

FOR CONSIDERATION

December 18, 2024

TO: The Board of Trustees

FROM: John Rhodes

SUBJECT: Consideration of Approval of Management Implementation Plans for the Recommendations from the NorthStar Final Management and Operations Audit Report, dated March 22, 2024

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a Resolution, attached hereto as **Exhibit “A”**, directing the implementation of plans to address the recommendations of the Department of Public Service (“DPS”) Management and Operations Audit of LIPA and PSEG Long Island Final Report, dated March 22, 2024, consistent with the LIPA Reform Act of 2013 (the “Reform Act”).

Background

The Reform Act directed DPS to conduct or cause to be conducted every five years a comprehensive management and operations audits to review the overall management of LIPA and its service provider – PSEG Long Island – in the context of LIPA’s duty to set rates at the lowest level consistent with sound fiscal and operating practices and safe and adequate service. DPS procured NorthStar Consulting Group to conduct the audit, which commenced on December 15, 2021 and concluded with the filing of a report containing 80 individual recommendations in various areas of management, oversight, and operations.

The Reform Act further provides that “[u]nless the board of the authority makes a preliminary determination that any particular finding or recommendation contained in such audit is inconsistent with the authority’s sound fiscal operating practices, any existing contractual or operating obligation, or the provision for safe and adequate service, the board shall implement or cause its service provider to implement such findings and recommendations in accordance with the timeframe specified under such audit.” The Board at its April 2024 meeting directed LIPA and PSEG Long Island to commence development of the implementation plans for the recommendations and made no such finding of inconsistency.

Discussion

LIPA Staff and PSEG Long Island worked together to produce plans to implement each of the individual audit recommendations, attached hereto as **Exhibit “B”**. Each project plan articulates specific project objectives, identifies personnel responsible for the implementation, sets forth milestones for completion, and includes cost-benefit and risk analyses, where applicable. LIPA and PSEG Long Island continue to collaborate with DPS staff to evaluate each implementation

plan, incorporate lessons-learned and future input from DPS, and modify plans, as necessary. DPS's recommendation related to the implementation plans is provided for at **Exhibit "C"**. The implementation plans may also be modified as a result of additional information obtained during their execution. Supplemental progress reports will be filed annually with the Board.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of the resolution in the form attached as **Exhibit "A"**.

Attachment

Exhibit "A" Resolution
Exhibit "B" Management Audit Implementation Plans
Exhibit "C" DPS Recommendation

**RESOLUTION IMPLEMENTING THE RECOMMENDATIONS IN THE DPS
MANAGEMENT AND OPERATIONS AUDIT OF LIPA AND PSEG LONG ISLAND
FINAL REPORT, DATED MARCH 22, 2024**

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board of Trustees hereby adopts the implementation plans provided in **Exhibit “B”** for each recommendation in the Management and Operations Audit of LIPA and PSEG Long Island Final Report, dated March 22, 2024.

Dated: December 18, 2024



2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	1	
Primary Responsible Party	LIPA	
Recommendation Description	The LIPA Board of Trustee's should utilize independent, third-party resources to provide "on-call" utility strategy and operations advisory services in review of Board meeting information packets and in advance of Board meetings, when needed, as common among investor-owned utility Boards.	
Assigned LIPA Staff	Executive Sponsor	Bobbi OConnor
	SME	Jason Horowitz

Objectives and Assumptions of the Recommendation

The purpose of the recommendation is for the LIPA Board to have the ability to utilize independent, third-party resources to provide "on-call" utility strategy and operations advisory services in reviewing Board meeting information packets and in advance of Board meetings, when needed.

Work Plan

Prepare and provide to the Board of Trustees a list of current LIPA vendors that can provide independent, third-party resources to provide "on-call" utility strategy and operations advisory services in review of Board meeting information packets, on as needed basis.



Cost Benefit Analysis

N/A

Risk Analysis

N/A

**2022 DPS Management Audit – Recommendation Implementation Plan**

Recommendation Number	4	
Primary Responsible Party	BOTH	
Recommendation Description	Conduct an audit of the PSEG LI and LIPA records management programs including Property Records, and the implementation of the ERDMS project. Once the audit is complete, work with the New York State Archive to develop a record inventory and record retention schedule.	
Assigned LIPA Staff	Executive Sponsor	John Rhodes
	SME	Catherine Widmark

Objectives and Assumptions of the Recommendation

The purpose of this recommendation is to evaluate the adequacy and effectiveness of internal controls to ensure that the PSEG Long Island and LIPA Records Management programs (including Property Records and the implementation of the ERDMS project) are in line with company Policies, procedures, and any applicable laws and regulations.

Work Plan

An audit of the LIPA Records Management Program will be added to the 2025 LIPA Internal Audit Plan. This review will include a review of Property Records, including the respective record inventory and retention schedules, maintained by LIPA. An audit of PSEG Long Island records management will be conducted by the PSEG Long Island Internal Audit Department.



Cost Benefit Analysis

N/A

Risk Analysis

N/A

**2022 DPS Management Audit – Recommendation Implementation Plan**

Recommendation Number	5	
Primary Responsible Party	LIPA	
Recommendation Description	Prioritize implementation of LIPA’s ERDMS so that PSEG LI can use the platform as anticipated in the Second A&R OSA.	
Assigned LIPA Staff	Executive Sponsor	Werner Schweiger
	SME	Sidney Shelton

Objectives and Assumptions of the Recommendation

Phase II of the Enterprise Document and Records Management System (EDRMS) is a critical initiative to enhance LIPA and PSEGLI's records management capabilities by implementing a shared, advanced, and integrated system. This project will expand on the foundational work established in Phase I, ensuring compliance, improving document retrieval efficiency, and meeting the requirements outlined in section 4.2(A)(1)(r) of the Operations Service Agreement (OSA): In addition to and without limitation of Subsection 4.2(A)(1)(a) above, the Service Provider will utilize the LIPA Enterprise Document Retention and Management (“EDRM”) system, which is separate and distinct from the systems, data, reports and information used by the Service Provider and its Affiliates, and integrate and maintain real-time searchable data relating to or belonging to LIPA or its assets or customers, including Service Provider human resources, information technology, financial, legal, and customer information and reports, and T&D System information and reports, on such EDRM system (including, but not limited to, data, information and reports required by Applicable Law to be maintained for audits or other reasons. Phase I of the project was completed in 2023, and the outcomes included: (i) the selection of OpenText as the EDRMS product of choice; (ii) the deployment of OpenText to the LIPA Azure cloud environment; (iii) enhancements for the LIPA Procurement team; and (iv) adoption by the Procurement team into their business processes. Phase II was planned for 2024, and the scope included: (i) complete the integration of advanced records management features; (ii) ensure user accessibility and security measures across the system; (iii) ensure compliance with regulatory and legal requirements; and (iv) provide comprehensive training to all departments on the new system capabilities. However, due to shifting organizational priorities, the project start was postponed to 2025. The decision to defer the start was made to allow the new leadership team to fully align the project's objectives with the updated strategic direction of the organization.

Work Plan

This project will introduce an electronic platform for Records and Document Management to LIPA, providing for lifecycle management of documents with consistent and compliant maintenance of LIPA records. The multi-year project encompasses selection, procurement, and phased implementation of the platform and includes the following major components: Project Management Services; System/Platform Acquisition; Implementation Vendor Acquisitions; Phased System Departmental Implementations; Records Management Program Adjustments; and Development of an Organizational Support Model. On completion of the project, LIPA records and relevant documents will be implemented and deployed in the system, allowing for consistent and compliant declaration, retention, maintenance, and disposition of records and enhancing operational efficiency by improving the availability, accessibility, and reliability of documents and reducing document retrieval and management time and efforts. The system will be integrated with operational business systems and processes as appropriate and will provide a scalable and extensible platform for meeting evolving future needs. In 2022, Wave 1 Pilot Phase of Departmental Implementations was completed, which included implementations for Procurement, Board of Trustees, and Isaias Task Force Project Implementation Plan (PIP) documents. LIPA originally planned to implement Wave 2 in 2023, but due to difficulties finding a qualified project manager and competing priorities, the project has been deferred to 2024 and later deferred to 2025. The planned Wave 2 scope includes phased departmental deployments, including: (i) Operationalization of the pilot Procurement



deployment; (ii) Migration of the legacy Alchemy system/invoice management; and (iii) Phase 1 deployment for PSEGLI Performance Metric documents. Additionally, LIPA will develop and implement a plan to expand the deployment further within LIPA. It will work on developing an approach and scope and associated PSEG Long Island Performance Metrics to expand the EDRMS to include records maintained by PSEG Long Island, consistent with the requirement for PSEG Long Island to adopt LIPA's document management system under the 2nd A&R OSA.



#	Deliverable/Milestone	Due Date
1	Review the current state of the EDRMS system	09/30/24
2	Requirements gathering based on audit recommendations	12/31/24
3	Technical assessment and design	03/31/25
4	Update internal records management policy	06/30/25
5	System configuration and design implementation	06/30/25
6	QA and UAT testing	09/30/25
7	End User Training	09/30/25
8	Go-live	11/15/25

Cost Benefit Analysis

This project's primary drivers are enabling an effective Records Management Program and improvements to operational efficiency. The project will allow efficient, effective, and compliant identification, maintenance, and disposition of records. Additionally, it will enable increased operational efficiency by improving the availability, accessibility, and reliability of documents, reducing document retrieval times, and minimizing the time spent on locating documents and managing different versions of documents.

Risk Analysis

Primary risks include lack of resource availability and involvement, and unoptimized system implementations, which could hamper adoption.

**2022 DPS Management Audit – Recommendation Implementation Plan**

Recommendation Number	6	
Primary Responsible Party	LIPA	
Recommendation Description	Conduct a comprehensive organization structure analysis of LIPA as well as a skill and capabilities analysis conducted once clarity is given on the future of LIPA by the NY legislature, OSA contract is extended, or a new Service Provider is contracted. Recommendations from this study should be fully implemented in a timely fashion.	
Assigned LIPA Staff	Executive Sponsor	Bobbi OConnor
	SME	Barbara Ann Dillon

Objectives and Assumptions of the Recommendation

To conduct an organizational and skills & capabilities analysis to identify gaps, streamline operations, and optimize workforce potential. This plan provides a structured approach for recommending a management and organizational structure, staff skills, and capabilities, with actionable steps for closing identified gaps and optimizing workforce performance.

Work Plan

See the project sheet for the work plan and deliverables.

#	Deliverable/Milestone	Due Date
1	Phase 1: Project Implementation	11/11/2024
2	Identify key stakeholders, including executive leadership, department heads, and HR. (Stakeholder List)	
3	Establish a communication plan to keep stakeholders informed. (Communication Plan)	
4	Phase 2: Organizational Structure Review	
5	Collect and review existing organizational charts, job descriptions, and reporting lines.	
6	Conduct interviews with department heads and key personnel to gather input on the current organizational structure and on the skills and competencies of their team members and to identify gaps.	
7	Develop a process/framework for assessing the skills and capabilities required for each role. ♣ This may include interviews with department heads and supervisors, or conducting an employee survey to assess skills, expertise, and proficiency levels for certain roles (Skills and Capabilities Report)	
8	Organizational Gap Analysis o Identify inefficiencies, redundancies, and gaps in the organizational structure. (Organizational Gap Analysis Report)	
9	Skills and Capabilities Gap Analysis o Compare management structure with organizational needs o Compare existing skills organizational needs and identify gaps. (Skills Gap Report)	
10	Phase 4: Recommendations Development	
11	Develop recommendations to optimize performance through organizational design changes. (Organizational Design Change Report)	
12	Develop skills development and training plans to address gaps; identify recruiting needs as necessary.	
13	Project Completion	01/22/2025



Cost Benefit Analysis

Conducting an organizational review and a skills analysis enhances organizational strength, ensures that the necessary resources are in place to deliver organizational objectives, provides insights into the skills of LIPA's entire workforce, boosts individual learning and development, and supports strategic workforce planning. The analysis can be conducted in-house. The costs of training and development are not known.

Risk Analysis

NA



2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	8	
Primary Responsible Party	LIPA	
Recommendation Description	Implement the LIPA DE&I program with program metrics to report progress to the Board.	
Assigned LIPA Staff	Executive Sponsor	Bobbi OConnor
	SME	Barbara Ann Dillon

Objectives and Assumptions of the Recommendation
<p>Reviewing, revising, and implementing the DE&I Roadmap to ensure a workplace where everyone feels valued and included. The roadmap's objective is to translate intentions into actionable strategies that guide leaders and employees toward behaviors, policies, and practices that cultivate a diverse and equitable workplace.</p>

Work Plan
<p>1. Project Initiation</p> <p>Objective Definition</p> <ul style="list-style-type: none"> Clearly define the objectives of the DE&I program update and implementation. Set expectations for the desired outcomes, focusing on enhancing diversity, equity, and inclusion within LIPA <p>Stakeholder Identification</p> <ul style="list-style-type: none"> Identify key stakeholders, including executive leadership and HR, and assess whether a DE&I committee should be established. Establish a quarterly communication plan to keep stakeholders informed throughout the process. <p>Steering Committee Formation</p> <ul style="list-style-type: none"> Assemble a steering committee with representatives from relevant departments (e.g., HR, DE&I, Legal, Communications). Establish committee expectations. <p>2. Review and Update the Current DE&I Roadmap Assessment of Current DE&I Roadmap</p> <ul style="list-style-type: none"> Review the existing DE&I roadmap, policies, and initiatives. Analyze previous DE&I initiatives' outcomes. Identify areas requiring revision and/or improvement. <p>Benchmarking and Industry Best Practices</p> <ul style="list-style-type: none"> Research DE&I best practices in NYS and benchmarks against their programs. Compare LIPA's current roadmap with NYS/industry standards and leading practices. Leverage the reports and findings related to the Public Service Commission's Case Number 22-M-0314 – Proceeding to Review Utilities' Diversity, Equity, and Inclusion Practices. <p>Employee Feedback and Engagement</p>

- Gather employee feedback on the current DE&I efforts.
- Identify areas where employees feel there are gaps or opportunities for improvement.

Updating the DE&I Roadmap

- Incorporate findings from the assessment, benchmarking, and employee feedback into an updated DE&I roadmap.
- Set DE&I goals, initiatives, and action plans that align with LIPA's strategic objectives.
- Ensure the updated roadmap includes a focus on recruitment, training, and organizational culture.

3. Development of Program Metrics Defining Key Performance Indicators (KPIs)

- Develop specific, measurable, achievable, relevant, and time-bound (SMART) KPIs for the DE&I program.
- KPIs may include diversity recruiting targets, employee engagement scores, and training completion rates.

Data Collection and Reporting Mechanisms

- Establish data collection processes and tools for tracking progress on DE&I initiatives.
 - Including monitoring employee demographics
- Develop a reporting framework for regular updates to the Board and other stakeholders.
- Conduct a 3rd party pay equity analysis

Baseline Measurement and Goal Setting

- Conduct a baseline assessment of current DE&I metrics.
- Set short-term and long-term goals based on baseline data.

4. Implementation of the DE&I Program Action Plan and Timeline

- Outline specific actions required to implement the updated DE&I roadmap.
- Assign responsibilities and set timelines for each action item.

Training and Development

- Design and deliver DE&I training programs for all levels of the organization.
- Include workshops, seminars, and/or e-learning modules.
- Track employee participation in DE&I training

Communication and Awareness

- Develop a communication strategy to raise awareness of the DE&I program and initiatives.
- Utilize internal channels such as newsletters, intranet, and All Staff Employee Meetings.

5. Monitoring, Reporting, and Continuous Improvement Regular Monitoring and Reporting

- Monitor the progress of DE&I initiatives regularly using established KPIs.
- Prepare quarterly reports for the Board and other key stakeholders.

Feedback and Adjustments

- Gather feedback from employees and stakeholders on the effectiveness of the DE&I initiatives.
- Make adjustments to the roadmap and action plans as needed based on feedback and data.

6. Post-Implementation Review Evaluation of Outcomes

- Evaluate the success of the DE&I program based on the defined KPIs and goals.
- Identify successful initiatives and areas where further work is needed.

Annual Report and Presentation

- Compile all findings, actions, and outcomes in



#	Deliverable/Milestone	Due Date
1	1. Project Initiation	
2	<ul style="list-style-type: none"> Clearly define the objectives of the DE&I program update and implementation. Set expectations for the desired outcomes, focusing on enhancing diversity, equity, and inclusion within LIPA 	02/12/25
3	<ul style="list-style-type: none"> Identify key stakeholders, including executive leadership and HR, and assess whether a DE&I committee should be established. Establish a quarterly communication plan to keep stakeholders informed throughout the process. 	02/12/25
4	<ul style="list-style-type: none"> Assemble a steering committee with representatives from relevant departments (e.g., HR, DE&I, Legal, Communications). Establish committee expectations. 	02/12/25
5	2. Review and Update the Current DE&I Roadmap	
6	<p>Communication and Awareness</p> <ul style="list-style-type: none"> Develop a communication strategy to raise awareness of the DE&I program and initiatives. Utilize internal channels such as newsletters, intranet, and All Staff Employee Meetings. 	03/03/25
7	<p>Assessment of Current DE&I Roadmap</p> <ul style="list-style-type: none"> Review the existing DE&I roadmap, policies, and initiatives. Analyze previous DE&I initiatives' outcomes. Identify areas requiring revision and/or improvement. 	03/03/25
8	<p>Benchmarking and Industry Best Practices</p> <ul style="list-style-type: none"> Research DE&I best practices in NYS and benchmarks against their programs. Compare LIPA's current roadmap with NYS/industry standards and leading practices. Leverage the reports and findings related to the Public Service Commission's Case Number 22-M-0314 – Proceeding to Review Utilities' Diversity, Equity, and Inclusion Practices. 	03/28/25
9	<p>Employee Feedback and Engagement</p> <ul style="list-style-type: none"> Gather employee feedback on the current DE&I efforts. Identify areas where employees feel there are gaps or opportunities for improvement. 	04/30/25
10	<p>Updating the DE&I Roadmap</p> <ul style="list-style-type: none"> Incorporate findings from the assessment, benchmarking, and employee feedback into an updated DE&I roadmap. Set DE&I goals, initiatives, and action plans that align with LIPA's strategic objectives. Ensure the updated roadmap includes a focus on recruitment, training, and organizational culture. 	05/16/25
11	3. Development of Program Metrics	
12	<p>Defining Key Performance Indicators (KPIs)</p> <ul style="list-style-type: none"> Develop specific, measurable, achievable, relevant, and time-bound (SMART) KPIs for the DE&I program. KPIs may include diversity recruiting targets, employee engagement scores, and training completion rates. 	05/30/25

#	Deliverable/Milestone	Due Date
13	Data Collection and Reporting Mechanisms <ul style="list-style-type: none"> • Establish data collection processes and tools for tracking progress on DE&I initiatives. <ul style="list-style-type: none"> o Including monitoring employee demographics • Develop a reporting framework for regular updates to the Board and other stakeholders. • Conduct a 3rd party pay equity analysis 	06/27/25
14	Baseline Measurement and Goal Setting <ul style="list-style-type: none"> • Conduct a baseline assessment of current DE&I metrics. • Set short-term and long-term goals based on baseline data. 	06/27/25
15	Implementation of the DE&I Program	
16	Action Plan and Timeline <ul style="list-style-type: none"> • Outline specific actions required to implement the updated DE&I roadmap. • Assign responsibilities and set timelines for each action item. 	07/07/25
17	Training and Development <ul style="list-style-type: none"> • Design and deliver DE&I training programs for all levels of the organization. • Include workshops, seminars, and/or e-learning modules. • Track employee participation in DE&I training 	07/18/25
18	Post Implementation	12/17/25
19	On-going Monitoring, Reporting, and Continuous Improvement Regular Monitoring and Reporting <ul style="list-style-type: none"> • Monitor the progress of DE&I initiatives regularly using established KPIs. • Prepare quarterly reports for the Board and other key stakeholders. Feedback and Adjustments <ul style="list-style-type: none"> • Gather feedback from employees and stakeholders on the effectiveness of the DE&I initiatives. • Make adjustments to the roadmap and action plans as needed based on feedback and data. Post-Implementation Review Evaluation of Outcomes <ul style="list-style-type: none"> • Evaluate the success of the DE&I program based on the defined KPIs and goals. • Identify successful initiatives and areas where further work is needed. Annual Report and Presentation <ul style="list-style-type: none"> • Compile all findings, actions, and outcomes into a comprehensive final report. • Present the final report to the Board, highlighting achievements, challenges, and future steps 	



Cost Benefit Analysis

Project costs will include training and possible consulting support to assist with benchmarking and best practices.

Risk Analysis

N/A

**2022 DPS Management Audit – Recommendation Implementation Plan**

Recommendation Number	10	
Primary Responsible Party	LIPA	
Recommendation Description	Conduct an audit of PSEG LI compliance with the OSA including, but not limited to Section 10.8.	
Assigned LIPA Staff	Executive Sponsor	John Rhodes
	SME	Catherine Widmark

Objectives and Assumptions of the Recommendation

The purpose of the recommendation is to evaluate the adequacy and effectiveness of internal controls implemented within the procurement process to mitigate risks of fraud, errors, and non-compliance with applicable laws, regulations and the OSA as it relates to Section 10.8 for vendors. Ensure compliance with procurement policies, procedures and regulations.

Work Plan

LIPA Internal Audit to perform audit during the 2025 Audit Plan year. Evaluate the adequacy and effectiveness of internal controls implemented within the procurement process to mitigate risks of fraud, errors, and non-compliance with applicable laws, regulations and the OSA as it relates to Section 10.8 for vendors. Ensure compliance with procurement policies, procedures and regulations.



Cost Benefit Analysis

N/A

Risk Analysis

N/A



2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	12	
Primary Responsible Party	BOTH	
Recommendation Description	<p>Continue the development of LIPA and PSEG LI ERM Programs with the following considerations. Formally charge “Organizational risk culture and risk awareness” as the responsibility of the LIPA and PSEG LI executive management and LIPA and PSEG LI ERM teams to manage, improve, and report to the LIPA Board.</p> <p>The LIPA and PSEG ERM teams must analyze “organizational risk culture and risk awareness” and the Board’s ERM policy, #1808, amended September 27, 2023, and recommend changes to the policy to promote management and employee accountability. Develop a comprehensive program to improve “organizational risk culture and awareness” at LIPA and PSEG LI. The program must include metrics to baseline and report progress in risk culture. “Organizational risk culture and awareness” must be evaluated during the 2024 risk assessment process for each LIPA and PSEG LI department. LIPA/PSEG LI ERM teams must investigate incentives and accountability programs used by organizations outside the utility industry to improve risk culture and awareness.</p> <p>Require risk analysis such as a “bow-tie” analysis for each risk included in department risk profiles and update annually as necessary. Investigate quantitative methods, such as the cost/benefit analysis, of risk mitigation strategies, to determine their effectiveness. LIPA and PSEG LI ERM teams need to revise the current ERM Strategic Roadmap to include budget, work products to be delivered, named resources, and defined schedule with sequenced milestones within each year going forward. Report progress at quarterly ERM updates with the governance committees and the Board’s F&A Committee. The ERM Program Roadmap should include capital project planning as a business process to integrate ERM (e.g., Project Scope documents and other inputs to the SOS platform, SOS scoring modules, and URB governance processes).</p> <p>The LIPA ERM team must follow its own ERM procedure manual for emerging risks and emerging risk repository, KRIs, and the Risk Mitigation Dashboard. Identify and use an alternative approach for the biennial maturity assessment of the LIPA/PSEG LI ERM Program. Revise the risk escalation process to include notification of the LIPA Board of Trustees in the event of a risk event. Track and report ERM training attendance as well as conduct post-training survey for continuous improvement to LIPA and PSEG LI executive management.</p>	
Assigned LIPA Staff	Executive Sponsor	Catherine Widmark
	SME	Jessica Dehnert

Objectives and Assumptions of the Recommendation

Continue the development of a comprehensive and effective ERM Program

Work Plan



See project sheet

#	Deliverable/Milestone	Due Date
1	Develop a section and build out roles and responsibilities for risk culture in the ERM Procedures Manual	12/31/2024
2	Review and update the ERM Board Policy for consideration of the inclusion of risk culture and awareness	12/31/2024
3	Using the results from the 2024 Gartner Maturity assessment, related to risk culture, establish an updated baseline for measuring risk culture.	12/31/2025
4	Develop, distribute, and analyze data gathered through the development of a new internal risk culture survey disseminated to employees.	12/31/2025
5	Based on the results of the maturity assessment and internal survey, develop a roadmap for improvement, including metrics and updates on progress.	12/31/2025
6	LIPA and PSEG LI will discuss risk culture and awareness during the risk assessment process. Due to the timing of the risk assessment process, this recommendation will be accomplished during the 2025 risk assessment process for LIPA and PSEG LI	12/31/2025
7	LIPA and PSEG LI will perform external research and benchmarking with peers outside the utility industry to understand different incentive and accountability programs and make a determination on how/whether these programs can be integrated at each LIPA and PSEG LI.	12/31/2025
8	The LIPA risk profiles already include drivers for all risks and the Program will consider adding consequences. This incorporates bow-tie methodology and will be utilized for each department risk profile. In 2025, we will analyze the most significant PSEG Long Island risks for those that do not have bow-tie analysis completed and develop a timeline for completion. In 2026, the risk assessment process will consider adding additional fields for drivers and consequences to provide additional risk insights, at management's discretion.	12/31/2027
9	The ERM Teams will conduct peer-to-peer benchmarking to understand how other companies are using quantitative methods to understand the effectiveness of mitigation actions. Based on the results of the benchmarking analysis the ERM Teams will make a determination on how and/or if these methods should be integrated into the Program. LIPA will help investigate methods but implementation will be PSEG Long Island's since risk mitigation effectiveness is developed for operational risks.	12/31/2026
10	The current ERM Roadmap was developed exclusively by LIPA and is over halfway through it's originally designed project plan (2023-2025) and does not include any incremental cost aside from currently budgeted salaries of the 1.5 LIPA FTEs. In 2025 the LIPA ERM Team will work with the PSEG LI ERM Team to create a joint roadmap that will reflect both Program's incremental activities outside of the normal scope of responsibilities. The PSEG LI ERM	06/30/2026



#	Deliverable/Milestone	Due Date
	Team will consult with Investment Delivery Assurance who owns the capital planning process to determine the best steps for integration going forward. Improved integration will be contingent upon analyzing the balance between SOS system investment and incremental value. Status and progress of planned activities will be communicated to the PSEG LI RMC and LIPA ERM Team.	
11	The LIPA ERM Team is updating the ERM Procedures Manual for process improvements and other updates and will follow the Manual going forward.	12/31/2024
12	As discussed with NorthStar during the February 28th Factual Accuracy meeting and mutually agreed upon, the LIPA and PSEG LI ERM Team Members as a trial, will take the maturity assessment separately. Additionally, LIPA will use Gartner subject matter experts to supervise the Teams taking a joint assessment so that information can be discussed, vetted, and ensure the results are in alignment with Program Maturity.	12/31/2024
13	The LIPA and PSEG LI ERM Teams will conduct peer-to-peer benchmarking and an analysis of other available maturity assessments to determine if there is a more proficient model.	12/31/2026
14	The LIPA ERM Team will create a separate escalation protocol that will include notification to the Board of Trustees in the event of a significant event and awareness has not previously been provided. The PSEG LI escalation protocol will be leveraged and reviewed/updated as necessary for notification of the Board of Trustees.	03/31/2025
15	The LIPA and PSEG LI ERM Teams will track dates, attendees, and post-training surveys for each ERM training that is facilitated.	12/31/2024



Cost Benefit Analysis

N/A

Risk Analysis

N/A

**2022 DPS Management Audit – Recommendation Implementation Plan**

Recommendation Number	15	
Primary Responsible Party	LIPA	
Recommendation Description	Provide disclosures detailing the methodology of the debt-to-asset ratio. Describe obligations not included in debt and grant funded projects included in assets. Reconcile amounts to the financial statements so various stakeholders, beyond rating agencies, can perform a more informed evaluation of fiscal sustainability.	
Assigned LIPA Staff	Executive Sponsor	Donna Mongiardo
	SME	Donna Mongiardo

Objectives and Assumptions of the Recommendation

The purpose of this action plan is to provide consistency and transparency of the calculation for LIPA's debt-to-asset ratio.

Work Plan

LIPA updated the formula to include short-term debt and including the calculation in LIPA's year end annual report for inclusion of review by its auditors. In addition, LIPA updated internal policies and procedures noting sources of calculation.



Cost Benefit Analysis

N/A

Risk Analysis

N/A



2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	21	
Primary Responsible Party	BOTH	
Recommendation Description	Conduct a third-party operations audit of PSEG LI's clean energy and energy efficiency programs in 2024.	
Assigned LIPA Staff	Executive Sponsor	John Rhodes
	SME	Catherine Widmark

Objectives and Assumptions of the Recommendation

The purpose of this recommendation is to evaluate the adequacy and effectiveness of internal controls to ensure that the PSEG Long Island's clean energy and energy efficiency programs are in line with company Policies, procedures, and any applicable laws and regulations.

Work Plan

An audit of the Clean Energy Program was added to the 2024 LIPA Internal Audit Plan to commence in 2024 with completion expected during 2025. Additionally, an audit of the Energy Efficiency Program was already on the PSEG Long Island Internal Audit Plan in 2024. The scope for these audits will include:

Evaluate the adequacy and effectiveness of internal controls related to the Clean Energy and Energy Efficiency Programs including, but not limited to the following: assess the effectiveness of vendor management, including vendor selection and performance evaluation; adequacy of assumed allocations relative to the statewide Climate Leadership and Community Protection Act (CLCPA) goals and whether plans support achievement of the goals and targets; evaluate the role and scope of PSEG Long Island's Oversight and Clean Energy Committee on clean and renewable energy programs such as its activities, the content of meetings, how stakeholders are selected, and how stakeholder feedback is incorporated/responded to; review and evaluate recommendations made by the committee on demand reduction goals, beneficial electrification program goals, and renewable program goals; evaluate PSEG Long Island's efforts in achieving program engagement directed towards low and moderate-income (LMI) customers.

An audit of Energy Efficiency Programs was conducted by the PSEG Long Island Internal Audit Department during 2024.



Cost Benefit Analysis

Conducting an audit of PSEG LI's clean energy and energy efficiency programs will provide the business with a sense of where there are control gaps that warrants remediation to strengthen their controls and/or processes.

Risk Analysis

N/A

**2022 DPS Management Audit – Recommendation Implementation Plan**

Recommendation Number	39	
Primary Responsible Party	LIPA	
Recommendation Description	Develop meaningful oversight activities to determine the effectiveness of PSEG LI capital project planning and management and outcomes. This includes, but not limited to, an in-depth analysis of PSEG LI's scope development and management, risk analysis and management, cost and schedule management, project performance, and quality management practices.	
Assigned LIPA Staff	Executive Sponsor	Billy Raley
	SME	Robert Frenna

Objectives and Assumptions of the Recommendation

LIPA has increased its visibility into the Capital Project review and execution processes over the past three and a half years. This action plan will identify the steps taken and will document the processes that are currently being utilized to more effectively and efficiently monitor the initiation and execution of capital projects throughout the project life cycle.

Work Plan

This plan will identify all of the recommendations and actions that have been taken over the past three and a half years, and a process map will be created to formally document the Capital Project IPSECA (Initiate, Plan, Schedule, Engineer, Construct, Assess) processes. These process change actions have created the much-desired visibility and control in the service provider (SP) Capital Project Process. Document the use of the Spend Optimization Suite (SOS) to ensure that PSEGLI submits a detailed Business Case for LIPA review and approval around each capital project.



#	Deliverable/Milestone	Due Date
1	Capital Project Process Map	10/25/2024
2	MRB/PJD Process Map	11/08/2024
3	MRB/PJD Change Process	11/08/2024
4	Review and create recommendations associated with the IPSECA process	02/07/2025
5	Update Capital Project Process Map to reflect recommendations	04/04/2025

Cost Benefit Analysis

This effort will utilize LIPA T&D and Finance staff. Benefits include creating additional visibility and opportunities for improvement of the Capital Project Process and better cost management.

Risk Analysis

N/A



2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	42	
Primary Responsible Party	BOTH	
Recommendation Description	Refine overtime targets and performance metrics for PSEG LI operations and maintenance organizations that are based on economic analyses and verified industry norms.	
Assigned LIPA Staff	Executive Sponsor	Billy Raley
	SME	Robert Frenna

Objectives and Assumptions of the Recommendation
LIPA has increased its visibility into Overtime (OT) over the past three and a half years. This action plan will identify the steps taken and will document the process that is currently being used to more effectively and efficiently utilize OT and the metric that was established to address employee OT and recommendations for improvement.

Work Plan
This plan will identify all of the recommendations and actions that have been taken over the past three and a half years and a process map will be created to formally document the OT review and management processes. These process changes have created the much-desired visibility into the service provider (SP) employee OT. This visibility was created as LIPA required the SP to document and report OT by employee on a monthly basis and to increase the use of short text to identify the reason that OT was worked.

#	Deliverable/Milestone	Due Date
1	OT Process review map completed	12/20/2024
2	SP OT Supv. Training documented	12/20/2024
3	Create and distribute OT benchmark survey	05/16/2025
4	Review and evaluate benchmark survey responses	06/27/2025
5	Recommendation to SP	07/18/2025



Cost Benefit Analysis

This effort will utilize LIPA T&D and Finance staff. Benefits include creating additional visibility and opportunities for improvement of the OT review process and better cost management.

Risk Analysis

NA



2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	44	
Primary Responsible Party	BOTH	
Recommendation Description	<p>Improve LIPA and PSEG LI competitive procurement levels to significantly exceed previous levels of performance. Edit and modify procurement policies and procedures to establish a stronger competitive bias. Provide formal value analysis of all bid evaluations and selections to record competitive placement with an emphasis on materials and services cost. Increase approval levels for any non-competitive transactions. Competitively re-bid contracts or formally re-confirm competitive basis instead of providing funding extensions, renewals and selections among multiple existing contracted suppliers.</p> <p>Perform a verifiable benchmarking study of large utility purchasing functions to establish best in class performance levels. Use this information to establish stretch targets for future competitive performance goals.</p> <p>Adopt competitive procurement KPIs and OSA performance metrics.</p> <p>Develop an improved competitive approach to contractors, their geographic coverage and staggered strategy for multi-year procurement contracts.</p> <p>Remove end-users from participation in the selection of multiple service providers for similar services or provide specific guidelines to be followed and report these results to senior management.</p> <p>Revise purchasing analytical processes to improve performance reporting clarity and consistency.</p> <p>Reduce variations in terminology among LIPA and PSEG LI.</p> <p>Provide greater management attention to competition.</p> <p>Formally commit to a timetable for acquiring competitive procurement levels based on stretch targets and industry demonstrated performance levels.</p> <p>Report improvement progress to the Board of Trustees and the DPS on a quarterly frequency until these levels are reached.</p>	
Assigned LIPA Staff	Executive Sponsor	Bobbi OConnor
	SME	Maria Gomes

Objectives and Assumptions of the Recommendation
<p>Examine LIPA's competitive procurement levels and ensure at least 90% of all procurements (subject to certain legal exceptions) within a year are competitive; Enhance Management attention to competition and increase transparency by posting RFQs to LIPA's website; Enhance LIPA's procurement analytical tools such as the procurement dashboard.</p>

Work Plan
<p>See Project Sheet</p>



#	Deliverable/Milestone	Due Date
1	Examine the degree of competitiveness of all LIPA procurements (including power purchase agreements and RFQs under competitively awarded contracts) to ensure maximum levels of competition and generate a report of LIPA's annual Procurements to be submitted to the Board and DPS on a quarterly basis.	03/28/2025
2	Develop and monitor on a monthly basis KPI to ensure at least 90% of all procurements conducted by LIPA within a year are competitively bid (except those (i) with a value under \$50,000, or \$200,000 for MWBE or SDVOB procurements, or (ii) based on OGS contracts or other piggybacking opportunities).	03/30/2025
3	Modify LIPA's procurement policy to document target of 90% competitive procurements subject to exceptions noted above.	06/30/2025
4	Ensure all Board memos related to competitive procurements include value discussion of all bid selections to record competitive placement with an emphasis on materials and services cost.	06/30/2025
5	Enhance management attention to competition by circulating summaries of RFQs to the executive committee for review prior to issuance and posting RFQs on LIPA's website to further improve transparency.	10/01/2024
6	Develop marketing plan that requires SMEs to pre-market RFP opportunities to a broad pool of potential vendors to improve LIPA's competitive approach to contractors.	02/07/2025
7	Schedule quarterly meetings with PSEGLI and LIPA procurement departments to discuss levels of competition on recent procurements, industry trends and potential process improvements, and alignment of procurement terminology across companies where appropriate.	12/13/2024
8	Enhance LIPA's Procurement Dashboard or another IT solution to solicit feedback from LIPA's contract owners on vendor performance after projects are completed.	09/30/2025



Cost Benefit Analysis

No additional costs.

Risk Analysis

None identified.



2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	48	
Primary Responsible Party	LIPA	
Recommendation Description	For projects where PSEG LI relies heavily on external vendor expertise and support, LIPA should have closer involvement in contracting and project management oversight.	
Assigned LIPA Staff	Executive Sponsor	Bobbi OConnor
	SME	Maria Gomes

Objectives and Assumptions of the Recommendation

Enhance oversight of contracting and project management activities for certain PSEG LI projects that rely heavily on external vendor expertise.

Work Plan

LIPA's procurement department will meet with PSEG Long Island's procurement department to identify 5 significant projects that PSEG Long Island will be undertaking in 2025 that will require heavy reliance on external vendor expertise. The subject matter experts from each company for each identified project will meet to develop a plan for LIPA's enhanced oversight, including a timeline for status updates and specific deliverables, including draft contracts for periodic review.

#	Deliverable/Milestone	Due Date
1	Procurement departments will meet to identify 5 significant projects that PSEG Long Island will be undertaking in 2025 that will require heavy reliance on external vendor expertise.	12/13/24
2	The subject matter experts from each company for each identified project will meet to develop a plan for LIPA's enhanced oversight, including a timeline for status updates (not to be less than monthly) and specific deliverables, including draft contracts for periodic review.	01/17/25



Cost Benefit Analysis

Possible savings if use of external support is found to be excessive or unnecessary.

Risk Analysis

N/A



2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	72	
Primary Responsible Party	BOTH	
Recommendation Description	Perform independent audits of the following areas: The IT System Separation Program OMS data quality. PSEG LI's NERC CIP program (after implementation of each recommendation from the NERC Best Practices Review). PSEG LI's AMAG access control system project. LIPA's cyber security incident response plan and practices.	
Assigned LIPA Staff	Executive Sponsor	John Rhodes
	SME	Catherine Widmark

Objectives and Assumptions of the Recommendation

Conduct internal audits as indicated in Project Smartsheet view to evaluate the adequacy and effectiveness of internal controls implemented for each audit conducted.

Work Plan

Conduct internal audits as indicated in the deliverables / milestones section of this plan.

#	Deliverable/Milestone	Due Date
1	<p>LIPA Internal Audit to work collaboratively with a third-party auditor to perform an audit of the IT System Separation Program for Bundles 1, 2, 3, and 4.</p> <p>Audit Scope: Perform an independent audit of PSEG-LI's IT System Separation Program for Bundles 1, 2, 3 and 4. Evaluate and assess the adequacy and effectiveness of the internal controls related to the following: project management, especially as it relates to schedule and cost-effectiveness; project management practices, including management of scope changes, communication, risk mitigation, and stakeholder engagement; the accuracy and completeness of separated for each Bundle's components; the accuracy and completeness of data migration; the adequacy of change management; the effectiveness of IT System Separation Organizational Change Management and post-separation support readiness; and review of the RFP process for each Bundle System Integrator, particularly regarding transparency and vendor selection.</p>	12/31/2025



#	Deliverable/Milestone	Due Date
2	Audit to be conducted by the PSEG Long Island Internal Audit department during the 2025 Audit Plan year.	12/31/2025
3	Audit to be conducted by the PSEG Long Island Internal Audit department during the 2026 Audit Plan year.	12/31/2026
4	Audit to be conducted by the PSEG Long Island Internal Audit department during the 2024 Audit Plan year.	12/31/2024
5	<p>LIPA Internal Audit will engage a co-sourced partner to perform an audit of the LIPA cyber security incident response plan and practices. This audit will be added to the 2026 Internal Audit Plan.</p> <p>Through the use of a third-party co-sourced IT audit partner, Internal Audit will evaluate the adequacy and effectiveness of the internal controls related to cybersecurity practices, including, but not limited to the following assessments: system and network security, data security and protection, operational security, physical security and access control review, vulnerability assessment, and incident detection and response. Audit to be performed during the 2026 Audit Plan year.</p>	12/31/2026



Cost Benefit Analysis

N/A

Risk Analysis

N/A



2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	75	
Primary Responsible Party	BOTH	
Recommendation Description	Identify a deadline and expedite development LIPA and PSEG LI internal network monitoring policies and procedures. Assign a LIPA team to provide effective oversight of PSEG LI's development of their internal network policies and procedures.	
Assigned LIPA Staff	Executive Sponsor	Brian Rudowski
	SME	Moin Shaikh

Objectives and Assumptions of the Recommendation

LIPA will deploy tools and develop processes to implement internal network monitoring for the LIPA Enterprise IT environment.

Work Plan

The plan will include a gap analysis and specific actions to close the gaps, as well as the identification of the tool and subsequent deployment. Policies and procedures will be updated based on the new processes.

#	Deliverable/Milestone	Due Date
1	Define Requirements Review CIP-015 or other guidelines	01/31/2025
2	Create a consolidated list of activities under INSM	02/28/2025
3	Identify any gaps	03/30/2025
4	Create plan for closing the gaps (technology, policy, procedure)	04/30/2025
5	Create a draft policy document and approval by leadership	05/30/2025
6	Document procedures	07/01/2025



#	Deliverable/Milestone	Due Date
7	Implement technology solutions	07/31/2025
8	Develop training	08/30/2025
9	Proivde training	10/31/2026



Cost Benefit Analysis

Implementing additional internal network monitoring documentation, supporting processes, technology, and oversight would require additional resourcing and financial investments starting in FY2024 and likely extending to FY2025 and beyond.

Some of the potential benefits include:

- Enable long-term and better cybersecurity and risk management
- Build for future regulation and compliance requirements
- Reduction and management of insider threat

Risk Analysis

There is no projected risk associated with its completion.

**2022 DPS Management Audit – Recommendation Implementation Plan**

Recommendation Number	78	
Primary Responsible Party	LIPA	
Recommendation Description	Identify key operational performance metrics based on strategic goals and objectives and cascade down through the organization and in the OSA. Eliminate metrics that do not actively support these goals and objectives for contract year 2025.	
Assigned LIPA Staff	Executive Sponsor	Werner Schweiger
	SME	Carolyn Scibelli

Objectives and Assumptions of the Recommendation

This recommendation aims to ensure that LIPA's performance metrics for measuring PSEG Long Island's performance support its five-year strategic plan and eliminate any metrics that don't support LIPA's strategic vision.

Work Plan

The 2023 5-Year Roadmap has been transformed into a project plan. At the onset of the 2025 metric development, LIPA SMEs were tasked with reviewing the 2023 5-Year Roadmap within their business areas and updating the status of roadmap items that are completed or underway. For tracking, SMEs were also instructed to link any prior metrics (from 2022 to 2024) to the 5-year roadmap and utilize it to identify relevant metrics for the 2025 performance year. The Smartsheet rendition of the 5-year roadmap will serve to align metrics with our strategic plan, in accordance with Management Audit Recommendation #78.

Nevertheless, fulfilling this recommendation for the 2025 performance year faces several challenges. The approval of the 2024 5-Year Roadmap for Business Services, Power Supply, and Clean Energy by the Board, provisionally planned for the December session, is crucial. Moreover, the leadership is reviewing the 2023 5-Year Roadmap, which received Board approval in March 2023. This review may lead to updates in the 5-year plan.

The postponement in ratifying both 5-Year Roadmaps will affect the fulfillment of this Management Audit Recommendation for the 2025 performance year. Further limitations and risks are detailed below.



#	Deliverable/Milestone	Due Date
1	Review approved 2023 5-Year Strategic Roadmap and document the status of each roadmap item	09/27/24
2	Capture alignment of past and present performance metrics to the 2023 5-Year Strategic Roadmap	09/27/24
3	Conduct an annual review of the approved 2023 5-Year Strategic Roadmap and identify proposed changes	10/11/24
4	Conduct a review of the draft 2024 5-Year Strategic Roadmap for Business Services, Power Supply, and Clean Energy and provide feedback on changes needed	10/11/24
5	Compile a list of recommended changes for both 5-Year Roadmaps to be presented to the Executive Committee for final review and approval	11/01/24
6	Update both 5-Year Strategic Roadmaps with proposed changes and present to the Board for final approval.	12/18/24
7	Document the alignment of all metrics, including 2025 proposed metrics, to both 5-Year Strategic Roadmaps in Smartsheet	01/10/25

Cost Benefit Analysis

The completion of this work plan is not expected to incur any additional costs.

Risk Analysis

The alignment of the 2025 performance metrics with the 5-Year Strategic Roadmaps is impacted by the timing of the potential update to the 2023 Roadmap and the finalization of the 2024 Roadmap. LIPA aims to have both of those finalized by the end of 2024. However, the 2025 performance metrics are to be finalized in October and submitted for Board in November 2024. Achieving the Management Audit Recommendation for 2025 depends on the approval of both Roadmaps.

Furthermore, fulfilling a part of this Management Audit Recommendation is uncertain. The recommendation advises to "Eliminate metrics that do not actively support the goals and objectives for 2025." Performance measures might be necessary when the service provider falls below industry standards in certain areas, affecting customer experience. These measures may not align with the 5-Year Roadmaps but are essential for satisfying customer expectations, putting full compliance with the Management Audit Recommendation in jeopardy.



2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	80	
Primary Responsible Party	LIPA	
Recommendation Description	Record and status accepted management audit recommendations in their original text without revisions, reclassification into other management topic areas or combination with other recommendations that diffuse their intent and timetable for implementation.	
Assigned LIPA Staff	Executive Sponsor	John Rhodes
	SME	Catherine Widmark

Objectives and Assumptions of the Recommendation

Evaluate the adequacy and effectiveness of internal controls implemented within each Management Action Plan to ensure all remediation efforts adequately address recommendations made by the Northstar Auditors as reported in the 2022 Management Audit Report.

Work Plan

LIPA and PSEG Long Island Internal Audit Departments will perform a validation of all Management Action Plan remediation efforts assigned to each company respectively, to ensure compliance with each of the recommendations, as written, by the Northstar auditors during the 2022 Management Audit Report. LIPA Internal Audit will report status of all recommendations to the BOT Finance and Audit Committee on an annual basis.



Cost Benefit Analysis

N/A

Risk Analysis

N/A

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	2	
Primary Responsible Party	PSEG LI	
Recommendation Description	PSEG Long Island must provide LIPA with access to detailed ethics and compliance program information regarding concerns, investigations, findings, and resolutions/remediation actions taken.	
Assigned PSEG LI Staff	Executive Sponsor	Andrea Elder-Howell
	Team Leader	Faisal Khan
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Northstar's audit report found that PSEG Long Island has an effective Ethics and Compliance Program. The report indicated that the provision of additional detailed information will allow LIPA to identify trends or systemic issues in this area and evaluate PSEG Long Island's investigation results in the future.

Work Plan

PSEG Long Island's compliance counsel already provides quarterly presentations to LIPA's Vice President of Human Resources and Administration. During those meetings, PSEG Long Island shares detailed information with LIPA regarding: (i) PSEG LONG ISLAND's mandatory compliance trainings, including the substance of the trainings, the training schedules (for MAST and bargaining unit employees), and employee completion rates; (ii) the number of reported concerns in 19 Standards of Conduct concern categories and 18 subcategories, including identifying matters and trends that could adversely impact LIPA; (iii) concern substantiation rates; and (iv) a high-level summary of the investigation and outcome of various concerns (e.g., controllership – accounting practices, falsification of records, fraud, theft, bypassing internal controls, other; fair employment practices – age, disability, FMLA, gender identity, marital / domestic partnership / civil union status, military service, national origin, race, religion, sex, sexual harassment, sexual orientation), including corrective/disciplinary and non-disciplinary/remedial actions taken in certain instances. The meetings are interactive and thereby afford LIPA the opportunity to ask questions, discuss pending/open matters and investigation strategies with PSEG Long Island, and make recommendations. PSEG Long Island will forward all relevant statistical reports, as discussed below, and the final presentation and meeting materials, subject to confidentiality and redaction, to LIPA. PSEG Long Island will continue these quarterly meetings going forward.

To provide for continuous improvement, beginning in 2025, the meetings will be updated to additionally include discussion of the following:

Ethics and Compliance Standards of Conduct Concerns

- For each concern resulting in investigation for that quarter, PSEG Long Island will discuss and provide written materials summarizing:
 - The method of reporting;
 - Timing of the concern receipt;
 - The subject matter category (and subcategory, when applicable) of the concern; and
 - High-level summary of the concern, including work location.

PSEG Long Island will also discuss, at a high level:

- Statistics related to investigations over set time periods; and
- Substantiation rates, and, for substantiated concerns, the resulting type of corrective action taken, by concern category/subcategory.*

Additional Topics for Discussion

PSEG Long Island will also include discussion of the following in the quarterly updates:

- PSEG Long Island Ethics and Compliance Trainings
 - PSEG Long Island's mandatory ethics and compliance trainings, including the topics, frequency, substance of the trainings, and any changes to content and/or frequency including an explanation for such changes. This discussion will include enterprise-wide and PSEG Long Island-specific trainings.
 - Training schedules (for MAST and bargaining unit employees) and employee completion rates.*
- Any compliance program updates, including recent updates or changes to training or the ethics and compliance program based on findings from investigations, audits, feedback, or best practices.
- Information regarding Ethics and Compliance-related reports made to PSEG Long Island Senior Leadership.

PSEG Long Island will provide the LIPA Vice President of Human Resources and Administration with copies of the high-level Ethics and Compliance concern statistics (redacted as necessary to preserve confidentiality) and information pertaining to PSEG Long Island-specific trainings, both of which are denoted above with asterisks, following each meeting.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
III-2.01	Continue quarterly meetings with LIPA Vice President of HR and incorporate proposed improvements, beginning with the meeting covering the first quarter of 2025.	5/15/25	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island does not anticipate any incremental costs associated with continuing these meetings with the LIPA HR team regarding ethics and compliance matters.

In terms of benefits, these meetings will continue dialogue on ethics and compliance matters, provide additional transparency to LIPA leadership, and provides a forum for LIPA to raise questions and issues.

Risk Analysis

PSEG Long Island does not anticipate any risks associated with implementing this work plan. As stated in the benefit analysis, these meetings will provide a forum for PSEG Long Island and LIPA to discuss, and potentially mitigate, risks in this area.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	3	
Primary Responsible Party	PSEG LI	
Recommendation Description	PSEG LI must follow its own record management procedures as stated in Practice 105-1 and 105-1-2. Annual attestations from executive management of each PSEG LI business unit should be completed by the December due date and PSEG LI RMG should perform an evaluation of the program for PSEG LI management and the LIPA's review.	
Assigned PSEG LI Staff	Executive Sponsor	Andrea Elder-Howell
	Team Leader	Faisal Khan
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The recommended evaluation will allow for assessment our current recordkeeping capabilities, pinpoint deficiencies, and establish a roadmap for enhancing records management practices to achieve better compliance, efficiency, risk mitigation, and evidence preservation.

Work Plan

By following a structured approach involving planning, data collection/RC survey, analysis, reporting, and monitoring, the Records Management Group (RMG) will comprehensively assess the records management program's effectiveness and identify areas for improvement to ensure compliance and mitigate risks. The work plan is summarized below and the projected timing for each action is provided in the Deliverable/Milestone section.

- (1) Pilot the Survey – Conduct a pilot survey with a cross-section of respondents to identify any unclear or problematic questions before finalizing the survey. The pilot survey will involve assessment of the entire Records Management Program (RMP) across eleven pre-determined area of coverage based on its records management procedures (Records Coordinators Appointment and Training, Practice, Guidelines and Communications, Retention & Disposal/ Verification and Audit Trail, Systems & Tools, Record Classification, Digital Transformation, Third-Party Vendor Management, Legal Holds, Physical vs. Digital Records, and Technology Support). Question(s) will be provided for each area of coverage.
- (2) Conduct Data Collection – Notify departments about the upcoming assessment and its scope. Collect data through methods like questionnaires, interviews, and manage the assessment process.
- (3) Follow-up with Department Managers/Record Coordinators – Collect any overdue submissions to ensure data is collected from all impacted groups.
- (4) Analyze the Findings and Identify Program Gaps – Evaluate the data collected against records management requirements, practices, guidelines, and instructions, and best practices. Identify strengths, weaknesses, risks and gaps in the current Records Management Program (RMP).
- (5) Share the Results – Provide a summary of key findings and intended improvement actions to participants and management.
- (6) Implement Findings:
 - (a) Implement necessary changes to the Practices, Guidelines, and Instructions
 - (c) Monitor and evaluate the effectiveness of the new changes
 - (d) Conduct Records Coordinator Training and staff awareness communication(s)
- (7) Continue and Supplement Annual Policy Reviews – Currently, the Records Management team conducts an annual review of the RMP Practices, Guidelines, and Instructions to ensure compliance with applicable requirements. The team will continue these reviews and add the Program Assessment Survey Questions from the pilot survey to the annual review process for an additional process compliance and quality check.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
III-3.01	Pilot the survey	11/25/24	Complete
III-3.02	Conduct data collection	11/25/24	Complete
III-3.03	Follow-up and collect overdue submissions	12/19/24	Pending/In Progress
III-3.04	Analyze the findings and identify program gaps	1/9/25	Pending/In Progress
III-3.05	Share the results with impacted business groups	1/17/25	Pending/In Progress
III-3.06	Implement findings	2/13/25	Pending/In Progress
III-3.07	Add Program Assessment Survey Questions to annual review process and formalize timing for both reviews	6/30/25	Pending/In Progress

Cost Benefit Analysis

Benefits of this work plan include identification of strengths, weaknesses, risks, and gaps in the current Records Management Program. These benefits will help to ensure that our program is compliant and mitigates legal and regulatory risks. PSEG Long Island anticipates that these benefits can be realized with relatively minimal associated cost unless larger IT or programmatic solution(s) (*i.e.* EDRMS) for records management are determined necessary after the evaluation.

Risk Analysis

PSEG Long Island does not project any risks associated with implementation of this work plan.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	4	
Primary Responsible Party	BOTH	
Recommendation Description	Conduct an audit of the PSEG LI and LIPA records management programs including Property Records, and the implementation of the ERDMS project. Once the audit is complete, work with the New York State Archive to develop a record inventory and record retention schedule.	
Assigned PSEG LI Staff	Executive Sponsor	David Lyons
	Team Leader	Rocky Shankar
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Evaluate the design and operating effectiveness of the PSEG Long Island records management program, including property records, to ascertain records required for business and compliance purposes are retained in accordance with laws, regulations, and business requirements.

Work Plan

See below for step-by-step work plan. Please note that LIPA will conduct a separate audit of its records management program.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
III-4.01	Schedule preliminary audit scope call with a select few SMEs to discuss the scope of the audit	1/3/25	Pending/In Progress
III-4.02	Develop preliminary audit scope	1/6/25	Pending/In Progress
III-4.03	Hold preliminary scope discussion call	1/10/25	Pending/In Progress
III-4.04	Schedule opening meeting with all applicable personnel	1/10/25	Pending/In Progress
III-4.05	Refine and finalize audit scope	1/10/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
III-4.06	Develop audit program	1/13/25	Pending/In Progress
III-4.07	Develop opening meeting document	1/13/25	Pending/In Progress
III-4.08	Hold opening meeting	1/17/25	Pending/In Progress
III-4.09	Send out engagement letter	1/17/25	Pending/In Progress
III-4.10	Commence fieldwork	1/20/25	Pending/In Progress
III-4.11	Hold preliminary audit results discussion call	2/26/25	Pending/In Progress
III-4.12	Schedule formal close meeting	2/26/25	Pending/In Progress
III-4.13	Develop draft audit report	3/1/25	Pending/In Progress
III-4.14	Hold close meeting	3/5/25	Pending/In Progress
III-4.15	Update audit report, as necessary, based on close meeting, and submit for management's written action plans	3/5/25	Pending/In Progress
III-4.16	Issue final audit report with management's action plans	3/21/25	Pending/In Progress

Cost Benefit Analysis

Conducting an audit of PSEG Long Island's records management program, including property records, will provide the business and management with a sense of where there are control gaps that warrants remediation to strengthen its controls and/or processes.

Risk Analysis

PSEG Long Island does not anticipate any risks associated with completion of the subject audit.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	7	
Primary Responsible Party	Both	
Recommendation Description	Review skill and capabilities gaps of employees at LIPA and PSEG LI and use results to develop meaningful training and development programs. Increase investment in training and development to at least 2018 levels.	
Assigned PSEG LI Staff	Executive Sponsor	Jodi Varon
	Team Leader	Elizabeth Bell-Carroll
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Employee training and development are critical to the success of any organization. Meaningful and targeted programming helps to ensure that employees have the appropriate capabilities and tools to contribute to the objectives of their teams and the larger organization, and provide safe and reliable service to customers.

Training and development is also essential for succession planning as programming will prepare the next generation of the work force for future roles.

Work Plan

Although PSEG Long Island disagrees with the Northstar's findings that training and development is not at 2018 levels, PSEG Long Island remains committed to continuing to review skill and capabilities gaps of employees and using those results to develop meaningful training and development programs. PSEG Long Island is also committed to demonstrating that its investment in training and development will continue to meet or exceed 2018 levels.

This work plan is focused on learning and development within the HR function for MAST employees. Efforts will also be made to more consistently track functional training conducted independently by the lines of business.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
1	Beginning performance cycle 2024, MAST employees will be advised that they will be evaluated on specific behavioral competencies	06/29/24	Complete
2	Educate people managers on the process for evaluating specific behavioral competencies and an overall rating	12/30/24	Pending/In Progress
3	Resources will be made available to people managers for addressing gaps in behavioral competencies	03/31/25	Pending/In Progress
4	Ensure tools are in place to assess skill and capability gaps (<i>i.e.</i> , Franklin Covey 360s, Birkman Assessment, Predictive Index)	05/17/24	Complete

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
5	For VPs and above, succession planning process will be enhanced to add skill and capability assessment followed by developmental opportunities	12/29/25	Pending/In Progress
6	Meet with stakeholders to discuss existing LMS content owner process and process for inputting functional area training into LMS and tracking	11/28/25	Pending/In Progress
7	Leadership Foundations first cohort roll-out for new leaders	05/31/24	Complete
8	Instructor Led Managers Toolkit	12/30/24	Pending/In Progress

Cost Benefit Analysis

Objectively assessing behavioral competencies will provide employees with customized development plans to develop specific skills and increase training for all employees.

Resources for identifying gaps for specific competencies include the following:

- Franklin Covey All Access Pass (\$187 per person)
- Costs associated with the use of additional assessment tools, which can range from \$24 to \$1,900 per person depending on the tool

Risk Analysis

This work plan is limited to Human Resources, as the training and development information provided to Northstar during the audit was similarly limited to the Human Resources group. However, the objective assessment and follow through of the behavioral competency model will primarily rely on the people leaders within the lines of business to fully maximize the benefits of the training and development provided.

Certain assessment tool costs may utilize affiliate pricing, and therefore the costs of training and programming may increase in the future if PSEG Long Island is not able to continue use of the affiliate pricing structure.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	9	
Primary Responsible Party	PSEG LI	
Recommendation Description	Consistently track and report PSEG LI's key performance indicators for Management Diversity (Women and PoC), Union Diversity, and commensurate with survey cadence, Employee Engagement to PSEG LI management and LIPA.	
Assigned PSEG LI Staff	Executive Sponsor	Jodi Varon
	Team Leader	Jean Juste
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

PSEG Long Island will track these KPIs (Management Diversity (Women and People of Color), Union Diversity, and Employee Engagement (commensurate with survey cadence)), along with others in the ordinary course, and report these KPIs to PSEGLI Management and the LIPA on at least an annual basis.

Work Plan

The Office of Diversity, Equity and Inclusion (DEI) will work with appropriate stakeholders to aggregate demographic and hiring data to create the report. The final report will be presented to the Director of Human Resources for review and approval prior to distribution. The report will be distributed to PSEG Long Island Management and LIPA on or before the 15th business day of the month following end of fourth quarter. Subject to the alignment meetings and stakeholder input addressed in the timeline below, PSEG Long Island will report KPIs on the following categories:

Diversity in Management Roles

- Women in Management
- People of Color in Management

Union Diversity

- Percentage of Women in Union Roles

Employee Engagement

- Number of employees participating in an employee engagement activity as defined by PSEG
- Commensurate with survey cadence, employee survey participation numbers and summary of key engagement indicators

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
III-9.01	Kick-off meeting with stakeholders to align on data inputs and internal target dates.	07/31/24	Complete
III-9.02	Finalize Report Format. Align on final report format.	12/15/24	Pending/In Progress
III-9.03	Review Q2 data & Draft Report. Team will aggregate data and review for accuracy. Information will be presented to Human Resources Director for review and approval.	01/16/25	Pending/In Progress
III-9.04	Deliver Report to PSEG Long Island leadership and LIPA. The Human Resources Director will distribute to report to PSEG Long Island Management and LIPA.	01/21/25	Pending/In Progress
III-9.05	Repeat processes above for Survey/Employee Engagement Data	12/31/25	Pending/In Progress

Cost Benefit Analysis

The recommended KPIs are currently tracked in the ordinary course of business and shared with PSEG LI Management. There is no incremental cost associated with tracking and monitoring these KPIs through existing methods.

Risk Analysis

- Available Data and Accuracy** - There may be a potential risk of report timing due to reliance on system and workforce analytics.
 - Mitigation/Risk Response: Delivery date provides adequate time to system refresh. In addition, a data review and approval process will mitigate the risk of inaccuracy.
- Major Events (Storms)** – These events take priority and, depending on severity, may create a delay with timely reporting on metrics.
 - Mitigation/Risk Response: If impacted, the Office of DEI will send an email to PSEG Long Island Management regarding the delay and provide a new delivery date in advance of the report due date.
- Legal Landscape/Changing Demographics** – Current DEI KPIs are based on areas of opportunity for PSEG Long Island relative to our current demographics. Future years and demographic changes within PSEG Long Island may prompt the Company to track other areas of underrepresentation. The current Engagement KPI is based on PSEG Long Island Strategic Initiatives that may change in future.
- System Separation** – Presently workforce analytics and surveys are managed by PSEG Enterprise. Separate systems, reporting structures, and survey cadence may impact future deliverables and the associated cost.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	11	
Primary Responsible Party	PSEG LI	
Recommendation Description	Partner with New York State universities for IT and Cybersecurity programs and develop internships for these functional areas.	
Assigned PSEG LI Staff	Executive Sponsor	Jodi Varon
	Team Leader	Linda Johnson
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Create an internship program that provides a talent pipeline to support the staffing needs of the PSEG Long Island Information Technology and Cyber Security Department by increasing, and expanding, partnerships with New York State Universities.

Work Plan

A project team will be formed to develop the scope, budget, implementation plan, and resources needed for this program. Please see the deliverables and milestone schedule below for further details and constraints.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
III-11.01	Identify project team – Identify subject matter experts from Human Resources and Cyber Security	05/13/24	Completed
III-11.02	Discuss budget resources for IT/cyber internship program	08/15/24	Completed
III-11.03	Upon receiving budget alignment for IT/cyber interns, hold Project Team kick-off meeting to define program scope and objectives for Summer 2026 class, including goals and target audience	09/01/25	Pending/In Progress
III-11.04	Upon receiving budget alignment for IT/cyber interns, develop program structure, including length and location	09/15/25	Pending/In Progress
III-11.05	Upon receiving budget alignment for IT/cyber interns, create curriculum and training modules/opportunities, including key skill development, hands on projects and mentoring	10/01/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
III-11.06	Upon receiving budget alignment for IT/cyber interns, develop recruitment strategy, including identification of Universities/Colleges with curriculum that best support PSEG Long Island IT/Cyber Security business needs and objectives and inclusive recruitment approach	10/01/25	Pending/In Progress
III-11.07	Upon receiving budget alignment for IT/cyber interns, submit completed program to Line of Business/HR Leadership and receive feedback, including proposal around onboarding and evaluation/feedback	10/15/25	Pending/In Progress
III-11.08	Upon receiving budget alignment for IT/cyber interns, commence recruitment for summer 2026	11/01/25	Pending/In Progress
III-11.09	After program conclusion, review successes and areas for opportunity	10/01/26	Pending/In Progress

Cost Benefit Analysis

From a HR perspective, the costs of creating the internship program will be nominal although there will be costs associated with recruiting talent (*i.e.*, personnel, travel supplies, materials, etc.). The budget details will develop during the course of program creation. There is currently no planned budget for IT/Cyber interns for 2025, consistent with the business goal of staying flat to 2024.

According to the business, a summer internship program for IT/Cyber would require approximately 100K for approximately 6 Interns. A “captive”, full/part time summer/school year round program, which the lines of business would prefer, would allow us to have a solid pipeline of entry level resources would be approximately 200K.

The resulting benefits will be onboarding talented personnel that will contribute subject matter expertise and knowledge to the program, lines of business, and PSEG Long Island, and will hopefully result in long-term employment opportunities with the Company.

Risk Analysis

The risks of implementing an IT/Cyber Security internship program will depend on the labor market, business needs/budget, and emerging technology. As the implementation plan and program develop, additional associated risks will be identified and addressed, as needed, to ensure the program's success.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	12
Primary Responsible Party	BOTH
Recommendation Description	<p>Continue the development of LIPA and PSEG LI ERM Programs with the following considerations.</p> <p>Formally charge “Organizational risk culture and risk awareness” as the responsibility of the LIPA and PSEG LI executive management and LIPA and PSEG LI ERM teams to manage, improve, and report to the LIPA Board.</p> <p>The LIPA and PSEG ERM teams must analyze “organizational risk culture and risk awareness” and the Board’s ERM policy, #1808, amended September 27, 2023, and recommend changes to the policy to promote management and employee accountability. Develop a comprehensive program to improve “organizational risk culture and awareness” at LIPA and PSEG LI. The program must include metrics to baseline and report progress in risk culture.</p> <p>“Organizational risk culture and awareness” must be evaluated during the 2024 risk assessment process for each LIPA and PSEG LI department.</p> <p>LIPA/PSEG LI ERM teams must investigate incentives and accountability programs used by organizations outside the utility industry to improve risk culture and awareness.</p> <p>Require risk analysis such as a “bow-tie” analysis for each risk included in department risk profiles and update annually as necessary. Investigate quantitative methods, such as the cost/benefit analysis, of risk mitigation strategies, to determine their effectiveness.</p> <p>LIPA and PSEG LI ERM teams need to revise the current ERM Strategic Roadmap to include budget, work products to be delivered, named resources, and defined schedule with sequenced milestones within each year going forward. Report progress at quarterly ERM updates with the governance committees and the Board’s F&A Committee. The ERM Program Roadmap should include capital project planning as a business process to integrate ERM (e.g., Project Scope documents and other inputs to the SOS platform, SOS scoring modules, and URB governance processes).</p> <p>The LIPA ERM team must follow its own ERM procedure manual for emerging risks and emerging risk repository, KRIs, and the Risk Mitigation Dashboard. Identify and use an alternative approach for the biennial maturity assessment of the LIPA/PSEG LI ERM Program.</p> <p>Revise the risk escalation process to include notification of the LIPA Board of Trustees in the event of a risk event.</p> <p>Track and report ERM training attendance as well as conduct post-training survey for continuous improvement to LIPA and PSEG LI executive management.</p>

Assigned PSEG LI Staff	Executive Sponsor	Sonny Chung
	Team Leader	John Lemanski
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Continue the collaborative maturity of the PSEG Long Island ERM Program taking into consideration the recommendations of the management audit.

Work Plan

The work plan will consider the ERM-related findings and recommendations from the management audit. The work plan will be representative of the efforts needed by the PSEG Long Island ERM staff and, where necessary, collaboration with the LIPA ERM staff to implement the recommendations. The work plan will include periodic updates, meetings, and other ad hoc reviews with senior management to keep them informed.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
III-12.01	Step 1 - Develop a section and build out roles and responsibilities for risk culture in the ERM Procedures Manual.	12/31/24	Pending/In Progress
III-12.02	Step 1a - Review and update the ERM Board Policy for consideration of the inclusion risk awareness.	12/31/24	Pending/In Progress
III-12.03	Step 1b - Using the results from the 2024 Gartner Maturity assessment related to risk culture, establish an updated baseline for measuring risk culture. In addition, develop, distribute, and analyze data gathered through the development of a new internal risk culture survey disseminated to employees. Based on the results of the maturity assessment and internal survey, develop a roadmap for improvement, including metrics and updates on progress.	12/31/25	Pending/In Progress
III-12.04	Step 1c - LIPA and PSEG Long Island will discuss risk culture and awareness during the risk assessment process.	12/31/25	Pending/In Progress
III-12.05	Step 1d - LIPA and PSEG Long Island will perform external research and benchmarking with peers outside the utility industry to understand different incentive and accountability programs and make a determination on how/whether these programs can be integrated at each LIPA and PSEG Long Island.	12/31/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
III-12.06	Step 2 - The LIPA risk profiles already include drivers for all risks and the Program will consider adding consequences. This incorporates bow-tie methodology and will be utilized for each department risk profile. In 2025, we will analyze the most significant PSEG Long Island risks for those that do not have bow-tie analysis completed and develop a timeline for completion. In 2026, the risk assessment process will consider adding additional fields for drivers and consequences to provide additional risk insights, at management's discretion.	12/31/27	Pending/In Progress
III-12.07	Step 3 - The ERM Teams will conduct peer-to-peer benchmarking to understand how other companies are using quantitative methods to understand the effectiveness of mitigation actions. Based on the results of the benchmarking analysis, the ERM Teams will make a determination on how and/or if these methods should be integrated into the Program. LIPA will help investigate methods but implementation will be PSEG Long Island's since risk mitigation effectiveness is developed for operational risks.	12/31/26	Pending/In Progress
III-12.08	Step 4 - The current ERM Roadmap was developed exclusively by LIPA and is over halfway through its originally designed project plan (2023-2025) and does not include any incremental cost aside from currently budgeted salaries of the 1.5 LIPA FTEs. In 2025, the LIPA ERM Team will work with the PSEG Long Island ERM Team to create a joint roadmap that will reflect both Program's incremental activities outside of the normal scope of responsibilities. The ERM Teams will consult with Investment Delivery Assurance who owns the capital planning process to determine the best steps for integration going forward. Improved integration will be contingent upon analyzing the balance between SOS system investment and incremental value. Status and progress of planned activities will be communicated to the ERM/RMC and the F&A Committee.	3/31/26	Pending/In Progress
III-12.09	Step 5 - The LIPA ERM Team is updating the ERM Procedures Manual for process improvements and other updates and will follow the Manual going forward.	9/30/24	Completed
III-12.10	Step 6a - As discussed with NorthStar during the February 28th Factual Accuracy meeting and mutually agreed upon, the LIPA and PSEG LI ERM Team Members as a trial, will take the maturity assessment separately. Additionally, LIPA will use Gartner subject matter experts to supervise the Teams taking a joint assessment so that information can be discussed, vetted, and ensure the results are in alignment with Program Maturity.	12/31/24	Pending/In Progress
III-12.11	Step 6b - The LIPA and PSEG LI ERM Teams will conduct peer-to-peer benchmarking and an analysis of other available maturity assessments to determine if there is a more proficient model.	12/31/26	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
III-12.12	Step 7 - The LIPA ERM Team will create a separate escalation protocol that will include notification to the Board of Trustees in the event of a significant event and awareness has not previously been provided. The PSEG Long Island escalation protocol will be leveraged and reviewed/updated as necessary for notification of the Board of Trustees.	3/31/25	Pending/In Progress
III-12.13	Step 8 - The LIPA and PSEG Long Island ERM Teams will track dates, attendees, and post-training surveys for each ERM training that is facilitated.	12/31/24	Pending/In Progress

Cost Benefit Analysis

At this time, PSEG Long Island does not project any incremental costs associated with completion of this work plan. The benefits would accrue from the continued development of a robust ERM program to support PSEG Long Island's business.

Risk Analysis

PSEG Long Island does not anticipate any risk associated with continued development of the ERM program.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	13	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Implement standards and methods to reduce the large variances between budget and actuals for capital projects resulting from: imprecise estimating, overhead assessments without clear cost causation, and significant risk and contingency included in the budgeting process.</p> <p>Include the following enhancements to capital budgeting:</p> <ul style="list-style-type: none"> Apply the same standards and methods (or comparable standards and methods) used in the budget briefing book process to capital budgeting. <p>Use the Hyperion structure and functionality to improve the capital budgeting process.</p>	
Assigned PSEG LI Staff	Executive Sponsor	Martin Shames
	Team Leader	John Marshall
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The relevant audit report chapter is outlined below to facilitate the PSEG Long Island response and/or work plan:

- IV-1.1 Implement standards and methods to reduce the large variances between budget and actual for capital projects.
 - IV-1.1a Imprecise estimating.
 - IV-1.1b Overhead assessments without clear causation.
 - IV-1.1c Risk and contingency.
- IV-1.2 Apply the same standards and methods (or comparable standards and methods) used in the budget briefing book process to capital budgeting.
- IV-1.3 Use the Hyperion structure and functionality to improve the capital budgeting process.

Work Plan

A narrative explanation of how the plan will be implemented is provided below.

- IV-1.1a Imprecise estimating – Will be addressed by Northstar Audit Recommendation # 33 (Chapter X-4).
- IV-1.1b Overhead assessments without clear causation – Will be addressed by Northstar Audit Recommendation # 14 (Chapter IV-2).
- IV-1.1c Risk and contingency – Will be addressed by Northstar Audit Recommendation # 35 (Chapter X-6).
- IV-1.2 Budget briefing books standards and methods for capital budgeting.

Review the Budget briefing books to understand the standards and methods applied for the operating budgeting. Apply same or comparable standards where possible for Capital budgeting. Project Justification Description (“PJD”) documents are required by the Second Amended and Restated Operations Services Agreement (“OSA”) for capital investments. With capital projects, all details of a long-term capital investment may not be known during the annual budget process. A project may also result from an emergency or be considered “newly emergent” during the year (but it is known that the asset investment is needed). As a result, the information becomes clearer throughout the capital development life cycle as the project progresses from order of magnitude, conceptual, design and definitive estimating stages.

After reviewing the Budget briefing books, it was determined that for capital investments, the PJD is the ideal place to apply same or comparable standards as Budget briefing books, where possible.

PSEG Long Island will apply same or comparable standards to enhance PJDs to capture greater detailed information to be more aligned with the Budget briefing books.

This “North Star Recommendation 13_ IV-1” will be implemented through the 2024 Performance Metric BS-41, which is focused on PJD improvement efforts.

- IV-1.3 Use the Hyperion structure and functionality to improve the capital budgeting process.

PSEG Long Island is currently working with LIPA and LIPA’s consultants to develop the Enterprise Planning & Budgeting Cloud Service (“EPBCS”) Hyperion application. Although PJD documents are required by the OSA for capital investments, PSEG Long Island intends to utilize the Hyperion application to support the 2025 Capital budgeting process. Additionally, PSEG Long Island is currently working on 2024 performance metric BS-40: Implement Improvements to Budget Process Using New Budget System.

This “North Star Recommendation 13_ IV-1” will be implemented through the BS-40: Implement Improvements to Budget Process Using New Budget System - Load Capital Database information into Hyperion for reporting and determine other feasible Hyperion structure and functionality solution to improve the Capital budgeting process, where possible.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
IV-1.01	Review Budget briefing books to determine how Capital standards and methods can be applied.	04/30/24	Completed
IV-1.02	Develop internal policies and procedures to ensure PJDs are reviewed for quality, accuracy, and completeness before submitting to LIPA.	03/15/24	Completed
IV-1.03	Submit the PJD training guidance document to LIPA for review and approval.	04/30/24	Completed
IV-1.04	Provide training to employees developing PJDs. Provide training to LIPA upon request.	05/31/24	Completed
IV-1.05	Provide the standard format for the PJD Quality Checklist for approval by LIPA.	05/31/24	Completed
IV-1.06	Hyperion Project Governance.	12/31/23	Completed
IV-1.07	Hyperion Planning & Analysis: Phase II - Load Capital Database information into Hyperion for reporting.	06/30/24	Completed
IV-1.08	Hyperion Design & Development: Phase II - Load Capital Database information into Hyperion for reporting	10/31/24	Completed
IV-1.09	Hyperion Testing and Training: Phase II - Capital Database information into Hyperion for reporting.	11/30/24	Completed
IV-1.10	Hyperion Deploy & Operate: Phase II - Capital Database information into Hyperion for reporting.	12/16/24	Pending/In Progress
IV-1.11	After Hyperion Phase II completion determine other feasible Hyperion structure and functionality solutions to improve the capital budgeting process, where possible.	05/31/25	Pending/In Progress

Cost Benefit Analysis

Costs related to IV-1.1 a, b, and c are included in the respective management action plans referenced above.

After a review of the Budget briefing books, we have found that there will be no change in the cost structure. Resources will be redirected from current activities to support enhancement of PJDs and Hyperion structure and functionality solution to improve the Capital budgeting process.

Risk Analysis

LIPA hosting and maintaining Hyperion application presents potential alignment issues with the OSA and is currently subject to discussions between the parties.

Additionally, Capital Budget Management usage of the Hyperion system is dependent on the successful incorporation of Spend Optimization Suite ("SOS") application, as well as incorporation with the Utility Review Board ("URB") process and projected year-end ("PYE") forecasting information.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	14	
Primary Responsible Party	PSEG LI	
Recommendation Description	Implement processes to measure, analyze, and correct overhead assessments based on valid costs causation principles and clearly demonstrate LIPA/PSEG LI review of how costs were allocated appropriately, including: <ul style="list-style-type: none"> Request periodic or annual listing of work orders. Obtain and review costing sheets for a selection of those work orders and analyze whether the overhead assessments assigned to the work orders are appropriate. Develop summary overhead reporting with underlying overhead charges and allocation rates. Perform analytics to understand large fluctuations in assessment rates or amounts. 	
Assigned PSEG LI Staff	Executive Sponsor	Martin Shames
	Team Leader	Sherman Lou
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Develop summary overhead reporting with underlying overhead charges and allocation rates.

Work Plan

The PSEG Long Island work plan includes the following:

- Documentation of current state of Assessment Process.
- Generate list of owners, suppliers, and reviewers of assessment overheads and drivers.
- Develop and document oversight process.
- Create a database for assessments that can be uploaded and reported easily.
- Develop proposed future state of overhead cost allocation process.
- Design process for periodic updating and monitoring of assessment data.
- Implement agreed upon future overhead cost model.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
IV-2.01	Generate list of assessment cycles.	08/30/24	Completed

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
IV-2.02	Description of overhead costs by assessment cycle <ul style="list-style-type: none"> Overhead costs by Type of Cost (<i>i.e.</i> Facilities, Support, Supervisory). Driver information. Costing Sheet by Assessment Cycle. 	06/30/24	Completed
IV-2.03	Labor clearing process impact on assessment cycles <ul style="list-style-type: none"> Identify organizations with largest labor clearing costs. Timesheet info by employee/organization. Activity Type rate vs incurred labor. 	08/30/24	Completed
IV-2.04	Generate list of overhead pool suppliers (<i>i.e.</i> owner of Orders within the assessment cost center).	07/31/24	Completed
IV-2.05	Generate list of organization owners of the assessment drivers by cycle.	07/31/24	Completed
IV-2.06	Generate meetings with business to discuss simplifying and consolidating overhead processes.	08/30/24	Completed
IV-2.07	Implement updates / changes for 2025 Budget process.	11/29/24	Completed
IV-2.08	Create database for: <ul style="list-style-type: none"> Overhead costs by cost object. Cycle drivers by costing sheet. 	03/31/25	Pending/In Progress
IV-2.09	Oversight <ul style="list-style-type: none"> Periodic review by Budget team to business owners. Acceptance of costs. Process to implement change. Approvals to implement change. Timing of change (<i>i.e.</i> budget process or in-year changes). Begin overview with the largest impact to firm by director organization. 	03/31/25	Pending/In Progress

Cost Benefit Analysis

The costs are added work hours to generate database and analyses as well as added business review for acceptance and oversight. It should also improve overhead rate creation.

The benefit is improving SAP financial data and business intelligence regarding costing and reporting processes. This has the potential to improve budgeting and forecasting processes as businesses should be able to ascertain estimating based on a more structured process. The database will be able to assist in evaluating the fixed rate billing process with quicker analysis to be reviewed on a periodic basis.

Risk Analysis

The additional resources required to generate a comprehensive database for assessment data may be cumbersome as updates are needed monthly.

- Providing monthly trend analyses on voluminous data may require special reporting hierarchies.
- PSEG Long Island will need to review and generate monthly hierarchies based on monthly statistical data (*i.e.* Order Groups, WBS Groups, Cost Element Groups).

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	16	
Primary Responsible Party	PSEG LI	
Recommendation Description	Begin formal record retentions of Power Market Documents	
Assigned PSEG LI Staff	Executive Sponsor	Paul Napoli
	Team Leader	Lucy Khazanovich
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Recommendation 16 calls for formal record retention of Power Market Documents. As record retention is brought up in the final NorthStar audit report in a section discussing Power Supply Charge calculations and also notes that "...PSEG Planning and Analysis – Power Markets has kept spreadsheet records since January 2015 to verify transactions", PSEG Long Island believes that this recommendation is intended to formalize the documents associated with Power Supply Charge (PSC) calculation.

However, the section in the report also mentions records with Record Retention Code ENR1020. ENR1020 (now ENR1200) is associated with Energy Market Administration and covers records related to the daily administration of the energy market (FIN + 10 yrs). PSEG Long Island does not believe monthly calculation of the PSC falls under ENR1200 and, as such, will not be marked so. Further, NorthStar references records inventory (DR 594 Attachment 1) and that it does not include any records coded as ENR1020. Rather, PSEG Long Island's respond to DR 594 Attachment 1 lists data that is physically stored offsite. All Planning & Analysis files, aside from not falling under ENR1200, are stored electronically and would not be found in the records inventory.

In addition, the report also states that "PSEG LI does not retain its records related to power market activities in the Enterprise Records Management System." It should be noted that the Enterprise Records & Document Management System (ERDMS) doesn't currently exist, and PSEG Long Island will be implementing such a system in the near future.

To comply with the audit recommendation, PSEG Long Island Planning & Analysis will establish a SharePoint where the monthly PSC calculations are stored.

Work Plan

A SharePoint site will be established where all historical PSC calculations (since January 2015) files will be uploaded and, going forward, as the rate is calculated, the files will be uploaded.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
VII-1.01	Establish SharePoint for Power Supply Charge (PSC) calculations.	08/16/24	Complete
VII-1.02	Upload historical PSC calculations (2015 on) to the SharePoint.	12/16/24	Pending/In Progress
VII-1.03	Upload PSC calculations on a monthly basis as they are finalized, beginning in December 2024.	12/16/24	Pending/In Progress

Cost Benefit Analysis

As the Planning & Analysis team already retains the PSC calculations files and the files do not fall under ENR1200 (formerly ENR1020), formalizing the record retention will neither create significant, incremental costs nor achieve any financial, regulatory, or operational benefits.

Risk Analysis

PSEG Long Island does not anticipate any risks in implementing this work plan.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	17	
Primary Responsible Party	PSEG LI	
Recommendation Description	Calculate the Local Supply Charge for six consecutive months using two methodologies: <ul style="list-style-type: none"> • The current methodology of subtracting Market Supply Costs from total PSC costs. • A separate methodology of calculating Local Supply Charge using the general ledger 69 accounts for Local Supply Charge. Report findings to DPS. 	
Assigned PSEG LI Staff	Executive Sponsor	Paul Napoli
	Team Leader	Peter Andolena
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Recommendation 17 calls for development of the Local Supply Charge using two different methodologies. It is important to note that the two methodologies are based on significantly different rate designs and can yield different Local Supply Charges. Accordingly, comparison of the two rates is not truly meaningful. In addition, the description of the current Power Supply Charge calculation process in the recommendation is erroneous as Local Supply Charge is calculated concurrently with the Market Supply Charge, and not by subtracting Market Supply Costs from total PSC costs. PSEG Long Island believes that the confusion arose from direct formulation of the tariff section where the aim was to identify what is recovered in Market Supply and Local Supply Charges and not how to calculate them. As such, PSEG Long Island will utilize the current established methodology for calculating the Local Supply Charge. For the second methodology, PSEG Long Island believes that the objective is to develop the Local Supply Charge based on actuals (historical data).

Work Plan

Two Local Supply Charges will be provided for 6 months – January through June of 2024 – based on two different methodologies:

1. Current methodology, which consists of distinct development of Local Supply Charge, using:
 - a. Prior month's over/under recovery,
 - b. Current month's true-up, and
 - c. Projection for the upcoming month.
2. A different methodology, based on the actuals as reflected in the general ledger accounts for Local Supply Charge. The rate will be based on:
 - a. Actual costs that were booked for a given month, and
 - b. Booked sales for the same month

Upon calculation of the Local Supply Charge for six months, both rates will be provided to DPS simultaneously. The data will include the calculations. As already mentioned, the two methodologies will result in different rates and are not truly comparable.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
VII-2.01	Calculate Local Supply Charge based on current methodology.	05/31/24	Complete
VII-2.02	Compile 6 months of actual Local Supply Costs and booked sales.	12/16/24	Pending/In Progress
VII-2.03	Calculate Local Supply Charge based on actual costs and sales.	2/16/25	Pending/In Progress
VII-2.04	Compile the calculated Local Supply Charges based on the two different methodologies and provide to DPS Staff.	3/16/25	Pending/In Progress

Cost Benefit Analysis

Performing two separate and distinct Local Supply Charge calculations will not achieve financial, regulatory or operational benefits as no changes to the Power Supply Charge are being implemented. Furthermore, the Local Supply Charge seeks to recover actual costs from the customers, whether based on a projection that is trued up for actuals or actual costs, and therefore over a period will achieve same result.

Risk Analysis

As previously mentioned, the description in the recommendation of the current Power Supply Charge calculation process is erroneous as Local Supply Charge is developed concurrently with the Market Supply Charge, and not by subtracting Market Supply Costs from total PSC costs. Any changes to the existing calculation process would need to be discussed and determined if they are feasible and rational before they can be performed.

Depending on the timing of the approval of this implementation plan, the timeline could be impacted as there are other deliverables (*i.e.* annual Power Supply budget) that have firm deadlines.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	18	
Primary Responsible Party	PSEG LI	
Recommendation Description	Review the CAC Scoping Plan and identify themes and strategies to align clean energy and EE programs. Identify Scoping Plan topic leads to consider new and innovative programs to further CLCPA goals.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Michael Voltz; Stacey Wagner
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The 2019 Climate Leadership and Community Protection Act (“CLCPA”), one of the most ambitious climate laws in the nation, called for the issuance of a Scoping Plan under the direction of a 22-member Climate Action Council (“CAC”). The Final Scoping Plan was issued in December 2022. The Scoping Plan sets forth recommendations to meet the Climate Act’s goals and requirements, including actions to achieve a reduction in economy wide greenhouse gas (GHG) emissions of 40% by 2030 and 85% by 2050 from 1990 levels, which will put New York on a path toward carbon neutrality while ensuring equity, system reliability, and a just transition from a fossil fuel economy to a robust clean energy economy.

The Scoping Plan provides themes and strategies for identified sectors as well as statewide. The sectors were wide-ranging and varied, including such sectors as Electricity, Buildings, Land Use, and Industry. For the Electricity sector, the themes identified were Transform Power Generation, Enhance the Grid, and Invest in New Technology. Ten strategies were outlined for the Electricity themes that generally cover asset and program management, technological enhancements, and stakeholder engagement and adoption.

The Northstar report made several findings regarding PSEG Long Island’s progress towards the recommendations in the Scoping Plan. These findings include a need to enhance and track investments in disadvantaged communities (“DACs”) and a purported failure to address all aspects of the Scoping Plan’s themes in the Utility 2.0 and Energy Efficiency (“EE”) plans, including the themes of “Buildings” (e.g., sharing building energy consumption benchmarks or supporting transition from hydrofluorocarbons in food store refrigeration), “Industry” (e.g., commitment to purchasing low-carbon building materials), “Land Use” (e.g., working with LIRR to accelerate Transit-Oriented Development), and other Scoping Plan topics.

Work Plan

The Scoping Plan provides recommendations for both sector-specific and economy wide actions to achieve CLCPA goals and requirements. The Scoping Plan is a framework that provides recommendations for the consideration of affected state regulatory agencies (ex. DEC, PSC, DOT), the legislature, and other stakeholders; however, the Plan, on its own, does not create binding legislative or regulatory requirements. Rather, the Scoping Plan provides topics and recommendations for agency and legislative review, which may subsequently be incorporated into their precedent and policies. Only after adoption would the recommendations become obligations on the entities subject to the jurisdiction of those agencies or laws.

As a State authority and electric service provider, LIPA is generally not subject to the direct jurisdiction of the agencies in the Scoping Plan, but it is required to comply with legislative changes that expressly apply to LIPA. Further, not all recommendations and topics areas in the Scoping Plan are applicable to LIPA or PSEG Long Island as an electric utility and service provider. Therefore, due to applicability and jurisdictional issues, it is important that PSEG Long Island identify and monitor the progress of applicable recommendations to determine what impact, if any, they may have on obligations and requirements applicable to LIPA.

PSEG Long Island reviewed the Scoping Plan after its issuance in late 2022. PSEG Long Island's planning process already incorporate many of the themes discussed in the Scoping Plan. Specific examples are outlined below. PSEG Long Island's plans are reviewed with LIPA during the planning process and reflect comments received from LIPA. DPS Staff and NYSEERDA are also consulted during the development of the plan, and, where appropriate, are embedded in our plans and our offerings.

- Stronger and More Resilient Energy Systems – Although some of our efforts such as support for small, behind the meter storage and dynamic load management offerings, support this, a far greater effort is accomplished through our annual capital planning process and specific RFPs such as our request for Utility Grade Battery Storage.
- Clean, Affordable, Reliable Transportation – PSEG LI's EV Program specifically focuses on this and includes many components.
- Clean and Safe Energy-Efficient Homes and Businesses – Focus of our Energy Efficiency offerings.
- Clean and Reliable Electric Power – Addressed through PSEG LI's Power Markets team
- Better Energy Choices – Heat pump offerings specifically target the conversion of fossil fuel heating to electric heat pumps
- High-Quality Jobs – Working with NYSEERDA and local entities on workforce development in the areas of heat pumps and weatherization.
- Better Health – Outcome of all of the CAC recommendations
- An Equitable Clean Energy Economy for Everyone – We are targeting the 35% goal, 40% stretch goal in our offerings and will be submitting our impacts for 2020-2023 to NYSEERDA for statewide reporting purposes in accordance with NYSEERDA's schedule (currently August, 2024).

PSEG Long Island also holds or participates in numerous meetings with subject matter experts, both internally and with LIPA and impacted stakeholders, that report on developments across the state and energy sector. These meetings include a monthly internal CLCPA call, weekly policy calls with LIPA, and Utility 2.0 meetings with DPS Staff and LIPA. The meetings are held to discuss recent and ongoing developments, report on progress towards existing initiatives, and discuss potential risks and issues that may require additional attention.

PSEG Long Island will review areas where existing efforts can be improved and look for incremental ways to further support the CLCPA and LIPA energy policies and goals. We will focus on the content and frequency of existing meetings, identifying additional employees to serve as leads, and where our budgeting processes can be enhanced to align with the CLCPA. The improvements will add transparency to these processes and allow us to better monitor and track our progress towards CLCPA and LIPA objectives. Notwithstanding, some of the areas noted in the Northstar report exceed LIPA's authority – such as coordination with the LIRR on workforce housing and capital funding for refrigeration replacements – and are better suited for review and implementation by other authorities/agencies (ex. LIRR, NYS Department of Housing and Urban Development, and NYSEERDA) and therefore will not be included in our work plan.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
VIII-1.01	Review CAC Scoping Plan and recommendations to identify themes applicable to LIPA and PSEG Long Island.	11/30/24	Completed
VIII-1.02	Compare themes against annual EE and Utility 2.0 plans for areas of alignment and add additional coverage areas, if necessary.	12/31/24	Pending/In Progress
VIII-1.03	Identify theme/topic leads to monitor and report on legislative and regulatory developments.	12/31/24	Pending/In Progress
VIII-1.04	Add leads to applicable CLCPA and policy meetings to periodically report out on the status of actions in their area.	1/31/25	Pending/In Progress
VIII-1.05	Review and, if necessary, enhance how CLCPA-related developments are cascaded to affected business groups and LIPA.	1/31/25	Pending/In Progress
VIII-1.06	Create centralized repository (ex. iManage or shared drive) to store relevant updates accessible to impacted internal groups.	1/31/25	Pending/In Progress
VIII-1.07	Review budget and capital planning process to determine areas of improvement to reflect CLCPA goals and requirements.	2/28/25	Pending/In Progress
VIII-1.08	Provide feedback to senior management of affected groups on areas for improvement.	3/31/25	Pending/In Progress
VIII-1.09	Update capital planning and budgeting process to reflect any agreed upon improvements.	12/31/25	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island does not anticipate any material costs associated with identification of subject leads or the addition/enhancement of meetings or reporting. However, any resulting CLCPA or Scoping Plan related projects and programs, whether required by applicable jurisdictional agencies or voluntarily adopted by LIPA, will require funding to implement and support. Such costs are beyond current budget levels and cannot be quantified until specific projects or programs are identified.

The proposed enhancements to existing monitoring and internal tracking in this area will ensure PSEG Long Island stays updated on applicable developments across affected agencies and is timely able to respond and implement, where necessary, projects and programs that support state policy goals and LIPA Board objectives. These actions will help PSEG Long and Island, and LIPA, support the state's energy transition, advance climate protection measures, and ensure the continued provision of safe and reliable service to our customers and communities.

Risk Analysis

Premature Implementation – As noted above, the Scoping Plan established a framework for future actions, subject to review and implementation by affected agencies. Progressing a Scoping Plan recommendation before required or formally adopted by a jurisdictional agency could place an investment at risk, requiring scope or budget changes, if requirements, policies, and timelines change.

Speed of Implementation – Proper scoping, stakeholder engagement, budgeting, and resource allocation will be essential to delivery of any required or adopted project and programs. Coordination between PSEG Long Island and LIPA is essential to the on time delivery of these initiatives.

Conflict with Existing Programs – Some recommendations may conflict with existing programs and tools. For example, PSEG Long Island's EE/Beneficial Electrification programs need to pass Societal Cost Test at the portfolio level. Some recommendations may not have any MMBtu impacts and therefore would not pass the test, even if ultimately beneficial. PSEG Long Island will need to ensure that any initiatives in this area align with, or enhance, existing programs to maximize the benefits and avoid potential implementation issues.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	19	
Primary Responsible Party	PSEG LI	
Recommendation Description	Create and appropriately resource a group in Construction Services to focus on the scope, scale, and number of projects CLCPA construction programs.	
Assigned PSEG LI Staff	Executive Sponsor	Margaret Keane
	Team Leader	Robert Rowe
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

During the audit period, there were a number of CLCPA projects of significant size on the horizon with undefined scope and schedule that represented a potential step increase in the level of capital work on the T&D system. Since that time, there have been developments in the proposals in NYS that have helped clarify the near-term projects that will progress. Of note, the Public Policy Transmission Need (PPTN) reinforcements to the downstate transmission system have been identified and a solution was awarded to a developer (Propel). The impacts of that project on the LIPA system and LIPA required investments and work plan are now clearly identified. This work has been estimated and factored into the long-term budget and work plans.

Additionally, several major wind projects have since dropped out of the NYISO queue. Although it is anticipated that these wind projects may re-emerge with improved financial conditions or be replaced with alternate proposals, the timing of these projects will be more gradual and not hit as a single combined wave to be absorbed all at once.

Work Plan

As there continues to be volatility in the projects proposed in the CLCPA space and the near-term firm projects have been identified and incorporated into the budget and work plans. Construction Services does not see a need to create and appropriately resource a separate group specifically to manage this work scope. PSEG Long Island conducts a resource and budget analysis, which includes Human Resources and the impacted business functions, is conducted to evaluate the adequacy of staffing levels annually. Construction Services will continue to monitor the NYISO and developer activities and scale the group accordingly through the appropriate use of staffing increases and contractor supplementation. This will be coordinated with LIPA and formally communicated through the annual budget book process. Communications protocols will also be reviewed and updated to ensure CLCPA updates are provided in real time to affected groups and senior leadership.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
VIII-2.01	Discuss approach and potential budget impacts with LIPA for concurrence on approach.	10/31/24	Complete
VIII-2.02	Review and update communication protocol for distributing CLCPA updates at meetings and to senior leadership.	12/31/24	Pending/In Progress
VIII-2.03	Complete internal staffing analysis to verify adequacy of headcount to address CLCPA goals.	1/31/25	Pending/In Progress

Cost Benefit Analysis

Given the variability in this work, adequacy of current resources, and potential budget budgets impact, the incremental costs required to create and resource an additional group outweigh any potential benefits at this time.

Risk Analysis

The impact of emerging CLCPA projects has been identified on the Construction Services ERM risk register as well as in several other areas of the business. The team closely monitors all NYISO que proposals and evaluates the scope, timing, and likelihood of impact as projects mature through the process. As the goals of CLCPA suggest potentially significant projects in the future, the current approved projects have been fully accessed. The specific impacts of the PPTN project have been included and resourced in the current long term plan. Any future resourcing requirements will be accessed as they develop.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	20	
Primary Responsible Party	PSEG LI	
Recommendation Description	Perform a review of historical EE goals and budgets to develop goals and “stretch” goals and adopt realistic budgets to meet goals and “stretch goals”.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Michael Voltz
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective is to reduce the amount of underruns of budget associated with the EEBEDR plan, which during 2018-2022 achieved or exceeded savings targets for all years but at a cost lower than budget – in essence increasing cost effectiveness. Northstar’s assumption seems to be that consistent underruns were the result of inadequate planning practices, which either overestimated costs or failed to adequately reflect planned measure mix based upon historical activity. Northstar also recommends the establishment of incremental stretch goals and a budget for planned and stretch goals.

Work Plan

The planning process has historically examined and considered activity from prior years, industry and marketplace trends, as well as strategic objectives and budget considerations as part of the development for the annual Energy Efficiency and Beneficial Electrification plan. We have found this approach to be very effective and do not believe that enhancements to the planning process or the establishment of incremental stretch goals is necessary or would further improve efficacy at this time.

Each year, we develop a plan based upon the aforementioned objectives. Our ultimate approach is to deliver the targeted energy savings in the most cost-effective manner to meet CLCPA goals, and as such, will make adjustments throughout the year to deliver within this framework. Historically, it was not uncommon or necessarily negative that we delivered the targeted savings at a lower cost as one of the objectives is to deliver energy savings cost effectively. Such adjustments made during the year are in response to market conditions, customer preferences, and pricing for various products which change during the course of the year.

While PSEG Long Island has historically been able to exceed its scorecard goal and at a cost below its approved budget, market conditions have changed beginning in 2024. Residential LED Lighting, which has been one of the most cost-effective measures, has been removed from the program as a result of Federal regulations. The remaining measures, such as air-source heat pumps and commercial lighting tend to be more expensive on a \$/MMBTU basis and have significantly longer lead times from application to equipment installation. Therefore, it has become much more difficult to achieve or exceed stated goals within the approved budget. The transition from consumer-purchased items which could be significantly affected through the use of in-store buy downs and promotional pricing to a portfolio which is highly dependent on trade allies, requires significant financial commitments on the consumers behalf and can be significantly influenced by supplier shortages, workforce shortages, consumer financing rates and trade ally buy-in and trust is akin to moving from a speedboat to a container ship with respect to dynamic capability to react to variances in consumer behavior compared to plan.

Therefore, the workplan will focus on continuing to monitor program performance more closely and more periodically to identify deviations early and to adjust program offerings in an appropriate manner to still achieve savings at the most economical cost to the rate payer while still maintaining focus and progress on overall State CLCPA goals. That monitoring and observation will continue to be a significant component of the overall planning process.

Additionally, we will continue to develop goals based upon best information we have as part of the planning process. We believe that developing one set of goals is the most transparent and fair means of establishing annual savings plans and budgets.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
VIII-3.01	Review overall program and portfolio performance to savings goals and forecasted budgets on a monthly basis.	07/1/24	Complete
VIII-3.02	Review third party Ex Ante validation report to establish variances from annual savings goals and budgets and begin investigation of root causes for variances.	02/15/25	Pending/In Progress
VIII-3.03	Incorporate findings from Step 2 into planning process and reflect in Stage gate 3 session when initial draft EE/BE budget is presented.	04/15/25	Pending/In Progress
VIII-3.04	Incorporate any findings from the third party annual evaluation reports (volumes 1 and 2) which are incremental to Ex Ante validation findings into the planning process.	06/30/25	Pending/In Progress

Cost Benefit Analysis

Costs associated with this effort cannot be quantified at this time.

At a high level, benefits may include improvements in monitoring, budgeting, and goal development.

Risk Analysis

Incorporating prior year performance into the planning process is not a guarantee of closer realization rates for coming in at budgetary and savings goals. Changes in economic conditions, codes and standards, trade ally focus, material availability, workforce availability, both good and bad consumer experience publicity, and general consumer satisfaction with a given measure can all impact program participation levels from year to year.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	21	
Primary Responsible Party	BOTH	
Recommendation Description	Conduct a third-party operations audit of PSEG LI's clean energy and energy efficiency programs in 2024.	
Assigned PSEG LI Staff	Executive Sponsor	David Lyons
	Team Leader	Rocky Shankar
Assigned LIPA Staff	Executive Sponsor	John Rhodes
	Team Leader	Cathy Widmark

Objectives and Assumptions of the Recommendation

The purpose of this recommendation is to evaluate the adequacy and effectiveness of internal controls to ensure that the PSEG Long Island's clean energy and energy efficiency programs are in line with company Policies, procedures, and any applicable laws and regulations.

Work Plan

An audit of the Clean Energy Program was added to the 2024 LIPA Internal Audit Plan to commence in 2024 with completion expected during 2025. Additionally, an audit of the Energy Efficiency Program was already on the PSEG Long Island Internal Audit Plan in 2024. The scope for these audits will include:

Evaluate the adequacy and effectiveness of internal controls related to the Clean Energy and Energy Efficiency Programs including, but not limited to the following: assess the effectiveness of vendor management, including vendor selection and performance evaluation; adequacy of assumed allocations relative to the statewide Climate Leadership and Community Protection Act (CLCPA) goals and whether plans support achievement of the goals and targets; evaluate the role and scope of PSEG Long Island's Oversight and Clean Energy Committee on clean and renewable energy programs such as its activities, the content of meetings, how stakeholders are selected, and how stakeholder feedback is incorporated/responded to; review and evaluate recommendations made by the committee on demand reduction goals, beneficial electrification program goals, and renewable program goals; evaluate PSEG Long Island's efforts in achieving program engagement directed towards low and moderate-income (LMI) customers.

An audit of Energy Efficiency Programs was conducted by the PSEG Long Island Internal Audit Department during 2024. The LIPA Internal Audit of Clean Energy and Energy Efficiency will explicitly exclude any scope items included within the PSEG LI 2024 audit. The below Deliverables/Milestones are specific to the Energy Efficiency Audit only.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
VIII-4.01	Schedule preliminary audit scope call with a select few SMEs to discuss the scope of the audit.	05/17/24	Completed
VIII-4.02	Develop preliminary audit scope.	04/01/24	Completed

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
VIII-4.03	Hold preliminary scope discussion call.	05/21/24	Completed
VIII-4.04	Schedule Opening Meeting with all applicable personnel.	05/17/24	Completed
VIII-4.05	Refine and finalize audit scope.	05/08/24	Completed
VIII-4.06	Develop audit program.	05/07/24	Completed
VIII-4.07	Develop opening meeting document.	05/14/24	Completed
VIII-4.08	Hold opening meeting.	05/21/24	Completed
VIII-4.09	Send out engagement letter.	05/22/24	Completed
VIII-4.10	Commence Fieldwork.	06/04/24	Completed
VIII-4.11	Hold preliminary audit results discuss call.	07/22/24	Completed
VIII-4.12	Schedule formal close meeting.	07/26/24	Completed
VIII-4.13	Develop draft audit report.	07/29/24	Completed
VIII-4.14	Hold close meeting.	08/02/24	Completed
VIII-4.15	Update audit report, as necessary, based on close meeting, and submit for management's written action plans.	08/02/24	Completed
VIII-4.16	Issue final audit report with management's action plans.	08/31/24	Completed

Cost Benefit Analysis

Conducting an audit of PSEG LI's energy efficiency programs using internal resources will provide the business with a sense of where there are control gaps that warrants remediation to strengthen their controls and/or processes with minimal cost impacts to complete.

Risk Analysis

PSEG Long Island does not anticipate any risks in conducting this audit.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	22	
Primary Responsible Party	PSEG LI	
Recommendation Description	Improve the visibility of Demand Response programs and their requirements and eligibility on the PSEG LI website. Provide a list of aggregators that would like to be included on the website.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Michael Voltz
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

A Demand Response program creates the opportunity for market forces to identify and implement load relief measures that would allow PSEG Long Island to avoid building new distribution capacity along the transmission and distribution system. Improving website visibility, participation and aggregator eligibility requirements, and providing a listing aggregators will provide greater support for both participants and aggregators. The goal of the program is to have the market provide such solutions and for PSEG Long Island to spend less on transmission and distribution upgrades and projects. The objective is to increase participation that will deliver peak demand reduction.

Work Plan

The EERE Program Implementation team will improve PSEG Long Island website visibility, participation and aggregator eligibility requirements, and provide a listing of aggregators. The team will make access to Demand Response program information easier and with no more than three mouse clicks. We will also improve website visibility for information on Direct Load Control (Smart Savers) and behind the meter Battery Storage. Documents related to aggregator eligibility requirements will be maintained and accessible. A list of aggregators will be created and maintained on the website.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
VIII-5.01	Improving website visibility to include the items referenced in the above work plan.	05/31/24	Completed
VIII-5.02	Provide a list of aggregators.	05/31/24	Completed
VIII-5.03	Update eligibility and program requirement documents.	09/30/24	Completed

Cost Benefit Analysis

Costs and benefits not quantifiable at this time. All work will be performed by EERE Program Implementation and Marketing staff.

Risk Analysis

Continuous monitoring will be required to ensure that program terms and the aggregator list are up-to-date.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	23	
Primary Responsible Party	PSEG LI	
Recommendation Description	Develop a DAC investment “tracker” to demonstrate compliance with CLCPA goals by Q2 2024.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Michael Voltz
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The recommendation’s objective is to ensure accurate tracking of progress towards CLCPA DAC investment goals based on the most recent guidance from NYSERDA and the CJWG. While the CLCPA DAC investment goals are statewide, the report will provide DAC investment reporting in accordance with the guidebook and template provided by NYSERDA for annual DAC reporting by utilities in New York State. This reporting will allow NYSERDA to measure overall performance against NYS DAC investment reporting goals of 35% (40% stretch) and calculation by NYSERDA of co-benefits.

Work Plan

- PSEG Long Island has been participating on agency level and utility level calls for DAC reporting regarding the Investments and Benefits Requirements of the CLCPA since January of 2023.
 - We have provided comments on the draft versions of the guidebook, data collection template, and reporting processes.
 - We have aligned with statewide guidance and the reporting methods taken by the rest of the state when applicable.
 - We have complied with past deadlines for submitting samples of DAC reporting to NYSERDA, as well as, provided insight on our programs and reporting processes to DPS, NYSERDA and LIPA.
- PSEG Long Island has taken the DAC guidance and developed the ability to report on EE/BE programs by census tracts.
- PSEG Long Island has worked with TRC and the PSEG LI IT team to gather relevant program information from TRC Captures database and tie it to the 2010 Census Tracts listed in NYSERDA’s DAC Shape file. TRC has added “census tract” and “DAC” fields to Captures so that we have the ability to flag DAC customers and better understand both what our programs have achieved so far, as well as, what is in the pipeline moving forward.
- The PSEG Long Island IT team created the ability to automate the reporting outputs, so that the necessary fields specified in the data collection tool, can be reported on in the format agreed upon by the state. For programs not tracked in Captures Database,
- PSEG Long Island has worked to compile all relevant data files, and compile the information into the format of the data collection tool.
- PSEG Long Island has compiled spending and savings data for program years 2020-2022, and submitted it to LIPA for QAQC in November of 2023. LIPA wrapped up its QAQC of the 2020-2022 programs in March of 2024.
- Currently, PSEG Long Island is in the process of QAQC for program year 2023. This data will be sent to LIPA for QAQC in May of 2024.
- The current date for submission of the first annual statewide reporting, which will include 2020-2023 program data, is July 1, 2024.
- After the first submission, NYSERDA indicated that reporting would be done in an annual cadence.

- There are two programs where guidance for reporting was identified after the submission of draft 2020-2022 reporting was submitted to LIPA.
 - Community Solar – CDG Rebate Program and Household Assistance Rate Program were included in the guidebook but did not receive specific reporting guidance until March of 2024. PSEG Long Island is currently working to obtain all relevant raw data files and compile the data into the format for DAC reporting. Once these are compiled in the correct format, they will be sent to LIPA for review and included in the Data Collection Tool Submission.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
VIII-6.01	PSEG Long Island to compile draft DAC data collection tool for program years 2020-2022 and submit to LIPA for review.	11/15/23	Completed
VIII-6.02	PSEG Long Island to compile draft DAC data collection tool for 2023 and submit to LIPA for review.	05/24/24	Completed
VIII-6.03	PSEG Long Island to compile Household Assistance Rate data (2020-2023) in DAC Data Collection Tool and send to LIPA for review.	06/01/24	Completed
VIII-6.04	PSEG Long Island to compile and determine reporting for Community Solar (CDG rebate program) to include in DAC Data Collection Tool, and send to LIPA for review.	06/01/24	Completed
VIII-6.05	PSEG Long Island and LIPA to submit 2020-2023 DAC Data Collection Tool to NYSERDA. *Pending the release of the final guidelines and establishment of a revised filing date by NYSERDA.	06/30/25	Pending/In Progress
VIII-6.06	PSEG Long Island to support annual filing requirements as set forth by NYSERDA. *Pending the release of the final guidelines and establishment of a revised filing date by NYSERDA.	06/30/25	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island estimates a cost of \$30,000 per year for staff time to complete the necessary reporting.

Benefits cannot be specifically quantified for this initiative; however, qualitative benefits include increased transparency on DAC investment progress.

Risk Analysis

PSEG Long Island has identified the following risks that may impact this effort:

- Unavailability of data;
- Inconsistent formatting of data;
- Undefined reporting guidelines from NYSERDA;
- Extension of reporting to other areas; and
- Mapping of Census Tracts.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	24	
Primary Responsible Party	PSEG LI	
Recommendation Description	Present CLCPA goals and progress to the Oversight and Clean Energy Committee bi-annually.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Michael Voltz
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective is to keep the Oversight and Clean Energy Committee of the LIPA board informed regarding progress on Long Island towards the statewide goals of the CLCPA.

Work Plan

PSEG Long Island will present a progress report to the Oversight and Clean Energy Committee of the LIPA Board twice per year, at times mutually agreed with LIPA. The details of what will be presented is shown in the work plan for Recommendation #25.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
VIII-7.01	Present results for the period ending December 31, 2024.	05/31/25	Pending/In Progress
VIII-7.02	Present results for the period ending June 30, 2025.	11/30/25	Pending/In Progress
VIII-7.03	Present results for the period ending December 31, 2025.	12/31/25	Pending/In Progress
VIII-7.04	Establish ongoing cadence of presentations with LIPA for 2026 and beyond.	01/31/26	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island does not anticipate significant incremental costs associated with presenting progress reports to the Oversight and Clean Energy Committee of the LIPA Board.

General benefits includes additional transparency into CLCPA initiatives and an additional forum for discussion between the parties.

Risk Analysis

Depending on the time of the bi-annually meeting, certain data may be unavailable, which could impact the value of the materials presented. Additionally, inconsistent data formatting or sources may also impact data quality. PSEG Long Island will work with LIPA to create materials and present at appropriate times to mitigate these issues, where possible.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	25	
Primary Responsible Party	PSEG LI	
Recommendation Description	Develop a CLCPA goal and progress tracker to be posted on LIPA and PSEG LI websites to increase public awareness. This CLCPA goal and progress tracker should be refreshed bi-annually. If no progress is made on CLCPA goals for that period, the companies should inform the public why.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Michael Voltz
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The recommendation is intended to provide accurate and transparent tracking of progress towards CLCPA goals. Although CLCPA goals are established for application statewide, the report will provide Long Island specific actions and results regarding each of these statewide goals and will be published on both the LIPA and PSEG Long Island websites for greater transparency.

Work Plan

Power System Management and Energy Efficiency Groups will meet to discuss available sources of data, timing to obtain such data, and how specific CLCPA goals will be tracked. Where existing reporting mechanisms are not already in place at the State level to report on CLCPA achievements, we will work with DPS and NYSERDA to standardize the collection of such data and create a report summarizing progress towards such goals. Identify specific CLCPA goals applicable for PSEG Long Island reporting. If statewide reporting processes are already in place, identify how such reporting is already being made. Provide definitions of terms. PSEG Long Island will then populate any gaps where applicable CLCPA goals are not already being reported on through existing reporting requirements.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
VIII-8.01	Power System Management and Energy Efficiency Groups will meet to identify CLCPA goals which are applicable for reporting on by PSEG Long Island. Existing reporting requirements will be identified and documented. Any gaps in goal reporting will be identified as targets for reporting mechanisms to be established. Discuss available sources of data, timing to obtain such data, and how specific CLCPA goals will be tracked. Work with DPS and/or NYSERDA to determine if statewide reporting requirements are expected to be forthcoming and templates/guidelines to be issued. If not, then the PSEG Long Island teams will work to standardize the collection and reporting of such data for any identified gaps.. Provide definitions of terms. In cases where data is only available annually, updates to those goals will be made once a year.	10/15/24	Complete

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
VIII-8.02	Create a draft report format showing progress towards each of the “gap” CLCPA goals from Step 1 above for the period ending December 31, 2024	04/15/25	Pending/In Progress
VIII-8.03	Finalize the report from Step 2 above. Publish on PSEG Long Island and LIPA websites. Data published will be the best estimate at the time of reporting.	06/15/25	Pending/In Progress
VIII-8.04	Finalize the report for the period ending June 30, 2025. Publish on PSEG Long Island and LIPA websites. Update the report every 6 months. Data published will be the best estimate at the time of reporting.	10/15/25	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island does not anticipate significant incremental costs associated with creating and updating a CLCPA goal and progress tracker. Potential benefits include increased transparency to the public on CLCPA progress.

Risk Analysis

PSEG Long Island has identified the following risks that may impact this effort:

- Unavailability of data; and
- Inconsistent formatting of data that may impact results.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	26	
Primary Responsible Party	PSEG LI	
Recommendation Description	Formalize the Environmental Advisory Committee and provide resources adequate for its success. Create a formal committee charter, develop goals and objectives, track recommendations and deliverables, identify a Committee Secretary to organize meetings, record meeting minutes, and create meeting materials for distribution well in advance of meetings. Report Environmental Advisory Committee findings, recommendations, and actions to the Board's Oversight and Clean Energy Committee bi-annually.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Michael Voltz
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

With the modifications suggested in the recommendation, the Committee can improve the valuable, independent guidance it provides to PSEG Long Island's Energy Efficiency and Renewable Energy programs.

Work Plan

The Energy Efficiency and Renewables team will work with the PSEG Long Island Legal team to create a formal Committee charter. PSEG Long Island will also work to ensure full membership of the committee and provide material support to the committee. PSEG Long Island will identify a Committee Chair to lead meetings and activities. PSEG Long Island will identify a Committee Secretary to organize meetings, record meeting minutes, and create meeting materials for distribution well in advance of meetings. PSEG Long Island will work with the Committee to report Committee findings, recommendations, and actions to the LIPA Board of Trustees' Oversight and Clean Energy Committee bi-annually.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
VIII-9.01	EERE team to work with Legal to create a formal Committee charter.	09/15/24	Completed
VIII-9.02	Ensure full membership of the Committee. Identify a Chair and Secretary.	10/15/24	Completed
VIII-9.03	Begin meetings operating under the formal charter. EERE provide support to the Committee as it arranges meetings, records minutes, and creates materials and reports.	1/31/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
VIII-9.04	Report findings, recommendations and actions to the LIPA BOT Oversight and Clean Energy Committee	06/16/25	Pending/In Progress
VIII-9.05	Formalize cadence to continue to report findings, recommendations and actions to the LIPA BOT Oversight and Clean Energy Committee on an annual basis.	12/31/25	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island does not anticipate significant incremental costs associated with implementation of this recommendation.

Potential benefits include increased insights from third parties to enhance our efficiency and renewable energy programs.

Risk Analysis

Relying on uncompensated Committee leaders and members to perform tasks, such as organizing meetings and preparing materials, could be a challenge. PSEG Long Island will work with the Committee to ensure that participation and deliverables remain on track to the extent possible.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	27	
Primary Responsible Party	PSEG LI	
Recommendation Description	Make considerations for MAIFI performance in determining the worst performing circuits list.	
Assigned PSEG LI Staff	Executive Sponsor	John Mccumiskey; Michael Sullivan
	Team Leader	Wayne Baldassare
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

To use both sustained and momentary circuit performance in determining candidates for all applicable reliability programs including MCO, MMCO, CIP, Branch Line Reclosing, ACRV, Power On, etc.

It is noted that momentary performance is analyzed and addressed discreetly via the MAIFI relay replacement program, which replaces or updates substation feeder relaying to allow for better fuse coordination.

Work Plan

MAIFI historical performance will be periodically analyzed and incorporated into circuit selection in determining candidates for the various reliability programs. In addition, individual customer clusters' MAIFI performance, as tracked by MMCO metric, will be analyzed to further direct reliability improvements at target areas. This review was completed for 2024 and will be repeated in future years, as needed.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
IX-1.01	Ongoing analysis incorporated into all reliability program candidate selection. Ongoing effort in subsequent years.	05/16/24	Completed
IX-1.02	Microprocessor relay replacement recommendations and EM upgrade program. Ongoing effort in subsequent years.	05/16/24	Completed
IX-1.03	Reliability Management MAIFI only based circuit analysis. Ongoing effort in subsequent years.	05/16/24	Completed

Cost Benefit Analysis

This recommendation will enhance the analysis method for candidate selection on several established, ongoing, and funded reliability programs.

Risk Analysis

Potential oversight in addressing poor MAIFI performance outside the lenses currently employed could reduce risks.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	28	
Primary Responsible Party	PSEG LI	
Recommendation Description	Determine the causes for poor SAIFI performance for the following circuits (listed in Chapter IX) that have been unable to be remedied over multiple years. Determine the causes that are within PSEG LI's control and those outside of PSEG LI's control and report findings to DPS.	
Assigned PSEG LI Staff	Executive Sponsor	John Mccumiskey; Michael Sullivan
	Team Leader	Wayne Baldassare
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

To employ multiyear cause and performance analysis of sustained and momentary circuit performance in determining candidates for all applicable reliability programs including MCO, MMCO, CIP, Branch Line Reclosing, ACRV, Power On, etc. as well as custom engineering solutions to improve performance on select circuits not successfully addressed via current improvement protocols.

Work Plan

The follow actions will be conducted in connection with this work plan:

- Perform current state analysis for all 25 circuits cited in the recommendation updated through December 31, 2023.
- Examine preventable profile, cause, storm profile, duration, and system components driving outages.
- Target all circuits still demonstrating poor SAIFI performance due to preventable causes for individual reliability remediation.

Of the 25 circuits cited in recommendation, 7 need to be addressed based on completed analysis and recent performance.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
IX-2.01	Perform current state analysis.	05/16/24	Completed
IX-2.02	Identify candidates for individual deep dive reliability analysis.	05/16/24	Completed
IX-2.03	Assign and conduct individual circuits to reliability engineer for analysis.	05/16/24	Completed
IX-2.04	Implement remediation plans.	12/31/25	Pending/In Progress

Cost Benefit Analysis

Costs cannot be quantified and this time and will depend on the results of remediation/hardening recommendations.

Potential benefits include improved reliability, system performance, and customer satisfaction.

Risk Analysis

Potential risks include decreases in customer satisfaction and adverse impacts on JD Power rankings.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	29	
Primary Responsible Party	PSEG LI	
Recommendation Description	Document the successful implementation of each of the EAMS functional requirements by a utility using the EAMS software selected before proceeding with implementation.	
Assigned PSEG LI Staff	Executive Sponsor	Gregory Filipkowski
	Team Leader	Larry Rocha; Mark Sikorski
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

To provide auditable documentation evidencing implementation efforts.

Work Plan

The Implementation Plan for Recommendation 40 (Chapter XI-1) also addresses the work plan for Recommendation 29.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
IX-3.01	See Recommendation 40 (Chapter XI-1)	N/A	N/A

Cost Benefit Analysis

Please see the discussion in the Cost Benefit Analysis section of Recommendation 40.

Risk Analysis

Please see the discussion in the Risk Analysis section of Recommendation 40.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	30	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Continue to develop and implement the SOS capital program optimization model.</p> <p>Expand the SOS platform to include projects from other business units (e.g., IT and Customer Operations) and programs (e.g., Utility 2.0)</p> <p>Implement improvements such as:</p> <ul style="list-style-type: none"> Review the scoring criteria for each business area when setting up a new project in SOS. Identify any biases toward certain types of projects. Review the Strategic Objectives and the Success Criteria. Share SOS output results with LIPA and the Board of Trustees. Collaborate with Enterprise Risk Management on risk scoring capital projects. 	
Assigned PSEG LI Staff	Executive Sponsor	David Lyons
	Team Leader	Fritz Ferdinand; Joseph Cicalo
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Since its inception, the use of SOS has been generally limited to the Transmission and Distribution (T&D) business unit. The key components to the system that drive value and risk scoring of the contemplated investments have not been refreshed since the platform was launched. Additionally, the landscape of the utility business continues to evolve with new initiatives that need to be adequately defined within the existing SOS platform.

As a result, the need to provide an update to this system is essential in being able to optimize LIPA's capital investment portfolio.

Work Plan

To complete the SOS system improvement project, there is a dependency on both internal and consultant resources needed to support the effort. A group of subject matter experts within the lines of business will be needed to participate in the effort to ensure and complete and thorough review is performed. The outside services vendor for the SOS system is required to capture the needs of the business and make the necessary changes to the platform.

The IDA organization will lead the effort for PSEG Long Island to engage with the product vendor to define the scope of work and secure the services of the vendor to proceed with the system improvements. The effort will kick off in the spring of 2024 with the target of completing all changes and updates to the system by July of 2024, excluding IT investments (pending further review).

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
X-1.01	Refine the business value framework (from an investment planning perspective) as the basis for investment scoring, based on the latest PSEG Long Island strategic objectives.	6/30/24	Complete
X-1.02	Schedule workshops to facilitate the Long Island Core Team and Subject Matter Experts in the development of the associated scoring methodology for each measure within the framework, including refining existing criteria and adding new criteria.	6/30/24	Complete
X-1.03	Review investment financial scoring parameters and non-financial scoring configuration parameters.	6/30/24	Complete
X-1.04	Configure the changes and new criteria in the SOS application.	6/30/24	Complete
X-1.05	Perform scoring distribution and optimization calibration analyses.	7/31/24	Complete
X-1.06	Provide user documentation and training for SOS.	8/30/24	Complete
X-1.07	Collaborate with Enterprise Risk Management to obtain feedback on the latest enterprise risks.	9/30/24	Complete
X-1.08	Provide LIPA an overview of the scoring methodologies and output results.	3/31/25	Pending/In Progress
X-1.09	Work with IT to refine their investments success criteria by following the steps above.	6/30/25	Pending/In Progress

Cost Benefit Analysis

The cost for the outside services to update the SOS system and implement any changes will have a minor expense cost (\$250K - \$300K) associated with the update activities. Internal labor costs will be minimal to support the effort.

The resulting benefits of this effort are:

- Alignment with company strategy to ensure that funding decisions are truly driving that strategy;
- Implementation of scoring that truly matches current operating environment and priorities; and
- Output of meaningful results that will improve the portfolio optimization process and the overall portfolio performance.

Risk Analysis

The use of the SOS system by other organizations outside of T&D needs to be evaluated by leadership in the other areas to determine any resource constraints and or process improvements that may be needed to support the use of SOS.

The optimization of the capital portfolio is presently managed specifically for T&D only investments. The desire to perform portfolio optimization across all lines of business is not generally accepted as a goal for Long Island there may be challenges in prioritizing across other business units depending on current unit-specific priorities.

See Rec 38 X-9 concerning additional enhancements in reviewing, screening, and approving capital projects by T&D and other organizations.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	31	
Primary Responsible Party	PSEG LI	
Recommendation Description	Review and address inconsistencies as well as the lack of integration in project management procedures.	
Assigned PSEG LI Staff	Executive Sponsor	Margaret Keane
	Team Leader	Shaun Jeter
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective is to eliminate any procedural inconsistencies and incorporate all applicable references and omissions.

Work Plan

A full review of the P&C/PMO procedures will be conducted to identify any inconsistencies, missing references, and omissions. A cross-section of subject matter experts for each procedure will be consulted to ensure accuracy and stakeholder alignment with the procedure revisions. Formal approval will be obtained, the procedure revisions will be published, and stakeholders will be trained on the changes.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
X-2.01	Review each P&C/PMO procedure to identify inconsistencies, missing references, an omissions.	4/5/24	Completed
X-2.02	Draft procedure revisions to eliminate inconsistencies and incorporate applicable references and omissions.	5/13/24	Completed
X-2.03	Review the draft revisions with the applicable subject matter experts and procedure owners to ensure accuracy and that all are in agreement with the draft revisions.	5/16/24	Completed
X-2.04	Obtain required approval(s) for procedure revisions.	5/16/24	Completed
X-2.05	Publish revised procedures and communicate changes to stakeholders.	5/16/24	Completed

Cost Benefit Analysis

This work plan will be completed primarily with internal resources and PSEG Long Island does not anticipate significant costs will be incurred in connection with this effort.

Having complete, standardized, and current procedures provide numerous non-quantifiable benefits to the organization, including:

1. Consistency: Ensure that tasks are performed consistently and uniformly.
2. Efficiency: Provides clear instructions on how tasks should be completed. This clarity streamlines workflow, reduces ambiguity, and eliminates unnecessary steps.
3. Training and Onboarding: Serve as valuable training resources for new employees as well as a reference for existing employees.
4. Continuous Improvement: By regularly reviewing and updating procedures based on feedback and evolving best practices, P&C/PMO can drive continuous improvement.
5. Compliance and Governance: Helps to ensure compliance with internal policies.

Risk Analysis

There are no risks that would preclude the successful revision of the procedures to eliminate inconsistencies and incorporate all applicable references and omissions.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	32	
Primary Responsible Party	PSEG LI	
Recommendation Description	Revise current procedures related to quality assurance and quality controls for capital programs and projects requiring project managers to develop a comprehensive quality management plan for each capital project.	
Assigned PSEG LI Staff	Executive Sponsor	Margaret Keane
	Team Leader	Robert Rowe
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The Project Management Body of Knowledge (PMBOK) defines a Quality Management Plan as a component of the project or program management plan that describes how applicable policies, procedures, and guidelines will be implemented to achieve quality objectives.

Per the NorthStar audit, PSEG LI's QA/QC procedures, audits, and activities focus on process, not on the quality of the project work being performed and noted the current project management process of using "meetings, critiques and feedback sessions do not demonstrate adequate or credible QA/QC processes."

Work Plan

A review of the current QA/QC procedure will be conducted as well as a review of the current QA/QC practices that are not specifically delineated in the procedure. The plan will look at the current practices, identify any opportunities for improvement (ex. more formal requirements for documenting and memorializing the results of constructability reviews), and update the existing QA/QC procedure to include comprehensive quality management plans at each stage of the project.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
X-3.01	Review existing practices and QA/QC procedure and identify opportunities for improvement.	11/1/24	Complete
X-3.02	Revise draft QA/QC procedure modifications and share with stakeholders and solicit comments.	1/1/25	Pending/In Progress
X-3.03	Create final QA/QC procedure incorporating stakeholder comments.	2/15/25	Pending/In Progress
X-3.04	Publish new QA/QC procedure.	3/1/25	Pending/In Progress
X-3.05	Train stakeholders in new QA/QC procedure.	3/15/25	Pending/In Progress

Cost Benefit Analysis

Memorializing current process in the procedures for QA/QC will better document roles and responsibilities but may not likely achieve financial, regulatory or operational benefits when compared to current procedures.

Risk Analysis

There are no risks that would preclude the successful revision of the procedures to develop the recommended plans for each project.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	33	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Address the deficiencies in project estimating by making process improvements and adding controls.</p> <p>Develop cost estimate reports for each stage of capital projects. Formally document project cost reviews at each level of estimate in detail and at various stages of project completion.</p> <p>Integrate cost and schedule systems and ensure project master schedule is appropriately integrated with the approved project budget.</p> <p>Continuously verify the accuracy of estimates versus the actual project cost and maintain a record of updates to the estimating database.</p>	
Assigned PSEG LI Staff	Executive Sponsor	Margaret Keane
	Team Leader	Shaun Jeter
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective is to incorporate process improvements and add controls to project estimating.

Work Plan

Capital budget variance, forecast, and projected year end (PYE) spend reporting is completed monthly for all projects in the portfolio to assess the overall performance against the capital portfolio budget. This project specific, monthly cost review is conducted with participation from the project teams and directors. The monthly capital variance and forecast is then sent to LIPA and DPS. LIPA reviews and responds with questions that are discussed during the Capital PYE and Portfolio Review scheduled at the end of each month. Any significant scope change or project cost increase, or in service date modification, trigger a PJD update as well as URB and LIPA approval. The updated PJDs are subsequently sent to LIPA. Monthly variance reports and URB documents are sent to DPS.

To improve operational efficiency using process automation and data accessibility, the Project Tracking Software (PTS) application, a web-based solution supporting certain business processes under a single platform, was implemented at PSEG Long Island in 2020. While P&C aspires to a future system integration, PTS and Primavera P6, the scheduling system, are manually aligned on a monthly basis and continuously monitored for purposes of alignment.

In 2020, PSEG Long Island implemented the Project Tracking System (PTS) to manage all aspects of project costs as detailed above. This web-based solution supports specific business processes within a unified platform. Currently, P&C is in the process of enhancing its capabilities to include elements from Primavera P6. This enhancement includes capturing Key Milestone Dates (KMS) associated with projects. This will help ensure conformity and consistency between project costs and schedules and facilitate comprehensive reporting and analysis to improve our project management capabilities.

The Estimate Level Comparison report, which compares estimates against actual project costs, was implemented in April 2021. Submitted variance explanations are analyzed, and updates to the estimating database are made when deemed necessary. Additionally, a formalized process for maintaining records of all updates to the estimating database will be established and implemented.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
X-4.01	Assess available Sage system database reports.	7/31/24	Complete
X-4.02	Based on the findings in Step 1, develop a template for a formal document for record keeping of all updates to the estimating database.	9/30/24	Complete
X-4.03	Develop a process and determine the frequency of updates of document developed in Step 2.	1/31/25	Pending/In Progress
X-4.04	Populate the document with all updates to the estimating database.	2/28/25	Pending/In Progress
X-4.05	Communicate the new process/report to stakeholders involved.	3/31/25	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island is unable to quantify incremental costs associated with this effort at this time, as any potential costs will depend on the outcome of the review process.

Improving project estimating processes offers benefits such as enhanced accuracy, consistency, and risk mitigation, leading to better cost management and optimization of capital funds allocation. Additionally, efficiency gains and opportunities for continuous improvement contribute to overall organizational performance.

Risk Analysis

There are no risks associated with incorporating process improvements and adding controls to project estimating.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	34	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Utilize a WBS in the initial phases of the project justification and order of magnitude estimating, and continue their refinement as the project progresses. (1)</p> <ul style="list-style-type: none"> • Develop well-defined work packages that can be used to track and measure project performance based on earned value. Plan work in logical work groupings or packages and subdivide into smaller work groupings. Ensure that activities required to perform the work in each group are identified, defined, and dependent relationships established. (2) • Formalize the use of WBS elements by all project participants in their respective areas of responsibility and as an identification tool for project management performance measurement. (3) • Use the WBS in procurement/contracting activities and specify the WBS in contractor Requests for Proposals. (4) • Use the WBS for project costing and as a means to assess the impact of programmatic changes in funding levels on work content, schedules, and contractual support. (5) • Integrate the WBS with PSEG LI’s accounting systems, project cost management systems and schedule management systems. (6) • Integrate master work plans and detailed contractor schedules / activities to the WBS to permit integration of schedule information and to facilitate review of status reports and change proposals. (7) • Refine detailed project estimates initially prepared by WBS element and follow the manner in which the project work was planned, scheduled, estimated, funded, and executed. (8) 	
Assigned PSEG LI Staff	Executive Sponsor	Margaret Keane
Assigned PSEG LI Staff	Team Leader	Shaun Jeter
Assigned LIPA Staff	Executive Sponsor	
Assigned LIPA Staff	Team Leader	

Objectives and Assumptions of the Recommendation

Northstar’s report made several findings regarding the work breakdown structure (“WBS”) employed for PSEG Long Island capital projects under the Projects and Construction (“P&C”) group, ultimately concluding that, in Northstar’s opinion, the structure was not sufficient to manage projects throughout a project lifecycle. Northstar’s recommendation is intended to address perceived gaps in the process to improve the work management processes associated with capital project delivery.

Work Plan

PSEG Long Island and Northstar had numerous conversations regarding WBS during the audit process. As discussed below, Northstar’s opinion conflicts with a recent consultant assessment of the WBS structure that was conducted to review and improve capital project delivery. PSEG Long Island remains of the opinion that its current practices, as reviewed and updated after the 2020 assessment, are reasonable and effective for the delivery of its capital projects.

Notwithstanding, PSEG Long Island has identified areas for review and continuous improvement as provided in the deliverables/milestones section below.

In 2020, PSEG Long Island retained the services of an outside consultant to assess its utilization of the existing WBS against leading industry practices including Project Management Institute (“PMI”), Association for the Advancement of Cost Engineering International (“ACEI”), Construction Management Association of America (“CMAA”), and commonly accepted utility use cases and industry standards. The final assessment – issued in March 2020 – concluded that PSEG Long Island uses an industry accepted WBS based on a comparison to leading industry best practices and peer utility benchmarking. The consultant also observed that PSEG Long Island’s current utilization of the WBS structure was a hybrid asset, phase and functional based WBS, which is similar to utility company examples and industry references.

PSEG Long Island provides the additional information in response to the multi-part Northstar recommendation for context. Corresponding numbers have been added to the Northstar recommendations above and the Company responses below for reference.

- (1) – A WBS is assigned to all projects at the Order of Magnitude estimate phase using the established WBS template. The Order of Magnitude estimate phase is the basis for project funding. The WBS structure is created before the project can approach the Utility Review Board (“URB”) for authorization.
- (2) – Work packages are developed to support the execution of scope assigned to those functional areas working on the project.
 - Each work package undergoes regular review and monitoring through weekly project team meetings and monthly budget challenge sessions.
 - The current WBS features defined and logical groupings for utility construction projects, including Project Management, Engineering Procurement, Licensing and Permitting, Construction, and Withdrawal and is subdivided into smaller groupings by craft.
 - For example, the design and engineering WBS is broken down into: Civil, Overhead and Underground Transmission, Distribution, Asset Strategy, and IT.
- (3) – The WBS template is broken down, by craft, with individuals charging WBS elements, as required.
- (4) – The current practice is to assign WBS points to the schedule of values at time of contract award, but, as noted in the deliverables section below, this information will be reviewed and potentially revised to assign the appropriate WBS points to the schedule of values in the Request for Proposal.
 - Construction Management manages and monitors the schedule of values.
 - Contractor payments are based on the schedule of values on percentage complete for each line item, collectively agreed upon between Construction Management and contractor and approved by the Project Manager.
- (5) – Changes in the overall project funding levels include a summation of all work category WBSs.
 - Each element in the WBS is monitored monthly to make sure the estimated and actual costs and/or hours are aligned and impacts of variation are understood and integrated into the overall project plan.
- (6) – The WBS template is driven by the corporate financial accounting system, SAP. It is mirrored in the project’s cost management system, Project Tracking System (PTS), and serves as the basis for P6 Primavera schedules. Therefore, the WBS is reflected throughout all impacted systems – SAP, PTS, and P6.
- (7) – Construction Management provides a status and progress of each project, including any executed change orders, at the monthly project report meetings. The reports segregate cost and milestone activities at the WBS elements.
 - Contractor schedules are manually incorporated into PSEG Long Island’s project schedules. The schedules have WBS points associated with contractor activities. The scheduler manually enters the contractor’s baseline details into our schedule upon contract award and updates that information monthly.
- (8) – In accordance with the capital playbook, estimates are updated throughout the lifecycle of a capital project to reflect changes to scope and resources as well as incorporate any actual costs incurred to date.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
X-5.01	Create template form to be used for WBS charge points. Formalize the use of WBS elements by all project participants in their respective areas of responsibility.	2/28/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
X-5.02	Create a WBS process step to create distribution list for all individuals charging each project and distribute the populated template form to those individuals	5/30/25	Pending/In Progress
X-5.03	Ensure that template form is distributed and explained affected individuals.	6/30/25	Pending/In Progress
X-5.04	P&C and Procurement to review and update RFPs to potentially include additional WBS information that would be helpful for contractors.	7/31/25	Pending/In Progress

Cost Benefit Analysis

Any action items that result from this implementation would be in addition to existing workloads and priorities, and may require incremental resources to complete. Incremental resource estimates will be developed and presented to LIPA for approval. Failure to receive the required funding may impede PSEG Long Island's timing and ability to implement action items.

PSEG Long Island does not anticipate that any direct cost savings – or significant benefits – will result from implementation of Northstar's recommendations. Potential benefits would include operational efficiencies and additional definition and clarity to certain WBS processes.

Risk Analysis

PSEG Long Island does not foresee any materials risks with implementation of improvements to the current WBS.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	35	
Primary Responsible Party	PSEG LI	
Recommendation Description	Formalize and incorporate risk and contingency management in capital project cost estimating and cost management. Formally report the expenditure of risk funds and contingency funds separately from project estimates rather than inflate total project budget amounts. Risk funds should be assigned to specific project risks. Use of risk and contingency funds should be approved by the URB.	
Assigned PSEG LI Staff	Executive Sponsor	Margaret Keane
	Team Leader	Shaun Jeter
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective is to assess current estimating process for risk and contingency and implement any changes based on the results of this assessment.

Work Plan

In 2021, enhancements were made to the calculations of risk and contingency (R&C) for Construction and that resulted in R&C rates being reduced from 30% to 10% (Design level) and from 20% to 5% (Definitive level). In 2022, as a result of management action plan (Observation #1) in Capital Construction Project Lifecycle Audit, R&C rates were further reduced from 40% to 20% (Order of Magnitude level) and from 35% to 15% (Conceptual level). Further, in partnership with LIPA, a decision was made to consistently budget project R&C funds in the final year of construction phase.

This work plan will focus on the continuous evaluation of the current estimating process, with a particular emphasis on risk and contingency management/utilization. Following this assessment, a detailed action plan will be developed in collaboration with PSEG Long Island Finance and LIPA, outlining enhancements to risk and contingency estimation procedures.

Any adjustments to the estimating process specific to R&C will be integrated into the relevant procedures, with approvals obtained and the revised procedures disseminated. All stakeholders involved will receive training on the updated processes.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
X-6.01	Perform cost analysis of completed projects.	2/3/25	Pending/In Progress
X-6.02	Develop detailed action plan for enhancements to risk and contingency estimating process in coordination with LIPA and PSEG Long Island Finance.	5/1/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
X-6.03	Action plan developed in Step 2 is presented to LIPA for their review and approval.	8/1/25	Pending/In Progress
X-6.04	Affected procedures are changed, approval secured, and new procedures are published.	10/3/25	Pending/In Progress
X-6.05	Train all involved stakeholders on the process changes.	1/3/26	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island is unable to quantify incremental costs associated with this effort at this time, as any potential costs will depend on the outcome of the review process.

Assessing and updating the estimating process for risk and contingency improves accuracy and risk management, leading to informed decision-making and optimization of capital budget allocation process. These enhancements contribute to project success by reducing uncertainties and improving outcomes.

Risk Analysis

There are no risks associated with performing assessment of current estimating process for risk and contingency and implementing any changes to it.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	36	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Define and report project management performance measures that focus on the effectiveness of cost estimation, earned value and schedule management. Project progress reports should contain all information which is pertinent for their target audience.</p> <p>Cost estimates and schedules developed for preliminary plans should be evaluated when a project is complete to determine where further enhancements to project estimating can be made.</p> <p>Have project managers actively monitor overall project progress against the baseline schedule and review cost versus progress and budget.</p> <p>Formalize project management performance reporting to LIPA and PSEG LI. Integrate cost and schedule systems with the project master schedule and the approved project budget.</p> <p>Develop a baseline schedule for every capital project showing the logical relationships, duration, and timing of the WBS elements for engineering and construction.</p> <p>Establish processes for systematic schedule preparation, review and analysis. Include critical path in project schedules.</p> <p>Periodically, perform analyses of the initial establishment of operation/completion dates.</p>	
Assigned PSEG LI Staff	Executive Sponsor	Margaret Keane
	Team Leader	Shaun Jeter
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective is to assess the current scheduling process and determine where further enhancements can be made.

Work Plan

In 2020, PSEGLI implemented the Project Tracking System (PTS) to manage all aspects of project. This web-based solution supports specific business processes within a unified platform. Currently, P&C is in the process of enhancing its capabilities to include elements from Primavera P6. This enhancement includes capturing Key Milestone Dates (KMS) associated with projects. This will help ensure conformity and consistency between project costs and schedules and facilitate comprehensive reporting and analysis to improve our project management capabilities.

The P&C/PMO scheduling process begins with the creation of baseline schedules in conjunction with the estimating level, laying out the project's planned sequence. As the project advances, these schedules are updated to reflect the current status, with revisions made monthly or as needed to reflect project milestones. Coordination among project teams ensures adjustments, enhancing the ability to monitor and control projects.

As part of this work plan, a review will be conducted of the current scheduling process, focusing on integrating critical path analysis, developing project type templates, and formalizing the baseline application procedures. Subsequently, a

detailed action plan will be devised, delineating specific enhancements comparable to utility industry best practice standards. These modifications will be integrated into the existing procedures, and all relevant stakeholders will be trained on the updated processes.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
X-7.01	Develop the team to evaluate current scheduling process; including the effectiveness of cost estimation and schedule management.	7/31/24	Complete
X-7.02	Perform review of current scheduling process, including potential enhancements to integrating cost and schedule systems with the project master schedule and the approved project budget.	4/30/25	Pending/In Progress
X-7.03	Develop detailed action plan for the above-described process enhancements.	5/30/25	Pending/In Progress
X-7.04	Execute the plan identified in Step 3.	6/30/25	Pending/In Progress
X-7.05	Change affected procedures, secure approval, and publish new procedures.	8/29/25	Pending/In Progress
X-7.06	Train all involved stakeholders on the process changes.	12/1/25	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island is unable to quantify incremental costs associated with this effort at this time, as any potential costs will depend on the outcome of the review process and enhancements implemented.

Enhancing our scheduling process offers numerous advantages. It fosters greater efficiency by optimizing resource allocation, thereby driving cost savings through proactive resolution of delays and adherence to budget constraints. Moreover, refined scheduling cultivates heightened productivity by enabling sustained team focus, while simultaneously bolstering risk management capabilities through proactive identification and mitigation of project risks. These improvements assist in minimizing issues with project execution and elevates performance outcomes.

Risk Analysis

There are no risks that would preclude scheduling process review and enhancements.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	37	
Primary Responsible Party	PSEG LI	
Recommendation Description	Review governance and processes for managing work directives to ensure information on change orders and costs are readily available.	
Assigned PSEG LI Staff	Executive Sponsor	Margaret Keane
	Team Leader	Robert Rowe
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective of this recommendation is to formalize the process for managing work directives and, as part of that process, provide a standardized procedure for storing work directive information.

Work Plan

A procedure shall be created to manage the work directive process. The procedure shall include direction on electronic storage of work directive documentation to ensure it is readily available for review upon demand.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
X-8.01	Create draft work directive procedure.	4/10/24	Completed
X-8.02	Review draft work directive procedure with all stakeholders and solicit comments.	4/15/24	Completed
X-8.03	Create final draft work directive procedure incorporating stakeholder comments.	4/25/24	Completed
X-8.04	Publish new work directive procedure.	4/29/24	Completed
X-8.05	Train stakeholders in new work directive procedure.	6/27/24	Completed

Cost Benefit Analysis

This work plan was created using internal resources with little to no impact on the team's operating budget.

Memorializing the work directive process in a procedure will better organize the storage of documentation and support cost tracking for trend analysis. It will also provide estimated project costs and potential savings or other benefits, summarizing methodology of estimates.

Risk Analysis

There are no risks that would preclude successful implementation of a new work directive procedure.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	38	
Primary Responsible Party	PSEG LI	
Recommendation Description	Review the governance structure and processes for reviewing, screening, and approving capital projects. Develop formal charters for committees, clearly defined purpose, approval and oversight responsibilities, and deliverables. Integrate governance committees, responsibilities, capital project meeting documentation requirements, and stage-gate approvals with Project Management policies and procedures.	
Assigned PSEG LI Staff	Executive Sponsor	David Lyons
	Team Leader	Joseph Cicalo; Fritz Ferdinand
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Since its inception, multiple enhancements have been implemented in the Spend Optimization Suite (SOS) based on prior audit recommendations, user feedback, and annual system updates. These enhancements have significantly improved the system's functionalities, user experience, and expansion to other line of businesses. The key SOS functionalities have been mainly used by the Transmission and Distribution (T&D) business unit while the other line of businesses have used some of the SOS functionalities. Nevertheless, all approved capital projects from all line of businesses are in SOS.

We acknowledge that the Strategic Alignment (SA) module of SOS requires enhancements and alignment with the current business environment. This module has not been refreshed since the platform was launched. Consequently, it is essential that the system is configured based on the latest business value framework in order to improve the project optimization process.

We will engage the outside services vendor for the SOS system and a group of subject matter experts within each line of business to identify any changes or enhancements that will improve the overall project optimization process.

Based on Northstar's findings and recommendations, PSEG Long Island's Implementation Plan will include all organizations that sponsor capital work. The goal of the plan is to ensure all impacted organizations have clearly defined processes for reviewing, screening, and approving capital projects. This plan will also address improvements in T&D's existing processes and procedures for screening and prioritizing Capital work.

Work Plan

The IDA organization will lead the effort for PSEG Long Island to engage with the product vendor to define the scope of work and secure the services of the vendor to proceed with the system improvements. The effort will kick off in the spring of 2024 with the target of completing all changes and updates to the system by October of 2024 exclusive of IT investments.

Due to the complexity of the IT portfolio and recently developed cyber security guidelines, the key stakeholders from IT will need to assess the applicability, feasibility, and benefits of the proposed enhancements and determine next steps with addressing the findings and recommendations.

Each impacted organization noted below will document all existing / updated steps that they take in screening and reviewing capital projects. T&D will also document updates to the SOS tool which is utilized by all lines of business for Capital Project Review. PSEG Long Island's Finance Organization will ensure that all organizations have defined reviewing, screening, and approval processes in place prior to submitting Capital Projects/Programs to Finance for review and approval of the Utility Review Board (URB).

The list of organizations sponsoring capital work includes: Asset Management /T&D/Planning, Information Technology, Cyber Security, Customer Operations (including Utility 2.0), and Construction & Operations Services (FEMA, Fleet, General Plant Projects).

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
X-9.01	(Asset Mgmt/T&D / Planning) – Update Review Process for T&D Capital Projects / Programs and make corresponding revisions to the Project Council Charter.	5/28/24	Completed
X-9.02	(Asset Mgmt/T&D / Planning) – Update the Spend Optimization Suite (SOS) to improve Capital project risk analysis and prioritization capabilities for the 2025 Capital Work Plan.	12/31/24	Pending/In Progress
X-9.03	(Information Technology / Cyber Security) – Implement / Document the governance structure and processes for reviewing, screening, and approving capital projects. If necessary, develop formal charters for committees (clearly defining purpose, approval and oversight responsibilities, and deliverables).	06/30/25	Pending/In Progress
X-9.04	(Customer Operations / Utility 2.0) – Implement / Document the governance structure and processes for reviewing, screening, and approving capital projects. If necessary, develop formal charters for committees (clearly defining purpose, approval and oversight responsibilities, and deliverables).	06/30/25	Pending/In Progress
X-9.05	Construction & Operations Svc (FEMA, Fleet, General Plant Projects) – Implement / Document the governance structure and processes for reviewing, screening, and approving capital projects. If necessary, develop formal charters for committees (clearly defining purpose, approval and oversight responsibilities, and deliverables).	06/30/25	Pending/In Progress
X-9.06	Finance – Ensure that all PSEG Long Island organizations that submit Capital Projects/Programs for Utility Review Board (URB) approval have the required screening and prioritization processes in place and documented. Additionally, make all required changes to Finance/URB policies and procedures to account for these new organizational processes.	07/31/25	Pending/In Progress

Cost Benefit Analysis

Generally, for all organizations, an improved screening/review process and prioritization of all capital projects will help to ensure that available capital funds are only expended on the highest priority work, which will yield the greatest cost benefits.

Asset Mgmt / T&D / Planning/Customer Operations/Construction and Operations Services (FEMA, Fleet, General Plant Projects): The need to upgrade the capabilities of SOS was identified in 2023 and budgeted for in 2024. In 2024 our consultant (Infrashields) held numerous workshops with all impacted PSEG Long Island organizations and is modifying SOS to improve Project / Program risk analysis and prioritization. The cost of this year's SOS upgrades is \$260K, and is included in Asset Management's approved 2024 O&M budget.

Risk Analysis

For the following organizations – Asset Mgmt / T&D / Planning/Customer Operations/Construction and Operations Svc (FEMA, Fleet, General Plant Projects) – all identified enhancements to SOS are underway and were completed by July 2024. This will allow for the updated risk review and prioritization of all proposed 2025 T&D Capital Programs / Projects.

Given the status of all ongoing work for AM / T&D, there are no appreciable risks identified for this work stream. For the T&D portfolio, the corresponding revisions to the Project Council Charter have been reviewed across Asset Mgmt, T&D, Planning, and Projects and Construction. A new Charter has been drafted and the new Project Council Structure will be in place for the May 14, 2024 meeting.

The optimization of the capital portfolio is presently managed by IDA and is specifically focused for T&D investments which drive the bulk of the capital investment portfolio. At this time, the desire to perform portfolio optimization across all lines of business may prove to be difficult to prioritize across PSEG Long Island business boundaries due to other existing priorities.

Due to the complexity of the IT portfolio and recently developed cyber security guidelines, the key stakeholders from IT will need to assess the applicability, feasibility, and benefits of the proposed enhancements and determine next steps with addressing the findings and recommendations.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	40	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Develop an integrated a work management system covering all PSEG LI operations, maintenance and construction resources that are based on engineered time standards and cover routine operations, repetitive maintenance activities, planned work, support requirements, and provide continuous feedback on workforce effectiveness. The system should be in an easy-to-use format expressed in man-hours, along with the combined employee and contractor capacity available to perform the work, supported by real time reporting of capacity utilization.</p> <p>The system should include:</p> <ul style="list-style-type: none"> • Documentation of work level versus resource histogram development and work plan process. • Enhanced methods to calculate workforce capacity and utilization. • Expanded workforce coverage in reports. • Documentation of processes for establishing workforce levels. • Documentation of criteria for adding contractor capacity. • Establish real time variance reporting for O&M and project costs. • Additional decision-making information to work plans. 	
Assigned PSEG LI Staff	Executive Sponsor	Gregory Filipkowski
	Team Leader	Larry Rocha; Tom Welsh
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The overall objective is to achieve cost-effective improvements in efficiency while other enhancements are still in process. The assumption is that efficiency improvements will allow us to complete required work at an overall reduced cost.

Work Plan

PSEG Long Island will identify, define, and document existing and future management information/reporting and work management processes/systems, including potential near-term and long-term enhancements. It should be noted that many of the functional and process requirements have been identified in the previous Maximo Implementation RFP, but will need to be re-examined and refined, as well as integrated as a whole.

PSEG Long Island currently uses SAP asset management and CMMS for managing assets, Primavera (P6) and SAP work management for scheduling, and SAP financials for costs. The assumption is that the IBM Maximo (MAS) platform will be implemented to replace CMMS for asset data analytics and SAP asset management, as well as SAP work management for work scheduling. Maximo will need to be integrated with P6, SAP financials, etc.

PSEG Long Island will review the current use of these systems and identify enhancements that will improve overall efficiency within the business. Key deliverable components include time (productivity) standards, organizational effectiveness measures, and capacity analysis (visibility of desired work versus available resources). Additionally, deliverables will provide insight into the drivers of inefficiency. Work will be completed in multiple concurrent tracks.

The following areas of interest will be investigated:

- Information and Reporting
- Employee planned availability vs. actual availability
- Contractor planned availability vs. actual availability
- Work level vs. resource histograms
- Capacity utilization reporting
- Workforce effectiveness measures
- Workload level trending
- Unit cost reporting
- Timely GIS updates to fixed asset records
- Electronic records completion
- Electronic inspection records
- Process and System
- Scheduling
- Prioritization and planning

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XI-1.01	1.1 Kickoff Preparation Fine tune required resources, develop kickoff materials, and hold project kickoff.	01/15/26	Pending/In Progress
XI-1.02	1.2 Define Co-Operative Utilities Create list of utilities, POCs, arrange and hold meetings and correlate responses.	01/15/26	Pending/In Progress
XI-1.03	2.1 Asset Management Identify and correlate all asset information from all sources, <i>i.e.</i> CMMS, SAP, GIS, etc.	01/15/26	Pending/In Progress
XI-1.04	2.2 Inside Plant Assets Define asset classifications, groups, and locations, audit trail of installations, movement and retirements, including electronic inspection processes and information.	01/15/26	Pending/In Progress
XI-1.05	2.3 Outside Plant Inspections, Circuit Walks Identify required reports and dashboards, interface inspections with map view, capture results on mobile devices, vegetation issues, and failure predication.	01/15/26	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XI-1.06	2.4 Work Management Define a single, unified view of all work management phases including capital and O&M, storm work and customer requested work. Define integration with various other external sources.	01/15/26	Pending/In Progress
XI-1.07	2.5 Preventive Maintenance – Relays and Inside Plant Define relay types, locations, and preventive maintenance requirements. Define work permit requirements, lock to tag out, test sheets, next due testing.	01/15/26	Pending/In Progress
XI-1.08	2.6 Corrective Maintenance – Inside Plant Define work requests/processes for corrective actions (preventive, corrective and failure), electronic work order tracking to completion, dashboards, analytics for specific classes.	01/15/26	Pending/In Progress
XI-1.09	2.7 Emergency Work – Outside Plant Define generating work orders from map view, review of work requirements, tracking, actuals vs. estimates, health analytics.	12/30/25	Pending/In Progress
XI-1.10	2.8 Cable / Wire work – Outside Plant Define outage work orders from EAMS from OMS, review of work requirements, tracking, actuals vs. estimates, health analytics.	01/15/26	Pending/In Progress
XI-1.11	2.9 Short Cycle Work – Outside Plant Define PM and CM work orders, financial accounting, planning and scheduling work order, tracking, updating as-built as appropriate and health analytics.	01/15/26	Pending/In Progress
XI-1.12	2.10 Line Replacement - Outside Plant Define project cost estimating and integration, project work orders, plan and scheduling and tracking.	01/15/26	Pending/In Progress
XI-1.13	2.11 Fleet Management Define vehicle categories and characteristics, create PM plans, generate automatic work orders, tracking, warranties tracking, and specific repair and spare parts inventories, accident management and useful life considerations.	01/15/26	Pending/In Progress
XI-1.14	2.12 Material Management Define standardization, warehouse transfer process, and transactions. Define approval workflows, and added efficiency to inventory transaction processes.	01/15/26	Pending/In Progress
XI-1.15	2.13 Inventory Transactions Define storeroom locations, automatic re-ordering process, purchase order approvals, material inspection upon receipt, bins and barcoding.	01/15/26	Pending/In Progress
XI-1.16	2.14 Inventory Cycle Counts Define re-order levels, cycle count reporting, reconciliation reporting, re-order based on reconciliation amounts.	01/15/26	Pending/In Progress
XI-1.17	2.15 Procurements and Contract Management Define process for inventory, purchase requests, and contract spend management in conjunction with work management. Define process to integrate local orders, POCARD expenses, and non-purchase orders	01/15/26	Pending/In Progress
XI-1.18	2.16 Contract and Procurement Define process for the creation of purchase orders, invoices, revisions, B2B procurement, ticket routing, tracking and reporting, forecasting and approvals.	01/15/26	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XI-1.19	3.1 Documents Development Document the results of all activities. Produce report including requirements compilation and validation. Anonymize document for cooperative utility distribution.	02/15/26	Pending/In Progress

Cost Benefit Analysis
<p>The cost to develop, design, and document the integrated work management/asset management system will be significant, with a currently preliminary estimate of \$580,000. This estimated cost does not include any implementation costs. The cost to implement Maximo and all related systems, processes and integrations could be expected to be \$50,000,000 or more.</p> <p>Given the large capital and O&M expenditures experienced by the company, every small improvement in accuracy and efficiency can quickly pay back large benefits. Individual costs and benefits amounts will be developed for the individual components of the proposed solutions and will guide approvals and implementations.</p> <p>Improved efficiency will result in the required work occurring at the lowest reasonable cost, thereby mitigating un-needed costs. Additionally, enhanced management information will allow for better scheduling and communication of customer and emergency driven work.</p>

Risk Analysis
<p>Risk will be mitigated by striking the correct balance between too little or too much work management focus. Under delivery will not achieve optimal benefits, whereas over delivery will not optimize the cost of overall efforts.</p> <p>The funding highlighted above is not budgeted in 2024. Funding will need to be allocated and approved in time for an August start; otherwise, timelines would need to be adjusted to begin in 2025. This would potentially delay the start of the Maximo implementation unless the two efforts (audit response work packages and Maximo implementation) are performed concurrently.</p>

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	41	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Continue to fill gaps in the current management information reporting and organizational reporting relationships to support an integrated work management system.</p> <p>Develop formal reports on trends in work load levels, workforce productivity and utilization. The analysis of these trends identifies areas that are performing well, where improvements are needed, and is a foundation for the development of strategies to improve work force performance.</p> <p>Establish formal processes to use work management data for annual resource planning as part of the annual business planning activities of PSEG LI operations and maintenance.</p> <p>Refine formal work management practices for PSEG LI engineering and design functions. The work management systems should have appropriate system tools to support the various individual and distinct engineering functional processes. Elements that should be formalized include:</p> <ul style="list-style-type: none"> • Scheduling • Prioritization and planning • Resource allocation and leveling • Performance measurement • Budget planning and control • Vendor tracking • Document/drawing control • Records management • Procurement management • Time reporting 	
Assigned PSEG LI Staff	Executive Sponsor	David Lyons
Assigned PSEG LI Staff	Team Leader	Joseph Cicalo
Assigned LIPA Staff	Executive Sponsor	
Assigned LIPA Staff	Team Leader	

Objectives and Assumptions of the Recommendation

PSEG Long Island has worked to improve its work management practices based on recommendations from the 2018 North Star audit findings. Formal reports on trends in work load levels, workforce productivity, and utilization have been developed and communicated to the T&D management and work force using existing systems and tools as the integrated work management system has yet to be implemented. As an enhancement to previously created reports, productivity and utilization measures will be updated based on North Star’s recommendations to modify the methodology behind the calculations for these metrics.

Formal work management models have been created/developed subsequent to the 2018 management audit that incorporate work management data to assist in annual work and resource planning. This information is presently utilized by PSEG Long Island to assess work load levels at the craft type and evaluate demand versus capacity of that specific resource. Formal processes will be developed and memorialized to describe the application of these models in annual business planning activities for PSEG LI operations and maintenance.

A new integrated work management system will implemented, as part of the PSEG Long Island to Recommendation XI-1, that will have appropriate system tools to support the various individual and distinct engineering functional processes described above.

Work Plan

The Work Management team will work with operations business partners to review the Northstar recommendations related to productivity and utilization measures and implement any modifications, as appropriate.

For the development of formal processes that define the utilization of work management information to create annual resource plans and work plans, PSEG Long Island will create a team of internal experts to map out the process for creating the necessary work force models and the utilization of these models in building the annual work and resource plans. This process will be captured in a formal procedure documented and communicated to all involved parties within the defined process.

This work plan will not include the creation of a new integrated work management system to provide the system tools that will support the various individual and distinct engineering functional processes described above. The action plan for Recommendation XI-1, which is the implementation of the new EAMS, will be scoped to contain the necessary tools to support the individual and distinct engineering processes listed above.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XI-2.1	Review and implement any changes to work force productivity and utilization measures to align with Northstar recommendations.	9/15/24	Completed
XI-2.2	Establish an internal team and hold a kick off meeting of SMEs to begin development of process document covering the use of work force models to assist in the annual resource and work planning effort.	11/15/24	Completed
XI-2.3	Provide first draft of process document for review by PSEG Long Island Senior Leadership Team (SLT) and LIPA.	12/15/24	Pending/In Progress
XI-2.4	Provide final draft of process document for review by PSEG Long Island SLT and LIPA.	12/31/24	Pending/In Progress

Cost Benefit Analysis

This effort will improve the accuracy of the measures for productivity and utilization providing greater clarity on the effectiveness of work management practices. By doing so, improved decision making will increase the effectiveness of planning and executing the work plan. Documenting formal processes and procedures regarding the work force models and how they are utilized to support annual resource planning will assure budgets and work plans are aligned resulting in an effective use of resources during the plan execution.

Risk Analysis

PSEG Long Island delivered reports on trends in work load levels, workforce productivity, and utilization as part of the action plan from the 2018 management audit. The additional enhancements proposed in this 2024 Audit Implementation Plan will further reduce the risk of any gaps in information and reporting by enhancing these previously developed reports, as well as creating a process document that memorializes the use of work force models for developing resource plans in support of an integrated work management system.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	42	
Primary Responsible Party	BOTH	
Recommendation Description	Refine overtime targets and performance metrics for PSEG LI operations and maintenance organizations that are based on economic analyses and verified industry norms.	
Assigned PSEG LI Staff	Executive Sponsor	David Lyons; John Mccumiskey
	Team Leader	Joseph Cicalo; Robert Bradley
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Overtime targets for specific resource types within Transmission and Distribution (T&D) Operations and Maintenance have been established based on industry norms and economic analysis performed in response to the 2018 North Star audit. Overtime hours are planned within each annual budget and work plan and are aligned with the targets that have been established.

Work Plan

PSEG Long Island will refresh the previously performed analysis leveraging the support of industry benchmarking consulting services to provide updated targets for overtime rates as well as any pertinent performance metrics that will be applied to the budget and plan going forward. The results of this analysis will be utilized to drive improvements in operational efficiency and effectiveness.

PSEG Long Island will secure the services of a consultant to perform a benchmarking study and economic analysis for the specified resource types within T&D operations and maintenance groups. This effort will require the support of key operational subject matter experts within T&D to work closely with the consultant to assure the analysis accurately measures PSEG Long Island resources appropriately against industry benchmarks. The results of this study will be an input into future work management metrics and performance indices.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XI-3.01	Create scope of work for proposal to secure consultant services.	1/15/25	Pending/In Progress
XI-3.02	Submit request for proposal for consultant services.	1/31/25	Pending/In Progress
XI-3.03	Review proposals and select successful bidder.	3/31/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XI-3.04	Work with selected consultant to benchmark PSEG Long Island against peer utilities regarding overtime rates and other performance indices	5/16/25	Pending/In Progress
XI-3.05	Consultant, along with support of PSEG Long Island team, to perform economic analysis along with industry benchmarks to establish targets for overtime and other performance indices	6/16/25	Pending/In Progress
XI-3.06	Develop and communicate results of analysis via presentation to PSEG Long Island leadership and LIPA	6/30/25	Pending/In Progress
XI-3.07	Incorporate targets derived from analysis for overtime rates and performance indicators into work management dashboards and metrics	6/30/25	Pending/In Progress

Cost Benefit Analysis

The cost for the outside services to conduct the economic analysis and industry benchmarking study is estimated to be approximately \$50,000 to \$100,000. The internal labor will be minimal to support the effort.

The output of this study would create value seen in increased productivity and effectiveness of the work force overtime, as work management tools and reports will drive increased efficiencies and performance.

Risk Analysis

Targets for overtime rates for specific resource types (*e.g.*, linepersons and technicians) are dependent upon several factors and may not always demand a downward trend year on year. Performance indices and targets developed linked to peer utilities will need to be vetted for validity since work performed within each utility by certain job types are not homogeneous (*e.g.*, a substation tech at PSEG Long Island may not perform similar work to a substation tech in a peer utility).

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	43	
Primary Responsible Party	PSEG LI	
Recommendation Description	Review the design of monitoring and controlling reports to improve their usefulness.	
Assigned PSEG LI Staff	Executive Sponsor	David Lyons
	Team Leader	Joseph Cicalo; Robert Bradley
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The work management team continues to develop reports and dashboards that provide insight into the execution of the work and the effectiveness of the workforce. Aligned with present OSA metrics in the work management space, tracking of unit completion and unit costs and other performance metrics such as productivity, schedule attainment, and resource utilization have been created and incorporated into periodic meetings with the operating groups. The improvement of these reports will be addressed via the continued development and implementation of work management dashboards that will provide deeper views of work completion and the effectiveness of work management practices. The dashboards will be incorporated into periodic meetings and interactions with business leaders to provide for strategy discussion and decision making that will drive performance improvements.

Work Plan

The work management group within Investment Delivery Assurance (IDA) has two distinct sections: work planning and scheduling and work management. Between these two groups, reports and meetings are conducted on a routine basis that track several work management activities. Each section lead will work to review existing reports and determine if refinement of these reports or the creation of new reports will be useful to drive improved business performance. The introduction of new meeting forums at different levels within the business hierarchy will be contemplated and implemented where visibility to workforce productivity can be improved.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XI-4.01	Implement quarterly dashboard review of financial and work management data to understand trends and develop strategy to course correct and improve operations.	10/31/24	Complete

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XI-4.02	Work management section leads will review existing monitoring and control reports along with operations managers and identify any needed improvements.	10/31/24	Complete
XI-4.03	Work management section leads will review existing monitoring and control reports along with operations managers and identify any new reports needed to be added.	10/31/24	Complete
XI-4.04	Identify any additional data inputs required to either enhance existing reports or develop new reports.	11/29/24	Complete
XI-4.05	Make changes to existing reports or create agreed to new reports and implement the distribution of reports to appropriate stakeholders.	12/31/24	Pending/In Progress

Cost Benefit Analysis

The internal labor to support this effort will be minimal.

The effort to improve existing monitoring and control reports is value added to the T&D business and core to PSEG Long Island's continuous improvement culture.

Risk Analysis

There are no risks associated with reviewing and incorporating potential improvements to these reports.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	44	
Primary Responsible Party	BOTH	
Recommendation Description	<p>Improve LIPA and PSEG LI competitive procurement levels to significantly exceed previous levels of performance.</p> <p>Edit and modify procurement policies and procedures to establish a stronger competitive bias.</p> <p>Provide formal value analysis of all bid evaluations and selections to record competitive placement with an emphasis on materials and services cost.</p> <p>Increase approval levels for any non-competitive transactions.</p> <p>Competitively re-bid contracts or formally re-confirm competitive basis instead of providing funding extensions, renewals and selections among multiple existing contracted suppliers.</p> <p>Perform a verifiable benchmarking study of large utility purchasing functions to establish best in class performance levels. Use this information to establish stretch targets for future competitive performance goals.</p> <p>Adopt competitive procurement KPIs and OSA performance metrics.</p> <p>Develop an improved competitive approach to contractors, their geographic coverage and staggered strategy for multi-year procurement contracts.</p> <p>Remove end-users from participation in the selection of multiple service providers for similar services or provide specific guidelines to be followed and report these results to senior management.</p> <p>Revise purchasing analytical processes to improve performance reporting clarity and consistency.</p> <p>Reduce variations in terminology among LIPA and PSEG LI.</p> <p>Provide greater management attention to competition.</p> <p>Formally commit to a timetable for acquiring competitive procurement levels based on stretch targets and industry demonstrated performance levels.</p> <p>Report improvement progress to the Board of Trustees and the DPS on a quarterly frequency until these levels are reached.</p>	
Assigned PSEG LI Staff	Executive Sponsor	Sonny Chung
	Team Leader	Brian Miller; Joseph Lamotta
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective of this action plan is to ensure that PSEG Long Island continues to prioritize competitive bidding where appropriate, verifying that the best total cost proposals for materials or services have been received, while providing transparency, fairness and efficiency in procurement processes.

Work Plan

To implement this action plan, the PSEG Long Island Procurement Center of Excellence will identify like-sized utility benchmarking opportunities. Based on the output of these studies, Procurement will determine and establish best-in-class competition targets, formalize a timetable outlining when targets will be met, increase approval levels for non-competitive transactions, and update policies and procedures to establish a stronger competitive bias. Procurement KPIs will also be established to monitor competition levels and provide insight into continuous improvement opportunities.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XII-1.01	<p><u>Recommendation</u>: Provide greater management attention to competition.</p> <p><u>PSEG Long Island Action Plan</u>: PSEG Long Island will expand the mandatory Line of Business Procurement training materials within the LMS platform to provide greater focus on competition. Updates will highlight the importance of competitive bidding (secure the best price, most favorable terms, and most technically qualified contractor).</p> <ul style="list-style-type: none"> Procurement Practice 242LI-1 and Instructions 242LI-1-1 will be updated with more impactful language to reinforce the establishment of a stronger competitive bias. PSEG Long Island Procurement will benchmark classification of competitive bids and, if appropriate, change current transaction classification criteria to align with industry peers. PSEG Long Island Procurement will also explore the process of increasing single/sole source approval thresholds to a higher DOA level. 	12/31/25	Pending/In Progress
XII-1.02	<p><u>Recommendation</u>: Perform a verifiable benchmarking study of large utility purchasing functions to establish best in class performance levels.</p> <p><u>PSEG Long Island Action Plan</u>: PSEG Long Island will conduct competitive procurement benchmark study with peer utilities, the results of which will be summarized, shared with senior leadership, and taken into consideration for modification of Procurement policies and procedures.</p>	12/31/25	Pending/In Progress
XII-1.03	<p><u>Recommendation</u>: Provide formal value analysis of all bid evaluations and selections to record competitive placement with an emphasis on materials and services cost.</p> <p><u>PSEG Long Island Action Plan</u>: Formal value analysis of all bid evaluations and selections is currently documented in the Recommendation to Award (RTA) template.</p>	12/31/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XII-1.04	<p><u>Recommendation:</u> Competitively re-bid contracts or formally re-confirm competitive basis instead of providing funding extensions, renewals and selections among multiple existing contracted suppliers.</p> <p><u>PSEG Long Island Action Plan:</u> PSEG Long Island will work to identify specific instances in which rebidding would add value (e.g. the rebidding of certain commodities). In addition, the PSEG Long Island Procurement Center of Excellence (COE) Group will release a communication to all Procurement staff, which highlights the importance of competition and reiterates the process by which Procurement staff should consider a rebid of contractor materials or services rather than extending and renewing. The communication will also provide guidance on the topic of diversification of supply as it relates to the competitive process.</p>	12/31/25	Pending/In Progress
XII-1.05	<p><u>Recommendation:</u> Develop an improved competitive approach to contractors, their geographic coverage and staggered strategy for multi-year procurement contracts.</p> <p><u>PSEG Long Island Action Plan:</u> PSEG Long Island is in the unique position of maintaining a service territory located on an island. The company's island location reduces the available pool of qualified suppliers. PSEG Long Island will conduct a feasibility study on the recommendation to stagger multi-year agreements in consideration of staffing requirements. The planned implementation of a category management program will be taken into account when performing this study.</p>	12/31/26	Pending/In Progress
XII-1.06	<p><u>Recommendation:</u> Formally commit to a timetable for acquiring competitive procurement levels based on stretch targets and industry demonstrated performance levels.</p> <p><u>PSEG Long Island Action Plan:</u> Development of a timetable for an improved competitive approach to contractors based on stretch targets and industry standards will occur after the results of the benchmarking study are properly evaluated.</p>	6/30/26	Pending/In Progress
XII-1.07	<p><u>Recommendation:</u> Edit and modify procurement policies and procedures to establish a stronger competitive bias.</p> <p><u>PSEG Long Island Action Plan:</u> Where deemed appropriate, modification of Procurement policies and procedures, including competitive bidding processes, will occur in 2026 after the results of the benchmarking study are properly evaluated.</p>	6/30/26	Pending/In Progress
XII-1.08	<p><u>Recommendation:</u> Increase approval levels for any non-competitive transactions.</p> <p><u>PSEG Long Island Action Plan:</u> A change to the approval levels of non-competitive single/sole source transactions will be considered in 2026 after the results of the benchmarking study are properly evaluated.</p>	10/17/24	Complete

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XII-1.09	<p><u>Recommendation:</u> Remove end-users from participation in the selection of multiple service providers for similar services or provide specific guidelines to be followed and report these results to senior management.</p> <p><u>PSEG Long Island Comment:</u> The current bid evaluation process utilized by PSEG Long Island is comprehensive and aligned with industry standards. We do not plan to remove technical subject matter experts from the bid evaluation process.</p>	Not Applicable	Not Applicable
XII-1.10	<p><u>Recommendation:</u> Revise purchasing analytical processes to improve performance reporting clarity and consistency.</p> <p><u>PSEG Long Island Comment:</u> Over the past two years, PSEG Long Island has developed a robust Supplier Performance Management Program. The program assesses the performance of strategic vendors on a semi-annual basis. 71% of PSEG Long Island's contractor spend is evaluated within the program. Our most recent assessment evaluated 210 contracts, 129 suppliers, and reflected inputs from over 95 internal contract owners. Over the last two years, PSEG Long Island's SPM program was able to reduce low performing contractors by 19%.</p>	12/14/22	Complete
XII-1.11	<p><u>Recommendation:</u> Reduce variations in terminology among LIPA and PSEG Long Island.</p> <p><u>PSEG Long Island Action Plan:</u> PSEG Long Island will meet with the LIPA Procurement team during Q3/Q4 2024 to determine if opportunity exists to align terminology associated with Procurement processes. In instances where terminology alignment is achieved, PSEG Long Island will formalize such language within our Procurement policies.</p>	12/31/24	Pending/In Progress
XII-1.12	<p><u>Recommendation:</u> Report improvement progress to the Board of Trustees and to DPS on a quarterly frequency until these levels are reached.</p> <p><u>PSEG Long Island Comment:</u> PSEG Long Island will provide LIPA with updates on the management audit deliverables, including deliverables related to this plan, at a cadence established by the Board.</p>	Beginning 4/30/25 and ongoing until closed	Pending/In Progress
XII-1.13	<p><u>Recommendation:</u> Adopt competitive procurement KPIs and OSA performance metrics.</p> <p><u>PSEG Long Island Action Plan:</u> KPIs - PSEG Long Island Procurement will work to establish a set of key performance indicators related to the tracking of competitive procurement transactions. Any resulting OSA metrics will need to be discussed and mutually agreed by LIPA and PSEG Long Island.</p>	12/31/25	Pending/In Progress

Cost Benefit Analysis

The action plan will be implemented using in-house resources, with costs anticipated to be minimal. The benefit of the action plan is potential cost savings to be realized through increased competitive procurement transactions. The KPIs will provide enhanced visibility on the performance of the Procurement department, specifically tracking competitive transactions. Alignment of terminology between LIPA and PSEG Long Island may increase collaboration and support strategic planning initiatives.

Risk Analysis

Certain risks have been identified that may impede successful implementation of the action plan.

Benchmarking studies may result in insight that is inconsistent with the recommendations within the audit report.

In terms of competitive transactions, the geographical limitations of PSEG Long Island may result in a restricted pool of contractors willing to participate in competitive bid events.

Competitively re-bidding contracts instead of providing funding extensions or renewals may result in service disruption, delays, and/or price increases.

Removing end-users from participation of selection in service providers would result in a lack of technical expertise and evaluation. Technical evaluation of suppliers is currently performed by end-user subject matter experts and is formally documented within PSEG Long Island's proposal evaluation tool.

PSEG Long Island followed all applicable procurement guidelines, to assist LIPA and New York State with their submissions for FEMA reimbursement on FEMA declared storms. Accordingly, these emergency procurements comply with necessary requirements and federal guidelines. As a result, these purchase orders are reviewed and approved by LIPA, the New York State Department of Homeland Security and Emergency Services, and FEMA to secure available funding.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	45	
Primary Responsible Party	BOTH	
Recommendation Description	Conduct an independent audit of LIPA and PSEG LI supply chain functions directed by DPS to address each of the control deficiencies noted in this chapter to determine whether they have been addressed and effectively resolved.	
Assigned PSEG LI Staff	Executive Sponsor	David Lyons
	Team Leader	Rocky Shankar
Assigned LIPA Staff	Executive Sponsor	John Rhodes
	Team Leader	Cathy Widmark

Objectives and Assumptions of the Recommendation

The Northstar report recommended an audit of the PSEG Long Island supply chain function to assess whether the control deficiencies noted by NorthStar were adequately addressed and are operating effectively, including:

- Improved bidding, use of competitive methods, and cost reduction.
- Performance of formalized, quantified, cost/benefit analyses or price comparison among contracted vendors.
- Evidence of achievement of KPI performance targets.
- Controls over split POs, and changes to PO pricing and delivery dates after original execution.
- PO, invoice, spend amount, and contract matching process.
- Ensuring POs reference a vendor contract.
- Controls over splitting of a purchase between two vendors for the same equipment and amount.
- Invoice approval consists of ensuring work was actually performed.

Work Plan

Conduct an independent audit of LIPA and PSEG LI supply chain functions directed by DPS Staff to address each of the control deficiencies noted in this chapter to determine whether they have been addressed and effectively resolved. LIPA and PSEG Long Island will cooperate with DPS Staff's administration of the audit, which will commence in 2026 after completion of items due in 2025 under Implementation Plan 44.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XII-2.01	DPS Staff, LIPA, and PSEG LI to define audit scope of work	1/31/26	Pending/In Progress
XII-2.02	Issue RFP for auditor	Approx. 90 days after 1/31/26	Pending/In Progress
XII-2.03	Select auditor	Within two months of RFP issuance	Pending/In Progress

XII-2.04	Receive necessary approvals from AG/OSC	Within 90 days of auditor section	Pending/In Progress
XII-2.05	Conduct audit	September – November 2026	Pending/In Progress
XII-2.06	Draft audit report issued for LIPA, PSEG LI, and DPS Staff review	End of November 2026	Pending/In Progress
XII-2.07	Final report due from auditor	End of December 2026	Pending/In Progress

Cost Benefit Analysis

Conducting an audit of PSEG LI's supply chain function, while focusing of the key points raised in the NorthStar Management Audit, will provide the business and management with a sense of where control gaps continues to exist and warrants attention to strengthen applicable controls and/or processes.

Risk Analysis

PSEG Long Island and LIPA do not anticipate any risks in cooperating with this audit.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	46	
Primary Responsible Party	PSEG LI	
Recommendation Description	Demonstrate that all of the EAMS functional requirements pertaining to supply chain activities (including procurement, materials management and accounts payable) are presently used, operating as planned and effective at another utility using the software platform obtained by LIPA/PSEG LI before proceeding with the EAMS initiative.	
Assigned PSEG LI Staff	Executive Sponsor	Gregory Filipkowski
	Team Leader	Mark Sikorski
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

To provide auditable documentation evidencing requirements and implementation efforts.

Work Plan

The Implementation Plan for Recommendation 40 (Chapter XI-1) also address the work plan for Recommendation 46.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XII-3.01	See Recommendation 40 (Chapter XI-1)	N/A	N/A

Cost Benefit Analysis

Please see the discussion in the Cost Benefit Analysis section of Recommendation 40.

Risk Analysis

Please see the discussion in the Cost Benefit Analysis section of Recommendation 40.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	47	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Improve oversight, controls, reporting, and tools for Shared Meter Investigations.</p> <p>Require Special Investigations supervisors to approve all Shared Meter Reports prior to submittal to Customer Relations.</p> <p>Require Customer Relations supervisor to approve all Shared Meter penalties and assessments prior to notification of landlords.</p> <p>Develop in-field tools for investigators that are consistent across all employees and updated as necessary. Discontinue the use of private notes.</p> <p>Tools may include:</p> <ul style="list-style-type: none"> • Checklists • Forms to be completed • Photographs to be taken • New technology such as electronic notebooks etc. • Discontinue the practice of reviewing a week’s worth of investigations on Fridays and require daily reporting. 	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Balaji Ambriyath; Michael Presti
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

To address and complete the stated recommendations included in the Management Report to improve the operational efficiency of the departmental areas.

Work Plan

A. Under the management of the current Special Investigation Supervisor since January 2022, all Shared Meter folders are approved by the Special Investigation Supervisor through initials on the Investigation Summary prior to submittal to the Customer Relations Department.

The Investigation Summary report and supporting documentations are in a physical folder that is forwarded to the Customer Relations Department. Additionally, an email is sent to the Customer Relations Supervisor consisting of the investigations' scanned contents for each folder prior to the physical folders delivery. The email is sent within 24 hours of the supervisory review and approval date.

After Supervisory approval, the completed and approved folders are delivered physically to the Customer Relations Departmental area within a week.

B. Through the Transfers, Adjustments, Menu Application (TRAM) process within CAS (Customer Accounting System), all Shared Meter Penalties and Assessments are conducted by the Customer Relations representatives.

TRAM entries require all data entry to be documented automatically identifying the reason for the adjusting entry. They are categorized as "Transfer/Adjustments" and "Refunds/Credits".

There are authorization guidelines and levels based on the individual's title and role. All Customer Service Representatives within Customer Relations have Tram Level 1 access. Any TRAM transactions exceeding the customer representative's authorization dollar limit, the next level supervisor based on the organizational chart will approve the transaction through the Tram process. Listed below are the TRAM Chart guidelines:

Transfer Adjustment Authorization Approval Guidelines:

(Designated Departments: BBO, Call Center, Collections, Customer Offices, Customer Relations, Payment Processing, Special Services, Revenue Accounting)

Level	Transfers/Adjustments	Refund/Credit
TRAM - Level 1	\$5,000	\$500
TRAM - Level 2	\$20,000	\$50,000
TRAM - Level 3	\$50,000	\$75,000
TRAM - Level 4	\$100,000	\$100,000
TRAM - Level 5	\$999,999	\$999,999

NOTE: Approval levels may be assigned to the next higher level based on business need and proper authorization. For Penalties and Assessments conducted by the Customer Relations team, the Tram transactions are classified in the category of "Refund/Credit."

C. For each investigation conducted, there are applicable documents that are retrieved and scanned to ensure completeness before the folder is sent to the Special Investigations Supervisor for review and approval.

A checklist is being generated for content completion. Full implementation of the process will be completed by the end of May 2024.

Effective April 2024, private notes will be discontinued as a part of the investigation folder packet.

D. Daily reporting will not be conducted based on the operational capacity of the department.

Currently Special Investigation conducts its review based on the "Daily Office Work schedule". 48 hours after the completion of the investigation when the documentation is recorded, scan, and summarized to completion; the Area investigators will ensure the folder contents applicable to the investigation are complete prior to it being sent to the Special Investigation Supervisor for approval.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XIII-1.01	As per Recommendation, a Checklist for Folder content related to Special Investigations will be created and fully implemented by the Special Investigations staff. This provides consistency amongst all field investigators.	06/01/24	Completed
XIII-1.02	As per Recommendation, private notes will be discontinued.	06/01/24	Completed
XIII-1.03	The Investigation Summary report and supporting documentations are completed within 24 hours of the investigation in a physical folder that is forwarded to the Customer Relations Department. The completed report is first sent via email to the Customer Relations department with physical delivery of the folder to Melville within one week.	06/01/24	Completed

Cost Benefit Analysis

Content folder process improvements for Special Investigations will improve documentation content related to these investigations.

Risk Analysis

PSEG Long Island does not anticipate any risks associated with implementing the recommended process improvements.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	49	
Primary Responsible Party	PSEG LI	
Recommendation Description	Determine the extent to which PSEG LI can offer customers bill credits for the purposes of achieving OSA metrics.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Michael Voltz
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

There are several ways for PSEG Long Island to motivate customers to take an action:

- Education
- Marketing and advertising
- Cash incentives
- Bill credits

All of the above come at a cost and the decision as to which method to use will depend on the relative effectiveness in achieving the desired outcome. There is no distinction from our perspective between the use of bill credits and other means of achieving the desired result; the impact on LIPA net income is the same.

PSEG Long Island routinely uses incentives to drive/influence customer behaviors and/or to encourage them to take a specific action related to voluntary opt-in program offerings. This has been the case and continues to be so with energy efficiency programs that offer incentives in the form of bill credits to incent the purchase of efficient products, demand reduction efforts to reduce demand during peak times, efficient appliance offerings with built in price reductions, and past marketing initiatives, such as paperless billing that offered incentives to customers to forgo a paper bill in favor of a digital alternative. The bill credits are a reduction to LIPA revenue and have the same effect on net income as cash incentives.

Work Plan

PSEG Long Island will continue to review opportunities to support opt-in customer engagement programs with targets for awareness and enrollment by using tools such as education, marketing, cash incentives, and/or bill credits.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIII-3.01	Meet with LIPA to discuss potential opportunities to offer customer bill credits for the purpose of achieving OSA metrics.	12/31/24	Pending/In Progress

Cost Benefit Analysis

For each program that requires awareness and enrollment, budgets are developed, reviewed, and approved by both PSEG Long Island and LIPA finance and leadership teams. For large project budgets, where appropriate, benefit/cost analyses (ex. Utility 2.0) are completed. Specific

At a high level, the cost of completing this review is relatively minimal, whereas the potential benefits, both to PSEG Long Island and customers, include potential cost savings, energy efficiency, and environmental benefits.

Risk Analysis

Risks for each project are assessed as they are developed. Project with potentially large risks are assessed and reviewed as part of our annual Enterprise Risk Management review jointly between PSEG Long Island and LIPA.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	50	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Improve Call Center resource planning, budgeting, and training.</p> <p>PSEG LI Call Center should have a documented plan and be appropriately prepared for an increase in customer call volume for the 2024 TOD implementation.</p> <p>Refine Call Center forecasting model to day-of-week and include all resources (including supplemental department support). Call volume forecast should be “tunable” to calculate needs based on variable inputs (e.g., TOD rollout).</p> <p>The Call Center forecasting model output should be used to inform the call center budget.</p> <p>Call Center agents should have training on EE programs and information sheets they can send or email customers Retain records of training material, along with dates of training, and individuals who participated in the training session.</p>	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Jessica Tighe
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

- 1- Continue refinement of resource planning, budgeting and training-
 - PSEG LI currently utilizes a deliberate resource planning approach that employs a detailed resource planning model that considers various operational inputs (i.e., call volume, shrinkage, AHT, etc.) to develop and source appropriate staffing plans.
 - PSEG LI works closely with LIPA to derive appropriate budgets to support Call Center needs as part of annual budget planning process. Output from aforementioned model is a key contributor to developing associated staffing budget. Further refinement of budget model will help to further validate appropriate staff budget, actively incorporating any appropriate assumption changes relative to expected call volumes and operational performance.
 - PSEG LI has and continues to enhance its recruitment, hiring and training processes having undertaken a deliberate approach to refine the training organization structure, associated staffing, training material development and delivery and tracking. This has helped to improve overall effectiveness and experience of trainers and students.

- 2- Continue enhancement of Call Center Forecasting model, including integration of TOD Program resource needs
 - PSEG LI currently utilizes a deliberate resource planning approach that employs a detailed resource planning model that considers various operational inputs (i.e., call volume, shrinkage, AHT, etc.) to develop appropriate staffing plans. Additional opportunities exist for further refinement of model. The Workforce management system does take into account day-of-week call volume and FTE needed, the output is monthly not daily forecasts. Currently supplement staff from other departments help when needed during peak times but long term the forecast and staffing does not include other departments assisting the call center.
 - PSEG LI has developed detailed call center staffing projections to meet TOD Program demands based on experience with its Voluntary TOU Programs and consideration of feedback/lessons learned from other utilities that have implemented mandatory TOD Programs.
 - TOD projections will be further refined based on experience with first migration of customers (June 2024) and that of other customers moving to TOD rate in early 2024 (i.e., voluntary enrollment and “moves” customers)

- 3- Ensure appropriate level of EE program training for Call Center agents
 - PSEG LI’s current model employs use of a group of dedicated Call Center Energy Efficiency Subject Matter Experts (SMEs) to field and respond to customer inquiries related to Energy Efficiency issues and program offerings. This model employs a dedicated Energy Hotline Number and has been in place since 1990 and has proven to be a best practice and effective means to address Energy Efficiency related calls
 - PSEG LI call representatives at large do have familiarity with Energy Efficiency and can answer general questions that come to the Call Center through the general number and/or redirect to the Energy Hotline as appropriate.

- 4- Ensure appropriate maintaining of Training Records
 - PSEG LI maintains all training records for employees on a centralized SharePoint site. All training materials are stored on sharepoint. The training log tracks new employees, test results and dates that training is completed. This document is completed for every new hire class. Attached example (File: Class A Test Scores. Xls)
 - Efforts are underway to realign Call Center training efforts under Customer Operations (Meter Services) Training Academy leadership as means to build off success of Academy and drive enhanced training, consistency in reporting and oversight and a more coordinated alignment of training activities across the customer organization.

Work Plan

- 1- Utilize TOD call forecasting data and plan accordingly for increase in TOD call volume
- 2- Utilize NICE forecast model to plan and hire staffing to ensure targeted performance metrics are met and the customer is afforded a positive customer experience. In addition, forecast model to be used for 2025 budgeting.
- 3- Dedicated call center agents to remain in place for Energy Efficiency program related activities/calls, with all other call agents having EE overview knowledge.
- 4- Training records are utilized to track new hire test score results and dates training completed. All training materials stored internally.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIII-4.01	Analyze 2024/2025 TOD call volume and average handle time assumptions by various call types by month which was based on the voluntary TOU program and continue to monitor and adjust as appropriate.	10/12/23	Completed
XIII-4.02	Refine TOD call staffing needs based on call volume projections and Average Handle Time, incorporating learnings from first migration.	8/1/24	Completed
XIII-4.03	Based on projected call volume expected to start in November 2024, a class of 20 agents is scheduled to start July 8, 2024 allowing sufficient time to train agents thoroughly and be prepared to handle TOD customer calls.	7/8/24	Completed
XIII-4.04	Prepare 2024 call center forecast by month including expected call volume, average handle time, shrinkage, attrition, and new hires tracked monthly. This model is generated from the NICE Workforce Management system and is updated and re-run monthly based on actual data from prior month. Note, the staffing provided from other departments for support is limited and not included in forecasting models.	11/8/23	Completed
XIII-4.05	Provide annual ongoing/refresher training for the four Call Center agents dedicated to the EE program which has a dedicated 800# for customers.	1/1/24	Completed
XIII-4.06	Expand overview of EE program in new hire Call Center training program.	6/1/24	Completed

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XIII-4.07	Meet internally with Human Resources to obtain company assigned materials and reporting capabilities for tracking call center agent completion information	9/15/24	Complete

Cost Benefit Analysis

Continued refinement and successful execution of the call center staffing model will ensure operational efficiencies and budget right sizing.

Risk Analysis

All risks that would preclude the successful implementation of the stated deliverables have been adequately addressed.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	51	
Primary Responsible Party	PSEG LI	
Recommendation Description	PSEG LI required Call Center performance metrics should be consistent with Case 15-M-0566 reporting requirements in alignment with other New York utilities. Refer to the four metrics discussed within the Chapter.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Jessica Tighe
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Below provides summary of key objectives and assumptions associated with these recommendations. The below metrics are being tracked daily.

1. Total incoming calls received: All incoming calls, without exclusion.
2. Percent of calls answered: All answered calls (by any means, including interactive voice responses (IVR) or a CSR.
3. Total incoming calls requesting a representative: All calls that have requested to speak to a representative, excluding calls that are abandoned before 30 seconds have lapsed.
4. Percent of calls answered by representative within 30 seconds: The percentage of total incoming calls requesting a representative that were answered by a representative within 30 seconds.

Work Plan

PSEG Long Island will continue to track and monitor the above metrics on a daily basis and use the metrics as a means to monitor and measure performance, while identifying opportunities for actions to ensure adherence to LIPA performance metrics.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIII-5.01	These metrics are tracked regularly and utilized as a means to measure and adjust performance: <ul style="list-style-type: none"> • Total incoming calls • Percentage of calls answered • Total incoming calls requesting a rep • Percent of calls answered by rep within 30 seconds 	1/1/13	Completed

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XII-5.02	Excluding emergency calls from Service Level to be calculated year end.	1/7/25	Pending/In Progress

Cost Benefit Analysis

Tracking call center metrics will help to ensure achievement of financial, regulatory and operational benefits through proper staffing, performance monitoring, and refinement.

Risk Analysis

All risks that would preclude the successful implementation of the stated deliverables have been adequately addressed.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	52	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Implement process improvement initiatives for the Household Assistance Program. Scope should include at a minimum:</p> <p>Update Household Assistance Program processing procedure per report findings. Create a comprehensive Program Manual for the Household Assistance Program to include end-to-end program management. Include the following:</p> <ul style="list-style-type: none"> • Stakeholders • Applicable Tariffs • Eligibility Program goals and KPI's • Program budget by admin, marketing/outreach and implementation. • File matching cadence • Tier discounts – maintenance of Tier discounts • HAR form – English and other languages • HAR letters – English and other languages • Marketing and Outreach collateral – English and other languages • Marketing and Outreach Strategy • Community Based Organization partners • List of reports with samples. • Training material locations • Audit report locations Etc. <p>Establish cadence for receipt of OTDA file and track file match rates. Encourage customers (and change website verbiage) that have received HEAP or Emergency HEAP to apply directly to the utility until a higher rate of customer matching is achieved. Determine reasons for HAR high rate of denials for manually processed applications. Review verbiage on denial letters to ensure customer friendly tone and communicates how they can remedy their application. Review and clarify Tariff intention Tier 2 and Tier 3 discounts for non-heat customers. PSEG LI should reflect Tier discounts in accordance with LIPA tariff (provide internal operational guidance as notes in procedure). Update HAR application form to include discount tiers and instructions for completing application form. Utilize a sample calculator to determine appropriate sample size for monthly enrollment audits. Audit should also encompass denied applications.</p>	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
Assigned PSEG LI Staff	Team Leader	Brigitte Wynn; Kim Soreil
Assigned LIPA Staff	Executive Sponsor	
Assigned LIPA Staff	Team Leader	

Objectives and Assumptions of the Recommendation

A comprehensive processing guide will provide program information and details. It will assist in ensuring enrollment in the household assistance program is completed timely, accurately, and in accordance with company guidelines.

Work Plan

The guide will be created to include various recommendations including: eligibility, program goals and metrics, tier discounts, processing, etc. PSEG Long Island will work with LIPA to gain understanding of the tier discounts and ensure that customers receive the appropriate discount amount. The Payment Assistance Outreach team will work with internal controls to determine a reasonable sample size for auditing purposes and will incorporate a review of denied applications.

The current HAR application form, which is available in both English and Spanish, already includes instructions on how to complete the form. This form was developed in conjunction with the regulated utilities as part of the DPS Energy Affordability Policy working group. While it does not include discount tiers, PSEG Long Island will not be revising the HAR application form in order to maintain consistency with the forms used by the other utilities in New York State.

The establishment of a cadence for receipt of OTDA files depends entirely on OTDA and when it sends files to PSEG Long Island. PSEG Long Island will discuss this process with OTDA, as reflected in Deliverable #6.07 below.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIII-6.01	Review current Household Assistance Process Document; identify areas/sections to be enhanced/clarified.	1/18/24	Completed
XIII-6.02	Determine reasons for HAR high rate of denials for manually processed applications. Review verbiage on denial letters to ensure customer friendly tone and effective communication regarding how they can remedy their application.	6/1/24	Completed
XIII-6.03	Discussions with LIPA to clarify eligibility of Tier 2 and Tier 3 discounts for non-heating customers. PSEG Long Island should reflect Tier discounts in accordance with LIPA tariff	6/30/24	Completed
XIII-6.04	Utilize a sample calculator to determine appropriate sample size for monthly enrollment audits. Audit should also encompass denied applications.	6/30/24	Completed
XIII-6.05	Develop a new comprehensive processing guide that encompasses all of the updates listed above and the applicable recommendations.	9/30/24	Completed
XIII-6.06	Update website verbiage to encourage customers that have received HEAP or Emergency HEAP to apply directly to the utility.	8/31/24	Completed
XIII-6.07	PSEG Long Island to discuss with OTDA the cadence of receipt of OTDA files.	8/31/24	Completed

Cost Benefit Analysis

There is no material cost associated with this change. Providing more comprehensive information for our customer service representatives may allow eligible customers to be enrolled timely and accurately. Customer concerns may be addressed more timely and information can be provided so that they may provide the proper documentation to enroll in the household assistance program. Data can be gathered to identify areas for improvement.

Risk Analysis

PSEG Long Island is unable to establish a set cadence with OTDA at this time for receipt of eligible HEAP recipients. OTDA owns the data and distributes it based on their own schedule. The current cadence is when regular HEAP ends, when Emergency HEAP ends, and then again for the annual performance measurement data exchange in the fall. Due to available funding, HEAP and Emergency HEAP do not always close the same month every year. OTDA will only compile and send the data once the programs close. Receiving the data at set months/times is outside of PSEG Long Island's control.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	53	
Primary Responsible Party	PSEG LI	
Recommendation Description	Update Internal Financial Assistance Program Guide to include HAR.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Brigitte Wynn; Kim Soreil
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Internal Financial Assistance Guide is distributed to PSEG Long Island customer service representatives and provides one point of reference when speaking to customers that may have difficulty paying their utility bill.

Work Plan

The Internal Financial Assistance Guide will be reviewed and modified to include the Household Assistance Program.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIII-7.01	Review current version of Financial Assistance Program Guide.	3/1/24	Completed
XIII-7.02	Add information regarding the Household Assistance Rate to the Financial Assistance Program Guide.	3/6/24	Completed
XIII-7.03	Distribute to management for review/edits/feedback.	3/13/24	Completed
XIII-7.04	Receive final approval.	3/15/24	Completed
XIII-7.05	Distribute final version to customer service representatives.	3/15/24	Completed

Cost Benefit Analysis

There is no material cost associated with these changes. Providing more comprehensive information for our customer service representatives will likely improve customer satisfaction, improve first call resolution, and provide assistance to financially struggling customers.

Risk Analysis

PSEG Long Island does not anticipate any risks in implementing this recommendation.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	54	
Primary Responsible Party	PSEG LI	
Recommendation Description	Track and coordinate internal referrals to maximize low-income program participation such as between the Household Assistance Program and REAP. Review REAP program eligibility rules and determine if they can be adjusted to align with the Household Assistance Program so participation in one program will qualify for the other.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Brigitte Wynn; Kim Soreil; Michael Voltz
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Tracking and coordinating referrals between the Household Assistance Program and REAP could maximize low-income program participation. Alignment of the eligibility requirements could allow for customers to automatically qualify for each program.

Work Plan

REAP program eligibility rules have been reviewed and it has been determined that they should not be adjusted to align with the Household Assistance Program because that would reduce the number of customers eligible to participate in REAP. However, enrollees in HAP will continue to be referred to REAP. Data sharing currently exists; however, the Payment Assistance team will formalize a process to identify new enrollees in the Household Assistance Program and provide that list monthly to the REAP Program Manager. Data will be extracted and provided on a monthly basis. Date to be implemented in August 2024. The REAP Program Manager will also formalize the REAP process to track outreach, response, and participation by new HAP enrollees referred by Payment Assistance.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIII-8.01	Review REAP program eligibility rules	5/15/24	Completed
XIII-8.02	Formalize process to identify new enrollees in the Household Assistance Program and provide that list monthly to the REAP Program Manager.	8/31/2024	Completed
XIII-8.03	Formalize process to track outreach, response, and participation by new HAP enrollees referred by Customer Operations.	8/31/2024	Completed

Cost Benefit Analysis

Formalizing the process of providing a list of new Household Assistance Program enrollees to the REAP Program Manager each month will provide a proactive approach to ensuring customers are aware of the benefits of participating in REAP, potentially helping them save energy and money. Tracking the referrals from HAP to REAP will provide insight into the success of the process.

Risk Analysis

Prior referral of HAP enrollees has not increased customer participation in REAP or other Energy Efficiency programs to the point where participation overrun the program budgets; however, PSEG Long Island will need to monitor resulting budget impacts going forward for potential overruns.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	55	
Primary Responsible Party	PSEG LI	
Recommendation Description	Revisit and clarify the net income requirements for \$10 Agreement eligibility for payment agreements.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Brigitte Wynn; Kim Soreil
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Reviewing the net income requirement for the \$10 agreement will provide clarity and consistency for customer service representatives. A customer's financial situation will be reviewed and their ability to pay for their utility service will be assessed.

Work Plan

PSEG Long Island will review the current process and make additional adjustments to provide more customers with the opportunity to enter into a \$10 agreements.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIII-9.01	Reviewed current version \$10 Agreement matrix.	3/18/24	Completed
XIII-9.02	Reviewed benchmarking data from other NY utilities that was performed in 2023.	3/13/24	Completed
XIII-9.03	Revised matrix.	3/25/24	Completed
XIII-9.04	Conducted training sessions with customer service representatives.	4/11/24	Completed
XIII-9.05	Distributed final version to customer service representatives.	4/11/24	Completed

Cost Benefit Analysis

There is no cost associated with this change. The change will allow more customers to enter into a \$10 agreement in lieu of seeking assistance with the Department of Social Services.

Risk Analysis

No risk analysis was completed as it is not possible to determine the number of customers that may request to be enrolled in a \$10 agreement and have income thresholds that fall into the revised guidelines.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	56	
Primary Responsible Party	PSEG LI	
Recommendation Description	Evolve marketing and outreach strategies to focus on methods that increase customer participation in the Household Assistance Program and EE programs.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Brigitte Wynn; Kim Soreil; Michael Presti; Michelle Somers
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Marketing and outreach strategies have been revised to focus on methods that increase customer participation in the Household Assistance Program and EE programs, including:

- Launched a new, mass media Out of Home campaign (buses and bus shelters) to drive awareness and participation in Financial assistance programs including the Household Assistance Program.
- Implementation of renewal reminder outreach to customers who are nearing their enrollment expiration date, driving to the new online application form.
- Development of new engagement communications around income-eligibility based programs like REAP, HEAP and EE offerings to deploy at one or more intervals during the 14 month enrollment period.
- Utilization of the new HAP database and other sources to identify and create opportunities to cross promote REAP with HAP and other programs.

Work Plan

PSEG Long Island will work with internal stakeholders, partners, and external vendors to execute mass media and customer communications campaigns.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIII-10.01	Work with ICF Next, the utility advertising agency, to launch a new, mass media Out of Home campaign (buses and bus shelters) to drive awareness and participation in financial assistance programs including the Household Assistance Program.	5/1/24	Completed
XIII-10.02	Implement renewal reminder outreach to customers who are nearing their enrollment expiration date, driving to the new online application form.	6/30/24	Completed

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XIII-10.03	Develop new engagement communications around income-eligibility based programs like REAP, HEAP, and EE offerings to deploy at one or more intervals during the 14 month enrollment period.	12/31/24	Pending/In Progress
XIII-10.04	Utilize the new HAP database and other sources to identify and create opportunities to cross promote REAP with HAP and other programs.	12/31/24	Pending/In Progress

Cost Benefit Analysis

Investment in this multifaceted, cross-channel approach to customer communications for HAR and REAP will likely generate increased program participation as well as higher customer satisfaction.

Risk Analysis

Expansion of the marketing and outreach strategies may increase customer participation in the Household Assistance Program and EE programs to the point where participation overruns the program budget. Budget levels will need to be monitored and revised accordingly.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	57	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Implement capital project outreach recommendations from prior NorthStar audit.</p> <p>Update the External Affairs Handbook to reflect recent lessons learned, the findings in NorthStar's report.</p> <p>Implement formal capital outreach training as recommended in the prior NorthStar audit, document attendees, and conduct post-training surveys for continuous improvement.</p> <p>Develop Tier 3 Capital Project Outreach Plans in accordance with the prior NorthStar audit.</p>	
Assigned PSEG LI Staff	Executive Sponsor	Christopher Hahn
	Team Leader	Lauren Hill
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Although Northstar's report found that PSEG Long Island had made changes to its capital outreach process following the last audit, the auditors did not believe that PSEG Long Island had fully implemented all prior audit recommendations. The auditors therefore made recommendations to update the External Affairs Handbook, formalize and enhance outreach training, and update and formalize outreach plans.

Sub Plan A: : External Affairs will incorporate agreed upon revisions to its External Affairs Handbook based on Northstar's recommendations and lessons learned from PSEG Long Island capital projects since the last handbook revision. Consideration shall also be given to recommendations offered by past internal audits. Any resulting changes will be tracked and integrated into the handbook during the next update.

Sub Plan B: PSEG Long Island will formalize and enhance its External Affairs training. During External Affairs All Hands Meetings, there will be a review of the outreach and communications process, focusing on any new procedures. A placeholder has been added to the presentation documents to evidence this training process. This review will be at a regular, ongoing cadence aligned with the PSEG Long Island External Affairs All Hands meetings and provided when significant changes to procedures or personnel occur.

Sub Plan C: PSEGLI Team will develop a public outreach plan document for each Tier 3 project. At a minimum the plans will be updated as the project or anticipated outreach requirements change:

- Description of the project, including timeline and key milestones
- Checkpoints to identify any significant changes in project scope or timing
- Scoring sheets and a discussion of key concerns and how to mitigate them
- Discussion of alternatives considered
- Project budget and detailed outreach budgets
- Anticipated frequency of communications/timeline, planned outreach activities and materials

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XIII-11.01	Step 1: Review recommendations of 2018 Management Audit related to External Affairs Handbooks	7/1/2024	Completed
XIII-11.02	Step 2: Hold meeting with District Managers Team on lessons learned since 2018	8/1/2024	Completed
XIII-11.03	Step 3: Hold meeting with Public Affairs Team about lessons learned since 2018	8/15/2024	Completed
XIII-11.04	Step 4: Integrate lessons learned from External Affairs staff	10/1/2024	Completed
XIII-11.05	Step 5: Integrate recommendations offered by Management audit	11/15/2024	Completed
XIII-11.06	Step 6: Send updated handbook to Legal for review	1/31/2025	Pending/In Progress
XIII-11.07	Step 7: Circulate updated handbook to External Affairs staff	1/31/2025	Pending/In Progress
XIII-11.08	Step 8: Coordinate a lessons learned review with External Affairs Team and finalize changes	9/30/2025	Pending/In Progress
XIII-11.09	Step 1: Establish accountability leads within External Affairs Department	7/01/2024	Completed
XIII-11.10	Step 2: Insert a placeholder slide in All Hands meeting agenda/slide deck template for training.	7/01/2024	Completed
XIII-11.11	Step 3: Provide introduction to EA team at All Hands Meeting for ongoing trainings.	7/01/2024	Completed
XIII-11.12	Step 4: Develop process to periodically solicit ideas for additional EA staff trainings.	12/31/2024	Pending/In Progress
XIII-11.13	Step 5: Assign and implement training at All Hands Meetings to cover items in Handbook or other EA procedures.	12/31/2024	Pending/In Progress
XIII-11.14	Step 6: Develop process to receive training feedback and incorporate any resulting improvements.	12/31/2024	Pending/In Progress
XIII-11.15	Step 1: Establish Working Group Team and Hold Kick-Off Meeting	05/07/24	Completed
XIII-11.16	Step 2: Develop Draft Tier 3 Outreach Planning Template	06/30/24	Completed
XIII-11.17	Step 3: Hold review session and gather feedback on Draft Tier 3 Outreach Planning Template	07/31/24	Completed

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XIII-11.18	Step 4: Finalize Tier 3 Outreach Planning Template	09/30/24	Completed
XIII-11.19	Step 5: Train External Affairs Outreach Team on finalized Tier 3 Outreach Planning Template	12/07/24	Pending/In Progress
XIII-11.20	Step 6: Implement Tier 3 Outreach Plan	12/31/24	Pending/In Progress

Cost Benefit Analysis

Sub Plan A:

The External Affairs Handbook provides a standardized process for the department to provide public notifications ahead of – and during – the construction of capital projects. By establishing a uniform standard by which to rate projects and determine appropriate levels of public notification, PSEG Long Island customers will receive the benefit of best practices that provide awareness as to the need and scope of projects and potential community impacts. These best practices can be incorporated with little to no incremental rate impact on customers.

Sub Plan B:

Implementing a formal process for PSEG Long Island EA training procedures will better enhance the team awareness, cohesion, and morale without requiring additional resources. These benefits are projected to be qualitative only, and PSEG Long Island does not anticipate that the enhancements are likely to result in tangible financial, regulatory or operational benefits as compared to current procedures.

Sub Plan C:

Developing a formal Tier 3 outreach plan will provide incremental benefits, including fostering transparency and ensuring stakeholders are well-informed and actively engaged throughout the project lifecycle. By clearly outlining the project's description, timelines, key milestones, and any significant changes, the updated plan will provide a structured approach to communication, which can preemptively address potential concerns and reduce the likelihood of conflicts. These updates can be incorporated with little to no incremental rate impact on customers.

Risk Analysis

Sub Plan A:

Portions of the audit recommendations fall outside the scope of the External Affairs Handbook. References include items handled by departments outside of External Affairs (such as Corporate Communications) and projects for which public notification processes are governed by Article VII of New York State Public Service Law, which would preempt any processes in the External Affairs Handbook. Appropriate coordination will be required to ensure all affected groups are aware of any changes to the handbook and regulatory requirements to ensure compliance going forward.

Sub Plan B:

This recommendation refers to a previous audit recommendation that was marked complete by DPS and LIPA. PSEG Long Island believes that current practices are meeting departmental needs, and has agreed to implement NorthStar's current recommendations to allow for incremental enhancements. However, the continued receipt of inconsistent stakeholder feedback could adversely impact the effectiveness of the training program and result in unnecessary revisions and duplicative efforts that are not beneficial to the team or customers.

Sub Plan C:

This formal outreach plan for Tier 3 projects is essential to identify potential challenges that may impede successful implementation. One risk that may emerge is the lack of alignment between the proposed outreach activities and the needs and expectations of the community members. Failure to adequately engage stakeholders and address their concerns could lead to resistance or pushback, ultimately undermining the effectiveness of our outreach efforts. By proactively identifying and addressing this in a formal comprehensive plan, PSEG Long Island can mitigate potential obstacles and ensure the successful execution of our Tier 3 projects.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	58	
Primary Responsible Party	PSEG LI	
Recommendation Description	Improve transparency and controls over EE programs. At a minimum: Implement approval process for LIPA to approve fund-shifting between EE programs. Implement processes to increase transparency of EE program funds. Suggest budgeting and tracking at a program level by admin, marketing/outreach, implementation, and rebates/incentives costs.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Michael Voltz
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Accurate budgeting and controls are important tools for managing the overall Energy Efficiency program. Providing LIPA with greater transparency regarding where funds are spent will allow for better oversight. However, requesting LIPA approval to shift funds between EE programs is inconsistent with the OSA and will not be done.

Work Plan

The energy efficiency team will review current budgeting practices and modify if they are inconsistent with the categories of charges recommended in the management audit. The 2025 EE budget will be prepared with the level of detail suggested here and reported on monthly. When shifting funds from one program element to another, PSEG LI will inform LIPA of the magnitude of the change and the reasoning for it (though LIPA's approval will not be required).

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIII-12.01	Budgeting and tracking at a program level by admin, marketing/outreach, implementation, and rebates/incentives costs will be tracked beginning with the 2025 Budget.	10/15/2024	Completed
XIII-12.02	Report to LIPA monthly spending compared to budget for each of the categories in item 1 above.	2/15/2025	Pending/In Progress

Cost Benefit Analysis

Not Performed

Risk Analysis

Unavailability of data

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	59	
Primary Responsible Party	PSEG LI	
Recommendation Description	Ensure risks associated with system integration projects (Sonic ESB to MuleSoft) overlapping with the system separation program are captured within the appropriate mitigation plan to support the continuation of system separation.	
Assigned PSEG LI Staff	Executive Sponsor	Gregory Filipkowski
	Team Leader	Theresa Derting
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

This recommendation is based on incorrect assumptions made by the auditors related to the inclusion of Sonic ESB to MuleSoft in PSEG Long Island's IT System Separation efforts.

Work Plan

The IT System Separation Program was established to separate the technology products which support LIPA, but are ultimately part of PSEG Long Island's IT assets. There is no overlap between the business software systems that are part of the System Separation Program and system integration projects related to the Sonic ESB to Mulesoft transition project. The system integration projects that are part of the Sonic ESB to Mulesoft transition are directly owned and managed by PSEG Long Island and do not require separation. The Sonic ESB to Mulesoft project is transitioning interfaces from a legacy platform (Sonic ESB) to more modern platform, Mulesoft. The focus and scope of this project does not include any applications included in the System Separation program.

The above was explained to the auditors during the audit discovery process and again during factual accuracy review. PSEG Long Island will demonstrate to LIPA and DPS Staff that the Sonic ESB to Mulesoft is not appropriate for inclusion in System Separation efforts or planning.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIV-1.01	Meet with LIPA and DPS Staff to discuss PSEG Long Island's position regarding Sonic ESB to Mulesoft and participate in any follow up discussions regarding the same.	12/31/25	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island does not anticipate any costs or benefits associated with having discussions on this issue.

Risk Analysis

PSEG Long Island does not anticipate any risks associated with the deliverable noted above.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	60	
Primary Responsible Party	PSEG LI	
Recommendation Description	Create a centralized library to document Data Lake / Tableau reports specifications and business uses.	
Assigned PSEG LI Staff	Executive Sponsor	Gregory Filipkowski
	Team Leader	Meena Malhotra
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The Northstar audit recommended the creation of a centralized library to document Data Lake/Tableau report specifications and business uses. Creating the data library is a substantial endeavor as currently, there is no central data dictionary or library that an end user can rely upon to understand the data and reports available for self-service use. In fact, the business context about PSEG Long Island’s data is maintained in the minds of the subject matter experts (SMEs)—and is largely undocumented. However, the capabilities of a Data Catalog solution is specifically designed for centralizing and documenting metadata about data assets. In addition, once a data governance process in place, it will allow an individual with the ability to search for data, learn about it, and decide whether or not it contains the information they need. Centralizing PSEG Long Island’s metadata enables users to find and retrieve data assets efficiently. Metadata—the data about the content of data— includes topics like schemas, data types, field names, descriptions, data locations, connection methods, and business term definitions. Without a clear understanding of the data’s purpose and intended use, the data consumer is left to his/her own interpretation. As a result, the analysis produced and the conclusions drawn based on the analysis may be misleading.

One of the primary purposes of this project will be to develop a solution that provides a centralized library (e.g., data catalog) that contains information on all available data assets (e.g., data sets & reports) in a searchable format with information on all tableau reports including metadata about the reports. In addition, a data catalog is required for the data lake with a list of objects, their relationships, fields, and their descriptions in simple business terms that end users can use for query and analysis.

The following list contains the overall project objectives:

- **Centralization:** Ensure all reports, data products are stored in a single, easily accessible location eliminating silos and streamlining user access.
- **Standardization:** Establish standardized formats, naming conventions, and metadata to ensure consistency and ease of navigation.
- **Accessibility:** Ensure the library is accessible to all relevant stakeholders within the organization with appropriate permissions and access controls to ensure protection of sensitive data.
- **Search Ability:** Implement a robust search capability, including tags and filters, to enable users to quickly find products and reports that meet their needs.
- **Version Control:** Implement version control mechanisms to track changes over time ensuring the users always have access to the most up-to-date information.
- **Quality:** Establish processes to ensure accuracy, reliability, and relevance of the products and reports.
- **User Training & Support:** Provide the necessary training and support to the user community to ensure they understand how to effectively leverage this asset.
- **Feedback:** Implement mechanism(s) to gather input from users, enabling continuous improvement.

- **Data Governance:** Establish data governance process for all data domain users to help maintain the integrity of the centralized library everyone can rely upon.

The following list are the assumptions related to accomplishing the action plan:

- Stakeholder engagement is sufficient to enable the efficient execution of the plan.
- Security and Legal reviews are completed within the allotted timeframe.
- Sufficient resources including funding, personnel and time are allocated to ensure effectiveness and sustainability.
- Once implemented, resources are provided to maintain and support the technology solution.

Work Plan

An Agile/Kanban approach will be used to deliver the centralized library/data catalog solution. PSEG LI will perform Phase 0 project scope in 2025 and plan for a Phase 1 implementation efforts in subsequent years. The completion of all project phases is dependent on receipt of necessary funding allocation from LIPA during the annual budget process for impacted years.

The initial part of the project, Phase 0, is required to ensure stakeholder alignment and project objectives with clearly defined project scope. During Phase 0, the team will conduct visioning and high-level requirement workshops with stakeholders to support the release of an RFP for selecting a technology solution that is fit for purpose. In addition, with better clarity on scope and requirements, it will allow the team to prepare a more accurate cost estimate and timelines for Phase 1 implementation. The following deliverables are outlined for Phase 0 scope.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIV-2.01	Develop Phase 0 scope and requirements. <ul style="list-style-type: none"> • Hold requirement sessions with LIPA and enterprise teams • Develop detailed business requirements across domains • Develop functional and technical requirements 	04/30/25	Pending/In Progress
XIV-2.02	Research/review possible data catalog and data dictionary tools/solutions : <ul style="list-style-type: none"> • High level solution concept • Projected integration architecture 	05/31/25	Pending/In Progress
XIV-2.03	Develop and execute RFP <ul style="list-style-type: none"> • Create RFP using scope and requirements • Release RFP 	05/31/25	Pending/In Progress
XIV-2.04	RFP Selection process <ul style="list-style-type: none"> • Review vendor responses and information • Complete cyber risk assessments • Complete RFP process, select vendor, and prepare for procure of software and services 	07/15/25	Pending/In Progress
XIV-2.05	Finalize cost estimate and timelines for Phase 1 implementation	07/31/25	Pending/In Progress

Cost Benefit Analysis

Implementation of this recommendation will require additional capital and O&M resources, the extent of which will be refined during development in each project phase. As indicated above, execution of the project implementation plan is contingent upon the receipt of funds from LIPA during the annual budget process.

Below is a list of projected benefits, with potential impacts and results.

Centralized Enterprise Data Management

- Impact: Single source of truth for data location, data definition, and business logic associated with enterprise data assets.
- Results: Reduce time to develop analyses and reports by reducing time spent identifying sources of data and time spent searching for data. Minimize time and effort spent preparing data for analyses. Eliminate misinterpretation of data meaning.

Enforce Data Governance of Enterprise Data Assets

- Impact: Supports robust data stewardship and data governance capabilities.
- Results: Improve quality, accuracy, and consistency of data.

Improve Visibility of Data Availability and Data Lifecycle

- Impact: Provide a unified view of enterprise data assets. Enrich data with characteristics, quality metrics and data relationships. Well organized and trustworthy data.
- Results: Improve timely decision-making and mitigate risk of using stale data.

Consistent Definition and Understanding of Data

- Impact: Contextualize technical information regarding data with business context and characteristics. Provide standardized definitions and relationships between data assets.
- Results: Improve reporting accuracy by providing consistent definition of data across solutions.

Enhanced Collaboration and Knowledge Sharing

- Impact: Provide accessible, user friendly platform that facilitates communications between data producers and data consumers. Supports self-service model for data identification and democratization.
- Results: Increase efficiency and effectiveness of data consumers.

Data Security and Regulatory Compliance

- Impact: Provide tools to support the identification of security and regulatory compliance considerations with regards to data. Can provide quick identification of security and access consideration for data elements, and visibility into data lineage and usage to support security investigations.
- Results: Improve visibility into data security considerations. Reduce effort required to investigate and resolve security considerations. Identifies data required for regulatory compliance.

Effective Management of Change

- Impact: Support the ability to quickly perform impact assessments to existing data assets.
- Results: Mitigate the risk associated with change to existing data assets.

Risk Analysis

Implementation of a centralized repository/data catalog has associated risks that will need to be addressed, as outlined below.

Impact Category: Schedule Description: Stakeholder unavailability: a lack of stakeholder support can result in project delays.

- Risk Mitigation Strategy: Schedule meetings with sufficient advanced notice.

Impact Category: Quality Description: Skills Gap: With any new technology there is a risk of a lack of skill in one or more areas required for successful implementation.

- Risk Mitigation Strategy: This risk will be mitigated by using experienced consultants to support the implementation.

Impact Category: Quality Description: Data Quality Issues: Inaccurate or incomplete metadata can mislead users resulting in erroneous analysis or decision-making.

- Risk Mitigation Strategy: Apply minimum standards that must be met.

Impact Category: Schedule, Cost Description: External Team Support Delays: Delays in support from other teams can lead to schedule and cost impacts

- Risk Mitigation Strategy: Ensure requests are submitted to provide adequate time. Follow-up consistently. Note: PSEG LI's ability to deliver this project in scope and on time is high dependent on timely receipt of identified funds from LIPA.

Impact Category: Schedule, Cost Description: Integration Challenges: Integrating repositories/catalogs with existing data systems can be complex.

- Risk Mitigation Strategy: Accept risk based on recommendation.

Impact Category: Quality Description: Adoption: Users may not adopt the technology if it is perceived to be too difficult to use.

- Risk Mitigation Strategy: Training and change management can help to mitigate this risk.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	61	
Primary Responsible Party	PSEG LI	
Recommendation Description	Determine if any distribution automation, power quality monitoring, street lighting controls, pre-pay and collaboration opportunities can be considered in the roadmap.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Balaji Ambriyath
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Street Lighting Controls: Based on discussions with the AMI vendor, street light controllers are available that are compatible with the existing Gridstream AMI network. These controllers are capable of measuring voltage, current, watts, and power factor as well as kWh. These controllers also allows for intelligent dimming based on ambient light levels, schedules, or on-demand. By enabling AMI capabilities on streetlights, it will reduce the amount of truck-rolls while allowing for remote management, provide an accurate life-cycle maintenance, and increase customer satisfaction.

Power Quality Monitoring: This project will bring voltage data from the meter into the Outage Management System (OMS) utilizing the existing OMS-AMI digital channel within OMS. This will allow the operations teams to evaluate a customer outage for full power, part power, or power quality issues. Currently, only PSEG Long Island users with specific permissions to an external system (AMI HES Command Center) need to temporarily leave the CGI applications to log into the external system (Command Center) and to retrieve a customer’s Meter Voltage Read result manually. With this implementation, users will be able to retrieve and display the meter voltage information directly in OMS.

Distribution Automation, Pre-Pay: The recommendations for distribution automation and pre-pay, will not be part of the overall AMI roadmap for the below reasons.

- Distribution automation currently utilizes its own network under licensed and un-licensed frequencies different from AMI frequency. Currently, there is no business justification to perform distribution automation functions under the AMI network. Integrating the two systems can be complex and potentially compromise the systems’ reliability.
- Pre-pay is not included in the LIPA tariff. During the planning/stage gate meeting process for a previous Utility 2.0 Long-Range Plan update filing, PSEG Long Island presented the pre-pay option to LIPA and DPS. LIPA and DPS rejected the prepay option at that time. Thus, we are currently not pursuing an amendment to the LIPA tariff to include pre-pay options.

Work Plan

Street Lighting Controls

Initial pilot of 1,200 controllers were installed to test functionality. Based on the pilot’s success, an additional 8,000 light fixtures will be targeted for installation of the street light controllers. This project was completed in 2023 as reflected in the deliverables/milestone chart.

Power Quality Monitoring

Evaluate the capabilities and compatibility of the AMI headend system and the OMS for data integration.

- Identify any technical requirements or modifications needed to facilitate the integration process.

- Develop a data mapping strategy to define how meter voltage data from the AMI system will be formatted and transmitted to the OMS.
- Implement the necessary configurations and interfaces to enable seamless data transfer between the AMI headend system and the OMS.

Distribution Automation, Pre-Pay: Not applicable

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XIV-3.01	Street Lighting Controls: Establish Project Team.	8/31/2021	Completed
XIV-3.02	Street Lighting Controls: Installation in field.	12/31/2023	Completed
XIV-3.03	Power Quality Monitoring: Design, Development and Unit testing.	6/30/2024	Completed
XIV-3.04	Power Quality Monitoring: Integration & Functional UAT testing.	10/31/2024	Completed
XIV-3.05	Power Quality Monitoring: DPS Cycle 2 performance testing.	12/31/2024	Pending/In Progress
XIV-3.06	Power Quality Monitoring: In Service.	12/31/2024	Pending/In Progress

Cost Benefit Analysis

Street Lighting Controls

Estimated Cost:

- \$1.2M for Hardware Cost
- \$1M for Installation Labor Cost

Benefits:

- Real time notification of failing and/or defective light fixtures reduces onsite troubleshoot and repair time.
- Identify and schedule for light fixture repair before the customer calls.
- Reduces customer wait time from call in time to repair completion.
- Reduces number of customer call in.
- Reduction in customer intrusion for additional outreach.
- Integrated GPS provides visual geographic location of defective light fixture.
- Reduces truck roll time to locate defective light fixture.
- Reduces need for night time truck roll to identify and repair light fixture.
- Remote cut off capability decreases the truck rolls required for service termination and service reactivation.

Power Quality Monitoring

- Ability to retrieve a customer's Meter Voltage Read, which enables operations to refer one system instead of multiple.
- Help our CSR (Customer Service Representative) determine when a customer may be part of a larger outage – or just when they are the only AMI meter.
- Increased customer satisfaction, process improvements in daily and storm operations

Distribution Automation, Pre-Pay: Not applicable

Risk Analysis

Street Lighting Controls: Access to light fixtures blocked by vehicles requiring multiple visits to complete installation.

Power Quality Monitoring: Continue to look up two different systems for isolated outage and depend on L&G head end system for AMI meter status by each phase.

Distribution Automation, Pre-Pay: Not applicable.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	62	
Primary Responsible Party	PSEG LI	
Recommendation Description	Evaluate functionality of the L+G HES Command Center to determine if it is being utilized to its fullest extent.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Balaji Ambriyath
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

To evaluate the functionality of the Advanced Metering Infrastructure (AMI) headend system to determine if it is being utilized to its fullest capabilities. The AMI headend system has the capability to perform a range of functions beyond basic meter reading, such as remote diagnostics, outage management, and remote operations (disconnect, reprogramming meters, etc.). Optimal utilization of the AMI headend system can lead to operational efficiencies, potential cost savings, and improved service reliability. Any underutilization of the AMI headend system may be due to technical limitations, lack of training, or procedural inefficiencies.

Work Plan

Conduct a comprehensive review of the AMI headend system's functionalities and capabilities with the AMI vendor. Identify a range of tasks and processes that the system is designed to support. Upgrade to latest version available to take maximize technological updates (new meters, new network equipment, etc.).

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIV-4.01	Evaluate current version of HES.	12/15/23	Completed
XIV-4.02	Upgrade HES test system to newer version.	1/12/24	Completed
XIV-4.03	Testing of the HES.	4/19/24	Completed
XIV-4.04	HES Defect correction.	3/27/24	Completed

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XIV-4.05	HES Production upgrade go live.	4/20/24	Completed

Cost Benefit Analysis

The newer version of the HES Command Center allows the incorporation of new residential and commercial meters into the PSEG Long Island service territory and enables better network interoperability (RF Mesh, MeshIP). The upgrade allows PSEG Long Island to utilize the most up-to-date HES and also allows for the integration of future hardware and utilize enhanced software features.

Risk Analysis

Risk of outdated versions mitigated by upgrade as the previous version would soon be outdated and would lack support of the new functionalities and features.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	63	
Primary Responsible Party	PSEG LI	
Recommendation Description	Create a mechanism to gather information to determine what factors contributed to program engagement as customers enroll in demand response and energy efficiency programs.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Michael Voltz
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

In 2022, the PSEG Long Island Energy Efficiency and Renewable Energy Department (EERE) Program Implementation Contractor, TRC Companies, began to email Survey Monkey to customers who completed program enrollment in energy efficiency programs in the prior month. In 2023, the first full year of surveys, 962 customers completed surveys. The monthly survey results are distributed to members of the Energy Efficiency, Utility Marketing, and Customer Intelligence teams.

The results derived from the surveys not only reveal the level of customer satisfaction, but importantly provide key insights on how customers learned about the program and where program engagement occurs such as marketing, trade allies, website views, major account visits, Business Customer Advocates, energy audits, etc. The EERE Program Implementation team will continue to develop surveys that focus on leveraging these insights as a means to further understand what influenced customers to enroll such that learnings can be incorporated with future efforts to drive maximum effectiveness.

Work Plan

The EERE Program Implementation team will develop after-the-fact customer surveys to determine what factors influenced customers the most to enroll in Demand Response, Direct Load Control (Smart Savers), and Behind the meter Battery Storage programs.

The purpose of the customer survey will be to collect and analyze data to help develop strategies aimed at increasing new customer participation by seeking direct insight into the customer experience. Survey questions will inquire about how the customer originally learned about the program, what made them choose to enroll, and their experience with the enrollment process. Surveys will provide insight into the percent of the participants learned about the program from PSEG Long Island marketing, trade allies, website views, major account visits, Business Customer Advocates, energy audits etc. Survey results will identify what is working well in addition to opportunities for improvement to enhance customer participation.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIV-5.01	Define survey objectives and draft questions targeted to each Dynamic Load Management participant group—Demand Response (CSRP/DLRP), Direct Load Control (Smart Savers) and Behind the meter Battery Storage.	11/30/24	Complete

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XIV-5.02	Roll out/collect survey.	1/31/25	Pending/In Progress
XIV-5.03	Analyze/share results.	3/31/25	Pending/In Progress
XIV-5.04	Create action items to enhance customer participation/satisfaction.	4/30/25	Pending/In Progress
XIV-5.05	Implement action items targeting each DLM group.	8/30/25	Pending/In Progress

Cost Benefit Analysis

Costs and benefits not directly quantifiable at this time. Survey costs are not expected to exceed \$50,000. Survey benefits include learning about participating customer satisfaction and how they learned about the programs.

Risk Analysis

PSEG Long Island has identified risks in the following areas that may impact the outcome of this work plan.

- Unavailability of customer email address (Smart Savers)
- Limited response rate
- Customer survey fatigue

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	64	
Primary Responsible Party	PSEG LI	
Recommendation Description	Determine if reduced truck rolls associated with mapping corrections (eliminating a field visit) can be tracked and included as a future AMI savings category.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Balaji Ambriyath
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective of the recommendation is to determine whether AMI truck rolls could result in future cost savings for customers.

Work Plan

PSEG Long Island conducted an internal review on this topic in the second quarter of 2023. At that time, PSEG Long Island determined that there are no savings attributable to AMI for reduced truck rolls associated with mapping corrections due to the few mapping corrections that occur following a storm event. Notwithstanding, in light of the recommendation, PSEG Long Island will again internally review whether avoided truck rolls due to mapping corrections can be tracked as a future AMI savings category.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIV-6.01	Establish Resources to Track Reduced Truck Rolls Associated with Mapping Corrections, Eliminating a Field Visit	1/31/25	Pending/In Progress
XIV-6.02	Review Data and Discuss with T&D Distribution Electric Service and OMS Subject Matter Experts Whether Reduced Truck Rolls Can be Included as an AMI savings category	6/30/25	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island does not anticipate significant incremental costs to complete this review.

A potential benefit would be reduced costs for PSEG Long Island and customers if the review determines reduced truck rolls is a viable AMI savings category.

Risk Analysis

PSEG Long Island does not anticipate any risks in conducting this review.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	65	
Primary Responsible Party	PSEG LI	
Recommendation Description	Include documentation of actual meter reader attrition and meter services vehicles for annual O&M Savings support.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Balaji Ambriyath
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective of this recommendation is to document and reflect any potential O&M savings associated with meter reader attrition and meter services vehicles in the annual O&M budget.

Work Plan

In 2023, PSEG Long Island completed the meter reader and vehicle savings reporting. As PSEG Long Island indicated in its Utility 2.0 Outcomes for Q1 2024, submitted to LIPA and DPS on April 30, 2024, AMI Meter Deployment was operationalized in 2023 and associated Utility 2.0 project objectives were met. PSEG Long Island is not conducting an additional review in 2024 or 2025, and therefore no additional savings will be reported.

Notwithstanding the above, PSEG Long Island will review the audit report's recommendations for potential opportunities to improve documentation for future O&M savings associated with other programs.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIV-7.01	Meet with LIPA to discuss documentation improvements as discussed in the audit report.	4/1/25	Pending

Cost Benefit Analysis

There are no incremental costs associated with meeting with LIPA.

Benefits may include documentation improvements for future O&M savings associated with other programs, if any such improvements are identified.

Risk Analysis

PSEG Long Island does not anticipate any risks associated with implementation of this work plan.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	66	
Primary Responsible Party	PSEG LI	
Recommendation Description	Simplify the AMI benefits reporting workbooks for calculating realized savings.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Balaji Ambriyath
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Northstar reviewed the methodologies used by PSEG Long Island to calculate savings - the utility cost test (UCT) and rate impact measure test (RIM). The audit recommendation is intended to simplify the AMI benefits reporting workbooks to allow for more transparency in, and potentially more efficient calculation of, AMI savings.

Work Plan

PSEG Long Island includes its calculation of any potential savings associated with AMI as part of its annual Utility 2.0 calculated savings reporting filed with the Public Service Commission on July 1, 2024. Accordingly, for this year, no further savings will be reported. PSEG Long Island will look for opportunities to simplify how these benefits are calculated and reported in future Utility 2.0 reporting cycles.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIV-8.01	Review the AMI benefits reporting workbooks for opportunities to simply how realized savings are calculated. Summarize results of review.	12/31/24	Pending/In Progress
XIV-8.02	If the review finds areas of opportunity, reflect any changes in the 2025 and future Utility 2.0 filings.	6/30/25	Pending/In Progress

Cost Benefit Analysis

The workbook review can be completed with internal resources at a relatively minimal costs.

The benefit of this effort would be increased transparency into AMI benefits calculations for regulators and stakeholders.

Risk Analysis

PSEG Long Island does not anticipate any material risks associated with this workbook review.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	67	
Primary Responsible Party	PSEG LI	
Recommendation Description	Expand AMI benefit workbooks to include AMI benefit tracking for other anticipated AMI benefits such as customer bills savings through TOU rates, revenue protection from theft/tamper, revenue protection from move-in/move-out, and reduced bad debt and write-offs.	
Assigned PSEG LI Staff	Executive Sponsor	Louis Debrino
	Team Leader	Balaji Ambriyath
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The audit report noted that PSEG Long Island uses the utility cost test (UCT) and rate impact measure test (RIM) to calculate Advanced Metering Infrastructure (AMI) benefits savings; however, the auditors noted that certain potential benefit areas are not included in the calculation, such as customer bill savings through time of use rates, revenue protection from theft/tamper or move in/move out, and reduced bad debt/write off. This recommendation is intended to is to expand the AMI benefit workbooks to include additional AMI use cases.

Work Plan

As reflected in the plan for Recommendation 66, PSEG Long Island will consider best practices in simplifying benefit calculation workbooks based on peer benchmarking. PSEG Long Island will also analyze various methods to track realized cost savings from numerous AMI use cases under one workbook, including the categories noted by the auditors.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XIV-9.01	Identify and analyze requirements needed for workbook review.	12/23/24	Pending/In Progress
XIV-9.02	Develop project scope and timeline.	4/30/25	Pending/In Progress
XIV-9.03	Data integration, review, and validation, including peer benchmarking.	9/30/25	Pending/In Progress
XIV-9.04	Present results to senior leadership for concurrence on approach.	10/31/25	Pending/In Progress
XIV-9.05	Implement resulting changes into the process.	12/31/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XIV-9.06	Evaluation to include an analysis of the bill savings and behaviors between TOD rates and impact segments vs. measuring against a flat rate with similar usage	3/31/26	Pending

Cost Benefit Analysis

The workbook review can be completed with internal resources at a relatively minimal costs.

A third-party evaluation is planned for Q1 2025 using a matched control group for customers migrated before the summer of 2024 to measure the impacts in the first summer of the Benefiter and potentially Neutral Benefiter impact segments. This analysis will include an evaluation of the impact on peak demand. In Q1 2026 the evaluation plan can provide an analysis of the bill savings and behaviors between rates and impact segments vs. measuring against a flat rate with similar usage. Costs associated with the third-party evaluation and subsequent analysis may require additional funding from LIPA.

Potential benefits include realization of additional savings for customer benefit and improvements in the calculation and associated process.

Risk Analysis

PSEG Long Island has identified the following risks that could impact the success of these efforts:

- Technical challenges in integrating AMI data into existing tracking workbooks.
- Inaccurate or incomplete data leading to unreliable tracking and analysis.
- Resistance to change from stakeholders accustomed to existing tracking methodologies.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	68	
Primary Responsible Party	PSEG LI	
Recommendation Description	Implement the fourteen (14) recommendations as included in the LIPA's June 2023 IV&V Final Report.	
Assigned PSEG LI Staff	Executive Sponsor	Gregory Filipkowski
	Team Leader	Kirankumar Ramayanam
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The LIPA 2023 OMS IV&V report provided 14 recommendations that cover many areas throughout IT and business services at PSEG Long Island. The recommendations are provided below. The audit report recommends that PSEG Long Island review and implement the recommendations included in the 2023 LIPA report.

1. PSEG Long Island should develop clear and documented policies on IT systems governance. The application and enforcement of these policies must be charged on PSEG Long Island staff, not consultants.
2. Business ownership of the systems should be guard-railed by clear and well-enforced policies. System implementation projects should be driven by genuine PSEG Long Island/LIPA specific business cases and requirements and not by a “follow what New Jersey is doing” mantra. Customizations should be limited to the very essentials. Priorities should be well understood from a business and risk-management point of view and not by way of blanket categories (e.g., “production issues” get prioritized irrespective of impact).
3. PSEG Long Island should develop a comprehensive training program for its technical and line of business staff in the following areas:
 - a. Technology project management
 - b. Vendor management
 - c. Requirements engineering and management
 - d. Configuration management
 - e. System documentation best practices
 - f. Test management (including test design, scripting, automation, metrics and test environment management)
4. PSEG Long Island should prioritize proactive employee recruitment strategies and reduce dependence on consultants by hiring more permanent staff.
5. PSEG Long Island should be more proactive in employee retention. Recognize the critical role the current team has assumed in the remediation effort. Ensure that the technical knowledge is not lost by formal documentation and knowledge-sharing initiatives. Expand the size of this team to cross-train and shift reliance from consultants to more permanent staff.
6. PSEG Long Island should develop an enterprise-wide vendor management policy to establish clear performance expectations and accountability. This vendor management process should move away from engaging the same handful of vendors for every task by instead engaging those that are most qualified and cost-effective based on competitive screening. The vendor management governance structure should be composed of both IT and business management and hold vendors accountable not just for activities and deliverables but for outcomes and schedule compliance.
7. PSEG Long Island should develop a long-term plan around the future of the current OMS system. This plan should take into account the current system’s strengths and shortcomings, market analysis of alternative systems, clear articulation of the major business objectives in a future-state system, including tradeoffs, and how the system will fit in the context of the overall ADMS/SmartGrid strategy that PSEG Long Island and LIPA have adopted.

8. PSEG Long Island should use formal tracking of issues (in one place) using ITIL practices. The IV&V Team has noted that important items are inexplicably dropped from issue reporting documents provided to the IV&V Team. While these are often explained away as unintentional failures, a formal tracking system will be helpful in preventing such oversight.
9. PSEG Long Island should automate functional testing. PSEG Long Island should embark on a test automation initiative that, initially, aims to automate a large portion of the regression testing scripts. Over time, this practice should be extended to all system development practice areas across the enterprise. Test automation will benefit the efficiency and effectiveness of system implementation projects in all areas. A robust test management and automation initiatives will include tools that facilitate requirements and traceability management, test management, test automations, release and configuration management.
10. PSEG Long Island should develop focused project management processes. Much of the templated project management processes that PSEG Long Island is in the process of implementing have been flowing down from New Jersey and lack genuine ownership in Long Island. It is important to ensure that these project management processes are responsive to Long Island needs and not just check-the-box exercises for the technical staff.
11. PSEG Long Island should expand on the current Business Continuity Plans to make sure that they are consistent with the following industry best practices:
 - a. The BCP needs to be traceable to a thorough and robust Business Impact Analysis (BIA) study. The objective of the BIA should be to identify the very critical business processes that will be needed to support essential business activities during an OMS failure and make sure that customer communication and restoration activities can proceed at an acceptable pace.
 - b. Once critical processes are identified the BCPs should have detailed procedures (including activation criteria) that will enable the organization to effectively transition and operate under the BCP work plan.
 - c. The BCP should also address processes to resume normal operation when the OMS system is functional again, including resynchronization of operational data.
12. PSEG Long Island should review all their existing functional test scripts and re-test each script until all the tests pass on a “repeatable” basis.
13. PSEG Long Island should focus on improving test management practices, which will involve staff training and appropriate use of Software Development Life Cycle (SDLC) and test management tools.
14. PSEG Long Island should ensure that system, integration, and user acceptance testing follows a defined cadence and is organized accordingly.

Work Plan

As stated in previous responses to Northstar, PSEG Long Island believes that the recommendations in the LIPA report do not appear to present a clear and actionable process. Notwithstanding, PSEG Long Island has created an overarching action plan, which, at its core, addresses and/or remediates each recommendation in the LIPA report. PSEG Long Island proposes to discuss the plan with LIPA for concurrence and potential modification, if required. After parties reach agreement on the remediation plans, a supplemental action plan – with actionable outcomes – will be created for each recommendation with agreed upon timelines.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-1.01	Meet with LIPA leadership to review PSEG Long Island’s proposed action plan to address recommendations.	12/31/24	Pending/In Progress
XV-1.02	PSEG Long Island and LIPA reach concurrence on action plan and next steps.	4/1/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-1.03	Create supplemental action plan for each agreed upon item with associated timelines and deliverables.	6/1/25	Pending/In Progress
XV-1.04	Begin implementation of supplemental action plan, with periodic status updates to LIPA.	6/1/25	Pending/In Progress
XV-1.05	Complete all deliverables in supplemental action plans and provide close out report to PSEG Long Island and LIPA leadership.	TBD	Pending/In Progress

Cost Benefit Analysis

The work efforts to support implementation of action plans will likely be performed by PSEG Long Island's Enterprise Architecture, Vendor Management, Third Party Risk, and other technical staff. This work will be in addition to existing workloads and priorities, and may require incremental resources to complete. Incremental resource estimates will be developed and presented to LIPA for approval.

PSEG Long Island does not anticipate that any direct cost savings will result from implementation of these recommendations. Potential benefits would include operational efficiencies, a possible reduction in vendor costs due expanded competitive practices, and more defined road mapping.

Risk Analysis

PSEG Long Island does not anticipate any material risks associated with implementing the supplemental action plans. The primary risk is inadequate funding for any future resources required to support this effort. PSEG Long Island will work with LIPA to clearly identify and request any incremental costs required to support this effort. Collaboration with and concurrence from LIPA will be imperative to the success of this effort.

Further, the associated timing and end result of this effort are not clearly identified in the Northstar recommendation. Therefore, the measurement of success is difficult to assess at this point and will require further refinement with LIPA.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	69	
Primary Responsible Party	PSEG LI	
Recommendation Description	Continue the development of the PSEG LI cyber security program. Implement a cyber-security framework for AMI data.	
Assigned PSEG LI Staff	Executive Sponsor	John Kupcinski
	Team Leader	William Stroud
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Cyber security and privacy are growing areas of concern for companies that utilize information technology, such as AMI, to interface and store information (ex. commercial, customer and other sensitive information) using interconnected platforms. Cyber security concerns, such as privacy violations, ransomware, data breaches, and critical infrastructure attacks, impact all industries. Such events are even more concerning in the utility industry based on recent energy sector attacks, and can result in data and operational losses as well as significant financial penalties. Accordingly, it is imperative that PSEG Long Island's cyber security program and framework meet industry standards and are adaptive to address emerging risk. The recommendation will continue and enhance the existing cyber security program, with additional focus on establishing a cyber framework for AMI data.

Work Plan

Following this assessment, PSEG Long Island will develop a three-year plan to define current state, future state, and address any gaps. A workplan will then be developed to implement measures to address any gaps identified. This work effort will span Cyber Security, Operational Technology, Enterprise Architecture, and Transmission and Distribution.

PSEG Long Island will also define the current state and future state for Advanced Metering Infrastructure (AMI) and identify roadmap items to address gaps. A high-level plan is provided below. This plan will provide a structured approach to transitioning from the current state to the desired future state for AMI, ensuring that all gaps are identified and addressed effectively.

1. Establish Project Scope and Objectives

- Define Scope: Clarify what aspects of the AMI system will be evaluated (e.g., metering, data management, communication networks, customer engagement, and cybersecurity).
- Set Objectives: Identify the goals of the assessment, such as improving operational efficiency, enhancing customer service, ensuring regulatory compliance, and advancing cybersecurity measures.

2. Current State Assessment

- Data Collection: Gather existing documentation, system architecture diagrams, performance metrics, and stakeholder interviews.
- System Analysis: Evaluate the current AMI components, including hardware, software, communication protocols, data management practices, and security measures.
- Process Review: Assess the existing processes for meter data collection, analysis, billing, maintenance, and customer interaction.
- Gap Identification: Identify any shortcomings or areas where the current state does not meet industry standards or organizational goals.

3. Future State Definition

- Vision Statement: Develop a clear vision for the future state of the AMI system, aligned with the organization's strategic goals.
- Technology Roadmap: Identify the desired technologies and solutions, such as advanced meters, IoT integration, cloud-based data management, and enhanced cybersecurity protocols.
- Process Enhancements: Define improved processes for data collection, analysis, maintenance, and customer engagement.
- Regulatory Compliance: Ensure the future state meets all current and anticipated regulatory requirements.

4. Gap Analysis

- Compare States: Contrast the current state with the future state to identify gaps.
- Prioritize Gaps: Rank the identified gaps based on their impact on the organization's goals, regulatory requirements, and potential for quick wins.

5. Roadmap Development

- Initiative Identification: List specific projects or initiatives required to bridge the gaps, such as upgrading meter hardware, enhancing communication networks, implementing advanced data analytics, and improving cybersecurity measures.
- Timeline and Milestones: Develop a timeline with key milestones for each initiative.
- Resource Allocation: Identify the resources required for each initiative, including budget, personnel, and technology investments.
- Risk Management: Assess potential risks and develop mitigation strategies for each initiative.

6. Implementation and Monitoring

- Project Management: Apply project management best practices to ensure initiatives are executed effectively.
- Performance Metrics: Define metrics to measure progress and success for each initiative.
- Continuous Improvement: Establish a process for continuous monitoring and improvement of the AMI system post-implementation.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-2.01	Establish a FY25 budget to enhance AMI security. Covering gap analysis.	09/30/25	Pending/in progress
XV-2.02	Ensure roles / responsibilities are clearly defined (<i>i.e.</i> , monitoring, asset management, and authentication).	12/31/25	Pending/in progress
XV-2.03	Define current state, future state, and a gap analysis.	6/30/26	Pending/in progress
XV-2.04	Finalize project plan to address any identified gaps and budget for implementation and remediation of gaps.	09/30/26	Pending/in progress

Cost Benefit Analysis

Costs associated with implementing this recommendation cannot be determined at this time; however, funding will be required for planning and implementation.

It is difficult to quantify the benefits at this time. Implementation will help with potential AMI data breaches, unauthorized access, tampering with smart meters, and disruption of grid operations, lack of accountability, and malware propagation. Many of the potential risks in this area have a financial impact, and any realized benefits may contribute to avoided costs through risk mitigation.

Risk Analysis

The implementation will span multiple years and requires support from Cyber Security, Operational Technology, Enterprise Architecture and internal Transmission and Distribution organizations to identify requirements and ensure the system meets business needs within each of the defined deliverables. Any dependencies to other IT investments will need to be defined and understood within the overall scope of this implementation.

There are multiple stakeholders outside of Cyber Security that need to buy into the effort that is being undertaken along with timelines. Failure to achieve appropriate and timely stakeholder engagement will impact the project.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	70	
Primary Responsible Party	PSEG LI	
Recommendation Description	Engage a third-party to perform comprehensive vulnerability assessments and penetration tests of the PSEG LI environment on a frequent and consistent basis that is contracted and overseen by LIPA.	
Assigned PSEG LI Staff	Executive Sponsor	John Kupcinski
	Team Leader	William Stroud
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Page XV-32 of the Northstar report notes that PSEG Long Island had third parties conduct vulnerability assessments and penetration testing annually from 2018-2022, but did not have those activities performed in 2023. The report also questioned the effectiveness of the program, noting that remediation of any issues resulting from those assessments were not “timely” performed.

Work Plan

PSEG Long Island has already established and implemented a requirement to conduct third-party vulnerability and penetration testing. Although historically PSEG Long Island contracted third parties for annual penetration testing, PSEG Long Island now contracts a third-party to conduct comprehensive vulnerability and penetration tests at least once every 15 months. This requirement is defined in the recently published PSEG Penetration Testing Instruction. This document was published as part of the NIST Cybersecurity Framework (CSF) Implementation Tier 3 Remediation. Additionally, PSEG Long Island will support third-party comprehensive vulnerability assessments and penetrations tests of the PSEG Long Island environment, which would be contracted and overseen by LIPA.

PSEG Long Island's 2024 vulnerability and penetration tests included review of the internal network, mobile and web applications, and the operational technology (OT) D-SCADA network. The reviewers presented their findings and final report to PSEG Long Island in April 2024. Documentation of this implementation includes:

- IC-PEN Penetration Testing Instruction: Formalizes PSEG’s existing vulnerability and penetration testing requirements for third-party assessments. Includes a requirement that testing must occur on representative segments or assets at least every 15 months.
- Record of Decision CSF-119: Provides cybersecurity leadership approval and commitment to publish the Penetration Testing Instruction.
- Vulnerability Assessment RFP: Documents contractual requirements for PSEGLI’s third-party penetration tester.
- Praetorian Assessment Reports: Evidences reporting for PSEGLI’s latest 2024 internal network, mobile and web application, and D-SCADA vulnerability and penetration testing.

CSF Tier 3 Implementation Gap Closure forms 215-217 address the penetration testing requirements and program. As part of LIPA's 2024 CSF assessment, these Gap Closure forms will be made available to LIPA and their assessor. PSEG Long Island will continue to coordinate with LIPA to address any necessary remediation and implementation planning following the assessment.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-3.01	Develop draft Penetration Testing Instruction and review with cybersecurity stakeholders.	11/8/23	Completed
XV-3.02	Provide penetration test artifacts to LIPA related to NIST CSF remediation.	9/30/24	Completed
XV-3.03	Conduct vulnerability and penetration tests based on updated Instruction.	4/04/24	Completed
XV-3.04	Coordinate with LIPA to validate CSF program or closure improvements.	12/31/24	Pending/In Progress
XV-3.05	Collaborate with LIPA on annual penetration testing activities.	12/31/25	Pending/In Progress
XV-3.06	Implement oversight program or additional vulnerability and penetration testing improvements as needed.	12/31/25	Pending/In Progress

Cost Benefit Analysis

As noted above, PSEG Long Island already conducts the required testing, reviews those results with LIPA, and coordinates with LIPA, where necessary, on any resulting remediation. The existing process aligns with the established NIST CSF Implementation Tier 3 and also aligns with the Second Amended and Restated OSA, which specifically requires that PSEG Long Island contract for the penetration tests and provide results to LIPA. Therefore, LIPA already has visibility into vulnerability and penetration testing results as part of existing CSF review and any additional third party testing would be duplicative of existing efforts. Further, conducting additional third-party vulnerability and penetration testing would require additional funding, resourcing, and supporting processes with a similar cost and scope to the existing assessments. These new assessment(s) would add to the budgets in FY24 and subsequent years without a significant benefit to customers. Although additional third-party testing may identify additional vulnerabilities or areas of improvement, such duplicative assessments are unlikely to provide significant risk identification or reduction relative to their additional cost.

Risk Analysis

The report's recommendation for LIPA to oversee third-party vulnerability and penetration testing may exceed the OSA's contractual authority. The current recommendation would require LIPA to contract and perform the penetration test on PSEG Long Island networks and assets; whereas the OSA current requires PSEG Long Island to contract penetration tests and provide those results to LIPA. LIPA has visibility into vulnerability and penetration testing results as part of existing CSF reviews. Additional third-party testing may identify additional vulnerabilities or areas of improvement, but are unlikely to provide significant risk identification or reduction relative to their incremental cost.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	71	
Primary Responsible Party	PSEG LI	
Recommendation Description	Develop a comprehensive plan and implement each recommendation from the NERC Best Practices Review.	
Assigned PSEG LI Staff	Executive Sponsor	Margaret Keane
	Team Leader	Gregory Player
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The PSEG Long Island NERC reliability internal compliance program (ICP) was recognized in the 2018 and 2021 Northeast Power Coordinating Council (NPCC) audits for certain positive observations. Efforts to improve the ICP are ongoing.

A PSEG Long Island initiated third party NERC Best Practices Review was completed by Guidehouse Inc. in April 2022. The Guidehouse final report identified short term (six months to one year), and long-term (more than a year) recommendations to improve the maturity of the ICP by implementing industry best practices in the areas of staffing, training, communications, automation and tools, and governance. Since the release of the report, PSEG Long Island has focused on the key recommendations prioritized as most critical to complete first. The remaining important remediation initiatives are “in process”, “being planned” or “open”. These include, but are not limited to, implementation of a Governance, Risk, and Compliance (GRC) tool (being planned), a third-party assessment of Reliability Standards Audit Worksheets (RSAWs) and associated evidence (in process at the time of the management audit and since completed) and hiring and retention plans (in process).

The objective of the NorthStar recommendation is to submit a comprehensive plan for the implementation of the remaining “open” recommendations from the NERC Best Practices Review report (e.g., augment existing performance metrics, develop audit process checklists, process automation for recurring tasks, etc.).

Work Plan

PSEG Long Island will develop a strategic roadmap detailing the short-term recommendations completed since the release of the NERC Best Practices Review report and the long-term recommendations in progress or planned for implementation beyond 2024. The roadmap will include detailed actions with owners and completion dates. Actions will be tracked to completion.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XV-4.01	PSEG Long Island NERC Reliability Compliance (Compliance Team) will document all completed and to be completed in 2024 NERC Best Practice Review recommendations along with supporting artifacts.	1/31/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-4.02	The Compliance Team will prioritize the remaining open NERC Best Practice Review recommendations and develop a multi-year strategic roadmap (ICP Roadmap), including an estimate of any incremental O&M and Capital funding required for implementation.	4/4/25	Pending/In Progress
XV-4.03	The Compliance Team will present the ICP Roadmap to the PSEG Long Island senior leadership NERC Reliability Level 3 Council (NERC L3 Council) for approval.	5/2/25	Pending/In Progress
XV-4.04	PSEG Long Island will secure LIPA approval during the annual budget planning process for any unplanned resources necessary to implement the ICP Roadmap approved by the NERC L3 Council.	7/31/25	Pending/In Progress
XV-4.05	The Compliance Team will develop a solution to track and record the completion of all NERC Best Practice Review recommendations and supporting artifacts.	9/30/25	Pending/In Progress
XV-4.06	PSEG Long Island Internal Audit Services (IAS) will audit the ICP upon implementation of the approved and funded NERC Best Practices Review recommendations that are scheduled for completion by year-end 2026.	12/31/26	Pending/In Progress

Cost Benefit Analysis

The cost to develop a comprehensive plan is nominal. The development of a plan will ensure the NERC Best Practice Review recommendations will be implemented in a timely manner.

Documentation and tracking of progress will also aid in producing records of implementation more efficiently for the next management audit.

Risk Analysis

Implementation of the NERC Best Practices will likely have a positive impact on future reliability, with relatively minimal risks. However, to best minimize any associated risks, PSEG Long Island will need to ensure that necessary approvals and funding are provided for the implementation resources to achieve the long-term benefits of the recommendations in the ICP Roadmap, allow for effective governance, and reduce potential NERC/NPCC non-compliances and violations.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	72	
Primary Responsible Party	BOTH	
Recommendation Description	Perform independent audits of the following areas: <ul style="list-style-type: none"> The IT System Separation Program OMS data quality PSEG LI's NERC CIP program (after implementation of each recommendation from the NERC Best Practices Review) PSEG LI's AMAG access control system project LIPA's cyber security incident response plan and practices	
Assigned PSEG LI Staff	Executive Sponsor	Dave Lyons
	Team Leader	Rocky Shankar
Assigned LIPA Staff	Executive Sponsor	Kathy Widmark
	Team Leader	

Objectives and Assumptions of the Recommendation

PSEG Long Island (PSEG LI) Internal Audit will conduct separate audits or reviews during 2024 and 2025 of OMS Data Quality, PSEG LI's NERC CIP Program, and PSEG LI's AMAG Access Control System Project to evaluate the adequacy and effectiveness of processes and controls.

LIPA Internal Audit will conduct a separate audit of LIPA's cyber security incident response plan and practices.

PSEG LI Internal Audit and LIPA Internal Audit will work collaboratively with a third-party auditor to perform an audit of the IT System Separation Program for Bundle 1. The audit will be performed after the completion of the Bundle 1 implementation.

Work Plan

Separate step-by-step work plans are necessary for each of the three areas to be evaluated by PSEG LI Internal Audit, namely: OMS Data Quality; PSEG LI's NERC CIP Program; PSEG LI's AMAG Access Control System Project. These work plans are outlined in the below Deliverables/Milestones section.

Please note that LIPA Internal Audit will conduct an audit of LIPA's cyber security incident response plan and practices and will respond separately on their work plan. Additionally, LIPA Internal Audit will procure a third-party firm to conduct an audit of the IT Systems Separation Program for Bundle 1, which will be performed after the completion of the Bundle 1 implementations. The work plan for this audit will be provided by LIPA Internal Audit.

Please also note that Work Plan B is contingent upon completion of Recommendation 71 Action Plans.

Work Plan A: OMS Data Quality (Steps 1-12)

Work Plan B: PSEG LI's NERC CIP Program (Steps 13-24)

Work Plan C: PSEG LI's AMAG Access Control System Project (Steps 25-36)

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-5.01	Work Plan A - OMS Data Quality: Develop preliminary audit scope.	1/6/25	Pending/In Progress
XV-5.02	Work Plan A - OMS Data Quality: Hold preliminary scope discussion call.	1/10/25	Pending/In Progress
XV-5.03	Work Plan A - OMS Data Quality: Refine and finalize audit scope.	1/10/25	Pending/In Progress
XV-5.04	Work Plan A - OMS Data Quality: Develop audit program.	1/13/25	Pending/In Progress
XV-5.05	Work Plan A - OMS Data Quality: Develop opening meeting document.	1/13/25	Pending/In Progress
XV-5.06	Work Plan A - OMS Data Quality: Hold opening meeting.	1/17/25	Pending/In Progress
XV-5.07	Work Plan A - OMS Data Quality: Send out engagement letter.	1/17/25	Pending/In Progress
XV-5.08	Work Plan A - OMS Data Quality: Commence Fieldwork.	1/20/25	Pending/In Progress
XV-5.09	Work Plan A - OMS Data Quality: Hold preliminary audit results discuss call.	2/26/25	Pending/In Progress
XV-5.10	Work Plan A - OMS Data Quality: Develop draft audit report.	3/1/25	Pending/In Progress
XV-5.11	Work Plan A - OMS Data Quality: Hold close meeting.	3/5/25	Pending/In Progress
XV-5.12	Work Plan A - OMS Data Quality: Issue final audit report with management's action plans.	3/28/25	Pending/In Progress
XV-5.13	Work Plan B - PSEG LI's NERC CIP Program: Develop preliminary audit scope.	9/2/26	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-5.14	Work Plan B - PSEG LI's NERC CIP Program: Hold preliminary scope discussion call.	9/7/26	Pending/In Progress
XV-5.15	Work Plan B - PSEG LI's NERC CIP Program: Refine and finalize audit scope.	9/7/26	Pending/In Progress
XV-5.16	Work Plan B - PSEG LI's NERC CIP Program: Develop audit program.	9/10/26	Pending/In Progress
XV-5.17	Work Plan B - PSEG LI's NERC CIP Program: Develop opening meeting document.	9/11/26	Pending/In Progress
XV-5.18	Work Plan B - PSEG LI's NERC CIP Program: Hold opening meeting.	9/15/26	Pending/In Progress
XV-5.19	Work Plan B - PSEG LI's NERC CIP Program: Send out engagement letter.	9/16/26	Pending/In Progress
XV-5.20	Work Plan B - PSEG LI's NERC CIP Program: Commence Fieldwork.	9/16/26	Pending/In Progress
XV-5.21	Work Plan B - PSEG LI's NERC CIP Program: Hold preliminary audit results discuss call.	10/23/26	Pending/In Progress
XV-5.22	Work Plan B - PSEG LI's NERC CIP Program: Develop draft audit report.	10/28/26	Pending/In Progress
XV-5.23	Work Plan B - PSEG LI's NERC CIP Program: Hold close meeting.	11/2/26	Pending/In Progress
XV-5.24	Work Plan B - PSEG LI's NERC CIP Program: Issue final audit report with management's action plans.	11/30/26	Pending/In Progress
XV-5.25	Work Plan C - PSEG LI's AMAG Access Control System Project: Develop preliminary review scope.	4/29/24	Completed
XV-5.26	Work Plan C - PSEG LI's AMAG Access Control System Project: Hold preliminary scope discussion call.	5/1/24	Completed

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-5.27	Work Plan C - PSEG LI's AMAG Access Control System Project: Refine and finalize review scope.	5/3/24	Completed
XV-5.28	Work Plan C - PSEG LI's AMAG Access Control System Project: Develop review program.	5/3/24	Completed
XV-5.29	Work Plan C - PSEG LI's AMAG Access Control System Project: Develop opening meeting document.	5/7/24	Completed
XV-5.30	Work Plan C - PSEG LI's AMAG Access Control System Project: Hold opening meeting.	5/20/24	Completed
XV-5.31	Work Plan C - PSEG LI's AMAG Access Control System Project: Send out engagement letter.	5/20/24	Completed
XV-5.32	Work Plan C - PSEG LI's AMAG Access Control System Project: Commence Fieldwork.	5/21/24	Completed
XV-5.33	Work Plan C - PSEG LI's AMAG Access Control System Project: Hold preliminary review results discuss call.	6/19/24	Completed
XV-5.34	Work Plan C - PSEG LI's AMAG Access Control System Project: Develop draft review report.	6/26/24	Completed
XV-5.35	Work Plan C - PSEG LI's AMAG Access Control System Project: Hold close meeting.	7/2/24	Completed
XV-5.36	Work Plan C - PSEG LI's AMAG Access Control System Project: Issue final review report with management's action plans.	7/26/24	Completed

Cost Benefit Analysis

- A. OMS Data Quality
Conducting an audit of PSEG LI's OMS Data Quality will provide the business and management with a sense of where control gaps continue to exist and warrants attention to strengthen applicable controls and/or processes.
- B. PSEG LI's NERC CIP Program
Conducting an audit of PSEG LI's NERC CIP Program will provide the business and management with a sense of where control gaps continue to exist and warrants attention to strengthen applicable controls and/or processes.
- C. PSEG LI's AMAG Access Control System Project
Conducting a review of PSEG LI's AMAG Access Control System will provide the business and management with a sense of where control gaps continue to exist and warrants attention to strengthen applicable controls and/or processes.

Risk Analysis

Timing of the NERC CIP Program Audit is contingent upon completion of Recommendation 71 Action Plans.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	73	
Primary Responsible Party	PSEG LI	
Recommendation Description	Implement each requirement noted in the PSC Order in Case 13-M-0178.	
Assigned PSEG LI Staff	Executive Sponsor	John Kupcinski
	Team Leader	William Stroud
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

Utilities throughout New York State utilize various systems and applications that use customer, contractor, and employee personally identifiable information (PII). The Commission's August 2013 order in Case 13-M-0178 accepted the DPS Staff recommendations listed below to address the protection of PII. Adoption of the recommendations will improve help to mitigate the risks associated with cyber incidents.

1. Planning for a possible network breach and compromise of personally identifiable customer information should include specific post-incidents response and recovery drills.
2. Improve inventory control of customer information.
3. Upgrade physical security measures for the protection of critical cyber equipment and to limit unauthorized physical access to that equipment.
4. Improve segregation of personally identifiable customer information from less sensitive business data.
5. Upgrade technical security controls by procuring and deploying next-generation intrusion detection systems and security information event management solutions.
6. Conduct regular third-party vulnerability assessments of the protection of sensitive customer information.
7. Conduct frequent customer privacy related security training for both employees and contractors.
8. Establishment of a contractual relationship with a third-party forensics expert.
9. Establishment of a contractual relationship with a credit monitoring service.

Work Plan

Following this assessment, PSEG Long Island will develop a three-year plan to define current state, future state, and address any gaps. A plan will then be developed for implementation of any gaps identified. This work effort will span Cyber Security, Customer Operations, Enterprise Architecture, and Infrastructure and Application Management.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XV-6.1	Establish a FY25 budget to enhance PII security. Covering gap analysis.	9/30/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-6.2	Define current state, future state and a gap analysis.	6/30/26	Pending/In Progress
XV-6.3	Finalize project plan and budget for implementation and remediation of gaps.	9/30/26	Pending/In Progress
XV-6.4	Finalize project implementation plan and budget for remediation of gaps.	12/31/26	Pending/In Progress
XV-6.5	Complete implementation plan action items and close out documentation for presentation to LIPA and DPS Staff.	9/30/27	Pending/In Progress

Cost Benefit Analysis

Costs associated with implementing this recommendation cannot be determined at this time; however, funding will be required for planning and implementation.

It is difficult to quantify the benefits at this time. Implementation will help avoid or mitigate potential regulatory fines violations and fines, loss of reputation and consumer trust, litigation, and impacts on future earning capacity. Many of the potential risks in this area have a financial impact, and any realized benefits may contribute to avoided costs through risk mitigation.

Risk Analysis

The implementation will span multiple years and requires support from Cyber Security, Operational Technology, Enterprise Architecture, and Infrastructure and Application Management to identify requirements and ensure the system meets business needs within each of the defined deliverables. Any dependencies to other IT investments will need to be defined and understood within the overall scope of this implementation.

There are multiple stakeholders outside of Cyber Security that need to buy into the effort that is being undertaken along with the associated timelines. Failure to achieve appropriate and timely stakeholder engagement will impact the project.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	74	
Primary Responsible Party	PSEG LI	
Recommendation Description	<p>Identify and hire a Chief Privacy Officer (CPO) and develop a comprehensive privacy program.</p> <ul style="list-style-type: none"> • If PSEG LI's service provider contract is extended with LIPA, identify and hire CPO reporting to the PSEG LI President. Provide the CPO the authority and resources to develop a privacy program. • If the PSEG LI service provider contract is not extended, the successful service provider should be contractually required to have a CPO reporting to the President/CEO of the service provider. Provide the CPO the authority and resources to develop a privacy program. • If New York legislation concerning the Future of LIPA authorizes a municipal model, identify and hire a CPO reporting to the President/CEO. Provide the CPO the authority and resource to develop a privacy program. 	
Assigned PSEG LI Staff	Executive Sponsor	David Lyons
Assigned PSEG LI Staff	Team Leader	John Kupcinski
Assigned LIPA Staff	Executive Sponsor	
Assigned LIPA Staff	Team Leader	

Objectives and Assumptions of the Recommendation

Cyber security and privacy are growing areas of concern for all companies that utilize existing and emerging information technology to interface and store information (ex. commercial, customer and other sensitive information) using online platforms. Cyber security concerns, such as privacy violations, ransomware, data breaches, and critical infrastructure attacks, impact all industries, but are even more concerning in the utility industry based on recent energy sector attacks, which can result in data and operational losses as well as significant financial penalties. Accordingly, a robust Cyber Security and Privacy program to support Long Island will help to proactively identify and address emerging issues and potentially mitigate any loss or exposures that may result from future cyber and privacy events.

Work Plan

PSEG LI will develop a two-year plan to hire a Chief Privacy Officer (CPO) and develop a comprehensive privacy program. As these costs are incremental to current budgets, the positions will need to be incorporated to the annual operational budget reviewed and approved by LIPA.

A job description will be developed jointly by the Cyber Security and IT groups outlining the role, responsibilities, and qualifications of the CPO. This information will be used to build out the job posting for the position as well as inform development of the Privacy organization reporting through the CPO.

The ultimate decision on whether and when to hire the CPO will depend on the outcome of the RFP for a service provider issued by LIPA in 2024. If PSEG Long Island remains a LIPA's servicer provider in 2026, PSEG Long Island will modify its organizational structure to create a CPO position reporting directly to the PSEG Long Island President. A Privacy organization will be created reporting up to the CPO to ensure that the officer has the appropriate resources and support staff to effectuate the work plan and deliverables of the Privacy program. The CPO will also develop and oversee a Privacy program to safeguard against emerging data attacks and threats, embed privacy into corporate business

practices an trainings, ensure compliance with regulatory requirements and industry standards, and maintain the integrity of company and customer data.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-7.01	Establish a FY26 budget for CPO and 2 resources (reviewed and approved by LIPA).	12/31/25	Pending/In Progress
XV-7.02	Engage HR and submit job posting for CPO.	2/28/26	Pending/In Progress
XV-7.03	Hire Chief Privacy Officer.	9/1/26	Pending/In Progress
XV-7.04	CPO to engage HR and submit job posting for additional resources.	12/31/26	Pending/In Progress
XV-7.05	Define plan for developing a privacy program.	1/1/27	Pending/In Progress

Cost Benefit Analysis

Costs associated with implementing this recommendation cannot be quantified at this time. Further, it is difficult to quantify the benefits at this time. Notwithstanding, many cyber risks have a potential financial impact and therefore there is an opportunity to avoid future costs resulting from a cyber-incident by further preparing for and mitigating these risks.

The costs associated with implementation of this program will primarily consist of the salary and benefits of the CPO and any additional employees that may be hired to support the Privacy organization. The positions will be hired at market competitive salaries reflective of current economic conditions at the time of hire. Additional costs may be incurred for require certifications and any ongoing trainings that may be required. As these costs are incremental to current budgets, the positions will need to be incorporated into the annual operational budget review and approved by LIPA.

In terms of benefits, a dedicated CPO and Privacy organization/program will help the organization to stay up-to-date on recent trends and issues related to privacy, protect company a customer information, identify and respond to emerging privacy risks, and minimize any negative financial or reputational impacts that may result from privacy incidents. These benefit will inure to PSEG Long Island, LIPA, and the customers we serve with a relatively minimal cost impact to develop and implement as compared to the potential risk of incident.

Risk Analysis

The implementation will span multiple years and requires support from Human Resources. Any dependencies to other IT investments will need to be defined and understood within the overall program implementation.

The primary risk is prematurely hiring a CPO prior to a determination regarding PSEG Long Island's status as LIPA's service provider. To mitigate this risk, an action plan will be developed, but not implemented, to allow for execution and follow up in the event PSEG Long Island remains as Service Provider.

Additionally, there is a risk of duplication of efforts or conflicts between the Privacy organization and the existing Cyber Security team. This risk can be managed with effective education, coordination, and transition management. The CPO

will work directly with the Cyber Security group and IT Department to ensure that the work completed by the Privacy Program is incremental to and corporative with work performed by other groups without being duplicative.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	75	
Primary Responsible Party	BOTH	
Recommendation Description	Identify a deadline and expedite development LIPA and PSEG LI internal network monitoring policies and procedures. Assign a LIPA team to provide effective oversight of PSEG LI's development of their internal network policies and procedures.	
Assigned PSEG LI Staff	Executive Sponsor	John Kupcinski
	Team Leader	William Stroud
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

As noted on page XV-40 of the audit report, PSEG Long Island was actively developing internal network monitoring documentation during the audit as part of the NIST Cybersecurity Framework (CSF) Implementation Tier 3 remediation effort. Documentation was developed as part of Gap closures by updating existing Instructions to define requirements to understand normal network operations, developing new Instructions establishing firewall maintenance and external connection reviews, and creating multiple Runbooks describing detailed procedures for how to perform network reviews and continuous monitoring for the IT and OT environments.

Documentation includes:

- Instruction 282-4-2 Computer Information System Security: Defines high-level firewall requirements and includes establishing baselines to monitor network activity including audit logging and alerting.
- Firewall Maintenance and External Connection Instruction: Defines requirements for detecting, monitoring, and responding to network anomalies and maintaining firewall rulesets.
- Audit Logging Monitoring and Alerting Management Runbook: Describes continuous network monitoring capabilities and alerting thresholds for network monitoring.
- Firewall Maintenance Runbook: Identifies tools and capabilities for network and network device security monitoring and review.
- External Connections Runbook: Describes network implementation and monitoring activities, including change approvals, external inventory connection inventories, and review processes.

Work Plan

PSEG Long Island has documents in place covering Practices, Instructions, and Runbooks for internal network monitoring. This documentation – and related implementation – are covered in the CSF Tier 3 Implementation Gap Closure forms 87, 187, and 206. These Gap Closure forms will be made available to LIPA during the 2024 CSF assessment and provided to DPS Staff in connection with this management audit plan. Following the assessment, PSEG Long Island will coordinate with LIPA, as needed, to develop remediation plans and implement additional improvements. Review of the OT FERC Order related to INSM will also be conducted with this effort.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XV-8.01	Document internal network monitoring requirements and implementation through Practice updates, Instructions, and new Runbooks.	2/29/24	Completed

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XV-8.02	Compile improvements in Closure forms for related CSF Implementation Tier 3 Gaps.	4/30/24	Completed
XV-8.03	Coordinate with LIPA to validate CSF program or closure improvements.	12/31/24	Pending/In Progress
XV-8.04	Collaborate with LIPA to determine if LIPA team oversight is needed.	1/31/25	Pending/In Progress
XV-8.05	Implement oversight program or additional internal network monitoring improvements, as needed.	12/31/25	Pending/In Progress

Cost Benefit Analysis

Existing capabilities are intended to align to NIST CSF Implementation Tier 3 – Repeatable. Implementing additional internal network monitoring documentation, supporting processes, technology, and/or oversight would require additional resourcing and financial investments starting in FY2024 and likely extending to FY2025. Further investments in improvements for internal network monitoring will likely have diminished security returns.

The planned 2024 CSF assessment will provide LIPA an opportunity to review and make recommendations on PSEG Long Island's internal network monitoring capabilities.

Some of potential benefits include:

- OSA compliance
- Enable long-term cybersecurity and risk management
- Flexibility and adaptability of the Framework
- Build for future regulation and compliance requirements
 - Superior and unbiased cybersecurity
 - Enable long-term cybersecurity and risk management
 - Ripple effects across supply chains and vendor lists
 - Bridge the gap between technical and business side stakeholders
 - Flexibility and adaptability of the Framework
 - Built for future regulation and compliance requirements

Risk Analysis

This work has been materially completed under NIST CSF Tier 3 program and, as such, there is no projected risk associated with its completion.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	76	
Primary Responsible Party	BOTH	
Recommendation Description	Identify data sources, methodology for developing summary data, organizational roles and responsibilities, and identify all exclusion/exceptions for the 2024 performance metric “handbook”.	
Assigned PSEG LI Staff	Executive Sponsor	Sonny Chung
	Team Leader	Nicholas Nolau
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

PSEG Long Island will create a document annually to ensure sufficient detail for quantitative performance metrics to be completed for the 2025 OSA performance metrics. This will be completed annually by the end of the second quarter. The document will include:

1. Data sources for each metric
2. The method for developing summary data (if applicable)
3. Organizational roles and responsibilities
4. Any exclusions/exceptions

Work Plan

PSEG Long Island will implement in alignment with the recommendations in the management audit. PSEG Long Island will implement this for the 2025 OSA performance metrics and this will then become an annual process that PSEG Long Island will deliver by the end of the second quarter annually.

Deliverables/Milestones

#	Deliverable/Milestone	Due Date	Status
XVI-1.01	2025 Performance Metric Document with items included in objectives and assumptions.	6/30/25	Pending/In Progress
XVI-1.02	2026 Annual Update.	6/30/26	Pending/In Progress
XVI-1.03	2027 Annual Update.	6/30/27	Pending/In Progress
XVI-1.04	2028 Annual Update.	6/30/28	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island will complete this activity annually with their current staff and there will be no incremental costs.

Memorializing documentation on OSA Performance Metrics will better document data sources, summary data, organizational roles and responsibilities, and exclusions/exceptions. This will likely improve operational benefits over current procedures and will provide documented processes and procedures by quantitative metrics so that there are no issues with recalculations or testing.

Risk Analysis

PSEG Long Island does not anticipate any risks with implementation; however, it will be beneficial to the parties to outline metric measurement and ensure calculation and measurement procedures are documented and repeatable.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	77	
Primary Responsible Party	PSEG LI	
Recommendation Description	Track cost savings and productivity gains from capital and O&M programs and projects.	
Assigned PSEG LI Staff	Executive Sponsor	Martin Shames
	Team Leader	Gina Critelli; John Marshall
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

The objective is to execute a pilot program to track cost savings and productivity gains from capital and O&M programs and projects.

Work Plan

O&M

Develop a program to start tracking cost savings and productivity gains from O&M programs. A pilot program will be implemented in one line of business (LOB) for 2024 focused on a sample of O&M programs. A methodology will be established to gather and inventory current O&M projects and identify projects with potential savings. Potential savings and timeline to achieve will then be identified. On a quarterly basis, actual expenses will be compared to the budget for identified scope and Finance team members working with the LOB will assess whether any cost savings and/or productivity gains were achieved. This information will be documented as part of the report. If the cost savings and/or productivity gains are related to a recurring program, a reduction will be considered as part of the annual budget process for the following year. At the end of 2025, the results of the pilot will be reviewed to determine approach and scope to expand in 2026.

CAPITAL

In 2024, develop a pilot program to start tracking cost savings and productivity gains from capital projects. The pilot will focus on cost savings and productivity gains for “specific scope” capital projects (and not on blankets and programs, which are typically normal annually recurring capital work.)

The program will build upon the existing Project Justification Description (PJD) practice. Currently, at the onset of each Capital project, a PJD document is prepared that includes an articulation of the project benefits. Efforts are already underway to increase oversight and improve the rigor and ensure consistency of the existing PJDs. A new process will be introduced such that within a year after a capital project’s completion (in-service date), a “Capital Project Benefits Report” will be created that measures the actual benefits realized against what was originally proposed. Lessons learned will be incorporated back into the PJD process for future processes.

Execution of this action plan will require partnership between Finance and the LOBs. Finance will provide the framework, governance, and oversight. The LOBs will provide the expertise needed for this tracking analysis

PSEG Long Island recommends that the initial pilot include ‘specific scope’ capital projects of \$5 million or more with in-service dates of July 1, 2025 and beyond.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XVI-2.01	O&M: Hold internal Finance meeting to determine which LOB would be a good candidate for the pilot program. Develop a potential methodology for compiling an inventory of O&M projects.	7/31/24	Complete
XVI-2.02	O&M: Introduce pilot program to the PSEG Long Island senior leadership team at the monthly budget review meeting, gather feedback, and revise implementation plan, if necessary.	12/31/24	Pending/In Progress
XVI-2.03	O&M: Finance to meet with LOB to introduce pilot program and agree upon the methodology for compiling an inventory of O&M projects, ranking and prioritizing them, and choosing a sample of projects to track. Determine relevant 9X or 8X orders that are used to accumulate costs for these projects. Assign Finance staff member to produce quarterly report.	2/28/25	Pending/In Progress
XVI-2.04	O&M: Finance to meet with LOB to discuss project status and any identified cost savings and/or productivity gains. Finance staff member adds this information to the quarterly report.	4/30/25	Pending/In Progress
XVI-2.05	O&M: Finance to meet with LOB to discuss project status and any identified cost savings and/or productivity gains. Finance staff member adds this information to the quarterly report.	7/31/25	Pending/In Progress
XVI-2.06	O&M: During annual budget planning, Finance and the LOB meet to determine whether the project is recurring and whether any reductions should be considered for the annual plan.	10/31/25	Pending/In Progress
XVI-2.07	O&M: Evaluate effectiveness of the pilot program implemented with the LOB by reviewing benefits achieved and whether it is cost beneficial to expand the program to encompass other LOBs and a larger sample of O&M projects.	12/31/25	Pending/In Progress
XVI-2.08	Capital: Design and launch capital benefit tracking pilot.	7/31/24	Completed
XVI-2.09	Capital: Pilot status updates.	10/31/24	Completed
XVI-2.10	Capital: Pilot status updates.	1/31/25	Pending/In Progress
XVI-2.11	Capital: Pilot status updates.	3/31/25	Pending/In Progress
XVI-2.12	Capital: Draft sample Capital Project Benefits Report for LIPA's approval.	5/31/25	Pending/In Progress
XVI-2.13	Capital: Implement enhancements/oversight of PJD Process to ensure rigor of benefits section	9/30/25	Pending/In Progress

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XVI-2.14	Capital: Design and implement internal processes and education on capturing benefits.	3/31/25	Pending/In Progress
XVI-2.15	Capital: Draft Capital Project Benefits Report for any applicable projects completed during the first half of 2025. Review internally and with LIPA	7/31/25	Pending/In Progress
XVI-2.16	Capital: Begin submitting Capital Project Benefits Report checklist template to LIPA for projects with in-service dates of 7/1/25 and beyond.	12/31/25	Pending/In Progress

Cost Benefit Analysis

This process will encourage a cost savings mindset. The costs to add this oversight will be absorbed by internal resources through manual processes or with existing technology tools. Future benefits will be achieved through better decision making regarding project investments.

Risk Analysis

The primary risk is around incremental workload where savings / benefits may not be immediate or visible. This will be handled through education and change management.

2022 DPS Management Audit – Recommendation Implementation Plan

Recommendation Number	79	
Primary Responsible Party	PSEG LI	
Recommendation Description	Align a majority of PSEG LI senior management (Grades LX and 32-33) incentive compensation with achievement of OSA metrics.	
Assigned PSEG LI Staff	Executive Sponsor	Jodi Varon
	Team Leader	Jodi Varon
Assigned LIPA Staff	Executive Sponsor	
	Team Leader	

Objectives and Assumptions of the Recommendation

PSEG Long Island continues to dispute Northstar’s finding that it found “little correlation between PSEG LI’s Performance Incentive Plan (PIP) and achieving grid modernization, safety and reliability, environmental CLCPA goals, and the Second A&R OSA performance metrics for PSEG LI executive management (Grades LX and 31-33).”

Notwithstanding, the objective of the recommendation is to align a majority of PSEG Long Island senior management (Grades LX and 32-33) incentive compensation with achievement of OSA metrics. As defined in OSA, Senior Managers Positions set forth in Appendix 4.2(D)(1) include Grade levels 31 and above.

Work Plan

For performance cycle 2024, there are no PSEG Long Island Management Co or ServCo employees designated as LX. Effective April 2024, Grade Level LX and Grade Level 33 were combined into a single Grade Level 33.

For performance cycle 2024, the incentive compensation of Grades 20 through 33, which includes PSEG Long Island Vice Presidents, will be based upon the following:

- 90% PSEGLI Scorecard
- 10% PSEGLI Strategic Factor

The PSEG Long Island Scorecard is aligned to performance and achievement of operational goals within the Second Amended and Restated OSA (“OSA”). Failure to achieve management of O&M and Capital Costs within approved 2024 budgets will reduce the variable compensation pool. In addition, failure to achieve gating metrics (EP&R, SAIDI and Customer Satisfaction) will reduce the variable compensation pool. Default metrics are incorporated into the OSA. Incentive compensation is also impacted by PSEG Long Island Safety performance, as well as achievement of OSA metrics by scope function and subject to DPS reduction.

The PSEG Long Island Strategic Factor consists of two PSEG Long Island metrics focused on recruiting and employee engagement and one tied to timely completion of Management Audit Action Plans.

Deliverables/Milestones			
#	Deliverable/Milestone	Due Date	Status
XVI-4.01	Evaluate the incentive compensation plan and align with recommendations.	3/30/2024	Completed
XVI-4.02	Meet with stakeholders (Compensation, Legal, PSEGLI Leadership) to update incentive compensation documentation to reflect Step 1.	6/30/2024	Completed
XVI-4.03	Review process annually based on then applicable OSA metrics.	6/30/2025	Pending/In Progress

Cost Benefit Analysis

PSEG Long Island does not anticipate incremental costs will be associated with this work plan.

A potential benefit of this effort is improved alignment with OSA metrics.

Risk Analysis

Following Step 1 above, the majority of PSEG Long Island senior management incentive compensation is aligned with achievement of 2024 OSA metrics. This analysis will be conducted annually and based on then applicable OSA metrics. There is not presently a President and COO at PSEG Long Island. When that position is filled, the 90% PSEGLI Scorecard/10% PSEGLI Strategic Factor will be revisited for that position.



KATHY HOCHUL
Governor

RORY M. CHRISTIAN
Chief Executive Officer

December 16, 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. 21-00618: In the Matter of a Comprehensive and Regular Management and Operations Audit of Long Island Power Authority and PSEG Long Island LLC.

Dear Chairwoman Edwards:

I am pleased to provide the recommendations of the New York State Department of Public Service (DPS or the Department) regarding the implementation of the 2021 Management & Operations Audit recommendations by the Long Island Power Authority (LIPA or the Authority) and its Service Provider PSEG Long Island (PSEG LI).

In accordance with Public Service Law (PSL) §3-b(3)(d) and Public Authority Law §1020-f(bb)(2), the Department, along with NorthStar Consulting Group, Inc. (NorthStar), completed the most recent Comprehensive and Regular Management and Operations Audit of LIPA and its Service Provider, PSEG LI with submission of the Final Audit Report on March 22nd, 2024.¹

The LIPA Board of Trustees (LIPA Board or BoT) subsequently adopted all recommendations and directed LIPA and PSEG LI to develop and present an implementation plan to the Board for approval within 90 days (consistent with the Board's policy on Audit Relationships).^{2,3} Additional time was provided to facilitate close collaboration between LIPA and PSEGLI SMEs on proposed implementation plans. On November 1, 2024, LIPA and PSEG LI submitted their implementation plans to the Department for review.

¹ Matter No. 21-00618, Supra, LIPA Management Audit Final Report (issued March 22, 2024) (Final Audit Report).

² LIPA Consideration of the Acceptance of the Recommendations Set Forth in the NorthStar Comprehensive Management and Operations Audit Final Report (issued April 17, 2024).

³ LIPA Board Policies (as of November 2024), p. 63.

Based on DPS' review, Staff recommends adoption of all 80 implementation plans. DPS recommends that 69 implementation plans be adopted without comment or modification, and 11 implementation plans be enhanced as discussed below.

Recommendation 2 (III-2)⁴

Recommendation 2 (III-2) states that PSEG LI should provide LIPA with access to detailed information on its ethics and compliance program. NorthStar highlighted that "LIPA's ability to have a formal oversight role over PSEG LI's ethics and compliance program is constrained due to lack of detailed information" and that "LIPA does not have direct access to concerns submitted to PSEG LI."⁵

In response, PSEG LI proposes adding more detail to their current quarterly ethics and compliance meetings and providing high-level reports to LIPA.⁶ Also, PSEG LI intends to include discussion of related topics of concern, updates on trainings, high level discussion of corrective actions, and compliance statistics.⁷ While these steps are an effective start, they do not fully address the limitations identified in NorthStar's plan. To fully address the recommendation in the Final Audit Report, PSEG LI should provide LIPA with more granular and detailed information on its ethics and compliance program.

For these reasons, Staff recommends that PSEG LI enhance the implementation plan and provide LIPA with access to the supporting documentation used to create the reports identified in their implementation plan.

Recommendation 3 (III-3)

Recommendation 3 states that PSEG LI must adhere to its own records management procedures as outlined in Practice 105-1 and 105-1-2.⁸ Further, NorthStar stated that the executive management within each PSEG LI business unit should complete their annual attestations by the designated due date. Additionally, NorthStar recommended that the PSEG LI Records Management Group should conduct an evaluation of the Records Management program for PSEG LI management and LIPA's review.⁹

⁴ In the Final Audit Report, NorthStar provided each recommendation identified with the Chapter number and an associated numerical designation for the recommendation. In LIPA and PSEG LI's implementation plans these recommendations are numbered one to 80. This letter will identify both the NorthStar recommendation designation, and the designation used in LIPA and PSEG LI's plans.

⁵ Final Audit Report, p. III-18.

⁶ Final PSEG Long Island Implementation Plans, (issued November 01, 2024), p. 1 (PSEG LI Implementation Plan).

⁷ PSEG LI Implementation Plan, p. 2.

⁸ Final Audit Report, pp. III-18-III-19.

⁹ Final Audit Report, p. III-97.

In response, PSEG LI developed an implementation plan which includes seven steps to achieve NorthStar's recommendation.¹⁰ Although this approach aims to enhance the Records Management program and ensure alignment with compliance requirements, a more comprehensive annual assessment of PSEG LI's records management practices is necessary to ensure the program's overall effectiveness and adherence to governance requirements.

Staff recommends that PSEG LI strengthen its current plan by conducting a more detailed annual review of its Records Management Practices to ensure compliance with all applicable requirements. Further, PSEG LI should include a review of random samples of records management practices across its business units to evaluate their compliance with established program management requirements.

Recommendation 4 (III-4)

Recommendation 4 directed that an audit be conducted of LIPA and PSEG LI's records management programs to review property records and analyze the implementation of the Enterprise Document and Records Management System (EDRMS) project.¹¹ Further, when the audit is complete, NorthStar recommends that LIPA and PSEG LI work with the New York State Archive to develop a record inventory and record retention schedule. In response, LIPA and PSEG LI developed implementation plans which include adding an audit of the LIPA Records Management Program to LIPA's 2025 Internal Audit Plan.¹² This internal audit will comprise a review of property records, incorporating the respective record inventory and retention schedules maintained by LIPA. Similarly, PSEG LI's internal audit department will conduct an audit of its records management program in 2025.

LIPA and PSEG LI's implementation plans did not reference working with the New York State Archive as specified in NorthStar's recommendation. Staff recommends that PSEG LI and LIPA enhance their implementation plans to include consultation with the New York State Archive for best practices and any additional requirements that could inform the enhanced program, such as developing a record inventory and retention schedule, as discussed in the Final Audit Report. Additionally, LIPA's implementation plan can be enhanced by including due dates and deliverables for the items identified in the work plan.

For these reasons, Staff recommends that LIPA/PSEG LI enhance the implementation plan going forward to include consultation with the New York State

¹⁰ PSEG LI Implementation Plan p. 3.

¹¹ Final Audit Report, p. III-97.

¹² 2022 DPS Management Audit LIPA Recommendation Implementation Plan pp. 3-4 and PSEG LI Implementation Plan pp. 5-7.

Archive. Further, LIPA should enhance their implementation plan to include a detailed list of deliverables and their due dates.

Recommendation 5 (III-5)

Recommendation 5 prioritizes implementation of LIPA's Enterprise Document and Records Management System (EDRMS) so that PSEG LI may utilize the platform as stipulated in the Second Amended and Restated Operations Services Agreement.¹³ In response, LIPA's implementation plan includes a risk analysis that identified some risks to the implementation of the EDRMS. The identified risks included "lack of resource availability and involvement, and unoptimized system implementations, which could hamper adoption." Staff recommends that LIPA enhance their plan to explain the likelihood of these risks developing during the implementation of the ERDMS.¹⁴ LIPA should also develop a risk mitigation strategy to address the risks that they have identified in their risk analysis.

Enhancing the plan to address, prevent or mitigate the impacts associated with these risks will help LIPA meet the goal of NorthStar's recommendation.

Recommendation 8 (III-8)

Recommendation 8 directs LIPA to implement its Diversity, Equity, and Inclusion (DEI) program with established metrics and progress reports to the Board.¹⁵

While LIPA's work plan is robust, it should be enhanced to include designated updates to the criteria used to evaluate the program's success on a regular cadence. Staff recommends that LIPA routinely review and update the Key Performance Indicators (KPIs) associated with the program as part of its post-implementation activities. This ongoing review will ensure that the KPIs remain relevant and aligned with the program's objectives.

Recommendation 9 (III-9)

Recommendation 9 advised PSEG LI to consistently track and report on its KPIs for Management Diversity, Union Diversity, and Employee Engagement to both PSEG LI and LIPA management.¹⁶ PSEG LI's implementation plan directs its Office of Diversity, Equity, and Inclusion to work with appropriate stakeholders to aggregate demographic

¹³ Second Amended and Restated Operations Services Agreement §4.2(A)(5)(g).

¹⁴ 2022 DPS Management Audit LIPA Recommendation Implementation Plan (issued November 10, 2024), pp. 5-7.

¹⁵ Final Audit Report, p. III-97.

¹⁶ Final Audit Report, p. III-97.

and hiring data to create a report to be distributed on or before the 15th business day of the month following the end of fourth quarter.¹⁷ PSEG LI will report on KPIs in the recommended areas. In the risk analysis portion of the implementation plan, PSEG LI identifies that current DEI KPIs are based on areas of opportunity relative to their current demographics. Further, PSEG LI states that “[f]uture years and demographic changes within PSEG Long Island may prompt the Company to track other areas of underrepresentation.”¹⁸ As such, Staff recommends that PSEG LI include a process within the implementation plan to examine the usefulness of the current KPIs and consider development of new KPIs based on demographic changes.

Recommendation 12 (III-12)

Recommendation 12 provided a list of considerations for LIPA and PSEG LI to address in the development of their Enterprise Risk Management (ERM) Programs.¹⁹ In response, LIPA and PSEG LI developed implementation plans to address the concerns identified in the Final Audit Report. NorthStar’s recommendation states that both LIPA and PSEG LI should provide quarterly ERM progress updates to the Governance and Finance and Audit Committees. Staff recommends that the quarterly progress reports also be reported to the LIPA Board, with a copy to DPS Staff.

Recommendation 17 (VII-2)

Recommendation 17 concerns the development of the Local Supply Charge component of the Power Supply Charge using two different methodologies: the current methodology and a separate methodology of calculating Local Supply Charge using the general ledger accounts for Local Supply charge.²⁰ NorthStar recommends that the findings from both methodologies be reported to the DPS.

In response, PSEG LI developed an implementation plan which includes a separate methodology based on the actuals as reflected in the general ledger accounts for Local Supply Charge.²¹ After reviewing the plan, Staff finds that PSEG LI’s definition of the two methodologies for the Local Supply Calculations are inconsistent with the Final Audit Report recommendation. PSEG LI’s plan does not forecast the Local Supply Charge using the general ledger accounts. Instead, it describes a method to be performed at the close of a month, using actual costs and booked sales. Staff recommends that PSEG LI update the methodology in the implementation plan to align

¹⁷ PSEG LI Implementation Plan, pp. 10-11.

¹⁸ PSEG LI Implementation Plan, p. 11.

¹⁹ *Id.*, p. III-98.

²⁰ Final Audit Report, pp. VII-32-VII-33.

²¹ PSEG LI Implementation Plan, p. 26.

with NorthStar's recommended methodology of calculating Local Supply Charge using the general ledger accounts in the audit report.

Recommendation 29 (IX-3) and Recommendation 46 (XII-3)

Recommendation 29 directed PSEG LI to document the successful implementation of each of the EAMS functional requirements by a utility using the EAMS software selected before proceeding with implementation.²²

Recommendation 46 also recommended that PSEG LI "demonstrate that all of the EAMS functional requirements pertaining to supply chain activities (including procurement, materials management and accounts payable) are presently used, operating as planned, and effective at another utility using the software platform obtained by LIPA and PSEG LI before proceeding with the EAMS initiative."²³

The Final Audit Report highlighted NorthStar's concerns regarding the scope of the EAMS project. Specifically, "[t]he EAMS scope as defined to date includes major dissimilar functions, all under the title of "asset management."²⁴ NorthStar concluded that "[i]t is unlikely that any one existing system, or the development and implementation of one integrated management system that automates all these functions, will be successfully completed as currently projected."²⁵ Accordingly, NorthStar recommended that PSEG LI research and document where each of these functions had already been effectively implemented by other utilities.

Staff's review determined that PSEG LI's implementation plans for both Recommendation 29 and 46 did not explicitly address the recommendation. Instead, they reference the implementation plan for recommendation 40 (XI-I).²⁶

For these reasons, Staff recommends that PSEG LI amend both implementation plans to add a step demonstrating that all the EAMS functional requirements pertaining to supply chain activities (including procurement, materials management and accounts payable) are presently used, operating as planned and effective at another utility using the software platform obtained by LIPA and PSEG LI before proceeding with the EAMS initiative.

²² Final Audit Report, p. IX-34.

²³ Final Audit Report, p. XII-23.

²⁴ Final Audit Report, p. XI-17.

²⁵ Id.

²⁶ PSEG LI Implementation Plan, p. 26. Recommendation 40 relates to the development of an integrated work management system not the EAMS.

Recommendation 73 (XV-6)

Recommendation 73 directs LIPA and PSEGLI to implement each requirement of the Commission's Order in Case 13-M-0178 and relates to New York State Utilities utilization of systems and applications that use customer, contractor, and employee personally identifiable information (PII).²⁷ The Commission's August 2013 Order in Case 13-M-0178 accepted the DPS Staff recommendation which requires utilities to "[c]onduct frequent customer privacy related security training for both employees and contractors."²⁸

PSEG LI's implementation plan did not include a deliverable that specifically addresses security training.²⁹ Staff recommends that PSEG LI enhance the implementation plan to include a deliverable to address security training and a process whereby PSEG LI will "conduct frequent customer privacy related security training for both employees and contractors."

Implementation Progress Reporting

Pursuant to the LIPA Board's Policy on Audit Relationships, LIPA and PSEG LI will periodically provide a report on the status of the implementation plans to the LIPA Board and the Oversight and Clean Energy Committee. Similarly, DPS recommends that LIPA, PSEG LI, and DPS, beginning in January 2025, collaborate on the establishment of a routine (e.g., quarterly, or tri-annually) update process to track LIPA and PSEG LI's progress in implementing the audit recommendations. This should include a process by which LIPA and PSEG LI will submit documentation to evidence their progress, including establishing a mutually acceptable document repository where supporting documentation can be easily shared. LIPA and PSEG LI should also develop and maintain a master log of supporting documents to ensure all are properly accounted for once submitted to DPS.

Conclusion

The Department operates a robust management and operations audit program that includes regular comprehensive management and operations audits, focused operations audits, and statewide utility comparisons. The scope of this audit focused on ways to provide value to LIPA and PSEG LI's customers, while also reviewing core utility operations pursuant to the LIPA Reform Act. The implementation of the Final Audit

²⁷ Final Audit Report, p. XV-40.

²⁸ Case 13-M-0178, In The Matter of a Comprehensive Review of Security for the Protection of Personally Identifiable Customer Information, Order Directing the Creation of an Implementation Plan (issued August 19, 2013), p. 4.

²⁹ PSEG LI Implementation Plan, p. 153.

Report recommendations should provide value to LIPA and PSEG LI's customers. DPS Staff's recommendations will enhance the plans to deliver on that objective.

For the reasons stated above, DPS Staff recommends that the LIPA Board adopt sixty-nine implementation plans as proposed and enhance eleven implementation plans in accordance with the above discussion.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Rory Christian".

Rory L. Christian,
Chief Executive Officer

CC: John Rhodes, LIPA Acting Chief Executive Officer
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
David C. Lyons, PSEG LI Interim President & 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