safety	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Theodore Kern
PSEGLI Director: Gregory Player	DPS Contact: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): \$800,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
		0.11	0.03	0	0.06	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.

2025 Performance Metrics

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

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\(b\)\(2\)](https://www.osha.gov/laws-regs/interlinking/standards/1904.5(b)(2)).

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.

2025 Performance Metrics

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

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 Serious Injury Incident Rate (SIIR) 2) Any additional supporting documentation as required	Monthly

2025 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: Billy Raley	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Joseph Cicalo, Robert Bradley
PSEGLI Director: Curt Dahl, John Mccumiskey	DPS Contact: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): \$600,000	

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 2025 Workforce Management Plan by December 1, 2025.

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)

Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG Long Island, and DPS. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. 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.

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.

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

2025 Performance Metrics

T&D-18: Improve Reliability Through Work Management Enhancements - Workforce Management Plans

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.

PSEG Long Island spoke with LIPA regarding the acceleration of work plan deliverable dates compared to the 2024 metric. LIPA indicated that this was intentionally put in place to cover the scenario that PSEG Long Island is replaced with another contract manager going into 2026, i.e., LIPA wants a work plan earlier in the year.

PSEG Long Island recommends to keep alignment with the dates that were negotiated this year (2024) during the excepting process, in order to provide a more accurate work plan, which is in alignment with the budget, which has been finalized in Q4, not Q3 when the work plan is due.

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 <ul style="list-style-type: none"> • Plan Vs. Actual Units Complete YTD – Planned Vs. Forecast Units Complete PYE 	2025-04-25
PSEG Long Island holds Q2 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan <ul style="list-style-type: none"> • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE 	2025-07-25
Initial submission of 2026 Workforce Management Plan for LIPA approval by August 1, 2025 (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.	2025-08-01
PSEG Long Island holds Q3 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan <ul style="list-style-type: none"> • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE 	2025-10-24
Final submission of 2026 Workforce Management Plan for LIPA approval by November 15, 2025 (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.	2025-11-15
Successfully deliver all elements of the LIPA-approved 2025 Workforce Management Plan by December 31, 2025	2025-12-31

2025 Performance Metrics

T&D-18: Improve Reliability Through Work Management Enhancements - Workforce Management Plans

PSEG Long Island holds Q4 quarterly review meeting with LIPA to review the progress through November 2025 YTD of the Workforce Management Plan <ul style="list-style-type: none">Plan Vs. Actual Units Complete YTD – Planned Vs. Forecast Units Complete PYE	2025-12-31
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: <ol style="list-style-type: none">1) Monthly Scorecard Reporting for Work Plan Variance for 20252) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

T&D-24: Improve Reliability Through Vegetation Management Work Plan – Distribution Vegetation Programs

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Mark Cerqueira
PSEGLI Director: Patrick Dempsey	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 is 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 2025 Planned Units - By December 31, 2025, execution of 100.0% of the work identified in the 2025 Vegetation Management Work Plan approved in August of 2024. 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 2025 Vegetation Management Work Plan) in the year. For Hazard Tree completion of the associated identified number of trees and limbs, as per the 2025 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. 2026 Workplan Development – The Vegetation Work Plans for Cycle Trim and Trim-to-Sky shall identify the minimum of 1/4 of the overhead distribution system (which equates to approximately 2,200 miles) and budgets. The Vegetation Work Plan for Hazard Tree shall identify at least 14,000 hazard trees and limbs (9,000 trees + 5,000 limbs) to be removed (including locations, schedules, and cost estimates). The work plans will be provided to LIPA for approval, which shall not be unreasonably withheld, by August 30, 2025.

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.

2025 Performance Metrics

T&D-24: Improve Reliability Through Vegetation Management Work Plan – Distribution Vegetation Programs

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 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.

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 the completion count if charged to the storm account.

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 Vegetation Management Work Plan – Distribution Vegetation Programs 2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

T&D-36: Construction - Cost Estimating Accuracy

Board Policy: Transmission & Distribution Operations, Customer Value, Affordability, & Rate Design	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Shaun Jeter
PSEGLI Director: Robert Rowe	DPS Contact: Jami Nafiul, Minji Ham
Allocated Compensation (2021 Dollars): \$300,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
86%	94.1%	85%	90.7%	90%	90%	90%

OBJECTIVE

Execution of approved Specific Capital Projects as budgeted.

TARGETS AND CALCULATIONS

Execution of 2025 Specific Capital Projects within cost estimates. This metric is limited to measuring discrete capital projects at the time of their respective close-outs during the Contract Year 2025 versus their initial definitive-level cost estimates.

Cost estimating accuracy per existing methodology for Budget Project Justification Documents (PJDs):

- Estimating accuracy reported based on the month when the project is closed-out
- % Estimating Accuracy = % absolute variance of each project closed-out cost versus initial Definitive level estimate excluding construction emergency (Base cost approved by Utility Review Board)
- An overall portfolio variance is the % absolute variance of cumulative project closed-out cost versus cumulative initial definitive-level estimate
- The YTD calculation is overall portfolio variance for all projects closed out.

Target: >= 90.0% Cost estimating accuracy

Rounding protocols will allow for a performance of 89.95% and above to be rounded up to successfully meet the target of 90.0%.

2025 Performance Metrics

T&D-36: Construction - Cost Estimating Accuracy

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
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Construction - Cost Estimating Accuracy 2) Any additional supporting documentation as required	Monthly

2025 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, Customer Value, Affordability, & Rate Design	Board PIPs: WM PIPs
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Shaun Jeter
PSEGLI Director: Robert Rowe	DPS Contact: Jami Nafiul, Qin Shi
Allocated Compensation (2021 Dollars): \$650,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
				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.

Unit costs will be reviewed and modified pending the completion of the scheduled audit of Compatibility Unit Estimate (CUE) accuracy review.

By December 29, 2025, complete program planned units/miles within the prescribed cost range consistent with Program Workplan PJDs for the following Targeted Programs. Actual numbers will be determined in alignment with the approved capital budget.

1. Distribution Circuit Improvement Program (CIP) (SOS-1293) – 512 miles at cost of \$22,265.63/mile.
2. Transmission breaker replacement (SOS-1452) – 15 units at cost of \$293,333.33/breaker.
3. Underground distribution cable upgrades (SOS-1283) – 97,100 feet at cost of \$200.00/foot.
4. Upgrade Supervisory Controller for Capacitor Banks (SOS-1183) – 130 units at a cost of \$27,307.69/unit.
5. Residential underground cables (SOS-1291) – 87,408 feet at cost of \$190.00/foot.
6. Replacement of non-restorable distribution pole rejects (SOS -2124) – 1,050 units at cost of \$11,943.00/pole.
7. Single Phase Recloser Devices (SOS-2438) – 1,750 units at a cost of \$10,008.57/unit.
8. Transformer Monitoring (SOS-1250) – 25 units at cost of \$96,000.00/unit.

2025 Performance Metrics

T&D-37: Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan

Note for item #7 above: Single Phase Recloser Devices - units and cost/unit will be developed and based upon LIPA-approved PJD which will occur subsequent to metric negotiations.

Note: Volumetric and cost targets to be based on PJDs submitted in September 2024. The final measurement for this will be based on the latest LIPA-approved PJD.

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 29, 2025, 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 29, 2025, divided by the planned per unit and per foot costs.

Target: For the volumetric elements, complete $\geq 92.0\%$ of the planned units/miles within the established target and based on the latest LIPA-approved PJD documentation. For the cost elements, achieve $\pm 5\%$ of the planned per unit and per-mile costs within the established target and based on the latest LIPA-approved PJD documentation.

- 100% of the allocated incentive compensation for achieving 8 out of 8 Programs (both the volumetric and cost element targets of each must be successfully met)
- 75% of the allocated compensation for achieving 7 out of 8 Programs (both the volumetric and cost element targets of each must be successfully met)
- 6 or less of the Program targets will result in 0% of the allocated compensation being awarded.

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
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

2025 Performance Metrics

T&D-40: Reduce Double Wood Poles

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Tyler Pearsall, Dov Bergida
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
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
9110	6295	6295	6477	5289	7567	6810

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, 2025. 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, 2025:

1. For 50% of the allocated incentive compensation, achieve a PSEG LI Next-To-Go (NTG) that is 10% lower than the 2024 YE
2. For 75% of the allocated incentive compensation, successfully achieve the PSEG LI NTG target stated above in Criterion #1 and also achieve an overall Double Wood Pole count that is no higher than the 2024 YE level
3. For 100% of the allocated incentive compensation, successfully achieve the targets stated above in criteria #1 and #2 and also achieve an overall Double Wood Pole count that is \geq 5% lower than the 2024 YE level

Note: Discrete 2025 pole count target numbers will be calculated for each of the above three criteria after the close of 2024, reflecting performance as of December 31, 2024.

EXCLUSIONS

None

2025 Performance Metrics

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: <ul style="list-style-type: none">1) Monthly Scorecard Reporting Requirement for Double Wood Poles2) Documentation demonstrating NJUNS timely data-entry of all Double Wood Poles identified during the physical asset verification project3) Any additional supporting documentation, as required, including meeting minutes of bi-monthly meetings with external stakeholders	Monthly

2025 Performance Metrics

T&D-41: Program Effectiveness - Vegetation Management

Board Policy: Transmission & Distribution Operations	Board PIPs: 5.4.1 and 5.4.5: Grid Resiliency
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Mark Cerqueira, Wayne Baldassare
PSEGLI Director: John Mccumiskey, Patrick Dempsey	DPS Contact: Jami Nafiul, Reshma Mathew
Allocated Compensation (2021 Dollars): \$400,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
				-50%	-18.3%	-50%

OBJECTIVE

Realize tangible performance improvements on parts of the system that have completed prescribed vegetation management activities per the 2023 Vegetation Management work plan.

TARGETS AND CALCULATIONS

Year-Over-Year (YOY) outage incident reduction for the circuits addressed in the 2024 Plan due to effective Vegetation Management. This applies only to Primary, sustained outages directly related to vegetation. The baseline for each circuit will be set using 12 months immediately prior to 2024 work/upgrades being completed.

This metric will have two components – Improvement and Maintenance:

- Improvement Tier consists of circuits that had outages in the previous 12 months. The goal of this tier is to drive the number of outages down to zero.
- Maintenance Tier consists of circuits with no outages in the previous 12 months. The goal of this tier is to maintain zero outages.

A composite score will be utilized to measure true Vegetation Management program effectiveness. At the beginning of the year, the circuits that will be included will be classified as either Improvement or Maintenance. The composite measure would weigh the contribution of each tier by using the number of circuits that begin the measurement period in a particular tier. (Meaning: a circuit that starts in the maintenance tier does not move to the improvement tier after an outage.)

Target and Incentive compensation will be allocated as follows:

- 100% for achieving a composite score of $\geq 40.0\%$ YOY outage incident reduction
- 50% for achieving a composite score of $\geq 35.00\%$ YOY outage incident reduction

All metric targets are based on the anticipation that all 2025 reliability-based program spending is aligned with 2024 approved budgets. If budgets are reduced targets will be revisited.

2025 Performance Metrics

T&D-41: Program Effectiveness - Vegetation Management

EXCLUSIONS

1. Excludes only Major Storms as defined by IEEE 1366 Major Event Day Threshold
2. Only those outages deemed to be directly Vegetation-related and with vegetation-related cause codes (e.g., an entire tree fell over or a large overhanging limb) will be included in the calculation

DELIVERABLES

Deliverable Name	Target Due Date
Submit January report results	2025-02-14
Submit February report results	2025-03-14
Submit March report results	2025-04-18
Submit April report results	2025-05-16
Submit May report results	2025-06-20
Submit June report results	2025-07-18
Submit July report results	2025-08-15
Submit August report results	2025-09-19
Submit September report results	2025-10-17
Submit October report results	2025-11-14
Submit November report results	2025-12-19
Submit 2025 YE closeout report of work completed vs. schedule and budget	2026-01-24

2025 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: Billy Raley	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): \$400,000	

OBJECTIVE

Measure and improve the overall outage management and response effectiveness during storms with customer outage durations \geq 24 hours and of $<$ 48 hours.

TARGETS AND CALCULATIONS

Demonstrate excellent performance as reflected in the Small Storm Scorecard ("Scorecard") for applicable OSA storms of \geq 24 hours and $<$ 48 hours in length.

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 10 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, 2025, through storms ending on or before midnight December 31, 2025.

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

2025 Performance Metrics

T&D-50: Storm Outage Response Performance

- c. Storm Close Out
- 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)
 - ii. ETR Accuracy (measured by final ETR to Restored time)
 - 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
 - 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, 2024. The Parties will then review and reach an agreement on the baseline levels applicable to be measured against for qualifying 2025 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 $\geq 80.0\%$ attainment of all eligible points for the rating period
- 2) 50% of the allocated incentive compensation awarded for an average score of $\geq 70.0\%$ attainment 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, automatic metric failure will occur if one or more qualifying storms during the rating period earns a score(s) of $< 50.0\%$ of the total maximum achievable points for that particular storm(s). In such case, no incentive compensation will be awarded for this metric, irrespective of performance for all other qualifying storms.

If there are no qualifying storms that occur in 2025, the full allocated incentive compensation will be reallocated on a pro-rata basis among the Electric T&D Scope Function.

2025 Performance Metrics

T&D-50: Storm Outage Response Performance

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.
- 4) Non-predicted storm events will be excluded from a storm scorecard (SIA prediction)

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA Sharepoint Site the following: <ol style="list-style-type: none">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.

2025 Performance Metrics

T&D-53: Capital Project Process Enhancements

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): \$300,000	

OBJECTIVE

Develop and implement improvements to the PSEG-LI capital project planning, budgeting, and controls process to achieve next-level performance consistent with the NorthStar audit recommendations.

TARGETS AND CALCULATIONS

- 1) Work with a cross functional team from LIPA and PSEG-LI including Finance and LOB representatives to refine the methodology for forecasting, budgeting and approving the use of risk and contingency in capital projects. This process will be documented and approved by LIPA for use in the 2026 capital budget development by 6/1/2025.
- 2) Conduct a review of historical estimating versus actual results versus the various project stages. Using the results, work with LIPA to assess the current methodology used for calculating estimating accuracy and implement agreed upon changes for use in future year estimating accuracy metrics by 9/1/25.
- 3) Review, update and formalize the procedure for approval of construction change orders and work directives and assure consistency with PSEG-LI delegation of authority standards by 3/1/25.
- 4) Create revised URB/PJD process flow documentation to reflect any revision resulting from the process improvements by 9/1/25.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Review, update, and formalize the procedure for approval of construction change orders and work directives and assure consistency with PSEG-LI delegation of authority standards	2025-03-01
Work with a cross-functional team from LIPA and PSEG-LI, including Finance and LOB representatives, to refine the methodology for forecasting, budgeting, and approving the use of risk and contingency in capital projects. This process will be documented and approved by LIPA for use in the 2026 capital budget development.	2025-06-01
Conduct a review of historical estimating vs actual results versus the various project stages. Using the results, work with LIPA to assess the current methodology used for calculating estimating accuracy and implement agreed upon changes for use in future year estimating accuracy metrics.	2025-09-01
Create revised URB/PJD process flow documentation to reflect any revision resulting from the process improvements	2025-09-01

2025 Performance Metrics

T&D-54: Storm Crewing Efficiency and Prudence

Board Policy: Transmission & Distribution Operations	Board PIPs: n/a
LIPA Exec. Sponsor: Billy Raley	LIPA Proj. Mgr: Donald Schaaf, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Matt Otto/Abhinav Kumar
PSEGLI Director: Pat Hession/Rich Henderson	DPS Contact: Qin Shi, Umar Sultan
Allocated Compensation (2021 Dollars): \$400,000	

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 established ERP Storm Resource Matrix Guidelines submitted and approved by LIPA and DPS annually. Manage the cost for our customers and efficiently manage storm restoration.

TARGETS AND CALCULATIONS

PSEG Long Island is to provide a copy of the crewing rosters/crew transfer sheet/emergency storm report and the completed LIPA Storm Staffing Spreadsheet within 20 calendar days of end of storm declaration.

For 100% of the allocated incentive compensation, PSEG Long Island is to:

- 1) Demonstrate utilization of qualified High Voltage (HV) 2-man distribution crews, which should account for a minimum of 60% of the HV restoration staffing. This is limited to internal PSEG LI OH/UG crews, on-island OH/UG crews and, mutual aid (OH/UG foreign crews). **(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:
 - a. Establish a process for internal restoration crews to utilize OMS status codes “enroute” and “onsite” for dispatch events. This is in addition to currently used codes such as “cleared” and “assigned.” This process will be implemented within the first quarter of 2025. At a minimum, this will include the following work groups: Distribution Operations, Overhead/Underground, Meter and Test.

Commencing Q2 2025, demonstrate that internal restoration crews are dispatched (enroute) once restoration commences, such that:

- b. Internal restoration crews on property are dispatched (enroute) to any pending storm work within 1 hour of the start of restoration, and internal restoration crews are dispatched (enroute) within 1 hour of the start of the shift for the duration of the storm event, where applicable. PSEG Long Island to commence formal measurement and provide accompanying reporting of performance.
- c. For all applicable storms occurring during the measurement period of April 1, 2025 through December 31, 2025, attain an overall success rate of $\geq 85.0\%$ for the stated enroute criteria. Satisfaction of all elements is necessary to obtain the full compensation allotted to Criteria #3 **(30% Total Compensation)**

2025 Performance Metrics

T&D-54: Storm Crewing Efficiency and Prudence

- 4) Damage Assessment Performance:
 - a. Complete 100% damage assessment on all locked out overhead (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 locked out OH distribution circuits within 48 hours of the start of restoration. **(10% Total Compensation)**

Calculations:

- 1) Calculation to be predicated on total qualified High Voltage (HV) FTEs comprising 2-man crews divided by total qualified High Voltage (HV) FTEs.
- 2) The success rate will be determined by dividing the total number of storms determined to be ERP Storm Resource Matrix Guideline compliant by the total number of qualifying storms.
- 3) The performance metric criteria of $\geq 85.0\%$ success will be measured and reported using data from applicable fields in OMS. 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 applicable storms during the measurement period.
- 4) Damage Assessment Performance:
 - a. Entire year’s performance for all qualifying storms that successfully met the criteria divided by the total number of qualifying damages occurring during all qualifying storms.
 - b. Entire year’s performance for all qualifying storms that successfully met the criteria divided by the total number of qualifying damages occurring during all qualifying 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.

EXCLUSIONS

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.

2025 Performance Metrics

T&D-54: Storm Crewing Efficiency and Prudence

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island will complete "Summary of Staffing Levels" spreadsheet and provide workpaper that summarizes crew composition to support the 2-man High Voltage (HV) crews supported by documentation such as crew transfer sheets, crew rosters, etc. for every storm in 2025. (Metric task 1, 2, and 4)	Within 20 calendar days of storm end declaration
Modify OMS and behavior of staff for use of codes of "enroute" and "onsite" as evidenced by the issuance of example report(s) for storms occurring during Q1 showing results	2025-03-31
PSEG Long Island will complete a report that demonstrates the stated enroute criteria as calculated in metric, task 3 for every storm April 1, 2025 through December 31, 2025	Beginning with storms on April 1, 2025 and within 20 calendar days of storm end declaration

2025 Performance Metrics

CS-02: J.D. Power – Residential

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Stephen Driscoll	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)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
#8 730	#16 677	#13 NA	#14 690	#10 740	#9 702	#5 N/A

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) 2025 year-end syndicated as reported by J.D. Power for "East Region, Large Segment." This year-end syndicated position for 2025 represents results fielded in 2025 and will be the final YE results publicly reported by J.D. Power. The year-end syndicated position for 2025 will be determined by percentile placement or by measuring the ranking improvement over the 2024 re-baselined year-end results under J.D. Power’s new measurement methodology.

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 YE 2024 Re-baselined Syndicated Results, or
- 50% if achieve 50 percentile (bottom half of second quartile) performance or a 3-position improvement from YE 2024 Re-baselined Syndicated Results, or
- 25% for a 2-position improvement from YE 2024 Re-baselined Syndicated Results.

PSEG Long Island will not be compensated for any position improvement if the performance for 2025 syndicated is below 62.5 percentile (top half of third quartile).

EXCLUSIONS

None

2025 Performance Metrics

CS-02: J.D. Power – Residential

DELIVERABLES

Deliverable Name	Target Due Date
Provide 2024 YE results re-baselined under new measurement methodology	2025-01-17
Upload to the LIPA designated folder on the LIPA SharePoint Site the Scorecard Reporting Requirement for J.D. Power - Residential (aligned to quarterly J.D. Power reporting)	Quarterly

2025 Performance Metrics

CS-03: J.D. Power – Business

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Stephen Driscoll	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): \$425,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
#6 789	#12 737	#9 NA	#12 710	#9 NA	#9 737	#6 N/A

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) 2025 year-end syndicated as reported by J.D. Power for "East Region, Large Segment." This year-end syndicated position for 2025 represents results fielded in 2025 and will be the final YE results publicly reported by J.D. Power. The year-end syndicated position for 2025 will be determined by percentile placement or by measuring the ranking improvement over the 2024 re-baselined year-end results under J.D. Power’s new measurement methodology.

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 YE 2024 Re-baselined Syndicated Results, or
- 50% if achieve 50 percentile (bottom half of second quartile) performance or a 2-position improvement from YE 2024 Re-baselined Syndicated Results, or
- 25% for a 1-position improvement from YE 2024 Re-baselined Syndicated Results.

PSEG Long Island will not be compensated for any position improvement if the performance for 2025 syndicated is below 75 percentile (third quartile).

EXCLUSIONS

None

2025 Performance Metrics

CS-03: J.D. Power – Business

DELIVERABLES

Deliverable Name	Target Due Date
Provide 2024 YE results re-baselined under new measurement methodology	2025-01-17
Upload to the LIPA designated folder on the LIPA SharePoint Site the Scorecard Reporting Requirement for J.D. Power - Business (aligned to Bi-Annual J.D. Power reporting)	Biannually

2025 Performance Metrics

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

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Stephen Driscoll	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): \$600,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	80%	80%	29%	80%	42%	77%

OBJECTIVE

Measure the 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 all calls handled by a representative (live agent) from the Automatic Call Distribution (ACD) and High Volume Call Application (HVCA) systems. When a customer is seeking to speak to a customer service representative, the performance expectation shall be:

- 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.

The source of reporting will be the CXOne system. HVCA calls are included in this metric if they are transferred to a live person to handle. All time of day (TOD) calls are included in this metric. Calls that abandon within 30 seconds after transferring to a representative shall be excluded from the count of offered calls.

Calculation:

Service Level = [(Major storm day ACD calls answered by the representative in 90 seconds + HVCA major storm calls answered by a representative in 90 seconds + ACD non-storm answered by a representative in 30 seconds + HVCA non-storm answered by HVCA in 30 seconds)] / (ACD representative offered calls + HVCA representative offered calls)

Target: ≥ 77% of calls answered within service level

2025 Performance Metrics

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

2025 Performance Metrics

CS-13: First Call Resolution

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Stephen Driscoll	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): \$100,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
82.8%	83.0%	80.0%	79.4%	81.0%	80.6%	N/A

OBJECTIVE

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

TARGETS AND CALCULATIONS

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 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?"

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

Target: ≥ 81% overall performance for the Contract Year

EXCLUSIONS

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 or the conclusion of the major storm, whichever is sooner.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: <ol style="list-style-type: none"> 1) Monthly Scorecard Reporting Requirement for First Call Resolution 2) Any additional supporting documentation as required 	Monthly

2025 Performance Metrics

CS-14: Net Write-Off as a % of Revenue

Board Policy: Customer Value, Affordability, & Rate Design	Board PIPs: n/a
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Kim Soreil
PSEGLI Director: Brigitte Wynn	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$500,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023*		2024*
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
0.54%	0.28%	0.77%	0.55%	\$29,576,986	\$34,315,841	\$20,836,630

*Measurement changed to dollars starting in 2023 and back to percentage starting in 2025

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, 2025 to December 31, 2025.

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

Targets:

The total net write-off for January 1, 2025 to December 31, 2025 is:

≤ 0.51% for 100% incentive compensation, or

≤ 0.52% for 75% incentive compensation

EXCLUSIONS

NONE

2025 Performance Metrics

CS-14: Net Write-Off as a % of Revenue

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: <ul style="list-style-type: none">1) Monthly Scorecard Reporting Requirement for Net Write-Offs2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

CS-15: Arrears Aging Percent > 90 Days Past Due (Arrears %>90)

Board Policy: Customer Value, Affordability, & Rate Design	Board PIPs: n/a
LIPA Exec. Sponsor: Stephen Driscoll	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
Allocated Compensation (2021 Dollars): \$500,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
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%

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.

Target:

≤ 51.91% = 100% of Allocated Incentive Compensation

≤ 52.39% = 75% of Allocated Incentive Compensation

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: <ol style="list-style-type: none"> 1) Monthly Scorecard Reporting Requirement for Arrears Aging Percent > 90 Days Past Due (Arrears %>90) 2) Any additional supporting documentation as required 	Monthly

2025 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: Stephen Driscoll	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): \$200,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
35,000	46,917	55,000	42,528	50,000	41,933	50,000

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 2025 and execute an automated matching process with all of the following agencies: Nassau County Department of Social Services, New York City Human Resource Association (NYC HRA) in addition to the New York State Office of Temporary Disability Assistance (NYS OTDA) automation effort in the 2025 program year. Or without the execution of an automated matching process with Nassau County Department of Social Services and NYC HRA to attain the lower-tier enrollment goal.

Target and Calculation: Meet 50,000 LMI program enrollees in any month during the calendar year 2025 and complete the automated file matching process with NYS OTDA, Nassau County Department of Social Services, NYC HRA. The matching conducted with the three agencies above must contain data regarding the following benefits, Home Energy Assistance Program (HEAP), Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance. Or without the completion of an automated matching process with Nassau County Department of Social Services and NYC HRA, meet 40,000 LMI program enrollees in any month during the calendar year 2025.

EXCLUSIONS

Customers who have not met the 18-month renewal process.

2025 Performance Metrics

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

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: <ul style="list-style-type: none">1) Monthly Scorecard Reporting Requirement for Low to Moderate Income (LMI) Program Participation2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

CS-19: DPS Customer Complaint Rate

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Stephen Driscoll	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): \$250,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
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 NA	3.3 #1	NA #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 level performance: Targeted performance level would be to achieve the top position for Rolling 12-month Initial Complaint Rate for electric and combination companies within the peer group. 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

2025 Performance Metrics

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: <ul style="list-style-type: none">1) Monthly Scorecard Reporting Requirement for DPS Customer Complaint Rate2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

CS-25: Interactive Voice Response (IVR) Containment Rate

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Philip Decicco, Nayan Parikh
PSEGLI Director: Jessica Tighe, Mike Presti	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$500,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	60%	N/A	58%	61%	58%	62%

OBJECTIVE

Improve caller self-service provided by the IVR.

TARGETS AND CALCULATIONS

Definition: The containment rate is the percentage of callers who interact with the IVR residential customer general inquiry line, business solution center line, and the emergency line, and leave normally without transferring to the Automatic Call Distribution (ACD) system. Normal hang-ups and transfers to payment vendors are considered contained and are to be counted in the numerator. Hang-ups resulting from system issues should be excluded from the numerator. Customer-initiated responses to outbound contacts that are routed to the IVR for a follow-up are to be counted in the denominator. Contacts requesting callbacks should be excluded from the numerator and are only to be counted once in the denominator.

Exclude from the numerator and denominator the following:

- 1) Transfers from ACD back to IVR
- 2) HVCA calls
- 3) Calls resulting from any scenario that prevents the customer while conducting regular business in the IVR from transferring to the ACD during normal business hours

Calculation: % of Calls Contained = (Normal Hang Up* + Payment Vendor Transfers) / Total Number of Calls Answered in IVR

*Normal Hang Up = IVR Answered – Payment Vendor Transfers – Transfers to ACD – Callback Requests – Requests to Transfer to ACD during non-Business Hours

Target: ≥ 5.0% improvement over 2024 year-end performance

2025 Performance Metrics

CS-25: Interactive Voice Response (IVR) Containment Rate

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island submits 2025 target based on 2024 results.	2025-01-15
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for % of IVR containment 2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

CS-31: Call Average Handle Time (AHT)

Board Policy: Customer Experience	Board PIPs: N/A
LIPA Exec. Sponsor: Steve Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Brian Merkle, Lorraine Barrucco, Phil Deccico
PSEGLI Director: Jessica Tighe	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$200,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	388	N/A	433	N/A	438	376

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 as tracked in the PSEG Long Island Call Center Daily Monthly YTD Summary report.

Calculation: AHT = The sum of the call duration (Talk time + Conference time + Hold time + After call work time) in seconds of rep answered calls between July 1, 2025 and December 31, 2025/ Total number of representative answered calls between July 1, 2025 and December 31, 2025

Targets:

- ≤ 433 seconds = 100% incentive compensation, or
- ≤ 446 seconds = 50% incentive compensation, or
- ≤ 455 seconds = 25% incentive compensation

EXCLUSIONS

In the event of a major storm that produces 100,000 or more outages, AHT results will be excluded up to 3 additional days after the active outages fall below 100,000 or the conclusion of the major storm, whichever is sooner.

AHT results for January 1, 2025 – June 30, 2025 will be excluded to acclimate new agents and execute AHT improvement efforts.

2025 Performance Metrics

CS-31: Call Average Handle Time (AHT)

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: <ul style="list-style-type: none">1) Monthly Scorecard Reporting Requirement for Call Average Handle Time2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

CS-36: E-Bill Enrollment

Board Policy: Customer Experience	Board PIPs: n/a
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Nayan Parikh, Michelle Somers
PSEGLI Director: Mike Presti	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$275,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	45%	N/A	47%	N/A	48%	N/A

OBJECTIVE

Increase enrollments in paperless billing to ensure timely bill receipt and reduce postage costs.

TARGETS AND CALCULATIONS

Definition: The e-bill enrollment rate is the percent of customer accounts actively enrolled in a paperless bill delivery method by year end 2025. Customer accounts enrolled in dual-delivery (paperless + paper) are not included in the numerator. Customer bill credits cannot be used to incentivize customers to achieve the metric target.

Calculation: (Third-party e-bill enrollments + Kubra e-bill enrollments) / Total number of active residential and commercial accounts

Target:

- ≥ 55% for 100% incentive compensation, or
- ≥ 53% for 50% incentive compensation

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: <ol style="list-style-type: none"> 1) Monthly Scorecard Reporting Requirement for E-bill Enrollment 2) Any additional supporting documentation as required 	Monthly

2025 Performance Metrics

PS&CE-05: Beneficial Electrification – Building Electrification

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Louisa Chan
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Dan Zaweski
PSEGLI Director: Michael Voltz	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$300,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	N/A	N/A	N/A	100%	115%	100%

OBJECTIVE

Achieve the Beneficial Electrification targets from the Utility 2.0 filing, including any LIPA and DPS recommended changes to the targets in alignment with the LIPA portion of the 2 million home clean energy goals for whole home electrification and home electrification ready.

TARGETS AND CALCULATIONS

Target for 2025 will be determined by Utility 2.0 which is filed on July 1, 2024. Achieve all the following implementation targets by December 31, 2025:

- Pay rebates for a total of 5,330 dwellings (total of single family and multi-family), (as determined by Utility 2.0 filing on July 1st) served by whole house heat pump systems in incentive programs. The heat pump system must be the primary heating source (minimum 90% heating load) to qualify as an electrified home under the statewide million homes initiative. 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 cost, and meet with LIPA to present results. PSEG Long Island to also submit raw data to support IV&V of this metric.

Incentive to be allocated as follows:

- 100% if 5,330 dwellings (total of single family and multi-family) target is met

EXCLUSIONS

None

2025 Performance Metrics

PS&CE-05: Beneficial Electrification – Building Electrification

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island submits their calculation of the target based on the LIPA and DPS recommendations and final approved budget	2025-01-15
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

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

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Paul Dibenedetto
PSEGLI Director: Michael Voltz	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$300,000	

OBJECTIVE

Achieve EV Make-Ready Targets, including any LIPA and DPS, recommended changes to the targets.

TARGETS AND CALCULATIONS

Target for 2025 will be determined by Utility 2.0 which is filed on July 1, 2024. Achieve the following implementation targets by December 31, 2025:

- a) Plugs Energized: Level 2: 621
- b) Plugs energized: DCFC: 82
- c) Fleet Make Ready enrollment target: 15

Enroll = committed funds or pre-approval letter, before December 31, 2025

Energize = Total population of DCFC and Level 2 ports that have meter set and put into service in 2023 or made operational if tied into an existing meter

Each target is worth 1/3 of the compensation allocated to this metric and is measured on a pass/fail basis. A pass is earned by full completion of that target.

PSEG Long Island will submit monthly reporting in a LIPA-approved format and meet with LIPA to present results. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: <ul style="list-style-type: none"> 1) Monthly Scorecard Report 2) Any additional supporting documentation as required 	Monthly

2025 Performance Metrics

PS&CE-08: Transition to New "Standard" Time of Day Residential Rates on an Opt-Out Basis

Board Policy: Resource Planning and Clean Energy, Customer Value, Affordability, & Rate Design	Board PIPs: n/a
LIPA Exec. Sponsor: Steve Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Brian Kurtz
PSEGLI Director: Brigitte Wynn, Mike Presti	DPS Contact: Sean Walters
Allocated Compensation (2021 Dollars): \$150,000	

OBJECTIVE

Transition residential customers to a standard Time-of-Day (TOD) rate and a successful migration experience

TARGETS AND CALCULATIONS

This metric is for the successful migration of Time-of-Day Migration Groups 2-10, by achieving all five of the following targets for each migration group:

- 99.0% issuance of 90-day, 60-day, and 30-day communications for eligible accounts in the associated pre-conversion month (e.g. the pre-conversion month for the Group 5 90-day communication would be January 2025)¹.
- 99.0% rate conversion of eligible accounts on the assigned month and cycle date. Final eligibility is determined by the account detail disposition on the bill cycle date of the targeted migration month for each customer.

To date, the following known exceptions, include, but are not limited to, accounts changing status from the time of migration population selection to the time of bill cycle migration:

- Active to Inactive,
- Meter Communication issues or exceeding missing meter data threshold for processing,
- Enrollment in LI /Green Choice/CCA, summary bill, D4 Low-Income rate, Life support customer/Private health device, prior TOU rate or Rate 580
- Account in suspend,
- reclassification to critical facility,
- no bill this month,
- net meter

- For each migration group and those customers that were successfully migrated, issuance of the first bill post-migration for non-summary and non-CDG accounts within 5 business days of the next billing cycle following conversion for 98.0% of accounts².

¹ As measured by transfer of customer list for vendor, shared with LIPA.

² As measured business days from Read Date to bill production (AFP Billed date). Reported 6 business days after final cycle run.

2025 Performance Metrics

PS&CE-08: Transition to New "Standard" Time of Day Residential Rates on an Opt-Out Basis

4. 99.0% issuance of post-conversion welcome package to eligible accounts within 30 days of conversion
5. 99.0% issuance of accurate bill protection credit to eligible accounts following a one-year anniversary, unenrollment or move out³

The migration group rate conversion months and population sizes are as follows:

- Group 2 - January 2025 ~ 50,000
- Group 3 - February 2025 ~ 70,000
- Group 4 - March 2025 ~ 90,000
- Group 5 - April 2025 ~ 90,000
- Group 6 - May 2025 ~ 90,000
- Group 7 - September 2025 ~ 90,000
- Group 8 - October 2025 ~ 90,000
- Group 9 - November 2025 ~ 90,000
- Group 10 - December 2025 ~ Remaining population⁴

Eligible accounts must be assigned to migration groups via CAS approximately 3.5 months before the conversion month.

Eligible accounts for the purposes of this metric are those that are migration eligible, which excludes the following: customers previously on Rates 181, 182, 184, 188, 190, 191, 192, 193, 480, 481, and 580; customers registered under Life Support System; customers who are on the Household Assistance Rate that are classified by PSEG Long Island as neutral non-benefitters or non-benefitters at the time of group assignment or any Tier 4 discount rate (HAR) customers; customers not eligible for the TOD rates.

Each Group migration will be assessed for the above criteria being achieved. For each group migration, 1/9 of the metric dollar value will be awarded for successful implementation.

For each migration, documentation will be due the 15th two months after the completion of migration. Example – G2 migration in January, data is provided by March 15th.

³ As measured by transfer of customer list for vendor, shared with LIPA.

⁴ Small segments of customers and outliers due to system limitations, such as summary billing, or other individual account attributes may carry into 2026.

2025 Performance Metrics

PS&CE-08: Transition to New "Standard" Time of Day Residential Rates on an Opt-Out Basis

EXCLUSIONS

Migration group schedule relief may be granted for i) delays directed or requested by LIPA, the DPS, or the TOD Steering Committee 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: <ul style="list-style-type: none">1) Monthly Scorecard Report2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

PS&CE-13: Heat Pump Strategy to Address Barriers to Customer Adoption

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Louisa Chan
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Dan Zaweski
PSEGLI Director: Mike Voltz	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$300,000	

OBJECTIVE

Implement programmatic changes to address barriers to customer heat pump adoption as part of the multi-year heat pump strategy.

TARGETS AND CALCULATIONS

Meeting all identified requirements with high-quality deliverables and deliver by established due dates, including those contained in the PIP.

1. Customer identification and engagement: Develop and submit a Home Comfort Customer Outreach and Engagement Plan.
 - a. Develop/provide 2025 COMP Plan with media flowchart
 - b. Analyze 2024 results to identify best-performing channels and additional outreach channels for 2025
 - c. Provide a plan or schedule that demonstrates how owned media channels will be leveraged to promote LI Clean Energy Hub initiatives
 - d. Demonstrate continued use of multiple segmentation options, including ICF sightline Propensity Modeling, DAC and LMI Segmentation, along with MOSAIC segmentation. Fulfillment of this deliverable can be in the form of a plan outlining how these tools are being used to engage customers.
 - e. Continue to promote heat pump case studies in 2025. Fulfillment of this deliverable can be in the form of sharing examples of newsletters or other relevant customer communication media that highlight these case studies to customers and/or contractors
2. Develop and submit four new heat pump case studies
 - a. If AWHP projects are completed in 2025, they will be prioritized for case study development and publication. Otherwise, case studies can continue to focus on different use cases.
3. Provide monthly project status report versus the work plan, including KPI as defined in the 2023 Supply Chain Development plan
4. Improve the efficiency of HP program delivery as follows:
 - a. Monitor and report on activity from mid-stream heat pump water heat (HPWH) uptake
 - b. Promulgate domestic water heating equipment QPL for incentive when included in AWHP systems
 - c. Offer ACH payment process to a minimum of 80% of all Home Comfort and Combination projects
5. Expand contractor base and engage supply chain regularly
 - a. Identify and attempt to recruit plumbers/boiler installers to Home Comfort program,

2025 Performance Metrics

PS&CE-13: Heat Pump Strategy to Address Barriers to Customer Adoption

- highlighting air-to-water heat pumps (AWHPs)
- b. Low-temperature heating cooling interior system design training for contractors, one (1) per half year, totaling two (2) per year
- c. Hold 2x yearly meetings with distributors, PSEG Long Island will engage with low-temperature heat pump manufacturers to schedule such meetings
- 6. Develop and submit a white paper (5-10 pages) on emerging technologies that could improve heat pump performance or deployment
- 7. Eliminate financial incentives related to the installation of integrated controls for heat pumps. Redirect the funds that would have been associated with this measure to support other incentives for whole-house heat pumps

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 or
- iii. Demonstrated scheduling challenges with NYSERDA

DELIVERABLES

Deliverable Name	Target Due Date
CUSTOMER IDENTIFICATION AND ENGAGEMENT	
Develop and submit a Home Comfort Customer Outreach and Engagement Plan and 2025 COMP. This deliverable shall include the elements stated in 1a-1e	2025-03-31
Develop and submit four new heat pump case studies. If AWHP projects are completed in 2025, they will be prioritized for case study development and publication. Otherwise, case studies can continue to focus on different use cases.	Quarterly
HEAT PUMP PROGRAM DELIVERY	
Monitor and report on activity from mid-stream heat pump water heat (HPWH) uptake	2025-09-03
Promulgate domestic water heating equipment QPL for incentive when included in AWHP systems	2025-03-31
Offer ACH payment process to a minimum of 80% of all Home Comfort and Combination projects	2025-06-06
CONTRACTOR AND SUPPLY CHAIN ENGAGEMENT	
Identify and document outreach to at least 15 plumbers/boiler to HC program, highlighting AWHPs	2025-04-01
Identify and document outreach to at least 15 plumbers/boiler to HC program, highlighting AWHPs	2025-09-30
Low-temperature heating cooling interior system design training for contractors, one (1) per half-year	2025-03-31
Low-temperature heating cooling interior system design training for contractors, one (1) per half-year	2025-09-30
2x yearly meetings with distributors	2025-02-14

2025 Performance Metrics

PS&CE-13: Heat Pump Strategy to Address Barriers to Customer Adoption

2x yearly meetings with distributors	2025-09-15
IDENTIFY EMERGING TECHNOLOGY	
Develop and submit a white paper (5-10 pages) on emerging technologies that could improve heat pump performance or deployment	2025-07-01
Eliminate financial incentives related to the installation of integrated controls for heat pumps. Redirect the funds that would have been associated with this measure to support other incentives for whole-house heat pumps.	2025-03-15
STATUS REPORTING AND LIPA DATA REQUESTS	
Provide monthly project status report versus the work plan, including KPI as defined in the 2023 Supply Chain Development plan	Monthly

2025 Performance Metrics

PS&CE-14: Transportation Electrification Strategic Initiatives

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Louisa Chan
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Paul Dibenedetto, Amrit Singh, Anie Philip
PSEGLI Director: Michael Voltz, Anie Philip	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$300,000	

OBJECTIVE

Implement programmatic changes to address barriers to customer transportation electrification as part of the multi-year strategy.

TARGETS AND CALCULATIONS

Meet all identified requirements with high-quality deliverables and deliver by established due dates, including those contained in the Project Implementation Plan (PIP), these deliverables shall be added to the metric deliverables.

1. Propose an implementation strategy for a commercial managed charging pilot (active). The planned pilot should include:
 - a. Work with a medium- and heavy-duty vehicle fleet (e.g., school district, county, township, large delivery, etc.) to develop a demand flexibility strategy that minimizes EV charging load during peak times of demand.
 - b. An examination of available technologies and the compatibility between chargers, managed charging software, fleet management software, and electric vehicles.
2. Monthly EV program KPI progress report based on EV PIP
3. Fleet Round Table - Host two (2) events (virtual or in-person) with fleet operators, contractors, and developers situated within LIPA's service territory to discuss:
 - a. Potential challenges they may face with fleet electrification
 - b. Available resources and programs such as the Fleet Make Ready Program & Fleet Advisory Services
 - c. Collect feedback on the Fleet Make Ready Program & Fleet Advisory Services
 - d. How to get started and understand how PSEG Long Island can help

Fleet operators include those that operate three (3) or more vehicles operated by a non-residential entity with a meter on a commercial tariff, consisting of any vehicle type or weight class. Developers include those that install electric vehicle supply equipment (EVSE) or work with fleet operators with the installation of EVSE. Feedback from this group could provide insight into how to shape the Transportation Electrification Plan, and therefore, the plan will take this feedback into consideration.

There shall be one (1) event in the first half of the year and one (1) in the latter half of the year.

2025 Performance Metrics

PS&CE-14: Transportation Electrification Strategic Initiatives

4. EV Make Ready Program Round Table - Host two (2) events (virtual or in-person) with developers and commercial customers situated within LIPA service territory. There shall be one (1) event in the first half of the year and one (1) in the latter half of the year. Topics shall include, but not limited to:
 - a. Potential challenges they may face with deploying Electric Vehicle Supply Equipment (EVSE)
 - b. Available resources and programs such as the EV Make Ready Program
 - c. Collect feedback on the EV Make Ready Program

Developers include those that install EVSE or work with commercial customers with the installation of EVSE. Commercial customers are those with a meter on a commercial tariff that currently own or interested in owning EVSE on their property.

5. Integrations of results from LIPA Fleet Electrification Study
 - a. Integrate findings of the fleet electrification study into the EV PIP marketing outreach and engagement plan. The deliverable may either be integrated directly into the EVPIP with specific highlights related to fleets or as a separate summary section. The deliverable should:
 - i. Assess how, the new data influences the segmentation, targeting, and messaging of the fleet customers
 - ii. Include a revised marketing plan, particularly in areas related to customer journey mapping, targeted messaging, and outreach strategies that reflect findings from the fleet electrification study
 - b. Conduct distribution grid impact analysis based on fleet electrification study results from LIPA. This analysis focuses on the distribution system and does not include any evaluation of the potential impact on the Transmission system. Utilize LIPA fleet electrification study to evaluate the impact of planned fleet electrification on 26 circuits.
 - i. The analysis includes a high-level peak load flow study for no more than 26 distribution feeders and identifies high-level distribution upgrades associated with the load addition on that feeder. The scope of this analysis will not include detailed contingency and field switching analysis but will include a generic estimated approach to evaluate the impact of contingencies. The high-level upgrade solution will be selected based on the constraint, and the alternative solution analysis will not be conducted. The engineering and construction feasibility of the upgrades will not be part of this study. The number of circuits that will be studied will be prioritized and selected based on the evaluation of results from the fleet electrification study. For at least one of the identified circuits with substantial fleet load potential, comprehensive analysis from substation down to fleet load will be necessary. This view should include, at minimum, applicable three-phase primary feeder, load transfers, switching actions, normal loading/contingency analysis, and impact on substation transformers, so that we have a better understanding of all infrastructure impacts related to the substation downstream from the increased load due to heavy fleet concentration. Detailed analysis of secondary upgrades will not be part of this analysis. The additional study for one circuit mentioned above is contingent upon LIPA not

2025 Performance Metrics

PS&CE-14: Transportation Electrification Strategic Initiatives

receiving approval for DOE grant request for Increasing Distributed Energy Resources (DER) Hosting Capacity. All the analyses above will focus on one year/snapshot that incorporates the maximum load injection for that specific location. 100% compensation for all completed studies and linear sliding proration scale to be used for anything less than the 26 circuits, provided that at least 13 circuits are completed.

Target compensation allocated to this metric are listed below:

- Develop Commercial Managed Charging Pilot [20%]
- Monthly KPI Report [10%]
- Fleet Round Tables [10%]
- EV Make Ready Round Tables [10%]
- Integration of LIPA's Fleet Electrification Study results [50%]
 - Fleet Marketing & Outreach plan – 20%
 - Grid Analysis – 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.

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 or iii) Change/additions to the scope of work or iv) delays in receiving complete information (location of fleet, specific MW magnitude, specific year for the injection) from fleet electrification study beyond March 31, 2025.

2025 Performance Metrics

PS&CE-14: Transportation Electrification Strategic Initiatives

DELIVERABLES

Deliverable Name	Target Due Date
COMMERCIAL MANAGED CHARGING PILOT	
Propose an Implementation Strategy for a Commercial Managed Charging Pilot	2025-07-01
MONTHLY KPI REPORT	
January 2025 KPI report	2025-02-10
February 2025 KPI report	2025-03-10
March 2025 KPI report	2025-04-08
April 2025 KPI report	2025-05-08
May 2025 KPI report	2025-06-09
June 2025 KPI report	2025-07-08
July 2025 KPI report	2025-08-08
August 2025 KPI report	2025-09-08
September 2025 KPI report	2025-10-08
October 2025 KPI report	2025-11-10
November 2025 KPI report	2025-12-08
December 2025 KPI report	2025-12-31
FLEET ROUND TABLES	
Host 1st round table with at least a total of 10 fleet operators and developers and provide round table summary and results report	Prior to 2025-06-30
Host 2nd round table with at least a total of 10 different fleet operators and developers than 1st round table and provide round table summary and results report	In between 2025-07-01 and 2025-12-31
EV MAKE READY PROGRAM ROUND TABLES	
Host 1st round table with at least 10 Developers and at least 10 Commercial Customers and provide round table summary and results report	Prior to 2025-06-30
Host 2nd round table with at least 10 Developers and at least 10 Commercial Customers that are different than the first round table and provide a round table summary and results report	In between 2025-07-01 and 2025-12-31
INTEGRATION OF RESULTS FROM LIPA FLEET ELECTRIFICATION STUDY	
Work with LIPA to develop the Fleet customer engagement plan	3 months after receipt of LIPA Fleet Electrification Study results (2025-06-30)
Conduct distribution grid impact analysis for 26 distribution circuits based on fleet electrification study results received from LIPA by March 2025.	2025-12-31

2025 Performance Metrics

PS&CE-16: Residential Time-of-Day Participation Rate

Board Policy: Resource Planning and Clean Energy, Customer Value, Affordability, & Rate Design	Board PIPs: n/a
LIPA Exec. Sponsor: Steve Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Brian Kurtz
PSEGLI Director: Michael Voltz	DPS Contact: Sean Walters
Allocated Compensation (2021 Dollars): \$550,000	

OBJECTIVE

Achieve a Time-of-Day (TOD) participation rate in line with successful California utilities for TOD opt-out programs.

TARGETS AND CALCULATIONS

Calculation:

Participation Rate % (Running Total) = Number of active customer accounts on a Time-of-Day rate (194 or 195) / Number of active customer accounts that were eligible for migration (including opt-ins) or could have been defaulted at move-in

The source of the data is Datawarehouse reporting.

TOD migration/opt-in or move in default eligible customer accounts (after January 29, 2024) excludes: customers previously on Rates 181, 182, 184, 188, 190, 191, 192, 193, 480, 481, and 580; customers registered under Life Support System; customers who are on the Household Assistance Rate that are classified by PSEG Long Island as non-benefiters at the time of group assignment; customers on Tier 4 discount rate (HAR); customers not eligible for the TOD rates.

Target:

- 85% for 100% of allocated incentive compensation
- 80% for 75% of allocated incentive compensation
- 75% for 50% of allocated incentive compensation

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 2) Any additional supporting documentation as required	Monthly

2025 Performance Metrics

PS&CE-17: Disadvantaged Communities (DACs) - Spend %

Board Policy: Resource Planning and Clean Energy	Board PIPs: n/a
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Dan Zaweski
PSEGLI Director: Michael Voltz	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$100,000	

OBJECTIVE

Achieve the statewide goal of ensuring that at least 35% of the rebate, incentive and direct services (REAP) spending benefits customers who meet the criteria of being designated disadvantaged communities (DACs) as set forth in NYS Climate Act for the following programs:

- Energy Efficiency and Beneficial Electrification Programs, including Home Comfort
- Electric Vehicle Charging (public, fleet, and home charging)

TARGETS AND CALCULATIONS

Target for 2025 will be to achieve 35% spend in DACs based on the formula below:

Formula in accordance with reporting template set forth by NYSERDA for reporting annual progress toward achieving NYS goals.

$$\text{Benefit towards DAC \& LMI Customers (\%)} = \frac{\text{DAC, Low Income Rebates, Incentives, and Direct Services Spend (\$)}}{\text{Overall Rebates, Incentives, and Direct Services Spend (\$)}}$$

Numerator: Calculate the total dollar amount of rebates and incentives paid to customers (or contractors representing such customers) either

- a. at or below 60% of state median income*, or
- b. customers located in designated DAC communities, plus the total low income (at or below 60% SMI) spending by TRC on the REAP program.

Denominator: Calculate the total dollar amount of rebates and incentives paid to customers (or contractors representing such customers) plus the total spending by TRC on the REAP program

*This excludes Moderate Income customers (at or below 80% AMI).

EXCLUSIONS

As advised by NYSERDA, the Home Energy Management (HEM) Program is currently not included in the DAC Reporting.

2025 Performance Metrics

PS&CE-17: Disadvantaged Communities (DACs) - Spend %

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required	Monthly
Measure Level documentation (by program) for DAC (% is determined on an annual basis) for NYSERDA statewide reporting	Annually

2025 Performance Metrics

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

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: Brian Rudowski	LIPA Proj. Mgr: Moin Shaikh
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Frank Savin
PSEGLI Director: Larry Torres	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$250,000	

OBJECTIVE

Well-designed and robust IT System Resiliency Planning that includes Business Continuity Plans (BCPs) for critical business processes and their supporting IT systems/infrastructure that are based on comprehensive Business Impact Analyses (BIAs) and are annually reviewed, updated, approved by LIPA, and successfully and thoroughly exercised for all critical business processes and their supporting critical systems. As applicable, plans should be developed and implemented using ISO 22301:2019 guidance.

TARGETS AND CALCULATIONS

- A. PSEG Long Island to develop and submit a PIP that is mutually agreeable, and LIPA approved to fully implement the BCP and Functional Drills recommendations from the IT Systems Resiliency Assessment Future State Roadmap (“Future State Roadmap”) that was developed by the LIPA-engaged third-party Consultant for the 2024 IT-03 Metric. The PIP shall take into account the recommended timelines and system prioritization in the Future State Roadmap. It shall include the schedule for (i) submission to LIPA of the revised BIAs and BCPs associated with critical systems to be exercised in 2025 and (ii) functional exercising of the revised BCPs associated with the specified critical systems. The BCPs for the critical business process(es) and their associated critical business systems specified in the PIP to be exercised in 2025 should align with the consultant report's recommendation to exercise OMS/CAD and its upstream systems for the Outage and Restoration process. Justification should be provided if any of the said recommended systems are not included for testing in 2025.
- B. All planned scope and work for 2025 in the mutually agreeable and LIPA-approved Project Implementation Plan (PIP), for which a reasonable and supported budget is approved and funded, will be completed in 2025 in accordance with the approved PIP.
- C. PSEG Long Island to fully participate in a gap-closure assessment by a LIPA-engaged third-party consultant, to be conducted by Q4 2025. The assessment will include reviewing the BC Program documents and witnessing exercises for the business processes that utilize the critical systems identified in the mutually agreed-upon PIP. LIPA's approval of the deliverables will be based on the consultant's recommendations resulting from this assessment.
- D. PSEG Long Island to capture lessons learned from the exercises 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 BCPs that have been updated to incorporate any of the lessons learned.

2025 Performance Metrics

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

Expected outcomes for 2025:

- The 2025 scope of the Future State Roadmap's Business Continuity Plans and Functional Drills recommendations has been implemented, as determined by a LIPA-engaged third-party Consultant in a gap-closure assessment.
- The BCPs related to the critical systems and their associated critical business processes identified in the mutually agreeable and LIPA-approved PIP have been reviewed by the third-party Consultant and approved based on the consultant's recommendation. The BCPs 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.
- The BCPs and the design of the exercises are in accordance with the recommendations of the 2024 IT Systems Resiliency Assessment
- BCPs have been successfully exercised for the critical systems and their associated critical business processes identified in the approved PIP, with the exercises witnessed and their success assessed by a LIPA-engaged third-party consultant.

Target:

(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.

Compensation will be allocated in alignment with below:

- 70% of compensation for completion of the high priority identified gaps in accordance with the approved PIP
 - RC.GV3.MR1
 - RC.GV3.IP2
 - RC.RA3.BI3
 - RC.SP3.PD4
 - RC.CI3.E5
 - RC.CI3.ECO6
- 20% of compensation for completion of the medium priority identified gaps in accordance with the approved PIP
 - RC.GV3.PF6
 - RC.SP3.TA7
- 10% of compensation for the completion of the low priority identified gaps in accordance with the approved PIP
 - RC.GF3.RR8

(ii) 2025 deliverables in the mutually agreeable, and LIPA-approved PIP or, in this metric, are submitted by the specified due dates and subsequently accepted by LIPA.

(iii) The gap-closure assessment determines that PSEG Long Island successfully implemented the planned 2025 scope.

2025 Performance Metrics

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

Deliverables will be updated in the metric Smartsheet upon approval of the PIP.

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
PIP to implement the BCPs and Functional Drills recommendations of the IT Systems Resiliency Future State Roadmap	2025-03-15
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.	2025-12-15
Successful exercise of BCPs for the critical systems and associated business process(es) specified in the approved PIP	2025-12-15
Lessons Learned from the exercises and a revised PIP and any updated BCPs incorporating the lessons learned	2025-12-15
All 2025 Deliverables in the approved PIP	Per approved PIP

2025 Performance Metrics

IT-04: System and Software Lifecycle Management

Board Policy: Information Technology and Cyber Security	Board PIPs: n/a
LIPA Exec. Sponsor: Brian Rudowski	LIPA Proj. Mgr: Moin Shaikh
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 assets managed by PSEG Long Island on behalf of LIPA, including but not limited to, computers, communications equipment, networking equipment, hardware, software, and storage systems, are within their active service life and under general support from the product vendor.

TARGETS AND CALCULATIONS

All IT and OT information assets, including but not limited to computers, communications equipment, networking equipment, hardware, software, and storage systems, are assessed for end-of-life status and inventoried with information including, at a minimum, the purpose of the system, criticality, currently deployed version, latest available version, when it was implemented, when it was last upgraded, end-of-life status, support status, known security risks, and any relevant supporting software/hardware constraints (for instance, a system that requires legacy hardware); with the inventory annually reviewed, updated, and LIPA-approved. The 2025 updated inventory is to be submitted for LIPA approval by February 28, 2025.

LIPA approved a 2-year Refresh Plan in 2024 to replace or upgrade end-of-life assets within two (2) years. The Refresh Plan will be updated as needed to account for any relevant changes to the asset inventory or other conditions that impact the 2025 plan. The Refresh Plan will include the support and security provisions for the assets until they are refreshed. In addition to the detailed asset refresh schedule listing, the updated 2-year Refresh Plan will incorporate (i) the work plan for 2025, including, at a minimum, the description and scope of each project to be worked on in 2025 and the timeline with the planned start and end dates for each project; and (ii) a listing of any changes made to the planned work for 2025 since the LIPA-approved 2024 Refresh Plan, including projects carried over from 2024, added, moved to a different year, or dropped. The 2025 updated plan is to be submitted for LIPA approval by March 31, 2025.

All planned work for 2025 in the LIPA-approved Refresh Plan is completed in accordance with the Refresh Plan, and all planned work for 2025 (if any) for any Life Cycle Planning (LCP) projects that are not in the 2025 Refresh Plan, but have approved budget for 2025, is completed in 2025.

PSEG Long Island to provide quarterly status reports for the first three quarters of the year. PSEG Long Island to provide a year-end close-out report including the scope delivered for each project, any scope dropped or deferred, and revised timelines/end dates for any projects not completed as planned. All four reports will cover all projects planned to be worked on in 2025, including projects identified in the 2025 Refresh Plan and any LCP projects with approved budgets for 2025; they will be in a LIPA-approved format and submitted by the specified due dates.

2025 Performance Metrics

IT-04: System and Software Lifecycle Management

- Full Incentive Compensation Target requires 100% of deliverables specified in this metric submitted by the specified due dates and subsequently accepted by LIPA.
- Minimum Baseline Target for receiving any compensation requires submission by the specified due dates and subsequent acceptance by LIPA of the 2-year Refresh Plan and the Close-out Report, and completion of at least 50% of the projects planned for 2025 in the 2025 LIPA-approved Refresh Plan.

Incentive will be awarded as follows:

- 100% of allocated incentive compensation for meeting the Full Incentive Compensation Target specified above.
- 90% of allocated incentive compensation for meeting the Minimum Baseline Target specified above and completing 100% of all projects planned for 2025 in the 2025 LIPA-approved Refresh Plan.
- 50% of allocated incentive compensation for meeting the Minimum Baseline Target specified above and completing at least 50% of all projects planned for 2025 in the 2025 LIPA-approved Refresh Plan.
- No incentive if Minimum Baseline Target specified above is not met.

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.

2025 Performance Metrics

IT-04: System and Software Lifecycle Management

DELIVERABLES

Deliverable Name	Target Due Date
Submit updated 2025 IT and OT asset inventory, as specified in this metric	2025-02-28
Submit 2-year Refresh Plan, as specified in this metric, updated to account for any relevant changes to the approved 2025 inventory or other conditions that impact the 2025 plan	2025-03-31
Quarterly Project Status Report for 2025 Q1	2025-04-10
Quarterly Project Status Report for 2025 Q2	2025-07-10
Quarterly Project Status Report for 2025 Q3	2025-10-10
All planned work for 2025 in the LIPA-approved Refresh Plan is completed in accordance with the plan	2025-12-31
All planned work for 2025 (if any) for any Life Cycle Planning (LCP) projects that are not in the 2025 Refresh Plan, but have approved budget for 2025, is completed	2025-12-31
Year-end Closeout Report, as specified in this metric	2025-12-31

2025 Performance Metrics

IT-05: Project Performance - In-flight Projects

Board Policy: Information Technology and Cyber Security	Board PIPs: n/a
LIPA Exec. Sponsor: Brian Rudowski	LIPA Proj. Mgr: Omar Shareef
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): \$300,000	

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 2024 IT Project Performance Metrics (IT-05 and IT-06) projects that have LIPA-approved PIPs and LIPA-approved work plans for 2025, with the Deliverables and Due Dates as specified in the LIPA-approved PIPs.

Any approved Exception Request for a 2024 IT-05 or IT-06 project that moves a Deliverable Due Date from 2024 to 2025 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 2024 Deliverables for IT-05 or IT-06 projects that are not completed in 2024 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 2024 year-end closeout as the 2024 IT-05 and IT-06 projects complete PIP reviews and progress through execution, 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:

2025 Performance Metrics

IT-05: Project Performance - In-flight Projects

- 100% of the 2025 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 2025 work specified in the LIPA-approved PIP or, in this metric, is completed in 2025
- Projects completed in 2025 satisfy the End State and Success Criteria detailed in the LIPA-approved PIP

Incentive will be awarded as follows:

- The incentive will be based on the allocated portion of in-scope projects that are completed in 2025 in alignment with the planned 2025 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.

2025 Performance Metrics

IT-05: Project Performance - In-flight Projects

DELIVERABLES

Deliverable Name	Target Due Date
2025 Deliverables from LIPA-approved PIPs for all in-scope projects	Per LIPA-approved PIPs

2025 Performance Metrics

IT-06: Project Performance – New 2025 Projects

Board Policy: Information Technology and Cyber Security	Board PIPs: n/a
LIPA Exec. Sponsor: Brian Rudowski	LIPA Proj. Mgr: Omar Shareef
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): \$400,000	

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 new IT Projects at or over \$1 million in Capital Budget project lifecycle costs that have approved 2025 Capital Budget, with exceptions defined in the Exclusions section. For this metric, new projects are projects that do not have LIPA-approved PIPs covering all planned 2025 work.

The in-scope project list will be compiled based on the finalized PSEG Long Island Capital Budget Request. All in-scope cybersecurity projects will be designated Essential, indicating they are high-priority. LIPA may designate up to three additional in-scope projects as Essential.

The PIPs required for each project will utilize the LIPA-provided "Project Implementation Plan Template." They must provide substantive information, including Project Objectives, End State and Success Criteria, Deliverables, Project Structure, Work Plan, Risk Management Plan, Issue Resolution Plan, LIPA Reporting Plan, Technical Execution Plan, and Project Financial Plan and Budget. The LIPA-approved PIPs will constitute the baseline against which project performance is measured.

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

Target:

- 100% of in-scope projects have PIPs submitted by the specified due dates and subsequently approved by LIPA.
- 100% of the in-scope projects meet the following targets:

2025 Performance Metrics

IT-06: Project Performance – New 2025 Projects

- 100% of the 2025 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 2025 work specified in the LIPA-approved PIP or in this metric is completed in 2025
- Work planned for 2025 is completed within the Board-approved budget (+/- 10%)
- Projects completed in 2025 satisfy the End State and Success Criteria detailed in the LIPA-approved PIP.

Incentive will be awarded as follows:

- Incentive will be based on allocated portion of in-scope projects that are completed in 2025 in alignment with the planned 2025 work specified in the LIPA-approved PIP
- No incentive if target is met for less than 50% of in-scope projects

In-scope projects are the projects listed in the Board-approved metric, as modified by any approved Exception Requests.

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

Projects not listed in the final Board-approved In-scope Projects list for this metric. While all new IT Projects (projects that have approved 2025 Capital Budget but do not have LIPA-approved PIPs for 2025) at or over \$1 million in Capital Budget project lifecycle costs are included by default in this metric, certain projects may be excluded by LIPA based on LIPA priorities. IT Projects covered under separate metrics will not be included in IT-06. LCP (Life Cycle Planning) projects will typically be considered under 'IT-04 System and Software Lifecycle Management' and thus excluded from IT-06.

2025 Performance Metrics

IT-06: Project Performance – New 2025 Projects

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 Board-approved in-scope projects list must be submitted by PSEG Long Island, via the standard Metric Exception Request process, within ten business days of the PIP due date.

DELIVERABLES

Deliverable Name	Target Due Date
Submit PIPs for all in-scope projects by the target due date, which is 3/31/2025 except where otherwise specified	2025-03-31
2025 Deliverables from LIPA-approved PIPs for all in-scope projects and all Mandatory Deliverables specified in this metric	As specified in this metric or LIPA-approved PIP

2025 Performance Metrics

IT-07: System Separation

Board Policy: Information Technology and Cyber Security	Board PIPs: 7.03; ITSM-01
LIPA Exec. Sponsor: Brian Rudowski	LIPA Proj. Mgr: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Joseph Jacko, Theresa Derting
PSEGLI Director: David Lyons	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): 1,500,000	

OBJECTIVE

Separate LIPA IT systems from PSEG New Jersey systems.

TARGETS AND CALCULATIONS

This metric covers the third year of the LIPA Board-approved IT System Separation Plan. PSEG Long Island is to complete the full separation of all agreed-upon systems, including those identified in the Board-approved System Separation Plan, and any additional systems that LIPA has subsequently approved for separation by December 31, 2025.

Target:

- Completion by 12/31/2025 of full separation of all systems identified in the LIPA Board approved plan and any systems subsequently approved by LIPA for separation – 100% of allocated incentive compensation.

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
System Separation per the LIPA Board approved plan	2025-12-31

2025 Performance Metrics

IT-09: IT Planning - Ransomware Readiness and Response

Board Policy: Information Technology and Cyber Security	Board PIPs: n/a
LIPA Exec. Sponsor: Brian Rudowski	LIPA Proj. Mgr: Moin Shaikh
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: n/a
PSEGLI Director: Irving Landesbaum, John Kupcinski	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$200,000	

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 2025 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 2025 in accordance with the plans.

Any planned 2024 IT-09 scope of work not completed in 2024 will be completed in 2025. Associated deliverables will be added to this metric after the year-end closeout of the 2024 IT-09 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval.

Restoration of backups for all priority systems/subsystems (on-premise and cloud) identified in the PIP will be successfully tested in 2025. If offline backups are unavailable for testing in 2025, online backups will be tested, and the timeline for testing offline backups will be provided in the PIP, with all priority systems/subsystems scheduled for testing as outlined in the LIPA-approved PIP. 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.

The Ransomware Response and Recovery Plan will be exercised from incident through resumption to normal in 2025, 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 2025. 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:

2025 Performance Metrics

IT-09: IT Planning - Ransomware Readiness and Response

- 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, including communication and coordination with vendors for SaaS systems.

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

Following the implementation of the PIP, LIPA will engage a third-party Consultant to assess alignment with the expected end-state outcomes and the closure of the gaps identified in the 2024 assessment.

Metric deliverables will be modified with 2025 PIP deliverables upon completion and approval of PIP.

2025 Performance Metrics

IT-09: IT Planning - Ransomware Readiness and Response

Incentive will be awarded as follows:

- 20% of allocated incentive compensation for completion of the 2025 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 2025 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 2025 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 2024 Deliverables that are added to this metric for completion after the year-end closeout of the 2024 IT-09 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.

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.

2025 Performance Metrics

IT-09: IT Planning - Ransomware Readiness and Response

DELIVERABLES

Deliverable Name	Target Due Date
Monthly progress reports and status briefing	Monthly
All 2025 Deliverables in the LIPA-approved PIP	Per LIPA-approved PIP
Test Plans for testing the restoration of backups for all priority systems/subsystems identified in the LIPA-approved PIP	Per LIPA-approved PIP
Test results for the testing of the restoration of backups for all priority systems/subsystems identified in the LIPA-approved PIP	Per LIPA-approved PIP
LIPA-observed annual exercise of the Ransomware Response and Recovery Plan and Lessons Learned	2025-10-31
Revised Ransomware Response and Recovery Plan and revised PIP with additional after-actions from the exercise	2025-11-15
Close-Out Report	2025-12-01

2025 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: Brian Rudowski	LIPA Proj. Mgr: Moin Shaikh
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Tikka Singh
PSEGLI Director: Irving Landesbaum	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$250,000	

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. As applicable, plans should be developed and implemented using ISO 22301:2019 guidance.

TARGETS AND CALCULATIONS

- A. PSEG Long Island to develop and submit a PIP that is mutually agreeable and LIPA-approved to fully implement the Disaster Recovery Plans and Testing recommendations of the IT Systems Resiliency Assessment Future State Roadmap (“Future State Roadmap”) that was developed by the LIPA-engaged third-party Consultant in alignment with the 2024 OSA IT-10 Metric. The PIP shall take into account the recommended timelines and system prioritization in the Future State Roadmap. It shall include the schedule for (i) submission to LIPA of revised DRPs for all critical systems to be tested in 2025 and (ii) testing of the revised DRPs for the specified critical systems. The systems specified in the PIP to be tested in 2025 should be aligned with the recommendation in the Consultant report to test OMS/CAD and its upstream systems for the Outage and Restoration process, and justification should be provided if any of the said recommended systems are not included for testing in 2025.
- B. All planned scope and work for 2025 in the mutually agreeable and LIPA-approved PIP, for which a reasonable and supported budget is approved and funded, will be completed in 2025 in accordance with the approved PIP.
- C. PSEG Long Island to fully participate in a gap-closure assessment by a LIPA-engaged third-party consultant, to be conducted in Q4 2025. The assessment will include reviewing the DRP documents and witnessing testing for the critical systems identified in the approved PIP. LIPA's approval of the associated DRP and testing deliverables will be based on the consultant's recommendations resulting from this assessment.
- D. 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.

Expected outcomes for 2025:

- The 2025 scope of the Future State Roadmap's Disaster Recovery Plans and Testing recommendations has been 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

2025 Performance Metrics

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

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.

Target:

(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.

Compensation will be allocated as possible:

- 70% of compensation for completion of the high priority identified gaps in accordance with the approved PIP
 - RC.GV10.DR1
 - RC.GV10.DR2
 - RC.GV10.DR3
 - RC.GV10.DR4
- 20% of compensation for completion of the medium priority identified gaps in accordance with the approved PIP
 - RC.GV10.DR5
 - RC.GV10.DR6
 - RC.GV10.DR7
- 10% of compensation for the completion of the low priority identified gaps in accordance with the approved PIP
 - RC.GV10.DR9
 - RC.GV10.DR8
 - RC.GV10.DR10
 - RC.GV10.DR11

(ii) 2025 deliverables in the mutually agreeable and LIPA-approved PIP or, in this metric, are submitted by the specified due dates and subsequently accepted by LIPA.

(iii) The gap-closure assessment determines that PSEG Long Island successfully implemented the planned 2025 scope.

Deliverables will be updated in the metric Smartsheet upon approval of the PIP.

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.

2025 Performance Metrics

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

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
PIP to implement the DRPs and Testing recommendations of the IT Systems Resiliency Future State Roadmap	2025-03-15
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.	2025-12-15
Successful exercise of DRPs for the critical systems specified in the approved PIP	2025-12-15
Lessons Learned from the exercises and a revised PIP and/or any updated DRPs incorporating the lessons learned.	2025-12-15
All 2025 Deliverables in the mutually approved PIP	Per approved PIP

2025 Performance Metrics

BS-13: Information Request (IR) Responses

Board Policy: n/a	Board PIPs: n/a
LIPA Exec. Sponsor: Bobbi OConnor	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): \$200,000	

Historical Context YE Results (Quantitative Metrics Only)				
2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target
90	95.1	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 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.

2025 Performance Metrics

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.

2025 Performance Metrics

BS-13: Information Request (IR) Responses

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

2025 Performance Metrics

BS-22: Timely, Accurate, and Supported Storm Event Invoicing

Board Policy: Fiscal Sustainability	Board PIPs: n/a
LIPA Exec. Sponsor: Donna Mongiardo	LIPA Proj. Mgr: Ken Kane
PSEGLI Exec. Sponsor: Peggy Keane	PSEGLI Proj. Mgr: Zuly Suarez
PSEGLI Director: Prem Patel	DPS Contact: Daniel Pohoreckyj
Allocated Compensation (2021 Dollars): \$150,000	

Historical Context YE Results (Quantitative Metrics Only)						
2021		2022		2023		2024
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	N/A	N/A	N/A	90%	100%	90%

OBJECTIVE

To ensure PSEG Long Island provides timely, accurate, and appropriately-supported Storm Event costs to LIPA.

TARGETS AND CALCULATIONS

For Storm Events, PSEG Long Island shall:

1. Provide an estimated dollar value of damages by County (using preliminary estimated job counts that are subject to change based on final review), for each Storm Event within 10 days of the end of the follow-up period defined in ERIP-FIN-001 (Storm Accounting Protocols for Storm Events).
2. For 2024-2025 Storm Events whereby invoicing is due in 2025, submit "Invoice 1" within 3 months of the end date of the Storm Event which shall consist of:
 - (i) PSEG Long Island Labor; (ii) Indirect Labor (Fleet/Materials Handling); (iii) Labor Burdens (contract labor burdens); (iv) Indirect outside Services (Fleet/Materials Handling); (v) Employee Expenses (Logistics and Travel and Subsistence); and (vi) Materials.
3. For 2024-2025 Storm Events whereby invoicing is due in 2025, submit "Invoice 2" within 6 months of the end date of the Storm Event which shall consist of: (i) Foreign crew tree trim, HV & LV; (ii) Damage Assessors; (iii) Wire watchers; (iv) Logistics (outside services); and (v) Other contractor invoices in support restoration.

For any 2024-2025 FEMA events whereby reporting/invoicing would be due in 2025, invoices shall be organized according to the Categories as defined in the Damage Inventory Line Item (DILI) and the timelines as outlined below (based on CAM FI-H1-16):

- Within 3 months from the Date of DILI: Category B – Call Center & Emergency Operations Center Costs, including PSEG Long Island Labor, Labor Burdens & Logistics
- Within 4 months of Date of DILI provide Category B – Environmental Spills Clean-up cost
- Within 5 months of Date of DILI provide Category F – PSEG Long Island Labor and Burdens

2025 Performance Metrics

BS-22: Timely, Accurate, and Supported Storm Event Invoicing

- Within 6 months of Date of DILI provide Category F – Materials
- Within 7 months of Date of DILI provide Category F – Fleet
- Within 8 months of Date of DILI provide Category F – Logistics
- Within 10 months of Date of DILI provide Category F – Outside Services and Proof of Payment for all Categories above

Timeliness is defined as meeting each of the above-stated deliverable timelines for a Storm Event. These dates can be modified by mutual consent, which shall not be unreasonably withheld, in writing by both parties depending upon the size of the event as stated on CAM-FI-H15. All such modifications will be documented through the metric exception process.

- Accuracy – LIPA will perform Independent Verification and Validation of 5 or more Storm Events for which storm invoices are presented in 2025 (storm could be declared in 2024) for compliance as defined in the 2nd Amended and Restated OSA (OSA).
 - For any Non-FEMA Storm Event, all adjustments related to the sum of PSEG Long Island labor, Employee expenses, and Materials provided in Invoice 1, or the total of Invoice 2 (measured separately) cannot exceed 5% of total applicable invoice to meet the accuracy standard for an event (i.e. the sum of PSEG Long Island Labor, Employee expenses, and Materials included in Invoice 1 = \$2M – adjustments to Invoice 1 cannot be greater than \$100k).
 - For FEMA events, the accuracy measurement will be measured on each month's Category package, described above accordance with CAM-FI-H16, Appendix A.
 - LIPA has 45 days to inform PSEG Long Island of any disputed costs submitted and PSEG Long Island has 10 business days to substantiate or remove such costs as outlined in CAM-FI-H15 and CAM-FI-H16.

Target: PSEG Long Island must meet both the Accuracy and Timeliness standard on 90% of Storm Events (rounded to nearest whole number, i.e. 20 storms @90%=18 storms; 15 storms @90%=14 storms) to earn the compensation.

PSEG Long Island shall provide a Monthly Status Report demonstrating metric performance for the prior month in a LIPA-approved format.

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. "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 a Monthly Status Report demonstrating metric performance for the prior month	2025-02-14
Provide a Monthly Status Report demonstrating metric performance for the prior month	2025-03-14

2025 Performance Metrics

BS-22: Timely, Accurate, and Supported Storm Event Invoicing

Provide a Monthly Status Report demonstrating metric performance for the prior month	2025-04-18
Provide a Monthly Status Report demonstrating metric performance for the prior month	2025-05-16
Provide a Monthly Status Report demonstrating metric performance for the prior month	2025-06-13
Provide a Monthly Status Report demonstrating metric performance for the prior month	2025-07-18
Provide a Monthly Status Report demonstrating metric performance for the prior month	2025-08-15
Provide a Monthly Status Report demonstrating metric performance for the prior month	2025-09-19
Provide a Monthly Status Report demonstrating metric performance for the prior month	2025-10-17
Provide a Monthly Status Report demonstrating metric performance for the prior month	2025-11-21
Provide a Monthly Status Report demonstrating metric performance for the prior month	2025-12-19

2025 Performance Metrics

BS-42: Develop Annual Zero Based Budget (ZBB) for each "Affiliate Cost" category for LIPA's review and approval

Board Policy: Customer Value & Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: Donna Mongiardo	LIPA Proj. Mgr: Lloyd Fenton
PSEGLI Exec. Sponsor: Sonny Chung	PSEGLI Proj. Mgr: Martin Shames
PSEGLI Director: Martin Shames	DPS Contact: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): \$600,000	

OBJECTIVE

To ensure appropriate scope of work is assigned to affiliates and there is a comprehensive and auditable justification of affiliate costs basis.

TARGETS AND CALCULATIONS

- 1) Provide scope document of process to develop a zero based budget for affiliates budgeted - earn 25%
- 2) Provide a zero-based budget for affiliates' services as part of the 2026 budget submission with supporting details to validate budget - earn 60%
- 3) Provide the 2026 affiliate budget at 10% lower cost than the 2025 affiliate budget - earn 15%

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

2025 Performance Metrics

BS-42: Develop Annual Zero Based Budget (ZBB) for each "Affiliate Cost" category for LIPA's review and approval

DELIVERABLES

Deliverable Name	Target Due Date
PSEGLI to provide a scope document detailing the scope and structure of the required ZBB review	2025-05-31
PSEGLI to provide for LIPA review and approve a schedule for completing annual ZBB review for affiliate charges. Schedule should include an interim briefing to LIPA on the preliminary ZBB results by department.	2025-07-15
PSEGLI completes ZBB and submits to LIPA for review and approval	2025-08-15

2025 Performance Metrics

BS-43: Implement standards and methods to reduce project variances including risk and contingency management

Board Policy: Customer Value & Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: Donna Mongiardo	LIPA Proj. Mgr: Lloyd Fenton
PSEGLI Exec. Sponsor: Sonny Chung	PSEGLI Proj. Mgr: Martin Shames
PSEGLI Director: Martin Shames	DPS Contact: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): \$200,000	

OBJECTIVE

To improve capital project estimating and reporting on variances to ensure prudent planning for capital projects addressing concerns of management audit in section IV-1.

TARGETS AND CALCULATIONS

1. Enhance the Capital Project process through an enhanced PJD that provides information comparable to the Budget Briefing Book used for the O&M budget development - earn 30%
2. Enhance Capital Project variance reporting to show financial variances relative to scope and timeline (e.g. earn vs burn) for top 10 spend projects each month - earn 30%
3. Provide a project plan for the selection and implementation of a Capital Project Information Management System based on the available budget - earn 10%
4. Initiate a review of completed Capital Projects in the 12 months ending 09/30/2025 over \$10M where the final actual costs exceed the original approved budget (plus any approved adjustments) by 10% or greater (include lessons learned) - 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.

2025 Performance Metrics

BS-43: Implement standards and methods to reduce project variances including risk and contingency management

“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
Enhance variance reporting to show Capital Project financial variances relative to scope and timeline	2025-06-30
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline	2025-07-31
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline	2025-08-31
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline	2025-09-30
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline	2025-10-31
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline	2025-11-30
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline	2025-12-31
Initiate a review of Capital Projects completed in the 12 months ending 09/30/2025 over Total Project Costs of \$10M where the final actual costs exceed the original approved budget (plus any approved adjustments) by 10% or greater	2025-12-31
Provide a project plan for the selection and implementation of a Capital Project Information Management System based on the available budget	2025-12-31

2025 Performance Metrics

BS-44: Establish Annual Assessment Allocation Model for LIPA's approval with quarterly selected work orders audits

Board Policy: Customer Value & Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: Donna Mongiardo	LIPA Proj. Mgr: Lloyd Fenton
PSEGLI Exec. Sponsor: Sonny Chung	PSEGLI Proj. Mgr: Martin Shames
PSEGLI Director: Martin Shames	DPS Contact: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): \$250,0000	

OBJECTIVE

Ensure overheads are appropriately allocated based on valid causation principals addressing the concerns of the management audit finding in section IV-2.

TARGETS AND CALCULATIONS

1. Provide listing of assessment pools and initial base budget for each pool with corresponding explanations for allocation percentage. This includes explanations describing, in a narrative manner, the costs within an overhead cost pool as well as the logic and calculations behind the allocation methodology - earn 35%
2. Provide an explanation of budget to actual variances for: (a) monthly variance analysis of budget vs actual for costs in the 5 largest assessment pools (or more to capture 50% of assessments) after March close and analytical analysis of assessment allocations in LIPA approved format - explanations must be clear, comprehensive and concise - earn 35%
3. Provide comprehensive analysis of the costing sheets that address 50% of the Assessment budget and management action plans to address any findings - earn 15%
4. Reduce the 2026 budget dollars going into Cost Pools by 5% compared to 2025 budget (excluding impact of budget changes) for – earn 15%

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.

2025 Performance Metrics

BS-44: Establish Annual Assessment Allocation Model for LIPA's approval with quarterly selected work orders audits

“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 LIPA listing of all costing pools with assessment allocation model for each assessment pool for 2026 budget with clear, concise, and informative explanations as to the purpose of each cost pool <ul style="list-style-type: none"> • A table will be provided with explanations describing, in a narrative manner, the costs that populate a cost pool as well as the logic and calculations behind the allocation methodology 	2025-04-30
Beginning with March close, provide a quarterly report with explanations for the top 5 overhead pool balance variances as well as the impact to the overhead rates. Provide analytical analysis to determine reasonableness of percentage loaded to capital projects <ul style="list-style-type: none"> • Provide quarterly variance analysis of Assessment overhead pool costs (Actual vs Budget) by cost objects (i.e. Order, Standard Cost Adjustments) with written analysis • Provide Budget vs Actuals (Quarterly) by overhead pool by Funding type (i.e. O&M, Capital) • Provide Overhead Rates (Actual vs Budget) by month 	2025-04-30
Perform audit of top 5 material overhead cycles per quarter and provide results to LIPA with management action plans for findings. <ul style="list-style-type: none"> • Costing sheets are utilized to generate the selected cost objects that will receive overhead costs from a specific overhead pool • The lines of business define what costing sheets are processed to every cost object (i.e. WBS element or Order). This analysis will show the objects that receive the cost pool allocations with costing sheet designation and compare if those objects are aligned correctly within each overhead pool designed instructions. 	2025-12-31

2025 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: Lloyd Fenton
PSEGLI Exec. Sponsor: Sonny Chung	PSEGLI Proj. Mgr: Martin Shames
PSEGLI Director: Martin Shames	DPS Contact: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): \$150,000	

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 addresses the finding of the management audit section XVI-2.

TARGETS AND CALCULATIONS

1. Implement pilot program for selected O&M and capital projects- earn 10%
2. Develop a worksheet on Smartsheets to track anticipated gains and productivity for projects selected for pilot program which is in a LIPA approved format - earn 25%

Top 3 T&D and 3 IT Capital Projects based on Total Project Costs in-service by 2025 or before going 2 years back that specifically mention "savings" on PJD. Template will accommodate both O&M and capital opportunities on going forward basis. Work with LIPA to see which if any O&M projects potential for O&M savings should be tracked on the template as necessary.

3. Beginning with 2Q data, provide quarterly report in LIPA approved format to LIPA to demonstrate savings or productivity gains as project anticipated - earn 65%

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.

2025 Performance Metrics

BS-45: Develop methods and standards for tracking productivity gains and sharing CapEx and OpEx savings

“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
Implement pilot program which requires tracking of productivity gains from certain Capex and OPEX initiatives	2025-03-31
Develop a worksheet to outline selected initiative and time of planned savings in a level of detail to be used to monitor performance	2025-04-30
Using a Smartsheet tracking worksheet, monitor and report on implementation of initiative and associated savings. This should include variance explanation and a forecast. Provide report to LIPA quarterly beginning with Q2.	2025-08-15
Provide 3Q report to LIPA	2025-11-15

2025 Performance Metrics

BS-48: Strategic Supplier MSAs

Board Policy: Procurement	Board PIPs: n/a
LIPA Exec. Sponsor: Bobbi O'Connor	LIPA Proj. Mgr: Maria Gomes
PSEGLI Exec. Sponsor: Sonny Chung	PSEGLI Proj. Mgr: Suzanne Berry
PSEGLI Director: Joseph Lamotta	DPS Contact: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): \$600,000	

OBJECTIVE

To develop a comprehensive plan to establish Master Service Agreements (MSAs) for strategic spend categories. This will involve analyzing procurement spend, collaborating with internal business units to understand long-term requirements, conducting a supplier market analysis, and developing a strategic sourcing plan for MSA implementation.

TARGETS AND CALCULATIONS

1. Analysis of Procurement Spend:

- a. Collect procurement spend data, including vendor details and contract terms. Analyze and categorize this data to identify spend categories of strategic importance where the establishment of long-term contracts (e.g. MSAs) could be mutually beneficial to vendor and company. In collaboration with LIPA, use the analysis to develop a list of five (5) strategic spend categories where longer-term MSAs would streamline the procurement process and(or) allow the company more favorable commercial terms (including cost savings from increased order volumes, production slots).

Examples: Transformers, Wire and Cable, Switchgear Components, Switchgear, Capacitors

2. Collaborate with Internal Business Units:

- a. Review the five (5) strategic spend categories with stakeholders from relevant business units. Conduct interviews, workshops, or surveys to synthesize and document long-term business requirements for each category.
- b. Standardize specifications/work scope with stakeholders from relevant business units for each category.

3. Develop Supply Market Analysis:

- a. Conduct a supplier market analysis to identify potential strategic vendors associated with each strategic spend category. Market analysis to include external vendors and incumbent supply base.

4. Develop a Sourcing Strategy and Execution Plan:

- a. Develop a strategic sourcing strategy for each strategic spend category. Each sourcing strategy should identify a sourcing method (e.g. RFx, non-competitive award, e-auction), purchasing method (e.g. blanket PO, Catalog), and preferred pricing methodology (e.g. Lump sum, unit price, T&M) for each strategic spend category.
- b. Develop an execution plan with key milestones for each category. The plan(s) will be submitted to LIPA for approval.

2025 Performance Metrics

BS-48: Strategic Supplier MSAs

5. Execution of Sourcing Strategy:

- a. MSA re-negotiation and issue multi-year blanket purchase order (PO) based on the multi-year plan, or
- b. Initiate MSA RFP release

Target improvement for 2025:

- 50% Compensation for Completion of Plan Development (Steps 1 through 4)
- 50% Execute Master Services Agreement for the five (5) strategic spend categories.
 - Issue multi-year blanket PO based on the multi-year plan, or
 - Execution of MSA RFP or renegotiation based on plan milestones per project timeline
 - Compensation will be prorated based on percent completion

EXCLUSIONS

- Operational Spend Categories: Non-strategic spend categories that do not warrant MSA agreements will be excluded from the analysis and plan
- Non-Procurement Spend: 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)
- Historical Spend Data: Historical spend data older than 2 years may be excluded if it is no longer relevant for current strategic planning

DELIVERABLES

Deliverable Name	Target Due Date
Procurement Spend Analysis Report and a list of five (5) strategic spend categories where longer-term MSAs would streamline the procurement process and(or) allow the company more favorable commercial terms (step 1)	2025-03-31
Evidence of completion of steps 2-4 for each strategic spend category	2025-06-30
Evidence of execution of sourcing strategy deliverables (step 5)	As execution strategies have been completed no later than 12/31/2025

LIPA 2025 Performance Metrics

BS-50: Time to Start

Board Policy: Customer Value and Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: Bobbi O'Connor	LIPA Proj. Mgr: Barbara Ann Dillon
PSEGLI Exec. Sponsor: David Lyons	PSEGLI Proj. Mgr: Beverly Esposito
PSEGLI Director: Jodi Varon	DPS Contact: Jami Nafiul, Seth Johnson, Monique Clarke-Kerr
Allocated Compensation (2024 Dollars): \$100,000	

OBJECTIVE

To measure 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 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 2025:

- Candidates who are Senior Managers under the OSA that require LIPA approval will be measured from the 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 (interns, entry-level engineers) 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 will be measured from the date a job requisition is created in the system to the date a new hire begins work but excludes the period of time associated with testing

Target:

100% of allocated compensation for 5% reduction from 2024 YE target or 3% reduction from 2024 year-end actual, if lower.

50% of allocated compensation for 2.5% reduction (up to 4.9%) from 2024 YE target or 1.5% reduction (up to 2.9%) from 2024 year-end actual, if lower.

Inclusive of all requisitions closed in 2025 (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.

LIPA 2025 Performance Metrics

BS-50: Time to Start

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island will populate a LIPA-developed Smartsheet with Time to Start (Elapsed) for PSEGLI on the following target due dates:	
Complete and provide the information identified in the LIPA KPI Smartsheet	2025-04-25
Complete and provide the information identified in the LIPA KPI Smartsheet	2025-07-25
Complete and provide the information identified in the LIPA KPI Smartsheet	2025-10-24
Complete and provide the information identified in the LIPA KPI Smartsheet	2025-12-31

LIPA 2025 Performance Metrics

BS-51: HR Cost Efficiency Per Employee

Board Policy: Customer Value and Affordability	Board PIPs: n/a
LIPA Exec. Sponsor: Bobbi O'Connor	LIPA Proj. Mgr: Barbara Ann Dillon
PSEGLI Exec. Sponsor: David Lyons	PSEGLI Proj. Mgr: Beverly Esposito
PSEGLI Director: Jodi Varon	DPS Contact: Jami Nafiul, Seth Johnson, Monique Clarke-Kerr
Allocated Compensation (2024 Dollars): \$350,000	

OBJECTIVE

To achieve cost savings by enhancing the efficient use of resources across PSEG Long Island and Affiliate provided HR services. This will result in reduced HR costs per employee while maintaining or improving the quality of HR services provided.

TARGETS AND CALCULATIONS

The HR Cost Efficiency Per Employee measures the percentage reduction of the cost of PSEG Long Island and Affiliate HR services from 2024 to 2025.

Target:

5% reduction per Employee for the combined PSEG Long Island and Affiliate HR services costs based on year-end Actual Cost between 2024 and 2025.

Calculation:

Actual Cost per PSEGLI Employee calculated as HR Department Director Level 2024/2025 Actual Costs (excluding Fringe Costs) / Actual Average Headcount (calculated as the sum of each month's actual headcount including LTDs divided 12)

EXCLUSIONS

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

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: <ul style="list-style-type: none"> HR Cost Per Employee for Operating Year 2025 	2025-12-31

2025 Performance Metrics

BS-52: Unit Price Contract Reassessment

Board Policy: Procurement	Board PIPs: n/a
LIPA Exec. Sponsor: Bobbi O'Connor	LIPA Proj. Mgr: Maria Gomes
PSEGLI Exec. Sponsor: Sonny Chung	PSEGLI Proj. Mgr: Suzanne Berry
PSEGLI Director: Joseph Lamotta	DPS Contact: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): \$400,000	

OBJECTIVE

Evaluate the effectiveness of active unit price contracts in providing market-competitive pricing for labor services. Develop strategies to improve cost savings using more favorable price structures by renegotiating contract terms or executing new sourcing events.

TARGETS AND CALCULATIONS

1. Analysis of Unit Price Contracts:

- a. Prepare a report listing all unit-price labor contracts valued above \$2 million. The report should include vendor name, term, value, and business unit ownership. Use the report to identify the top ten unit price contracts based on total spend.
- b. Contracts for potential review include but are not limited to, the following: Physical Mechanical Assistance Work, Horizontal Directional Drill, Permanent Paving Services, Traffic Control and Flagging Services, Electric Unit Price Work, CIPUD, and Vegetation Management

2. Collaborate with Internal Business Units & LIPA:

- a. Collaborate with internal business units and LIPA to assess the feasibility of amending contract price structures of the top ten unit price contractors.
- b. Document all recommendations from internal business units and LIPA

3. Unit Price Contract Renegotiation Strategy:

- a. Develop strategies for renegotiating pricing terms for unit price contracts that were deemed feasible in Step #2. Each strategy should include an analysis of current pricing, proposed alternative price structure, justification for change, negotiation strategy, and a savings estimate.

4. Contract Rebid Sourcing Strategy (If applicable):

- a. If it is not feasible to renegotiate contract-pricing terms (Step 3), develop a sourcing strategy and execution plan, which identifies the internal project team, and establishes a project timeline.

5. Execution of Contract Rebid Sourcing Strategy (if applicable):

- a. RFP release or contract re-negotiation plan

6. Formalize Internal Policy on the Use of Contract Price Structures:

- a. Update Procurement Instruction 242LI-1-1 to reflect Company strategy regarding the use of contract price structures (e.g. unit price, fixed price, lump sum, and T&M). All Purchase Orders over \$100,000 need to follow this Internal Policy on the Use of Contract Price Structures.

2025 Performance Metrics

BS-52: Unit Price Contract Reassessment

Target improvement for 2025:

- 50% Compensation for completion of Unit Price Contract Renegotiation Strategy and(or) Contract Rebid Sourcing Strategy for all ten unit price contracts.
- 50% Compensation for RFP release and/or execution of renegotiated contracts. The compensation will be prorated based on percent completion.

EXCLUSIONS

- Contracts valued below \$2 million
- Contracts not based on a unit price structure
- Contracts with a term shorter than one year
- Contracts where renegotiation or rebidding is not contractually permissible

DELIVERABLES

Deliverable Name	Target Due Date
Top Ten Contracts Report: <ul style="list-style-type: none">• Document identifying and detailing the top ten unit price contracts by spend.	2025-02-28
Feasibility Assessment Documentation: <ul style="list-style-type: none">• Summary of discussions with business units and LIPA regarding the feasibility of amending or rebidding the top ten unit price contracts.	2025-03-31
Strategy Documents: <ul style="list-style-type: none">• Detailed strategies for renegotiation or rebidding for each of the top ten unit contracts, including project timelines.	2025-06-30
Execution of Sourcing Strategy Documentation: <ul style="list-style-type: none">• RFP documentation and/or evidence of contract re-negotiation activity	2025-12-31
Formalize Internal Guidance on the Use of Contract Price Structures: <ul style="list-style-type: none">• Updated Procurement Instruction 242LI-1-1 to reflect Company strategy regarding the use of contract price structures (e.g. unit price, fixed price, lump sum, and T&M)	2025-12-31

November 4, 2024

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. 24-02176: Recommendations Regarding LIPA's Proposed 2025 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 2025 Performance Metrics proposal (LIPA Final Proposal) for PSEG Long Island (PSEG LI or the Company).¹ Pursuant to the requirements of the Second Amended and Restated Operating Services Agreement (the New OSA) between LIPA and PSEG LI, LIPA proposed fifty-two (52) metrics covering all 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 These recommendations constitute the DPS Recommended Metrics pursuant to Appendix 4.3(C) of the New OSA.

Under the terms of the New OSA, LIPA and PSEG LI are required to conduct an annual metrics review process.³ As part of this process, LIPA sends an initial metrics proposal to PSEG LI for its review and comment. Then, 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 Proposal to DPS for its review and recommendation, as well as to PSEG LI for further comment concerning the Final Proposal. Finally, the Department considers the Final Proposal, along with

¹ LIPA 2025 Proposed Performance Metrics for DPS Review and Recommendation (filed October 4, 2024).

² Second Amended and Restated Operations and Services Agreement Between the Long Island Power Authority and PSEG Long Island, LLC, Appendix 4.3(C)(I)(B) (in effect April 1, 2022) (New OSA).

³ New OSA, Appendix 4.3(C)(I)(B).

⁴ Id.

PSEG LI's comments, and submits its recommendation to the LIPA Board of Trustees (LIPA Board or the Board) for adoption.

Staff has reviewed LIPA's Final Proposal and recommends adoption of all 52 metrics as proposed by LIPA, without modification. The attached DPS Staff Memorandum outlines the process undertaken and details the Department's recommendations for adoption of the 52 metrics recommended for approval. The DPS Staff Memorandum outlines each metric where PSEG LI and LIPA disagreed and provides a corresponding explanation for DPS Staff's recommendation.

These 52 metrics encompassing all five scope functions, T&D, PS&CE, CS, BS, IT, and critical operation services such as reliability, vegetation management, and safety, will aid in ensuring that PSEG LI maintains and enhances its performance on behalf of customers. Specifically, these metrics will help PSEG LI improve its performance by reducing the amount of time that customers experience outages, decreasing serious injuries to employees, and increasing the efficiency of its vegetation management work.

Staff also recommends adoption of several metrics that pertain to PSEG LI's targets to achieve compliance with the goals of the Climate Leadership and Community Protection Act (CLCPA). These metrics contain deliverables to achieve set Energy Efficiency savings, incentivize residential customers to install heat pumps, promote electric vehicle adoption on Long Island, and realize investments in disadvantaged communities. Additionally, Staff recommends adoption of metrics that will directly target improvements in areas that impact customers' experience and will require PSEG LI to increase the efficiency for live agent customer calls and achieve a low customer complaint rate. Staff also recommends the adoption of metrics that will require PSEG LI to improve its cybersecurity readiness.

The proposed metrics adhere to the performance metric criteria contained in the New OSA.⁵ 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. DPS stresses that it is critically important in creating metrics that their reasonableness and objectively verifiable nature be considered. Also, the metrics should be clearly defined to ensure that there is no confusion concerning what is required to achieve the goals of each metric. Finally, metrics should align with the policies, goals, and strategies outlined by New York State, and by the LIPA Board.

⁵ New OSA, Appendix 4.3(C)(I)(D).

The DPS Recommended Metrics are intended to ensure that PSEG LI provides Long Island residents with improved service across all five scope functions, with particular focus on service reliability, customer satisfaction, and progress towards reaching the goals of the CLCPA. These metrics adequately incentivize PSEG LI to achieve the level and quality of service expected of a utility 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: John Rhodes, LIPA Acting Chief Executive Officer
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
Dave Lyons, PSEG LI Interim President and Chief Operating Officer
Andrea Elder-Howell, PSEG LI Vice President Legal Services
Carrie Meek Gallagher, DPS LI Director
Nicholas Forst, DPS LI Deputy Director
Peter Hilerio, DPS LI Counsel

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE
INTEROFFICE MEMORANDUM

November 4, 2024

TO: Chief Executive Officer Rory Christian

FROM: DPS Staff

SUBJECT: Recommendations Regarding the Long Island Power Authority's Proposal for PSEG Long Island's 2025 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 2025 Performance Metrics proposal (Final Metrics Proposal) for PSEG Long Island (PSEG LI or the Company).¹ Pursuant to the requirements of the Second Amended and Restated Operating Services Agreement (the New OSA) between LIPA and PSEG LI, LIPA proposed 52 metrics 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).²

Under the terms of the New 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.³ After reviewing PSEG LI's comments, LIPA submits a Final Metrics Proposal to DPS for its review and recommendation, and to PSEG LI for 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 BoT) for adoption.

Executive Summary

Pursuant to the New OSA, Appendix 4.3(C)(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 BoT. Staff has reviewed LIPA's Final Metrics Proposal, as well as PSEG LI's comments, and recommends the adoption of all 52 proposed metrics without modification. Appendix A contains a list of the 52 metrics that Staff recommends for approval.

Consistent with the timing of LIPA's budgeting process, LIPA began its 2025 metrics process on June 21, 2024, by submitting a list of proposed metrics to PSEG LI and DPS. From June to October, LIPA and PSEG LI discussed the metric targets and exchanged information concerning LIPA's proposed metrics. Throughout this process, PSEG LI provided multiple rounds of edits to LIPA and DPS. Further, DPS actively monitored the progress of these discussions.

On October 1, 2024, LIPA submitted its Final Metrics Proposal to DPS, which contained three metrics that LIPA was still reviewing and three metrics for which PSEG LI and LIPA were still in disagreement. PSEG LI also submitted its final comments to LIPA and DPS on October 1, 2024. Subsequently, on October 4, 2024, LIPA submitted an

¹ LIPA's Proposal for PSEG Long Island's 2025 Performance Metrics (filed October 4, 2024) (LIPA's 2025 Metrics Proposal).

² Second Amended and Restated Operations and Services Agreement Between the Long Island Power Authority and PSEG Long Island, LLC, Appendix 4.3(C)(I)(B) (in effect April 1, 2022).

³ Id.

updated Metrics Proposal, which finalized and agreed upon the three metrics that were still under review. In total, LIPA and PSEG LI are in full agreement concerning 49 metrics and disagree concerning three metrics.

Based upon its review, Staff recommends that all 52 metrics be adopted as proposed by LIPA. Of these 52 metrics, 17 metrics are in the T&D scope function, 10 metrics are in the BS scope function, 11 metrics are in the CS scope function, 7 metrics are in the PS&CE scope function, and 7 are in the IT scope function. Appendix A contains a list of the 52 metrics recommended for adoption as proposed.

Staff's Recommendation

Staff recommends that 52 metrics be adopted as proposed. Out of these 52 metrics, there are three metrics where LIPA and PSEG still disagree. Staff's rationale for recommending the approval of these three contested metrics is explained below.

- **IT-07: System Separation**

IT-07 requires the separation of LIPA IT systems, administered by PSEG LI, from PSEG New Jersey's IT systems. There have been different iterations of this metric in prior years, which targeted the completion of the planned scope of work and project implementation plans for LIPA approved implementation bundles. The 2025 iteration of this metric covers the third year of the LIPA BoT approved IT System Separation Plan as mandated by Section 4.2(A)(1)(q) of the New OSA.

In 2022, the LIPA BoT approved an IT System Separation Plan that "envisions an end-state where none of the systems remain intermingled by the end of two years (Q4 2024), recognizing that the total separation of the administrative and support functions may extend into 2025."⁴ IT-07 requires the full separation of all systems identified in the LIPA BoT approved plan and any that LIPA subsequently approved for separation, by December 31, 2025, for PSEG LI to receive the allocated incentive compensation.

PSEG LI has raised several concerns over this proposed metric.⁵ First, PSEG LI has raised budgetary concerns, contending that the approved budget of \$32.6M is insufficient. PSEG LI, instead, has requested a \$69.6M budget to fund the work required to achieve full separation. Second, PSEG LI contends that the scope for this metric has grown from 46 systems contained in the LIPA BoT approved plan to 71 systems without an appropriate change in scope. Third, PSEG LI also believes that LIPA's continued involvement with the overall project management has caused delays to the project's timeline. Fourth, PSEG LI has requested tiered compensation for each specified bundle of systems that is fully separated by December 31, 2025.

LIPA disagrees with PSEG LI's concerns. LIPA does not believe that partial compensation is appropriate as the metric aligns with the requirements of the LIPA BoT-

⁴ LIPA Information Technology System Separation Plan (issued September 28, 2022), p. 5.

⁵ LIPA's 2025 Metrics Proposal, pp. 111-112.

approved plan. Additionally, while LIPA states that the timeline is aggressive, LIPA contends that it will ensure that all systems are separated before the December 31, 2025, termination date of the New OSA. Further, LIPA contends that only full system separation will realize the goals of the System Separation project. Finally, LIPA states that its position in requiring the separation of its systems from PSEG by December 31, 2025, is reasonable and achievable.⁶

The IT System Separation Plan as adopted in 2022 pursuant to DPS' recommendations remains in effect.⁷ Given the significance of the work, it is important that PSEG LI complete the project and meet the timelines laid out as part of the IT-07 metric. Staff concurs with LIPA's assessment and reiterates the importance of full separation prior to the termination of the New OSA. As such, staff recommends IT-07 be adopted as proposed by LIPA.

- T&D-07: System Average Interruption Duration Index (SAIDI) Reliability & T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

T&D-07 and T&D-08 incentivize continuous improvement of the System Average Interruption Duration Index (SAIDI) and the System Average Interruption Frequency Index (SAIFI). SAIDI calculates the average outage duration for each customer, while SAIFI measures the average number of outages a customer experiences. These indices have been included in PSEG LI's performance metrics since 2014 to monitor the reliability and quality of electric service that customers in LIPA's service territory receive.

LIPA proposes targets for T&D-07 and T&D-08 as part of a three-tiered incentive compensation structure. Under the three-tiers, PSEG LI may achieve 50 percent, 75 percent, and 100 percent of the allocated compensation if it meets specified targets.⁸ The proposed calculation methodology is unchanged from the calculation of the 2024 reliability metrics.

PSEG LI proposes implementing Institute of Electrical and Electronics Engineers (IEEE) 1366 T_{MED} as an alternative calculation for performance measurement.⁹ This standard is commonly used by Energy Information Administration (EIA) members to benchmark reliability indices. PSEG LI contends that utilization of the IEEE 1366 T_{MED} standard is the appropriate measure for comparing PSEG LI's performance against other utilities. LIPA contends that introducing a new calculation methodology in the last year of the New OSA will cause confusion.

LIPA's proposed calculation methodology for these metrics incorporates the same exclusion criteria that New York's Investor-Owned Utilities (IOUs) must adhere to. Each year, the DPS Staff conducts a reliability assessment of electric performance for New York

⁶ LIPA's 2025 Metrics Proposal, p. 112.

⁷ Matter 22-01870, In the Matter of Review of Long Island Power Authority and PSEG Long Island IT System Separation Plan, Recommendation Letter Regarding System Separation Plan (filed October 31, 2022).

⁸ LIPA's 2025 Metrics Proposal, pp. 113 and 118.

⁹ IEEE 1366-2022 (Defines T_{MED} as a calculation to determine the major event day threshold).

IOUs and PSEG LI. Staff reviews the utility reliability data both including and excluding severe weather events or Major Storms that limit the utility's control over service interruptions. The exclusion criteria are stated in 16 NYCRR §97.1, which defines a Major Storm as any storm that causes service interruptions for at least ten percent of customers in an operating area or if the interruptions last for 24 hours or more. In contrast, IEEE T_{MED} defines a major event day as a day in which the daily SAIDI exceeds a predefined major event day threshold value, T_{MED} , which is established based on a mathematical function of historical SAIDI values.

DPS Staff does not find it appropriate to establish separate exclusion criteria for PSEG LI, under its performance metric targets, that differs from those applied to New York's IOUs. Also, DPS staff supports LIPA's proposal of a three-tier incentive compensation structure that follows the exclusion criteria contained in 16 NYCRR §97.1. Further, DPS staff finds the SAIDI and SAIFI targets set for the first tier (100 percent) are appropriate based on PSEG LI's reliability performance for the past five years. In addition, the proposal contains a methodology that provides sufficient flexibility to accommodate year-over-year weather variations. The proposal does this by establishing the second and third-tier targets based on the average of the past three and five years' year-end SAIDI and SAIFI performance, including 2024. Therefore, DPS staff recommends that T&D-07 and T&D-08 be adopted as proposed by LIPA.

Conclusion

For the reasons stated above, DPS Staff recommends that the LIPA Board adopt all 52 of the proposed metrics without modification. DPS Staff's recommendations contained herein, should be considered the DPS Recommended Metrics under the terms of the New OSA.

Appendix A

Metrics Recommended for Adoption without Modification

Metric #	Metric Title
T&D-01	Asset Management Program Implementation – Asset Inventory
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-18	Improve Reliability Through Work Management Enhancements - Workforce Management Plans
T&D-24	Improve Reliability Through Vegetation Management Work Plan -- Cycle Trim and Trim-to-Sky
T&D-36	Construction - Cost Estimating Accuracy
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-41	Program Effectiveness - Vegetation Management
T&D-50	Storm Outage Response Performance
T&D-53	Capital Project Process Enhancements
T&D-54	Storm Crewing Efficiency and Prudency
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
CS-14	Net Dollars Written Off
CS-15	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)
CS-17	Low to Moderate Income (LMI) Program Participation
CS-19	DPS Customer Complaint Rate
CS-25	Interactive Voice Response (IVR) Containment Rate
CS-31	Call Average Handle Time (AHT)
CS-36	E-Bill Enrollment
PS&CE-05	Beneficial Electrification – Building Electrification
PS&CE-06	Electric Vehicle (EV) Make-Ready
PS&CE-08	Transition to New "Standard" Time of Day Residential Rates on an Opt-Out Basis
PS&CE-13	Heat Pump Strategy to Address Barriers to Customer Adoption
PS&CE-14	Transportation Electrification Strategic Initiatives
PS&CE-16	Residential Time-of-Day Participation Rate
PS&CE-17	Disadvantaged Communities (DACs) – Spend %
IT-03	System Resiliency – Business Continuity Plans and Functional Drills
IT-04	System and Software Lifecycle Management

Appendix A

Metrics Recommended for Adoption without Modification

Metric #	Metric Title
IT-05	Project Performance – In-flight Projects
IT-06	Project Performance – New 2025 Projects
IT-07	System Separation
IT-09	IT Planning – Ransomware Readiness and Response
IT-10	System Resiliency – Disaster Recovery Plans and Testing
BS-13	Information Request (IR) Responses
BS-22	Timely, Accurate, and Supported Storm Event Invoicing
BS-42	Develop Annual Zero Based Budget (ZBB) for each “Affiliate Cost” category for LIPA’s review and approval
BS-43	Implement standards and methods to reduce project variances including risk and contingency management
BS-44	Establish Annual Assessment Allocation Model for LIPA’s approval with quarterly selected work orders audits
BS-45	Develop methods and standards for tracking productivity gains and sharing CapEx and OpEx savings
BS-48	Strategic Supplier MSAs
BS-50	Time to Start
BS-51	HR Cost Efficiency Per Employee
BS-52	Unit Price Contract Reassessment



November 1, 2024

Via E-mail and U.S. Mail

Honorable Tracey A. Edwards, Chairwoman
Board of Trustees
Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, New York 11553
boardoftrustees@lipower.org

Re: Matter No. 14-01299: In the Matter of PSEG LI Utility 2.0 Long Range Plan -
Recommendations Regarding PSEG LI Annual 2024 Update

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 PSEG Long Island's (PSEG LI, or the Company) annual update to the Utility 2.0 Long Range Plan (the 2024 Utility 2.0 Plan), and 2025 Energy Efficiency Plan (2025 EE Plan).¹ Pursuant to Public Authorities Law §1020-f(ee); the Long Island Power Authority (LIPA) and its Service Provider PSEG LI submit to DPS on an annual basis any proposed plan related to implementation of distributed generation, energy efficiency (EE) measures, or advanced grid technology programs having the purpose of providing customers with tools to more efficiently and effectively manage their energy usage and utility bills; actions that collectively improve system reliability and power quality. In accordance with Public Service Law §§3-b(3)(a) and (g), DPS reviews and makes recommendations to LIPA with respect to the plans and rates and charges, including those related to energy efficiency and renewable energy programs. The Department's recommendations are hereto attached in the accompanying DPS Staff Memorandum.

On July 1, 2024, PSEG LI submitted to DPS its 2024 Utility 2.0 Plan, including its Energy Efficiency (EE) Plan for 2025, which they subsequently amended on August 15, 2024 and October 11, 2024.² In the 2024 Utility 2.0 Plan, PSEG LI organized the Company's programs to align with the five New York State strategic priorities during the transition to a green economy, as well as to reflect the current Utility 2.0 portfolio of programs. The five strategic priorities contained in the Plan include: 1) Solar Photovoltaic (PV); 2) Energy Storage; 3) EE; 4) Heat Pumps; and 5) Transportation Electrification.

¹ Matter 14-01299, In the Matter of PSEG-LI Utility 2.0 Long Range Plan, PSEG LI Utility 2.0 Long Range Plan and Energy Efficiency Plan (filed July 1, 2024, Amended & Updated August 15, 2024, and October 11, 2024) (2024 Utility 2.0 & 2025 EE Annual Update).

² 2024 Utility 2.0 & 2025 EE Annual Update.

As discussed in the Staff Memorandum, DPS Staff recommends adoption of the proposed 2024 Utility 2.0 Plan and 2025 EE Plan in accordance with the discussion and recommendations contained therein. DPS Staff also recommends that PSEG LI continue utilizing quarterly reports in 2025 to provide updates on the status of Utility 2.0 Plan projects, in accordance with prior DPS recommendations. Staff will continue to monitor the approved programs in accordance with the corresponding performance metrics and quarterly updates. Also, DPS Staff recommends that PSEG LI incorporate the EE Program portfolio into the quarterly updates in 2025.

The Company proposes a total budget of \$26.95M in 2025 for its Utility 2.0 Plan Programs. The total budget of \$26.95M is broken down into \$13.24M for capital expenditures and \$13.71M for Operations and Maintenance (O&M) expenditures.³ In addition to the funding request for the Utility 2.0 Programs, PSEG LI proposes a total budget of \$92.45M for its 2025 EE Plan Programs. Also, PSEG LI has included a \$31.09M Utility 2.0 budget projection for 2026, which includes \$10.49M for capital expenditures and \$20.60M for O&M expenditures.

The 2025 Utility 2.0 budget reflects PSEG LI's October 11, 2024, proposed amendment that removed \$600k in funding for the Residential Energy Storage System incentive, which will now be funded by the New York State Energy Research and Development Authority (NYSERDA).⁴ DPS Staff reviewed the funding requests for all programs to determine the reasonableness of such requests. For 2025, Staff recommends a total budget of \$26.95M for Utility 2.0 programs, which includes gross capital costs in the amount of \$13.24M, and gross O&M costs in the amount of \$13.71M.

DPS Staff also reviewed each program contained in the EE Plan to ensure alignment with New York State energy efficiency policies set forth by the Public Service Commission in Case 18-M-0084 as well as the Climate Leadership and Community Protection Act (CLCPA). Together with its nation-leading clean energy and climate friendly energy efficiency targets, the CLCPA mandates that the members of Disadvantaged Communities are prioritized in spending plans and receive at least 35 percent, with a goal of 40 percent, of the benefits in Clean Energy Programs.

PSEG LI stated that they expect to achieve 43 percent and 44 percent in disadvantaged community EE spending in program years 2024 and 2025, respectively.⁵ Staff supports PSEG LI's efforts to ensure that disadvantaged communities receive more than 40 percent of the benefits from spending on Clean Energy Programs.

PSEG LI's 2025 EE Plan includes seven ongoing programs which will contribute to the Company's EE savings targets in 2025. PSEG LI seeks EE funding of approximately \$92.45M for 2025 only, and projects a total energy savings of 751,412 Million British Thermal

³ 2024 Utility 2.0 & 2025 EE Annual Update, pp. xiv-xv.

⁴ Matter 14-01299, *supra*, Utility 2.0 Long Range Plan Amendment (filed October 11, 2024) (October U2.0 Amendment), pp. 2 and 4.

⁵ Responses to U2.0 DPS-24-047, Attachment 1 and U2.0 DPS-24-067, Attachment 1.

Units (MMBtu). The 2025 budget reflects PSEG LI's October 11, 2024, proposed amendment that removed \$1.02M from the Home Energy Management program and \$0.25M from the Community Solar program.⁶ DPS Staff recommends approval of the proposed 2025 EE Plan budget.

As DPS has stated in prior recommendations, it is critical for LIPA and PSEG LI to realistically consider resource availability within the organization when proposing projects and developing project timelines. LIPA and PSEG LI should conduct accurate cost estimating, and update project budgets and timelines as new information becomes available.

In addition to the program specific recommendations contained in Staff's Memorandum, DPS encourages LIPA and PSEG LI to actively participate with the Joint Management Committee, the Joint Utility working groups, DPS, and other stakeholders to further align LIPA and PSEG LI with the Investor-Owned Utilities (IOUs) to meet overarching state policy milestones, implement clean energy programs, and develop innovative pilot programs. LIPA's and PSEG LI's active participation with these groups is critical for aligning LIPA with IOU best practices in these areas.

DPS also recommends that PSEG LI and LIPA continue to develop and implement innovative and demonstrably beneficial programs for customers to advance the State and Commission's energy goals and policies. DPS looks forward to continuing to work with PSEG LI and LIPA to achieve these goals.

Respectfully Submitted,



Rory M. Christian
Chief Executive Officer

ATTACHMENT

CC: John Rhodes, LIPA Acting Chief Executive Officer
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
Dave Lyons, PSEG LI Interim President and Chief Operating Officer
Michael Voltz, PSEG LI Director, Energy Efficiency and Renewables
Carrie Meek Gallagher, DPS LI Director
Nicholas Forst, DPS LI Deputy Director
Peter Hilerio, DPS LI Counsel

⁶ October U2.0 Amendment, p. 4.

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE
INTEROFFICE MEMORANDUM

November 1, 2024

TO: Chief Executive Officer Rory Christian

FROM: DPS Staff (LIPA and PSEG LI 2024 Utility 2.0 and EE Plan Review Teams)

SUBJECT: Review and recommendations regarding the Long Island Power Authority and PSEG Long Island's 2024 Utility 2.0 Plan Annual Update and 2025 Energy Efficiency (EE) Plan

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Introduction

This memorandum is provided to the Department of Public Service (DPS or the Department) Chair and the Long Island Power Authority (LIPA or the Authority) Board of Trustees on behalf of the Department Staff (DPS Staff or Staff) team who reviewed LIPA and PSEG Long Island's (PSEG LI or the Company) 2024 Annual Update of the Utility 2.0 Long Range Plan (2024 Utility 2.0 Plan or Plan), and 2025 Energy Efficiency Plan (2025 EE Plan).¹ Staff herein provide their recommendations regarding the 2024 Utility 2.0 Plan and 2025 EE Plan.

Pursuant to Public Authorities Law (PAL) §1020-f(ee), LIPA and its service provider PSEG LI annually submit to DPS a plan implementing distributed generation, energy efficiency (EE) measures, and advanced grid technology programs purposed with providing customers the tools to more efficiently and effectively manage their energy usage, utility bills, and improve system reliability and power quality. In accordance with Public Service Law (PSL) §§3-b(3)(a) and (g), DPS reviews and makes recommendations to LIPA with respect to the plans and related rates, and charges, including those recommendations concerning energy efficiency and renewable energy programs.

PSEG LI 2024 Utility 2.0 Annual Update Proposal Overview

On July 1, 2024, PSEG LI submitted to DPS its 2024 Utility 2.0 Plan, including its 2025 EE Plan, which they subsequently amended on August 15, 2024, and October 11, 2024.² Leading up to this year's filing, DPS Staff worked closely with the New York State Energy Research and Development Authority (NYSERDA), PSEG LI and LIPA to coordinate on the development of the Company's 2024 Utility 2.0 Plan. Additionally, DPS held multiple meetings before and after the filing of the Plan to discuss technical questions pertaining to the Plan. The Plan's framework organizes the Company's programs to align with the five New York State strategic priorities during the transition to a green economy, as well as to reflect the current Utility 2.0 portfolio of programs. This framework has been updated from prior years to better reflect the current priorities of New York State as we move forward with the clean energy transition and look ahead to achieving the Climate Leadership and Community Protection Act's (CLCPA's or Climate Act's) goals for 2030 and beyond. The five strategic priorities contained in the Plan include: 1) Solar Photovoltaic (PV); 2) Energy Storage; 3) EE; 4) Heat Pumps; and 5) Transportation Electrification.³ This framework allows customers to easily understand how the 2024 Utility 2.0 Plan helps the Company to achieve the state's multi-faceted clean energy goals on Long Island.

There are no new programs in the 2024 Utility 2.0 Plan. This year's Plan includes reconciled budgets and updates to five previously approved initiatives.⁴ Unlike last year,

¹ Matter 14-01299, In the Matter of PSEG LI Utility 2.0 Long Range Plan, PSEG LI Utility 2.0 Long Range Plan and Energy Efficiency Plan, 2024 Annual Update (filed July 1, 2024, Amended & Updated August 15, 2024, and October 11, 2024) (2024 Utility 2.0 & 2025 EE Annual Update).

² 2024 Utility 2.0 & 2025 EE Annual Update.

³ Id., p. x.

⁴ Id., pp. xii-xiv.

this year's Plan does not contain any programs moving into operationalized status in 2025. Operationalized projects are those that have been integrated into normal business operations, and funded through PSEG LI's operating or capital budgets outside of the Utility 2.0 framework.

The Company proposes a total budget of \$26.95M in 2025 for its Utility 2.0 Plan Programs. The total budget of \$26.95M is broken down into \$13.24M for capital expenditures and \$13.71M for Operations and Maintenance (O&M) expenditures. In addition to the funding request for the Utility 2.0 Programs, PSEG LI proposes a total budget of \$92.45M for its 2025 EE Plan Programs.⁵ Additionally, PSEG LI has included a \$31.09M budget projection for 2026, which includes \$10.49M for capital expenditures and \$20.60M for O&M expenditures. DPS Staff reviewed the funding requests for all programs to determine the reasonableness of such requests.

PSEG LI's 2025 EE Plan includes seven ongoing programs which will contribute to the Company's EE savings targets in 2025. PSEG LI seeks EE funding of approximately \$92.45M for 2025 only, and projects a total energy savings of 751,412 Million British Thermal Units (MMBtu).⁶ The 2025 EE Plan also proposes to continue existing tariff-based programs including the Dynamic Load Management (DLM) programs. DPS Staff recommends adoption of all seven EE proposals, as well as the DLM Program. DPS Staff recommends adoption of the proposed 2024 Utility 2.0 Plan in accordance with the discussion contained herein. Staff also recommends that PSEG LI continue utilizing quarterly reports in 2025 to provide updates on the status of the 2024 Utility 2.0 Plan projects, which are currently being filed for previously approved Utility 2.0 projects in accordance with prior DPS recommendations. In addition, Staff recommends that PSEG LI incorporate the EE Program portfolio into the quarterly updates in 2025. DPS Staff will continue to monitor the approved programs in accordance with corresponding metrics and quarterly updates.

Staff Review of Utility 2.0 Proposals and EE Plan

Staff conducted an extensive review of the proposals submitted by PSEG LI in its 2024 Utility 2.0 Plan. The substantive aspects of the proposals were reviewed for consistency with the State's strategic priorities, existing policies, and goals related to the State's energy efficiency and greenhouse gas emissions reductions as required by CLCPA and Public Service Commission (PSC or the Commission) Orders. Additionally, Staff reviewed program costs, compared program updates with original budgets and schedules, and compared reported benefits with the relevant Benefit Cost Analyses (BCA).

DPS Staff reviews PSEG LI's Utility 2.0 and EE plan on an annual basis to track spending, implementation progress, and review newly proposed projects. While many projects span multiple years, and Staff's recommendations can impact potential funding levels over the life of the projects, Staff's recommendations primarily apply to the budget for the upcoming year. For 2025, Staff recommends a total budget of \$26.95M for Utility

⁵ 2024 Utility 2.0 & 2025 EE Annual Update, pp. xiv-xv.

⁶ Id., p. xv.

2.0 programs, which includes gross capital costs in the amount of \$13.24M, and gross O&M costs in the amount of \$13.71M.

As DPS Staff has stated in previous recommendations, it is critical for the Company to realistically consider resource availability within the organization when proposing projects and developing project timelines. It is also important for PSEG LI to conduct accurate cost estimating, and update project budgets and timelines as new information becomes available.

DPS Staff reviewed each program contained in the 2025 EE Plan to ensure alignment with New York State EE policies set forth by the PSC in Case 18-M-0084 as well as the CLCPA requirements.⁷ Together with its nation-leading clean energy and climate friendly energy efficiency targets, the CLCPA mandates that the members of Disadvantaged Communities are prioritized in spending plans and receive at least 35 percent, with a goal of 40 percent, of the benefits in Clean Energy Programs.⁸ It is critical for the utilities, including LIPA and PSEG LI, to develop spending plans to fully realize these goals. PSEG LI stated that they expect to achieve 43 percent and 44 percent in disadvantaged community EE spending in program years 2024 and 2025, respectively.⁹ Staff supports PSEG LI's efforts to exceed the 35 percent disadvantaged community spending target.

The Climate Justice Working Group (CJWG) was formed to develop a framework that defines which communities constitute disadvantaged communities. During the development of the disadvantaged communities' criteria, the CJWG considered 170 indicators of environmental burdens, climate change risks, population characteristics, and health vulnerabilities. The CJWG narrowed the criteria down to 45 indicators based on an assessment of data availability (high-quality, granular data available at a statewide level) and the applicability of the indicator to the guidance for the disadvantaged communities criteria outlined in the CLCPA. The CJWG then developed a methodology for combining these indicators to create a composite score to rank census tracts, with those with the greatest cumulative burdens scoring the highest. The CJWG then designated the top 35 percent of the census tracts as disadvantaged.¹⁰ Additionally, households reporting annual income at or below 60 percent of the State Median Income (SMI), are included in the disadvantaged community group, regardless of where they live.

DPS issued guidance pertaining to disadvantaged communities' investment and benefits reporting for Investor-Owned Utilities (IOUs) and NYSERDA on September 27, 2023.¹¹ This guidance outlines the methodology for Commission authorized investments to identify and account for the reporting metrics associated with reporting benefits towards disadvantaged communities for applicable energy efficiency, building electrification, clean energy, and clean transportation spending. Additionally, this guidance directs IOUs and NYSERDA to begin reporting on 2020-2022 in December 2023, and 2020-2023, in March

⁷ Case 18-M-0084, In the Matter of a Comprehensive Energy Efficiency Initiative.

⁸ Environmental Conservation Law § 75-0117.

⁹ Responses to U2.0 DPS-24-047, Attachment 1 and U2.0 DPS-24-067, Attachment 1.

¹⁰ <https://climate.ny.gov/Resources/Disadvantaged-Communities-Criteria> (accessed October 1, 2024).

¹¹ Case 14-M-0094, Proceeding on Motion of the Commission to Consider a Clean Energy Fund, Disadvantaged Communities Reporting Guidelines (issued September 27, 2023).

2024, and subsequently, the program administrators are to report cumulative information annually.¹²

New York State agencies, authorities, and entities will be required to report disadvantaged community investments and associated benefits to the State upon directives from NYSERDA and the New York State Department of Environmental Conservation (DEC), per the Climate Act. NYSERDA, in collaboration with the DEC, issued Draft Disadvantaged Community Reporting Guidance on November 14, 2023.¹³ Clean energy or EE investments that were authorized or implemented by a state entity are subject to this reporting requirement. CLCPA requires place-based clean energy and EE investments in housing, workforce development, pollution reduction, low-income energy assistance, energy, transportation and economic development to be included in the benefit calculation. A state entity should track and report applicable investments and benefits to disadvantaged communities annually. To date, NYSERDA and DEC have not issued the final reporting guidance effectuating state-wide reporting by state agencies and authorities. Staff recommends that PSEG LI and LIPA continue tracking investments and benefits to disadvantaged communities in compliance with the requirements set out in the CLCPA. PSEG LI and LIPA should be preparing to follow the guidance once it is finalized by NYSERDA and DEC.

DPS Staff also reiterates that we recommend LIPA and PSEG LI actively participate with the Joint Management Committee, the Joint Utility working groups, DPS, and other stakeholders to align LIPA with the IOUs to meet overarching state policy milestones, implement clean energy programs, and develop innovative pilot programs. LIPA's active participation in these efforts is crucial toward ensuring that LIPA is aligned with the State's objectives to expand inclusion and access to participation within Low-to-Moderate Income (LMI) households and communities.¹⁴

Public Comments on Utility 2.0 and EE Plans

On July 3, 2024, the Department issued a Notice Requesting Comments on PSEG LI's 2024 Utility 2.0 Plan, and 2025 EE Plan.¹⁵ The Department received comments from 10 entities including BlueWave, the City of New York, Drive Electric Long Island, Edgewise Energy, Electrify America, Green Choices Consulting, GreenLogic, New York Battery Energy Storage Technology Consortium (NY-BEST), New York Solar Energy Industries Association (NYSEIA), and NineDot. The Department also received comments from Fred Harrison and Peter Gollon. All comments filed in this matter are available on the Department's Document Matter Management (DMM) website under Matter No. 14-01299. Staff reviewed and considered all the comments and incorporated them into its review of

¹² Case 14-M-0094, Proceeding on Motion of the Commission to Consider a Clean Energy Fund, Disadvantaged Communities Reporting Guidelines (issued September 27, 2023), p. 9.

¹³ NYSERDA & DEC, Draft Climate Act Disadvantaged Communities Investment and Benefits Reporting Guidance, <https://climate.ny.gov/-/media/Project/Climate/Files/Disadvantaged-Communities-Criteria/Disadvantaged-Communities-Reporting-Guidance.pdf> (accessed September 26, 2024).

¹⁴ Case 18-M-0084, supra, Order Directing Energy Efficiency and Building Electrification Proposals (issued July 20, 2023), pp. 50-55.

¹⁵ Matter 14-01299, supra, Notice Requesting Comments (issued July 3, 2024).

each program. Staff recommends that PSEG LI also consider the public comments regarding each of the proposals contained in its filing.

Ongoing Previously Approved Utility 2.0 Programs

Transportation Electrification

EV Make Ready Program/Fleet Make Ready

- A program to support and accelerate EV Supply Equipment (EVSE) infrastructure on Long Island (DCFC, L2 ports, and fleet electrification).
- Recommendation: Approve EV/Fleet Make-Ready Program as proposed.
- Requested Budget: \$18.17M in 2025
- Staff Recommended Budget Adjustment: None

PSEG LI first proposed its EV Make-Ready Program in 2020 to align with the July 16, 2020, Commission Order in Case 18-E-0138, and began implementation in 2021. Last year, PSEG LI expanded the program to include the Fleet-Make Ready Program which is based on the DPS EV Make-Ready Program Midpoint Review and Recommendations Whitepaper released on March 1, 2023 (Midpoint Review Whitepaper).¹⁶ Under the Fleet-Make Ready Program, PSEG LI will provide incentives to eligible fleet customers operating Light Duty Vehicles (LDVs) and Medium/Heavy-Duty Vehicles (MHDVs) on Long Island. In this year’s filing, PSEG LI proposed extending both programs into 2030. The requested budget for these two programs for 2025 is \$18.17M and the 2026 budget projection is \$26.25M.

Make-Ready

In its 2023 recommendation memo, Staff echoed the guidance in the Midpoint Review Whitepaper, which projected the need for additional plugs,¹⁷ and re-evaluated PSEG LI’s light duty make-ready plug goals as they relate to the 2025 Zero-Emission Vehicle (ZEV) goals.¹⁸ Staff worked with NYSERDA and the National Renewable Energy Laboratory (NREL) to conduct an updated and thorough analysis of the charging infrastructure needed to meet the State’s goal of 850,000 light-duty ZEVs deployed in New York by 2025. Staff originally estimated that 21 percent (or 178,000) of the 850,000 EVs targeted for deployment in New York would be on Long Island.¹⁹ This projection is based on the proportion of the number of registered vehicles on Long Island. However, the updated analysis predicts that a little over 35 percent (or 296,901) of the 850,000 EVs in

¹⁶ Case 18-E-0138, Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure, DPS Staff Electric Vehicle Make-Ready Program Mid-Point Review and Recommendations Whitepaper (Issued March 1, 2023) (Midpoint Review Whitepaper).

¹⁷ Id. at pp. 23-24.

¹⁸ Matter 14-01299, supra, 2023 U2.0 Recommendation Memo (dated November 1, 2023), p. 8 (2023 U2.0 Recommendation Memo).

¹⁹ 2024 U2.0 & 2025 EE Annual Update, p. 142.

New York will be on Long Island.²⁰ The updated analysis is based on a Cadmus model, which is an econometric model that estimates higher adoption of EVs on Long Island because of higher incomes, higher EV availability, higher single family home ownership, and higher sedan ownership.

In the 2024 Utility 2.0 Plan, PSEG LI retooled the EV Make Ready Program to align with the goal to look ahead to 2030 and Long Island's updated share of the State's climate goals. The Company proposes extending the program to 2030 and greatly increasing port targets to account for the updated projection of the number of EVs that will be on the road. This proposal aligns with our 2023 recommendation that PSEG LI work to increase their plug counts,²¹ and accounts for the LDV forecast conducted by Gabel Associates.²² Overall, the Level 2 (L2) port target was increased by 9,600 ports, totaling 13,652 by 2030, and the Direct Current Fast Charging (DCFC) port target was increased by 285, totaling 783 by 2030. Thus, the L2 port target almost tripled and the DCFC port target more than doubled. As of the end of 2023, PSEG LI enrolled 540 L2 ports, surpassing its target of 450, and enrolled 114 DCFC ports, surpassing its target of 110. This represents a tripling of PSEG LI's L2 plug count and continues last year's progress for DCFC plugs.

PSEG LI has faced challenges in meeting energization targets. In 2023, PSEG LI targeted 450 L2s for energization, but only energized 231 L2s. Also, PSEG LI aimed to energize 110 DCFCs but only succeeded in energizing 10 DCFCs. PSEG LI needs to prepare the infrastructure required for the number of EVs on the road as modeled by Cadmus and the ACA rules. Based on these trends and the increased targets, PSEG LI proposes to push back the target dates, extending the program from 2027 to 2030. This comes after the target dates were pushed back last year from 2025 to 2027.²³ Additionally, PSEG LI continues to conduct outreach for this program, including advertisement and email campaigns, social media, and roundtable events. Spending for the Make-Ready Program was significantly under budget at \$3.37M out of the requested \$9.97M due to lower enrollment than projected.^{24,25} If this continues to be an issue through the end of 2024 and into 2025, then we recommend that additional funds be allocated for outreach and marketing to help increase public awareness of the program to spur enrollment.

DPS received public comments that contained suggestions on how to improve the deployment of EV infrastructure on Long Island. Drive Electric Long Island states that EV Make-Ready Infrastructure and incentives will help to increase infrastructure development on Long Island and accelerate customer adoption of EVs. Further, Drive Electric supports the proposed increase in the number of L2 and DCFC charging stations, as well as the

²⁰ Gabel Associates, Electric Medium and Heavy Duty Make Ready Study, (dated February 17, 2023), pp. 12-14.

²¹ Matter 14-01299, supra, 2023 U2.0 Recommendations Staff Memo, p. 9.

²² Gabel Associates, PSLI Spring 2024 LDV Forecast & Budget V2.0 Client Model (dated April 4, 2024).

²³ Matter 14-01299, supra, 2023 Utility 2.0 & EE Annual Update (filed June 30, 2023), p. 40 (2023 Utility 2.0 & EE Annual Update).

²⁴ 2024 Utility 2.0 & 2025 EE Annual Update, p.120.

²⁵ Matter 14-01299, supra, Utility 2.0 Long Range Plan & Energy Efficiency 2022 Annual Update, Beneficial Electrification and Demand Response Plan (filed July 1, 2022), Table 4-6. EVMR Capital and Operating Expense Budget and Forecast, p. 35.

extension of the program timeline to 2030. Peter Gollon suggests that PSEG LI work with building owners and condo associations to encourage the installation of public L2 chargers. Additionally, Mr. Gollon implores PSEG LI to quickly implement the Fleet Make Ready Program to facilitate the transition to heavy duty EVs.

DPS continues to support the EV Make-Ready program as it plays a critical role in New York's transportation electrification efforts. Given the current number of plugs installed to date, Staff supports PSEG LI's proposal to increase the plug targets and extend the program timeline to 2030, since it is not likely that they will achieve the plug targets previously set for 2025, however, Staff recommends that PSEG LI continue to work to identify innovative ways to implement the EV Make-Ready program and maximize the number of installations feasible by 2030. It is critically important that PSEG LI meet the total plug targets in its service territory to support the growing numbers of EVs and improve upon the energization numbers.

Fleet Make Ready

In the Midpoint Review Whitepaper, Staff found that Medium and Heavy-Duty Fleet Make Ready programs benefit disadvantaged communities.²⁶ More importantly, the Fleet Make-Ready Program targets disadvantaged community customers, as the program includes public forms of transportation such as school and transit buses.²⁷ These programs help further New York State's CLCPA initiatives. As a stakeholder in the Make-Ready proceedings,²⁸ PSEG LI took these factors into account in 2023 and proposed expanding the EV Make Ready Program to include the new Fleet Make-Ready Program.²⁹

The Fleet Make Ready Program targets the public fleets market which includes local government, public service, not-for-profit organizations, and public transportation (e.g., school buses and transit buses). Further, the Fleet Make Ready Program includes the Fleet Advisory Service, which covers both public and private fleets and launched in Q3 2023. The Fleet Advisory Program includes both a Free Fleet Advisory Online Tool and a Fleet Advisor. A Fleet Advisor is a PSEG LI employee who provides fleet expertise to potential/current fleet customers and assists with the program's outreach and engagement efforts as well.³⁰ PSEG LI continues to work with multiple LI school districts, fleet operators, and government agencies to assist in their fleet electrification efforts.

In its 2024 Plan PSEG LI proposes to raise the targets in the Fleet Make-Ready program for 2025 to 375 projects, which is an increase from the target of 135 projects in

²⁶ Case 18-E-0138, Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure, Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs (issued July 16, 2020), pp. 11-12.

²⁷ 2024 Utility 2.0 & 2025 EE Annual Update, p.109.

²⁸ Case 18-E-0138, Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure, Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs (issued July 16, 2020), Appendix A – Summary of Comments.

²⁹ 2023 Utility 2.0 & EE Annual Update, pp. 38-39.

³⁰ 2024 Utility 2.0 & 2025 EE Annual Update, p.109.

last year's filing. The project target is comprised of 163 Public Fleet projects,³¹ 70 public transportation projects,³² and now also includes 137 private fleet projects. These projects assist in the deployment and installation of Electric Vehicle Supply Equipment (EVSE) designed for medium and heavy-duty fleet electrification vehicles. PSEG LI also proposes to extend the program's completion timeline from 2028 to 2030.

Make-Ready costs are broken up into two separate categories, Utility-side (US) and Customer-side (CS). PSEG LI plans to cover 100 percent of the US category costs and up to 50 percent of the CS category costs, provided they're located in a disadvantaged community. The Fleet Make Ready projects are expected to begin in 2024 with a roll out in Q3 of 2024. PSEG LI is requesting an additional full-time employee (FTE) to start in Q1 of 2025 to focus on customer engagement and outreach efforts, which will be a crucial step in growing the program. DPS received one comment, from Drive Electric Long Island which advocated for additional resources to be allocated to the Fleet Make Ready Program.

PSEG LI and LIPA plan to conduct a Fleet Electrification Study, which will help to support fleet electrification on Long Island and understand its impacts. The study is expected to be completed by the end of 2024.³³ This study will develop a detailed analysis of light duty, medium, and heavy-duty fleets located within the PSEG LI's service territory. The results of the study will enable proactive grid planning to ensure that grid infrastructure is prepared for the growing EV charging needs from fleet electrification on Long Island.

DPS Staff recommends approval of the Fleet Make-Ready program with the changes proposed by PSEG LI. DPS Staff further recommends that PSEG LI continue tracking the number of applications they receive in disadvantaged communities and how the program benefits customers in these communities.

Electric Vehicle (EV) Programs:

- Programs that offer rebates to residential customers for EV charger purchases; provides incentives and rebates for Public EV Charging facilities; and develops and implements Rates to alleviate EV related demand charges.
- Recommendation: Approve Residential Charger Rebate Program with enhanced marketing and outreach; Approve Demand Charge Rebates and EV Phase-In Rate.
- Requested Budget: \$4.83M in 2025
- Staff recommended budget adjustment: None

The goal of the EV Programs is to increase adoption of EVs on Long Island, accelerate the EV charging infrastructure market, improve system efficiency, and encourage off-peak charging. EV Programs consist of the Residential Charger Rebate Program, DCFC Incentive, and EV Phase-In Rate. The EV Programs will shift in scope and continue to serve EV customers in 2025 and beyond.

³¹ Public fleets encompass local government, schools & universities (administrative and security vehicles), and not-for-profit organizations.

³² Public transportation encompasses school buses and public transit buses and vehicles.

³³ 2024 Utility 2.0 & 2025 EE Annual Update, pp.10-11.

Residential Charger Rebate Program

As part of the transportation electrification efforts, PSEG LI launched the Residential Smart Charger Rebate Program in 2019 to help reduce the upfront cost of purchasing EV charging equipment and the time required to charge the vehicle by providing rebates for qualified L2 charger purchases. The program ended in 2022 as originally planned. PSEG LI reintroduced the Residential Charger Rebate Program in 2024 to continue encouraging the adoption of EV's on Long Island through 2028. The types of chargers eligible for this rebate was expanded in 2024, in comparison to the limited selection of smart chargers that were eligible in the previous iteration of the program. The program plans to offer participants a cash rebate with the purchase of an Energy Star rated L2 charger. The proposed rebate is \$200 per charging port. For customers located in a disadvantaged community the program offers a higher incentive of \$300 per charging port.

L2 chargers reduce charging time and enable an average customer to meet most of their charging needs during the super off-peak hours of the existing Time of Use rates, and the 3-period Time of Day (TOD) rates that became available in 2024. As electric rates during the super off-peak period are lower, customers can benefit from shifting energy usage to overnight. Level 1 (L1) chargers operate at significantly lower power levels than L2 chargers and have slower charging capabilities that may force customers to charge outside of the super-off-peak periods with negative impacts on both the customer and the power grid. These negative impacts include higher costs for customers and higher demand on the grid during peak periods. Staff agrees that promoting the adoption of L2 chargers by offering rebates is beneficial for both customers and the grid. In addition, this program encourages the use of safe and tested equipment, as only Underwriters Laboratories (UL)-tested, and Energy Star rated EV chargers are eligible for the rebate.

PSEG LI has requested \$1.38M in 2025 and projected similar program costs for each year through 2028 to fund and implement the residential charger rebate. The program funding request includes \$1.18M in customer rebates, \$130,000 in full-time employee costs, and \$70,000 in administrative costs.³⁴ The funding request is primarily based on PSEG LI's assumption that they will distribute 5,000 rebates to customers each year, with 35 percent of annual rebates or 1,750 rebates allocated to customers located within designated disadvantaged communities and/or qualified LMI customers. Since 2019, PSEG LI has distributed a total of 6,087 rebates to customers in the previous iteration of the program. The number of rebates distributed annually has increased each year with 3,135 rebates claimed in 2022.

After a brief discontinuation of the program, PSEG LI made the program available to customers again in 2024. From January to August 2024, a total of 1,093 rebates were issued to customers and 42 rebates were issued to LMI customers or customers in disadvantaged communities.³⁵ Based on this data, PSEG LI's projection of 1,750 rebates allocated to disadvantaged communities/LMI customers for 2025 may be challenging.

³⁴ Response to U2.0 DPS-24-002, Attachment 1.

³⁵ Response to U2.0 DPS-24-061, Attachment 1.

DPS received public comments on the proposed Residential Charger Rebate Program, which focused on increasing the amount of the rebates. Drive Electric Long Island voiced their support for the program while pointing out that the rebate for disadvantaged communities should be increased.³⁶ Peter Gollon commented that the \$200 per port rebate is insufficient to encourage EV adoption.³⁷

The Company is requesting \$250,000 for the EV Programs outreach and marketing budget, which is nearly double the 2024 budget. This funding will be utilized for all EV-related programs, including Make Ready programs, Residential Charger Rebate, DCFC Incentives, and EV Phase-In Rate, even though the budget is under “EV Programs.” The Company will conduct outreach via their website, ad campaigns, search engine optimization, email campaigns, social media, customer facing events, customer roundtables, and Long Island EV advocacy groups and sponsorships.

Staff finds that the increase in marketing efforts is appropriate. PSEG LI spent \$40,359 in EV marketing funding as of October 10, 2024, which is only 32 percent of the 2024 EV marketing budget.³⁸ Additionally, PSEG LI plans to conduct search engine marketing, email marketing, banner, and digital ads for the remainder of the year. Accordingly, the Company projects to spend 98 percent of the marketing budget by the end of the year.³⁹ Since PSEG LI proposed to double the EV outreach and marketing budget in 2025, Staff recommends that the Company provide DPS with quarterly updates on the progress that’s been made in achieving their outreach and marketing goals for 2025, as well as a comparison of the actual versus budgeted spending in this area for 2025. Further, Staff recommends that PSEG LI monitor the EV adoption rate and program performance as well as the program impact on the EV adoption rate to determine if additional outreach and marketing efforts are required.

DCFC Incentive / EV Phase-In Rate

The DCFC Incentive Program and EV Phase-in Rate are EV programs that aim to increase commercial EV adoption on Long Island. The DCFC Per Plug Incentive (PPI) program began in 2019 to promote the construction of new DCFC stations by providing relief for high demand charge costs. The DCFC Incentive Program was modified to provide a 50-percent Demand Charge Rebate (DCR) instead of PPI in 2024 to align with the January 2023 PSC Order.⁴⁰ The January 2023 Order directs the IOUs to implement the DCR as an immediate solution against traditional demand charges for public DCFC sites.⁴¹ The DCR is intended to provide relief to DCFC sites that may have occasional spikes in peak usage due to simultaneous EV charging, resulting in a disproportionately high

³⁶ Matter 14-01299, supra, Comments of Drive Electric Long Island (filed August 20, 2024).

³⁷ Id.

³⁸ Response to U2.0 DPS-24-068, Attachment 2.

³⁹ Id.

⁴⁰ 2023 Utility 2.0 & EE Annual Update, p. 55.

⁴¹ Case 22-E-0236, Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging, Order Establishing Framework for Alternatives to Traditional Demand Based Rate Structures (issued January 19, 2023), pp. 42-47 (January 2023 Order).

demand charge. Existing customers were given a choice to either remain on the PPI program or make a one-time switch to the DCR program as of January 2024. Any new customers who enrolled into the DCFC Incentive program starting in 2024 can only opt into the DCR program.

PSEG LI has enrolled 27 customers into the PPI Program from the inception of the program in 2019 through the end of 2023,⁴² however, there were applicants who decided to withdraw their applications, as well as applicants who did not meet qualifications for the program. As a result, PSEG LI cancelled 8 projects and only maintained 19 of the 27 customers remaining in the program by the end of 2023. In January 2024, 18 of the 19 existing customers opted to switch to the DCR, and only one customer decided to remain on the PPI. The Company received 11 applications for the DCR as of September 2024, which are currently under review for approval.⁴³

The January 2023 Order also approved the EV Phase-In Rate as a near-term solution to replace the DCR once the rate becomes available.⁴⁴ The EV Phase-In rate is a commercial tariff for public EV charging and commercial fleet charging stations. The rate will be based on Time of Use and customer load factor percentage (the ratio of actual electrical usage divided by peak usage). The EV Phase-in rate structure will gradually increase the demand charge based on the charging station load factor which will offer better flexibility for customers/developers by reducing initial operating costs. The proposed EV Phase-in rate will be designed as a near term solution for commercial EV charging as opposed to more immediate solutions in effect such as DCR and per plug incentives. As a result, when the EV Phase-In Rate is available for participation in the second half of 2025, PSEG LI proposes to discontinue the DCFC incentive.

PSEG LI is requesting \$2.20M for the 2025 EV Phase-In Rate program, which consists of \$2.01M for the Capital Budget to develop the EV Phase-In Rate and \$0.19M for the O&M budget to operate the program.⁴⁵ According to the Company, the \$2.01M in Capital spending is needed for Information Technology (IT) development costs, as well as third-party consultant costs for program implementation. In addition, PSEG LI is requesting a \$1.0M O&M budget to operate the DCR/PPI program in 2025. DPS Staff has reviewed the budget, including the rationale for the program and its development methodology. After reviewing the budget breakdown provided by the Company, Staff finds that the 2025 budget is adequate and was accurately calculated for both Capital and O&M.

As discussed earlier, PSEG LI is requesting a budget of \$250,000 in outreach and marketing for all EV-related programs, which is nearly double the budget requested for outreach and marketing funding in the 2023 filing.⁴⁶ Staff finds the increased funding request is appropriate, considering the additional marketing needs for a successful transition from the DCFC Incentive program to the EV Phase-In Rate. PSEG LI has increased their budget for 2025 to cover EE/EV Conferences, EV Advocacy Groups and

⁴² Response to U2.0 DPS-24-062.

⁴³ Id.

⁴⁴ January 2023 Order, pp. 42-47.

⁴⁵ Response to U2.0 DPS-24-002, Attachment 1.

⁴⁶ Id.

Sponsorships. PSEG LI also plans to expand their social media and digital and print ad campaigns in addition to their Search Engine Optimization efforts with the goal of reaching more people and boosting enrollment, and has increased their budget for 2025 to include attendance at various EE/EV Conferences, and sponsorship for EV Advocacy Groups. Staff found that the Company's website currently has minimal information on the discontinuation of the DCFC incentive program and transition to the EV Phase-In Rate.⁴⁷ Staff recommends updating the website with clear information, including existing customers' transition process to the EV Phase-In rate, the DCFC Incentive discontinuation date for existing customers, and detailed information and guidance on the EV Phase-In rate for both new and existing commercial customers.

PSEG LI proposed to measure the EV Phase-In rate program performance by tracking metrics including the number of customers participating in the program, usage data based on time of day, annual load factors, local grid impacts, and an assessment of upward and downward rate pressure on participating customers.⁴⁸ The Company also plans to monitor the impacts of the program on disadvantaged communities/LMI customers. Staff finds that the proposed performance measures are adequate as the Company plans to evaluate both program uptake and the effects of the rate on the grid and participants. The EV Phase-In rate's success will depend heavily on the proposed rate structure and the 2024 filing does not have detailed plans for the proposed design. Once PSEG LI provides the rate structure for the initial rollout, Staff will further assess whether additional performance measures are required.

DPS received a public comment concerning the commercial EV programs from Electrify America, which expressed concern that the Phase-In rate may not be finalized by July 2025 and the DCFC incentive will be discontinued before the new rate is effective. Electrify America requests that PSEG LI continue the DCFC incentive until the Phase-In rate is implemented.⁴⁹ Staff agrees and recommends that the DCFC incentive program should be extended to support EV adoption until the alternative option is available to commercial customers.

As discussed in the PSC's January 2023 Order, the Commercial Managed Charging Program (CMCP) and the EV Phase-In Rate are intended to work in concert with each other.⁵⁰ The EV Phase-In Rate acts to provide business-model support for EV charging customers, while the CMCP provides incentives for EV charging customers to shape and manage their load for mutual grid benefit and participant financial gain. PSEG LI's CMCP is not expected to be implemented until 2026.⁵¹ Staff recommends PSEG LI make further efforts in developing the CMCP to ensure they are able to offer the program in 2026 without any delay. In addition, Staff recommends that the Company track the enrollment of participants in each program in 2024 and 2025 to gauge the level of interest from

⁴⁷ PSEG LI – Save Energy & Money, <https://www.psegliny.com/saveenergyandmoney/greenenergy/ev/dcfc> (accessed on September 18, 2024).

⁴⁸ 2024 Utility 2.0 & 2025 EE Annual Update, p.134.

⁴⁹ Matter 14-01299, *supra*, Comments of Electrify America (filed August 21, 2024).

⁵⁰ Case 22-E-0236, Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging, Order Establishing Framework for Alternatives to Traditional Demand Based Rate Structures (issued January 19, 2023), pp. 18-19.

⁵¹ 2024 Utility 2.0 & 2025 EE Annual Update, p. 161.

commercial participants. Staff also recommends that the Company continue to develop the EV Phase-In Rate and CMCP details, and provide updates to DPS as part of the quarterly U2.0 reports.

Suffolk County Bus Make-Ready Pilot

- A program to install electric charging infrastructure in West Babylon and Ronkonkoma to support the Suffolk County Transit Bus Fleet.
- Recommendation: Approve Suffolk County Bus Make-Ready Pilot as proposed
- Requested Budget: \$0.31 M 2025
- Staff Recommended Adjustment: Approve with no adjustment(s).

The Suffolk County Bus Make-Ready Pilot intends to provide PSEG LI with valuable insights regarding medium and heavy-duty fleet electrification by working with Suffolk County to deploy Electric Buses. The project is currently on-going as it was delayed from its original 2022 implementation date by approximately 6 months due to supply chain issues, which affected the purchase and delivery of the electric buses. The project was then further delayed by a malware attack on the Suffolk County Government in September of 2022. This delayed the Suffolk County request for proposal (RFP) process, which resulted in a delay in the delivery of electric buses. The make-ready infrastructure envisioned by the project is expected to be installed and ready by the end of 2024 to support the charging requirements of 40 buses and chargers. In 2024, an RFP was issued by Suffolk County for the procurement of up to 40 buses. As of Q2 2024, the RFP process has not been completed.⁵² Once the proposal selection is finalized and contract(s) are awarded, the contractor(s) can take the next steps toward implementing the customer-side make ready aspects of the program.⁵³ The project is expected to be completed with a final data analysis in 2026 that will be funded outside of Utility 2.0.

The utility side make-ready infrastructure for the Ronkonkoma location is expected to be deployed by the end of Q4 2024, whereas the utility side infrastructure for the West Babylon site was deployed in 2023. Customer side make ready infrastructure still must be completed. Both sites are expected to be completed by Q3 of 2025, once the final charger wiring is installed and the buses are delivered. The make-ready infrastructure includes all equipment, materials and construction needed to supply power to the charging stations.⁵⁴

Additionally, Suffolk County notified PSEG LI that the EVSE and buses will not arrive until 2025 due to lead time delays. The final installation of the wiring and the completion of the two sites is expected in 2025. The Ronkonkoma site is expected to be completed after the West Babylon site due to delays in equipment delivery required for the construction of the Ronkonkoma site, as well as ground-up switchgear installation, required for the EVSE infrastructure. Once the infrastructure needs are met and the buses are delivered, data will be collected over a period of 12 months using Advanced Metering

⁵² PSEG LI Utility 2.0 Outcomes Q2 2024 (dated July 24, 2024) (Utility 2.0 Quarterly Report Q2 2024), p. 10.

⁵³ 2024 Utility 2.0 & 2025 EE Annual Update, p. 141.

⁵⁴ Id., p. 136.

Infrastructure (AMI). The final data analysis is expected to be completed by the end of 2026 and will be funded outside of the U2.0 Program.⁵⁵

DPS Staff received a public comment from Peter Gollon. Mr. Gollon suggested that PSEG LI develop a pilot program like the Suffolk Bus Make-Ready Pilot for Nassau County as well.

DPS Staff recommends that PSEG LI proceed with this project as proposed. Staff and public commenters have recognized that transportation electrification will benefit Disadvantaged Communities, advancing a key focus area of the CLCPA.⁵⁶ As previously stated, PSEG LI should track the project costs to help inform future fleet electrification projects. Once the pilot project is operational, PSEG LI should also track and utilize demand and consumption data to advise Suffolk Transportation Services (STS) on how to manage its electric load and costs. This analysis should inform PSEG LI's future plans for additional expansion of the EV bus fleet. Finally, PSEG LI should report on the progress of the project and how the make ready services helped STS' business case for the expanded conversion of transit buses to electric propulsion.

Energy Storage

Residential Energy Storage System Incentive

- A program that provides residential customers with financial support to purchase behind-the-meter energy storage systems paired with solar.
- Recommendation: DPS Staff recommends adoption of this program.
- Requested Budget: \$0.00 M (2025).
- Staff Recommended Budget Adjustment: None

PSEG LI proposes to remove the existing state-supported incentive program that provides residential customers with financial support for purchasing and installing Behind the Meter (BTM) Energy Storage Systems (ESS) paired with solar from the Utility 2.0 filing.⁵⁷ As a continuation of NYSERDA's NY SUN Retail Energy Storage Incentive Program, PSEG LI had intended to make funds available for this program once the current NYSERDA funding expires. Initially, PSEG LI expected the Block 2 incentive to be fully allocated by May of 2024, however, NYSERDA continued the Block 2 incentive by replenishing the block with an additional \$600k. This additional funding was contingent upon PSEG LI continuing to fund this program once the additional \$600k is fully allocated. Based on the current timeline of the incentive payout, it is expected that PSEG LI's Block 3 incentive will begin in Q2 of 2025. If the expected timeline is incorrect and the Block 3 incentive funding is needed earlier, PSEG LI is prepared to immediately initiate the Block 3 incentive. Based on PSEG LI's proposed October 11, 2024, Amendment, NYSERDA will now provide this funding.⁵⁸

⁵⁵ 2024 Utility 2.0 & 2025 EE Annual Update, p. 136.

⁵⁶ Matter 14-01299, *supra*, 2021 Utility 2.0 & EEDR DPS Recommendation Staff Memo, (filed December 1, 2021), p. 19.

⁵⁷ Matter 14-01299, *supra*, Utility 2.0 Long Range Plan Amendment (filed October 11, 2024) (October U2.0 Amendment), p. 2.

⁵⁸ October U2.0 Amendment, p. 2.

PSEG LI originally requested to fund incentives at a cost of \$1.5M total for 2025 through 2026. However, in the October 11, 2024, Amendment, PSEG LI proposed removing the Residential Energy Storage program from Utility 2.0. Instead, “LIPA will execute a Memorandum of Understanding (“MOU”) with NYSERDA to fund LIPA’s share of New York State’s Residential and Retail Energy Storage Procurement Program.”⁵⁹ Although this program will no longer be funded through Utility 2.0, PSEG LI states that they will coordinate with DPS and stakeholders on “program design and implementation as part of the 2025 Utility 2.0 five-year planning process.”⁶⁰ Further, the budget for the residential and retail storage incentive programs will now increase over the next three years to \$4M.⁶¹

In the 2024 Utility 2.0 Plan, PSEG LI states that the total incentive funding will be allocated evenly between two blocks each with \$750k in funding.⁶² The first block provides an incentive of \$200 per kWh of storage for customers, capped at \$5,000 per project. Further, LMI customers or customers located in a disadvantaged community will be eligible to receive \$400 per kWh, capped at \$10,000 per project. The second block of funding provides an incentive of \$150 per kWh of storage for customers, while LMI or customers located in a disadvantaged community will be eligible for an incentive of \$300 per kWh of storage. Based on the declining Block incentive structure, PSEG LI expects to enroll approximately 555 systems through the program, assuming an average battery capacity of 5kW/15kWh.⁶³

PSEG LI revised their BCA for this program due to changes in the timeline, incentive levels, and projected system enrollments. The BCA’s Societal Cost Test (SCT) improved from the previous score of 0.39 to 0.67. This improvement was attributed to the eight percent increase in the Investment Tax Credit from 2022 to 2023 and the addition of the Net Avoided Carbon dioxide (CO₂) value stream. Despite the higher cost of investment, the program aligns with the goals of the CLCPA.

Staff recommends continued approval of this program as it aligns with the goals of the CLCPA to move towards a zero-emissions grid by making energy storage more accessible to mass market customers. Energy storage can reduce demand on the grid and help defer construction of new grid infrastructure by acting as a resource during times of peak demand. Energy storage systems also benefit customers through increased resilience during outages, and enables customers to lower their electric rates through strategic use of the battery. Moreover, those specific customers on time varying rates can charge the battery during cheaper rate periods, or store excess solar generation, and utilize the electricity stored on the battery during higher pricing periods. This program also works towards achieving New York’s target of 6,000 megawatts of energy storage by 2030.

Connected Buildings Pilot

⁵⁹ October U2.0 Amendment, p. 2.

⁶⁰ Id.

⁶¹ Id.

⁶² 2024 Utility 2.0 & 2025 EE Annual Update, p. 173.

⁶³ Id.

- Technology pilot to install smart panels in homes and study their potential benefits.
- Recommendation: DPS recommends the program continue as proposed.
- Requested Budget: \$0.04M in 2025
- Staff Recommended Adjustment: none

The Connected Buildings Pilot is a program designed to demonstrate the benefits of installing smart panels in residential single-family homes. Smart panels integrate and control end-use devices and enable breaker-level monitoring.⁶⁴ Once installed, the smart panels can provide enhanced insight and control of consumption, which may lead to more efficient and optimized energy management, potential bill savings, improved grid value through reduced supply and infrastructure costs, increased resiliency, and supports beneficial electrification. The pilot provides rebates to reduce the customer burden on the cost of the Smart Panel. Participating customers will also share breaker-level data with PSEG LI.

The pilot was initiated in 2022, but the program did not begin issuing rebates until 2023 due to contractual delays with the third-party vendors. In 2023, PSEG LI provided \$3,500 per unit rebates to customers. In 2024 PSEG LI raised the rebates to \$3,800 per unit to increase customer participation. The Company also started providing incentives to customers who participate in testing scenarios for the Smart Panels in 2024, and will continue to provide the incentives during 2025. The testing scenarios examine the capabilities and effectiveness of smart panels. The pilot is limited to 75 Smart Panel installations.⁶⁵ Through June 2024, 48 projects have been completed and the remaining 27 projects are expected to be completed by the end of 2024.⁶⁶ PSEG LI expects to disburse all rebates for installing the Smart Panels by 2024.

A Mid-term Report for the pilot was issued in Q1 2024 with preliminary findings and analysis. PSEG LI originally planned to complete a Final Report by Q2 2025, one year from the Mid-term Report release,⁶⁷ however, due to the lack of baseline data for existing customers PSEG LI expects to issue a Final Report by the end of 2025.⁶⁸ The updated budget for the pilot through 2025 is \$0.04M, comprised of \$0.02M to provide the customer incentives for testing scenarios participation, and another \$0.02M is requested for the final report preparation.

Staff recommends adopting the implementation plan and budget as proposed. Staff will continue monitoring the progress of the pilot, including completion of the remaining 27 projects, testing scenarios, and transferring of SPAN panel data to internal data storage. Once a Final Report is issued by PSEG LI, Staff will examine the report and analyze the effectiveness of the pilot to determine further recommendations for the program.

⁶⁴ 2024 Utility 2.0 & 2025 EE Annual Update, p. 168.

⁶⁵ Utility 2.0 Quarterly Report Q2 2024, p. 12.

⁶⁶ Id.

⁶⁷ 2023 Utility 2.0 & EE Annual Update, p. 169.

⁶⁸ Response to U2.0 DPS-24-065.

Retail Storage

This section will provide an update on the development of retail storage since the Department has received several comments on this subject. Although PSEG LI does not have any new retail storage proposals in their current Utility 2.0 filing, the Department seeks to provide the public with an update on retail storage on Long Island. The Department understands the importance of having a retail storage incentive program to meet the State's CLCPA goals by 2030 and anticipates that PSEG LI and LIPA will include a retail storage program in their 2025 Utility filing.

PSEG LI's residential energy storage adoption rate has been favorable as compared to the other New York electric utilities, however, PSEG LI lags behind other utilities in retail storage. PSEG LI currently does not have a retail storage program, nor do they have a plan to pursue a retail storage program through Utility 2.0. This is due in part to the fact that PSEGLI does not have access to the state funds provided through NYSERDA's Systems Benefits Charge. PSEG LI conducted a BCA for a potential Retail Energy Storage Incentive Program structured similarly to NYSERDA's Retail Storage Program that resulted in an unfavorable SCT benefit-to-cost ratio (BCR) of 0.80 (Utility Cost Test (UCT) = 3.42, Rate Impact Measure (RIM) = 1.22, Participant Cost Test (PCT = 0.74).⁶⁹

Several Public Commentors expressed concern that the energy storage section of the plan does not provide enough detail and does not adequately address how PSEG LI plans to meet the State's CLCPA storage goals. NYSEIA stated that they "strongly encourage LIPA and PSEG LI to reconsider its decision to opt out of New York's statewide retail storage program." Additionally, several public comments were submitted that were critical of the battery storage BCAs conducted in the plan by PSEG LI, questioning their accuracy. BlueWave stated that "it may be more cost-effective to evaluate larger systems. The underlying 2 project costs that drive the Benefit Cost Ratio are unclear, but larger (~5 MW) energy storage systems will likely benefit from economies of scale that may change the economics sufficiently to lead PSEG-LI to a different conclusion."

While a retail storage program is not planned or budgeted for in its funding request, PSEG LI stated that alternate concepts for a retail storage program funded by LIPA are being considered. PSEG LI stated that a Retail Storage Program run by LIPA may benefit from a lower cost of development and utility siting advantage, which in turn will raise the BCR and have lower ratepayer impact.⁷⁰ DPS Staff recognizes the need for a retail storage incentive program to meet the State goals by 2030, and recommends PSEG LI work in collaboration with LIPA to develop a retail storage program. A retail storage program in LIPA's territory should prioritize accelerating the development of larger storage projects up to 5 MW, in line with NYSERDA's Retail Storage program, or projects up to 10 MW that can operate alongside LIPA's distribution system consistent with PSEG Long Island's Small Generator Interconnection Procedures (SGIP). Staff also encourages PSEG LI to explore alternative retail storage concepts in 2025 to assess whether any alternatives would provide a more favorable balance between grid benefits and the cost of implementation.

⁶⁹ 2024 Utility 2.0 & 2025 EE Annual Update, p. 194.

⁷⁰ Id., p. 200.

Other U2.0 Programs

Integrated Energy Data Resource (IEDR)

- A project to implement a statewide platform that allows stakeholders to utilize customer and system data.
- Requested Budget: \$3.6M in 2025
- Staff recommendation: Approve Program and adopt PSEG LI's proposed budget adjustments.

On February 11, 2021, the PSC issued the Order Implementing an Integrated Energy Data Resource (“IEDR Order”) that directs the development of a state-wide data platform for energy-related information.⁷¹ NYSERDA is leading the development of the IEDR platform to meet the requirements of the IEDR Order to address energy-related data access needs. As the program sponsor, NYSERDA is responsible for defining, initiating, overseeing, and facilitating the IEDR development.⁷² The IEDR Order also mandates that each utility file a quarterly report on their associated IEDR enablement project planning and investment.⁷³

The IEDR program is divided into two phases. Phase 1 includes the release of two versions of initial products: an Initial Public Version (IPV) and a Minimum Viable Product (MVP). The IPV is focused on identifying and addressing three priority use cases. NYSERDA released the IPV with use cases for hosting capacity maps and installed and planned Distributed Energy Resources (DER) in March 2023. NYSERDA completed the MVP with five additional use cases in March 2024, including DER Siting, Electronic Infrastructure Assessment Tool (EIAT) Hosting Capacity & DER Map Enhancement, limited Billing Data Access with sample dummy customer data sets, Rate Options, and Rate Data Access. As part of the Phase 1 development, NYSERDA established a core program team, including Deloitte Consulting, LLP as program manager, Pecan Street Inc. as Utility Data Advisor, and E Source as the Development Team.

The IEDR Order requires Phase 2 to expand and enhance the platform by adding an additional 40 use cases. Phase 2 is expected to be completed 30 to 36 months after the Phase 1 MVP release, which is on or about October 1, 2026, to April 1, 2027.⁷⁴ NYSERDA plans to expand the IEDR with 40 additional use cases through six releases by the end of Phase 2. The six planned releases aim to expand phase 1 successes, accelerate climate action, and deliver advanced capabilities.⁷⁵ After the release of the MVP, the IEDR program team has focused on initial Phase 2 use case discovery activities. These activities will identify the foundational requirement for use case development by conducting desktop

⁷¹ Case 20-M-0082, Proceeding on Motion of the Commission Regarding Strategic Use of Energy Related Data, Order Implementing and Integrated Energy Data Resource (Issued February 11, 2021) (February 2021 IEDR Order), pp. 1-3.

⁷² February 2021 IEDR, pp. 23-24.

⁷³ Id., p. 37.

⁷⁴ Case 20-M-0082, supra, NYSERDA IEDR Q2 2024 Quarterly Report (filed July 29, 2024) (IEDR Q2 2024 Quarterly Report), p. viii.

⁷⁵ Case 20-M-0082, supra, IEDR Phase 2 Proposal (filed May 12, 2023), pp. 14-15 (IEDR Phase 2 Proposal).

research and user interviews, finding problems, forming solutions, and prototyping.⁷⁶ The first release date of Phase 2 is yet to be announced.

The Joint Utilities (JUs) expressed concerns over their lack of ability to protect customer data stored in the IEDR platform and requested that the Commission authorize the filing of utility-specific tariff changes to eliminate utility liability for any improper access or sharing of protected customer data by the IEDR administrator.⁷⁷ In an October 2023 Order, the Commission directed the JUs to file tariff revisions which included language that would limit the JUs liability, if data is improperly released from the IEDR due to a cyber-related incident or inadvertently disclosed because of an operational error. Further, the Commission ordered the IOUs to start sharing customer data within 30 days of the Order's effective date.⁷⁸

PSEG LI's IEDR project will provide data to NYSERDA's IEDR platform. Consistent with the State's other IOUs, PSEG LI began sharing hosting capacity maps and installed/planned DER datasets for the IPV launch in 2022. Further, PSEG LI shared the updated datasets in 2023. The Company originally planned to provide datasets for the MVP release by end of 2023.⁷⁹ As the requested data for the MVP includes customer data and critical energy infrastructure information, PSEG LI identified concerns on customer privacy, cyber security, and liability coverage associated with sharing the requested data with the third party IEDR platform in 2023. Due to the delays in resolving the concerns, the overall project timeline has been extended. Datasets for only two MVP use cases (the Rates and Tariff dataset) were shared with the IEDR development team in 2023 and 2024.⁸⁰

PSEG LI's IEDR team has participated in bi-weekly meetings hosted by the NYSERDA IEDR development team, as well as other meetings with the JUs to confer on different approaches, lessons learned, and the project's progress.⁸¹ PSEG LI collaborated with LIPA on a tariff amendment proposal to address liability concerns related to customer data on the IEDR platform that is improperly accessed by third parties.⁸² The Company has also initiated a plan for cyber security subject matter experts to examine cyber risk considerations about data provisions to the IEDR platform in 2024. In addition, the Company's legal team has continued to work on finalizing the Data Sharing Agreement (DSA) in collaboration with NYSERDA and JUs.⁸³

⁷⁶ IEDR Q2 2024 Quarterly Report, pp. 1-2.

⁷⁷ Case 20-M-0082, Proceeding on Motion of the Commission Regarding Strategic Use of Energy Related Data, Joint Utility Petition Regarding Sharing Data with the Integrated Energy Data Resource (filed December 1, 2022), p. 8.

⁷⁸ Case 20-M-0082, supra, Order Addressing Integrated Energy Data Matters (issued October 13, 2023), p. 17.

⁷⁹ Matter 14-01299, supra, 2022 Utility 2.0 & EE Annual Update (filed July 1, 2022), p. 71.

⁸⁰ Response to U2.0 DPS-24-063.

⁸¹ Id.

⁸² LIPA IEDR Tariff Proposal Memo, <https://www.lipower.org/wp-content/uploads/2024/07/IEDR-Tariff-Proposal-Memo-Final-7.17.2024.pdf> (accessed on October 6, 2024).

⁸³ Response to U2.0 DPS-24-063.

The project timeline delays have led to PSEG LI underspending the capital budget in 2023, a proposed budget adjustment for future years and an updated 2024 forecast.⁸⁴ In 2023, PSEG LI spent \$190,000 in capital expenditures, which is \$590,000 less than the approved budget. The approved 2024 budget was \$4.58M. The revised forecast for the 2024 budget has been adjusted down to \$2.02M, which represents a \$2.56M reduction. PSEG LI proposes shifting of \$1.17M to 2025 and \$2M to 2026 to align with the extended project timeline.

Staff finds that PSEG LI's funding reconciliation and request on the IEDR project is reasonable considering the delayed IEDR project timeline due to concerns for customer privacy, cyber security, and liability coverage. PSEG LI's proposed budgetary shift does not result in an increase to the overall total budget.⁸⁵ Therefore, Staff recommends adopting PSEG LI's proposed budget adjustments. PSEG LI's data sharing to the IEDR platform is crucial in the development of a state-wide data platform for energy-related information. For the MVP release, the Company only shared datasets that address two of the five MVP use cases. Accordingly, Staff recommends that PSEG LI increase their collaborative efforts with NYSERDA to address remaining concerns on the legal and cybersecurity issues and share new datasets for the rest of the MVP use cases to the IEDR platform. Staff also recommends PSEG LI continue to provide a quarterly update to DPS on the status of ongoing and planned projects and investments. Regarding the proposed tariff modification, DPS will address LIPA's proposal in a separate recommendation letter anticipated in advance of the December LIPA Board of Trustees meeting.

2025 Energy Efficiency, (EE) Plan

Energy Efficiency and Heat Pumps

Introduction, EE Portfolio Budget and Target Summary

PSEG LI's 2025 EE Plan was submitted as Chapter Two of the 2024 Utility 2.0 Plan. The 2025 EE and 2024 Utility 2.0 plans are submitted together as part of PSEG LI and LIPA's annual filing pursuant to PAL §1020-f(ee). The 2025 EE plan includes various programs designed to incentivize customers to buy products and implement measures to lower energy consumption and reduce fossil fuel usage. PSEG LI's proposed EE budget for 2025 is \$92.45M. Of the total budget, \$81.73M is applied directly to programs which are expected to provide 751,412 MMBtus in reduced energy usage. The budget also includes expenses associated with DLM and Community Solar programs. The remaining costs in the budget include administrative, advertising, outside services, and internal labor costs, to support existing program budgets. Additionally, in 2024 NYSERDA provided LIPA with \$20M in Regional Greenhouse Gas Initiative (RGGI) funding, which supports LIPA's EE

⁸⁴ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 216-217.

⁸⁵ Response to U2.0 DPS-24-002, Attachment 1.

budget.⁸⁶ The energy reduction targets of the 2025 EE Plan directly support the CLCPA's goals.

Enacted on July 18, 2019, the CLCPA aims to reduce greenhouse gas emissions 40 percent by 2030, and 85 percent by 2050. To achieve the aggressive goals of the Climate Act, New York has committed unprecedented investments and established multiple efforts in the broader context of economy-wide carbon reduction, including a goal to achieve two million climate friendly homes.⁸⁷ The Climate Act also established enhanced targets for energy efficiency and codified the goal of reducing on-site energy consumption by 185 trillion Btus by 2025 through energy efficiency measures. These increased efficiency goals will help the State achieve the larger goals of the CLCPA. All the programs in PSEG LI's 2025 EE Plan perform an important role in achieving these targets.

PSEG LI's EE programs target multiple market sectors. Residential customers are provided incentives and rebates on various products and home energy system upgrades, while commercial customers are targeted with multifaceted programs. All the programs in this year's EE plan are a continuation of those offered in previous years. The largest program in the plan, from an energy savings perspective, is the Commercial Efficiency program (185,171 MMBtus), while the Home Comfort Program has the highest level of funding (\$26.96M).

The Second Amended and Restated Operations Services Agreement between LIPA and PSEG LI provides the ability to pass budget amendments in any given year which can effectuate a transfer of funds both into, and out of the EE portfolio. This may include, for example, a transfer of funds originally approved for the EE plan to other Capital programs or O&M programs like vegetation management. Staff recommends PSEG LI and LIPA avoid using EE plan funding for anything other than programs that work toward the 2025 EE Plan's goals because of the high priority of achieving the State's CLCPA goals.

Benefits Reporting, Evaluation and Measurement

LIPA and PSEG LI should continue to work with stakeholders to provide adequate reporting of spending and energy related metrics. Reporting should be performed accurately and provided timely and consistently to all stakeholders including NYSERDA, LIPA, and DPS. PSEG LI should continue to submit Clean Energy Dashboard (CED) scorecards to NYSERDA, for inclusion within the State's Clean Energy Dashboard, on a quarterly basis in the approved format.⁸⁸

For consistency with DPS and NYSERDA reporting guidelines, PSEG LI should provide results consistent with DPS issued Clean Energy Reporting Guidance, including aligning its reporting methodology for verified gross savings, as directed in DPS Clean

⁸⁶ New York's Regional Greenhouse Gas Initiative Operating Plan Amendment for 2024, <file:///C:/Users/o001ph/Downloads/2024-RGGI-Op-Plan-Amendment.pdf> (accessed October 7, 2024).

⁸⁷ NYSERDA Announcement, <https://www.nyserda.ny.gov/About/Newsroom/2022-Announcements/2022-01-05-Governor-Hochul-Announces-Plan-to-Achieve-2-Million-Climate-Friendly-Homes-By-2030> (accessed on October 1, 2024).

⁸⁸ NYSERDA Clean Energy Dashboard Introduction, <https://www.nyserda.ny.gov/About/Tracking-Progress/Clean-Energy-Dashboard> (accessed October 7, 2024).

Energy Guidance Document CE-08.⁸⁹ Further, in regard to utilization of evaluation, measurement & verification, PSEG's third-party program evaluator conducts an annual evaluation to identify realization rates for the preceding year's programs. Staff reasserts that realization rates from the most recent annual evaluation should be incorporated into calculations for future savings projections and PSEG LI's Technical Resource Manual (TRM) should be updated with correlating findings, consistent with the goals of CE-08.

Regarding disadvantaged communities Investment and Benefits Reporting, the IOU's and NYSEERDA began to provide reporting on the accrued benefits to disadvantaged communities in 2023.⁹⁰ In November 2023, NYSEERDA and DEC issued Draft Guidance for agencies, authorities, and entities to provide information about the investment and benefits reporting to comply with the CLCPA.⁹¹ NYSEERDA and DEC expect to release finalized reporting guidelines in the future. PSEG LI and LIPA should continue tracking investments and benefits to disadvantaged communities to comply with the requirements set out in the CLCPA.

Disadvantaged Communities and Low-to-Moderate Income Customer Benefits:

PSEG LI offers LMI customers enhanced incentives through three independent programs, Home Comfort LMI, Home Performance with Energy Star (HPwES LMI), and Residential Energy Affordability Program (REAP). These three programs will provide LMI customers about \$20.01M in rebates and PSEG LI will spend \$1.20M for marketing and outreach.⁹² The proposed LMI spending accounts for approximately 21 percent of the total EE budget and 38 percent of residential spending, which is a significant increase in the percentage of residential spending compared to last year's plan.⁹³ PSEG LI is also actively looking for ways to improve the efficiency of its LMI programs.

The CLCPA mandates that, beginning in 2020, a minimum of 35 percent, with a goal of 40 percent, of benefits of spending on clean energy and energy efficiency programs, projects, or investments in the areas of housing, workforce development, pollution reduction, low-income energy assistance, energy transportation, and economic development be allocated for disadvantaged communities. Between its LMI offerings, and other EE spending that benefits disadvantaged communities, PSEG LI plans to meet this threshold in 2025. The Company should analyze trends in program data, engage with residents and representatives of disadvantaged communities to assess the accessibility and overall benefit of programs, and redevelop its plans when necessary to further increase the benefits that accrue to disadvantaged communities.

⁸⁹ DPS Gross Savings Verification Guide, <https://dps.ny.gov/system/files/documents/2022/11/ce-08-gross-savings-verification-guidance.pdf> (accessed on October 1, 2024).

⁹⁰ DPS-CLCPA, Disadvantaged Communities Investment and Benefits Reporting Guidance, (issued September 27, 2023), <https://dps.ny.gov/system/files/documents/2023/10/disadvantaged-communities-guidance.pdf> (accessed September 26, 2024).

⁹¹ NYSEERDA & DEC Investments and Reporting Guidance, <https://climate.ny.gov/Resources/Disadvantaged-Communities-Criteria/Investments-and-Benefits-Reporting-Guidance> (accessed on October 3, 2024).

⁹² For REAP, implementation costs are included within the incentives. Of the total, about 60 percent is allocated towards incentives.

⁹³ Matter 14-01299, *supra*, 2023 U2.0 Recommendations Staff Memo, p. 27.

In their public comments, the City of New York stated that it supports PSEG LI raising its LMI and disadvantaged communities spending in this year's Plan, but requests that PSEG LI continue to invest more in LMI and disadvantaged communities. Also, the City of New York questions why PSEG LI lists its rebate and incentive budget for LMI customers but does not do the same for disadvantaged communities.⁹⁴

PSEG LI's enhanced rebates for heat pumps and weatherization under the Home Comfort and Home Performance Programs utilize a maximum income limit of 60 percent SMI, while the REAP program utilizes an 80 percent SMI limit to allow participation. As stated in previous recommendations, it is important to recognize the high cost of living on Long Island and ensure PSEG LI customers, who are struggling financially, have access to levels of support proportionate with the rest of the state. As requested last year, DPS supports raising the income limit to 80 percent SMI for all LMI offerings. For the accounting of benefits to disadvantaged communities, the income threshold is 60 percent SMI for customers outside of a designated census tract, so only investments that qualify under these criteria will be counted towards CLCPA goals for disadvantaged communities. Finally, Fred Harrison submitted a comment stating "LIPA/PSEG should be exploring the feasibility of directly helping these ratepayers make affordable energy installations in the home that would otherwise be too expensive for middle class ratepayers."⁹⁵

Staff supports PSEG LI's LMI programs as they are critical to supporting climate justice and achieving the goals of the CLCPA. Additionally, as explained below in the REAP program analysis, it is important that these programs are managed appropriately. DPS recommends that PSEG LI continue to review its rebates for LMI customers and explore developing additional program offerings that help customers who are struggling financially. PSEG LI should explore opportunities to streamline its LMI programs to provide one point of entry for LMI customers- rather than applying for 3 different programs. Customers should only need to apply once and the services that they are eligible for should be presented to them.

Residential Energy Affordability Program (REAP)

The REAP program offers LMI/disadvantaged community customers incentives for the direct installation of energy efficiency measures. The program provides income eligible customers services such as free home energy surveys, and energy use education. In 2023, the program was enhanced to offer Smart Thermostat installations to customers. Additionally, the income eligibility limit of the program was updated in 2023 from 80 percent Area Median Income (AMI) to 80 percent of the SMI. Also, starting in 2024 the "Bill Credit" offering provides REAP participants with a \$50 Bill Credit on a future PSEG LI electric bill. These changes are anticipated to remain as program offerings in 2025.⁹⁶

⁹⁴ Matter 14-01299, *supra*, Comments of the City of New York (filed August 20, 2024).

⁹⁵ Matter 14-01299, *supra*, Comments of Fred Harrison (filed August 20, 2024).

⁹⁶ 2024 Utility 2.0 & 2025 EE Annual Update, p. 50.

The Company utilizes a collaborative approach to increase customer awareness. PSEG LI and the REAP contractor communicate directly with customers, homeowners, and renters, and indirectly through organizations such as social agencies to spread awareness for the program. The PSEG LI REAP contractor team attends events at central community locations, such as libraries, churches, and fairs, and has hosted open house events to spread program awareness. PSEG LI and the contractor also collaborate to send bill inserts, targeted direct mail, emails, and call and canvass for potential participants. Customers can also contact the REAP team through the PSEG LI website or by responding to e-blasts, which will direct customers to a mini-application. Additionally, in the Summer of 2024, the REAP program began using “Calendly” a customer service tool that allows customers to control their own scheduling for the home energy surveys. Using this tool REAP customers can schedule, reschedule, or cancel appointments and will receive texts and emails regarding their appointments.⁹⁷

Last year, the REAP program was expanded to include weatherization improvements and installation of water conservation measures to oil and propane customers. The new weatherization offerings included attic insulation, attic tent insulation, door sweeps, duct sealing, water heater blankets, and pipe insulation. Notably, refrigerators were also brought back in 2024 due to customer feedback.⁹⁸ Refrigerators were initially removed from the REAP Program, however they were brought back as a program measure to increase customer program participation. In 2025, instead of the prior offering of Tier 2 Advanced Power Strips, customers will now be offered a PSEG LI Marketplace voucher that can be used on items such as dehumidifiers, smart thermostats, or other energy efficiency measures. The PSEG LI Marketplace is an online website where PSEG LI customers can purchase energy efficient products. This will provide the customer with greater choice concerning the energy efficiency measures that they may choose to take.⁹⁹

The proposed REAP budget for 2025 is \$3.37M with projected savings of 13,588 MMBtus.¹⁰⁰ As of July of 2024, the REAP program is performing slightly under target, achieving 6,794 in MMBtu savings out of a 6,900 MMBtu YTD goal.¹⁰¹ Last year the program exceeded its year end goal of 10,884 in MMBtu savings, achieving 11,977 in MMBtu savings.¹⁰² The REAP program has an SCT BCA of 1.13, factoring in benefits such as fuel switching and net avoided sulfur dioxide (SO₂), nitrogen oxide (NO_x), and CO₂.¹⁰³

Comments received from Fred Harrison and the City of New York, suggest that rebates for LMI and disadvantaged community customers such as those offered in the REAP program should be increased.¹⁰⁴ The City of New York requested “that PSEG-LI

⁹⁷ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 50-54.

⁹⁸ *Id.*, p. 50.

⁹⁹ *Id.*, p. 58.

¹⁰⁰ 2024 Utility 2.0 & 2025 EE Annual Update, p. 20.

¹⁰¹ Matter 14-01637, Electric Resource Needs of Long Island, 2024 PSEG LI July Scorecard (filed August 27, 2024) (2024 PSEG LI July Scorecard), p. 86.

¹⁰² Matter 14-01637, supra, December 2023 PSEG LI Scorecard (filed February 12, 2024) (December 2023 PSEG LI Scorecard), p. 120.

¹⁰³ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 59-61.

¹⁰⁴ Matter 14-01299, supra, City of New York Comments (filed August 20, 2024).

increase the [Disadvantaged Community] portion of the EE budget.” Fred Harrison supports utilizing the 80 percent SMI criteria across the entire EE portfolio as it will allow more LI customers to participate.¹⁰⁵

DPS supports the REAP program as it aims to provide benefits to LMI and disadvantaged community customers, however, DPS questions the effectiveness of the program as currently constituted. As of August 2024, only five of the 1,117 (0.45 percent) REAP customer home surveys resulted in a customer implementing other EE measures after undergoing the visit.¹⁰⁶ If less than one percent of REAP home visit customers are following up to implement additional EE measures, it calls into question the effectiveness of these home visits. As stated last year, the methodology of the customer interaction and direct install measures should be analyzed for further potential improvements. If the program’s cost effectiveness cannot be improved, the Company should consider reallocating a portion of the budget to more effective LMI programs such as Home Performance or Home Comfort Plus. DPS recommends that PSEG LI and The Research Corporation (TRC), the manager of the EE portfolio, develop effective customer follow-up.¹⁰⁷

Additionally, reiterating Staff’s recommendation from last year, to improve tracking, Staff recommends that LIPA consider an alternative LMI offering whereby dedicated LMI measures and incentives are specifically earmarked in a singular programmatic offering, for both single family, and multi-family residential buildings, like a separate portfolio within the EE plan, consistent with how the Commission’s regulated program administrators bifurcate between market rate and LMI offerings.¹⁰⁸

Home Performance Program

The Home Performance Program offers free Home Energy Assessments (HEA) to all eligible single-family home residents, to identify areas within residential homes that require improved efficiency, safety, and comfort. Enhanced rebates are provided to eligible customers who install whole-house heat pumps and weatherization upgrades.¹⁰⁹ Last year, Staff recommended that PSEG LI increase weatherization efforts in this program.¹¹⁰ In 2025, the program’s budget increased from \$7.58 M to \$10.93 M. This corresponds to an increase in projected MMBtu savings from 29,236 MMBtus in 2024 to 39,595 MMBtus in 2025.

As of July 2024, the program is on track to meet its 2024 EE savings target, having produced 20,745 in MMBtu savings out of a YTD target of 20,000 MMBtu savings. The year end goal for this metric is 35,014 MMBtu savings.¹¹¹ In 2025, \$5.96M of the program

¹⁰⁵ Matter 14-01299, supra, Fred Harrison Comments (filed August 20, 2024).

¹⁰⁶ Response to U2.0 DPS-24-055.

¹⁰⁷ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 25-26.

¹⁰⁸ Case 18-M-0084, supra, Statewide Low-to-Moderate Income Portfolio Implementation Plan Version 3, (filed May 1, 2023).

¹⁰⁹ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 61-62.

¹¹⁰ 2023 Staff U2.0 Recommendation Letter, p. 31.

¹¹¹ PSEG LI, 2024 Template EE Annualized Energy Savings Report for July 2024.

budget is allocated for LMI customers, a significant increase from last year's allocation of \$3.62M, which is projected to yield 17,813 MMBtus in savings.¹¹²

For 2025, PSEG LI proposes some notable changes. First, contractors will be eligible for weatherization incentives, which may be combined with an incentive for heat pumps. Contractors will receive a \$150 incentive for market rate weatherization-only projects and \$250 for income eligible weatherization-only projects. Further, contractors who install both heat pumps and weatherization can receive a "combination project" incentive of up to \$500. The combination of these incentives should continue to grow the heat pump market on Long Island. Second, PSEG LI will offer a "Thank-You Kit" in the form of a PSEG LI marketplace voucher. The voucher can be used on any equipment of the customers' choosing in the PSEG LI Marketplace. This change will increase awareness about PSEG LI's Marketplace and provide customers with greater flexibility in the energy efficiency equipment that they choose.¹¹³ Third, like last year, the program rules have been adjusted to allow for two Home Energy Assessments per account.¹¹⁴ This ensures that more customers can receive an updated Home Energy Assessment.

For weatherization measures including duct/air sealing and insulation, market rate customers can receive up to \$1,000 per project and income eligible customers can receive up to \$6,250 per project. Additionally, program rebates are available for windows and heat pump water heaters. PSEG LI continues to work with Energy Finance Solutions (EFS) to qualify income eligible customers using the income eligibility of 60 percent SMI.¹¹⁵

PSEG LI conducted BCAs for the Home Performance Program. This program has an SCT score of 0.72 and a RIM score of 1.77. These scores factor in benefits such as fuel switching, net avoided SO₂, NO_x, and CO₂, avoided distribution/ transmission capacity infrastructure, avoided Locational Based Marginal Price (LBMP)/Avoided Generation Capacity Costs (AGCC).¹¹⁶ The score is indicative of the program's success in reducing customer bills. A score higher than one demonstrates that the program produces quantifiable customer bill savings.

Participation in the program is largely dependent on the Home Performance Partners, which are the contractors approved under the program. Home Performance Partners learn about all aspects of the program through in-person and virtual open-houses and webinars that help them educate and engage with customers. Also, Home Performance Partners can opt to participate in a 50/50 cost share in which they work with the Home Performance Program Manager and the PSEG Long Island marketing team to create marketing materials, including the utility's logo, and receive guidance as well. PSEG LI promotes Home Energy Assessments at events including home shows and street fairs, through direct mail, on the PSEG LI website, and through their Partners. PSEG LI projects that 5,000 Home Energy Assessments and 1,430 Home Performance projects will be carried out in 2025.¹¹⁷ Staff recommends that PSEG LI promote the program with more

¹¹² 2024 Utility 2.0 & 2025 EE Annual Update, p. 22.

¹¹³ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 62-64.

¹¹⁴ *Id.*, p. 29.

¹¹⁵ *Id.*, p. 62.

¹¹⁶ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 66-68.

¹¹⁷ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 65-66.

clarity on the PSEG LI Energy Efficiency webpage. The webpage only references the program in the last Frequently Asked Questions dropdown on the Home Assessment page with a link to eligible measures and accessories. Also, Staff recommends that PSEG LI promote Home Energy Assessments on social media and via e-mail blasts.

DPS staff supports the Home Performance program. The measures in this program reduce a home's carbon emissions and further New York State's CLCPA efforts. DPS recommends that PSEG LI track the number of referrals they receive from KeySpan Gas East Corporation d/b/a National Grid (KEDLI) customers and inform Staff of the adoption rate. Further, Staff recommends that PSEG LI report to DPS how many Home Energy Assessments are completed each year, as well as how many of them result in customers choosing to install heat pumps and undergo additional weatherization upgrades. Also, Staff recommends that PSEG LI engage with National Grid's downstate gas companies to ensure clarity on communicating adoption rates from referrals.

The Home Performance program should more closely align with the EmPower+ program. While PSEG LI plans to provide income eligible rebates to customers who meet the 60 percent SMI eligibility requirement in 2025,¹¹⁸ the Company's income eligibility criteria does not align with NYSERDA's EmPower+ income criteria. Through the EmPower+ program, NYSERDA provides comprehensive home energy assessments and direct install improvements to LMI customers at no cost. Further, EmPower+ provides funding toward the cost of home EE improvement projects.¹¹⁹ EmPower+ also has expanded their incentives in several areas including heat pumps, heat pump water heaters, panel box and wiring upgrades, and insulation through Inflation Reduction Act (IRA) funding.^{120 121} NYSERDA is using household income that is below 80 percent of AMI or SMI, whichever is higher, as income eligibility guidelines for EmPower+.¹²² Staff recommends that, beginning in 2026, PSEG LI expand the Home Performance program's benefits to moderate-income customers in alignment with the EmPower+ program criteria. Further, Staff recommends that, starting in 2026, PSEG LI use AMI or SMI, whichever is higher, as income eligibility criteria, instead of relying solely on the SMI to align with the rest of the state.

Residential Home Comfort Program

The Residential Home Comfort Program offers rebates to residential customers towards the purchase and installation of Whole House Air Source Heat Pumps (ASHPs), Geothermal Heat Pumps, Air to Water Heat Pumps, weatherization measures such as duct/air sealing, insulation and windows, and Heat Pump Water Heaters. In 2025, PSEG LI plans to provide 10,068 rebates through the Residential Home Comfort Program, including

¹¹⁸ *Id.*, p. 62.

¹¹⁹ NYSERDA EmPower+, <https://www.nyserda.ny.gov/All-Programs/EmPower-New-York-Program> (accessed on October 8, 2024).

¹²⁰ *Id.*

¹²¹ Pub L. 117-169, title V, §§ 50121-50122, 136 US Stat 1818 [117th Cong, Aug 16, 2022] [Inflation Reduction Act].

¹²² NYSERDA EmPower+ Eligibility Guidelines, <https://www.nyserda.ny.gov/All-Programs/EmPower-New-York-Program/Eligibility-Guidelines> (accessed on October 8, 2024).

5,528 units of Whole House ASHPs, 3,606 units of Integrated Controls,¹²³ 725 units of Heat Pump Water Heaters, 193 units of Ground Source Heat Pumps (GSHP) and GSHP Water heaters, and 16 units of Air to Water Heat Pumps.¹²⁴ Partial House heat pump rebates were discontinued in 2023 to align with New York State's heat pump goals.¹²⁵

The Air to Water Heat Pump offering was initiated in April 2024 to align with the IOU's heat pump offerings. The "equipment only" ASHP offering will be discontinued in 2025 as PSEG LI aims to focus on whole house heat pumps. The Home Comfort program provided 184,211 MMBtus in savings in 2023, which exceeded the target of 110,518 MMBtus.¹²⁶ Also, the program is exceeding its expected savings for 2024 with 86,137 MMBtus savings, as of July 2024, compared to the YTD target of 58,900 MMBtus.¹²⁷

PSEG LI requested \$29.96M for the 2025 budget with projected savings of 182,387 MMBtus. Further, PSEG LI expects that most of the savings will come from Whole House ASHPs offerings with a target of 5,528 units, which is 85 percent higher than the 2024 target. In 2023, the program budget was \$14.6M, however, the actual spending of the program reached \$24.4M by the end of the year.¹²⁸ While the program had greatly exceeded its savings targets in 2023, Staff recommends PSEG LI evaluate the enrollment trends and forecast of customer participation to ensure that appropriate budget and unit targets can be set in the future.

PSEG LI has been working to increase the heat pump uptake by improving the application process, conducting training sessions and case studies, and collaborating with peer utilities. The Company also launched a Heat Pump Economics Calculator on its website. Customers and contractors can get estimated costs and rebates for a heat pump installation by using the Calculator.

PSEG LI plans to spend 35.16 percent (\$9.48M) of the Home Comfort program budget for low-income customer rebates.¹²⁹ The low-income customer units target is 2,669, which includes 1,703 units for Whole House ASHP offerings, 731 units for Integrated Controls, 5 units for GSHP offerings, 225 units for Heat Pump Water Heaters, and 5 units for Air to Water Heat Pumps.¹³⁰ The Company also offers enhanced rebates to low-income customers. For example, non-income eligible customers receive \$2,007 in rebates for the installed Whole House ASHP, while low-income customers receive \$4,465 in rebates. PSEG LI will continue updating the program to remain in alignment with New York State and NYSERDA.¹³¹ Staff supports the proposed rebates and incentives structure for 2025, considering PSEG LI's plan to continue alignment with the evolving statewide standards and requirements.

¹²³ Integrated Controls are devices that switch between a heat pump and a fossil fuel heating system at a set temperature.

¹²⁴ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 44-45.

¹²⁵ *Id.*, p. 40.

¹²⁶ December 2023 PSEG LI Scorecard, p. 120.

¹²⁷ July 2024 PSEG LI Scorecard, p. 86.

¹²⁸ Response to U2.0 DPS-24-043, Attachment 1.

¹²⁹ 2024 Utility 2.0 & 2025 EE Annual Update, p. 22.

¹³⁰ *Id.*, pp. 44-45.

¹³¹ 2024 Utility 2.0 & 2025 EE Annual Update, p. 41.

PSEG LI promotes the Residential Home Comfort Program through Internet keyword searches, banners on high traffic webpages and the PSEG LI website, radio and newspaper advertisements, industry networking events, collaboration with New York State's Clean Heat marketing/advertising, and Heat Pump conferences. Sightline and propensity data integration are used to target proper audiences via email, direct mail, and social media. Also, PSEG LI uses other media channels such as Cable TV, Connected TV, Content Sponsorship, and Paid Search to promote the program. The Company also provides education and training opportunities on program initiatives and engages with heat pump manufacturers and distributors to discuss paths for boosting heat pump installations. At the Heat Pump conference hosted by the Company on April 4, 2024, there were numerous different sessions including education on installation, weatherization, heat pump sizing, and heat pump pool and water heaters. While the conference was open to all people, it was especially helpful for contractors, manufacturers, distributors, developers, and engineers.

Staff supports the Home Comfort Program as the program plays a critical role in achieving New York State's goal of reducing greenhouse gas emissions, having greatly exceeded its MMBtu savings target in 2023. Staff recommends that PSEG LI continue tracking the number of Heat Pumps installed in disadvantaged communities and share such data with NYSERDA to align with the statewide guidelines. Also, PSEG LI should notify and coordinate with both DPS and LIPA prior to making any changes to rebate levels offered through this program. PSEG LI plans to provide income eligible rebates to customers who meet the 60 percent SMI eligibility requirement in 2025.¹³² Similar to the Home Performance Program, Staff recommends that, starting in 2026, PSEG LI align the Residential Home Comfort program's eligibility criteria for income eligible rebates with NYSERDA's eligibility criteria for the Empower+ program. Accordingly, Staff recommends that PSEG LI expand the programs benefits, starting in 2026, to moderate-income customers and use AMI or SMI, whichever is higher, as the income eligibility guideline instead of solely relying upon SMI.¹³³

Energy Efficient Products (EEP) Program

The EEP program aims to increase the purchase and usage of energy efficient appliances, beneficial electrification equipment and efficient lighting by Long Island customers. It accomplishes this by providing incentives to manufacturers/retailers and rebates to customers for EE measures such as ENERGY STAR-certified linear Light Emitting Diode (LED) lighting and appliances, heat pump pool heaters, advanced power strips, and water heating equipment. As a result of the finalization of the Energy Independence and Security Act of 2007 (EISA), which eliminates the sale of low efficiency incandescent bulbs, ENERGY STAR LED common lamps and specialty lamps have effectively been eliminated as a program measure starting in July 2023. PSEG LI continued linear LED fixture incentives in 2024 as it is not impacted by the EISA standard.

¹³² 2024 U2.0 & 2025 EE Annual Update, p. 41.

¹³³ NYSERDA EmPower+ Eligibility Guidelines, <https://www.nyserda.ny.gov/All-Programs/EmPower-New-York-Program/Eligibility-Guidelines> (accessed on October 8, 2024).

In 2023, the EEP program had 429,963 MMBtu in savings, which exceeded the target savings of 339,857 MMBtu.¹³⁴ As common lamps and specialty lamps represented significant savings in the past, saving targets for 2024 and 2025 have been adjusted to reflect the elimination of these offerings. For 2025, the program budget is \$8.11M, with targeted savings of 155,564 MMBtus.

The July 2023 PSC order (NENY Order) prohibits the use of ratepayer funds for customer incentives toward electric plug-in appliances that are not permanently connected to the building starting in 2026.¹³⁵ The Commission determined that it is unnecessary to use limited ratepayer funding to incentivize the appliance programs, given the advanced standards in this area. This prohibition is inclusive of recycling programs. PSEG LI's Recycling Program was originally planned to sunset at the end of 2025. The Company decided to discontinue the program early in 2024. Staff finds that allocating program funds to other impactful measures is appropriate, considering the direction of the NENY Order.

The Order also prohibits the IOUs from allocating funding to non-strategic measures that either jeopardize the advancement of EE/BE programs, increase the use of fossil fuels, have an effective useful life of six years or less, do not promote conservation behaviors, or are naturally occurring energy efficiency measures from codes and standards. The Company plans to remove all non-strategic EEP Program offerings starting in 2026, to align with the NENY Order.¹³⁶ Staff supports PSEG LI's plan to discontinue the non-strategic offerings post-2025. Further, Staff recommends that PSEG LI discontinue appliance programs, such as power strips, washers, dehumidifiers, air purifiers, dryers, and induction cooktops, starting in 2026, to align with the NENY Order that prohibits the use of ratepayer funding for incentives on electric plug-in appliances.

Due to the decades-long support in high-efficiency lighting adoption, efficient lighting has a high market penetration rate. As there is limited ratepayer funding available for the EE programs, the NENY Order prohibited the use of ratepayer funding for incentivizing efficient lighting beginning January 1, 2026. Staff recommends that the Company discontinue the LED Linear Fixtures program after 2025 to align with the statewide approach.

The EEP marketing strategies include limited time offer e-blast promotions, direct mail promotions, bill inserts, digital display ads, social media posts, point of purchase material at retailers, and the PSEG LI website and Online Marketplace. There were increased efforts in promoting Smart Thermostats and Heat Pump Pool Heaters in 2024. Smart Thermostats were promoted as part of an Earth Month campaign via postcards that were mailed to customers and directed them to PSEG LI's Online Marketplace. A direct mail campaign promoting Heat Pump Pool Heater rebates has also been carried out, in which PSEG LI utilized a third-party data analytics tool called Lightbox to target customers in their service territory who have purchased pools.¹³⁷

¹³⁴ December 2023 PSEG LI Scorecard, p. 120.

¹³⁵ Case18-M-0084, In the Matter of a Comprehensive Energy Efficiency Initiative, Order Directing Energy Efficiency and Building Electrification Proposals (Issued and Effective July 20, 2023), p.36.

¹³⁶ 2024 Utility 2.0 & 2025 EE Annual Update, p. 36.

¹³⁷ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 37-38.

The Outreach plan also includes live in-person outreach such as Food Bank events, in-store presentations, community partner events, and Home Shows in both Nassau and Suffolk Counties.¹³⁸ The Company states that their outreach strategies have proven to be successful in engaging and informing customers about the benefits of adopting ENERGY STAR and beneficial electrification products, and they expect to continue these outreach strategies in 2025. Staff recommends that PSEG LI increase the EEP marketing and outreach efforts in 2025, as promoting better energy management through the EEP offerings such as Smart Thermostats can improve customer experience during the TOD migration.

Commercial Efficiency Program (CEP)

Since 2014, PSEG LI has been offering the Commercial Efficiency Program (CEP), which provides complimentary energy assessments and rebates to eligible nonresidential customers for energy conservation measures and engineering/design services. The CEP offers rebates designed to offset installation costs and costs associated with projects that go through the technical assistance program for multiple conservation measures including indoor and outdoor lighting, heating, ventilation, and air conditioning equipment, heat pumps, elevator modernization, refrigeration equipment, water heater equipment, and beneficial electrification measures. Participation in CEP occurs on a customer opt-in basis through partnerships with installation contractors. All contractors are vetted by PSEG LI before being approved to be CEP participants. PSEG LI requested \$23.59M for the 2025 CEP budget with 185,171 MMBtu in target savings for 2025.

PSEG LI and TRC employ various outreach efforts to promote this program. For 2025, PSEG LI has requested \$200,000 for the Small Business EE advertising campaign, including digital ads, print ads, television ads, bill inserts, and digital billboards.¹³⁹ Also, PSEG LI hosts weekly open-house meetings for contractors where they can discuss program requirements, applications, and provide feedback. TRC also hosts contractor breakfasts, new technology expos, and EE conferences for both contractors and customers.

According to the 2023 Utility 2.0 filing, PSEG LI originally planned to begin the phase out of LED lighting programs between 2024 and 2025 to align with the new federal standard, however, the Company launched a “Look Up” Lighting campaign in 2024 to further promote customer participation in lighting rebates and will continue to provide lighting rebates in 2025.¹⁴⁰ In the 2024 filing, PSEG LI proposed that approximately 75 percent of the CEP rebate budget (\$12.80M) be allocated to the lighting program.¹⁴¹ PSEG LI states that “it is important to engage all potential customers to maximize this technology before it is no longer in the EE Portfolio” in 2026. The NENY Order prohibits the use of ratepayer funds for customer incentives on lighting starting in 2026, with potential exceptions of non-residential advanced lighting controls that are installed in

¹³⁸ Id., p. A-19.

¹³⁹ Response to U2.0 DPS-24-052, Attachment 1.

¹⁴⁰ 2023 Utility 2.0 & EE Annual Update, A-52.

¹⁴¹ 2024 Utility 2.0 & 2025 EE Annual Update, p. 76.

conjunction with other strategic measures.¹⁴² The Order intends to allocate the limited ratepayer fundings to more meaningful EE measures rather than well adopted measures such as lighting.

In preparation for the CEP program's shift beyond lighting, Staff recommends that the Company phase out the lighting offering in 2025 and reallocate part of the lighting funding to other strategic measures within the CEP program, such as commercial weatherization and heat pumps programs.

Multifamily Program

The Multifamily Program helps new and existing multifamily developers and building owners, of buildings with five or more units, to construct and retrofit their buildings to become more energy efficient.¹⁴³ The program was launched in Q4 of 2020 when PSEG LI separated its multifamily initiatives from other programs to be consistent with other program administrators in the state, and has since expanded its offerings and energy savings. The program is expected to grow in 2025 with a projected budget and EE savings for 2025 of \$6.60M and 64,882 MMBtus respectively, compared to a budget and EE savings of \$6.53M and 46,392 MMBtus in 2024. Currently, the program has savings of 23,525 MMBtus as of July of 2024, which is behind its YTD goal of 26,980 MMBtus.¹⁴⁴ The year-end goal for this program is 46,382 MMBtus in savings.¹⁴⁵

The Multifamily Program offers rebates for many of the same measures that are offered in other U2.0 EE programs such as the Home Comfort and Energy Efficient Products programs, as well as the commercial measures. This includes Heat Pumps, Energy Star appliance bundles, water heaters, smart thermostats, elevator modernization projects and more. In 2024, the Multifamily program began a "custom" style approach, allowing customers to choose from a higher variety of options. This program promotes air source heat pumps, geothermal heat pumps, and variable refrigerant flow (VRF) heat pumps.

Based on historical data, in-unit heat pumps are projected to account for approximately 80 percent of the heat pumps that are installed in the program and the remaining 20 percent are projected to be Common Area Heat Pumps. In 2025, the program will add a Multifamily "Dwelling Unit" goal of installing heat pumps in 2,000 Multifamily residential units. In the 2023 filing, PSEG LI updated the Multifamily application to focus more on In-Unit and Common Area heat pumps and In-Unit Energy Star Heat Pump Water Heaters. For 2025, PSEG LI will continue to prioritize the promotion of weatherization in existing Multifamily buildings, as recommended by Staff in the 2023 Recommendation letter.¹⁴⁶ The Multifamily program has an SCT score of 0.99 and a RIM

¹⁴² Matter 18-00381, In the Matter of a Comprehensive Energy Efficiency Initiative, Order Directing Energy Efficiency and Building Electrification Proposals (issued July 20, 2023) (Energy Efficiency Order), p.36.

¹⁴³ Energy Efficiency Order, pp. 68-69.

¹⁴⁴ July 2024 PSEG LI Scorecard, p. 86.

¹⁴⁵ PSEG LI, 2024 Template EE Annualized Energy Savings Report for July 2024.

¹⁴⁶ 2023 U2.0 Recommendation Memo, p. 31.

score of 1.47, these BCAs factor in the positive aspects of the program such as fuel switching benefits, and net avoided CO₂, SO₂ and NO_x.

PSEG LI's outreach for this program is done in collaboration with their internal Long Island Major Account Consultants, who are responsible for working with their major commercial accounts and customers. Outreach measures include sending email blasts to multifamily developers and business owners, and meeting with industry associations such as the Building Owners and Management Association and the Long Island Builders Institute. Additionally, TRC hosts open-house meetings on a weekly basis for all participant Lead Partners and Developers. Staff recommends that PSEG LI update the Multifamily section on the Commercial rebates page to specify which types of EE equipment are available in the program. Staff also recommends that the application be available in a more user-friendly manner, such as a fillable PDF rather than an Excel file, as it is currently difficult to read and complete, which may deter applicants.

In Public Comments, GreenLogic critiqued the rebate structure in the Multifamily Program, as well as PSEG LI's utilization of the "Custom Program."¹⁴⁷ GreenLogic stated:

PSEGLI Multi-family and Commercial GSHP rebates have been drastically cut by implementing NYS Clean Heat tool (developed by the ASHP manufacturers). As a result, the 'per-ton' PSEGLI commercial GSHP rebate is now lower than the ASHP rebate. This strongly discourages commercial clients from embracing GSHP and encourages a) continued use of fossil fuels (working against CLCPA) or b) conversion to ASHP, which results in higher demand charges, energy consumption and carbon emissions based on current LIPA rates and energy mix.

Additionally, both Ms. Roberti from Green Choices Consulting and the City of New York suggest that the heat pump rebates in the Multifamily program be increased.¹⁴⁸

Staff supports the continued expansion of the Multifamily Program in 2025 and beyond in accordance with the above recommendations. Additionally, as stated in last year's recommendation, Staff recommends that PSEG LI target projects located in disadvantaged communities and those that benefit low income customers. Also, the Company should track the benefits going to these populations in alignment with the Disadvantaged Community Reporting Guidelines.

Dynamic Load Management (DLM) Programs

The primary objective of PSEG LI's Dynamic Load Management Programs (DLM) are to reduce peak demand and compensate participants for reducing load during peak electric periods. PSEG LI operates several DLM Programs, including a 21-hour advance notice peak-shaving Commercial System Relief Program (CSR), a 2-hour advance notice reliability-based Distribution Load Relief Program (DLRP), both of which are aimed more towards larger Commercial and Industrial customers, and a Direct Load Control (DLC)

¹⁴⁷ Matter 14-01299, supra, Jean-Pierre Clejan Comments (filed July 26, 2024).

¹⁴⁸ Matter 14-01299, supra, Billii Roberti Comments (filed September 3, 2024).

Program aimed at Residential and Small Commercial customers.¹⁴⁹ The Company proposes a combined budget of \$2.26M for these programs in 2025. The Company's DLM Programs are consistent with the other DLM Program offerings available throughout New York State.

Staff cannot overstate the importance of developing and maintaining cost beneficial DLM Programs. Providing a cost-effective alternative to building new distribution infrastructure is the primary purpose of the DLM Programs. The Commission has affirmed this position in its determination's multiple times, canceling certain DLM Program components which were not cost-effective and not expected to become cost effective soon,¹⁵⁰ and establishing expectations that demand response pilots would only be graduated to full program status if such programs are expected to be cost-effective.¹⁵¹

In their public comments, NYSEIA recommended marketing of the CSR and DLRP to residential customers and increasing compensation for participation to encourage more customers to invest in Battery Energy Storage Systems (BESS) and those who have BESS to participate in the program.¹⁵²

From 2020-2023, Staff recommended that LIPA require additional reporting requirements for its DLM Programs to bring them into alignment with Staff's annual statewide review of DLM Programs. Specifically, Staff recommended that LIPA should require PSEG LI to file its DLM Program Annual Reports on November 15 of each year and post a copy of such filing onto the PSC's DMM system under Case 14-E-0423.¹⁵³ On November 15, 2023, PSEG LI filed their 2023 Dynamic Load Management Program Report (Annual Report) in response to Staff's recommendations.¹⁵⁴

The Annual Report assesses the performance and cost-effectiveness of PSEG LI's individual DLM programs for the prior summer capability period. PSEG LI's demand response programs have seen growth in their enrollments and megawatt (MW) reductions. Over the past five years, from 2019 to 2023, there has been an approximate 19 percent Compounded Annual Growth Rate (CAGR) increase in devices enrolled in the Smart Savers DLC (DLC) Program and an approximate 34 percent CAGR increase in customer enrollment in CSR/DLRP. There has also been an increase in the total MW reductions. PSEGLI achieved an approximate 28 percent CAGR increase between 2019 and 2023. Staff supports PSEG LI's continued growth in their Dynamic Load Management Programs and recommends adopting the budget as proposed.

¹⁴⁹ PSEG LI also refers to its DLC Program under its marketing name, "Smart Savers Program."

¹⁵⁰ Case 14-E-0423, et al., Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs, Order Adopting Program Changes with Modification and Making Other Findings (issued April 23, 2018) (2018 DLM Programs Order) AND Case 14-E-0423, et al., supra, Order Adopting Program Changes with Modifications and Making Other Findings (issued March 18, 2019).

¹⁵¹ Case 17-G-0606, Petition of Consolidated Edison Company of New York, Inc. for Approval of the Smart Solutions for Natural Gas Customers, One Commissioner Order Approving Extension of Gas Demand Response Pilot Program (issued June 23, 2021).

¹⁵² Matter 14-01299, supra, NYSEIA Comments (filed August 22, 2024).

¹⁵³ Matter 14-01299, supra, 2020 Utility 2.0 & EEDR Recommendation Memo (dated November 6, 2020), pp. 38-39.

¹⁵⁴ PSEG Long Island 2023 Dynamic Load Management Program Report (dated November 1, 2023).

Behavioral Initiative (Home Energy Management)

The Home Energy Management (HEM) program was launched in Q3 of 2017 and is designed to encourage customers to increase their understanding of all aspects of their energy needs and take active control of their energy usage through the distribution of Home Energy Reports. PSEG LI states that the program has led to increased customer satisfaction, increased customer ability to manage their energy usage, increased adoption of existing EE offerings, and improved customer access to EE products and clean energy service providers.¹⁵⁵

PSEG LI originally proposed to maintain the target treatment group of 700,000 residential customers who would receive approximately five Home Energy Reports in 2025,¹⁵⁶ however, the Company amended the filing to reduce the target treatment group to 500,000 and the frequency of the Home Energy Reports to three mailings per year.¹⁵⁷ All residential customers will be given access to the HEM MyEnergy engagement portal and online Home Energy Assessment function. The original projected budget and energy savings in 2025 were \$2.19M and 133,000 MMBtus, respectively, as compared to \$3.04M and 177,816 MMBtus in 2024. In 2023, the HEM program had 116,214 MMBtus in energy savings, which exceeded the target of 111,770 MMBtus.¹⁵⁸ The 2025 budget and energy savings were updated in the October 11, 2024, Amendment to \$1.17M and 110,225 MMBtu, respectively.¹⁵⁹

The DPS Staff EE/BE Report in 2022 found that the Home Energy Report as a stand-alone program has not demonstrated the capacity to achieve savings at sufficient scale.¹⁶⁰ The report suggested adoption of the Home Energy Report as a standard practice and normal course of business, rather than as a part of the EE programs.¹⁶¹ In the NENY Order's framework for post-2025 EE/BE programs, the Commission agrees with the Staff assessment of the Home Energy Report and directs the IOUs to continue the program through the normal course of business starting in 2026, which will require funding outside of the EE budget.¹⁶²

Staff supports the Home Energy Report program as it provides useful information to customers and engages customers in energy saving practices. Given the Commission's guidance regarding Home Energy Reports for post-2025, Staff recommends that PSEG LI continue the Home Energy Report program as a customer outreach and engagement practice, rather than as part of the EE portfolio that claims energy savings, starting January 1, 2026. Additionally, Staff agrees with PSEG LI's proposed reduction in the size of the

¹⁵⁵ 2024 Utility 2.0 & 2025 EE Annual Update, pp. 82-83.

¹⁵⁶ The 700,000 customers in the treatment group represent a combination of non-Balanced Billing, Balanced Billing, and Solar customers. In addition, high usage residential accounts with at least 13 months of account usage history were the primary criteria for the treatment group selection.

¹⁵⁷ PSEG Long Island HEM Revised 2025 Targets (submitted October 17, 2024).

¹⁵⁸ December 2023 PSEG LI Scorecard, p. 120.

¹⁵⁹ October U2.0 Amendment, p. 4.

¹⁶⁰ Case 18-M-0084, In the Matter of a Comprehensive Energy Efficiency Initiative, DPS Staff Energy Efficiency and Building Electrification Report (filed December 20, 2022), p. 36.

¹⁶¹ Id.

¹⁶² Case 18-M-0084, supra, Order Directing Energy Efficiency and Building Electrification Proposals (issued July 20, 2023), p. 37.

target treatment group that will receive Home Energy Reports and the frequency in mailings as this will not result in a significant reduction in the projected energy savings for 2025.

Further, Staff recommends that PSEG LI research and develop innovative behavioral initiatives with increased and persistent savings, such as utilization of live load data that can send targeted messages to customers, to implement as new EE behavioral offerings.¹⁶³

Community Solar

PSEG LI has been very successful in achieving their CLCPA solar PV targets. PSEG LI has achieved 141 percent of Long Island's 2025 solar PV goal and has achieved 81 percent of the 2030 target. The Community Solar program allows solar companies to construct community solar projects on Long Island, which customers can subscribe to and receive energy credits. These credits reduce their own PSEG LI electric bill. The funding for this program is used to support existing projects. LIPA and PSEG LI implement this program through its tariff. Incentives are available for new residential and commercial projects that pair solar PV with energy storage, and those customers are also afforded enrollment opportunities in the DLM tariff to allow for capacity-based payments for system or local relief. PSEG LI stated that the funding for this program is no longer needed as all the final Community Host projects have now officially been completed and no payments will carry into 2025.¹⁶⁴ Further, PSEG LI proposed eliminating the \$0.25M budget for this program in their October 11, 2024, Amendment filing.¹⁶⁵

EE Labor and Outside Services

PSEG LI has requested \$3.53M for labor, and another \$2.43M for outside services related to the EE plan.¹⁶⁶ The Company uses this funding to support internal labor costs for EE programs and third-party vendor/consulting costs related to developing the plan.

Labor:

PSEG LI's labor costs related to the EE plan cover the salaries of 34 Energy Efficiency department employees as well as fringe benefits such as holiday, vacation, and sick pay. The budgetary request has decreased approximately \$1.85M since 2020 due to the reallocation of pension and other post-employment benefit expenses to a common account rather than to individual departments.

Outside Services:

Outside Service costs are paid to external parties to support the preparation of the Utility 2.0 and EE filing, and the management/analysis of the associated programs.

¹⁶³ Case 18-M-0084, *supra*, DPS Staff Energy Efficiency and Building Electrification Report (filed December 20, 2022), p. 28.

¹⁶⁴ Response to U2.0 DPS-24-057.

¹⁶⁵ October U2.0 Amendment, p. 4.

¹⁶⁶ 2024 Utility 2.0 & 2025 EE Annual Update, pp. xiv-xv.

Staff recommends the EE Labor Budget (\$3.53M) and the EE Outside Services Budget (\$2.43M) be adopted as proposed as they provide critical services to effectuate and evaluate the plan. PSEG LI should review the scope of work with all its contractors to ensure there is no overlap in services provided, and thus no wasteful spending.

EE Marketing and Advertising

Included in PSEG LI's 2025 EE budget, the Company requests approval for \$2.60M in funding for their Marketing and Advertising campaigns.¹⁶⁷ This budget is utilized to conduct marketing and advertising through multiple platforms for PSEG LI's EE portfolio.

PSEG LI's main marketing message for the EE program emphasizes that participation will help customers "save energy and money." J.D. Power research indicates that customers who participate in PSEG LI's EE programs trust and think more highly of the company.¹⁶⁸ Included in its strategy to spread awareness of their EE Programs, PSEG LI uses J.D. Power as well as its own demographic data to target specific sectors of the population of its service territory.¹⁶⁹ For example, PSEG LI's 2025 EE Plan includes \$1.20M specifically for Marketing & Outreach of LMI programs.

Staff requested from PSEG LI a breakdown of the projected \$2.6M in advertising costs for their EE Plan. PSEG LI provided the budget, which includes \$800K allocated for EE Outreach & Education, \$1.2M for promoting Air Source Heat Pumps as part of the Home Comfort program, \$200K for their Small Business EE Advertising campaign, \$50K for an Energy Efficiency Conference, \$200K for print and digital media ads as part of their Earth Month campaign, \$50K for sponsorship with the Long Island Ducks, and \$100K for Customer Research and EE marketing items such as merchandise and collateral.¹⁷⁰

DPS recommends approval of the proposed \$2.6M advertising budget for the EE portfolio, however, Staff highlights that the utility has consistently underspent the projected budgets in recent years and emphasizes the significance of executing adequate and sufficient outreach to truly maximize the potential enrollment and utilization of the EE programs for customers to see the benefits that are available to them.

¹⁶⁷ 2024 Utility 2.0 & 2025 EE Annual Update, Table ES-2. Summary of Proposed Programs and Budgets in the 2025 EE Plan, pp. xiv-xv.

¹⁶⁸ Id., p. 28

¹⁶⁹ Id.

¹⁷⁰ Response to U2.0 DPS-24-052, Attachment-1.