May 17, 2024

For the Long Island Power Authority
Board of Trustees

Year-End Report on PSEG Long Island's 2023 Performance Metrics

LIPA

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The Second Amended and Restated Operations Services Agreement (OSA) between the Long Island Power Authority (LIPA) and PSEG Long Island includes approximately $21 million[1] of Variable Compensation that is at risk based on performance standards. In 2022, the performance standards were negotiated between LIPA and PSEG Long Island as part of the reformed OSA. Starting in 2023, the performance standards were set by LIPA, with an independent recommendation to the LIPA Board of Trustees (Board) by the Department of Public Service (DPS), the staff arm of the State's Public Service Commission.

For 2023, LIPA recommended **ninety-three (93) performance standards** distributed across all management services provided to LIPA and its customers. They include numerous improvements to customer service, reliability, resiliency, information technology, clean energy, and other customer improvements distributed across five major scopes. The performance standards generally target the level of service established in its Board Policy or address identified gaps between a desired level of service and the current level.

Metrics are designed to be achievable levels of performance that are objectively verifiable with budgeted funds to achieve this performance. **These performance standards ensure that PSEG Long Island's compensation is tied to delivering meaningful results for LIPA's customers on Long Island and the Rockaways.**

LIPA staff oversaw PSEG Long Island's progress toward achievement of the 2023 Performance Metrics on an ongoing basis throughout the year and provided status reports to the Board and public.

PSEG Long Island must submit their performance evaluation on each metric to LIPA and claim for Variable Compensation, which they did on March 29, 2024. LIPA is responsible for independently verifying and validating (IV&V) PSEG Long Island's performance and then providing its evaluation to PSEG Long Island and DPS. DPS subsequently independently reviews LIPA's evaluation and makes a recommendation to LIPA. PSEG Long Island retains the right to dispute LIPA and DPS' evaluation and any compensation paid by LIPA.

This annual report details LIPA's evaluation of the year-end status of the metrics and their disposition.

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[1] PSEG Long Island's Variable Compensation is $21 million in 2021 dollars, indexed for the Consumer Price Index, as specified in the OSA, which is approximately $22.3 million for 2023.

The ninety-three (93) performance standards that constitute the 2023 Performance Metrics are distributed across all the management services provided to LIPA and its customers.

FIGURE 1: 2023 PERFORMANCE METRICS DISTRIBUTION BY SCOPE
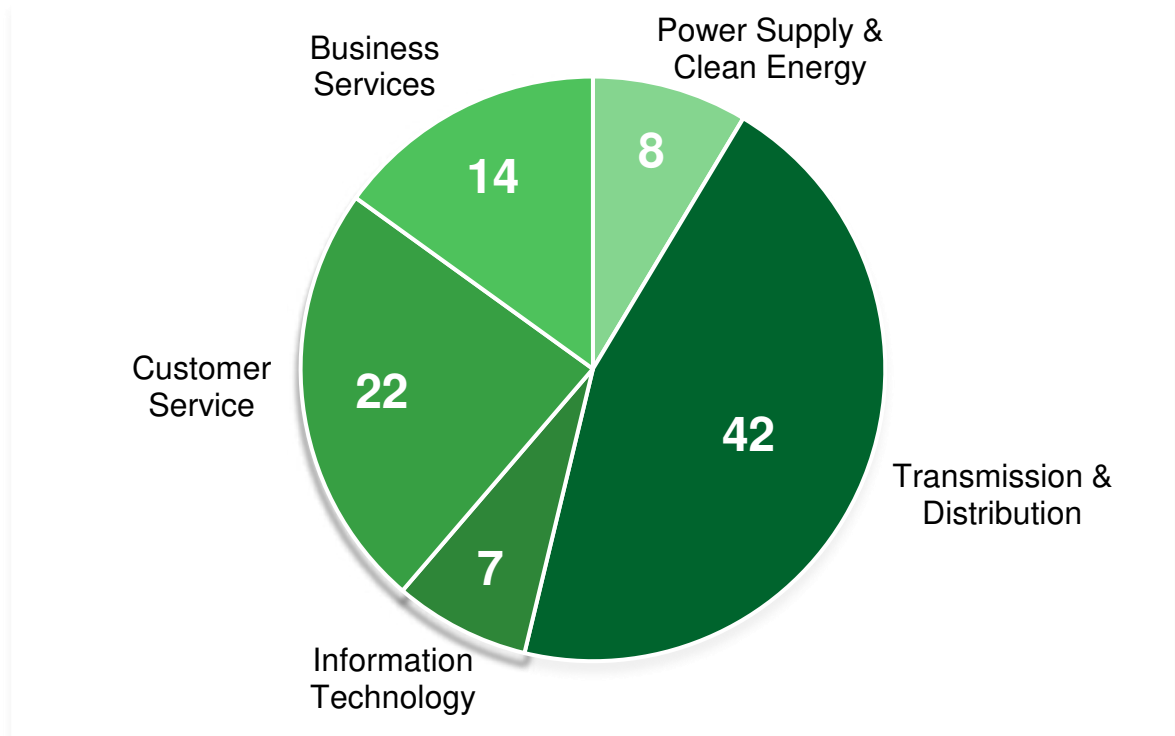
The details of the ninety-three (93) metrics are available on LIPA's website.

All metrics fall into one of two categories – Qualitative or Quantitative:

- The fifty-four (54) **Qualitative Metrics** are project-oriented initiatives incorporating one or more required deliverables with defined target dates.
- The thirty-nine (39) **Quantitative Metrics** specify predefined numerical key performance indicators.

LIPA staff monitors PSEG Long Island's progress on the metrics throughout the year. LIPA assigns a Project Manager (PM) to lead IV&V for each metric and appropriate Subject Matter Experts (SMEs) to assist with the metric. In addition, an Executive Sponsor (ES) from LIPA's senior management oversees the work of the IV&V team.

Qualitative Metrics are monitored and tracked via a process overseen and supported by the LIPA Enterprise Project Management Office (EPMO). The EPMO has developed an automated tracking system to manage the ninety-three (93) metrics. Throughout the contract year, PSEG Long Island staff uploads documentation to support metric deliverables directly to the system, which initiates workflows for LIPA review. A LIPA PM and SMEs review each deliverable and, ultimately, the year-end performance of each metric. The tracking system provides transparency

and traceability, with time-stamped deliverables, activity history and comments, and real-time access for LIPA, PSEG Long Island, and DPS.

Qualitative Metrics go through the following main stages of review:

- **PSEG Long Island Deliverable Submission**: To meet the metric standards, PSEG Long Island must submit the required deliverables to the tracking system by the target due date, per all requirements specified in the metric. PSEG Long Island has the option of requesting an exception for any deliverable. LIPA reviews all Exception Requests and grants them if deemed reasonable, justified, and in the best interests of achieving the metric objective.
- **LIPA Deliverable Review**: LIPA reviews all submitted deliverables for compliance with metric standards and requirements. Since metrics aim to improve performance, LIPA will return unsatisfactory deliverables to PSEG Long Island for revision and resubmission if deemed necessary to achieve the metric objective.
- **LIPA Final Metric Assessment**: After the end of the performance period, LIPA evaluates performance on each metric against the terms of the metric and determines final disposition.

LIPA principally tracks **Quantitative Metrics** using scorecards submitted monthly by PSEG Long Island. LIPA conducts scorecard review meetings with PSEG Long Island staff and DPS. PSEG Long Island also provides underlying data files for each Quantitative Metric, which LIPA staff reviews and validates.

The assigned PM and SMEs review Quantitative Metrics via an IV&V process for year-to-date (YTD) performance versus target, trending, and outlook for year-end performance. Further, LIPA monitors compliance with metric standards, requirements, calculations, and agreed-upon exceptions.

At year-end, performance on each Qualitative and Quantitative metric is evaluated against the established standards and requirements/targets for the metric, and LIPA decides on the final status and incentive award:

- **Met Metric** Standards/Target - All metric requirements were met in accordance with the established standards; performance qualifies for the full allocated incentive compensation.
- **Partially Met Metric** Standards/Target - If allowed for by the metric's terms and in accordance with those terms, metric requirements were partially met; performance qualifies for part of the allocated incentive compensation.
- **Did Not Meet Metric** Standards/Target—Mandatory metric requirements were not met, so performance does not qualify for incentive compensation.

Additionally, the OSA also contains certain Gating and Default Metrics, which are minimum performance levels related to reliability, customer service, cybersecurity, budgets, and emergency preparation and response that, if not met, can significantly reduce the available pool of compensation, or permit LIPA to terminate the contract. **PSEG Long Island did not trigger any Gating or Default Metrics in 2023.**

LIPA grants flexibility against metric requirements if necessary to achieve the metric objective. Customer value is at the core of each metric, and LIPA's review ensures that a metric is delivering favorable outcomes. Flexibility is provided in specific deliverables so long as outcomes are achieved.

Exception Requests seek extensions to due dates or changes to project scopes, requirements, or methodology as established in the metric. In 2023, **515** Exception Requests were submitted, of which LIPA granted **350** and declined **165**. **204** of the Exception Requests were related to Due Date Changes.
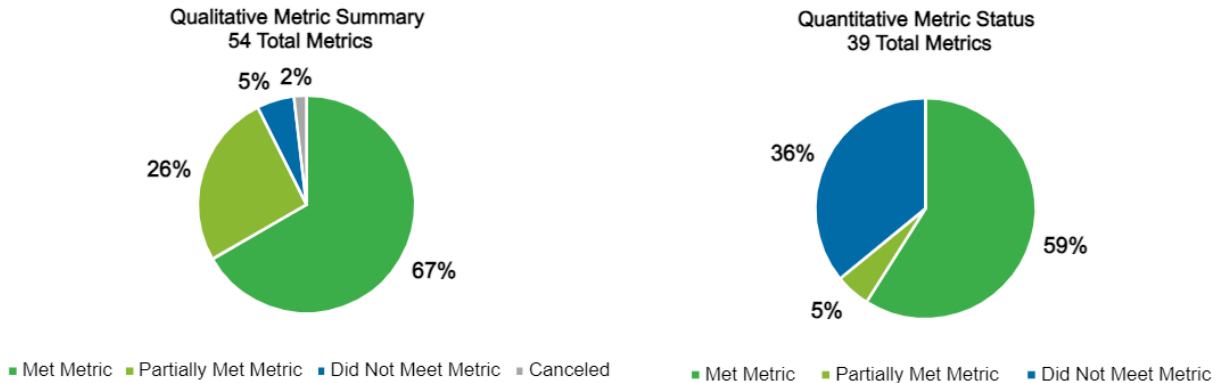
Additionally, LIPA provided PSEG Long Island with opportunities for corrective actions and resubmission of deficient deliverables throughout 2023 and into 2024**. This flexibility allowed LIPA to drive improvements to project outcomes and provide our customers with better service and reliability.**

To the extent an Exception has been granted, performance is reported relative to the agreed-upon standards of the Performance Metric as modified by the Exception.

Exception Requests may also seek an exemption or waiver of a deliverable, deeming it no longer required. This can occur, for instance, when an extension to a project start is approved, rendering periodic status reporting before the new start date unnecessary.

LIPA evaluated each metric and determined that fifty-nine (59) of the ninety-three (93) performance metrics were met, sixteen (16) were partially met, and seventeen (17) were not met. Metric T&D-03 was canceled, and the incentive compensation pro-rata was allocated to the remaining T&D metrics.

The figure below summarizes the final status of the 2023 Performance Metrics:

Qualitative Metric Summary
54 Total Metrics

- Met Metric 67%
- Partially Met Metric 26%
- Did Not Meet Metric 5%
- Canceled 2%

Quantitative Metric Status
39 Total Metrics

- Met Metric 59%
- Partially Met Metric 5%
- Did Not Meet Metric 36%

Scope	# of Metrics	Met	Partially Met	Not Met	Canceled
Transmission & Distribution	42	31	3	7	1
Business Services	14	11	2	1	0
Power Supply & Clean Energy	8	5	3	0	0
Customer Service	22	10	5	7	0
Information Technology	7	2	3	2	0
Total	**93**	**59**	**16**	**17**	**1**

LIPA has worked with PSEG Long Island to ensure that metrics are objectively verifiable and that consensus exists across metrics in each scope area. LIPA and PSEG Long Island are in alignment with LIPA's evaluation of metric performance for 2023.

Based on LIPA's evaluation, PSEG Long Island qualifies for $15,383,824.63 of Variable Compensation out of $22,285,334.03 for 2023, or 69% of the total available compensation, as outlined below across each scope function.

Scope	Allocated Compensation	PSEGLI Claimed Compensation	LIPA Awarded Compensation
Transmission & Distribution	$8,914,133.61	$7,649,290.36	$7,513,771.43
Business Services	$3,342,800.11	$2,786,839.68	$2,613,102.05
Power Supply & Clean Energy	$2,228,533.40	$1,989,523.22	$1,949,966.74
Customer Service	$4,457,066.81	$2,511,023.58	$2,033,536.75
Information Technology	$3,342,800.11	$2,117,106.74	$1,273,447.66
Grand Total	**$22,285,334.03**	**$17,053,783.58**	**$15,383,824.63**

Summary of Performance by Business Scope

The metrics continue to be a valuable tool for performance management and oversight. In general, we found overall improvements in responsiveness and engagement from PSEG Long Island, driven by a desire to meet the metrics. Even for initiatives where the outcomes were insufficient to satisfy the metric, there were often beneficial results that likely would only have been achieved with the metrics. Most importantly, the metric management process provided much greater visibility into the progress of projects and initiatives and helped surface specific areas of weakness, providing valuable insights to LIPA and PSEG Long Island management to improve performance.

LIPA has summarized the overall status for each of the five scope areas below. The following section provides a detailed discussion of performance for each metric, and the scope area is provided in the following section.

The Transmission & Distribution (T&D) scope has forty-two (42) metrics, accounting for $8,914,134 in compensation at risk based on performance. Of these forty-two (42) metrics, twenty-one (21) are Qualitative, and twenty-one (21) are Quantitative. Detailed metrics descriptions are available on LIPA's website.

Year-End Status Overview

The year-end metric performance for the T&D scope area demonstrated strengths in many places and provides insight into focus areas for 2024 and beyond. In total, thirty-one (31) metrics were fully met, three (3) were partially met, seven (7) were not met, and one (1) was canceled. LIPA agreed to grant forty-eight (48) exception requests to adjust metric targets and deliverable due dates, where LIPA believed objectives could be met to advance customer value.

Reliability performance continues to be strong, as PSEG Long Island successfully met the year-end targets for five (5) of the six (6) metrics in this area, with Sustained Multiple Customer Outages (S-MCO) (T&D-10) being the lone miss. Reliability performance levels were generally at or near the LIPA Board Policy objective of top decile benchmarked to industry peers. Strong performance was also realized in Work Management, Storm Hardening, and Capital Projects & Construction, with deliverables and targets fully met for thirteen (13) of the fourteen (14) metrics spanning these areas, with the remaining partially met.

Performance did not fully meet expectations for Safety, where two (2) of the four (4) metrics, OSHA Days Away Rate (T&D-15) and Serious Injury Incident Rate (SIIR) (T&D-13), were not successfully met. Additionally, the Vegetation Management Program saw some improvement in terms of meeting volumetric targets; however, the budgetary component at the individual metric level continues to be a challenge, though the overall Vegetation Management budget was met. Further, the new metric for Vegetation Management Effectiveness (T&D-41) was not achieved. The Double Wood Poles metric (T&D-40) was unmet for a second consecutive year primarily due to continued struggles coordinating with external stakeholders to effectuate timely pole removals.

Several project-based metrics displayed good progress throughout the year, and all their respective deliverables were completed. Some examples include Estimated Time of Restoration (ETR) (T&D-42), Physical Security (T&D-45), and Root Cause Analysis (T&D-46). Further discussion of individual metrics appears below.

Year-End Status Details

Qualitative Metrics

Of the twenty-one (21) metrics, seventeen (17) met the YE target, two (2) have been partially met, and one (1) did not meet the YE target. One (1) metric, T&D-03, was canceled, and 100% of the incentive compensation was pro-rata allocated to the other T&D metrics. LIPA has detailed the status of each Transmission & Distribution Qualitative Metric below. The compensation amounts listed in this section are relative to the $20 million Variable Compensation specified in the OSA and include the annual adjustment for indexing to the Consumer Price Index.

Metric #	Metric Name	Allocated Comp	YE Performance	Awarded Comp
T&D-01	Asset Management Program Implementation – Asset Inventory	$180,691.90	Did Not Meet Metric	$0
T&D-02	Asset Management Program Implementation – Asset Management Governance	$180,691.90	Met Metric	$180,691.90
T&D-03	Enterprise Asset Management System (EAM) Implementation	$0	Project Canceled*	$0
T&D-06	Primary and Alternative Transmission Control Center Replacement	$301,153.16	Met Metric	$301,153.16
T&D-17	Work Management Enhancements - Short-Term Scheduling	$120,461.27	Met Metric	$120,461.27
T&D-18	Work Management Enhancements – Workforce Management Plans	$301,153.16	Met Metric	$301,153.16
T&D-21	Work Management Enhancements – Work Management KPIs and Dashboards	$120,461.27	Met Metric	$120,461.27
T&D-24	Vegetation Management Work Plan – Cycle Tree Trim with Vegetation Intelligence	$240,922.53	Met Metric	$240,922.53
T&D-25	Vegetation Management Work Plan – Trim to Sky (TTS) Circuits	$301,153.16	Met Metric	$301,153.16
T&D-26	Vegetation Management Work Plan – Hazard Tree Removal	$361,383.80.	Partially Met Metric	$271,037.85
T&D-27	Storm Hardening Work Plan – Overhead Hardening	$301,153.16	Met Metric	$301,153.16
T&D-28	Storm Hardening Work Plan – Underground Hardening	$180,691.90	Met Metric	$180,691.90
T&D-29	T&D System Enhancements	$180,691.90	Met Metric	$180,691.90
T&D-30	Storm Hardening Work Plan – ACRV Commissioning Program	$301,153.16	Met Metric	$301,153.16
T&D-31	Storm Hardening Work Plan – LT5H (ASUV) Program	$180,691.90	Met Metric	$180,691.90
T&D-33	Execute Real Estate Strategy on (i) Purchase of a Property in Medford for	$150,576.58	Met Metric	$150,576.58

	a New Operations Yard and (ii) National Grid Properties			
T&D-34	Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)	$240,922.53	Met Metric	$240,922.53
T&D-42	Estimated Time of Restoration (ETR) Process Enhancements	$301,153.16	Met Metric	$301,153.16
T&D-44	Regulatory Compliance	$180,691.90	Partially Met Metric	$135,518.93
T&D-45	Physical Security	$301,153.16	Met Metric	$301,153.16
T&D-46	Root Cause Analysis (RCA) Execution and Compliance	$210,807.21	Met Metric	$210,807.21

*T&D-03 was canceled, and 100% of the incentive compensation was pro-rata allocated to the other T&D metrics

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

Allocated Compensation	YE Performance	Awarded Compensation
$180,691.90	Did Not Meet Metric	$0

The Asset Management Metric T&D-01 emphasizes the importance of Geographic Information System (GIS) data accuracy as a fundamental aspect of LIPA asset management. An Asset Inventory initiative is underway, involving field verification of external plant assets and subsequent integration of this data into the GIS. By the end of 2023, the target was to have 35.5% of the Asset Inventory completed and uploaded into GIS. As of the end of 2023, 27.3% of field verifications were completed, and 0.9% of those have been uploaded into the GIS system. PSEG Long Island did not meet this metric for 2023 and should be awarded no compensation.

PSEG Long Island stated that delays in selecting and implementing an alternate data collection application put achieving this goal in 2023 out of reach. PSEG Long Island has begun implementing the new data collection software (OpenGov Cartegraph), which went live in February 2024, allowing more surveys to be completed for the 2024 metric. PSEG Long Island has also hired an outside consultant to assist in uploading the records to GIS. No exceptions were granted for this metric.

T&D-02: Asset Management Program Implementation – Asset Management Governance

Allocated Compensation	YE Performance	Awarded Compensation
$180,691.90	Met Metric	$180,691.90

Year-End Report on PSEG Long Island's 2023 Performance Metrics

The second Asset Management metric, T&D-02, directs attention to asset governance, which is crucial for implementing an Enterprise Asset Management (EAM) program in compliance with ISO 55000 standards. As of the end of 2023, the updated Strategic Asset Management Plan (SAMP) and the remaining twelve (12) Asset Management Plans (AMPs) have been uploaded and approved by LIPA. In addition, PSEG Long Island completed the implementation of all outlined initiatives of the Asset Management Project Implementation Plan (AM PIP). PSEG Long Island completed the Annual Reliability Assessment of asset performance and issued the report. LIPA granted no exceptions to the schedule.

T&D-03: Enterprise Asset Management System (EAM) Implementation

Allocated Compensation	YE Performance	Awarded Compensation
$0	Project Canceled	$0

The 2023 T&D-03 metric was developed to begin implementing a complete EAM System, which required completing the selection and procurement of the System Integrator (SI) for implementing the EAMS software and starting the implementation project by April 1, 2023. In September 2023, with the SI procurement still not completed, LIPA management concluded that it was not worth further diverting focus from other critical and higher priority projects that had also experienced delays or implementation issues to address the ongoing EAMS challenges. Consequently, LIPA management recommended putting the project on hold until other higher-priority IT projects are completed, including the OSA-required System Separation project, the Time-of-Day (TOD) rate implementation, and cybersecurity enhancements. As such, T&D-03 was canceled, and 100% of the incentive compensation was pro-rata allocated to the other T&D metrics.

T&D-06: Primary and Alternative Transmission Control Center Replacement

Allocated Compensation	YE Performance	Awarded Compensation
$301,153.16	Met Metric	$301,153.16

This metric entailed developing a PIP to construct the new Primary Transmission Control Center (PTCC). The PIP identified the key milestones and required dependencies that impact future deliverable timeframes for the final design and construction of the PTCC. There was good progress in the first half of the year; however, in the second half of the year, there was an extended procurement period in securing a firm to serve in the capacity of the project owner's representative. This led to delays that set the overall multi-year project timeline back approximately nine (9) months. The parties are currently exploring ways to expedite specific

deliverables in 2024 to lessen the overall schedule impact. However, the fact remains that specific critical 2023 deliverables have still not been met. Still, LIPA believes that PSEG Long Island conducted robust due diligence in selecting a firm for this critical role and, as such, should be awarded the full incentive compensation for this metric. Thirteen (13) exceptions were granted for this metric.

T&D-17: Work Management Enhancements - Enhancements to Short-Term Scheduling

Allocated Compensation	YE Performance	Awarded Compensation
$120,461.27	Met Metric	$120,461.27

The primary objective of this metric was to enhance the work management process by continued development of the integrated work tool that consolidates all work that is aligned with the annual budget and work plan and provides functionality to improve the ability to create short-term plans and schedules at the Yard level for Inside Plant. PSEG Long Island successfully met this metric. They staffed a Work Management Scheduler position for inside plant work, namely the Relay and Substation Maintenance groups. Training sessions were held to educate supervisors on using the reporting tools and creating schedules. Work Management hosted weekly meetings to review the schedule and past performance. No exceptions were granted to this metric.

T&D-18: Work Management Enhancements - Workforce Management Plans

Allocated Compensation	YE Performance	Awarded Compensation
$301,153.16	Met Metric	$301,153.16

This metric aimed to develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime to support the scheduled T&D work. This metric required submission for LIPA approval of the 2024 Workforce Management Plan, which included monthly and annual resource plans for all Capital and O&M work to be completed and successful execution of the LIPA-approved 2023 Workforce Management Plan. The 2024 Workforce Management Plan was created, and all elements of the Workforce Management plans were executed for 2023; thus, PSEG Long Island met the requirements of this metric. No exceptions were granted to this metric.

T&D-21: Work Management Enhancements - Work Management KPIs and Dashboards

Allocated Compensation	YE Performance	Awarded Compensation
$120,461.27	Met Metric	$120,461.27

This metric aimed to develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime to support the scheduled T&D work. Work Management Key Performance Indicators (KPIs) and dashboards were created to manage and monitor performance. Graphical displays of work group employees' productivity and utilization percentages show where improvement is needed. Supervisors can see what is causing overtime in their areas and manage the business to effectively delegate overtime as a resource. LIPA and PSEG Long Island management met quarterly to review the KPI dashboards and recommend enhancements to improve work management. There was an improvement in utilization over the four quarters of the year. Work Management Schedulers utilized the variance report to ensure the work aligned with forecasted hours overall and by category (Capital, O&M, Storm, Non-Productive). All overtime targets were achieved. All elements of the work plan were successfully executed with no exception requests.

T&D-24: Vegetation Management Work Plan – Cycle Tree Trim with Vegetation Intelligence

Allocated Compensation	YE Performance	Awarded Compensation
$240,922.53	Met Metric	$240,922.53

This metric aimed to develop and execute Vegetation Management Work Plans/budgets that use Vegetation Intelligence, including, but not limited to, vegetation species, growth rate, and location. The Parties agreed to remove the Vegetation Intelligence portion and focus the metric solely on Cycle Trim. The Cycle Trim Program volumetric target was successfully met for the year; however, the program was over budget at 107% compared to the high-end target of 105%. Though the individual program spending ran slightly over the targeted budget range, the overall Vegetation Management budget was met, and therefore, LIPA deems this metric to have been successfully met. There was one (1) exception granted for this metric.

T&D-25: Vegetation Management Work Plan – Trim to Sky (TTS) Circuits

Allocated Compensation	YE Performance	Awarded Compensation
$301,153.16	Met Metric	$301,153.16

This metric aimed to develop and execute Vegetation Management Work Plans/budgets for Trim To Sky (TTS) trimming. This metric required full execution of the approved 2023 Vegetation Management Work Plan within budget targets and development of Vegetation Management Work Plans/budgets for 2024 that identify the circuit list for TTS trimming with a minimum of 225 circuits for the year, including schedules and cost estimates. Work plans were to include annual and monthly work and resource plans. The year-end volumetric and budgetary targets for this metric were successfully met. No exceptions were granted to this metric.

T&D-26: Vegetation Management Work Plan – Hazard Tree Removal

Allocated Compensation	YE Performance	Awarded Compensation
$361,383.80	Partially Met Metric	$271,037.85

This metric aimed to develop Vegetation Management Work Plans/budgets for 2023 and 2024 that identify at least 12,000 hazard trees to be removed each year (including locations, schedules, and cost estimates) and execute the approved work plan in 2023. LIPA's evaluation resulted in a position that progress was made. However, some elements of this metric were not met, resulting in a partial compensation award. This disagreement stems from a LIPA audit conducted in 2022 that revealed an irregularity related to recording the removal of large limbs as equivalent to complete tree removals. In response to that finding, LIPA and PSEG Long Island have continued working together to align volumetric targets and budgets for large limbs and whole trees. LIPA's assessment of 2023 performance is that PSEG Long Island partially met the metric since there was never complete agreement on the whole tree vs. large limb categorization when the 2023 metric was established. However, LIPA acknowledges the successful completion of 12,189 units (5,149 limbs and 7,040 trees), which exceeded the total target level, and believes this warrants a partial incentive compensation award to PSEG Long Island.

T&D-27: Storm Hardening Work Plan - Overhead Hardening

Allocated Compensation	YE Performance	Awarded Compensation
$301,153.16	Met Metric	$301,153.16

The goal of this metric was the development and execution of Storm Hardening Work Plans for Overhead Hardening, including a pilot using spacer cable on a minimum of 17.4 miles. This metric measured the level of Overhead Hardening completed in 2023 and required the development of a 2024 Storm Hardening Work Plan for mainline and branches. For the year ending December 31, 2023, 78.8 miles of Mainline Storm Hardening was completed under the Power On Program, above (favorable) the target amount, which had been increased from an original level of 53.7 miles to 78.6 miles. One (1) material exception was granted for this metric, which was related to the Spacer Cable requirements. PSEG Long Island met this metric.

T&D-28: Storm Hardening Work Plan - Underground Hardening

Allocated Compensation	YE Performance	Awarded Compensation
$180,691.90	Met Metric	$180,691.90

The goal of this metric was the development and execution of Storm Hardening Work Plans for Underground Hardening. As part of the storm-hardening underground plan, an Old Bethpage branch line tap associated with Fuse-81406 will be reconstructed from the overhead rear property to the highway underground. The intent being that rear property outages take longer to restore due to inaccessibility. Moving the equipment underground will prevent long-duration outages. PSEG Long Island's timeline extends into 2024 for construction to begin. Metric success included the execution by December 31, 2023, of the work identified and approved by LIPA in the Storm Hardening Work Plan – Underground Hardening Project Justification Document (PJD) developed in 2022 for 2023. Specifically, PSEG Long Island was to evaluate one location for 2023, fuse 40787 (the $6.9 million project). The RFP for the work associated with fuse 40787 was submitted to LIPA for review and approval. Based on that evaluation, it was determined that due to projected costs, this was not a viable project and, therefore, would not be approved to move forward for design and construction. PSEG Long Island completed all deliverables for this metric and, thus, met the metric.

T&D-29: Transmission & Delivery System Enhancements

Allocated Compensation	YE Performance	Awarded Compensation
$180,691.90	Met Metric	$180,691.90

This metric measures two types of T&D System Enhancements: 1) Storm hardening to mitigate Transmission System Load Pockets and 2) Distribution system hosting capacity. In 2022, PSEG Long Island completed PJDs to harden supply to eight (8) load pockets and identified projects for 2023 construction. In 2023, PSEG Long Island was tasked with and succeeded in building and

submitting a 2024 Storm Hardening Work Plan for the second-highest priority Transmission Load Pocket identified in the 2022 plan. Bridgehampton was selected, and this project will add a new circuit between Bridgehampton and Buell, ensuring a second source in the event of this contingency. The construction of this 7.5-mile (new route change) circuit will alleviate these contingency overloads for the North Fork transmission system and provide for a more flexible and reliable system for the South Fork. This project also includes the installation of new breakers and ground switches required at both terminals. In 2022, PSEG Long Island completed a hosting capacity study and developed solutions for each identified circuit. For 2023, PSEG Long Island was tasked with and successfully provided PJDs for the recommended solutions for two (2) identified circuits that provide the most significant system benefit. The first circuit selected was a load transfer from Pinelawn (7T-926) to Berry St (7W – 8N3) to enable 8.4 MW of hosting capacity on Pinelawn circuit 7T-926, completed on May 12, 2023. The second circuit selected was for the installation of transmission 3V0 at Pinelawn Bank #1 to increase hosting capacity by 6 MW on circuit 7T-983, completed by the end of November 2023. PSEG Long Island completed all deliverables for this metric and, therefore, is eligible for full incentive compensation. No exceptions were granted to this metric.

T&D-30: Storm Hardening Work Plan - ACRV Commissioning Program

Allocated Compensation	YE Performance	Awarded Compensation
$301,153.16	Met Metric	$301,153.16

This metric aimed to provide greater reliability for customers supplied from the targeted circuits by "operationalizing" previously installed ASUVs to serve as fully functioning reclosers. Reclosers provide an additional layer of reliability under temporary fault conditions and help reduce sustained outage interruptions. The 2023 ACRV Commissioning Program had scheduled 10 ASUV locations to be converted to ACRVs. As of the end of 2023, all ten scheduled locations have been commissioned as ACRVs, with an additional 135 ACRVs being completed. In addition, PSEG Long Island was required to and successfully submitted a 2024 ACRV Commissioning Program and budget that identifies locations, schedules, cost estimates, and the creation of PJDs. This plan includes an additional 233 ACRVs to be commissioned in 2024. No exceptions were granted to this metric, and PSEG Long Island met this metric.

T&D-31: Storm Hardening Work Plan - LT5H (ASUV) Program

Allocated Compensation	YE Performance	Awarded Compensation
$180,691.90	Met Metric	$180,691.90

This metric is a multi-year effort to reduce customer counts to under 500 per segment, which provides greater reliability for customers supplied from the targeted circuits. As part of the 2023 metric, PSEG Long Island executed the 2023 Storm Hardening Work Plan – LT5H (ASUV) Program, resulting in the commissioning of 152 ASUVs, completed under budget. In addition, PSEG Long Island was required to and successfully submitted a 2024 Storm Hardening Work Plan – LT5H (ASUV) Program and budget that identifies locations, schedules, cost estimates, and the creation of PJDs, which was completed on August 31, 2023. This plan includes an additional 150 ASUVs to be commissioned in 2024. PSEG Long Island completed all deliverables for this metric and, therefore, is eligible to receive full incentive compensation. No exceptions were granted to this metric.

T&D-33: Execute Real Estate Strategy on (i) Purchase of a Property in Medford for a New Operations Yard and (ii) National Grid Properties

Allocated Compensation	YE Performance	Awarded Compensation
$150,576.58	Met Metric	$150,576.58

This metric involved the implementation of the PIP created per LIPA Board recommendations from May 2021. The PIP, aimed at supporting a long-term strategy for LIPA's real estate and facility assets, was approved by LIPA in April 2022 as part of the 2022 metrics. It encompasses two primary objectives: 1) Acquiring and developing a new Operations Center in Medford and 2) Dividing operations at properties owned by National Grid. The ultimate goal of these efforts is to transition from leasing to an ownership model for utility operations sites, which is expected to bring cost savings and operational improvements for LIPA customers. Notwithstanding National Grid's ultimate unwillingness to engage in purchase discussions, **PSEG Long Island has taken steps towards this goal, including the contract to purchase a 24-acre site in the Medford area.** The contract due diligence process is completed while permitting, and community engagement activities associated with this purchase are ongoing. The closing on the purchase was completed in Q1 2024, with construction also commencing in 2024. PSEG Long Island satisfactorily met all due dates for deliverables. Fifteen (15) exceptions were granted for this metric, primarily related to timing for property due diligence and permitting needed from the Pine Barrens Commission.

T&D-34: Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)

Allocated Compensation	YE Performance	Awarded Compensation
$240,922.53	Met Metric	$240,922.53

This metric's objective was to improve the Capital Budget Process through the timely submittal of PJDs for each Capital Project and Program with adequate detail for LIPA review and approval before inclusion in the 2024 Capital Budget. To achieve this, PSEG Long Island submitted a proposed 2024 capital budget by the required date in early July and subsequently submitted all related PJDs by the required due date of August 15, 2023. PSEG Long Island completed all deliverables for this metric and, therefore, is eligible to receive full incentive compensation. No exceptions were granted to this metric.

T&D-42: Estimated Time of Restoration (ETR) Process Enhancements

Allocated Compensation	YE Performance	Awarded Compensation
$301,153.16	Met Metric	$301,153.16

The PIP underpinning this metric was approved by LIPA on June 30, 2023. The PIP focused on implementing at least two factors to operationalize the everyday customer issuance of initial times of expected restoration (ITR) for unplanned outages under Blue Sky (i.e., Non-Storm) conditions. Based on data analytics and a benefits analysis, the parties agreed to pursue three factors rated as most impactful in leading to more accurate ITRs. These three factors were device type, seasonality, and time of day. LIPA and PSEG Long Island aligned these efforts with the Two-Year Business-Driven Roadmap – Data Analytics (IT-06.T1.04.01). The three factors were successfully operationalized in late October, resulting in greater than anticipated ITR accuracy for outages over the year's final two months; therefore, PSEG Long Island met the metric requirements. There were four (4) exceptions granted for this metric.

T&D-44: Regulatory Compliance

Allocated Compensation	YE Performance	Awarded Compensation
$180,691.90	Partially Met Metric	$135,518.93

The objective of the metric was to ensure that PSEG Long Island operates within all applicable rules and regulations by meeting all local, state, and federal compliance reporting regulations, including appropriately self-reporting all instances of non-compliance. This metric was initially comprised of seven criteria. The self-reporting criterion was removed by mutual agreement between the parties during the year, as it was deemed extraneous. PSEG Long Island met the standards of most of the individual criteria; however, there were several self-reported occurrences of potential non-compliance. The matter of these self-reports counting as violations for this metric is an unresolved issue between LIPA and PSEG Long Island; however, LIPA has agreed to provide 75% of the incentive compensation and deem this metric partially met due to the majority

of the metric criteria being successfully met. There were five (5) exceptions granted for this metric.

T&D-45: Physical Security

Allocated Compensation	YE Performance	Awarded Compensation
$301,153.16	Met Metric	$301,153.16

The metric was structured around an approved Project Implementation Plan (PIP) that focused on the findings of a physical security assessment conducted by a LIPA-independent third-party consultant in late 2022. The PIP also addressed issues arising from several substation attacks in various locations throughout the country from late 2022 through early 2023. Though the parties agreed to include them in the PIP, it was mutually decided that only those items would not be subject to the metric, as they were outside of the scope of the original assessment that had been performed. PSEG Long Island successfully met all the deliverables for this metric. There were six (6) exceptions granted for this metric.

T&D-46: Root Cause Analysis (RCA) Execution and Compliance

Allocated Compensation	YE Performance	Awarded Compensation
$210,807.21	Met Metric	$210,807.21

This metric required PSEG Long Island to develop and utilize a consistent and rigorous "Root Cause Analysis" process for Outage Cause Determinations with individual outages. It summarized RCA results and implementation plans for resulting engineering/operational remediation plans. The process, results, and plans were to be reviewed with LIPA every quarter. In the first quarter of 2023, a multi-departmental review of cause code usage, fidelity, and application was conducted. PSEG Long Island completed the associated system updates in OMS and related digital channels for customer notification. The updated training course has been developed, recorded, and uploaded to Empower, the corporate training system. All applicable PSEG Long Island operations, reliability, and storm restoration personnel have been assigned to complete this training. PSEG Long Island successfully met the metric requirements. One (1) exception was granted for this metric.

Quantitative Metrics
LIPA has detailed the status of each Transmission & Distribution Quantitative Metric below. **Of the twenty-one (21) metrics, fourteen (14) fully and one (1) partially met the year-end target, and six (6) did not meet the target**.

Metric #	Metric Name	L/H	YE Target	YE Result	YE Performance	Allocated Comp	Awarded Comp
T&D-04	Transmission and Distribution System Relay Mis-Operations	L	13	20	Did Not Meet Metric	$120,461.27	$0
T&D-05	Transmission and Distribution Inadvertent Operation Events	L	26	22	Met Metric	$120,461.27	$120,461.27
T&D-07	System Average Interruption Duration Index (SAIDI) Reliability	L	57.5	56.3	Met Metric	$361,383.80	$361,383.80
T&D-08	System Average Interruption Frequency Index (SAIFI) Reliability	L	0.70	0.69	Met Metric	$240,922.53	$240,922.53
T&D-09	Momentary Average Interruption Frequency Index (MAIFI) Reliability	L	1.70	1.45	Met Metric	$180,691.90	$180,691.90
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)	L	21,000	23,730	Did Not Meet Metric	$150,576.58	$0
T&D-11	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	L	28	10	Met Metric	$90,345.95	$90,345.95
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)	L	76,300	50,502	Met Metric	$120,461.27	$120,461.27
T&D-13	Safety - Serious Injury Incident Rate (SIIR)	L	0.00	0.06	Did Not Meet Metric	$240,922.53	$0
T&D-14	Safety - OSHA Recordable Incidence Rate	L	0.76	0.65	Met Metric	$240,922.53	$240,922.53
T&D-15	Safety - OSHA Days Away Rate	L	8.51	10.13	Did Not Meet Metric	$240,922.53	$0
T&D-16	Safety - Motor Vehicle Accident (MVA) Rate	L	6.93	6.87	Met Metric	$180,691.90	$180,691.90
T&D-23	Employee Overtime	H	100.0%	100.0%	Met Metric	$180,691.90	$180,691.90
T&D-35	Construction - Project Milestones Achieved	H	90.0%	97.5%	Met Metric	$240,922.53	$240,922.53
T&D-36	Construction – Cost Estimating Accuracy	H	90.0%	90.3%	Met Metric	$240,922.53	$240,922.53
T&D-37	Completion of Program Planned Units Per Workplan	H	100.0%	100.0%	Met Metric	$481,845.06	$481,845.06

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T&D-38	Program Unit Cost Variance	L	100.0%	87.5%	Partially Met Metric	$240,922.53	$180,691.90
T&D-39	Project Completion Consistent with Project Design	H	100.0%	100.0%	Met Metric	$120,461.27	$120,461.27
T&D-40	Double Wood Poles	L	5,289	7,567	Did Not Meet Metric	$60,230.63	$0
T&D-41	Program Effectiveness - Vegetation Management	L	-50.0%	-18.3%	Did Not Meet Metric	$210,807.21	$0
T&D-48	Program Effectiveness – Storm Hardening	L	0	0	Met Metric	$210,807.21	$210,807.21

Table Note 1: The "L/H" column refers to "Low/High" – a designation of "H" indicates that the performance objective is to score higher than the target; "L" has a performance objective that is lower than the target.

T&D-04: Transmission & Distribution System Relay Mis-Operations

Allocated Compensation	YE Performance	Awarded Compensation
$120,461.27	Did Not Meet Metric	$0

This metric measures PSEG Long Island's ability to limit the number of relay mis-operations on the T&D system. Relays are protective mechanisms engineered to interrupt circuits under defined conditions, and the Relay Mis-Operations metric aims to enhance system performance persistently. PSEG Long Island ended the year with twenty (20) relay mis-operations, missing the targeted limit of thirteen (13) incidents, failing this metric for 2023. No exceptions were granted for this metric.

T&D-05: Transmission & Distribution Inadvertent Operation Events

Allocated Compensation	YE Performance	Awarded Compensation
$120,461.27	Met Metric	$120,461.27

This metric measures PSEG Long Island's ability to limit the number of relay mis-operations due to operating errors on the T&D system. Inadvertent operations events refer to operational errors from human-induced incorrect actions, and the Inadvertent Operations metric aims to enhance system performance persistently. PSEG Long Island ended the year with twenty-two (22) inadvertent operations events, finishing below (favorable) the targeted limit of twenty-six (26) incidents, resulting in successfully meeting this metric for 2023. No exceptions were granted to this metric.

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

Allocated Compensation	YE Performance	Awarded Compensation
$361,383.80	Met Metric	$361,383.80

The SAIDI metric measures the outcome of the service provider's ability to successfully manage the duration of outage events (excluding major storms) on the T&D system. From a reliability and customer experience perspective, the lower the outage duration, the better. The year-end SAIDI performance of 56.3 minutes was lower than (superior to) the target level of 57.5 minutes. This represents top decile industry performance, meeting the LIPA Board's policy objective. No exceptions were granted for this metric; however, per metric exclusion criteria, three (3) major storm events led to specific outages not included in the reliability numbers.

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

Allocated Compensation	YE Performance	Awarded Compensation
$240,922.53	Met Metric	$240,922.53

The SAIFI metric measures PSEG Long Island's ability to successfully manage the frequency of outage events (excluding major storms) on the T&D system. From a reliability and customer experience perspective, the lower the outage frequency, the better. The year-end SAIFI performance of 0.69 was lower than (superior to) the target level of 0.70. This equates to an average customer experiencing a single sustained outage approximately once over an eighteen (18) month period. This represents top-quartile industry performance, with ongoing investments in programs and projects to improve performance and meet the LIPA Board's policy objective of top decile reliability. No exceptions were granted for this metric; however, per metric exclusion criteria, three (3) major storm events led to certain outages not included in the reliability numbers.

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

Allocated Compensation	YE Performance	Awarded Compensation
$180,691.90	Met Metric	$180,691.90

The MAIFI metric measures PSEG Long Island's ability to successfully manage the frequency of momentary outage events (excluding major storms) of less than five (5) minutes on the T&D system. From a reliability and customer experience perspective, the lower the momentary outage frequency, the better. LIPA has monitored performance via monthly meetings and review of

supporting data and other documentation. The year-end MAIFI performance of 1.45 was lower than (superior to) the target level of 1.70. This represents top quartile performance among industry peers, with ongoing investments in programs and projects to improve performance and meet the LIPA Board's policy objective of top decile reliability. No exceptions were granted for this metric; however, by metric exclusion criteria, three (3) major storm events led to certain outages not included in the reliability numbers.

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

Allocated Compensation	YE Performance	Awarded Compensation
$150,576.58	Did Not Meet Metric	$0

The Multiple Customer Outage (MCO) metrics focus on meeting the LIPA Board's policy objective of ensuring that the reliability experience of an individual customer does not fall far outside the system's average performance. The Sustained MCO metric (S-MCO) focuses explicitly on customers experiencing four (4) or more sustained outages of five (5) minutes or greater in duration over the calendar year. The final S-MCO customer count at year-end was 23,730, which was higher (unfavorable) than the target of 21,000; therefore, PSEG Long Island failed to meet this metric. No exceptions were granted for this metric; however, per metric exclusion criteria, three (3) major storm events led to certain outages not included in the reliability numbers.

T&D-11: Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)

Allocated Compensation	YE Performance	Awarded Compensation
$90,345.95	Met Metric	$90,345.95

The Reduce Repeat S-MCO metric focused specifically on customers that have experienced four (4) or more sustained outages over a calendar year for two (2) or more consecutive years. The metric objective was to reduce at least 90% of these customers so they do not experience a third successive year of subpar MCO performance. At year-end, only 10 of the original group of 281 customers experienced four (4) or more S-MCOs during the year, meaning that nearly 97% of the customers were successfully addressed. No exceptions were granted for this metric; however, per metric exclusion criteria, three (3) major storm events led to certain outages not included in the reliability numbers.

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

Allocated Compensation	YE Performance	Awarded Compensation
$120,461.27	Met Metric	$120,461.27

The Multiple Customer Outage (MCO) metrics focus on meeting the LIPA Board's policy objective of ensuring that the reliability experience of an individual customer does not fall far outside the system's average performance. The Momentary MCO metric (M-MCO) specifically focused on customers experiencing six (6) or more momentary outages of less than five (5) minutes in duration over the calendar year. The final M-MCO customer count at year-end was 50,502, which was significantly lower (favorable) than the target of 76,300; therefore, PSEG Long Island successfully met this metric. No exceptions were granted for this metric; however, per metric exclusion criteria, three (3) major storm events led to certain outages not included in the reliability numbers.

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

Allocated Compensation	YE Performance	Awarded Compensation
$240,922.53	Did Not Meet Metric	$0

The objective of the SIIR metric is to safely maintain, construct, and operate the electric T&D system free from serious injuries and/or fatalities. A safety-first culture is successfully reflected in the day-to-day operations via an environment that keeps employees safe, healthy, and able to perform their work to benefit our customers. The year-end SIIR was 0.06, above (unfavorable) the annual target of 0.00. This reflects that PSEG Long Island employees and contractors incurred two serious injuries during the year. Though neither of these injuries were life-altering, they still fell under the SIIR criteria. As such, PSEG Long Island failed to meet the metric. No exceptions were granted to this metric.

T&D-14: Safety – OSHA Recordable Incidence Rate

Allocated Compensation	YE Performance	Awarded Compensation
$240,922.53	Met Metric	$240,922.53

The OSHA Recordable Incidence Rate metric aims to continuously improve safety performance by focusing on safety and training, including recognizing, tracking, and managing critical safety-leading indicators, resulting in increased employee safety awareness and diligence. **LIPA's Safety Board Policy establishes a standard of top decile OSHA performance among**

industry peers, with the 2023 metric targets set to those levels. The year-end performance of 0.65 was below (favorable) the target level of 0.76. There were sixteen (16) OSHA recordable injuries during the year, which was the best performance on record for PSEG Long Island. This represents top decile industry performance within the LIPA Board's policy objective. No exceptions were granted to this metric.

T&D-15: Safety – OSHA Days Away Rate

Allocated Compensation	YE Performance	Awarded Compensation
$240,922.53	Did Not Meet Metric	$0

The OSHA Days Away Rate metric aims to continuously improve safety performance by focusing on safety and training, including recognizing, tracking, and managing key safety-leading indicators, resulting in increased employee safety awareness and diligence. **LIPA's Safety Board Policy establishes a standard of top decile OSHA performance among industry peers, with the 2023 metric targets set to those levels.** The year-end performance of 10.13 was above (unfavorable) the target level of 8.51. Five (5) OSHA recordable days away incidents resulted in 248 days away. Additionally, metric performance had been tracking towards successfully meeting the year-end target; however, an IT-07 (New Jersey)/PSEG Long Island review of underlying data and calculations conducted late in the year resulted in the discovery of an overstatement of the hours worked component of the metric calculation. The correction of this error resulted in fewer hours worked than previously stated, resulting in a higher OSHA Days Away Rate. This result falls slightly outside top decile industry performance, which is the LIPA Board's policy objective. No exceptions were granted to this metric.

T&D-16: Safety – Motor Vehicle Accident (MVA) Rate

Allocated Compensation	YE Performance	Awarded Compensation
$180,691.90	Met Metric	$180,691.90

The MVA metric aims to continuously improve safety performance by focusing on safety and training, including recognizing, tracking, and managing key safety-leading indicators. This results in increased employee safety awareness and diligence. It also means that in the case of motor vehicle operation, PSEG Long Island employees are operating in a safe fashion that protects the members of the public. **LIPA's Safety Board Policy establishes a standard of top decile MVA performance among industry peers, with the 2023 metric target set to that level.** The year-end performance of 6.87 was below (favorable) the target level of 6.93. This reflects fifty-six (56) motor vehicle accidents over more than 8.1 million miles driven, among the best performances on

record for PSEG Long Island, and represents top decile industry performance, meeting the LIPA Board's policy objective.

Additionally, metric performance had been tracking towards not meeting the year-end target; however, a late-in-the-year PSE&G (New Jersey)/PSEG Long Island review of underlying data and calculations revealed an understatement of the number of miles driven component of the metric calculation. Correcting this error resulted in more miles than previously stated, resulting in a lower (favorable) MVA Rate. LIPA validated this updated mileage by reviewing additional reports and follow-up meetings with PSEG LI staff. No exceptions were granted to this metric.

T&D-23: Employee Overtime

Allocated Compensation	YE Performance	Awarded Compensation
$180,691.90	Met Metric	$180,691.90

The Employee Overtime metric aims to manage the cost effectiveness of T&D employee overtime hours. Successfully managing employee overtime meets work management and cost control objectives. The Employee Overtime metric targets Overhead/Underground Lines, Distribution Operations, and Substation/Relay Maintenance. As of the end of 2023, all three targeted areas finished below (favorable) the targeted overtime levels. Therefore, PSEG Long Island successfully met this metric and should receive full compensation. One (1) exception was granted for this metric.

T&D-35: Construction – Project Milestones Achieved

Allocated Compensation	YE Performance	Awarded Compensation
$240,922.53	Met Metric	$240,922.53

The objective of this metric relates to the execution of approved specific capital projects per an established milestone schedule. Timely and cost-effective project construction occurs when project milestones are successfully met. This metric assesses PSEG Long Island's proficiency in robust capital project management across various measures, including adherence to Project Justification Documents (PJDs), meeting milestone dates, and achieving accurate cost estimations. As of the end of 2023, the Capital Project Milestones Achieved metric was successfully met, with an actual performance of 97.5% against a target of 90.0%. PSEG Long Island should be awarded full compensation for this metric. There were no exceptions granted.

T&D-36: Construction – Cost Estimating Accuracy

Allocated Compensation	YE Performance	Awarded Compensation
$240,922.53	Met Metric	$240,922.53

This metric aims to ensure that existing estimating processes lead to the completion of specific capital projects within a reasonable cost variance range versus the approved estimate. As of the end of 2023, the Capital Project Cost Estimating Accuracy metric was successfully met, with actual performance at 90.3% against a target of 90.0%. PSEG Long Island should be awarded full compensation for this metric. No exceptions were granted for this metric.

T&D-37: Completion of Program Planned Units Per Workplan

Allocated Compensation	YE Performance	Awarded Compensation
$481,845.06	Met Metric	$481,845.06

This metric aims to ensure adherence to proactive program planned units/miles. This addresses the effective management of backlog or maintenance on the T&D system and a timely response to emergent failures on T&D components governed by the targeted programs. Metrics T&D-37 and T&D-38, which focus on Completing Program Planned Units Per Workplan and Program Unit Cost Variance, respectively, demonstrate adherence to targeted program units, estimations, and budgets. PSEG Long Island completed 95% or greater of planned work for eight (8) out of the eight (8) targeted programs, and therefore, PSEG Long Island should be awarded full compensation for this metric. No exceptions were granted to this metric.

T&D-38: Program Unit Cost Variance

Allocated Compensation	YE Performance	Awarded Compensation
$240,922.53	Partially Met Metric	$180,691.90

This metric aims to ensure adherence to proactive program estimates and budgets. The efficient management of available capital and O&M funding allows essential maintenance and minor capital work to be completed in a timely manner, improving reliability and increasing customer satisfaction when addressing a failure that emanates from a customer call. Metrics T&D-37 and T&D-38, which focus on Completing Program Planned Units Per Workplan and Program Unit Cost Variance, respectively, demonstrate adherence to targeted program units, estimations, and budgets. PSEG Long Island was within +/-5% of the cost per unit for seven (7) out of the eight (8) targeted programs and, therefore, is eligible to receive 75% of the allocated incentive

compensation. The Transmission Breaker Replacement program was the lone missed target, as the cost per unit was 44% over the planned cost. No exceptions were granted for this metric.

T&D-39: Project Completion Consistent with Project Design

Allocated Compensation	YE Performance	Awarded Compensation
$120,461.27	Met Metric	$120,461.27

This metric aims to effectively manage capital projects in alignment with engineering and design documents, meeting the intent of the latest LIPA-approved PJDs (Project Justification Documents) for all SEQRA (State Environmental Quality Review Act) projects and those exceeding $1,000,000. PSEG Long Island has successfully met this metric for the year. No exceptions were granted for this metric.

T&D-40: Double Wood Poles

Allocated Compensation	YE Performance	Awarded Compensation
$60,230.63	Did Not Meet Metric	$0

This metric measures the double wood poles recorded in the National Joint Utilities Notification System (NJUNS). **PSEG Long Island failed to meet this metric, as the year-end count of 7,567 double wood poles was higher (unfavorable) than the target of 5,829.** PSEG Long Island performed well with their next-to-go pole responsibilities; however, this metric also entails coordination with other stakeholders so that the overall system count of double wood poles is reduced over time. As such, PSEG Long Island holds recurring meetings with involved stakeholders, such as Verizon, Altice, and local municipalities, to coordinate their pole setting and removal activities. No exceptions were granted to this metric.

T&D-41: Program Effectiveness – Vegetation Management

Allocated Compensation	YE Performance	Awarded Compensation
$210,807.21	Did Not Meet Metric	$0

The goal of this metric was to realize tangible performance improvements on parts of the system that have completed prescribed vegetation management activities. Though a performance improvement resulted in a year-over-year 18% reduction in vegetation-caused outages, this fell well short of the target of a 50% reduction; therefore, PSEG Long Island did not meet the metric requirement. No exceptions were granted to this metric.

T&D-48: Program Effectiveness – Storm Hardening

Allocated Compensation	YE Performance	Awarded Compensation
$210,807.21	Met Metric	$210,807.21

The objective of this metric was to realize tangible performance improvements on parts of the system that have completed storm hardening upgrades, specifically, the circuits completed under 2022 Metric T&D-30. This was measured via a target of a 50% or greater net reduction in substation breaker trips from an established baseline. There were no additional breaker trips for the in-scope circuits in 2023, meaning there had been a 100% year-over-year reduction, resulting in PSEG Long Island meeting the metric. No exceptions were granted for this metric.

The Information Technology (IT) scope has seven metrics, accounting for $3,342,800 compensation at risk based on performance. All seven metrics are Qualitative. Detailed metrics descriptions are available on LIPA's website.

Year-End Status Overview

LIPA has determined that PSEG Long Island fully met two (2) of the seven (7) IT metrics. Three (3) metrics were agreed to be partially met, and the remaining two (2) were not met. Based on this assessment described in detail below, LIPA awards PSEG Long Island $1,274,448 of the allocated $3,342,800 in compensation for the IT metrics. While PSEG Long Island made some progress across the IT scope function, focus areas remain present.

The IT Organizational Maturity (IT-01) was designed to improve IT capability and performance. It requires the PSEG Long Island IT Department to achieve CMMI Maturity Level 3 in all categories of the CMMI Development Model in 2023. LIPA's review determined that this metric was partially met, with 71% of eligible projects in the Development Model meeting CMMI Maturity Level 3. The System Resiliency metric (IT-03), which aims to minimize the probability and impacts of system failures through well-designed, robust, and thoroughly exercised Disaster Recovery and Business Continuity Plans (DRPs and BCPs) for critical systems and processes, was not met in both 2022 and 2023. PSEG Long Island and LIPA will continue to discuss alignment in metric construct and deliverables and provide clarity on metric expectations. Finally, the two project-based project performance metrics, Project Performance – In-flight Projects (IT-05) and Project Performance – New 2023 Projects (IT-06), which aim to improve organizational IT project management performance across the portfolio, were partially met.

The System Segregation metric (IT-07), which aims to ensure the successful separation of all PSEG Long Island IT Systems serving LIPA from PSEG New Jersey systems per the OSA, was met in 2022 but has experienced challenges this year. PSEG Long Island missed its stated deadlines for the project over the year and the metric was not met.

PSEG Long Island did improve its performance on the annual System and Software Lifecycle Management Metric (IT-04). Overall, twenty-two (22) projects were identified, and PSEG Long Island delivered on twenty-one (21) of them, and LIPA approved the exception for one (1) of them. The Cyber Security Organization – Structure, Staffing, and Capabilities Review metric (IT-08) aims to advance the objective of building a cybersecurity organization under the PSEG Long Island CISO that is independent of PSEG New Jersey and fully capable of developing, managing, and supporting the cybersecurity program, was also met.

Further discussion of individual metrics appears below.

Year-End Status Detail

Qualitative Metrics

LIPA has detailed the status of each Information Technology Qualitative Metric below. Of the seven (7) metrics, PSEG Long Island has met two (2) metrics, partially met three (3) metrics, and did not meet two (2) metrics. The compensation amounts in this section are relative to the $20 million Variable Compensation specified in the OSA and include the annual adjustment for indexing to the Consumer Price Index.

Metric #	Metric Name	Allocated Compensation	YE Performance	Awarded Compensation
IT-01	Organizational Maturity Level	$612,846.69	Partially Met Metric	$437,747.64
IT-03	System Resiliency	$724,273.86	Did Not Meet Metric	$0
IT-04	System and Software Lifecycle Management	$111,426.67	Met Metric	$111,426.67
IT-05	Project Performance – In-flight Projects	$445,706.68	Partially Met Metric	$222,853.34
IT-06	Project Performance – New 2023 Projects	$557,133.35	Partially Met Metric	$278,566.68
IT-07	System Segregation	$668,560.02	Did Not Meet Metric	$0
IT-08	Cyber Security Organization – Structure, Staffing and Capabilities Review	$222,853.34	Met Metric	$222,853.34

IT-01: Organizational Maturity Level

Allocated Compensation	YE Performance	Awarded Compensation
$612,846.69	Partially Met Metric	$437,747.64

The Organizational Maturity metric, which aims to improve IT capability and performance, requires PSEG Long Island to reach CMMI Maturity Level 3 in all categories of the CMMI Development Model in 2023. Organizational Maturity reflects the extent to which an organization has achieved repeatability, consistency, and sustainability in its organization-wide practices. This maturity level, if met, demonstrates a level of sophistication in IT project management that LIPA believes to be an essential element of a successful IT portfolio. LIPA's evaluation of projects that met the CMMI Development Model in 2023 determined that just over 71% of eligible projects met the established CMMI criteria, resulting in a proportional incentive compensation award.

IT-03: System Resiliency

Allocated Compensation	YE Performance	Awarded Compensation
$724,273.36	Did Not Meet Metric	$0

The System Resiliency metric aims to minimize the probability and impacts of system failures through well-designed, robust, and thoroughly exercised Disaster Recovery and Business Continuity Plans (DRPs and BCPs) for critical systems and processes. The need for robust and thoroughly exercised BCPs has been a core LIPA recommendation to PSEG Long Island and is essential to respond to a significant event successfully. The 2023 metric required the submission of Business Impact Analyses (BIAs), BCPs, and DRPs and subsequent exercise of the LIPA-approved BCPs and DRPs for in-scope critical systems. These systems were organized into three Waves: Wave 1 comprised the main storm-related systems, Wave 2 included systems that provide indirect storm support, and Wave 3 included other critical systems. Initial submissions of the required BIAs, BCPs, and DRPs had numerous issues.

LIPA worked with PSEG Long Island to make the deliverables acceptable, providing extensive feedback and granting several extensions to due dates. PSEG Long Island made progress in addressing some discrete issues, but deficiencies remained. PSEG Long Island did not provide further updates after the first resubmissions were rejected, leaving all the BIAs, BCPs, and DRPs unapproved. None of the deliverables for the metric were met. PSEG Long Island is yet to satisfy the objective of providing baseline capabilities that ensure that PSEG Long Island can continue to perform its essential functions and deliver core capabilities during and following disruptions to normal operations, including the response and recovery of critical IT systems in the face of systems-impacting disruptions. LIPA will engage a third-party consultant to conduct an assessment and develop recommendations and action plans for the 2024 metric as a practical remedial step to make progress in this crucial area.

IT-04: System and Software Lifecycle Management

Allocated Compensation	YE Performance	Awarded Compensation
$111,426.67	Met Metric	$111,426.67

The annual System and Software Lifecycle Management metric aims to ensure that all IT and OT assets managed by PSEG Long Island on behalf of LIPA are within their active service life and under general support from the product vendor, as required by the Board Policy on Information Technology and Cyber Security. Technology Lifecycle Management is essential for maintaining

technology platforms' security, stability, and robustness and is a standard activity for well-functioning IT organizations.

The 2023 metric had three required deliverables – an updated IT and OT asset inventory, an updated Two-Year Refresh Plan, and completion of all projects identified for the year in the approved Refresh Plan. The updated Asset Inventory and Two-Year Refresh Plan were ultimately accepted after several review and revision cycles. One of the required refresh projects was delayed until 2024 due to a dependency on another project, which was not identified until the implementation stage. While LIPA believes this delay could have been avoided, the remainder of the required projects for the year were completed. This metric saw marked improvement in the project completion rate from the previous year, and LIPA granted an exception for the deferred project, which resulted in the metric being met.

IT-05: Project Performance – In-Flight Projects

Allocated Compensation	YE Performance	Awarded Compensation
$445,706.68	Partially Met Metric	$222,853.34

Project Performance – In-Flight Projects is a project-based metric to improve PSEG Long Island's organizational IT project management performance. It includes projects that commenced in 2022 and were scheduled to continue in 2023, as well as projects planned to be completed in 2022 but required remediation or completion of specific deliverables in 2023. Over half of the nineteen (19) projects incorporated into the metric were initially intended for completion in 2022 but extended to 2023 due to schedule delays or for remediation of deficient deliverables.

The metric stipulates that 100% of the eleven (11) Tier 1 projects and 75% of the eight (8) Tier 2 projects must meet the specified requirements. PSEG Long Island achieved compliance for six (6) Tier 1 projects (55%) and three (3) Tier 2 projects (38%), short of the metric requirement of achieving compliance for at least eleven (11) Tier 1 and six (6) Tier 2 projects. Overall, PSEG Long Island achieved compliance with just under 50% of the projects outlined under this metric. Considering the work completed in 2023, LIPA is awarding 50% of the allocated incentive compensation. The final status of each project with respect to the metric requirements is summarized below.

Project	Status	Project	Status
TIER 1 REQUIRED: 100% of 11 = 11	NOT MET	TIER 2 REQUIRED: 75% of 8 = 6	NOT MET
GIS - Long-Term Plan, Architecture and Technology Stack Upgrade	Met	CyberArk for CNI	Not Met

DER	Met	Cybersecurity Program	Not Met
4.01 - Strategic Technology Plan Outage Reporting and Communications	Not Met	Dragos for CNI	Not Met
ADMS Roadmap	Not Met	Industrial Defender for DSCADA	Met
MEGA	Met	AVLS Integration with Physical ID Badge System	Not Met
Regulatory Billing (Solar Communities Credit- FIT V, CCA)	Met	AMI System Enhancements	Not Met
DIA-01	Not Met	Suffolk County Sewage Billing	Met
CCaaS	Not Met	Rate Change Enhancements	Met
Billing Capability for Standby Rates	Not Met		
CDG Billing Automation	Met		
Enterprise Mobile Strategy	Met		
TOTAL PROJECTS	**11**	**TOTAL PROJECTS**	**8**
PROJECTS MET	**6**	**PROJECTS MET**	**3**
PROJECTS NOT MET	**5**	**PROJECTS NOT MET**	**5**

IT-06: Project Performance – New 2023 Projects

Allocated Compensation	YE Performance	Awarded Compensation
$557,133.35	Partially Met Metric	$278,566.68

Project Performance – New 2023 Projects is a project-based metric to improve organizational IT project management performance.

The metric stipulates that 20% of the five (5) Tier 1 projects, 70% of the six (6) Tier 2 projects, and 50% of the four (4) Tier 3 projects must meet the specified requirements. PSEG Long Island achieved compliance for one (1) of the Tier 1 projects (20%) and two (2) of the Tier 2 projects (33%). PSEG Long Island achieved compliance for 40% (6 out of 15) of the included projects.

LIPA's evaluation of IT-06 allowed for flexibility, including opportunities for corrective actions and several material exceptions for schedule extensions or scope reductions to ensure customer value for multiple projects where work was completed. Considering the work completed in 2023, LIPA is awarding 50% of the allocated incentive compensation. The final status of each project with respect to the metric requirements is summarized below.

Project	Status	Project	Status
TIER 1 REQUIRED: 100% of 5 = 5	**NOT MET**	**TIER 2 REQUIRED: 70% of 6 = 4.2**	**NOT MET**
Contact Center as a Service (CcaaS) Analytics	Not Met	Customer Communications Tool for Double Wood Poles	Not Met
Standard Data Platform Phase 2	Not Met	Cybersecurity Continuous Improvement	Not Met
SailPoint Access Control	Not Met	Salesforce Applications Replacement	Not Met
IT Data Analytics 2023 / U2.0 Transition	Met	SPLUNK Life Cycle Upgrade	Met
Cybersecurity Continuous Improvement for CNI	Not Met	Application and Infrastructure Monitoring Consolidation – Planning	Not Met
TOTAL PROJECTS	**5**	Enterprise Time & Attendance Phase 2	Met
PROJECTS MET	**1**	**TOTAL PROJECTS**	**6**
PROJECTS NOT MET	**4**	**PROJECTS MET**	**2**
Project	**Status**	**PROJECTS NOT MET**	**4**
TIER 3 REQUIRED: 50% of 4 = 2	**MET**		
CG Concentrator Replacement	Met		
Primavera Upgrade	Met		
Outage and Incident Communications – Phase 2	Met		
IT Portfolio Planning System	Not Met		
TOTAL PROJECTS	**4**		
PROJECTS MET	**3**		
PROJECTS NOT MET	**1**		

IT-07: System Segregation

Allocated Compensation	YE Performance	Awarded Compensation
$668,560.02	Did Not Meet Metric	$0

In the amended OSA between LIPA and PSEG Long Island, effective April 1, 2022, the parties agreed that all IT Systems serving LIPA should be separate and distinct from the systems, data, reports, and information of PSEG Long Island and its affiliates. In 2022, as required by the OSA and the 2022 System Segregation metric, a joint LIPA, and PSEG Long Island IT Team developed an IT System Separation Plan ("the Plan") to separate all PSEG Long Island IT Systems serving LIPA from PSE&G New Jersey systems. The Plan, which the Board has adopted, identifies approximately forty-six (46) IT systems (including cybersecurity systems) to be separated by the end of 2024 under an aggressive but achievable schedule that has all systems separated into four prioritized groupings or "Bundles," by the required date. The 2023 System Segregation metric required that all planned scope and work for 2023 in the LIPA Board-

approved IT System Separation Plan and any approved detailed plans, roadmaps, and strategies subsequently developed by the joint LIPA and PSEG Long Island IT Team pursuant to the Plan be completed in 2023 per the Plan and the above-mentioned associated planning materials. The baseline schedule had the implementation of Bundle 1 to be completed in 2023, with the System Integrator for the implementation to be selected by January 31, 2023. PSEG Long Island did not meet several deadlines for the project for the year, and the System Integrator selection was not completed in the calendar year 2023. Given these facts, LIPA determines that this metric has not been met.

IT-08: Cyber Security Organization – Structure, Staffing, and Capabilities Review

Allocated Compensation	YE Performance	Awarded Compensation
$222,853.34	Met Metric	$222,853.34

The Cyber Security Organization metric aims to advance the objective of building a cybersecurity organization under the PSEG Long Island CISO that is independent of PSE&G New Jersey and fully capable of developing, managing, and supporting the cybersecurity program independent of Affiliate Services (as defined in the OSA). The 2023 metric required PSEG Long Island to participate in a LIPA-led Cyber Security Organization study to determine the gaps and the appropriate structure, staffing, and capabilities needed to achieve a proper PSEG Long Island Cyber Security Organization, to develop a PIP and 2024 budget request to implement the recommendations of the study; and to complete hiring for the critical positions that had been approved to be filled in 2023. LIPA delayed the start of the study to align the planned scope to evolving needs, and PSEG Long Island completed the associated deliverables per the revised schedule. PSEG Long Island completed hiring for twelve (12) of the fourteen (14) approved 2023 positions. LIPA granted an extension into 2024 for the remaining two (2) positions.

The Power Supply & Clean Energy Programs (PS&CE) scope has eight metrics, accounting for $2,228,533.40 in compensation at risk based on performance. Of these eight (8) metrics, five (5) are Qualitative, and three (3) are Quantitative. Detailed metrics descriptions are available on LIPA's website.

Year-End Status Overview

PSEG Long Island successfully deployed the Time-of-Day Rate (PS&CE-08) functionality to default new customer accounts to the standard TOD rate (Release 2.0) by January 31, 2024. However, PSEG Long Island only partially met the metric due to challenges with Release 1.0.

The Heat Pump Strategy to Address Barriers to Customer Adoption (PS&CE-13) metric has been met. While PSEG Long Island was initially running behind schedule, they have since implemented the required deliverables to meet this metric. This included delivering a customer calculator and supply chain improvements such as simplifying whole home electrification, especially for LMI applicants, looking at solutions to reduce the time associated with rebate payments, conducting contractor roundtables, and publishing customer case studies.

The Beneficial Electrification – Building Electrification (PS&CE-05) metric aimed at motivating PSEG Long Island to achieve Beneficial Electrification Targets from Utility 2.0, including any LIPA and DPS recommended changes to the targets. Beneficial electrification, in the context of this metric, refers to supporting the transition to heat pumps. This metric is a key part of LIPA's effort to support the State's strategy towards a clean energy future, which includes the Governor's two million climate-friendly, electrified, or electrification-ready homes by 2030. **PSEG Long Island met all four (4) target categories.**

The **Electric Vehicle (EV) Make-Ready (PS&CE-06) metric, which was only partially met in 2022, was partially met again in 2023. PSEG Long Island met two (2) out of the four (4) targets in this metric DCFC and Level 2 ports.** The PSEG Long Island program enrolled 114 DCFC ports and energized 10 ports, compared to their targets of 110 and 103, respectively. For Level 2 ports, the program actuals for enrolled and energized are 536 and 231, compared to their targets of 450 and 400.

Further discussion of individual metrics appears below.

Year-End Status Details

Qualitative Metrics

LIPA has detailed the status of each Power Supply & Clean Energy Services Qualitative Metric below. **Of the five (5) metrics, PSEG Long Island has met three (3) metrics and partially met two (2) metrics**. The compensation amounts listed in this section are relative to the $20 million Variable Compensation specified in the OSA and include the annual adjustment for indexing to the Consumer Price Index.

Metric #	Metric Name	Allocated Compensation	YE Performance	Awarded Compensation
PS&CE-01	Complete Integrated Resource Plan (IRP) Follow-on Activities	$278,566.68	Met Metric	$278,566.68
PS&CE-02	Complete Energy Storage Request for Proposal (RFP) Follow-On Activities	$222,853.34	Met Metric	$222,853.34
PS&CE-08	Transition to New "Standard" Time of Day Residential Rate on an Opt-Out Basis	$668,560.02	Partially Met Metric	$501,420.02
PS&CE-11	Implementation of Utility 2.0 Projects	$278,566.68	Partially Met Metric	$222,853.34
PS&CE-13	Heat Pump Strategy to Address Barriers to Customer Adoption	$278,566.68	Met Metric	$278,566.68

PS&CE-01: Complete Integrated Resource Plan (IRP) Follow-on Activities

Allocated Compensation	YE Performance	Awarded Compensation
$278,566.68	Met Metric	$278,566.68

The goal of the 2023 Integrated Resource Plan (IRP) was to outline alternative pathways, impacts, and commitments for LIPA to transition towards clean energy while maintaining reliable electric service for customers. The IRP deliverables for this metric consisted of scopes of work and schedules for follow-on studies recommended in the 2023 IRP, as well as the completion of deliverables specified in the metric. PSEG Long Island successfully completed and submitted the following deliverables:

- Draft and final versions of the scopes of work for the following planned studies to be conducted in 2023 and into early 2024: identification of reliability deficiencies or

operational concerns with the expected generation retirements; review of storage needs and identification of preferred Long Island points of interconnection; assessment of projected resource margins for extreme weather events; and generation resource adequacy analysis

- Quarterly status reports for Q1, Q2, Q3 and Q4
- Presentation on Steady State Analysis of potential east end retirements
- IRP Operational Resource Margin Report
- IRP Resource Adequacy Follow-Up Study
- IRP Follow-Up Study: Steady State Analysis of Potential Steam Deactivations
- IRP Follow-Up Assessment: Energy Storage Needs Locational Evaluation

No material exceptions or extensions have been sought or granted.

PS&CE-02: Complete Energy Storage Request for Proposal (RFP) Follow-on Activities

Allocated Compensation	YE Performance	Awarded Compensation
$222,853.34	Met Metric	$222,853.34

The goal of the energy storage RFP initiative is to enable LIPA to meet its portion of the CLCPA target of 3,000 MW of energy storage statewide by 2025, which translates to 175 MW for LIPA based on its proportionate load share. PSEG Long Island successfully completed and submitted all deliverables for this year for the energy storage RFP metric, including a PIP for 2023 deliverables to complete the Battery Storage RFP negotiations and the quarterly deliverables status reports. **PSEG Long Island has made reasonable progress in resolving issues raised in the ongoing contract negotiations.** No material exceptions or extensions have been sought or granted.

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

Allocated Compensation	YE Performance	Awarded Compensation
$668,560.02	Partially Met Metric	$501,420.02

This metric aimed to plan and execute the technical and operational changes needed to transition residential customers to the new standard Time-of-Day (TOD) rate. **PSEG Long Island successfully deployed the functionality to default new customer accounts to the standard TOD rate (Release 2.0) by January 31, 2024**. The go-live was deferred by one (1) month from

the initially scheduled date of December 31, 2023, due to a request from LIPA in October 2023 to add functionality to expand bill protection to new customer accounts.

PSEG Long Island only partially met the metric due to challenges with Release 1.0, which was intended to establish the standard TOD Off-Peak rate and optional TOD Super Off-Peak rate in the billing system and rate comparison tool. Project delays during the Release 1.0 build phase affected both system integration testing and user acceptance testing schedules. To catch up, PSEG Long Island shifted critical functionality testing from the system integration testing (SIT) phase to user acceptance testing (UAT). It ran the phases in parallel, which did not align with the approved test management plan and added risk to the project. To ensure the solution was properly tested, LIPA approved an exception to extend Release 1.0 go-live by two (2) months from September 15, 2023, to November 15, 2023. During the November cutover, PSEG Long Island discovered that the rate comparison tool was not correctly calculating the TOD rates due to excluding a seasonal rate factor, which should have been identified during testing. The rate comparison tool changes were subsequently delayed by one (1) month to correct the calculation issues. There were four (4) exceptions for this metric.

PS&CE-11: Implementation of Utility 2.0 Projects

Allocated Compensation	YE Performance	Awarded Compensation
$278,566.68	Partially Met Metric	$222,853.34

This metric covered a Utility 2.0 project portfolio comprised of seven projects. One of the projects – Utility-scale storage Miller place – was removed from the portfolio as PSEG Long Island, DPS, and LIPA recommended replacing the battery with a traditional substation transformer solution, which will be reviewed through the PJD process for approval. The Suffolk County Bus make-ready pilot project was pushed out to 2024 due to its dependency on the Suffolk County transportation electrification plan and was added to the 2024 EV metric. The Connected Buildings pilot project was the only one where LIPA's evaluation found opportunities for project management improvement. Therefore, PSEG Long Island didn't meet the goal for this project. For the remaining four projects – Storage hosting capacity maps, EV hosting capacity maps, Integrated Energy Data Resource (IEDR) platform, and Residential Energy Storage Incentive program – PSEG Long Island met the goals by completing the deliverables. Seven (7) material exceptions were granted, including the scope mentioned above on changes and schedule extensions for the Connected Buildings pilot project.

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

Allocated Compensation	YE Performance	Awarded Compensation
$278,566.68	Met Metric	$278,566.68

This metric was designed to incentivize PSEG Long Island to implement programmatic changes to address barriers to customer heat pump adoption as part of the multi-year heat pump strategy that lays the groundwork to increase heat pump adoption on Long Island. While PSEG Long Island was initially running behind schedule, they have since implemented the required deliverables to meet this metric. They submitted a PIP on Contractor improvements, customer outreach, and marketing plan in Quarters 1 and 2 of 2023. Quarters 3 and 4 focused on implementing the PIP and contractor improvements. This included delivering a customer calculator and supply chain improvements such as simplifying the whole home electrification, especially for LMI applicants, looking at solutions to reduce the time associated with rebate payments, conducting contractor roundtables, and publishing customer case studies. Despite some initial delays, PSEG Long Island met the metric for 2023. One exception was granted for PS&CE-13.20 because this was a duplicate deliverable. The work was already completed under a different deliverable number, so the exception was granted. Other exceptions were granted for due date changes. There were ten (10) approved exceptions relating to this metric.

Quantitative Metrics

LIPA has detailed the status of each Power Supply & Clean Energy Services Quantitative Metric below. **Of the three (3) metrics, two (2) met the target, and one (1) partially met the target**.

Metric #	Metric Name	L/H	YE Target	YE Result	YE Performance	Allocated Comp	Awarded Comp
PS&CE-03	Energy Efficiency Plan Savings	H	900,730	975,992	Met Metric	$278,566.68	$278,566.68
PS&CE-05	Beneficial Electrification – Building Electrification	H	100.0%	100%	Met Metric	$111,426.67	$111,426.67
PS&CE-06	Electric Vehicle (EV) Make Ready	H	100.0%	50%	Partially Met Metric	$111,426.67	$55,713.34

Table Note 1: The "L/H" column refers to "Low/High" – a designation of "H" indicates that the performance objective is to score higher than the target; "L" has a performance objective that is lower than the target.

PS&CE-03: Energy Efficiency Plan Savings

Allocated Compensation	YE Performance	Awarded Compensation
$278,566.68	Met Metric	$278,566.68

The goal of this metric was to achieve the Energy Efficiency Plan Target savings, including any LIPA and DPS recommended changes to the savings target. **PSEG Long Island reached the YE target of 900,730 MMBtu with a YTD Energy Efficiency Savings of 975,992 MMBtu.** The programs that exceeded the YE program targets are Efficient Products, Home Comfort, Home Energy Management, Home Performance with ENERGY STAR, Residential Energy Affordability Partnership (REAP), and Multi-Family Homes. Commercial Efficiency and All Electric Homes underperformed, but due to the overperformance of the other programs, PSEG Long Island ultimately exceeded the YE Target of 900,730 MMBtu. One ministerial exception was granted for this metric related to increasing the performance metric by 28,800 MMBtu.

PS&CE-05: Beneficial Electrification – Building Electrification

Allocated Compensation	YE Performance	Awarded Compensation
$111,426.67	Met Metric	$111,426.67

This metric incentivizes PSEG Long Island to achieve Beneficial Electrification Targets from Utility 2.0, including LIPA and DPS recommended target changes. Beneficial electrification, in the context of this metric, refers to supporting the transition to heat pumps. This metric is a key part of LIPA's effort to support the State's strategy towards a clean energy future, which includes the Governor's two million climate-friendly, electrified, or electrification-ready homes by 2030. **PSEG Long Island met all four target categories.** PSEG Long Island made up significant ground for multi-family buildings, ending the year at 238, compared to a year-end target of 50. Additionally, PSEG Long Island had a strong performance of 3,688 cold climate whole home heat pump housing units compared to their year-end target of 1,656.

An exception was granted for this metric to increase the target for heat pumps to 702 and 216 for cold climate whole house heat pumps because LIPA agreed to provide an additional $1.8 M in September 2023 to cover the increase in demand for heat pumps, which may have contributed to the overall success of the program. The exception and increased funding were necessary because LIPA did not believe it would be a good policy decision to stop funding the heat pump program in the face of growing demand. These actions could erode contractor trust and be detrimental to the overall market. LIPA has since required PSEG Long Island to implement immediate program changes, such as incentive caps on projects, while working to implement as

part of the 2024 Workplan, WP24-PCE-033, to build a dashboard and enhance LIPA's monitoring capabilities. The Residential Energy Affordability Program (REAP) reached a 11,977 MMBtu savings.

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

Allocated Compensation	YE Performance	Awarded Compensation
$111,426.67	Partially Met	$55,713.34

This metric aimed to achieve EV Make-Ready Targets, including LIPA and DPS recommended target changes. **PSEG Long Island met two (2) out of the four (4) targets in this metric, which included enrollment and energization targets for DCFC and Level 2 ports.** PSEG Long Island met its enrollment targets for both DCFC and L2 but did not meet both energization targets for 2023. The PSEG Long Island program enrolled 114 DCFC ports and energized 10 ports, compared to their targets of 110 and 103, respectively. For Level 2 ports, the program actuals for enrolled and energized are 536 and 231, compared to their targets of 450 and 400. Success in 2022, specifically in DCFC, was primarily related to Tesla's proactive activities. Since the Tesla work is generally complete, PSEG Long Island's performance lagged in 2023 and ultimately did not meet their energization targets for DCFC or L2. Throughout the year, the DCFC enrollment and energization numbers were well behind the targets. However, in the 3rd quarter, additional Tesla applications brought up enrollment numbers to enable PSEG Long Island to meet the enrollment targets for DCFC. LIPA believes that PSEG Long Island will need to take a more proactive approach in reaching out to developers and potential EV charging customers to reach the EV targets. As a result, LIPA has included in the 2024 metric for the Transportation Electrification Project Implementation Plan, to have PSEG Long Island overhaul its customer outreach approach. No exceptions were granted for this metric.

The Customer Service (CS) scope has twenty-two (22) metrics, accounting for $4,457,066 in compensation at risk based on performance. Of these twenty-two (22) metrics, eight (8) are Qualitative, and fourteen (14) are Quantitative. Detailed metrics descriptions are available on LIPA's website.

Year-End Status Overview

LIPA has determined that PSEG Long Island successfully met ten (10) of the twenty-two (22) Customer Service metrics, with five (5) metrics partially met and seven (7) metrics not met.

Coming out of a two-year COVID period and having a new, fully deployed Advanced Metering Infrastructure (AMI) system presented significant challenges and opportunities for the Customer Operations team in 2023, translating into mixed performance results. The completed rollout of AMI in 2022 enabled the achievement of several 2023 metrics, including the AMI MDM VEE metric (CS-29). The three Billing metrics (CS-09, CS-10, CS-27) also performed well this year, partly due to operational improvements from the acceleration and completion of the AMI program installation.

In contrast, all three Call Center metrics (CS-11, CS-13, CS-25) did not meet their targets. The three collection metrics (CS-14, CS-15, CS-17) were also missed, primarily due to delays in implementing data matching resources, recovering economy, and customer pandemic conditioning. LIPA recommends additional focus on planning, data analysis, and issue focus to improve these areas prospectively. Five project-related metrics (CS-1, CS-4, CS-5, CS-23, CS-28) only partially met the metric due to deficiencies in planning and execution.

Further discussion of individual metrics appears below.

Year-End Status Details

Qualitative Metrics

The status of each Customer Service Qualitative Metric as of the reporting date is detailed in the following table. **Of the eight (8) metrics, three (3) met the metric, five (5) partially met the metric.**

LIPA has detailed the status of each Customer Service Qualitative Metric below. The compensation amounts listed in this section are relative to the $20 million Variable Compensation specified in the OSA and include the annual adjustment for indexing to the Consumer Price Index.

Metric #	Metric Name	Allocated Compensation	YE Performance	Awarded Compensation
CS-01	Delivery of Strategic Customer Experience & Billing Projects	$334,280.01	Partially Met Metric	$167,140.01
CS-04	Customer Information System (CIS) Modernization	$445,706.68	Partially Met Metric	$167,140.01
CS-05	Customer Transactional Performance Measurement & Analysis	$334,280.01	Partially Met Metric	$167,140.01
CS-22	Advanced Metering Infrastructure Roadmap and 2023 Improvements	$111,426.67	Met Metric	$111,426.67
CS-23	Deferred Payment Agreement (DPA) Improvement	$167,140.01	Partially Met Metric	$83,570.01
CS-26	Life Sustaining Equipment (LSE) Customer Compliance	$111,426.67	Met Metric	$111,426.67
CS-28	Move Process Improvement	$167,140.01	Partially Met Metric	$55,713.34
CS-29	AMI Meter Validation, Estimations and Editing Enhancements	$167,140.01	Met Metric	$167,140.01

CS-01: Delivery of Strategic Customer Experience & Billing Projects

Allocated Compensation	YE Performance	Awarded Compensation
$334,280.01	Partially Met Metric	$167,140.01

This metric aimed to implement strategic customer projects to improve customer contact, payment, and billing experience and drive top-quartile performance. Four (4) projects were included in this metric, including the Call Center as a Service (CCaaS) Roadmap, Credit Card Implementation, Kiosks, and Accelerated Payment Posting Feasibility Study.

PSEG Long Island met two (2) of the four (4) projects and partially met the metric. The intent of the Call Center as a Service (CCaaS) Roadmap was to identify and document the planned improvements slated for the two years following the deployment of the new phone system in 2023. **Although LIPA gave credit to PSEG Long Island for compiling a plan, a vision and desired end state to optimize the capabilities of the new system was never defined by PSEG Long Island.** This resulted in roadmap enhancements primarily consisting of existing metric projects without contemplating additional initiatives to transform the call center. The purpose of the **Kiosk Project** was to install four (4) self-service payment kiosks, allowing customers to conduct transactions without representative assistance at customer offices within the service territory. LIPA approved an exception to extend the go-live date for the Kiosk project by one month to accommodate the kiosk vendor's review of requirements related to past-due balances and deferred payment arrangements. **PSEG Long Island went live with the first kiosks in early November; however, it was three weeks beyond the revised due date approved by LIPA. LIPA approved another due date extension to accommodate.**

PSEG Long Island missed the remaining two (2) projects. Multiple challenges existed with the Credit Card Implementation project. After LIPA approved two date extensions for Phase 1, PSEG Long Island requested a third extension, which LIPA did not approve, as the contributing factor was not outside of PSEG Long Island's control. **Phase 1 missed all extended 2023 go-live dates and was not deployed until January 2024, after the conclusion of the performance year.** The delays with Phase 1 also impacted the timeline of Phase 2 of the project, which was initially planned to be deployed in late 2023. In addition, PSEG Long Island's requirements for Phase 2 were rejected by LIPA as they would not achieve the expected outcomes in the approved Project Implementation Plan (PIP). PSEG Long Island expanded the requirements to align with the PIP and will implement the scope in 2024 as part of a CS-01 carry-over project.

PSEG Long Island expressed interest in replacing the **Accelerated Payment Posting Feasibility Study** with another project to free up constrained resources dedicated to other efforts. However, they are still required to provide a suitable replacement project and deliver the original project's deliverables. Twenty-five (25) exceptions were granted for this metric.

CS-04: Customer Information System (CIS) Modernization

Allocated Compensation	YE Performance	Awarded Compensation
$445,706.68	Partially Met	$167,140.01

This metric ensures a flexible customer information system (CIS) capable of effective and efficient customer transactions. **PSEG Long Island partially met this metric, successfully achieving the metric's base and business deliverables after LIPA granted two (2) key exceptions.** LIPA approved an exception to exempt the high-level project milestone and draft budget deliverable from the base project requirements. The submission did not include sufficient detail, and LIPA did not see the value in PSEG Long Island obtaining the necessary level, given that the project would be paused for 2024 (see below). LIPA also approved a 4-month extension from August to December for PSEG Long Island to finalize the business process documentation. There was a total of five (5) approved exceptions. Due to concerns about budget constraints, PSEG Long Island decided not to complete the readiness deliverables, including the product and system integrator RFP packages, trusted advisor review, organizational readiness assessment, data quality assessment, and data cleansing plan. LIPA decided to pause the CIS Modernization project for 2024, as it requires high commitment from both the Customer Service organization and IT for success. Both have experienced challenges in executing major projects. The Time-of-Day project also contributed to deferring CIS as TOD requires critical attention and focus from the same resources. The partially met deliverables were awarded 37.5% compensation for the achieved metric base and business deliverables.

CS-05: Customer Transactional Performance Measurement & Analysis

Allocated Compensation	YE Performance	Awarded Compensation
$334,280.01	Partially Met	$167,140.01

This metric aims to 1) drive continuous improvement among various channel transactions through ongoing measurement and evaluation of customer satisfaction, transactional ease, utilization volume, and cost per transaction and 2) enhance the existing survey approach and reporting to deepen customer insights. Phone surveys for January 2023 were not conducted due to a file transfer failure to the survey vendor. In addition, multiple planning deliverables were incomplete and not fully addressed after numerous rounds of discussions and resubmissions. Despite missing the planning deliverables, PSEG Long Island implemented some required enhancements. PSEG Long Island expanded the customer transactional survey to the email channel. Still, it did not implement triggering the surveys at the desired time by transaction and channel for MyAccount, Text, and Mobile app channels and move-in/move-out (MIMO) transactions as required. For reporting enhancements, PSEGLI separated the digital surveys by channel but did not supplement the surveys with additional operational data for reporting and analysis. This metric was partially met since not all deliverables were complete. Five (5) exceptions were submitted for this metric.

CS-22: Advanced Metering Infrastructure Roadmap and 2023 Improvements

Allocated Compensation	YE Performance	Awarded Compensation
$111,426.67	Met Metric	$111,426.67

This metric aimed to effectively execute Advance Metering Infrastructure system enhancements. PSEG Long Island conducted a pilot survey to assess the effectiveness of remote disconnection meters for small commercial-rate customers. It concluded that **replacing the meters with remote disconnection capabilities would be of value.** PSEG Long Island also investigated the collectors running over 70% capacity and **proposed a solution to replace gap collector hardware over 2024 and 2025 to reduce collector capacity below 70%.** PSEG Long Island also developed a three-year roadmap for additional AMI improvements from 2024 – 2026. LIPA approved an exception to extend the delivery of the AMI roadmap by six (6) months to October 2023. This extension allowed for better alignment of the outcomes and did not impact overall project success.

CS-23: Deferred Payment Agreement (DPA) Improvement

Allocated Compensation	YE Performance	Awarded Compensation
$167,140.01	Partially Met	$83,570.01

The purpose of this metric was to 1) improve compliance with the Home Energy Fair Practices Act (HEFPA) by creating consistent standards and guidelines across all customer platforms for deferred payment agreement options and 2) improve customer experience for establishing a deferred payment agreement while reducing outstanding receivables by enhancing self-service and customer interactions. As part of the project, PSEG Long Island provided benchmark data to determine best practices on DPA offerings. They also developed a DPA policy with LIPA's guidance. While PSEG Long Island completed some metric deliverables, they did not complete the planned system enhancements**.** PSEG Long Island informed LIPA they would no longer complete the planned system enhancements because of competing priorities for the CAS mainframe development team. This metric was only partially met.

CS-26: Life Sustaining Equipment (LSE) Customer Compliance

Allocated Compensation	YE Performance	Awarded Compensation
$111,426.67	Met Metric	$111,426.67

This metric aims to improve the LSE renewal and removal process by enhancing outreach and data-gathering methods while adhering to DPS regulatory requirements. PSEG Long Island issued recertification letters to customers and conducted field investigations to recertify or remove non-eligible customers. PSEG Long Island also determined a path forward for removing accounts without response for more than five years. In this path forward, PSEG Long Island developed outreach to LSE accounts where the customer of record is deceased and not necessarily the patient the coding is for. PSEG Long Island also appended the list of active LSE accounts with additional data points for missing patient data. LexisNexis customer data match report was produced, and further accounts for removal were submitted to the DPS for approval. Efforts in 2023 removed 18% of accounts; however, with the net effect of added accounts, the overall removal rate was 1% at year-end 2023. LIPA granted two (2) exceptions to extend the due date for the LexisNexis, a total of three (3) months, due to additional Cybersecurity requirements. PSEG Long Island met this metric.

CS-28: Move Process Improvement

Allocated Compensation	YE Performance	Awarded Compensation
$167,140.01	Partially Met	$55,713.34

This metric aims to streamline the residential move process to complete the transaction within one interaction. After a missed first quarter deliverable, LIPA accommodated exceptions for PSEG Long Island to properly plan a customer move transaction automation project. PSEG Long Island did not execute the updated deliverables in a timely or consistent manner to achieve the objectives and expected outcomes of the metric. The submitted PIP was delivered seven (7) weeks late and did not include any automation enhancements, a core objective of this metric. After multiple false starts, PSEG Long Island made modest progress by improving the service change information on the corporate website and automating the move-out process for customers for that initiative, allowing the transaction through MyAccount only. This customer channel accounts for approximately 3% of the total move request volume. Two (2) exceptions were approved for this metric. **PSEG Long Island only partially met the metric, as the other expected automations still needed to be executed in the performance year. The project was carried over to be executed in 2024.**

CS-29: AMI Meter Validation, Estimation, Editing Enhancements and Data Reporting

Allocated Compensation	YE Performance	Awarded Compensation
$167,140.01	Met Metric	$167,140.01

The purpose of this metric is to effectively execute the Meter Data Management (MDM) Validation, Estimation, and Editing (VEE) process and data reporting. PSEG Long Island evaluated MDM estimation methods like historical, linear interpolation, and load profile information as a methodology to populate missing intervals and register reads. They implemented the desired changes to ensure accurate interval billing as customers are converted to Time-of-Day rates. LIPA approved exceptions to modify the AMI data reporting deliverables as part of this metric. The exceptions were used to add greater clarity around the outputs and expectations of the deliverables and did not change the metric intent. **PSEG Long Island met this metric.**

Quantitative Metrics
LIPA has detailed the status of each Customer Service Quantitative Metric below. **Of the fourteen (14) Quantitative Metrics, seven (7) were met, and seven (7) were not met**.

Metric #	Metric Name	L/H	YE Target	YE Result	YE Performance	Allocated Comp	Awarded Comp
CS-02	J.D. Power - Residential	H	740 or 10th	702 & 9th Rank	Met Metric	$222,853.34	$222,853.34
CS-03	J.D. Power - Business	H	9th Rank	9th Rank	Met Metric	$222,853.34	$222,853.34
CS-09	Billing Exception Cycle Time	H	98.5%	99.9%	Met Metric	$55,713.34	$55,713.34
CS-10	Billing - Cancelled Rebill	L	0.18%	0.17%	Met Metric	$111,426.67	$111,426.67
CS-11	Contact Center Service Level with Live Agent Calls	H	80.0%	41.8%	Did Not Meet Metric	$389,993.35	$0
CS-13	First Call Resolution (FCR)	H	81.0%	80.6%	Did Not Meet Metric	$111,426.67	$0
CS-14	Net Dollars Written Off	L	$29,576,986	$34,315,841	Did Not Meet Metric	$222,853.34	$0
CS-15	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)	L	48.03%	55.82%	Did Not Meet Metric	$334,280.01	$0
CS-17	Low to Moderate Income (LMI) Program Participation	H	50,000	41,933	Did Not Meet Metric	$111,426.67	$0
CS-19	DPS Customer Complaint Rate	L	4.2	3.3	Met Metric	$111,426.67	$111,426.67
CS-21	Outage Information Satisfaction	H	70%	63.3%	Did Not Meet Metric	$222,853.34	$0

CS-24	Payment Transaction Ease	H	90%	90.2%	Met Metric	$167,140.01	$167,140.01
CS-25	Interactive Voice Response (IVR) Containment Rate	H	61%	58.4%	Did Not Meet Metric	$222,853.34	$0
CS-27	Estimated Bill %	L	0.61%	0.40%	Met Metric	$111,426.67	$111,426.67

Table Note 1: The "L/H" column refers to "Low/High" – a designation of "H" indicates that the performance objective is to score higher than the target; "L" has a performance objective that is lower than the target.

CS-02: J.D. Power – Residential

Allocated Compensation	YE Performance	Awarded Compensation
$222,853.34	Met Metric	$222,853.34

The goal of this quantitative J.D. Power – Residential metric required PSEG Long Island to place in the 10th position or higher (out of 17), or have a minimum score of 740 in the year-end results of the East Large J.D. Power Residential customer satisfaction survey. **PSEG Long Island's year-end performance was in the 9th position with a score of 702, meeting the position target and propelling to the second quartile.** PSEG Long Island developed a tactical plan at the beginning of 2023 to drive improvements in customer perception. The focus on marketing and direct customer outreach likely contributed to some improvement and favorable weather conditions throughout 2023, reducing the potential for more extensive duration outages. There was one (1) exception for this metric.

CS-03 J.D. Power – Business

Allocated Compensation	YE Performance	Awarded Compensation
$222,853.34	Met Metric	$222,853.34

The goal of this quantitative J.D. Power – Business metric required PSEG Long Island to place in the 9th position or higher (out of 12) in the year-end results of the East Large J.D. Power Business customer satisfaction survey. **PSEG Long Island's year-end performance was in the 9th position with a score of 737, meeting the position target and advancing to the third quartile.** PSEG Long Island developed a tactical plan at the beginning of 2023 to drive improvements in customer perception. The focus on improved and enhanced marketing and direct outreach likely contributed to the improvement. Two (2) exceptions were approved for this metric.

CS-09: Billing Exception Cycle Time

Allocated Compensation	YE Performance	Awarded Compensation
$55,713.34	Met Metric	$55,713.34

The Billing Exception Cycle Time metric measures the timely rendering of accurate bills to customers. This metric measures the percentage of billing exceptions completed within the prescribed three-day requirement for completion. **Year-end performance was at 99.9% and met the target of 98.5%.** AMI implementation was a significant driver in reducing error memos generated in the billing system. This metric results in a higher percentage of customers receiving their bill on time when they expect it. LIPA IV&V review revealed that the historical calculation used by PSEG Long Island to measure billing exception cycle time needs to fully reflect the intended definition of the calculation in the metric. PSEG Long Island and LIPA could not resolve the finding and continued to measure the metric based on PSEG Long Island's calculation. The exception calculated for 2023 confirmed the metric being met; however, continued focus will remain on the exception billing in 2024.

CS-10: Billing - Cancelled Rebill

Allocated Compensation	YE Performance	Awarded Compensation
$111,426.67	Met Metric	$111,426.67

The goal of the Billing - Cancelled Rebill metric was to provide an accurate bill to the customer the first time, not requiring a subsequent adjustment. **Billing Cancel Rebills experienced challenges in March 2023 related to the enrollment process for over 8,000 new Community Distribution Generation subscribers.** The manual enrollment process of such a large quantity resulted in over 2,800 accounts enrolled beyond the initial billing period and required rebills to pick up the missed period. Despite the challenges from March, **the Cancel Rebill performance for the year was 0.17% and met the target of 0.18%.**

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

Allocated Compensation	YE Performance	Awarded Compensation
$389,993.35	Did Not Meet	$0

The Contact Center Service Level with Live Agent Calls metric was conceived to ensure customer interactions with contact representatives aligned with customer tolerance levels. This

was intended to optimize staffing efficiency and enhance customer satisfaction. The Contact Center's performance concluded the year at 41.8%, substantially below the target of 80%. In 2023, PSEG Long Island worked to execute a 'Get Well' plan to return performance to 2019 levels. PSEG Long Island added two classes of agents to the phones in 2023 and contracted with a third party for supplemental support; however, the efforts did not keep pace with the high attrition rate. Despite the initial performance improvements in April to 56.5%, the Contact Center Live Agent Service Level (CS-11) metric deteriorated over the rest of the year, most notably after the deployment of the new telephony system in November. No exceptions were granted to this metric.

CS-13: First Call Resolution (FCR)

Allocated Compensation	YE Performance	Awarded Compensation
$111,426.67	Did Not Meet	$0

The First Call Resolution metric was established to enhance customer interactions and PSEG Long Island's ability to effectively address customer issues and inquiries during the initial call. Based on customer survey feedback, this metric is a key determinant of customer satisfaction. It evaluates the team's efficiency in providing the correct resolution at the customer's first point of contact with the company. **The First Call Resolution rate concluded the year at 80.6%, marginally below the target of 81%.** No exceptions were granted for this metric.

CS-14: Net Dollars Written Off

Allocated Compensation	YE Performance	Awarded Compensation
$222,853.34	Did Not Meet	$0

The goal of the Net Dollars Written Off metric was to actively manage the increased COVID-19 receivables. New targets were identified for the metric based on executing the exclusion clause for the moratorium from January 1 to March 13, 2023. **PSEG Long Island year-end cumulative net write-offs of $34,315,841 did not meet the 50% metric threshold of $32,625,528.** Effective recovery of receivables due to the increased accumulated debt from COVID-19 was targeted to improve the financial outlook. One (1) exception was approved for this metric related to the exclusion clause.

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

Allocated Compensation	YE Performance	Awarded Compensation
$334,280.01	Did Not Meet	$0

The Accounts Receivable Aging metric was developed to aid in the effective recovery from the financial impacts of COVID-19. Its objective was to revert the performance level of aged receivables exceeding 90 days to pre-pandemic levels by the conclusion of the Contract Year. This metric was impacted by the Phase 2 forgiveness, the moratorium exclusion, and Emergency Rental Assistance Program assistance, and resulted in adjustments to the metric targets (100% compensation target reduced from 51.64% to 48.03%; 75% compensation target from 52.99% to 49.38%; 50% compensation target from 54.34% to 50.73%). These final 100%, 75%, and 50% target adjustments were baselined and would vary slightly from month-to-month solely based on the exclusion data level for that reporting period. One (1) exception was declined for this metric, and one (1) was submitted in error. **PSEG Long Island's year-end performance of 55.82% did not meet either the baseline or excluded data metric targets.**

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

Allocated Compensation	YE Performance	Awarded Compensation
$111,426.67	Did Not Meet	$0

This metric aimed to increase the Low to Moderate Income (LMI) program customer enrollment in the Household Assistance Rate (HAR). **The peak monthly enrollment reached in 2023 was 41,933 accounts in January, but the year ended with 39,087 – notably below the targeted 50,000 accounts for HAR.** Low enrollments were driven by customers re-enrolling less frequently, enrolled accounts closed, providing incorrect eligibility documentation, and PSEG Long Island not executing the automated data matching with social service agencies or New York State Office of Temporary Disability Assistance eligibility files.

Throughout 2023, more than 7,555 new accounts were added to the HAR program via the application process, which helped to balance the approximately 10,196 customer accounts removed from the program. Additional accounts may have been added through the metric timeline through HEAP award payments that automatically enroll customers in the program. Accounts were discontinued due to account closures or the failure of customers to provide updated certification of participation in one of the social service programs that qualify customers for the HAR program.

CS-19: DPS Customer Complaint Rate

Allocated Compensation	YE Performance	Awarded Compensation
$111,426.67	Met Metric	$111,426.67

The DPS Customer Complaint Rate metric was designed to minimize regulatory complaints by tracking the total number of initial customer complaints registered with the Department of Public Service (DPS). This gauge measures how PSEG Long Island addresses customer concerns before they become complaints. **By the year's end, the performance stood at 3.3, successfully meeting the target of 4.2. PSEG Long Island demonstrated effective management of customer complaints, earning them the rank of second best in the state.**

CS-21: Outage Information Satisfaction

Allocated Compensation	YE Performance	Awarded Compensation
$222,853.34	Did Not Meet	$0

This metric was to improve customer satisfaction with PSEG Long Island's proficiency in providing information for customers who experience an outage. **Outage Information Satisfaction year-end result of 63.3% did not achieve the target of 70%.** PSEG Long Island's ETR range project, which was anticipated to drive improvement in outage information satisfaction, was not deployed in 2023. Another planned initiative, to consistently provide customers with the cause of their outage, was delayed and experienced technical issues when initially deployed in August 2023.

CS-24: Payment Transaction Ease

Allocated Compensation	YE Performance	Awarded Compensation
$167,140.01	Met Metric	$167,140.01

This metric aimed to improve customers' perceived ease of payment interactions conducted on various channels. **Year-end performance was 90.2%, meeting the target of 90%.** Planned initiatives to drive improvement in 2023, including the Credit Card Implementation, were delayed to 2024 and did not contribute to the two-percentage point improvement over 2022 performance of 88%, which appears to have occurred organically.

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

Allocated Compensation	YE Performance	Awarded Compensation
$222,853.34	Did Not Meet	$0

This metric was to improve caller self-service provided by the IVR. The deployment of the new call center system (CCaaS) and ongoing post-production calibration was anticipated to drive the improvement in containment. The CCaaS go-live was delayed from March to November 2023, drastically decreasing PSEG Long Island's ability to drive improvements. PSEG Long Island's year-end performance of 58.4% did not meet the metric target of 61%. There were no exceptions dealing with this metric.

CS-27: Estimated Bill %

Allocated Compensation	YE Performance	Awarded Compensation
$111,426.67	Met Metric	$111,426.67

This metric aimed to provide the customer with a bill containing an actual read. **Year-end performance was 0.40% and met the target of 0.61%. AMI implementation was a major driver in reducing** error memos generated in the billing system. There were no exceptions for this metric.

The Business Services (BS) scope has fourteen (14) metrics, accounting for $3,342,800 in compensation at risk based on performance. Of these fourteen (14) metrics, thirteen (13) are Qualitative, and one (1) is Quantitative. Detailed metric descriptions are available on LIPA's website.

Year-End Status Overview

In 2023, eleven (11) of the fourteen (14) metrics were met, one (1) was not met, and two (2) were partially met.

The Enterprise Risk Management metric (BS-01) was successful in 2023**.** Overall, the LIPA ERM Team believes it was a solid first effort by PSEG Long Island, and the two ERM Teams will work together to improve the process. Evaluating the effectiveness of mitigation actions will be a valuable input to help management make better-informed decisions regarding resource allocation and whether additional mitigation actions should be deployed to manage risks.

The Capital Project Impact Analysis metric (BS-08) was designed to promote effective planning and ensure accountability, transparency, and realization of desired project benefits or additional impacts to operation and maintenance costs. It focuses on major new projects proposed for funding in the Capital Budget. PSEG Long Island identified thirty-two (32) Major Capital Projects and provided LIPA with an operational and financial impact assessment for each project.

For the Full-Time Vacancy (BS-05) metric, the year-end vacancy rates in Business Services and IT did not meet the established metric targets. This metric incentivizes PSEG Long Island to recruit and onboard the budgeted full-time headcount necessary to achieve operational objectives within the identified categories and minimize expenses related to supplemental resources such as temporary employees, consultants, affiliate employees, etc.

The Complete Affiliate Cost and Quality Justifications (BS-07) metric aims to ensure that PSEG Long Island's decision to perform a particular Scope Function or Sub-Function by retaining an affiliated company, rather than by a qualified subcontractor or ServCo, is cost and quality justified under the OSA Section 5.2. PSEG Long Island submitted its cost and quality justification analyses to LIPA for certain services provided to ServCo by its affiliated companies in 2022 and 2023, according to Performance Metrics BS-07. There remain open inquiries related to the cost and quality justifications, particularly related to Information Technology and Human Resources therefore, this metric was only partially met for 2023.

LIPA provided multiple exceptions for the Consolidate Real Estate Footprint (BS-33) metric, including limiting early lease terminations to two customer service centers instead of four as initially identified in the metric and extending the due date to deliver the negotiated early termination agreements by two months to March 31, 2023. LIPA also approved exceptions to exclude terminating the lease for the Bethpage office space and to defer the delivery of a plan to relocate the Hauppauge training facility by 8.5 months to November 15, 2023. PSEG Long Island summarized lease termination negotiations for the two customer service centers and removed all assets from these centers, including the Uniondale suite. PSEG Long Island completed a full deployment of Advanced Metering Infrastructure (AMI) across LIPA's service territory which involved building out a communications network and installing a "smart meter" for each customer. PSEG Long Island procured meters in excess of what was needed and is working with the vendor to find a solution. In October 2023, PSEG Long Island received notification from the Meter Vendor that they would no longer offer the opportunity to buy back the meters; therefore, PSEG Long Island is now evaluating meter warehousing options. Since PSEG Long Island is still working on that last piece, we agree that this metric has been partially met, and they will receive 90% of the compensation.

Further discussion of individual metrics appears below.

Year-End Status Details

Qualitative Metrics
The status of each Business Services Metric as of the reporting date is detailed in the following table. **Of the 13 (thirteen) metrics, eleven (11) meet the YE target, and two (2) partially meet the YE target.** LIPA has detailed the status of each Business Service Qualitative Metric below. The compensation amounts listed in this section are relative to the $20 million Variable Compensation specified in the OSA and include the annual adjustment for indexing to the Consumer Price Index.

Metric #	Metric Name	Allocated Compensation	YE Performance	Awarded Compensation
BS-01	Enterprise Risk Management (ERM) - Implementation of the Risk Mitigation Effectiveness Process	$173,373.63	Met Metric	$173,373.63
BS-07	Complete Affiliate Cost and Quality Justifications	$289,562.76	Partially Met	$115,825.09
BS-08	Improve the Capital Project Impact Analysis and Tracking Process	$173,737.63	Met Metric	$173,737.63
BS-10	Improve Annual Substation Property Tax Reports	$173,737.63	Met Metric	$173,737.63

BS-18	Utility Marketing Effectiveness	$289,562.76	Met Metric	$289,562.76
BS-19	Reputation Management and Positive Media Sentiment	$173,737.63	Met Metric	$173,737.63
BS-20	Reputation Management – Share of Voice	$173,737.63	Met Metric	$173,737.63
BS-21	Social Media Engagement and Following	$289,562.76	Met Metric	$289,562.76
BS-22	Timely, Accurate, and Supported Storm Event Invoicing	$347,475.25	Met Metric	$347,475.25
BS-23	FEMA Tropical Storm Isaias Grant - Engineering to Support Grant Application	$173,737.63	Met Metric	$173,737.63
BS-24	Improve the Accuracy of Asset Records for Outside Plant	$173,737.63	Met Metric	$173,737.63
BS-32	Update Low and Moderate Income (LMI) Tariff and Billing	$41,785.00	Met Metric*	$41,785.00
BS-33	Consolidate Real Estate Footprint	$347,475.25	Partially Met	$312,727.43

*BS-32 was canceled as of August 1, 2023, but 25% of the incentive compensation was paid to PSEG Long Island, and 75% pro-rata was allocated to the other BS metrics.

BS-01: Enterprise Risk Management (ERM) – Implementation of the Risk Mitigation Effectiveness Process

Allocated Compensation	YE Performance	Awarded Compensation
$173,737.63	Met Metric	$173,737.63

The goal of this metric was for PSEG Long Island to implement a process to assess the effectiveness of risk mitigation activities on a qualitative basis. PSEG Long Island proposed ten risks from the 2022 Tier 1 and 2 Risk list to apply the risk mitigation effectiveness process. The ten risks are Major Storm, Major Storm - Customer Expectations, Supply Chain, Safety, Cyber – SCADA, Cyber – EMS, Physical Asset Protection, Breach of PII, Third Party Cyber, and Asset Management. LIPA reviewed and approved the proposed risks.

PSEG Long Island included their initial efforts to determine the effectiveness of mitigation actions in their ERM Annual Report, which was provided on June 30th. While some qualitative analysis was necessary, management leveraged Key Risk Indicators and OSA metric performance to

support the overall assessment of the effectiveness of mitigation actions. The LIPA ERM Team provided feedback on the initial effort, and improvements were made in providing clarity on definitions, support for why or why not the mitigation actions were practical and plans to mitigate the risk if it was noted as 'moderately effective.' The PSEG Long Island ERM Update to the Annual Report provided on December 15th incorporated the feedback for improvement.

Overall, the LIPA ERM Team believes PSEG Long Island's first effort was reasonable, and the two ERM Teams will work together to improve the process. Evaluating the effectiveness of mitigation actions will be valuable in helping management make better-informed decisions regarding resource allocation and whether additional mitigation actions should be deployed to manage risks. No exceptions were granted to this metric.

BS-07: Complete Affiliate Cost and Quality Justifications

Allocated Compensation	YE Performance	Awarded Compensation
$289,562.76	Partially Met	$115,825.09

This metric aimed to ensure that PSEG Long Island's decision to perform a particular Scope Function or Sub-Function through an affiliate as a shared service rather than by a qualified subcontractor or ServCo is cost and quality justified under OSA Section 5.2(A)(7). In addition, PSEG Long Island is required to prepare a remediation plan if LIPA, in its reasonable judgment, determines that the cost and quality justification provided by PSEG Long Island does not justify the use of the affiliated company. PSEG Long Island submitted its cost and quality justification analyses to LIPA for certain services provided to ServCo by its affiliated companies in 2022 and 2023 pursuant to Performance Metrics BS-07. Open inquiries remain related to the cost and quality justifications, particularly Information Technology and Human Resources. Therefore, this metric was only partially met for 2023. There were two (2) exceptions granted for this metric.

BS-08: Improve the Capital Project Impact Analysis and Tracking Process

Allocated Compensation	YE Performance	Awarded Compensation
$173,737.63	Met Metric	$173,737.63

The goal of the metric is to facilitate the implementation of a Capital Project Impact Analysis for infrastructure projects. The Capital Project Impact Analysis metric is designed to promote effective planning and ensure accountability, transparency, and realization of desired project benefits or additional impacts to operation and maintenance costs, focusing on major new projects proposed for funding in the Capital Budget. Per the Metric schedule, PSEG Long Island

identified thirty-two (32) Major Capital Projects and provided LIPA with an operational and financial impact assessment for each project. There were no approved exceptions, **and PSEG Long Island has met this metric.**

BS-10: Improve Annual Substation Property Tax Reports

Allocated Compensation	YE Performance	Awarded Compensation
$173,737.63	Met Metric	$173,737.63

This metric aims to complete the annual Substation Payment-in-Lieu-of Taxes (PILOT) and Valuation Report for all LIPA substations. PSEG Long Island manages the payment of LIPA's property tax PILOTs for its properties, including its substations. This report will allow for monitoring the reasonableness of property tax PILOTs. LIPA randomly selected substation tax assessments and values as provided in the report and determined that the amounts were accurate. PSEG Long Island provided a draft policy and procedure document to ensure continuous reporting is filed to LIPA consistent with the goal of the metric. The annual report was prepared and provided on schedule by PSEG Long Island. LIPA used this report to file property tax grievances on approximately ninety-five (95) over-assessed substation properties. **PSEG Long Island has met this metric.** No exceptions were granted to this metric.

BS-18: Utility Marketing Effectiveness

Allocated Compensation	YE Performance	Awarded Compensation
$289,562.76	Met Metric	$289,562.76

This metric aims to improve marketing, advertising, and customer communications by utilizing and enhancing customer intelligence and spending customer dollars efficiently and effectively. PSEG Long Island has created an annual marketing plan and submitted quarterly marketing and spending reports. PSEG Long Island and its vendors have completed data implementation for the customer intelligence pilot program and will soon begin testing new segmentation utilizing artificial intelligence-enhanced segments. One (1) exception was granted for this metric. PSEG Long Island met this metric.

BS-19: Reputation Management and Positive Media Sentiment

Allocated Compensation	YE Performance	Awarded Compensation
$173,737.63	Met Metric	$173,737.63

This metric aimed to incentivize PSEG Long Island to have at least 30% of the leading media stories mentioning PSEG Long Island be of positive sentiment. The Reputation Management metrics intend to quantify factors that affect reputational risks so they can be better managed. Sentiment is a metric designed to provide helpful insights into how stakeholders feel about and perceive a brand from what they read in the media. The definitions for sentiment, as stated in the metric, are widely used and understood to assess the sentiment of media articles – positive, neutral, and negative. When a company has a more positive or strong reputation in totality, benefiting from more favorable media coverage, they are less susceptible to reputational damage when negative media stories emerge. No exceptions were granted to this metric. PSEG Long Island met this metric by achieving a 62% positive sentiment on the 2,408 media stories.

BS-20: Reputation Management – Share of Voice

Allocated Compensation	YE Performance	Awarded Compensation
$173,737.63	Met Metric	$173,737.63

The goal of the metric was to have at least a 50% share of voice to keep the proportion of negative stories to a minimum. This metric also aligns with the intent of BS-19, incentivizing a more proactive approach to managing reputational risks. Understood throughout the industry, one can work to influence the mix of positive, negative, and neutral media stories by maximizing the company's "share of voice" – the percentage of media stories that mention or quote a leader from the company or cite/include company data provided to the media. The coverage analysis showed PSEG Long Island was quoted, and data regarding storm events was provided in 100% of the media coverage captured. No exceptions were granted to this metric. PSEG Long Island met this metric.

BS-21: Social Media Engagement and Following

Allocated Compensation	YE Performance	Awarded Compensation
$289,562.76	Met Metric	$289,562.76

This metric aimed to motivate PSEG Long Island to improve its social media engagement and response rates. To achieve this, PSEG Long Island deployed artificial intelligence tools designed to automate responses when necessary, such as during weather events, specific times of the day, or in instances of staff shortage. This technology ensured customers received immediate, real-time responses when engaging with the company on platforms like Facebook and Twitter. The PSEG Long Island team collaborated diligently with their software vendor to arrange the data

for LIPA's review. No exceptions were granted to this metric. PSEG Long Island met this metric with a 100% year-end performance.

BS-22: Timely, Accurate, and Supported Storm Event Invoicing

Allocated Compensation	YE Performance	Awarded Compensation
$347,475.25	Met Metric	$347,475.25

This metric aims to ensure that PSEG Long Island provides timely, accurate, and appropriately supported storm event costs to LIPA. PSEG Long Island is required to provide a monthly status report to demonstrate progress on the monthly deliverables. No exceptions were granted for this metric, and PSEG Long Island met the metric.

BS-23: FEMA Tropical Storm Isaias Grant – Engineering to Support Grant Application

Allocated Compensation	YE Performance	Awarded Compensation
$173,737.63	Met Metric	$173,737.63

FEMA has made available mitigation grants due to Tropical Storm Isaias and the remnants of Ida. This project aims to establish requirements and timelines for the preliminary engineering 166 circuits identified by PSEG Long Island as candidates for storm hardening/mitigation grants. The FEMA grants have been submitted and are pending an updated Scope of Work that is to be based on the specific engineering of each circuit. PSEG Long Island prepared Hazard Mitigation Plan (HMP) circuit binders for each circuit and delivered such binders to LIPA. LIPA was able to review and approve all binders that had been submitted to FEMA/DHSES before the deadline of July 21, 2023. **PSEG Long Island has successfully developed and submitted to LIPA for review all 166 circuits to enable filing before the metric deadline of July 21, 2023**, and, therefore, has completed the metric.

BS-24: Improve the Accuracy of Asset Records for Outside Plant

Allocated Compensation	YE Performance	Awarded Compensation
$173,737.63	Met Metric	$173,737.63

The goal of this metric was for PSEG Long Island to improve the accuracy of asset records for outside utility plant. This project aims to implement the recommendations of the LIPA-commissioned report from PA Consulting, "End-to-End Review -- Maintaining Accurate Property

Records," including the requirements of a LIPA-approved Project Implementation Plan (PIP). PSEG Long Island provided a PIP per the metric to meet all project requirements on January 31, 2023. PSEG Long Island has also provided a status report demonstrating compliance with the metric for each quarter of 2023. Although PSEG Long Island was short one folder review in November, they exceeded the year-end target by doubling the number of mapping folder reviews at each of the four electric divisions. No exceptions were granted, and **PSEG Long Island has met this metric**.

BS-32: Update Low and Moderate Income (LMI) Tariff and Billing

Allocated Compensation	YE Performance	Awarded Compensation
$41,785.00	Met Metric	$41,785.00

The purpose of this metric was to modify the billing of LMI discounts so that discounts are applied to volumetric delivery and power supply charges and not to daily service charges. Before modifications could be implemented to satisfy this metric, approvals from DPS and LMI stakeholders were required on the proposed change. However, the required approvals were not granted. Therefore, LIPA canceled the project according to the terms and metrics on August 1, 2023. One (1) exception was approved for this metric. Given this, LIPA considers this metric met and allocates 25% of the incentive compensation for the completed work. The remainder of the incentive compensation has been pro-rata allocated to the other Business Services (BS) metrics.

BS-33: Consolidate Real Estate Footprint

Allocated Compensation	YE Performance	Awarded Compensation
$347,475.25	Partially Met Metric	$312,727.43

This metric aimed to implement a Project Implementation Plan (PIP) to support a strategy to consolidate LIPA's real estate footprint. PSEG Long Island summarized lease termination negotiations for the two customer service centers, removed all assets from these centers, including the Uniondale suite, and returned inventory stored at the Hauppauge warehouse. LIPA approved multiple exceptions for deliverables in the first quarter. PSEG Long Island requested to limit early lease terminations to two customer service centers instead of four as initially identified in the metric and to extend the due date to deliver the negotiated early termination agreements by two months to March 31, 2023. LIPA also approved an exception to exclude terminating the lease for the Bethpage office space and deferred the delivery of a plan to relocate the Hauppauge training facility by 8.5 months to November 15, 2023. PSEG Long Island completed a full deployment of AMI across LIPA's service territory which involved building out a communications

network and installing a "smart meter" for each customer. PSEG Long Island procured meters in excess of what was needed and is working with the vendor to find a solution. In October 2023, PSEG Long Island received notification from the Meter Vendor that they would no longer offer the opportunity to buy back the meters. Therefore, PSEG Long Island is now evaluating meter warehousing options. Since PSEG Long Island is still working on that last piece, we agree that this metric has been partially met, and they will receive 90% of the compensation. There were five (5) exceptions granted for this metric.

Quantitative Metrics

LIPA has detailed the status of the one (1) Business Services Quantitative Metric below.

Metric #	Metric Name	L/H	YE Target	YE Result	YE Performance	Allocated Comp	Awarded Comp
BS-05	Full-Time Vacancy Rate	H	>5% >7% (IT only)	2.9%	Did Not Meet Metric	$521.212.89	$0

Table Note 1: The "L/H" column refers to "Low/High" – a designation of "H" indicates that the performance objective is to score higher than the target; "L" has a performance objective that is lower than the target.

BS-05: Full-Time Vacancy Rate

Allocated Compensation	YE Performance	Awarded Compensation
$521,212.89	Did Not Meet Metric	$0

PSEG Long Island achieved the target in only three of the five established categories. Specifically, Business Services and IT did not meet the BS-05 metric vacancy rate targets. This metric was designed to incentivize PSEG Long Island to recruit and onboard the budgeted full-time headcount necessary to achieve operational objectives within the identified categories and minimize expenses related to supplemental resources such as temporary employees, consultants, affiliate employees, etc. LIPA developed six key performance indicators (KPIs) related to recruiting, hiring, and retention practices that PSEG Long Island was required to track and report results to LIPA. These KPIs effectively measure and evaluate the recruiting process throughout the year. PSEG Long Island has not met this metric. No exceptions were granted to this metric.

Year-End Vacancy Rates by Category

Category	LIPA Vacancy Calculation	PSEG Vacancy Calculation
T&D	-0.7%	-0.5%
Customer Services & Energy Efficiency	4.0%	4.0%
Business Support Services (ex IT & Cyber + Power Markets	5.9%	4.9%
Information Technology & Cybersecurity	26.9%	26.1%
+Overall	2.9%	2.9%

Year-End Report on PSEG Long Island's 2023 Performance Metrics

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